

1 **CALCULATION OF CREDIT FOR CERTAIN**
2 **REPOSSESSIONS OF A MOTOR VEHICLE**

3 2007 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Wayne A. Harper**

6 Senate Sponsor: Wayne L. Niederhauser

8 **LONG TITLE**

9 **General Description:**

10 This bill amends the Sales and Use Tax Act relating to a credit for certain repossessions
11 of a motor vehicle.

12 **Highlighted Provisions:**

13 This bill:

14 ▶ provides that the credit for certain repossessions of a motor vehicle may not be
15 reduced by any amount of a motor vehicle's unpaid purchase price that a seller
16 recovers as a result of reselling the vehicle, regardless of whether that amount is
17 included in calculating the credit; and

18 ▶ makes technical changes.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 This bill takes effect on July 1, 2007.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-12-104.3**, as last amended by Chapter 253, Laws of Utah 2006

27 *Be it enacted by the Legislature of the state of Utah:*



28 Section 1. Section **59-12-104.3** is amended to read:

29 **59-12-104.3. Credit for certain repossessions of a motor vehicle.**

30 (1) (a) Subject to Subsections (2) and (3), a seller that collects a tax under this chapter
31 on the sale of a motor vehicle may claim a credit for a tax under this chapter for a motor
32 vehicle that:

33 (i) has been repossessed; and

34 (ii) that the seller resells.

35 (b) A seller of a motor vehicle other than the seller that collects a tax under this chapter
36 on the sale of that motor vehicle may claim a credit for a tax under this chapter:

37 (i) for a motor vehicle that the seller:

38 (A) repossessed; and

39 (B) resells; and

40 (ii) if the seller that collected the tax under this chapter on that motor vehicle:

41 (A) is no longer doing business in this state; and

42 (B) does not owe a tax under this chapter.

43 (2) The amount of the credit allowed by Subsection (1) is equal to the product of:

44 (a) the portion of the motor vehicle's purchase price that:

45 (i) was subject to a tax under this chapter; and

46 (ii) remains unpaid after the motor vehicle is resold; and

47 (b) the tax rate:

48 (i) (A) for a seller that collects a tax in accordance with Subsection 59-12-107(1)(b),
49 described in Subsection 59-12-103(2)(b)(ii); or

50 (B) for a seller other than a seller described in Subsection (2)(b)(i)(A), described in
51 Subsection 59-12-103(2)(a);

52 (ii) imposed on the motor vehicle's purchase price; and

53 (iii) imposed on the date the motor vehicle was purchased by the person that owns the
54 motor vehicle at the time of the repossession.

55 (3) ~~[H]~~ Except as provided in Subsection (4), if a seller recovers any portion of a motor
56 vehicle's unpaid purchase price that is used to calculate a credit allowed by Subsection (1)(b),
57 the seller shall report and remit a tax under this chapter to the commission:

58 (a) on the portion of the motor vehicle's unpaid purchase price that:

59 (i) the seller recovers; and
60 (ii) is used to calculate the credit allowed by Subsection (1)(b); and
61 (b) on a return filed for the time period for which the portion of the motor vehicle's
62 unpaid purchase price is recovered.

63 (4) A credit under this section may not be reduced by any amount of a motor vehicle's
64 unpaid purchase price that a seller recovers as a result of reselling the vehicle, regardless of
65 whether that amount is included in calculating a credit under this section.

66 Section 2. **Effective date.**

67 This bill takes effect on July 1, 2007.

Legislative Review Note
as of 1-18-07 11:45 AM

Office of Legislative Research and General Counsel

H.B. 297 - Calculation of Credit for Certain Repossessions of a Motor Vehicle

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations. While this bill will increase the amount of tax credit for certain repossession of motor vehicles, no estimate can be made as to the impact on state revenues. Data is lacking to isolate the impact of additional credits as provided in this bill.

Individual, Business and/or Local Impact

The loss of sales tax revenue, although not estimated, will also impact local government entities. Business involved in the repossession of motor vehicles will benefit from larger tax credits provided by this bill.

1/23/2007, 6:01:39 PM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst