

**RESOLUTION SUBMITTING QUESTION TO VOTERS
ON REMOVING THE STATE AND LOCAL SALES
AND USE TAXES ON FOOD AND FOOD INGREDIENTS**

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: _____

LONG TITLE

General Description:

This joint resolution submits a nonbinding statewide opinion question to the legal voters.

Highlighted Provisions:

This resolution:

- ▶ submits a nonbinding statewide opinion question to the legal voters on whether or not state and local sales and use taxes should be removed from food and food ingredients;
- ▶ directs the Lieutenant Governor to submit the question to the legal voters for a vote at the November 6, 2007 municipal general election; and
- ▶ requires the Senate to take action after passage.

Special Clauses:

The passage of this joint resolution is contingent on S.B. 245, General Government Revisions - Authorization of Sales Tax Opinion Question, taking effect.

Be it resolved by the Legislature of the state of Utah:

WHEREAS, sales and use taxes on food have proven to be a stable source of sales and use tax revenue on which states and local governments rely to fund government operations and



to meet the critical and growing needs of their citizens;

WHEREAS, government services paid from state sales and use taxes include those meeting the needs of some of Utah's most vulnerable citizens and addressing core governmental functions such as health and human services, transportation, corrections, higher education, and natural resources;

WHEREAS, "food and food ingredients" is defined in statute to be a substance in any form that is sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value, but does not include alcoholic beverages, tobacco, or prepared food;

WHEREAS, food and food ingredients are approximately 9% of the taxable base for state and local sales and use taxes;

WHEREAS, effective January 1, 2007, the Legislature reduced the sales and use tax rate imposed by the state on food and food ingredients to 2.75%, while still permitting local taxing entities to impose sales and use taxes at existing rates;

WHEREAS, the public discussion continues as to whether the Legislature should exempt food and food ingredients entirely from sales and use taxation on the state or local level;

WHEREAS, for fiscal year 2007-08, the estimated collection of revenues from state sales and use taxes on food and food ingredients is \$106,000,000;

WHEREAS, for fiscal year 2007-08, the estimated collection of revenues from local sales and use taxes on food and food ingredients is over \$67,000,000 that is used to fund critical local needs, including funding transportation, rural hospitals, and organizations or facilities that are botanical, cultural, recreational, or zoological; and

WHEREAS, because of the potential long-term impacts on the state's economy and on the funding of state and local governments, the legal voters of this state should have an opportunity to express their opinion on this very important policy issue:

NOW, THEREFORE, BE IT RESOLVED that the Legislature directs the Lieutenant Governor of Utah to submit the following nonbinding opinion question to the legal voters of Utah for their approval or rejection at the November 6, 2007 municipal general election:

"1. "Food and food ingredients" is defined in statute to be a substance in any form that is sold for ingestion or chewing by humans and consumed for the substance's taste or nutritional value, but does not include alcoholic beverages, tobacco, or prepared food.

59 2. Food and food ingredients are approximately 9% of the taxable base for state and
60 local sales and use taxes.

61 3. Sales and use taxes on food and food ingredients are a stable source of revenue that
62 funds critical needs on a state and local level.

63 4. Effective January 1, 2007, the Legislature reduced the sales and use tax rate imposed
64 by the state on food and food ingredients to 2.75%, while still permitting local taxing entities to
65 impose sales and use taxes at existing rates.

66 5. For fiscal year 2007-08, the estimated collection of revenues from state sales and use
67 taxes on food and food ingredients is \$106,000,000. State sales and use taxes fund items such
68 as health and human services, transportation, corrections, higher education, and natural
69 resources.

70 6. For fiscal year 2007-08, the estimated collection of revenues from local sales and
71 use taxes on food and food ingredients is over \$67,000,000 that is used to fund critical local
72 needs including transportation; botanical, cultural, recreational, and zoological organizations or
73 facilities; and rural hospitals.

74 7. On the basis of the findings listed above, the Legislature hereby submits to the legal
75 voters of Utah for their opinion the following question:

76 SHOULD SALES AND USE TAXES ON BOTH THE STATE AND LOCAL LEVEL BE
77 REMOVED FROM THE PURCHASE OF FOOD AND FOOD INGREDIENTS?

78 YES

79 NO".

80 BE IT FURTHER RESOLVED that this joint resolution is not considered to be passed
81 by the Legislature until S.B. 245, General Government Revisions - Authorization of Sales Tax
82 Opinion Question, takes effect.

83 BE IT FURTHER RESOLVED that, after passage by both houses of the Legislature, as
84 provided in Utah Code Section 36-16-102, enacted in S.B. 245, General Government Revisions
85 - Authorization of Sales Tax Opinion Question, the Senate submit this resolution to the
86 Lieutenant Governor and instruct the Lieutenant Governor that the opinion question specified
87 in this joint resolution be submitted to the legal voters at the November 6, 2007 municipal
88 general election.

Legislative Review Note
as of 2-13-07 2:39 PM

Office of Legislative Research and General Counsel

**Revised
Fiscal Note****S.J.R. 13 - Resolution Submitting Question to Voters on Removing the State
and Local Sales and Use Taxes on Food and Food Ingredients**

2007 General Session

State of Utah

State Impact

Enactment of provisions of this resolution is estimated to cost \$3,383,000 in FY 2008 to meet the requirements of a statewide special election. This appropriation is estimated to cover use of the voting systems, support at the polls, and publication costs associated with requirements of the resolution.

	<u>FY 2007 Approp.</u>	<u>FY 2008 Approp.</u>	<u>FY 2009 Approp.</u>	<u>FY 2007 Revenue</u>	<u>FY 2008 Revenue</u>	<u>FY 2009 Revenue</u>
General Fund, One-Time	\$0	\$3,383,000	\$0	\$0	\$0	\$0
Total	\$0	\$3,383,000	\$0	\$0	\$0	\$0

Individual, Business and/or Local Impact

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.
