

**MINUTES OF THE  
HOUSE REVENUE AND TAXATION  
STANDING COMMITTEE  
Room W135 - West Office Building, State Capitol Complex**

**January 22, 2007**

MEMBERS PRESENT:     Rep. John Dougall, Chair  
                              Rep. Craig A. Frank, Vice Chair  
                              Rep. Roger Barrus  
                              Rep. Ron Bigelow  
                              Rep. Tim M. Cosgrove  
                              Rep. Wayne A. Harper  
                              Rep. Gregory H. Hughes  
                              Rep. Christine Johnson  
                              Rep. Bradley G. Last  
                              Rep. Roz McGee  
                              Rep. Carol Spackman Moss  
                              Rep. Merlynn T. Newbold  
                              Rep. Gordon E. Snow  
                              Rep. Aaron Tilton  
                              Rep. Carl Wimmer

STAFF:                    Bryant Howe, Assistant Director  
                              Rosemary Young, Secretary

Note:     A list of visitors and a copy of handouts are filed with the committee minutes.

Rep. Dougall called the meeting to order at 8:03 am. Commissioner Bruce Johnson of the Utah State Tax Commission was asked to explain how payment of taxes is not voluntary even though the collection of some taxes may be dependent on self reporting as in the case of income taxes.

MOTION:     Rep. Wimmer moved to approve the minutes of the January 16, 2007 meeting. The motion passed unanimously with Rep. Cosgrove, Rep. Harper, Rep. Hughes, Rep. Last, Rep. Moss, Rep. Newbold, and Rep. Tilton absent for the vote.

**H.B. 98            County Option Sales and Use Tax for Highways, Fixed Guideways, or Systems of Public Transit Amendments (*Rep. C. Frank*)**

Rep. Frank assisted by Steve White, Utah County Commissioner, introduced H.B. 98 and explained it to the committee. Darrell Cook of the Mountainland Association of Governments spoke in favor of the bill.

MOTION:     Rep. Wimmer moved to transmit the bill with a favorable recommendation. The motion passed unanimously with Rep. Hughes, Rep. Last, Rep. Moss, and Rep. Tilton absent for the vote.

**H.B. 226      Sales and Use Tax - Highways and Public Transportation Amendments (*Rep. J. Dougall*)**

Rep. Dougall introduced H.B. 226 and explained it to the committee. Raylene Ireland representing Provo City spoke in favor of the bill. The following individuals spoke to the bill:

Bruce Jones, General Counsel, Utah Transit Authority  
Larry Ellertson, Utah County Commissioner and member of the UTA Board  
Steve White, Utah County Commissioner

**MOTION:** Rep. Harper moved to transmit the bill with a favorable recommendation.

**SUBSTITUTE**

**MOTION:** Rep. McGee moved to proceed to the next item on the agenda. The substitute motion failed with Rep. Barrus, Rep. Cosgrove, Rep. Johnson, Rep. McGee, Rep. Moss, and Rep. Snow voting in favor and Rep. Hughes and Rep. Tilton absent for the vote.

The original motion passed with Rep. Barrus, Rep. Cosgrove, Rep. Johnson, Rep. McGee, Rep. Moss, and Rep. Snow voting in opposition and Rep. Hughes and Rep. Tilton absent for the vote.

**H.B. 282      Sales and Use Taxation of Food and Food Ingredients (*Rep. M. Newbold*)**

Rep. Newbold introduced H.B. 282 and explained it to the committee. The following individuals spoke in favor of the bill:

Linda Hilton, Coalition of Religious Communities  
Jim Olson, Retail Merchants Association and Utah Food Industry Association  
Mike Jerman, Utah Taxpayers Association

Spoke to the bill:

Roger Tew, Utah League of Cities and Towns  
Brent Gardner, Utah Association of Counties  
Rod Marrelli, Executive Director, Utah State Tax Commission  
Dave Gessell, Vice President of the Utah Hospital Association  
Darrell Cook, Mountainland Association of Governments

**MOTION:** Rep. Dougall moved to transmit the bill with a favorable recommendation. The motion passed with Rep. Johnson, Rep. McGee, and Rep. Moss voting in opposition.

**H.B. 259      Mechanics Liens on Certain New Development Housing (*Rep. P. Painter*)**

Rep. Painter introduced H.B. 259 with a handout and explained it to the committee with the assistance of Attorney Steven Johnson.

**MOTION:** Rep. Harper moved to transmit the bill with a favorable recommendation. The motion passed unanimously.

**H.B. 123 Tax Revisions (Rep. J. Dougall)**

**MOTION:** Rep. Cosgrove moved to amend the bill as follows:

1. *Page 1, Lines 18 through 26:*

- 18           ▶ enacts nonrefundable tax credits allowed on the basis of filing status and  
the state sales and use tax  
19 rate for purposes of the Single Rate Individual Income Tax Act, including:  
20           • requiring the apportionment of those tax credits for a nonresident individual  
or  
21 part-year resident individual; and  
22           • requiring the {~~Division of Finance~~} State Tax Commission to  
make transfers from the General Fund to  
23 the Education Fund equal to the amount of those tax credits claimed;  
24 {~~—•—requiring the State Tax Commission to report to the Division of  
Finance the  
25 amount of those tax credits claimed; and  
26 —•—granting rulemaking authority to the State Tax Commission;~~  
-}

2. *Page 6, Line 182 through Page 7, Line 186:*

- 182           59-10-1206.1. Definitions -- Nonrefundable tax credits allowed on the basis of  
183 filing status and the state sales and use tax rate -- {~~Division of  
Finance~~} Commission to transfer from the  
184 General Fund into the Education Fund an amount equal to the amount of tax credits  
185 claimed {~~-- Commission to report to the Division of Finance the amount of tax  
credits  
186 claimed--Commission rulemaking authority~~} .

3. *Page 7, Lines 201 through 208:*

- 201           (2) Except as provided in Section 59-10-1206.9 and subject to Subsections (3) and  
(4),

202 for taxable years beginning on or after January 1, 2007, a claimant:  
203 (a) who has a single filing status may claim a **nonrefundable** tax credit equal to  
the product of:  
204 (i) \$5,000; and  
205 (ii) the percentage listed in Subsection 59-12-103(2)(a)(i); or  
206 (b) who has a joint filing status may claim a **nonrefundable** tax credit equal to  
the product of:  
207 (i) \$10,000; and  
208 (ii) the percentage listed in Subsection 59-12-103(2)(a)(i).

4. *Page 8, Lines 219 through 226:*

219 (5) { ~~(a) Subject to Subsection (5)(b), the Division of Finance~~ } **The**  
**commission** shall transfer at least  
220 annually from the General Fund into the Education Fund an amount equal to the amount of  
tax  
221 credits claimed in accordance with this section.  
222 { ~~(b) The commission shall report to the Division of Finance the amount of tax~~  
**credits**  
223 **claimed in accordance with this section.**  
224 ~~(6) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking~~  
**Act, the**  
225 **commission may make rules providing procedures for reporting to the Division of**  
**Finance the**  
226 **amount of tax credits claimed in accordance with this section.** }

The motion passed unanimously.

Rep. Dougall introduced amended H.B. 123 and explained it to the committee with a handout. Arthur Sutherland from the Coalition of Religious Communities spoke against the bill. Mike Jerman, Utah Taxpayers Association, and Bruce Johnson, Utah State Tax Commission, speaking personally, spoke for the bill. The following individuals spoke to the bill:

Courtney White, Utah Education Association  
Doug McDonald, Utah Issues (handout)  
Steven H. Peterson, Utah School Boards Association and Utah School Superintendents  
Association  
Sarah Wilhelm, Voices for Utah Children

**MOTION:** Rep. Hughes moved to transmit the amended bill with a favorable recommendation. The motion passed with Rep. Cosgrove, Rep. Johnson, Rep. McGee, and Rep. Moss voting in opposition.

**MOTION:** Rep. Hughes moved to adjourn. The motion passed unanimously.

Rep. Frank adjourned the meeting at 9:56 am.

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Rep. John Dougall, Chair