

**MULTI-CHANNEL VIDEO OR AUDIO
SERVICE TAX ACT AMENDMENTS**

2008 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne L. Niederhauser

House Sponsor: Kevin S. Garn

LONG TITLE

General Description:

This bill amends the Multi-Channel Video or Audio Service Tax Act relating to the calculation of the tax and a nonrefundable credit against the tax.

Highlighted Provisions:

This bill:

- provides that a county or municipality franchise fee a multi-channel video or audio service provider pays, passes through to a purchaser, and separately states on the purchaser's bill is not considered to be an amount paid or charged for purposes of imposing the tax;

- increases the nonrefundable tax credit from 50% of the amount of county or municipality franchise fees that a multi-channel video or audio service provider pays to the total amount of county or municipality franchise fees the multi-channel video or audio service provider pays; and

- makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2009.

Utah Code Sections Affected:



28 AMENDS:

29 **59-26-103**, as last amended by Laws of Utah 2007, Chapter 288

30 **59-26-104.5**, as enacted by Laws of Utah 2007, Chapter 288



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

33 Section 1. Section **59-26-103** is amended to read:

34 **59-26-103. Imposition of tax -- Rate.**

35 (1) Subject to Subsection (2) and Section 59-26-104.5, there is imposed as provided in
36 this part a tax on the purchaser equal to 6.25% of [~~amounts~~] the amount paid or charged for
37 multi-channel video or audio service provided by a multi-channel video or audio service
38 provider:

39 [~~(1)~~] (a) within the state; and

40 [~~(2)~~] (b) to the extent permitted by federal law.

41 (2) For purposes of Subsection (1), the amount paid or charged for multi-channel video
42 or audio service may not include a county or municipality franchise fee a multi-channel video
43 or audio service provider:

44 (a) pays;

45 (b) passes through to a purchaser; and

46 (c) separately states as a county or municipality franchise fee on a bill provided to the
47 purchaser described in Subsection (2)(b).

48 Section 2. Section **59-26-104.5** is amended to read:

49 **59-26-104.5. Nonrefundable credit against tax -- Amounts passed through to**
50 **customers within the state -- Tax may not be reduced by amounts passed through to**
51 **customers within the state.**

52 (1) [~~Beginning on January 1, 2008, a~~] A multi-channel video or audio service provider
53 may claim a nonrefundable tax credit as provided in this section.

54 (2) The nonrefundable tax credit described in Subsection (1):

55 (a) may be claimed against the tax the multi-channel video or audio service provider
56 would otherwise be required to collect under this chapter from its purchasers within the state;
57 and

58 (b) is in an amount equal to [~~50% of~~] the total amount of county or municipality

59 franchise fees that the multi-channel video or audio service provider pays:

60 (i) to all of the counties and municipalities within the state that impose a county or
61 municipality franchise fee; and

62 (ii) for the calendar quarter for which the multi-channel video or audio service provider
63 files a return under this chapter.

64 (3) The nonrefundable tax credit described in Subsection (1) may not be carried
65 forward or carried back.

66 (4) (a) Subject to Subsections (4)(b) and (c), a multi-channel video or audio service
67 provider shall pass through to its purchasers within the state an amount equal to the amount of
68 the nonrefundable tax credit the multi-channel video or audio service provider claims for a
69 calendar quarter.

70 (b) The amount that a multi-channel video or audio service provider passes through to
71 its purchasers within the state under Subsection (4)(a) shall be passed through during the same
72 calendar quarter as the calendar quarter for which the multi-channel video or audio service
73 provider claims the nonrefundable tax credit.

74 (c) A tax under this chapter on amounts paid or charged for multi-channel video or
75 audio service may not be reduced as a result of the amount a multi-channel video or audio
76 service provider passes through to its customers within this state under this Subsection (4).

77 Section 3. **Effective date.**

78 This bill takes effect on January 1, 2009.

Legislative Review Note
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Office of Legislative Research and General Counsel