February 1, 2010

Mr. Speaker:

The Revenue and Taxation Committee reports a favorable recommendation on **S.B. 23**, CORPORATE FRANCHISE AND INCOME TAX AMENDMENTS, by Senator J. Valentine, with the following amendments and, due to fiscal impact, recommends it be referred to the Rules Committee for prioritization:

1. *Page 12, Lines 348 through 354:*

348    [(11) (a)] (k)  subject to Subsection (3), 50% of [the dividends deemed] a dividend
349    considered to be received or received from [subsidiaries which are members of the] a
350    subsidiary that:
351        (i)  is a member of   {a}   **the**   unitary group [and are];
352        (ii)  is organized or incorporated outside of the United States [unless such subsidiaries
353    are]; and
354        (iii)  is not included in a combined report under Section 59-7-402 or 59-7-403[-]; [In

2. *Page 14, Lines 423 through 430:*

423        (3) (a)  For purposes of calculating the subtraction provided for in Subsection (1)(k), a
424    taxpayer shall first subtract from a dividend considered to be received or received an expense
425    directly attributable to that dividend   {as determined under Subsection (3)(b)}   .
426        (b)  For purposes of Subsection (3)(a),   **the amount of**   an interest expense that is
           **considered to be**   directly attributable to
427    a dividend is calculated by multiplying the interest expense by a fraction:
428        (i)  the numerator of which is the taxpayer's average investment in the dividend paying
429    subsidiaries; and
430        (ii)  the denominator of which is the taxpayer's average total investment in assets.

Respectfully,

Todd E. Kiser
Committee Chair

Voting: 12-0-4
*3Y  SB0023.HC1.WPD  2/1/10 10:27 am  phildean/PVD  RLR/PVD*