

**AMENDED MINUTES OF THE
HOUSE REVENUE AND TAXATION
STANDING COMMITTEE
Room 445 - State Capitol, State Capitol Complex
February 1, 2010**

MEMBERS PRESENT: Rep. Todd Kiser, Chair
 Rep. Gage Froerer, Vice Chair
 Rep. Sheryl Allen
 Rep. Tim M. Cosgrove
 Rep. John Dougall
 Rep. Julie Fisher
 Rep. Wayne Harper
 Rep. Greg Hughes
 Rep. Eric Hutchings
 Rep. Carol Spackman Moss
 Rep. Merlynn T. Newbold
 Rep. Stephen Sandstrom
 Rep. Jennifer Seelig
 Rep. Evan Vickers

MEMBERS ABSENT: Rep. Christine Johnson

MEMBERS EXCUSED: Rep. Susan Duckworth

STAFF PRESENT: Phil Dean, Policy Analyst
 Kathy Sorg, Secretary

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

Rep. Froerer called the meeting to order at 8:40 a.m.

MOTION: Rep. Allen moved to approve the minutes of the January 28, 2010 meeting. The motion passed unanimously with Rep. Dougall, Rep. Harper and Rep. Hughes absent for the vote.

S.B. 30 Local Option Sales and Use Taxes for Transportation Act (*Sen. W. Niederhauser*) (Rep. R. C. Webb)

Sen. Niederhauser explained the bill to the committee.

Spoke in favor of the bill: Bruce Jones, Utah Transit Authority
 Roger Tew, Utah League of Cities and Towns

MOTION: Rep. Fisher moved to pass S.B. 30 with a favorable recommendation. The motion passed unanimously with Rep. Dougall, Rep. Harper and Rep. Hughes absent for the

vote.

S.B. 28 Amendments to Individual Income Tax Return Filing Requirements (*Sen. J. S. Adams*) (Rep. T. Kiser)

Sen. Adams explained the bill to the committee. Lynn Solarczyk, Utah State Tax Commission, spoke in favor of the bill.

MOTION: Rep. Allen moved to pass S.B. 28 with a favorable recommendation. The motion passed unanimously with Rep. Harper and Rep. Hughes absent for the vote.

MOTION: With the sponsor's consent, Rep. Kiser moved to place S.B. 28 on the Consent Calendar. The motion passed unanimously with Rep. Harper and Rep. Hughes absent for the vote.

S.B. 23 Corporate Franchise and Income Tax Amendments (*Sen. J. Valentine*) (Rep. W. Harper)

Sen. Valentine, assisted by Rep. Harper, explained the bill to the committee. Lynn Solarczyk, Utah State Tax Commission, spoke in favor of the bill.

MOTION: Rep. Harper moved to adopt Amendment 1 to S.B. 23 as follows:

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[-]; ~~[It~~

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
425 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

- 427 considered to be directly attributable to
428 a dividend is calculated by multiplying the interest expense by a fraction:
429 (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.

The motion to amend passed unanimously with Rep. Moss and Rep. Seelig absent for the vote.

MOTION: Rep. Hutchings moved to pass S.B. 23 as amended with a favorable recommendation. The motion passed unanimously with Rep. Moss and Seelig absent for the vote.

MOTION: Rep. Dougall moved to adjourn. The motion passed unanimously with Rep. Moss and Rep. Seelig absent for the vote.

Rep. Froerer adjourned the meeting at 9:15 a.m.

Rep. Todd E. Kiser, Chair