

1 **CONCURRENT RESOLUTION FOR STUDY OF LOCAL**
2 **OPTION SALES TAX**

3 2020 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Curtis S. Bramble**

6 House Sponsor: Steve Eliason

8 **LONG TITLE**

9 **General Description:**

10 This resolution requests that the Utah Association of Counties and the Utah League of
11 Cities and Towns provide the Legislature with information regarding the impact of
12 e-commerce and the point of sale associated with the various local option sales and use
13 tax rates and, where applicable, possible changes to the distribution formulas.

14 **Highlighted Provisions:**

15 This resolution:

16 ▶ highlights the changes in retail practices and market conditions that have emerged
17 since the establishment of various local option sales and use taxes, rates, and
18 distribution formulas; and

19 ▶ requests that the Utah Association of Counties and the Utah League of Cities and
20 Towns, working with the Utah Transit Authority and other local transit districts,
21 provide the Legislature with research and possible recommendations regarding the
22 inherent impact of changing point of sale due to e-commerce as well as possible
23 changes to distribution formulas.

24 **Special Clauses:**

25 None

27 *Be it resolved by the Legislature of the state of Utah, the Governor concurring therein:*

28 WHEREAS, there are 17 different local sales and use tax options, including specialized

29 levies for the Utah Transit Authority and other local transit authorities, that Utah cities and
30 counties are statutorily authorized to impose;

31 WHEREAS, the revenue from these taxes is tied to the physical location of a
32 transaction and the local government imposing the tax primarily benefits only from completed
33 transactions that take place within its geographic boundaries;

34 WHEREAS, there have been monumental changes in retail practices and market
35 conditions, such as those resulting from the United States Supreme Court decision on South
36 Dakota v. Wayfair, Inc.;

37 WHEREAS, Internet or e-commerce sales were not a consideration when the current
38 sales and use tax methodologies, including distribution formulas, were established;

39 WHEREAS, the nature of Internet sales are expected to expand from everyday uses to
40 include transactions such as motor vehicles and the home delivery of groceries and other
41 purchases;

42 WHEREAS, the nature of Internet sales changes the traditional point of sale for goods
43 from the retailer to the delivery location;

44 WHEREAS, market forces have always changed the dynamics of where goods are
45 bought and sold, but the impact of Internet sales on the point of sale for goods will likely be on
46 a much larger scale than many of these historic market forces;

47 WHEREAS, these changes in the point of sale have the potential to significantly shift
48 or reduce sales and use tax revenue to the taxing entities imposing local option taxes;

49 WHEREAS, in order for Utah to compete in a modern economy and have a clear
50 understanding of the fiscal impact of modernizing Utah's sales and use taxes, including local
51 option taxes, there is a need to review the impact of point of sale changes and distribution
52 formulas;

53 WHEREAS, a knowledge of the impact of these changes is essential for local
54 governments to adequately plan and budget for the future and base decisions on the overall best
55 interests of the state and all of its communities; and

56 WHEREAS, any continued delay in analyzing these tax policy issues will only
57 compound needed future adjustments:

58 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the
59 Governor concurring therein, requests that the Utah Association of Counties and the Utah
60 League of Cities and Towns provide the Legislature with research, information, and changes, if
61 necessary, addressing the impact of the modern economy on the point of sale.

62 BE IT FURTHER RESOLVED that the Legislature and the Governor request that the
63 Utah Association of Counties, the Utah League of Cities and Towns, the Utah Transit
64 Authority, and other local transit districts work cooperatively to understand the nature and
65 scope of these changes in the point of sale for local option taxes as well as possible impacts on
66 distribution formulas.