

SCR006S01 compared with SCR006

~~{deleted text}~~ shows text that was in SCR006 but was deleted in SCR006S01.

inserted text shows text that was not in SCR006 but was inserted into SCR006S01.

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Senator Curtis S. Bramble proposes the following substitute bill:

CONCURRENT RESOLUTION FOR STUDY OF LOCAL OPTION SALES TAX~~{DISTRIBUTION}~~

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE

General Description:

This resolution requests that the Utah Association of Counties and the Utah League of Cities and Towns provide the Legislature with ~~{a joint recommendation}~~information regarding ~~{a new local sales and use tax and county }~~the impact of e-commerce and the point of sale associated with the various local option sales and use tax rates and, where applicable, possible changes to the distribution ~~{formula for consideration during the 2021 Utah Legislative General Session}~~formulas.

Highlighted Provisions:

This resolution:

- ▶ highlights the changes in retail practices and market conditions that have emerged

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since the ~~{state's}~~ establishment of various local ~~{sales and use tax and county}~~ option sales and use ~~{tax}~~ taxes, rates, and distribution formulas ~~{were established}~~; and

- ▶ requests that the Utah Association of Counties and the Utah League of Cities and Towns, working with the Utah Transit Authority and other local transit districts, provide the Legislature with ~~{a joint recommendation regarding a new local sales and use tax and county option sales and use tax}~~ research and possible recommendations regarding the inherent impact of changing point of sale due to e-commerce as well as possible changes to distribution ~~{formula for consideration during the 2021 Utah Legislative General Session}~~ formulas.

Special Clauses:

None

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

WHEREAS, ~~{Governor Herbert and the Utah Legislature want to modernize Utah's tax system}~~;

——— ~~WHEREAS, it has been approximately 35 years since }there {has been a substantial change to the}~~ are 17 different local sales and use tax options, including specialized levies for the Utah Transit Authority and other local transit authorities, that Utah cities and ~~{county option sales and use tax distribution formulas found in Utah Code, Title 59, Chapter 12, Part 2, Local Sales and Use Tax Act, and, Part 11, County Option Sales and Use Tax}~~;

——— ~~WHEREAS, during this 35-year period}~~ counties are statutorily authorized to impose;

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

WHEREAS, there have been monumental changes in retail practices and market conditions, such as those resulting from the United States Supreme Court decision on South Dakota v. Wayfair, Inc. ~~{138 S.Ct. 2080 (2018)}~~;

——— ~~WHEREAS, it is in the public interest to modernize Utah's local sales and use tax and county option sales and use tax distribution to ensure that all counties, cities, and towns benefit fairly from new retail practices and market conditions}~~;

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WHEREAS, Internet or e-commerce sales were not a consideration when the current sales and use tax ~~{methodology was}~~ methodologies, including distribution formulas, were established;

WHEREAS, ~~{e-commerce}~~ the nature of Internet sales are expected to expand from everyday uses to include transactions such as ~~{vehicle sales}~~ motor vehicles and the home delivery of groceries and other purchases;

WHEREAS, ~~{under the direction of Governor Herbert and with the support of the Utah State Legislature, the State Tax Commission negotiated a contract for the collection of sales tax from Amazon that established a new baseline for local governments to review the impact of our modern economy and online purchases on their budgets}~~ the nature of Internet sales changes the traditional point of sale for goods from the retailer to the delivery location;

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

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

WHEREAS, in order for Utah to compete in a modern economy and have a clear understanding of the fiscal impact of modernizing Utah's ~~{general sales tax, there needs to be a meaningful review of the current local }~~ sales and use ~~{tax and county option sales and use tax and their distribution;~~

~~——~~ WHEREAS, a new} taxes, including local option taxes, there is a need to review the impact of point of sale changes and distribution ~~{formula for local sales and use tax and county option sales and use tax will help local governments compete in a modern economy that is continually changing and evolving;~~

~~——~~ WHEREAS, the distribution of local sales and use tax and county option sales and use tax are a significant portion of local government revenue from which local governments are expected to provide essential services such as public safety, planning and zoning, public utilities, and other services} formulas;

WHEREAS, a ~~{new distribution formula for local sales and use tax and county option sales and use tax should provide a fair and balanced revenue stream for each county, city, and town that will allow}~~ knowledge of the impact of these changes is essential for local

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governments to ~~{focus on long-term planning decisions for their communities and primarily base land-use decisions for residential, commercial, or industrial development on a determination of what is most beneficial for the community, not on the prospect of new sales tax revenue;~~

~~WHEREAS, the Utah Association of Counties and the Utah League of Cities and Towns, working together, have successfully developed and delivered solutions designed to address complex issues to the Legislature for its consideration}~~adequately plan and budget for the future and base decisions on the overall best interests of the state and all of its communities; and

WHEREAS, any continued delay in ~~{addressing this critical}~~analyzing these tax policy ~~{issue}~~issues will only compound ~~{the financial and planning impacts on the state of Utah and our counties, cities, and towns}~~needed future adjustments:

NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the Governor concurring therein, requests that the Utah Association of Counties and the Utah League of Cities and Towns provide the Legislature with ~~{a joint recommendation regarding a new local sales and use tax and county option sales and use tax}~~research, information, and changes, if necessary, addressing the impact of the modern economy on the point of sale.

BE IT FURTHER RESOLVED that the Legislature and the Governor request that the Utah Association of Counties, the Utah League of Cities and Towns, the Utah Transit Authority, and other local transit districts work cooperatively to understand the nature and scope of these changes in the point of sale for local option taxes as well as possible impacts on distribution ~~{formula for consideration during the 2021 Utah Legislative General Session.}~~formulas.