

**UTAH STATE TAX COMMISSION
MEETING MINUTES**

9:00 a.m., Thursday, February 23, 2012

Commission Hearing Room 1025, 210 North 1950 West, Salt Lake City, Utah

Participating:

R. Bruce Johnson - Commission Chair
D'Arcy Dixon Pignanelli – Commissioner
Michael J. Cragun - Commissioner
Barry Conover - Executive Director

Excused

Marc B. Johnson - Commissioner

Executive Director's Office:

Scott Smith, Deputy Executive Director
Lynn Solarczyk, Director of Legislation

Commission Office Staff Present:

Christa Johnson, Commission Executive Assistant
Charlie Roberts, Public Information Officer

Note: A list of others present, a copy of related materials and an audio recording of the meeting can be obtained from the Office of the Commission at 801-297-3901.

I. Call to Order

Commission Chair B. Johnson called the meeting to order at 9:00 a.m. He noted that Commissioner Marc Johnson is excused.

II. Public Comment Public Comment (individuals or groups wishing to address the Commissioners for up to three minutes on matters not related to a pending or reasonably imminent appeal to the Tax Commission)

Commission Chair B. Johnson asked if anyone wished to address the Tax Commissioners. There were no comments.

III. Consider Approving Open and Closed Commission Meeting Minutes of Thursday, January 26, 2012 and Commission Meeting Minutes of Thursday, February 9, 2012

MOTION: Commissioner Dixon moved approval of the Thursday, January 26, 2012 Open and Closed Commission Meeting minutes and Commission Meeting Minutes of Thursday, February 9, 2012. The motion passed unanimously.

IV. Consider Tax Commission positions on pending legislation

Ms. Lynn Solarczyk, Legislative Director, explained HB 384, Sales and Use Tax Seller Nexus Amendments. The bill expands the types of sellers who are required to pay or collect and remit sales and use taxes.

Ms. Solarczyk explained HB 385, Sales and Use Tax -- Seller Notice Requirements. The bill requires specified sellers that sell to customers in the state to provide certain notice related to sales and use taxes; and prohibits the specified sellers from making certain representations about taxes.

Ms. Solarczyk explained SB 243, Repeal of Illegal Drug Stamp Tax Act. The bill repeals the Illegal Drug Stamp Tax Act; repeals references to the Illegal Drug Stamp Tax Act.

MOTION: Commissioner Cragun moved to approve Tax Commission support of SB 243, Repeal of Illegal Drug Stamp Tax Act. The motion passed unanimously.

Commission Chair B. Johnson reported that he attended the committee hearing on HB 384, Sales and Use Tax Seller Nexus Amendment and indicated the bill would most likely be challenged by the Direct Marketing Association. He also explained HB 385, Sales and Use Tax -- Seller Notice Requirements failed to pass in legislative committee hearings.

MOTION: Commissioner Cragun moved to go to the next item on the agenda. The motion passed with Commissioner Dixon and Cragun voting aye and Commissioner B. Johnson voting nay.

V. Consideration of Acceptance of Internal Audit of Waivers and Offers in Compromise, Taxpayer Services Division; Report No. 2012-01

Commissioner Dixon, as the supervisor of the Internal Audit Unit in the Office of the Commission, explained the Commission requested an audit of the Waivers and Offers in Compromise Program. The statutory authority for the program is Utah Code 59-1-401(3), which states “upon making a record of its actions, and upon reasonable cause shown, the commission may waive, reduce, or compromise any of the penalties or interest imposed under this part.” The Commissioners and a member of the Waivers Unit meet in confidential meetings to discuss and consider recommendations prepared by the Waivers Unit.

Mr. Doral Vance, Director of Internal Audit, explained that this audit was primarily a compliance audit of the Waivers Unit in the Taxpayer Services Division which administers the waivers and offers in compromise (OIC) program. The Division was in compliance with all the laws, rules, and policies set forth and the Program is well managed. The Internal Audit Unit made some suggestion to the Commission and Division to update some policies and procedures.

Mr. Vance recognized Mr. Aman Kudiya, internal auditor and thanked the Taxpayer Services Division for its cooperation.

Commission Chair B. Johnson asked Commissioner Dixon what will be the next step in taking action on the recommendations to the Commissioners. Commissioner Dixon said she will recommend a process to her fellow Commissioners.

MOTION: Commissioner Dixon moved acceptance of Internal Audit of Waivers and Offers in Compromise, Taxpayer Services Division; Report No. 2012-01. The motion passed unanimously.

VI. Executive Director's Report

Mr. Conover reported that this is the first year the Utah State Tax Commission did not send out income tax return instructions and forms. As of February 20, 2012 the Tax Commission received 309,570 electronic income tax returns and only 9,835 were filed on paper.

Commissioner Dixon noted that the legislature is proposing Alcohol Beverage Amendments that would direct certain alcohol related revenues directly to the Tax Commission to be deposited into the state's general fund. She asked Mr. Conover if he was comfortable with those amendments and he replied that the Tax Commission was ready to implement the proposed changes.

Commission Chair B. Johnson asked Mr. Conover about last year's immigration bill costs. Mr. Conover replied that Mr. Ron Bigelow with the Governor's Office of Planning and Budget said legislators are aware that the Utah State Tax Commission does not currently have the funding to implement the changes.

Commissioner Dixon asked Mr. Conover to give an update on the Utah State Tax Commission budget. Mr. Conover replied that the appropriations subcommittee included the proposed administrative law judge (ALJ) position and \$50,000 postage on the priority list it submitted to the Executive Appropriations Committee.

VII. Commissioners' Reports

Commissioner Cragun reported that he notified all the County Assessors of the board of equalization rule amendments that the Commission submitted to the Division of Administrative Rules (DAR). While the rules will not be published in the bulletin until March 1, 2012, he has already received comments from the Juab County Assessor and the Weber County Assessor regarding the rule text. He proposed that the administrative rule run its course so Commissioners have something in place before the July notice of valuation deadline. The Commission could then make additional amendments to the rules in response to any comments received.

Commissioner Cragun reported on HB 255, Motor Vehicle Business Regulation Penalties. The bill has passed both the House and Senate and is awaiting the Governor's signature. He suggests the Commission have a rule in place once the bill is approved to clarify the language.

Commissioner Dixon noted she had listened to fellow Commissioner and Chair B. Johnson speak to HB 384, Sales and Use Tax Seller Nexus Amendments. She said she supports her fellow commissioner sharing his knowledge, expertise and insights with the Legislature, even though as a Commission we have taken no position on the bill.

Adjourn

MOTION: Commissioner Cragun moved to adjourn. The motion passed unanimously.

Commission Chair B. Johnson adjourned the meeting at 9:48 a.m.

Approved on: Thursday, April 12, 2012

Attested: Christa Johnson
Executive Assistant
Utah State Tax Commission