

**UTAH STATE TAX COMMISSION
SPECIAL MEETING MINUTES**

9:00 a.m., Monday, November 25, 2019

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

Participating:

John L. Valentine – Commission Chair
Michael J. Cragun – Commissioner
Rebecca L. Rockwell – Commissioner
Lawrence C. Walters – Commissioner
Scott Smith – Executive Director

Commission Office:

Jennifer Franklin, Commission Executive Assistant

Note: A copy of related materials and an audio recording of the meeting can be found on the Tax Commission website: <http://tax.utah.gov/commission-office/meetings>.

I. Call to Order

Commission Chair Valentine called the meeting to order at 9:10 a.m.

II. 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)

There were no public comments.

III. Consider approving Commission Meeting Minutes of November 14, 2019

MOTION: Commissioner Walters moved to approve the Commission Meeting Minutes of November 14, 2019. The motion passed unanimously.

IV. Consider amending Administrative Rule

Commissioner Rockwell explained that the following proposed rule amendment is for the Commission to consider adopting. The rule was published in the *Utah State Bulletin* on October 15, 2019 and the public comment period ended on November 14, 2019. We did not receive any public comments on the rule.

1. R884-24P-53. 2020 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. Section 59-2-515.

1. R884-24P-53. 2020 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act. Section 59-2-515 authorizes the State Tax Commission to promulgate rules regarding the Property Tax Act, Part 5, Farmland Assessment Act. Section 59-2-514 authorizes the State Tax Commission to receive valuation recommendations from the State Farmland Advisory Committee for implementation as outlined in R884-24P-53. The rule sets the acreage value rates for 418 separate class-county combinations. This year it is proposed that 18 rates increase slightly, 261 rates decrease and 139 have no change.

MOTION: Commissioner Rockwell moved to adopt the amendment to R884-24P-53. 2020 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act. The motion passed unanimously.

V. Approve submission of proposed rule amendments to the Office of Administrative Rules for publication in *Utah State Bulletin*

1. R861-1A-9. State Board of Equalization Procedures Pursuant to Utah Code Ann. Sections 59-2-212, 59-2-1004 and 59-2-1006.
2. R865-9I-34. Property Tax Relief for Individuals Pursuant to Utah Code Ann. Sections 59-2-1201 through 59-2-1220.
3. R865-19S-79. Tourist Home, Hotel, Motel, or Trailer Court Accommodations and Services Defined Pursuant to Utah Code Ann. Sections 59-12-103, 59-12-301, 59-12-352, 59-12-353, 59-12-603, and 59-28-103.
4. R865-19S-96. Transient Room Tax Collection Pursuant to Utah Code Ann. Sections 59-12-103 and 59-12-301.
5. R884-24P-66. County Board of Equalization Procedures and Appeals Pursuant to Utah Code Ann. Sections 59-2-1001 and 59-2-1004.

Commissioner Rockwell presented the rule amendments for the Commission to consider and submit for publication to the Office of Administrative Rules. Publication of the rule will occur on December 15, 2019 in the *Utah State Bulletin* and the public comment period will end on January 14, 2020.

MOTION: Commissioner Rockwell moved to submit the proposed rule amendments to the Office of Administrative Rules. The motion pass unanimously.

VI. Consider approving 2020 Notice of Scheduled Meetings

MOTION: Commissioner Cragun moved to approve the 2020 Notice of Scheduled Meetings. The motion pass unanimously.

VII. Consider Tax Commission positions on pending legislation

Chairman Valentine noted that the official bill numbers have not yet been numbered, so the file numbers are listed along with the bill titles below.

He stated that it is his intent as Chairman that if these motions pass, bills of substantial conformity with the version we adopt in these files will be acknowledged as Commission supported bills.

1. 2020FL0347 - Acquisition Cost Definition

2020FL0347 - Acquisition Cost Definition. Creates a general definition of “acquisition cost” for tangible personal property in Title 59, Chapter 2, Property Tax Act, of the Utah State Code.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0347 - Acquisition Cost Definition. The motion passed unanimously.

2. 2020FL0613 - Certified Tax Rate Calculation Amendments

2020FL0613 - Certified Tax Rate Calculation Amendments. Modifies the definition of incremental value to include project areas created under Title 11, Chapter 58, Utah Inland Port Authority Act; Title 63H, Chapter 1, Military Installation Development Authority Act; and Title 63N, Chapter 2, Part 5, New Convention Facility Development Incentives

MOTION: Commissioner Rockwell moved that the commission support 2020FL0613 – Certified Tax Rate Calculation Amendments. The motion passed unanimously.

3. 2020FL0666 - Circuit Breaker Amendments.

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a. Modifies the definition of “Homeowner” for purposes of the homeowner’s property tax credit to exclude a residence that is owned in whole or in part by any type of entity except an individual or qualifying trust.

b. Changes the definition of claimant’s “Household income” for purposes of the homeowner’s and renter’s credits to exclude the income received by a member of the claimant’s household who is under 18 or the parent/grandparent of the claimant or the claimant’s spouse.

c. Modifies the formula for determining the amount of allowable property tax relief by including 3rd party payments in the calculation.

d. Increases the minimum and maximum household income brackets for qualification for the homeowner’s and Renter’s credits. Maximum income bracket increased from \$26,941 to \$37,173.

e. Increases the amount of the homeowner’s credit at each income bracket. Maximum credit increased from \$798 to \$1,012. This bill does not increase the maximum amount of the renter’s credit, still 9.5% of rent for lowest income bracket.

Denny Lytle, Director, Property Tax Division, went on the record to confirm that they can administer the bill as it was explained.

Commissioner Walters asked for clarification regarding the income bracket amounts and how they are determined. Commissioner Rockwell explained that the amounts are based in part by comparing Federal poverty levels among other adjustments.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0666 - Circuit Breaker Amendments. The motion passed unanimously.

4. 2020FL0664 - Fuel Sales Tax Amendments.

2020FL0664 - Fuel Sales Tax Amendments. Clarifies that in situations where a single meter is used to provide fuel (gas, electricity, heat, fuel oil, or other fuel) for a combination of residential,

commercial, or industrial uses, the tax status and tax rate for the consumed fuel is determined by which use is predominant.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0664 - Fuel Sales Tax Amendments. The motion passed unanimously.

5. 2020FL0525 – Nonresident Income Amendments

2020FL0525 – Nonresident Income Amendments. Allows a non-resident individual to allocate wage income proportionately between Utah and other states according to where the income was earned instead of using corporate UDITPA provisions.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0525 – Nonresident Income Amendments. The motion passed unanimously.

6. 2020FL0612 - Property Assessment Procedure Amendments

2020FL0612 – Property Assessment Procedure Amendments – Repeals §59-2-212, *Equalization of Values – Hearings*.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0612 – Property Assessment Procedure Amendments. The motion passed unanimously.

7. 2020FL0348 – Sales Tax on Motor Vehicles

2020FL0348 – Sales Tax on Motor Vehicles. Provides that when a dealer sells an aircraft, manufactured home, mobile home, modular home, motor vehicle, or watercraft over the Internet, the location of the transaction is where the purchaser takes receipt of the property.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0348 – Sales Tax on Motor Vehicles. The motion passed unanimously.

8. 2020FL0563 - Tangible Personal Property Tax Revisions

2020FL0563 - Tangible Personal Property Tax Revisions. This bill addresses an oversight from 2019 HB 231 which increased the personal property exemption from \$10,000 to \$15,000. While changing the exemption amount, the bill failed to also change the base year for CPI increases to coincide with the effective date of the increased exemption. If this is not corrected it will cause the exemption to increase to \$16,500 in 2020 instead of the \$15,000 expected.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0563 - Tangible Personal Property Tax Revisions. The motion passed unanimously.

9. 2020FL0346 - Tax Commission Authority Amendments

2020FL0346 - Tax Commission Authority Amendments. Repeals the Tax Commission's authority to adjust or defer taxes imposed on centrally assessed property and authorizes the

county in which centrally assessed property is located to adjust or defer taxes imposed on property.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0346 - Tax Commission Authority Amendments. The motion passed unanimously.

10. 2020FL0349 - Tax Exemption for Construction or Unoccupied Property

2020FL0349 - Tax Exemption for Construction or Unoccupied Property. Allows the county assessor to consider property under construction or unoccupied as “residential property” for purposes of property tax if the assessor determines that the property will be later used as a primary residence.

Property Tax Director, Denny Lytle, stated for the record that the residential exemption has never been applied to land only, no matter what kind of land it was. There has to be actual construction in place for the exemption to apply.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0349 - Tax Exemption for Construction or Unoccupied Property. The motion passed unanimously.

11. 2020FL0614 - Property Tax Notice Amendments

2020FL0614 - Property Tax Notice Amendments. Allows a person entitled to receive information related to property tax to designate another person to receive the information.

MOTION: Commissioner Rockwell moved that the commission support 2020FL0614 - Property Tax Notice Amendments. The motion passed unanimously.

VIII. Commissioners’ Reports

Commission Chair Valentine reported on his recent meeting with the Federation of Tax Administrators in Washington, D.C. He was made aware of a bill that passed in the late summer, the Fair Taxpayers Act. He will brief the commission after he has had a chance to review the bill.

IX. Executive Director’s Report

Nothing to report.

X. Adjourn

Commission Chair Valentine adjourned the meeting at 10:14 a.m.

Approved on: January 9, 2020

Attested: Jennifer Franklin
Executive Assistant
Utah State Tax Commission