

CORC Final Legislative Report

TAXES

HB 123 – Tax Revisions (Dougall)

ROLLED into SB223, see below. This bill would have entirely removed state portion of sales tax on unprepared food, resulting in a flat state rate in 26 of 29 counties and lowered the flat income tax rate.

HB282 – Sales and Use Taxation of Food and Food Ingredients (Newbold)

ROLLED into SB223 see below. This bill would have eliminated add-on/boutique taxes, such as RAP, ZAP and UTA, from being charged on sales tax on food.

SB223, second substitute – Tax Amendments (Niederhauser)

PASSED. Six other bills were rolled into this bill to create the omnibus tax bill of the session. The statewide rate for sales tax on food will be 3% beginning Jan. 1, 2008; state portion= 1.75%, local portion = 1%, county portion = 0.25%.

Some changes made in this bill are:

- further reduction (1%) in the state portion of sales tax on food, effective January 1, 2008
- elimination of all add-on/boutique taxes from sales tax on food, a further of 0.2%-1.0% depending on where you live, effective January 1, 2008
- institutes a flat 3% sales tax on food statewide; this includes a raise in the tax rate of 0.25% for Millard, Emery and Kane Counties.
- reduction of the combined state sales tax rate on non-food and prepared food from 4.75% to 4.65%
- elimination of the current dual income tax system
- elimination of the current tiered income tax system
- reduction of the flat tax rate from 5.35% to 5.0%
- elimination of deductions on income taxes beginning January 1, 2008 and replacing with credits on flat income tax for mortgage interest, charitable contributions, personal exemptions and some retirement income.

There is more in the bill but these are the issues CORC was working on and tracking. For those wishing to read a summary of

the bill including last minute floor amendments and other tax matters relating to rural hospitals, clean energy credits and more go to <http://le.utah.gov/~2007/bills/sbillamd/sb0223s02.htm>. The first three pages of the bill is the summary.

SB 142 Sales and Use Tax Exemption for Certain Business Inputs (Stephenson)

PASSED with major amendments. What started out as a bill that would have given big tax credits and even refunds for high usage of fossil fuels in certain industries was amended in such a way that major tax credits for big industry were greatly reduced and refunds eliminated. The fiscal note was reduced from over \$21 million to just over \$7 million. We wish the bill would have failed but what passed is a shadow of the original.

Several other corporate sale tax exemption bills were passed; none that could have been stopped. We stayed focused on SB142.

Two other bills that passed exempted dental prosthesis devices and disposable home medical equipment or supplies from sales tax.

PAYDAY LENDING

SB 16 – Lending Registration Acts (Mayne)

PASSED. This bill gives the Utah State Department of Financial Institutions the ability to fine payday lenders for not registering with the state and for violation of any current statute. Whether or not a fine is assessed and for how much will be determined by the Commissioner. No reporting requirement was included in the bill.

HB 159 – Check Cashing Registration Act Study (Fowlke)

DIED in Rules. This bill was drastically changed from its original draft form, which would have provided further and substantial industry regulation.

HB329 – Deferred Deposit Loans (Shurtliff)

SENT to Interim for further study. That means the combined Business and Labor legislative sub-committee will hear this bill in depth sometime during the legislative Interim period that runs from March to November. If all goes well, the bill will be modified to suit

committee members then passed by the committee. This would put the bill on a fast track next session.

MINIMUM WAGE

Rep. Neil Hansen and Sen. Ed Mayne both had bills drafted that would have raised the minimum wage in Utah. Given the turnover of leadership in Congress and movement on this issue in Washington DC, neither of these bills was ever released.

HOUSING

SB136 - Unlawful Detained (Waddoups)

PASSED. This bill makes it faster and easier for landlords to evict tenants who are behind on their rent, supposedly just those who are practicing criminal behavior. We have concerns about impact on innocent low-income renters.

HB319 Mobile Home Park Notice of Sale of Underlying Property

Requires notice to owners in parks with resident associations and gives them first right of purchase.

MISCELLANEOUS

SB42 - Preferred Prescription Drug List (Christensen)

PASSED Authorizes Department of Health to develop a drug program that includes a preferred drug list and bulk purchasing for the Medicaid program. Mental health drugs are exempted.

HB 314, second substitute, Transportation Funding Revisions (Lockhart)

PASSED. Creates a critical needs highway fund that will annually receive \$90M from the general fund in dedicated revenue. We opposed this bill due to the huge amount of money earmarked for transportation which takes money away from other budget items such as health and human services.

BUDGET ITEMS

Medicaid dental services, \$2M, one time

Medicaid vision services, \$174,000, one time, single provider

CHIP, \$2M ongoing, \$2M one time

Weatherization program, \$200,000

General Assistance, \$3M one time added to the existing base of \$5 million, with an additional \$2M ongoing for a total of \$10 million

Olene Walker Housing Trust Fund, \$400,000 additional one time money, which raises the fund to \$2.72 million

Pamela Atkinson Homeless Trust Fund, \$500,000 ongoing, plus \$500,000 one time. Both of these were added to the base.

Emergency Food Network, increased by \$100,000, so total ongoing money is now \$300,000