

**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 regarding a new local sales and use tax and county option sales and use tax distribution formula for consideration during the 2021 Utah Legislative General Session.

Highlighted Provisions:

This resolution:

- highlights the changes in retail practices and market conditions that have emerged since the state's local sales and use tax and county option sales and use tax distribution formulas were established; and

- 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 distribution formula for consideration during the 2021 Utah Legislative General Session.

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



28 system;

29 WHEREAS, it has been approximately 35 years since there has been a substantial
30 change to the local sales and use tax and county option sales and use tax distribution formulas
31 found in Utah Code, Title 59, Chapter 12, Part 2, Local Sales and Use Tax Act, and, Part 11,
32 County Option Sales and Use Tax;

33 WHEREAS, during this 35-year period there have been monumental changes in retail
34 practices and market conditions, such as those resulting from the United States Supreme Court
35 decision on South Dakota v. Wayfair, Inc. 138 S.Ct. 2080 (2018);

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

39 WHEREAS, Internet or e-commerce sales were not a consideration when the current
40 sales and use tax methodology was established;

41 WHEREAS, e-commerce sales are expected to expand from everyday uses to include
42 transactions such as vehicle sales and the home delivery of groceries and other purchases;

43 WHEREAS, under the direction of Governor Herbert and with the support of the Utah
44 State Legislature, the State Tax Commission negotiated a contract for the collection of sales tax
45 from Amazon that established a new baseline for local governments to review the impact of
46 our modern economy and online purchases on their budgets;

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

51 WHEREAS, a new distribution formula for local sales and use tax and county option
52 sales and use tax will help local governments compete in a modern economy that is continually
53 changing and evolving;

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

58 WHEREAS, a new distribution formula for local sales and use tax and county option

59 sales and use tax should provide a fair and balanced revenue stream for each county, city, and
60 town that will allow local governments to focus on long-term planning decisions for their
61 communities and primarily base land-use decisions for residential, commercial, or industrial
62 development on a determination of what is most beneficial for the community, not on the
63 prospect of new sales tax revenue;

64 WHEREAS, the Utah Association of Counties and the Utah League of Cities and
65 Towns, working together, have successfully developed and delivered solutions designed to
66 address complex issues to the Legislature for its consideration; and

67 WHEREAS, any continued delay in addressing this critical tax policy issue will only
68 compound the financial and planning impacts on the state of Utah and our counties, cities, and
69 towns:

70 NOW, THEREFORE, BE IT RESOLVED that the Legislature of the state of Utah, the
71 Governor concurring therein, requests that the Utah Association of Counties and the Utah
72 League of Cities and Towns provide the Legislature with a joint recommendation regarding a
73 new local sales and use tax and county option sales and use tax distribution formula for
74 consideration during the 2021 Utah Legislative General Session.