

**UTAH STATE TAX COMMISSION
MEETING MINUTES**

9:55 a.m., Thursday, December 13, 2018

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 9:55 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)

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

III. Consider Approving Special Commission Meeting Minutes of November 13, 2018 and December 6, 2018

MOTION: Commissioner Walters moved to approve the Special Commission Meeting Minutes of November 13, 2018 and December 6, 2018. The motion passed unanimously.

IV. Consider amending Administrative Rules

- I.** R865-19S-85. Sales and Use Tax Exemptions for Certain Purchases by a Manufacturing Facility Pursuant to Utah Code Ann. Section 59-12-104.
- II.** R865-19S-121. Sales and Use Tax Exemptions for Certain Purchases by a Mining Facility Pursuant to Utah Code Ann. Section 59-12-104.
- III.** R865-19S-122. Sales and Use Tax Exemptions for Certain Purchases by a Web Search Portal Establishment Pursuant to Utah Code Ann. Section 59-12-104.
- IV.** R884-24P-53. 2019 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. Section 59-2-515.

Commissioner Rockwell explained that the following proposed rule amendments are for the Commission to consider adopting. The rules were published in the Utah Bulletin on November 1, 2018 and the public comment period ended on December 3, 2018. We did not receive any public comments on the rules.

Rule R865-19S-85. Sales and Use Tax Exemptions for Certain Purchases by a Manufacturing Facility. The proposed amendment adds “parts and materials” to definition of “machinery and equipment” that qualifies for the manufacturing sales and use tax exemption.

MOTION: Commissioner Rockwell moved to adopt the amendment to Rule R865-19S-85. Sales and Use Tax Exemptions for Certain Purchases by a Manufacturing Facility. The motion passed unanimously.

Rule R865-19S-121. Sales and Use Tax Exemptions for Certain Purchases by a Mining Facility. The proposed amendment eliminates reference to machinery and equipment having an economic life of three or more years and clarifies that “parts and materials” are treated the same as machinery and equipment for purposes of the exemption from sales and use tax.

MOTION: Commissioner Rockwell moved to adopt the amendment to Rule R865-19S-121. Sales and Use Tax Exemptions for Certain Purchases by a Mining Facility. The motion passed unanimously.

Rule R865-19S-122. Sales and Use Tax Exemptions for Certain Purchases by a Web Search Portal Establishment. The proposed amendment eliminates reference to machinery and equipment having an economic life of three or more years and clarifies that “parts and materials” are treated the same as machinery and equipment for purposes of the exemption from sales and use tax.

MOTION: Commissioner Rockwell moved to adopt the amendment to Rule R865-19S-122. Sales and Use Tax Exemptions for Certain Purchases by a Web Search Portal Establishment. The motion passed unanimously.

Rule R884-24P-53. 2019 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.

MOTION: Commissioner Rockwell moved to adopt the amendment to Rule R884-24P-53. 2019 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 Register [*action item*]

1. R884-24P-19. Appraiser Designation Program Pursuant to Utah Code Ann. Sections 59-2-701 and 59-2-702.
2. R884-24P-74. Changes to Jurisdiction of Mining Claims Pursuant to Utah Code Ann. Section 59-2-201.

MOTION: Commission Chair Valentine presented each rule amendment for the Commission to consider and submit for publication to the Office of Administrative Rules. Publication of each rule will occur on January 1, 2019 in the *Utah Register* bulletin and the public comment period will end on January 31, 2019.

Commissioner Rockwell moved to submit each of the proposed rule amendments to the Office of Administrative Rules individually. Commission Chair Valentine placed debates on each motion for debate. There were no debates and each motion passed unanimously. Both rule amendments will be referred to the Office of Administrative Rules for publication.

Commission Chair Valentine asked if there were any questions regarding Commissioner Rockwell's presentation of the proposed rule amendments. There were none.

Vote on the motion was placed by Commission Chair Valentine with Commission Chair Valentine, Commissioner Cragun, Commissioner Walters, and Commissioner Rockwell voting aye.

VI. Consider Publication Revision

1. Publication 58: Utah Interest and Penalties

Commission Chair Valentine called for public comment on the Publication. There was none.

VII. Consider settlement offer in *Excel Convenience Store v. Utah State Tax Commission*, #180903393 (Utah Second Judicial District)

Commissioner Cragun stated that the taxpayer has found a buyer for the convenience store and they expect the transaction to close within two weeks, therefore they decided against presenting a settlement offer to the Tax Commission today. This new information was given to the Tax Commission shortly before this meeting was to begin.

MOTION: There is no action needed at this time.

VIII. Consider settlement offer in *Discover Financial Services v. the Utah State Tax Commission and Salt Lake County Board of Equalization*, #170903380 (Utah Third Judicial District Court)

MOTION: Commissioner Cragun moved to approve the settlement offer in *Discover Financial Services v. the Utah State Tax Commission and Salt Lake County Board of Equalization*, #170903380 (Utah Third Judicial District Court). The motion passed unanimously.

IX. Consider approving 2019 Notice of Scheduled Meetings

MOTION: Commission Chair Valentine moved to approve the 2019 Notice of Scheduled Meetings. The motion passed unanimously.

X. Commissioners' Reports

Commissioners Valentine and Cragun commended the Property Tax Division on a successful Appraiser's School the previous week.

Commission Chair Valentine indicated that he and Commissioner Walters will be attending the New Commissioner Meeting with the FTA (Federation of Tax Administrators) in January in New Orleans, LA.

XI. Executive Director's Report

Scott W. Smith had nothing to report.

XII. Adjourn

MOTION: Commissioner Cragun moved that the Commissioners adjourn. The motion passed unanimously.

Commission Chair Valentine adjourned the meeting at 10:12 a.m.

Approved on: January 10, 2019

Attested: Jennifer Franklin

Executive Assistant, Utah State Tax Commission