

House Revenue and Taxation Committee

February 13th, 2025

Bill: SB 47 – Sales and Use Tax Remittance Amendments

Sponsor: Senator Wayne Harper

Floor Sponsor: Representative Steve Eliason

UASD Position: Tracking

This Bill amends the requirements governing when a seller has to pay or collect and remit sales and use tax.

Discussion: Senator Harper stated that Utah has been a leader in the discussion of sales tax fairness over the past twenty-five years, striving to ensure that brick-and-mortar stores have a level playing field with online retailers. This Bill repeals the requirement for sellers to pay, collect, and remit sales and use tax if they sell tangible personal property, electronically transferred products, or services for storage, use, or consumption in the state in more than a specified number of separate transactions. The goal is to reduce burdens on businesses and create greater equity between online and physical stores. The Commissioner of the Utah State Tax Commission spoke in support of the Bill.

Yeas: 10

Nays: 0

N/V: 1

Outcome: SB 47 passed out of the Committee with a favorable recommendation.

Bill: 2nd substitute HB 162 – Transportation Funding Amendments

Sponsor: Representative Rex Shipp

Floor Sponsor: TBD

UASD Position: Support

This Bill limits certain uses of local option sales and use taxes for transportation.

Discussion: The sponsor presented the 5th substitute, which was not adopted by the Committee. The Committee passed the second substitute and adopted Amendment 1, which adds vehicles to the list of prohibited uses for this revenue source. During the 2024 Legislative Session, the Legislature passed a Bill allowing a 30-basis point increase in the ¼% sales tax for counties of the third through sixth class to use for public safety. Representative Shipp had a companion Bill last year aimed at placing guardrails on how these funds could be used, but it did not pass. The sponsor noted that public safety is a broad category and that some counties are using the sales tax funds for personnel, rather than for infrastructure, as the sponsor believes is appropriate. He argued that sales tax should be used only for capital projects and infrastructure, with county

salaries paid from property tax revenue, which provides a more stable revenue stream. According to the sponsor this Bill establishes guardrails, prohibiting the use of these funds for anything other than public safety infrastructure, which includes jails and other buildings like fire stations. The funds cannot be used for operations or maintenance of those buildings, vehicles, or equipment. An exception is made for counties that have already budgeted or implemented the use of the portion of the sales tax for personnel salaries as of January 1, 2025; those counties are grandfathered in. Counties that have not yet implemented this policy cannot use the funds for personnel salaries.

Representative Christofferson expressed support for the guardrails in the Bill. Representative Kyle requested the removal of lines 55-59, which grandfather in counties that have used the tax for salaries, as he believes the intent was for the funds to be used for building jails.

Representative Shipp reiterated his efforts last year to place these guardrails and noted that counties that have budgeted for salaries would need time to adjust their practices without facing a revenue shortfall. The sponsor is open to amending the Bill on the House floor to add a sunset date for the exemption, likely between three to five years, to avoid disrupting county budgets. No public comments were made on the Bill.

Yeas: 10

Nays: 0

N/V: 1

Outcome: 2nd substitute HB 162 passed out of the Committee with a favorable recommendation.