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Utah Legislative Update: June 2019

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The Tax Task Force Prepares to Take the Show on the Road:

The Utah Legislature's Tax Restructuring and Equalization Task Force met for the first time on May 30th to set the table for a summer of meetings that will be held around the state to discuss Utah's tax structure and how it can be improved.

Legislators and tax experts on the committee voted to schedule eight town hall meetings that will take place in June and July of this year. Following those meetings, the task force is expected to return to the State Capitol to hold additional meetings to evaluate the ideas that were learned in the town halls and draft a recommendation to the full legislature on what Utah can do to update its tax laws. This may wrap up its work as early as September but could continue to meet and consider options until the year's end.

In addition to setting the town hall dates, the task force also adopted a guiding principles document to follow as they consider tax proposals for the state. The document follows the basic principles that taxes should be competitive, sufficient, sustainable, stable, flexible, fair, simple, and transparent.

The chairs of the task force, Sen. Lyle Hillyard (R-Logan) and Rep. Francis Gibson (R-Mapleton) stated at the meeting that the task force is starting from scratch in its discussions on how to improve Utah's tax code. The chairs explained that House Bill 441, which would have imposed sales taxes on many services in Utah among other things, was not the starting point for the group. However, a presentation made by legislative staff made an argument that sales in Utah are now more service based than goods based. Because on that presentation from staff, it can only be assumed that expanding sales taxes to services will still be an option that will be considered.

The town hall meetings are tentatively scheduled for the following dates. Specific times and locations will be released at a later time:

- June 25th – Brigham City
- June 27th – Salt Lake County
- June 28th – Richfield
- June 29th – St. George
- July 8th – Davis/Weber County

- July 9th – Roosevelt
- July 20th – Moab
- July 30th – Utah County

Utah Medical Cannabis Licenses for Growers Now Open:

It is a brave new world here in Utah. The RFP for Medical Cannabis Growers opened on May 31st and will remain open until July 1st! More information about the RFP and application requirements can be found on the Utah Department of Agriculture and Food website. There are 10 grower licenses available under the first RFP; each license is expected to cost about \$10,000 just to apply with the finalists paying about \$100,000 if awarded one of the licenses. The enabling legislation required the program to self-fund through fees and total administrative costs are anticipated to be about \$560,000 each year. Cost include additional state employees and equipment to inspect cannabis facilities and manage a digital tracking platform. Some small farmers have complained that costs associated will mean only large facilities or out-of-state entities can afford to apply for a license. The draft guidelines for the grower licenses include rules on use of pesticides, disposing of plant waste, and facility surveillance systems. This is a new venture for the State of Utah, though they have sought best practices from other states with medical cannabis programs. It remains to be seen if the costs will make the end product too costly for some patients to try.

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