



Utah Legislative Wrap Up 2020

Kate Bradshaw

Steve Young

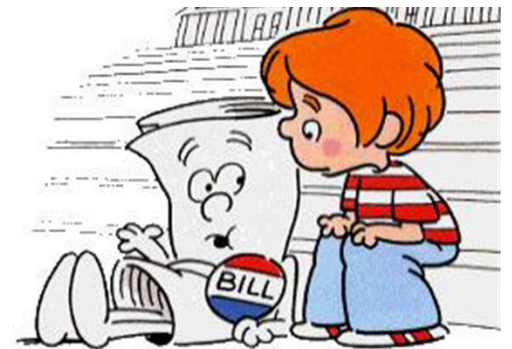
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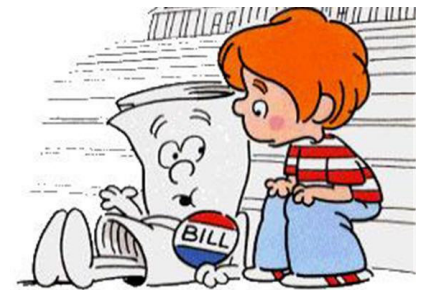
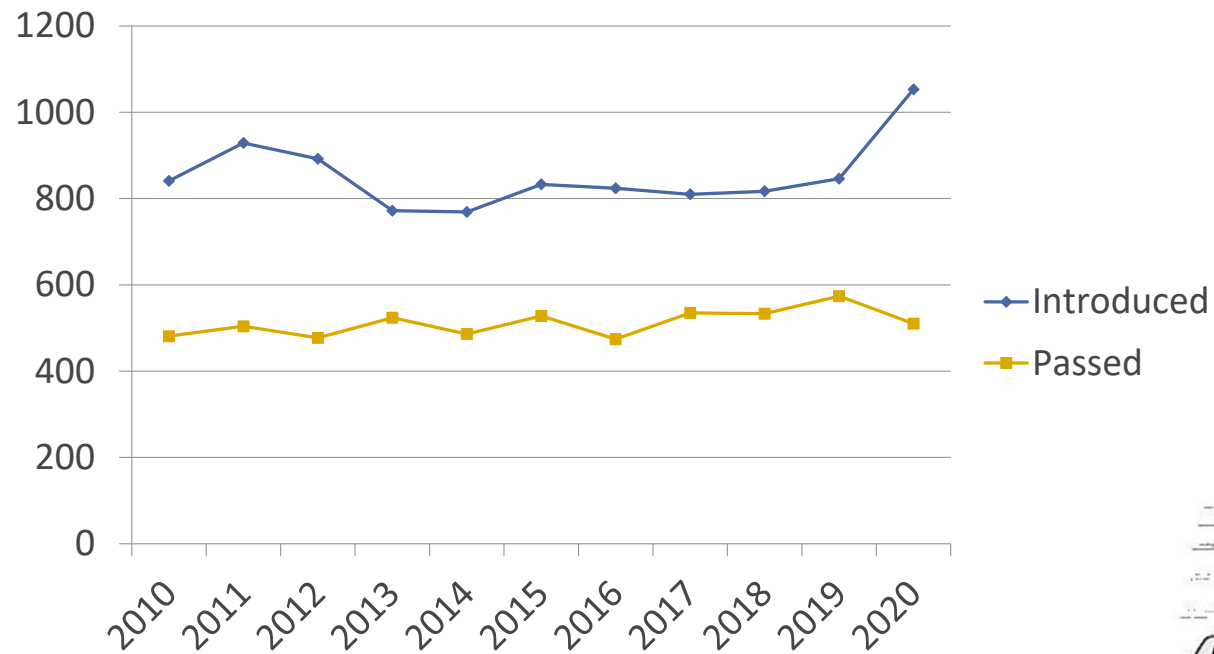
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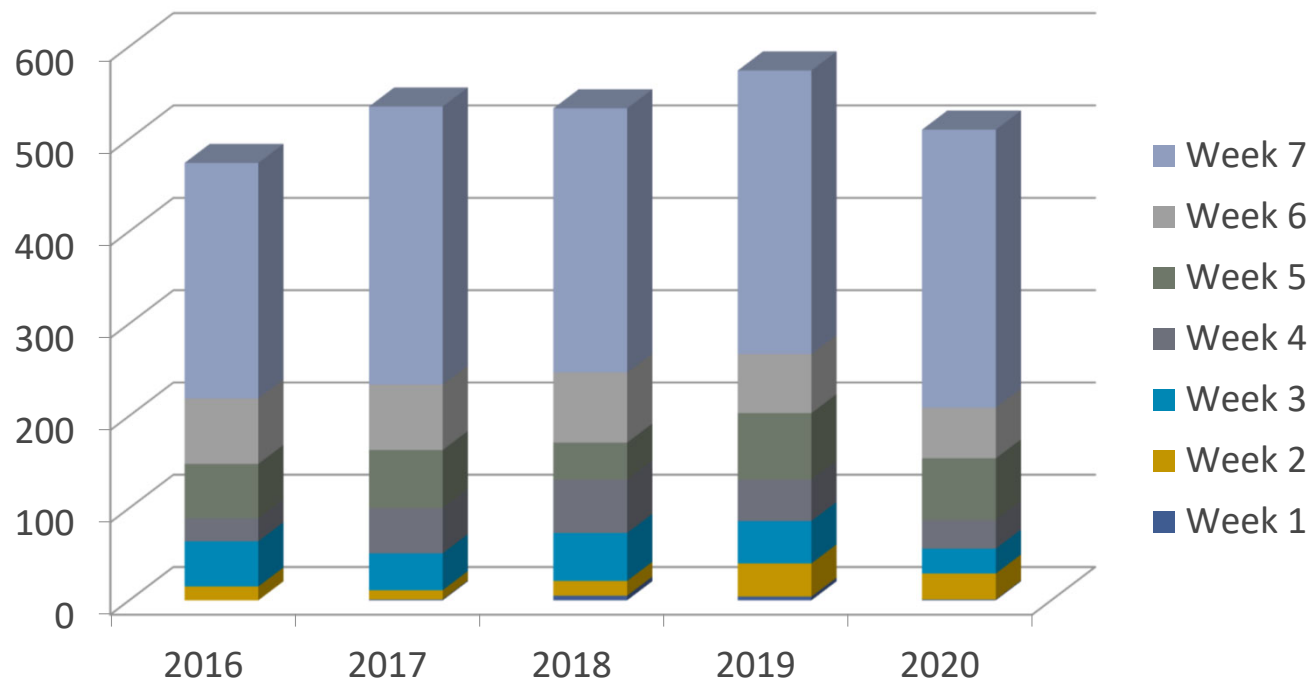
UTAH'S SHORT SESSION: BILLS!

Utah's Annual 45-Day General Session = 33 Work Days



BILL PASSAGE BY WEEK: 7- WEEK SPRINT

Bills Passed During 7 Weeks of Utah Session



2020 LEGISLATIVE SESSION: ENVIRONMENT & ENERGY



Total Air Quality Appropriations: \$9,799,200

- HB 396: Electric Vehicle Charging Infrastructure Amendments
- HB 59: Tax Credit for Alternative Fuel Heavy-Duty Vehicles
- HB 235: Voluntary Home Energy Info Pilot
- HB 259: Electric Vehicle Charging Network

2020 LEGISLATIVE SESSION: ALCOHOL BILLS



Keeping Utah Unique Thanks to Alcohol Legislation

- HB 157: Wine Services and Amendments
- HB 203: Beer Delivery Program (Failed)
- HB 399: Alcohol Amendments

2020 LEGISLATIVE SESSION: INLAND PORT



Changes for the Inland Port Authority

- HB 347: Inland Port Modifications
- SB 112: Inland Port Amendments

2020 LEGISLATIVE SESSION: DAYLIGHT SAVING



SB 59: Daylight Saving Time Amendments

Year-round Mountain Daylight Time if...

- Congress approves
- 4 western states join us in MDT request

2020 LEGISLATIVE SESSION: E-CIGARETTES & VAPING



- SB 37: Electronic Cigarette and Other Nicotine Amendments
- HB 58: Electronic Cigarettes in Schools Amendments
- HB 23: Tobacco & Electronic Cigarette Amendments

2020 LEGISLATIVE SESSION: DRUG COSTS



- HB 272: Pharmacy Benefit Amendments
- SB 183: Pharmacy Benefit Manager Revisions
- HB 207: Insulin Access Amendments



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TAX REFORM

- Two purposes
 - Fix structural imbalance/earmark
 - Keep sales tax on track with the economy
- First purpose much more urgent, and impacts the second
- What happened?
 - Bill passed in December 18, 2019 Special Session
 - Referendum signatures gathered by January 21, 2020
 - Repealed January 29, 2020

TAX REFORM - RESULTS

- Passed in 2020:
 - Constitutional Amendment adding children & those with a disability to income tax earmark (SJR9)
 - \$650 Million
 - Bill guaranteeing education funding (HB 357)
 - No tax increases
- All school associations, including UEA, on board
- All goes to first prong of tax reform
- Many still would love to address second prong, but that has been true in all states for several decades

FUTURE TAX REFORM NEEDS TO CONSIDER

- Silo issue again after 5-10 years?
- What do “children” and “disabilities” mean?
- User Fee for Transportation (RUC)?
- Sales Tax Expansion
 - Utah Legislature, like other states, well aware of the political realities relating to:
 - Broad sales tax on services (Only SD, HI & NM have)
 - Final Consumption?
 - Sales tax on food (36% of state (16 of 45) have)
 - Sales tax on fuel

2020 TAX BILLS – INCOME TAX

- HB 59 (Stoddard) – Extends credit for the purchase of an alternative fuel heavy duty vehicle, decreasing until 2030.
- HB 200 (Spendlove) – Requires the add-back of a federal deduction where one commonly controlled entity owns an intangible asset, then transfers it to another and pays a royalty for it and the recipient pays no income tax on the royalty income.
- HB 269 (Sagers) – Creates a nonrefundable income and gross receipts tax credit for those developing hydrogen electrolysis systems.

2020 TAX BILLS – INCOME TAX

- HB 332 (Shultz) – Creates a tax credit for those donating to a special needs scholarship
- SB 36 (Bramble)
 - Prevents Utah from imposing income tax on an employee where the personal service is performed outside Utah
 - Clarifies the 60-day withholding tax exemption (employee still subject to Utah income tax on day one)

2020 TAX BILLS – SALES TAX

- HB 49 (Thurston) – Online vehicle sales sourced to location of delivery
- HB 53 (Shipp) – Codifies Tax Commission predominant use of fuel rule
- HB 280 (Albrecht) – Allows a County to coordinate with the Tax Commission in determining whether to require a transient room tax audit
- HB 356 (Ferry) – Repeals the sales tax exemption for locomotive fuel

2020 TAX BILLS – SALES TAX

- SB 114 (Cullimore)
 - Clarifies that leased data centers are entitled to the data center sales tax exemption
 - Clarifies that lessons (anytime an instructor is present) are not taxable admissions
- SB 194 (Anderegg) – Allows an exempt entity to sell at a special event without a sales tax license
- SB 216 (Okerlund) – Allows counties to collect sales tax on rentals of ATVs and RVs
- SB 225 (Bramble) – Increases fees on prepaid wireless services

2020 TAX BILLS – SALES TAX

- SB 239 (Okerlund) – Extends the period for refineries to retain sales tax benefits while moving to Tier III
- SCR 6 (Bramble) – Requests UAC and ULCT to provide data regarding e-commerce trends for possible change to distribution formula

2020 TAX BILLS – PROPERTY TAX

- HB 47 (Eliason) –
 - Clarifies and codifies exemption for educational and charitable institutions to ensure statewide uniformity
 - Educational = traditional
 - All charities = codifies Utah Supreme Court gift to the community standard
 - Federal standard for political involvement
 - Removes Inland Port and Convention Center Hotel incentives from Certified Rate Calc (similar to centrally-assessed/CDAs which were removed previously)
- HB 50 (Sagers) – Clarifies that home being built as primary residence receives primary residence exemption

2020 TAX BILLS – PROPERTY TAX

- HB 53 (Lisonbee)
 - Increases personal property exempt de minimis purchase from \$150 to \$500, and takes away use test
 - Effective 1/1/21, exemption is \$500 per item or \$15,000 aggregate
- HB 77 (Thurston)
 - WPU property tax rate increases when state increases WPU
 - Caps the WPU property tax rate increase at 4% (WPU went up 6% this year so cap kicked in)

2020 TAX BILLS – PROPERTY TAX

- HB 164 (Moss)
 - Requires property tax notice to list a tax increase as a result of a change in state law
 - When property changes hands, requires assessor must provide notice alerting the new homeowner of the affirmative declaration required to retain the primary residence exemption on the home
- HB 174 (Lyman) – Allows all rural counties to use rural healthcare facilities tax for all healthcare purposes

2020 TAX BILLS – PROPERTY TAX

- HB 192 (Strong)
 - Requires county assessors to uniformly apply either the cost approach or income approach to all apartments with 10 or more units in the county
 - If the assessor uses an income approach, the assessor may not require the taxpayer to file a personal property signed statement
- HB 268 (Eliason) – Allows a property owner to designate someone else to receive their property tax bill

2020 TAX BILLS – PROPERTY TAX

- HB 382 (Ferry) – Prevents a county from disclosing a property taxpayer’s e-mail, phone # and payment method
- SB 38 (Henderson) – Moves “human interest” authority for centrally-assessed property from the Tax Commission to the county
- SB 141 (Hemmert) – Freezes the multicounty assessing and collecting levy for 5 years to pay for a statewide online personal property tax system

2020 TAX BILLS – MISCELLANEOUS

- SB 37 (Christensen) – Imposes excise tax on E-cigs
- SB 154 (Hinkins) – Allows IPP to accept federal \$ to convert to hydrogen



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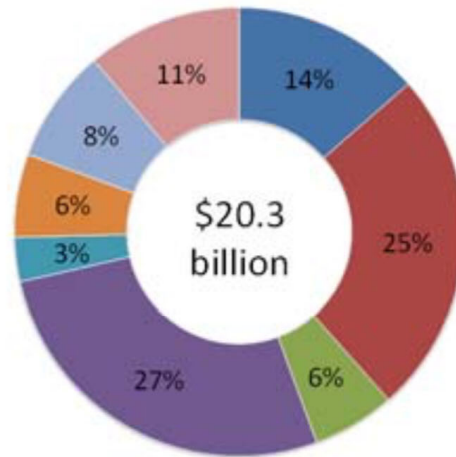
HOW IS THE BUDGET MADE?

- Governor releases his budget recommendation in December
- Legislature adopts base budgets by the 10th day of the general session
- Recommendations are made by appropriation subcommittees of the Legislature
- Final budget crafted by Executive Appropriations Committee
- Legislature adopts supplemental budget bills the last week of the session
- Legislature funds/passes majority of bills with fiscal impacts to the budget the last week of the session

THE FY 2021 BUDGET

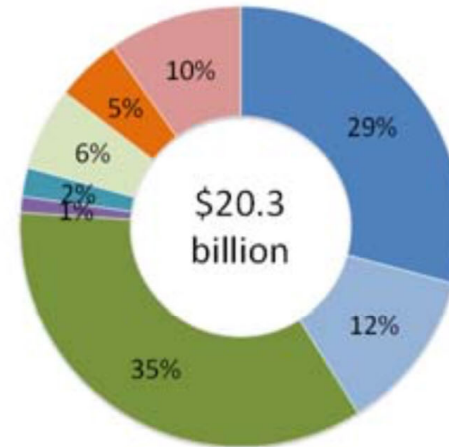
Total (All Funds) - FY 2021: \$20,255,188,800
 State Funds (GF/EF/USF) - FY 2021: \$8,598,597,700

Where It Comes From: All Funds



- General Fund
- Local Education Revenue
- Transportation Fund
- Dedicated Credits
- Education Fund
- Federal Funds
- Transp. Investment Fund
- Other

Where It Goes: All Funds



- Public Education
- Social Services
- Debt Service
- Law Enforcement
- Higher Education
- Capital Facilities
- General Gov't
- Transportation

WHAT WERE THE HIGHLIGHTS OF THE BUDGET?

- Year of Education! WPU increased by 6% (from \$3,532 to \$3,745)
 - Part of the negotiations to pass SJR9
- \$24 Million for state expenses related to COVID-19
- \$1.5 Million for the Vice Presidential Debate
- \$2 Million for Rural Electric Charging Infrastructure
- \$3 Million for Olympic venue infrastructure improvements
- Rainy Day Fund
 - General Fund - \$261.7 Million
 - Education Fund - \$555.4 Million

HOW WILL COVID-19 IMPACT THE BUDGET?

- Already seeing other state see fiscal impacts due to the current health situation
 - In December 2019, Colorado projected to have \$800 Million in new revenue for their upcoming fiscal year. The projects are now flat.
- What does that mean for Utah?
 - Special session to correct the budget to adjust to new economic factors
 - Additional funding for public health needs
 - Unemployment numbers expected to increase

QUESTIONS?



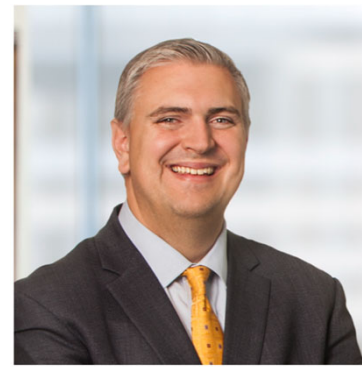
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CLE CREDIT



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