

**UTAH STATE TAX COMMISSION
MEETING MINUTES**

2:00 p.m., Monday, December 9, 2013

Commission Room 1000, 210 North 1950 West, Salt Lake City, Utah

Participating:

R. Bruce Johnson - Commission Chair
D'Arcy Dixon Pignanelli - Commissioner
Michael J. Cragun - Commissioner
Robert P. Pero - Commissioner
Barry Conover - Executive Director

Commission Office:

Christa Johnson, Commission Executive Assistant
Charlie Roberts, Public Information Officer

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 Johnson called the meeting to order at 2:01 p.m. and noted that a person from the public was participating in the meeting by phone.

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 Johnson asked if anyone wished to address the Tax Commissioners. There were no comments.

III. Consider Approving Special Commission Meeting minutes of Tuesday, September 17, 2013 and Commission Meeting minutes of Thursday, October 10, 2013.

Commissioner Dixon noted that in a prior Commission meeting the Commission asked that the Property Tax Division prepare a presentation on personal tax audits for a future Commission meeting.

MOTION: Commissioner Dixon moved to approve the Commission Meeting minutes of Thursday, October 24, 2013. The motion passed unanimously.

IV. Consider Amending Administrative Rules

- a. R884-24P-29. Taxable Household Furnishings Pursuant to Utah Code Ann. Section 59-2-1113

Commissioner Pero said the amendment to rule R884-24P-29 clarifies that household furnishings, furniture, and equipment that meet the definition of qualifying exempt primary residential rental personal property under Section 59-2-102 receive the primary residential exemption. They are valued for property tax purposes by calculating the value of the personal property using the tables in Tax Commission rule R884-24P-33 multiplied by 0.55. The proposed amendment updates the rule to match statutory changes in 2013 House Bill 67.

Commissioner Pero reported that the Commission had received public comments on the proposed changes from the Cache County Assessor.

Mr. Denny Lytle, Property Tax Division director, has addressed the Cache County Assessor's concerns.

MOTION: Commissioner Pero moved to adopt the amendments to R884-24P-29. Taxable Household Furnishings Pursuant to Utah Code Ann. Section 59-2-1113 with a January 1, 2014, effective date. The motion passed unanimously.

- b. R884-24P-53 2013 Valuation Guides for Valuation of Land Subject to the Farmland Assessment Act Amendment Pursuant to Utah Code Ann. Section 59-2-515

Commissioner Dixon said this will be her last item as chair of the State Farmland Evaluation Advisory Committee. Commissioner Robert Pero has been appointed by the Tax Commission Chair to chair the State Farmland Evaluation Advisory Committee.

Commissioner Dixon summarized information provided in a previous Commission Meeting regarding Rule R884-24P-53. She said the Farmland Committee met to consider a report prepared by Utah State University ("USU") which recommends values for valuing farmland in the upcoming year. Commissioner Dixon explained that values in the USU report are based on a five-year average of production levels. The Farmland Committee voted unanimously to recommend the values in USU report to the Tax Commission. Those values were used to amend the values in tax commission administrative rule R884-24P-53 now before the Commission. Commissioner Dixon added the updated rule was noticed for public comment, and to her knowledge there were no public comments.

MOTION: Commissioner Dixon moved to adopt the amendments to Rule R884-24P-53, 2014 Valuation Guides for Valuation of Land Subject to the Farmland Assessment with a January 1, 2014, effective date. The motion passed unanimously.

V. Acceptance of Internal Audit Reports

Commissioner Dixon, supervisor of the Internal Audit Unit in the Office of the Commission, recognized Mr. Aman Kudiya, Director of Internal Audit.

Mr. Kudiya submitted for acceptance two Internal Audit Reports:

- a. Internal Audit Report No: 2013-02 Review of Procedures and Internal Controls over Decal/Plate Inventory and Cash handling process at Division of Motor Vehicles.
- b. Internal Audit Report No: 2013-03 Review of Motor Vehicle Administration System Access Agreement for the Motor Vehicle Division.

Commissioner Dixon added that while the Commission accepts Tax Commission internal audits in a public meeting, the internal audits themselves are confidential documents.

MOTION: Commissioner Dixon moved to accept Internal Audit Report No. 2013-02 and No. 2013-03. The motion passed unanimously.

VI. Executive Director's Report

Mr. Conover reported that a meeting was held with the Utah League of Cities and Towns to discuss raising the administrative fee the Tax Commission charges on sales tax collection and distribution from 8 percent to 9.5 percent on February 1, 2014. A letter announcing the change will be sent to all the jurisdictions.

Mr. Conover reported that the Assessors' School that occurred Dec. 9 to 12, 2013, was successful and expressed gratitude to the Property Tax Division for the training given to the Counties.

Mr. Conover reported that Hearing Room 1025 will be re-structured in the first quarter of 2014. The room will be getting new AV equipment, blinds and lighting.

Commissioner Chair Johnson commented on the success of the Assessors' School. The meeting was productive and a substantial exchange of information was obtained.

VII. Commissioners' Reports

Commissioner Chair Johnson reported that the Commissioners' recently took part in a week long hearing on a property tax matter and in conjunction with that held a continuing legal education discussion on civility. He expressed his gratitude to Commissioner Cragun for hosting the discussion on the *Standards of Professionalism and Civility*.

Commission Dixon expressed her gratitude to Mr. Conover for the items in the Hearing Room. She explained that the current audio equipment has not been functioning properly and it is important that recordings of the Tax Commission hearings are not compromised.

VIII. Closed Session to Discuss Pending or Reasonably Imminent Litigation

MOTION: Commissioner Cragun moved that the Commission meet in closed session to discuss pending or reasonably imminent litigation. The motion passed with Commission Chair Johnson, Commissioner Dixon, Commissioner Cragun and Commissioner Pero all voting aye.

IX. Returned to Open Session

Commission Chair Johnson called the meeting back to order at 3:09 a.m.

X. Appeal District Court Case No. 100908688, Sprint Spectrum vs. Auditing Division, Commission Appeal No. 07-0054

Commission Chair Johnson stated that after discussion with counsel he recommends that the Commission not appeal the decision.

MOTION: Commissioner Cragun moved to direct counsel not to appeal District Court Case No. 100908688, Sprint Spectrum vs. Auditing Division, Commission Appeal No. 07-0054. The motion passed unanimously.

XI. Adjourn

Commissioner Cragun moved to adjourn the meeting at 3:12 p.m.

Approved on: Thursday, February 27, 2014

Attested: Christa Johnson

Executive Assistant

Utah State Tax Commission