UTAH STATE TAX COMMISSION
DRAFT MINUTES

9:00 a.m., Thursday, July 9th, 2026
Via Zoom, 210 North 1950 West, Salt Lake City, Utah

Participating:

John L. Valentine – Commission Chair- In Person
Rebecca L. Rockwell – Commissioner – In Person
Jennifer N. Fresques – Commissioner – Via Zoom
John T. Deeds – Commissioner – In Person
Deanna Herring – Executive Director – In Person

Commission Office:
Chantay Asper - Executive Assistant – In Person
Jason Gardner – Deputy Executive Director – Via Zoom
Mike Lee – Deputy Executive Director – Via Zoom
Alex Urosevic – Economist – Via Zoom
Tracy Nuttall – Legislative Liaison – In Person
Jennifer Hansen – Property Tax Senior Director – In Person
Jennifer Hesche – Property Tax Director – Via Zoom

I. Join Zoom Meeting:

https://utah-gov.zoom.us/j/7437193782?pwd=K0pJRTVzTGJrWm14LzlTdjY0QzJDUT09&omn=83167893823
Meeting ID: 743 719 3782
Passcode: 8fN54hj!

Dial in: +1 253 215 8782 or +1 346 248 7799
Meeting ID: 743 719 3782
Passcode: 07438057

II. Call to Order

Commission Chair Valentine called the meeting to order at 9:00 a.m.

III. 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)

Commissioner Valentine asked if anyone wished to address the Tax Commissioners for up to three minutes on matters not related to a pending or reasonably imminent appeal to the Tax Commission.

There was no public comment.

IV. Consider approving Commission Meeting Minutes of June 11th, 2026 *[action item]*

MOTION: Commissioner Fresques moved to approve the Commission Meeting Minutes of June 11th, 2026.
The motion passed unanimously

V. Approve submission of proposed rule amendments to the Office of Administrative Rules for publication in the *Utah State Bulletin [action item]*

1. R861-1A-42. Waiver of Penalty and Interest for Reasonable Cause Pursuant to Utah Code Ann. Section 59-1-401.
2. R865-6F-32. Taxation of Financial Institutions Pursuant to Utah Code Ann. Sections 59-7-302 through 59-7-321.

Commissioner Rockwell: The following proposed rule amendments are for the Commission to consider and submit for publication to the Office of Administrative Rules. The amended rules will be published in the Utah State Bulletin on August 1, 2026 and the mandatory public comment period will end on August 31, 2026.

1. R861-1A-42. Waiver of Penalty and Interest for Reasonable Cause Pursuant to Utah Code Ann. Section 59-1-401. R861-1A-42 designates the circumstances under which a taxpayer may have reasonable cause for waiver of a tax penalty or interest. Grounds for waiving a penalty include death or serious illness of a taxpayer or a member of the taxpayer's immediate family or relying on a competent tax advisor.

   The current rule states that to qualify for a penalty waiver, a death or illness must have occurred on or immediately before the due date of the return. The amendment allows for the death or illness to occur within a reasonable time before the due date of the return, matching the time frame allowed for a delayed application to appeal the valuation or equalization of real property due to death of or serious illness of the property owner or immediate family member.

   The current rule also states that to qualify for a penalty waiver when a taxpayer relied on a competent tax advisor, the taxpayer must demonstrate that the taxpayer exercised ordinary business care, prudence, and diligence in determining whether to seek further advice. The amendment replaces the phrase "determining whether to seek further advice" with language that requires that the taxpayer exercise reasonable care, prudence, and diligence in the matter that resulted in the imposition of the penalty or interest, in order to ensure the waiver is granted because of an error by the advisor, not the taxpayer.

   MOTION: Commissioner Rockwell moved to submit the proposed amendments to R861-1A-42. Waiver of Penalty and Interest for Reasonable Cause Pursuant to Utah

Code Ann. Section 59-1-401. to the Office of Administrative Rules for publication in the Utah State Bulletin.

Commissioner Valentine took a roll call vote and the motion passed unanimously

2. R865-6F-32. Taxation of Financial Institutions Pursuant to Utah Code Ann. Sections 59-7-302 through 59-7-321. During the 2025 Legislative session, the Legislature passed 2025 S.B. 219, Financial Institutions Tax Amendments, sponsored by Senator Michael McKell. The bill defines the terms "financial institution" and "sales from investment activities and assets and trading activities and assets" for purposes of calculating the sales factor fraction for a financial institution. The bill also directs the Commission to make rules that do not allow the numerator of the sales factor fraction to include sales from investment activities and assets and trading activities and assets, while requiring the denominator of the sales factor fraction to include those sales.

   As a result, this amendment removes the terms defined in statute from the R865-6F-32 and refers to the statute for those terms. Similarly, the amendment also removes from current rule the requirements for including receipts from investment assets and activities and trading assets and activities in the sales factor fraction and refers instead to the statutory requirements.

   Additionally, the amendment changes the rule's effective date to January 1, 2026, retaining the original effective date for a taxable year beginning on or after January 1, 1998, only for the purpose of a financial institution's initial election as to whether the institution will include certain property in the property factor.

   Finally, the amendment makes other nonsubstantive corrections and updates.

   MOTION: Commissioner Rockwell moved to submit the proposed amendments to R865-6F-32. Taxation of Financial Institutions Pursuant to Utah Code Ann. Sections 59-7-302 through 59-7-321. to the Office of Administrative Rules for publication in the Utah State Bulletin.

Commissioner Valentine took a roll call vote and the motion passed unanimously

VI. Consider Publication Revisions

1. Publication 65: Tax Information for Cigarettes, Tobacco Products, Nicotine Products and Electronic Cigarette Products

VII. Commissioners' Reports

Commissioner Valentine reported that he and Commissioner Rockwell went to the assessor summer workshop.

VIII. Executive Director's Report

Deanna Herring updated everyone on CCE moving into our building. CCE is set to move in mid-August.

IX. Adjourn

MOTION: Commissioner Deeds moved to adjourn the meeting. The motion passed unanimously. Commissioner Rockwell adjourned the meeting at 9:14 a.m.

Approved on:

Attested: Chantay Asper
Executive Assistant
Utah State Tax Commission