

UTAH STATE TAX COMMISSION

DRAFT MINUTES

9:00 a.m., Thursday, September 10th, 2026

Via Zoom, 210 North 1950 West, Salt Lake City, Utah

Participating:

John L. Valentine – Commission Chair- Via Zoom
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 – In Person
Heidi Reilly – Finance Director-In Person
Emily Westerberg – Deputy Division Director-In Person
Josh Nielson – Property Tax Division Director – Via Zoom
Alex Urosevic – Economist – Via Zoom
Tracy Nuttall – Legislative Liaison – Via Zoom
Megan Bolin – Legislative Research and General Counsel-Via Zoom
Chris Stitt– Legislative Research and General Counsel -Via Zoom
Ellie Vaughn – MVED Investigator-Via Zoom

Public:

Nathan Firouzi – Crapo/Firouz PLLC – Via Zoom
Lee Davis – Attorney General’s Office – 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

Commissioner Rockwell called the meeting to order at 9:02 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 Rockwell 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.

Nathan Firouzi had comments regarding the updated Power of Attorney (POA) TC-737 form that POA's received on or after June 1, 2026, must be notarized. He stated that it appears intended or not that the addition of notarization discourages and makes it more difficult to appeal. He feels as attorney's we already exceed or meet ethical obligations ethical obligations to our clients and can file on behalf of their clients

Jason Gardner responded that he appreciates Mr. Firouzi's comments and has received the same kind of comments from other parties. Privacy was our goal and there is room for exceptions to be made in the statute. He stated that the exception for attorneys would be justified due to their ethical obligations and to their clients. He further stated that he would be hesitant to expand that beyond the attorneys.

Commission Valentine asked Mr. Gardner to clarify the statute regarding POA's.

Mr. Gardner stated that in the statute there has been a notary requirement for POA's for many years. He stated that in the statute there is an exception that allows a government agency to provide a form provided by the commission.

Commissioner Valentine asked if CPA's or certified appraiser could be part of the exceptions.

Mr. Gardner stated that he would need to defer that question to someone else. She expressed concern regarding the distinction between attorneys, CPAs, and certified appraisers, stating that she does not know whether the certifications of CPAs and certified appraisers provide the same type of protection as those applicable to attorneys.

Commissioner Rockwell asked Mr. Firouzi to submit his comments and concerns to the Commission so that they would become part of the record. The Commission will work with the administrative side of the agency to potentially create an exception.

IV. Consider approving Commission Meeting Minutes of August 27th, 2026 [*action item*]

MOTION Commissioner Chair Valentine: Moved to approve the Commission Meeting Minutes of August 27th, 2026.

The motion passed unanimously

V. Consider amending Administrative Rules [*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 Deeds: The following rules were published in the Utah State Bulletin on August 1st, 2026 and the public comment period ended on August 31st, 2026. We did not receive any public comments on these rules.

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 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 Deeds:* Moved to adopt the amendments to R861-1A-42. Waiver of Penalty and Interest for Reasonable Cause Pursuant to Utah Code Ann. Section 59-1-401.

Commissioner Rockwell 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 Deeds*: Moved to adopt the amendments to R865-6F-32. Taxation of Financial Institutions Pursuant to Utah Code Ann. Sections 59-7-302 through 59-7-321.

Commissioner Rockwell took a roll call vote and the motion passed unanimously.

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

1. R884-24P-53, 2027 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann.

Commissioner Fresques: 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 October 1, 2026 and the mandatory public comment period will end on October 31, 2026.

1. R884-24P-53, 2026 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. Section 59-2-515 authorizes the State Tax Commission to make rules necessary to effectuate the Farmland Assessment Act. Section 59-2-514 creates the State Farmland Advisory Committee and requires a person appointed by the Commission to serve as chair. Commissioner Fresques currently serves as chair of this committee. This committee reviews classifications of land in agricultural use in the various areas of the state and recommends a range of values for each of the classifications based

upon productive capabilities of the land when devoted to agricultural use. The recommendations are then submitted to the Commission for approval and publication in rule. This proposed rule represents the committee's recommendations.

MOTION Commissioner Fresques: Moved to submit the proposed amendments to R884-24P-53, 2027 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. Section 59-2-5 to the Office of Administrative Rules for publication in the Utah State Bulletin.

Commissioner Rockwell took a roll call vote and the motion passed unanimously.

VII. Consider approving agency's FY2028 budget request for submission to the Governor.
[action item]

Deanna Herring: As required, the Base Budget Request in FY2028 for State Funds will be the same as was appropriated for FY2027 less one-time funding. She stated that they do have some budget requests that they will submit to the governor.

- Electronic Payment Restricted Account - She stated that we are requesting an increase of \$2 million to cover credit card usage in the Customer Service Functional Area.
- Administrative Law Judges - The Tax Commission is requesting \$466,900 in funding for two administrative law judge positions to ease the burden of the additional property tax appeals that have been requested that have been backlogging other appeal types as well.
- License Plate Restricted Account - This request is for a \$3 million increase for current year and a \$2 million increase ongoing appropriation to cover license plates, decal and mailing costs in the license plate production line item.
- Targeted Advertising Tax - The request is for \$1,258,100 to secure the funding for the implementation of Senate Bill 287 that was passed at the 2026 general session without the funding outlined in the fiscal note. This includes three FTE's.
- Short Term Rental Address Verification - This request is for is one time funding for the RFA (Request for Appropriation) from the 2024 general session \$600,000 to continue the short-term rental address verification process.

She then stated that they do have fee change proposals.

- Motor Vehicle Transactions – Standard Unit Fee-This is a statutorily required adjustment based on the prior year's Consumer Price Index. The increase will go from \$2.01 to \$2.06.
- Electronic Payment Fee – This request is for an increase up to \$4 and \$5 according to the language as electronic transactions fees continue to increase.
- Plate Mailing Charge – The Tax Commission is requesting an increase up to \$10 and \$15 according to the language to be able to adjust the fee as UCI increase our

shipping costs. UCI has notified the Tax Commission of a potential 30%-40% increase in shipping costs in the next year.

- Auctioneer License – This is a new fee, and it matches the salesperson license.
- Non-Lapsing Balances

Tax Administration

In addition to other statutory non-lapsing, the Tax Commission requests that unspent appropriations up to \$1.5 million not lapse at the close of FY2027. If funds are not needed for the stated purpose, unused balances will be returned at the end of the fiscal year. In addition, we will be requesting that any of the unspent \$3,500,000 from FY2026 not lapse at the close of 2027 to finish the project of replacing office furniture and cubicles in the main building and outlying offices as needed.

The proposed non-lapsing language that will be submitted as part of the budget:

Use of any non-lapsing funds is limited to: up to \$1.5 million for protecting and enhancing the State's tax and motor vehicle systems and processes; paying for mailed postcard reminders; office relocation expenses; continuing to protect the State's revenues from tax fraud, identity theft, and security intrusions; and litigation and related costs; and any of the remaining \$3,500,000 from previous year's non-lapsing for replacing office furniture and cubicles in the main building and other outlying offices as necessary.

MOTION: Commissioner Fresques: Moved to submit the proposed FY 2028 Tax Commission Budget to the Governor's Office for Consideration.

Commissioner Rockwell took a roll call vote and the motion passed unanimously.

VIII. Items for Public Hearing

Commissioner Rockwell: Opened the Public Hearing at 9:38 a.m. and asked if anyone wished to give a public comment.

Fee Change Proposals

- Motor Vehicle Transactions – Standard Unit Fee
- Electronic Payment Fee
- Plate Mailing Charge

New Fee

- Addition of Auctioneer license

MOTION Commissioner Deeds: Moved to close the public hearing at 9:40 a.m.

Commissioner Rockwell took a roll call vote and the motion passed unanimously.

Commissioner Rockwell: Stated that there was an error on item VI of the agenda. The agenda had R884-24P-53, 2026 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. It should have been R884-24P-53, 2027 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. She stated that another motion should be made with the corrected year.

MOTION Commissioner Fresques: Moved to submit the proposed amendments to R884-24P-53, 2027 Guides for Valuation of Land Subject to the Farmland Assessment Act Pursuant to Utah Code Ann. Section 59-2-5 to the Office of Administrative Rules for publication in the Utah State Bulletin.

Commissioner Rockwell took a roll call vote and the motion passed unanimously.

IX. Consider Publication Revisions

1. Publication 5: Sales Tax Information for Vehicle & Watercraft Dealers and Body & Repair Shops

X. Commissioners' Reports

Commissioner Valentine recognized Chantay Asper, Executive Assistant, and thanked her for all her work at the Tax Commission as she moves to a new position with another agency.

Commissioner Rockwell also recognized Ms. Asper with a vote of thanks on behalf of the Commission and administrative staff.

XI. Executive Director's Report

None

XII. Adjourn

MOTION: Commission Chair Valentine: Moved to adjourn the meeting. The motion passed unanimously. Commissioner Rockwell adjourned the meeting at 9:46 a.m.

Approved on:

Attested: Jeanell Collings
Legal Secretary
Utah State Tax Commission