



State of Utah

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October 14, 2010

Scott Peterson
Executive Director
Streamlined Sales Tax Governing Board
4205 Hillsboro Pike, Suite 305
Nashville, TN 37215

Dear Scott,

This letter is Utah's response to the potential compliance issues noted in the second report on 2010 Annual Recertification, dated October 5, 2010, and submitted by yourself and Pam Cook to the Compliance Review and Interpretations Committee. Our responses are as follows:

Issue 1: The taxability matrix indicates that oxygen delivery equipment with a prescription is exempt. The statute cited is an exemption for drugs, syringes and stoma supplies. The durable medical equipment exemption restricts it to "for home use."

Response: We will amend our taxability matrix to correct the citation for oxygen delivery equipment. The amendments will indicate that the equipment will be exempt if it meets the exemption requirements for durable medical equipment.

Issue 2: The state taxes utilities at a special rate. The local taxes are not imposed on utilities. The SSUTA allows a difference in the tax base only with respect to motor vehicles, aircraft, watercraft, modular homes, etc.

Response: Utilities are taxed by both the Utah state and the local governments. While both the state and local governments tax utilities, the state tax rate for utilities differs from the state rate on other taxable products and services (pursuant to Section 308(C)). The statutory authority for the state sales tax on utilities is Sections 59-12-103(1)(c) and (d). The statutory authority for imposing local sales taxes on utilities is Sections 59-12-204(2); 59-12-401; 59-12-402; 59-12-703; 59-12-802; 59-12-804; 59-12-1102; 59-12-

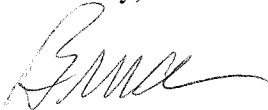
1302; 59-12-1402; 59-12-1802; 59-12-2003;59-12-2103; 59-12-2213; 59-12-2214; 59-12-2215; 59-12-2216; 59-12-2217; and 59-12-2218.

Issue 3: The definition for “conference bridging” says that a telephone number is provided. The SSUTA definition says that a telephone number may be provided.

Response: While the intention of the statutory language was to mirror the Streamlined Sales and Use Tax Agreement (“Agreement”) definition of conference bridging service, we agree that the language could be read otherwise. We will propose amending our definition of conference bridging service in our 2011 legislative session to clarify that a telephone number may be required.

Based on the above responses, Utah believes it is in substantial compliance with the Agreement. If any additional information is needed concerning these issues, we will be pleased to provide it.

Sincerely,



R. Bruce Johnson
Commission Chair
Utah State Tax Commission