

## Senate Revenue and Taxation Committee

2/2/2026

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### **Bill: HB 77 – Tax Modifications**

Sponsor: Representative Eliason

Floor Sponsor: Senator McCay

**UASD Position: Track**

This Bill modifies tax provisions.

Discussion: Representative Eliason presented the Bill alongside the Utah State Tax Commissioner, explaining that the Bill makes several technical and substantive revisions to Utah’s tax code. Among other provisions, the Bill requires local option sales taxes to be reauthorized in a timely manner by the State Tax Commission and prohibits enforcement of a reauthorized tax unless certain statutory conditions are met. The Bill also addresses taxation of unrelated business income for charitable organizations by requiring business income to be sourced to where it is earned and to include both sourced and allocated income in the tax base.

The sponsor explained that the Bill repeals the corporate income tax credit for the use of cleaner-burning fuel, incorporates updated low-income housing qualifications, removes the sunset date for the state and local tax (“SALT”) cap, and modifies the definition of short-term rentals, including clarifying whether tangible personal property is included in the tax base. The Bill also requires the State Tax Commission to distribute a one percent sales tax imposed by a county to any newly incorporated counties, updates and aligns motor vehicle tax provisions, and requires taxing entities to provide notice to the Tax Commission of changes in sales tax rates. Additional provisions restate county assessment authority over homeowner association common areas and raise property valuation thresholds that trigger county reporting to the State Tax Commission and the Revenue and Taxation Interim Committee.

The Bill further amends the definition of “indigent individual” for purposes of property tax relief by removing language limiting findings of extreme hardship to counties, allows taxpayers to appeal denials of property tax relief based on late filing, and modifies the taxpayer tax credit to align with changes in federal law. It also repeals the inheritance tax as an obsolete provision and consolidates the list of privilege tax exemptions.

Senator Harper questioned several of the changes made in the Bill. Senator McCay asked about the fiscal note and whether the estimated \$4 million impact represented a gain or a loss to the state. The sponsor explained that the state would need to appropriate approximately \$4 million due to the change in the cap from \$40,000 to \$10,000. Committee members also questioned language regarding tangible personal property being included as part of short-term rental assets. Senator McCay further asked whether the fiscal impact could halt progress on the remaining policy provisions in the Bill.

Yeas: 6

Nays: 0

N/V: 1

**Outcome: HB 77 passed out of the Committee with a favorable recommendation.**

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**Bill: 1<sup>st</sup> substitute SB 206 – Multicounty Appraisal Trust Amendments**

Sponsor: Senator Harper

Floor Sponsor:

**UASD Position: TBD**

This Bill modifies provisions relating to the Multicounty Appraisal Trust (MCAT).

Discussion: The Committee adopted the 1st substitute. The sponsor explained that the Bill consists primarily of technical clean-up language and is intended to clarify the statewide administration of certain property tax funds. The Bill transfers management responsibilities from the Multicounty Appraisal Trust to a designated fund manager and clarifies the oversight role of the Utah State Tax Commission's Division of Finance. The designated fund manager is the Utah Association of Counties ("UAC").

The sponsor noted that the term "trust" in current statute had created confusion and that the Bill replaces that terminology with "fund manager" while maintaining the same assets and management structure. The purpose of the change is to improve clarity without altering how funds are handled in practice.

Brandy Grace testified that UAC had been named as a trustee under current law and supported the Bill's efforts to clearly define responsibility for the funds. She stated that the Bill improves transparency by clarifying budget submission requirements and reporting obligations.

Senator McCay asked about discrepancies between the online substitute and the amendment. The sponsor responded that the substitute incorporates Senate Amendment 1. Therefore, it does not need to be adopted.

Yeas: 3

Nays: 0

N/V: 4

**Outcome: 1<sup>st</sup> substitute SB 206 passed out of the Committee with a favorable recommendation.**