

Sixteenth Biennial Report

of the

UTAH STATE TAX COMMISSION



For the fiscal years
1961-1962

SIXTEENTH
BIENNIAL REPORT
OF THE
STATE TAX COMMISSION



ORVILLE GUNTHER
Chairman

DONALD T. ADAMS
ARIAS G. BELNAP
ALLAN M. LIPMAN
Commissioners

G. W. BARBEN
Executive Secretary

ROSCOE E. HAMMOND
Consultant

FOR THE FISCAL YEARS 1961-1962



THE STATE OF UTAH

STATE TAX COMMISSION
200 STATE OFFICE BUILDING
SALT LAKE CITY
November 30, 1962

COMMISSIONERS
ORVILLE GUNTHER
CHAIRMAN
ALLAN M. LIPMAN
ARIAS G. BELNAP
DONALD T. ADAMS
G.W. BARBEN
EXECUTIVE SECRETARY

To His Excellency
The Honorable George D. Clyde, Governor
and Members of the Legislature of the
State of Utah

Gentlemen:

We submit herewith the biennial report of the State Tax Commission
covering the period from July 1, 1960 to June 30, 1962.

This report is made in compliance with the requirements of the law
as stated in Section 59-5-46, Utah Code Annotated, 1953, as amended, by
Chapter 105, Laws of Utah, 1959.

Respectfully submitted,

STATE TAX COMMISSION

Orville Gunther
Chairman

Allan M. Lipman

Arias G. Belnap

Donald T. Adams

G.W. Barben
Executive Secretary

TABLE OF CONTENTS

	<i>Page</i>
SUMMARY OF RECOMMENDATIONS.....	1
RECOMMENDATIONS:	
Sales and Use Tax.....	2
Individual Income Tax.....	3
Motor Fuel (Gasoline) Tax.....	4
Special Fuel (Diesel) Tax.....	5
Taxation of Insurance Companies.....	5
Motor Vehicle Registration.....	6
Property Tax	7
The Equalization of Assessed Values.....	11
1961 LEGISLATION	13
SPECIFIC EFFECTS OF LEGISLATION 1959-1961.....	13
Excise Tax Collections	13
Uniform Local Sales and Use Tax.....	18
Refund of Motor Fuel Taxes.....	26
Property Tax Collections	26
Withholding (Income) Tax Refunds.....	35
PUBLIC SCHOOL REVENUE.....	36
AUDITING OF TAX RETURNS.....	36
COLLECTIONS AND EXPENDITURES BY TAX COMMISSION	38

SUMMARY OF THE RECOMMENDATIONS

We respectfully recommend that:

Sales and Use Tax

1. The provisions of the sales and use tax laws be combined in one act.

Individual Income Tax

2. The withholding provision of the Individual Income Tax Act be amended so that the employer may withhold taxes of his employees either in an amount equal to seven per cent of the total amount to be deducted and withheld from wages under the provisions of the Internal Revenue Code or in the amount shown by tax tables to be prepared by the State Tax Commission.

3. The statutory provision which requires income tax refunds to be made under the supervision of the state auditor to be amended to delete this provision.

Motor Fuel Tax

4. The motor fuel tax law be amended (a) to clarify the provision dealing with the exemption of sales to the United States Government; and (b) to revise that provision of the law which deals with the refund of motor fuel taxes for off-highway use by providing that the State Treasurer shall deduct two and one-half per cent of the selling price of the motor fuel instead of two per cent which is now required.

Special Fuel Tax

5. The same penalty for failure to file a tax report and to pay the tax which is now imposed upon a dealer be also imposed upon a user who fails to file such reports and make such payments.

Insurance Companies

6. Section 31-14-4, Utah Code Annotated 1953, in which the method of taxing insurance companies is stated, be amended to provide that in computing this tax the exemption allowed for examination fees shall be limited to that proportion of the examination fee which is represented by the amount of premiums attributable to business in Utah compared to premiums attributable to business in all states.

Registration of Motor Vehicles

7. The Motor Vehicle Registration Act to be amended for the purpose of improving administrative procedure and to eliminate conflicts.

8. The Legislature provide for a careful study of the "Uniform Vehicle Code" for the purpose of enacting into the Utah law

at the 1965 legislative session such features of this code that may be advisable.

9. The Legislature study the rate structure of registration fees and mileage taxes.

Property Tax

10. The law dealing with the reports of personal property to county assessors be so amended that the assessor will be assured of having a statement from the property owner within time for his use and in such detail that he will have an adequate basis for the determination of such assessments.

11. The Constitution be amended to permit the exemption of motor vehicles from the property tax and to provide by legislation for an excise tax in lieu thereof.

12. The tax laws be amended to make certain the collection of taxes from operators in those situations where mines are rapidly becoming depleted and no value is left through which the tax can be collected.

13. The law which now provides for the creation of special taxing districts be amended to provide that the levy for the newly created taxing district shall not be imposed until after January 1 following the date when the special taxing district was created.

RECOMMENDATIONS

Sales and Use Tax

1. *We respectfully recommend that the provisions of the sales and use tax laws be combined in one act.*

The sales tax law was enacted in 1933 under the title the "Emergency Revenue Act of 1933"; the use tax law was enacted in 1937 under the title the "Use Tax Act of 1937." From time to time during the years since these two laws were first enacted, they have been amended in many respects; but, the amendments have served to draw some of the provisions farther apart, rather than to combine them. As a result, there are many features of the two laws which are either contradictory in nature or which do not properly supplement each other. The administrative features of these two laws can best be understood by taxpayers, and can be most effectively enforced with the greatest degree of equality if they are substantially the same. It is the recommendation, therefore, that these laws be combined into one act. The Commission plans to have a bill drawn which will accomplish this purpose and to have a carefully prepared statement for the use of the members of the Legislature which will explain each proposed change and what may be achieved.

Individual Income Tax

2. *We respectfully recommend that the withholding provision of the individual income tax act be amended so that the employer may withhold taxes of his employees, either in an amount equal to seven per cent of the total amount to be deducted and withheld from wages under the provisions of the Internal Revenue Code, or in the amount shown by tax tables to be prepared by the State Tax Commission.*

The law now provides that:

"59-14-71. Withholding tax provision—Terms defined—Returns—Payments to state—Bond—Rules and regulations. — (1) (a) Commencing July 1, 1959, every employer making payment of wages shall deduct and withhold from wages an amount equal to seven per cent of the total amount required to be deducted and withheld by an employer from wages of an employee under the provisions of the Internal Revenue Code of the United States. The amount of tax withheld shall be computed without regard to any other amount required to be withheld thereunder.

"(c) In the event that the tax deducted and withheld under subdivision (a) should prove to be disproportionate to the tax liability, the tax commission may adjust the percentage which, when withheld will, as closely as may be possible, pay the income tax liability imposed by this act.

"(d) The tax commission may, in lieu of the requirement above for deducting and withholding tax based upon a percentage of federal income tax withheld, adopt by regulation tax tables which, when withheld will, as closely as possible, pay the income tax liability imposed by this act. When adopted by the tax commission said tables shall be followed by every employer in deducting and withholding tax under this act."

The experience gained by the Tax Commission indicates that the task of the employer in complying with the withholding provision would be made less difficult if the Tax Commission should provide a set of withholding tables under the provisions of paragraph (d) of the above-quoted section, and if the employer were then given his choice either to deduct the percentage of the amounts withheld under the internal revenue requirements, or to follow the table prepared by the commission. It is our opinion that a table could be prepared which would facilitate the withholding of the tax in some situations, but that it might be unwise to enforce it in every case; so, we feel that the employer should have the option to choose one of these methods.

3. *We respectfully recommend that the statutory provision which requires income tax refunds to be made under the supervision of the State Auditor be amended to delete this provision.*

Section 59-14-65, Utah Code Annotated 1953 contains this provision:

"All revenue collected or received by the tax commission under this chapter shall be deposited daily with the state treasurer. The balance of such revenue, subject to the provisions of 59-14-37 and 38 (relating to refunds) shall be periodically distributed and credited to the uniform school fund. Refunds issued by the tax commission shall be made under the supervision of the state auditor, and if not claimed within two years from the date of issuance shall revert to the state to be credited to the uniform school fund, and no further claims may be made upon the tax commission for the amounts of such refunds."

Since the enactment of the withholding provision of individual income tax law, the number of refunds authorized by the State Tax Commission on account of over-payments has increased to such a volume that the time element is now a major problem. During the fiscal year ended June 30, 1962 there were approximately 160,000 refunds. They average between \$12 and \$13. They were made only after the Tax Commission auditors had carefully checked the return of the taxpayer. The re-checking of these refunds by the state auditor's office of necessity slows down this work, and we feel that it is a duplication of the auditing which the commission has already done. We believe that the taxpayers are entitled to receive their refunds promptly. We think that the specific requirements as contained in 59-14-65 for supervision by the state auditor in this area is unnecessary.

Motor Fuel

4. *We respectfully recommend (a) that the motor fuel tax law be amended to clarify the provision dealing with the exemption of sales to the United States Government, and (b) to amend that provision of the law which deals with the refund of motor fuel taxes for off-highway use by providing that the State Treasurer shall deduct two and one-half per cent of the selling price of the motor fuel instead of two per cent, which is now required.*

(a) Section 41-11-6 provides "... It is the purpose and intent of this chapter to impose and levy said tax upon the sale or use of motor fuels as defined in this chapter whether such fuels are used in motor vehicles or for other purposes and by whomsoever sold or used including municipalities, counties, school districts and any other arm or branch of the state government and sales to the United States and its agencies in quantities as to each sale of less than twelve hundred fifty gallons. . . ." The Attorney General has ruled that all sales of whatever quantity to the United States Government are exempt from the motor fuel tax. It is confusing to dealers in making such sales to have this provision in the law which is contrary to the Attorney General's opinion. We, therefore, recommend that the law be amended to provide for the exemption of all sales of motor fuel in whatsoever quantities to the United States Government.

(b) Section 41-11-6 also contains this provision in regard to the refund of motor fuel taxes paid for off-highway use. "... In addition to any other amounts deducted from the claimed refund the State Treasurer shall also deduct two per cent (2%) of the selling price of the refund motor fuel, which shall be credited to the State General Fund as if the same were collected as a sales tax. . . ." This provision was enacted at the time that the state sales tax was two per cent. In view of the fact that the sales tax is now two and one-half per cent, we recommend that the law be amended to make it consistent with the current sales tax rate.

Special Fuel Tax

5. *We respectfully recommend that the same penalty for failure to file a tax report and to pay the tax which is now imposed upon a dealer be also imposed upon a user who fails to file such reports and make such payments.*

Section 41-11-55 of the Motor Fuel Tax Act contains the following provision:

"Each user-dealer shall, on or before the twenty-fifth day of each and every month, file on forms prescribed by the commission a report, under oath, showing the amount of fuel sold during the preceding calendar month and such other information as the commission may require to carry out the purposes of this act. Such report must be accompanied by a remittance payable to the commission for the amount of excise tax due hereunder.

"A penalty of \$10.00 for each required report shall be imposed upon each licensee and bonded user-dealer failing to file any report as prescribed herein regardless of the imposition of other penalties under this act."

In view of the fact that there is a substantial number of users of special fuel who use large quantities of this fuel in their motor vehicle operations, we feel that they should be subject to the same penalty as the dealer. These users purchase their fuel tax free, and unless there is an adequate control established through the same penalty provisions which apply to the dealer, the administration of the law may be seriously impaired.

Taxation of Insurance Companies

6. *We respectfully recommend that Section 31-14-4, Utah Code Annotated 1953, in which the method of taxing insurance companies is stated, be amended to provide that in computing this tax the exemption allowed for examination fees shall be limited to that proportion of the examination fee which is represented by the amount of premiums attributable to business in Utah, compared to premiums attributable to business in all states.*

This recommendation is based upon the apparent inconsistency of the act which now permits the deduction of examination fees

which may be the result of the examination of an insurance company in all of its operations throughout the United States. It seems only consistent whatever deduction should be made for these fees should be limited to that proportion of the fee which may properly be involved in an examination of business done in Utah. It is for this reason that we recommend this change.

Motor Vehicle Registration

7. We respectfully recommend that the Motor Vehicle Registration Act be amended for the purpose of improving administrative procedure and to eliminate conflicts.

In order to accomplish these purposes, it will be necessary to make several changes in the act. Some of the proposed amendments are minor in their immediate effect, but we believe that the total result will be beneficial through the simplification of administrative procedure and by the elimination of conflicts in the act.

It is the plan of the commission to have a bill prepared which will include all of these items. At that time, we shall present a statement which will explain the reason for each proposed amendment.

8. We respectfully recommend that the Legislature provide for a careful study of the "Uniform Vehicle Code" for the purpose of enacting into the Utah law at the 1965 legislative session such features of this code that may be advisable.

The motor vehicle code is a basic motor vehicle registration law which has been developed through the experience of all of the states. It is the result of careful consideration by the administrators of motor vehicle registration nationwide. It was not planned for the purpose of being accepted without modification in each state, still it has such basic concepts that it is an excellent model to consider. This code has been amended from time to time. The last amendments were made during the current year and will be contained in the code which is now being published. We feel that it will be advisable for the Legislature to have sufficient time to make a careful study with the idea of incorporating those features which may very well be enacted into Utah law. The revised code will be available to the legislature by the time that it meets, but we feel that an unhurried study should be made with the idea of encating into the Utah law those features which are advisable.

9. We respectfully recommend that the Legislature study the rate structure of registration fees and mileage taxes.

This, too, will require careful analysis and consideration. We suggest that this study be made in connection with the study of the "Uniform Vehicle Code" and that the registration fee and mileage tax structure, particularly of nearby states, be considered in

connection with the study for Utah. One of the important considerations in the administration of the motor vehicle registration law is involved in the operation of interstate commercial vehicles. It is important for Utah to have a rate structure for its own vehicles which will apply consistently to vehicles which operate through Utah but are based in other states. It is important, also, to consider the needs of revenue for road purposes.

Property Tax

10. We respectfully recommend that the Constitution be amended to permit the exemption of motor vehicles from the property tax and to provide by legislation for an excise tax in lieu thereof.

Section 41-1-32, Utah Code Annotated 1953 contains the following provision for the enforcement of the property tax on motor vehicles.

"41-1-32. Payment of taxes before registration—The department, before issuing any motor vehicle license, shall require from every applicant for such license a certificate from the county assessor of the county in which the motor vehicle has situs for taxation a certificate to the following effect:

"(a) That the property tax on the said motor vehicle for the current year has been paid; or

"(b) That in his opinion such tax is a lien on real property sufficient to secure the payment thereof; or

"(c) That such motor vehicle is exempt by law from payment of property tax for the current year. * * *

Elsewhere in the code the law provides that motor vehicles shall be assessed at the domicile of the owner unless they are usually used or kept in a taxing unit other than such domicile. In which case they must be assessed in such other taxing unit. This law has resulted in a very successful administration of the property tax except in those instances where non-resident operators of commercial motor vehicles operate in Utah without ICC or UPSC permits, but the determination of the situs for assessment purposes in some counties involves an awkward and time-consuming process. It is, in part, for this reason that the Commission has made the above recommendation, but it is also for the purpose of establishing a more equitable basis for the taxation of motor vehicles. While motor vehicles are now assessed uniformly according to their value, the amount of the tax varies widely. The boundary line between two special taxing districts may result in two vastly different tax bills on automobiles of the same value.

For the year 1962 there were 410 taxing units in the state where separate levies were made. The boundaries of the special taxing districts are made for the purpose of determining that area in which

the special service is to be provided. These do not always follow natural courses such as street and section lines. This makes it very difficult and time consuming for the assessor in the counties which have numerous taxing districts to locate the addresses of the owners of vehicles by taxing district. The situation is further complicated by the fact that the time for the registration of motor vehicles is limited and often there are long lines of applicants for the registration. Whatever time it takes for the assessor to locate the taxing district for each applicant slows down the process and inconveniences all those who are waiting in line.

The plan that the Tax Commission recommends is to provide an excise tax based upon the age, make and value of each motor vehicle which approximates the property tax now being collected. This excise tax would be uniform on each motor vehicle having the same age, make and value. The tax would be collected in one operation at the time the registration of the motor vehicle is made. The revenue derived from this excise tax would be distributed to the various taxing units in an equitable manner. The plan does not contemplate any change in the distribution of revenue from motor vehicle registration fees.

In view of the requirements of the Constitution, it will be necessary to amend Article 13, Sections 2 & 5, before the Legislature could pass the necessary laws to put this plan into operation. These amendments are necessary, first in order to make it possible for the Legislature to exempt motor vehicles from the property tax, and second to provide for an excise tax in lieu thereof which would be distributed to local units of government.

11. *We respectfully recommend that the law dealing with the reports of personal property to County Assessors be so amended that the assessor will be assured of having a statement from the property owner within time for his use and in such detail that he will have an adequate basis for the determination of such assessments.*

An equitable assessment of personal property depends primarily upon the report of the owner of such personal property to the County Assessor. In the assessment of land, and for the most part for buildings too, the assessor has very little, if any, difficulty in discovering the property which he must assess. But in the case of personal property, particularly those classes of personal property which are not easily discovered, the assessor must depend primarily upon the property owner to report this property, and not only to file a statement but to file it in time for the assessor's use. The law now contains the following provisions:

"59-5-8. Statements by taxpayers. — The county assessor may require from any person a statement under oath setting forth

specifically all the real and personal property owned by such person, or in his possession or under his control, at 12 o'clock M. on the 1st day of January.

Such statement must be in writing and shall show separately:

"(1) All property belonging to, claimed by, or in the possession or under the control or management of, such person.

"(2) All property belonging to, claimed by, or in the possession or under the control or management of, any firm of which such person is a member.

"(3) All property belonging to, or claimed by, or in the possession or under the control or management of, any corporation of which such person is president, secretary, cashier or managing agent.

"(4) The county in which such property is situated or in which it is liable to taxation, and if liable to taxation in the county in which the statement was made, also the city, town, school district, road district or other revenue district in which it is situated.

"(5) All lands in parcels or subdivisions not exceeding six hundred forty acres each, and the sections and fractional sections of all tracts of land containing more than six hundred forty acres which have been sectionalized by the United States government; improvements thereon.

"(6) All personal property, including all vessels, steamers and other water craft."

The general provisions of this statute are such that if they were fully complied with by property owners without delay, the assessor would have the necessary information upon which he could base a sound assessment, but many owners of personal property do not respond at all to the assessor's request, and the reports of some are so inadequate and so delayed that they are almost useless. We recommend, therefore, that the law be amended to provide first that property owners must report their personal property ownership not later than January 30 of the assessment year and that the owner of such property be required not only to indicate the inventory or description of the property, but also to provide such evidence as may be helpful to the assessor in determining its fair tax value. If the property owner fails or refuses to comply with this requirement, then he should be subjected to a penalty which is reasonable and readily enforced. We believe such a provision will materially improve the administration of the personal property tax, and will give adequate protection to those owners of property who now report fully and in a timely manner.

12. *We respectfully recommend that the law which now provides for the creation of special taxing districts be amended to provide that the levy for the newly created taxing district shall not be imposed until after January 1 following the date when the special taxing district was created.*

The purpose of this recommendation is to provide for an orderly procedure in the assessment and collection of taxes in these

special taxing districts. During the past years many new taxing districts have been created, and situations have arisen where no notice has been given to the assessing authorities regarding the creation of a special taxing district, its purpose and its boundaries, until after the assessments were made. This is true of assessments of mines and public utilities made by the State Tax Commission, as well as the assessment by the County Assessor. Consequently, at the time of making the levy for such special taxing districts, the assessed valuation of the district was not known and the assessments, whether by the Tax Commission or by the County Assessor, were not segregated according to the boundaries of these taxing districts. This made tax computation and collection difficult. As a result, a great deal of confusion has been caused by these situations. If these taxing districts are created in an orderly manner and if ample notice is given to the assessor and to the Tax Commission regarding their boundaries and their purpose, the assessments can be made in accordance with the areas covered by the districts. At the time it is necessary to compute a levy for the district, the officers of the district will know the assessed valuation and will be able to enact a levy which will yield the necessary revenue, and no more. The law should also require that the officers of the newly created taxing districts report to the County Assessor and to the State Tax Commission not later than January 1 of the year in which the levy is to be imposed the fact that the district has been created, its purpose and boundaries.

13. *We respectfully recommend that the tax laws be amended to make certain the collection of taxes from operators in those situations where mines are rapidly depleted and no value is left through which the tax can be collected.*

This recommendation is based primarily upon the situation which has developed in the uranium and vanadium mining operations. The nature of these deposits is such that they can be rapidly removed from the earth, and unless the tax is secured during the mine operation there may be little or nothing left upon which the tax due may be collected. The problem is not an easy one to solve, but we believe that by careful consideration of the issues which are involved it may be possible to provide that in those mining operations which are of such a nature that the value of the mine is soon lost, it will be possible to require the mining operators to post bonds to secure the payment of the tax.

We further call your attention to a difficulty which is present in the operation of the net proceeds laws as it applies to these properties which are rapidly depleted. The law now provides for the valuation of a mine to be determined on a three-year average production basis. This works very well in the mining industry in

that area where the mines are operated over a long period of years, but not in a situation where a mining claim may be depleted within a year or two, or even less than that. It seems to be unfair to continue to impose the net proceeds law on a mine after it has been completely worked out. We recommend that consideration be given to this feature of the problem also.

THE EQUALIZATION OF ASSESSED VALUATIONS

While County Assessors are expected to assess property uniformly and equally and Boards of County Commissioners acting as County Boards of Equalization are expected to equalize assessed valuations of property which have not been uniformly assessed, the State Tax Commission still has a major responsibility in this field. Experience of past years has shown that the most effective way to equalize assessments is to assess property on a uniform basis in the original instance. It seems that this principle must have been considered by the Legislature in 1953 in the First Special Session. The following law was passed: "The state tax commission on a continuance county-by-county rotation basis and in cooperation with the various county assessors shall make a valuation of all taxable property in each county at least once every five years" (Chapter 33, Laws of Utah 1953, First Special Session.) While the Commission has tried vigorously to comply fully with the requirement of this statute, it has been impossible to make a complete valuation within each five-year period.

The Commission has not relied wholly upon this device for equalization of assessments, but has developed plans to establish standards and measures of value to be used by County Assessors in making their assessments. In those counties where there is sufficient building appraisal work to keep one appraiser fully occupied, the Commission has encouraged assessors to have such an appraiser on their staffs. In Weber County there are four building appraisers, and in Salt Lake County the County Assessor has twelve men who are trained in this field. These men work with the Tax Commission staff in appraising buildings and use the same manuals. This has resulted in an assessment of buildings and structures upon a reasonable uniform basis. In those counties where there is not sufficient building appraisal work to occupy the time of one deputy who has been trained in this field, the Commission has made the appraisal of new buildings each year. This has been a time-consuming project in some instances. During the past year, a short-cut manual was developed for the use of County Assessors in these counties so that they could make their own appraisals of new buildings as they were erected. Then when the staff of the Commission comes to these counties to do a reappraisal upon a five-year basis, whatever minor adjustments might be necessary would be made on those assessments.

The degree of cooperation in the assessment of rural lands between the County Assessors and the Tax Commission has been

marked and has produced excellent results. The plan works out something like this. The assessor employs experienced men in the field of agriculture to classify the rural lands on the basis of their productive capacity. These men do not place a dollar valuation upon the property but simply determine the relative worth of these lands by placing them in classes according to their productive capacity. After this has been done, a representative of the State Tax Commission and the County Assessor meet with the County Commission and a per-acre value for assessment purposes is placed upon each one of these classes. At this time, consideration is given to the various factors which determine the actual value of the land. This plan has worked very successfully, and once the classification is made, it is not difficult to determine whether any corrections or additional refinements should be made.

Each year the Tax Commission holds an Assessors' School and has found that this is a very effective means of developing equalized values in the original assessments. The plan of the school is to use the experience of the County Assessors and the knowledge which the Tax Commission and its staff may have to develop standards and measures for the assessment of each class of property. Even with all of these efforts and devices to establish an equalized basis of assessment, the results are still far from perfect. This is due largely to the fact that there is a continual shifting of values. In some areas of the state, housing is at a premium due to the influx of additional workers. In some areas some homes are unused and are difficult to sell. These changing economic conditions not only affect the value of structures but also the land upon which they stand. As long as this condition continues, the problem of equalization will be difficult to solve.

During the past two years the Commission has conducted a systematic study of the selling prices of real property and has compared these prices with the assessed values of the individual parcels of land and buildings. The study has been extensive enough to establish a sound basis of comparison, in particular, between those areas where values are falling because of decreasing population and the other areas where structures are selling at a premium. The results of this study were used by the Commission in its recommendations to the County Assessors for adjustments in assessed values for the year 1962 in those areas where inequities were indicated.

1961 LEGISLATION

Excise Taxes

The Legislature in 1961 increased the sales and use tax rate from two per cent to two and one-half per cent and provided that thirteen and one-third per cent of the collections be credited to the Uniform School Fund. This increase became effective July 1, 1961, and the diversion of part of the sales and use tax revenue from the State General Fund to the Uniform School Fund became effective at the same time (Chapter 148, Laws of Utah 1961).

Property Taxes

The 34th Legislature revised the property tax levy structure for counties in such a manner that the over-all levy could be materially increased (Chapter 30, Laws of Utah 1961). While it does not appear that the purpose of this revision was to permit the increase in property taxes, still that seems to be the effect.

SPECIFIC EFFECTS OF LEGISLATION—1959-1961

Excise Taxes

The unusual increase in excise tax collections during the biennium which ended June 30, 1962 was due in part to the tax measures which were enacted in 1959. While these measures had a material influence on tax collections during the biennium which started July 1, 1959, in some situations their effect was cumulative and carried over to the next biennium. Collections during the fiscal year which started July 1, 1959 were directly influenced by (1) the enactment of an increase in the rate of the mine occupation tax from one per cent to two per cent of the production value of oil and gas (Chapter 106, Laws of Utah 1959); (2) the enactment of the uniform local sales and use tax law (Chapter 114, Laws of Utah 1959); (3) the extension of the sales and use tax to include (a) a tax on the amount paid or charged for all services, repairs or renovations of tangible personal property or the installations of tangible personal property rendered in connection with other personal property; (b) a tax on the amount paid or charged for tourist home, hotel, motel or trailer court accommodations or services except in those situations where residence is maintained for a period of more than thirty days under the terms of the lease; (c) a tax on the amount paid or charged for laundry or dry cleaning service (Chapter 113, Laws of Utah 1959); (4) the enactment of a corporation income tax to apply to corporations which were exempt from the corporation franchise tax (Chapter 108, Laws of Utah 1959); and (5) the enactment of the general withholding provision in the individual income tax (Chapter 111, Laws of Utah 1959).

Excise taxes which were not involved in new legislation quite generally show consistent but moderate increases. It is safe to assume that part of the increase in total tax collections is due to improved economic conditions. The following schedule shows collections of excise taxes for each of the three fiscal years. This statement indicates the fund to which the taxes are credited. In the case of the corporation franchise tax, all of the tax which is based upon income is credited to the Uniform School Fund, while the tax which is measured by 1/20th of one per cent of the fair value of the corporation's tangible property in Utah is credited to the State General Fund. The cigarette tax is divided two ways. Half of the tax goes to the State General Fund and the other half to the Uniform School Fund. The State General Fund also receives the license fees of cigarette vendors. Beginning July 1, 1961, thirteen and one-third per cent of the sales and use tax collections were credited to the Uniform School Fund.

TAX RECEIPTS FOR THE THREE PAST FISCAL YEARS

16

STATE GENERAL FUND

	Fiscal Year Ended June 30, 1960	Fiscal Year Ended June 30, 1961	Fiscal Year Ended June 30, 1962
Beer Tax.....	\$ 253,159.91	\$ 261,233.61	\$ 285,202.04
Cigarette Tax.....	1,182,881.68	1,268,822.86	1,252,810.78
Corporation Franchise Tax Property Base.....	183,611.42	213,030.76	219,239.56
Inheritance Tax.....	1,018,046.00	1,366,622.57	1,374,953.98
Insurance Tax.....	2,149,883.12	2,262,296.64	2,430,558.29
Mine Occupation Tax.....	3,664,677.47	3,601,537.13	3,497,840.81
Oleomargarine Tax.....	641,376.35	803,496.83	766,559.12
Sales and Use Tax.....	28,637,893.28	29,465,867.53	31,918,143.96
Total.....	\$ 37,731,529.23	\$ 39,242,907.93	\$ 41,745,311.54

UNIFORM SCHOOL FUND

Individual Income Tax.....	\$ 16,717,973.62	\$ 17,067,125.61	\$ 18,944,966.88
Corporation Income Tax.....	14,357.92	60,333.66	37,686.41
Corporation Franchise Tax Income Base.....	6,046,535.03	6,261,155.35	7,187,801.98
Cigarette Tax.....	1,146,633.55	1,196,591.36	1,218,896.75
Sales and Use Taxes.....	.....	.....	4,909,067.70
Total.....	\$ 23,925,500.12	\$ 24,585,205.98	\$ 32,298,419.72

ROAD FUNDS

Motor Fuel Tax.....	\$ 19,291,260.17	\$ 19,560,748.67	\$ 20,458,431.51
Motor Vehicle Registration Fund.....	4,562,989.32	4,702,246.35	4,966,786.19
Special Fuel Tax (Diesel).....	1,739,989.92	1,725,996.96	1,871,858.83
Mileage and Temporary Permit Fees.....	1,234,886.64	1,295,469.94	1,303,064.48
Total.....	\$ 26,829,126.05	\$ 27,284,461.92	\$ 28,600,141.01

SPECIAL FUNDS

	Fiscal Year Ended June 30, 1960	Fiscal Year Ended June 30, 1961	Fiscal Year Ended June 30, 1962
Car and Bus Tax.....	\$ 245,478.49	\$ 268,441.06	\$ 283,480.13
Firemen's Pension Fund.....	206,533.94	212,386.17	222,351.74
Motor Vehicle Control Fund.....	226,553.97	219,376.10	216,921.80
M.V.D.A. Fund.....	52,052.50	49,022.50	67,395.00
Public Service Commission Fund.....	116,606.82	70,726.25	107,381.13
Sales Tax Cash Bonds.....	97,177.67	74,139.59	92,205.77
School Lunch Fund.....	669,499.98	691,621.97	719,427.05
Special Fuel Cash Bonds.....	8,400.00	9,060.41	9,690.00
Suspense.....	8,152.53	35,164.53	199,861.28
Automobile Drivers' Education.....	417,292.00	435,115.00	459,143.00
Boat Fuel Tax.....	.....	.....	61,734.12
Mileage Fee Cash Bonds.....	.....	.....	1,120.00
Total.....	\$ 2,047,747.90	\$ 2,065,053.58	\$ 2,440,711.02
Total State Taxes.....	\$ 90,533,903.30	\$ 93,177,629.41	\$ 105,084,583.29

LOCAL TAX COLLECTIONS

Uniform Local Sales and Use Tax.....	\$ 3,134,224.28	\$ 4,448,958.03	\$ 6,157,039.84
GRAND TOTAL.....	\$ 93,668,127.58	\$ 97,626,587.44	\$ 111,241,623.13

STATE TAX COMMISSION

SIXTEENTH ANNUAL REPORT

17

The Uniform Local Sales and Use Tax

The Legislature enacted the Local Sales and Use Tax Act in 1959. It became effective July 1st of that year. The title of the act as stated in Chapter 114, Laws of Utah 1959 is expressive of its purpose.

"An Act Enabling Counties, Cities and Towns of Utah to Levy Sales and Use Taxes; Providing a Method for Collection by the State Tax Commission and Providing for the Integration of Such Taxes in Order to Establish Uniformity of Taxation Within a County."

In brief, the act provides that any county, city, or town may levy a sales and use tax of one-half of one per cent "provided, however, that a city or town may not initiate such a tax levy until the county within which it is situated has initiated a sales or use tax levy pursuant to the provisions of this act." The act further provides for the collection of the tax by the State Tax Commission and for the payment of a charge not to exceed two and one-half per cent of the amount collected for this service. The application of this act locally has been gradual. In the first fiscal year after its enactment, ten counties put it into operation. During the second year, two counties passed the necessary resolution to make it effective; and during the fiscal year beginning July 1, 1961, there were eight counties which made it operative. In all, there were twenty-one counties which had enacted it by the close of the fiscal year June 30, 1962. Weber County is the only county in which there are cities and towns, but in which the cities and towns did not take advantage of its provisions.

The following statement shows the cumulative effect which has resulted from the local enactment of the tax at different times during the past two fiscal years.

Summary of Distributions of Uniform Local Sales and Use Tax to Participating Units

Unit	Ordinance Effective	Gross Collections July 1, 1960 to June 30, 1961	Administrative Costs July 1, 1960 to June 30, 1961	Net Distribution July 1, 1960 to June 30, 1961	Gross Collections July 1, 1961 to June 30, 1962	Administrative Costs July 1, 1961 to June 30, 1962	Net Distribution July 1, 1961 to June 30, 1962
Beaver County	10-1-61	\$	\$	\$	\$ 1,955.63	\$ 48.89	\$ 1,906.74
<i>Cities and Towns</i>							
Beaver	10-1-61				4,233.58	105.84	4,127.74
Milford	10-1-61				4,050.95	101.27	3,949.68
Minersville	10-1-61				579.48	14.49	564.99
Total Cities and Towns					8,864.01	221.60	8,642.41
Total Beaver County including Cities and Towns					\$ 10,819.64	\$ 270.49	\$ 10,549.15
Daggett County	7-1-59	\$ 11,291.80	\$ 282.30	\$ 11,009.50	\$ 9,088.48	\$ 227.21	\$ 8,861.27
Davis County	7-1-59	\$ 30,472.53	\$ 761.80	\$ 29,710.73	\$ 29,857.05	\$ 746.41	\$ 29,110.64
<i>Cities and Towns</i>							
Bountiful	7-1-59	98,171.22	2,454.27	95,716.95	102,948.45	2,573.71	100,374.74
Centerville	7-1-59	7,955.63	198.89	7,756.74	8,048.21	201.21	7,847.00
Clearfield	7-1-59	32,130.61	803.26	31,327.35	35,400.56	885.01	34,515.55
Clinton	9-1-59	337.75	8.43	329.32	422.20	10.55	411.65
East Layton	7-1-59	161.33	4.03	157.30	192.07	4.80	187.27
Farmington	7-1-59	9,388.21	234.71	9,153.50	8,999.86	225.00	8,774.86
Kaysville	7-1-59	13,001.59	325.03	12,676.56	14,294.24	357.36	13,936.88
Layton	7-1-59	48,793.43	1,219.83	47,573.60	60,933.90	1,523.34	59,410.56
North Salt Lake	7-1-59	24,753.92	618.97	24,139.95	24,043.59	601.09	23,442.50
South Weber	7-1-59	2,075.45	51.88	2,023.57	1,311.41	32.78	1,278.63
Sunset	7-1-59	11,446.44	286.16	11,160.28	12,159.84	304.00	11,855.84
Syracuse	7-1-59	12,641.44	316.03	12,325.41	9,583.91	239.61	9,344.30
West Bountiful	7-1-59	6,213.31	155.33	6,057.98	5,491.29	137.28	5,354.01
West Point	7-1-59	289.16	7.22	281.94	295.19	7.37	287.82
Woods Cross	7-1-59	3,924.46	98.11	3,826.35	4,904.39	122.61	4,781.78
Total Cities and Towns		271,288.95	6,782.15	264,506.80	289,029.11	7,225.72	281,803.39
Total Davis County including Cities and Towns		\$ 301,761.48	\$ 7,543.95	\$ 294,217.53	\$ 318,886.16	\$ 7,972.13	\$ 310,914.03

Duchesne County	1-1-60	\$	5,274.53	\$	131.87	\$	5,142.66	\$	3,403.94	\$	85.10	\$	3,318.84
<i>Cities and Towns</i>													
Altamont	1-1-60		878.50		21.97		856.53		782.76		19.56		763.20
Duchesne	1-1-60		4,076.95		101.93		3,975.02		4,193.66		104.84		4,088.82
Myton	1-1-60		750.05		18.75		731.30		846.51		21.17		825.34
Roosevelt	1-1-60		31,365.88		784.14		30,581.74		35,643.25		891.08		34,752.17
Tabiona	1-1-60		532.77		13.33		519.44		440.67		11.02		429.65
Total Cities and Towns			37,604.15		940.12		36,664.03		41,906.85		1,047.67		40,859.18
Total Duchesne County including Cities and Towns		\$	42,878.68	\$	1,071.99	\$	41,806.69	\$	45,310.79	\$	1,132.77	\$	44,178.02
Emery County	7-1-60	\$	1,601.97	\$	40.05	\$	1,561.92	\$	1,653.89	\$	41.35	\$	1,612.54
<i>Cities and Towns</i>													
Castle Dale	7-1-60		1,275.16		31.88		1,243.28		2,282.73		57.07		2,225.66
Cleveland	7-1-60		355.86		8.89		346.97		525.50		13.13		512.37
Emery	7-1-60		402.53		10.06		392.47		783.51		19.59		763.92
Ferron	7-1-60		1,298.77		32.47		1,266.30		2,209.39		55.23		2,154.16
Green River	7-1-60		5,158.75		128.96		5,029.79		7,370.76		184.27		7,186.49
Huntington	7-1-60		1,561.38		39.03		1,522.35		2,498.19		62.46		2,435.73
Orangeville	7-1-60		695.50		17.39		678.11		1,022.73		25.57		997.16
Total Cities and Towns			10,747.95		268.68		10,479.27		16,692.81		417.32		16,275.49
Total Emery County including Cities and Towns		\$	12,349.92	\$	308.73	\$	12,041.19	\$	18,346.70	\$	458.67	\$	17,888.03
Garfield County	4-1-60	\$	3,727.96	\$	93.20	\$	3,634.76	\$	3,641.71	\$	91.04	\$	3,550.67
<i>Cities and Towns</i>													
Antimony	4-1-60		163.16		4.07		159.09		202.92		5.07		197.85
Boulder	4-1-60		99.07		2.48		96.59		99.39		2.48		96.91
Cannonville	7-1-60		148.45		3.71		144.74		220.84		5.52		215.32
Escalante	4-1-60		1,092.24		27.30		1,064.94		1,412.89		35.31		1,377.58
Hatch	4-1-60		430.64		10.76		419.88		505.68		12.64		493.04
Henrieville	4-1-61							102.61		2.56			100.05
Panguitch	4-1-60		9,690.90		242.27		9,448.63		11,254.81		281.37		10,973.44
Tropic	4-1-60		377.80		9.45		368.35		595.36		14.88		580.48
Total Cities and Towns			12,002.26		300.04		11,702.22		14,394.50		359.83		14,034.67
Total Garfield County including Cities and Towns		\$	15,730.22	\$	393.24	\$	15,336.98	\$	18,036.21	\$	450.87	\$	17,585.34

Summary of Distributions of Uniform Local Sales and Use Tax to Participating Units—Continued

Unit	Ordinance Effective	Gross Collections July 1, 1960 to June 30, 1961	Administrative Costs July 1, 1960 to June 30, 1961	Net Distribution July 1, 1961 to June 30, 1961	Gross Collections July 1, 1961 to June 30, 1962	Administrative Costs July 1, 1961 to June 30, 1962	Net Distribution July 1, 1961 to June 30, 1962
Grand County	7-1-59	\$ 20,346.96	\$ 508.68	\$ 19,838.28	\$ 37,305.65	\$ 932.64	\$ 36,373.01
<i>Cities and Towns</i>							
Moab	7-1-59	61,982.44	1,549.56	60,432.88	72,411.52	1,810.29	70,601.23
Total Cities and Towns		61,982.44	1,549.56	60,432.88	72,411.52	1,810.29	70,601.23
Total Grand County including Cities and Towns		\$ 82,329.40	\$ 2,058.24	\$ 80,271.16	\$ 109,717.17	\$ 2,742.93	\$ 106,974.24
Iron County	7-1-61						
<i>Cities and Towns</i>							
Cedar City	7-1-61						
Kanarraville	7-1-61						
Parowan	7-1-61						
Total Cities and Towns							
Total Iron County including Cities and Towns					\$ 66,850.64	\$ 1,671.25	\$ 65,179.39
Juab County	1-1-62						
<i>Cities and Towns</i>							
Eureka	1-1-62						
Levan	1-1-62						
Mona	1-1-62						
Nephi	1-1-62						
Total Cities and Towns							
Total Juab County including Cities and Towns					\$ 714.31	\$ 17.86	\$ 696.45
Kane County	7-1-59	\$ 3,221.00	\$ 80.52	\$ 3,140.48	\$ 5,502.88	\$ 137.57	\$ 5,365.31
<i>Cities and Towns</i>							
Alton	7-1-59	83.90	2.10	81.80	75.79	1.88	73.91
Glendale	7-1-59	394.39	9.87	384.52	386.49	9.66	376.83
Kanab	7-1-59	12,514.53	312.86	12,201.67	13,610.35	340.25	13,270.10
Orderville	7-1-59	1,449.07	36.23	1,412.84	1,465.42	36.63	1,428.79
Total Cities and Towns		14,441.89	361.06	14,080.83	15,538.05	388.42	15,149.63
Total Kane County including Cities and Towns		\$ 17,662.89	\$ 441.58	\$ 17,221.31	\$ 17,730.00	\$ 443.21	\$ 17,286.79

Morgan County	10-1-61						
Piute County	7-1-59	\$ 2,873.33	\$ 71.82	\$ 2,801.51	\$ 8,234.92	\$ 205.87	\$ 8,029.05
Salt Lake County	7-1-59	\$ 681,770.09	\$ 17,044.26	\$ 664,725.83	\$ 821,465.59	\$ 20,536.65	\$ 800,928.94
<i>Cities and Towns</i>							
Bingham Canyon	7-1-59	20,830.90	520.80	20,310.10	16,623.87	415.59	16,208.28
Midvale	7-1-59	45,216.70	1,130.42	44,086.28	50,019.26	1,250.49	48,768.77
Murray	7-1-59	138,454.24	3,461.36	134,992.88	139,024.62	3,475.62	135,549.00
Riverton	7-1-59	18,055.44	451.40	17,604.04	20,726.33	518.17	20,208.16
Salt Lake City	7-1-59	2,723,608.88	68,090.22	2,655,518.66	2,811,055.11	70,276.37	2,740,778.74
Sandy	7-1-59	8,135.37	203.39	7,931.98	14,129.62	353.24	13,776.38
South Jordan	7-1-59	1,507.13	37.68	1,469.45	1,700.09	42.50	1,657.59
South Salt Lake	7-1-59	169,182.14	4,229.56	164,952.58	184,792.02	4,619.79	180,172.23
West Jordan	7-1-59	9,316.11	232.91	9,083.20	9,886.75	247.16	9,639.59
Total Cities and Towns		3,134,306.91	78,357.74	3,055,949.17	3,247,957.67	81,198.93	3,166,758.74
Total Salt Lake County including Cities and Towns		\$ 3,816,077.00	\$ 95,402.00	\$ 3,720,675.00	\$ 4,069,423.26	\$ 101,735.58	\$ 3,967,687.68
San Juan County	7-1-59	\$ 24,533.86	\$ 613.35	\$ 23,920.51	\$ 25,284.23	\$ 632.10	\$ 24,652.13
<i>Cities and Towns</i>							
Blanding	7-1-59	21,510.98	537.77	20,973.21	18,169.32	454.23	17,715.09
Monticello	7-1-59	32,029.66	800.74	31,228.92	29,840.64	746.01	29,094.63
Total Cities and Towns		53,540.64	1,338.51	52,202.13	48,009.96	1,200.24	46,809.72
Total San Juan County including Cities and Towns		\$ 78,074.50	\$ 1,951.86	\$ 76,122.64	\$ 73,294.19	\$ 1,832.34	\$ 71,461.85
Sevier County	7-1-61						
<i>Cities and Towns</i>							
Aurora	7-1-61						
Elsinore	7-1-61						
Glenwood	7-1-61						
Joseph	7-1-61						
Monroe	7-1-61						
Redmond	7-1-61						
Richfield	7-1-61						
Salina	7-1-61						
Sigurd	7-1-61						
Total Cities and Towns							
Total Sevier County including Cities and Towns					\$ 4,089.28	\$ 102.23	\$ 3,987.05

Summary of Disributions of Uniform Local Sales and Use Tax to Participating Units—Continued

Unit	Ordinance Effective	Gross Collections July 1, 1960 to June 30, 1961	Administrative Costs July 1, 1960 to June 30, 1961	Net Distribution July 1, 1961	Gross Collections July 1, 1961 to June 30, 1962	Administrative Costs July 1, 1961 to June 30, 1962	Net Distribution July 1, 1962
Utah County	7-1-61				\$ 95,914.32	\$ 2,397.86	\$ 93,516.46
<i>Cities and Towns</i>							
Alpine	1-1-62				152.51	3.81	148.70
American Fork	7-1-61				35,071.74	876.79	34,194.95
Genola	7-1-61				166.61	4.17	162.44
Goshen	7-1-61				508.93	12.73	496.20
Lehi	7-1-61				10,142.84	253.57	9,889.27
Lindon	7-1-61				1,006.96	25.18	981.78
Mapleton	10-1-61				574.43	14.36	560.07
Orem	10-1-61				35,791.42	894.78	34,896.64
Payson	7-1-61				19,523.56	488.08	19,035.48
Pleasant Grove	7-1-61				17,933.48	448.34	17,485.14
Provo	7-1-61				259,047.06	6,476.18	252,570.88
Salem	7-1-61				1,727.00	43.17	1,683.83
Santaquin	7-1-61				33,488.72	837.22	32,651.50
Spanish Fork	7-1-61				26,104.89	652.62	25,452.27
Springville	7-1-61				443,586.69	11,089.67	432,497.02
Total Cities and Towns							
Total Utah County including Cities and Towns					\$ 539,501.01	\$ 13,487.53	\$ 526,013.48
Wasatch County	7-1-61				\$ 4,535.80	\$ 113.40	\$ 4,422.40
<i>Cities and Towns</i>							
Charleston	7-1-61				70.31	1.75	68.56
Heber City	7-1-61				19,584.94	489.62	19,095.32
Midway	7-1-61				1,921.22	48.02	1,873.20
Wallsburg	7-1-61				71.80	1.80	70.00
Total Cities and Towns					21,648.27	541.19	21,107.08
Total Wasatch County including Cities and Towns					\$ 26,184.07	\$ 654.59	\$ 25,529.48

SIXTEENTH ANNUAL REPORT

Washington County	7-1-59	\$ 2,943.18	\$ 73.57	\$ 2,869.61	\$ 3,312.10	\$ 82.80	\$ 3,229.30
<i>Cities and Towns</i>							
Enterprise	7-1-59	1,540.12	38.50	1,501.62	1,688.72	42.22	1,646.50
Hurricane	7-1-59	7,623.93	190.61	7,433.32	8,751.24	218.79	8,532.45
La Verkin	7-1-59	323.23	8.09	315.14	462.46	11.56	450.90
Leeds	7-1-59	106.19	2.65	103.54	166.80	4.17	162.63
New Harmony	7-1-59	77.62	1.94	75.68	108.28	2.70	105.58
St. George	7-1-59	45,261.10	1,131.52	44,129.58	45,714.62	1,142.86	44,571.76
Santa Clara	7-1-59	937.72	23.45	914.27	716.02	17.90	698.12
Springdale	7-1-59	1,914.24	47.86	1,866.38	2,055.67	51.40	2,004.27
Toquerville	7-1-60	71.56	1.79	69.77	155.72	3.90	151.82
Virgin	7-1-59	112.48	2.81	109.67	145.45	3.64	141.81
Washington	7-1-59	864.81	21.61	843.20	993.71	24.84	968.87
Total Cities and Towns		58,833.00	1,470.83	57,362.17	60,958.69	1,523.98	59,434.71
Total Washington County including Cities and Towns		\$ 61,776.18	\$ 1,544.40	\$ 60,231.78	\$ 64,270.79	\$ 1,606.78	\$ 62,664.01
Weber County	7-1-61				\$ 671,475.88	\$ 16,786.90	\$ 654,688.98
GRAND TOTAL		\$4,442,805.40	\$ 111,070.11	\$4,331,735.29	\$6,135,593.08	\$ 153,389.68	\$5,982,203.40

Recapitulation

Statement Showing Total Distributions of Uniform Local Sales and Use Taxes to Cities and Towns and to Counties

Total Cities and Towns	\$3,654,748.19	\$ 91,368.69	\$3,563,379.50	\$4,404,662.55	\$ 110,116.43	\$4,294,546.12
Total Counties	\$4,442,805.40	\$ 111,070.11	\$4,331,735.29	1,730,930.53	43,273.25	1,687,657.28
GRAND TOTAL	788,057.21	19,701.42	768,355.79	\$6,135,593.08	\$ 153,389.68	\$5,982,203.40

Refund of Motor Fuel Taxes

Chapter 69, Laws of Utah 1959 provides "that any person who shall purchase and use within the State of Utah any motor fuel for the purpose of operating, running and propelling stationary farm engines and propelling farm machinery used solely for non-highway agricultural use and who shall have paid the tax on such motor fuel as provided by this Section shall be entitled to a refund of such tax subject to the conditions and limitations as herein after provided. . ."

The following schedule shows the first two years' operations of this law:

	1959-1960 Period	1960-1961 Period	Increase (Decrease)	% Inc. % (Dec.)
Total claims paid.....	2,504	2,941	437	17.452%
Total gallons	6,477,531	7,349,985	872,454	13.468%
Taxable gallons included ..	1,896,537	2,067,212	170,675	8.990%
Refundable gallons	4,580,994	5,282,773	701,779	15.319%
% Refundable to total.....	70.721%	71.874%	1.153%	1.630%
Refund at 6c per gallon.....	\$274,858.21	316,965.04	42,106.83	15.391%
"Sales Tax" deducted.....	27,418.01	32,111.62	4,693.61	17.118%
Administrative costs	13,744.78	15,849.53	2,104.75	15.313%
Net amount paid.....	233,695.42	269,003.89	35,308.47	15.108%
Average gross refund	109.77	107.77	(2.00)	(1.822%)
Average net refund.....	93.33	91.47	(1.86)	(1.992%)

PROPERTY TAXES

Property taxes continue to be the main source of revenue for local purposes. In comparing the total property taxes charged for the year 1961 with the total excise tax collections for the fiscal year beginning July 1, 1960, it will be seen that property taxes represent 46.3% of taxes for all purposes. It is significant to note, too, that the year 1961 shows a material increase in property taxes. This increase is due primarily to the increase in the taxes charged for county purposes. This increase was made possible by the enactment of Chapter 30, Laws of Utah 1961, which redefined the purposes for which levies could be made. The total taxes charged for county purposes in 1960 was \$12,542,001; in 1961, it was \$15,069,527. This is an increase of \$2,527,526 or 20.15% increase. In 1961, when a total of \$94,233,249 in property taxes was computed, \$62,167,057 was levied for school purposes. This levy included local school taxes as well as the state-wide levy for the minimum school fund. This represents 66.0% of the total property taxes charged for that year.

The following tabulations express in numbers the various effects of property taxes for all purposes and in all counties.

Property Taxes Over a Ten-Year Period

Calendar Year	Assessed Valuation of State	Property Taxes Levied All Purposes	Average Tax Levy
1952	\$ 961,750,853	\$42,239,229	4.392
1953	1,025,194,501	47,414,998	4.625
1954	1,072,424,034	51,302,864	4.784
1955	1,104,716,500	60,113,257	5.442
1956	1,164,886,237	60,682,595	5.209
1957	1,252,342,342	67,520,586	5.391
1958	1,307,344,603	72,564,172	5.551
1959	1,316,292,887	83,269,805	6.236
1960	1,328,626,629	86,962,502	6.545
1961	1,343,838,206	94,233,249	7.012

Increase in Assessed Valuation—39.7%

Increase in Taxes—123.0%

**Total Property Taxes for all Purposes Charged Against Each
Class of Property**

	1960	1961	Amount of Increase or (Decrease)	Per Cent of Increase or (Decrease)
Residential Real Estate.....	\$ 5,531,854	\$ 5,936,751	\$ 404,897	7.32
Commercial and Industrial				
Real Estate	3,307,396	3,603,671	296,275	8.96
Agricultural Real Estate.....	4,122,075	4,401,238	279,163	6.77
Unclassified Real Estate.....	44,857	46,921	2,064	4.60
Residential Buildings	22,069,119	23,254,279	1,185,160	.54
Commercial and Industrial				
Buildings	9,579,493	10,192,753	613,260	.64
Agricultural Buildings	689,555	735,123	45,568	6.61
Motor Vehicles	5,871,833	6,448,949	577,116	9.83
Merchandise and Fixtures.....	5,154,342	5,858,122	703,780	13.65
Commercial and Industrial				
Machinery	3,732,159	3,746,014	13,855	.37
Agricultural Machinery	287,934	296,479	8,545	2.97
Other Personal Property.....	429,576	573,788	144,212	33.57
Range Cattle	262,879	274,638	11,759	4.47
Other Cattle	247,416	261,192	13,776	5.57
Horses and Mules.....	31,790	37,204	5,414	17.03
Sheep	247,144	275,290	28,146	11.39
Other Animals	21,065	23,750	2,685	12.75
Poultry	13,336	15,512	2,176	16.32
Air Lines	144,877	160,989	16,112	11.12
Bus Lines	192,686	199,386	6,700	3.48
Car Companies	167,120	173,632	6,512	3.89
Express Companies	3,999	3,718	(281)	(7.03)
Gas Companies	1,259,824	1,391,707	131,883	10.47
Pipe Line Companies.....	832,440	984,073	151,633	18.22
Power Companies	3,297,177	3,678,298	381,121	11.56
Railroad Companies	3,776,123	3,908,796	132,673	3.51
Telegraph Companies	30,126	22,379	(7,747)	(25.72)
Telephone Companies	2,146,806	2,487,091	340,285	15.85
Terminal Companies	204,782	188,410	(16,372)	(8.00)
Transit-Traction Companies....	18,965	20,904	1,939	10.22
Water Companies	29,204	31,092	1,888	6.47
Mining Companies	13,214,550	15,001,100	1,786,550	13.51
TOTALS	\$86,962,502	\$94,233,249	\$7,270,747	8.36
By County Assessor.....	61,643,823	65,981,674	4,337,851	7.03
By State Tax Commission.....	25,318,679	28,251,575	2,932,896	11.58

**DISTRIBUTION OF PROPERTY TAXES ACCORDING
TO PURPOSE**

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
TOTALS FOR STATE				
Schools	\$57,793,140	\$62,167,057	\$4,373,917	7.57
Cities and Towns.....	13,398,277	13,642,609	244,332	1.82
County	12,542,001	15,069,527	2,527,526	20.15
Special Taxing Districts.....	3,102,323	3,203,885	101,562	3.27
Bounty	126,761	150,171	23,410	18.47
Totals	\$86,962,502	\$94,233,249	\$7,270,747	8.36

TOTALS FOR EACH COUNTY

Beaver County

Schools	\$ 276,775	\$ 304,039	\$ 27,264	9.85
Cities and Towns.....	46,665	45,967	(698)	(1.50)
County	59,014	60,686	1,672	2.83
Special Taxing Districts.....		18,140	18,140	100.00
Bounty	5,991	6,876	885	14.77
Totals	\$ 388,445	\$ 435,708	\$ 47,263	12.17

Box Elder County

Schools	\$ 2,115,252	\$ 2,303,563	\$ 188,311	8.90
Cities and Towns.....	284,907	312,362	27,455	9.64
County	324,441	441,963	117,522	36.23
Special Taxing Districts.....	56,474	67,423	10,949	19.39
Bounty	10,783	11,990	1,207	11.19
Totals	\$ 2,791,857	\$ 3,137,301	\$ 345,444	12.37

Cache County

Schools	\$ 1,550,764	\$ 1,670,205	\$ 119,441	7.70
Cities and Towns.....	340,244	357,423	17,179	5.05
County	369,730	375,093	5,363	1.45
Special Taxing Districts.....	5,281	5,389	108	2.05
Bounty	2,277	2,251	(26)	(1.15)
Totals	\$ 2,268,296	\$ 2,410,361	\$ 142,065	6.26

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
Carbon County				
Schools	\$ 1,599,793	\$ 1,649,296	\$ 49,503	30.94
Cities and Towns.....	154,033	149,697	(4,336)	(2.82)
County	327,148	367,654	40,506	12.38
Special Taxing Districts.....	9,510	32,650	23,140	243.32
Bounty	1,572	2,046	474	30.15
Totals	\$ 2,092,056	\$ 2,201,343	\$ 109,287	5.22
Daggett County				
Schools	\$ 69,247	\$ 76,992	\$ 7,745	11.19
Cities and Towns.....	.....	.....	.....	.....
County	11,234	10,844	(390)	(3.48)
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	1,160	1,191	31	2.67
Totals	\$ 81,641	\$ 89,027	\$ 7,386	9.05
Davis County				
Schools	\$ 2,569,107	\$ 2,846,136	\$ 277,029	10.78
Cities and Towns.....	635,940	673,546	37,606	5.91
County	677,259	733,540	56,281	8.31
Special Taxing Districts.....	412,025	434,082	22,057	5.35
Bounty	949	1,071	122	12.86
Totals	\$ 4,295,280	\$ 4,688,375	\$ 393,095	9.15
Duchesne County				
Schools	\$ 402,090	\$ 420,690	\$ 18,600	4.63
Cities and Towns.....	52,773	52,281	(492)	(.94)
County	130,761	130,591	(170)	(.13)
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	7,596	8,620	1,024	13.48
Totals	\$ 593,220	\$ 612,182	\$ 18,962	3.20
Emery County				
Schools	\$ 398,047	\$ 415,676	\$ 17,629	4.43
Cities and Towns.....	40,391	40,653	262	.65
County	98,199	101,025	2,826	2.88
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	3,300	4,048	748	22.67
Totals	\$ 539,937	\$ 561,402	\$ 21,465	3.98

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
Garfield County				
Schools	\$ 150,803	\$ 154,475	\$ 3,672	2.44
Cities and Towns.....	32,387	34,266	1,879	5.80
County	32,126	31,639	(487)	(1.52)
Special Taxing Districts.....	3,125	3,233	108	3.46
Bounty	1,915	2,124	209	10.91
Totals	\$ 220,356	\$ 225,737	\$ 5,381	2.44
Grand County				
Schools	\$ 492,521	\$ 549,807	\$ 57,286	11.63
Cities and Towns.....	71,629	71,666	37	.05
County	186,753	198,202	11,449	6.13
Special Taxing Districts.....	31,908	24,513	(7,395)	(23.18)
Bounty	3,466	5,321	1,855	53.52
Totals	\$ 786,277	\$ 849,509	\$ 63,232	8.04
Iron County				
Schools	\$ 1,646,863	\$ 1,630,441	\$ (16,422)	(.40)
Cities and Towns.....	176,084	159,087	(16,997)	(9.66)
County	284,482	264,947	(19,535)	(6.87)
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	5,979	6,856	877	14.67
Totals	\$ 2,103,408	\$ 2,061,331	\$ (42,077)	(2.00)
Juab County				
Schools	\$ 312,313	\$ 323,690	\$ 11,377	3.64
Cities and Towns.....	56,576	55,693	(883)	(1.56)
County	97,037	124,375	27,338	28.17
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	8,400	9,071	671	7.99
Totals	\$ 474,326	\$ 512,829	\$ 38,503	8.12
Kane County				
Schools	\$ 109,491	\$ 149,591	\$ 40,100	36.62
Cities and Towns.....	33,911	22,878	(11,033)	(32.54)
County	31,891	50,283	18,392	57.67
Special Taxing Districts.....	.....	.....	.....	.....
Bounty	258	700	442	171.32
Totals	\$ 175,551	\$ 223,452	\$ 47,901	27.29

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
Millard County				
Schools	\$ 496,715	\$ 555,747	\$ 59,032	11.88
Cities and Towns	58,581	56,397	(2,184)	(3.73)
County	100,958	117,392	16,434	16.28
Special Taxing Districts	4,794	29,716	24,922	519.86
Bounty	17,511	21,486	3,975	22.70
Totals	\$ 678,559	\$ 780,738	\$ 102,179	15.06

Morgan County				
Schools	\$ 274,865	\$ 298,597	\$ 23,732	8.63
Cities and Towns	18,860	18,569	(291)	1.54
County	101,828	101,183	(645)	(.63)
Special Taxing Districts	7,121	7,076	(45)	(.63)
Bounty	555	714	159	28.65
Totals	\$ 403,229	\$ 426,139	\$ 22,910	5.68

Piute County				
Schools	\$ 91,263	\$ 103,519	\$ 12,256	13.43
Cities and Towns	7,955	8,696	741	9.32
County	23,461	25,305	1,844	7.86
Special Taxing Districts	849	806	(43)	(5.07)
Totals	\$ 123,528	\$ 138,326	\$ 14,798	11.98

Rich County				
Schools	\$ 123,560	\$ 139,710	\$ 16,150	13.07
Cities and Towns	3,302	3,621	319	9.66
County	38,271	37,442	(829)	(2.17)
Special Taxing Districts	3,518	3,901	383	10.89
Totals	\$ 168,651	\$ 184,674	\$ 16,023	9.50

Salt Lake County				
Schools	\$26,769,716	\$27,844,547	\$1,074,831	4.02
Cities and Towns	6,678,971	6,948,032	269,061	4.03
County	5,564,455	7,394,802	1,830,347	32.89
Special Taxing Districts	1,734,823	1,756,868	22,045	1.27
Bounty	1,907	2,452	545	28.58
Totals	\$40,749,872	\$43,946,701	\$3,196,829	7.85

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
San Juan County				
Schools	\$ 3,497,572	\$ 4,435,318	\$ 937,746	26.81
Cities and Towns	40,269	40,225	(44)	(.11)
County	771,354	1,098,918	327,564	42.47
Special Taxing Districts	5,380	5,338	(42)	(.78)
Bounty	2,640	3,497	857	32.46
Totals	\$ 4,317,215	\$ 5,583,296	\$1,266,081	29.33

Sanpete County				
Schools	\$ 519,683	\$ 557,819	\$ 38,136	7.34
Cities and Towns	103,267	101,523	(1,744)	(1.69)
County	96,188	110,878	14,690	15.27
Special Taxings Districts	5,518	6,160	6,160	-----
Bounty	5,518	6,867	1,349	24.45
Totals	\$ 724,656	\$ 783,247	\$ 58,591	8.09

Sevier County				
Schools	\$ 544,412	\$ 584,488	\$ 40,076	7.36
Cities and Towns	138,836	117,558	(21,278)	(15.33)
County	105,005	113,347	8,342	7.94
Special Taxing Districts	4,226	4,569	343	8.12
Totals	\$ 792,479	\$ 819,962	\$ 27,483	3.47

Summit County				
Schools	\$ 471,246	\$ 531,728	\$ 60,482	12.83
Cities and Towns	39,177	41,333	2,156	.55
County	130,682	139,576	8,894	.68
Special Taxing Districts	13,754	14,007	253	.18
Bounty	1,547	2,069	522	33.74
Totals	\$ 656,406	\$ 728,713	\$ 72,307	11.02

Tooele County				
Schools	\$ 768,390	\$ 806,397	\$ 38,007	4.95
Cities and Towns	201,537	207,720	6,183	3.07
County	187,666	176,170	(11,496)	(6.13)
Special Taxing Districts	13,233	15,698	2,465	18.63
Totals	\$ 1,170,826	\$ 1,205,985	\$ 35,159	3.00

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
Uintah County				
Schools	\$ 994,066	\$ 1,160,654	\$ 166,588	16.76
Cities and Towns	66,027	69,471	3,444	5.22
County	217,357	239,207	21,850	10.05
Special Taxing Districts	22,753	25,071	2,318	10.19
Bounty	11,434	12,727	1,293	11.31
Totals	<u>\$ 1,311,637</u>	<u>\$ 1,507,130</u>	<u>\$ 195,493</u>	14.90
Utah County				
Schools	\$ 5,647,601	\$ 6,236,399	\$ 588,798	10.43
Cities and Towns	1,546,482	1,523,327	(23,155)	(1.50)
County	896,533	914,334	17,801	.19
Special Taxing Districts	81,855	50,713	(31,142)	(38.05)
Bounty	5,163	7,523	2,360	45.71
Totals	<u>\$ 8,177,634</u>	<u>\$ 8,732,296</u>	<u>\$ 554,662</u>	6.78
Wasatch County				
Schools	\$ 275,580	\$ 285,464	\$ 9,884	3.59
Cities and Towns	42,021	31,781	(10,240)	(24.37)
County	92,737	93,924	1,187	1.28
Special Taxing Districts	159	155	(4)	(2.52)
Bounty	927	983	56	6.04
Totals	<u>\$ 411,424</u>	<u>\$ 412,307</u>	<u>\$ 883</u>	.22
Washington County				
Schools	\$ 380,651	\$ 405,420	\$ 24,769	6.51
Cities and Towns	108,238	109,447	1,209	1.12
County	129,365	132,596	3,231	2.50
Special Taxing Districts	-----	-----	-----	-----
Bounty	1,221	1,321	100	8.19
Totals	<u>\$ 619,475</u>	<u>\$ 648,784</u>	<u>\$ 29,309</u>	4.73
Wayne County				
Schools	\$ 68,956	\$ 74,067	\$ 5,111	7.41
Cities and Towns	3,054	3,083	29	.95
County	17,956	23,788	5,832	32.48
Special Taxing Districts	4,455	-----	(4,455)	-----
Bounty	1,319	1,677	358	27.14
Totals	<u>\$ 95,740</u>	<u>\$ 102,615</u>	<u>\$ 6,875</u>	7.18

Purpose	1960	1961	Increase or (Decrease)	Per Cent of Change
Weber County				
Schools	\$ 5,185,798	\$ 5,652,582	\$ 466,784	9.00
Cities and Towns	2,416,160	2,386,307	(29,853)	(1.24)
County	1,438,110	1,459,823	21,713	1.51
Special Taxing Districts	708,906	723,351	14,445	2.04
Bounty	1,547	1,716	169	10.92
Totals	<u>\$ 9,750,521</u>	<u>\$10,223,779</u>	<u>\$ 473,258</u>	4.85

RECAPITULATION SHOWING PROPERTY AND EXCISE TAXES OVER THE LAST TEN-YEAR PERIOD

The Column Showing the Excise Tax Collections Indicates
the Amount Collected Less the Withholding Tax Refunds

Calendar or Fiscal Year	Property Taxes Levied All Purposes	Excise Taxes Less Withholding Tax Refunds	Total
1952	\$42,239,229	\$48,071,147	\$90,310,376
1953	47,414,998	51,441,118	98,856,116
1954	51,302,864	53,336,922	104,639,786
1955	60,113,257	62,412,647	122,525,904
1956	60,682,595	72,214,140	132,896,735
1957	67,520,586	75,039,585	142,560,171
1958	72,564,172	79,158,902	151,723,074
1959	83,269,805	93,232,395	176,502,200
1960	86,962,502	96,042,474	183,004,976
1961	94,233,249	109,277,355	203,510,604
% of Increase	123.0%	127.3%	125.3%

Note: In the above table, the excise taxes shown are for the
fiscal years which began July 1st of the year indicated.

The Following Withholding Tax Refunds were Made Beginning
July 1st

1957	\$ 30,712
1958	63,523
1959	435,732
1960	1,584,113
1961	1,964,268

Public School Revenue

During the past five years increasing stress has been placed upon the financing of public schools. The following conclusions are reached through an analysis of that segment of the problem which applies to elementary and high schools.

The number of pupils in average daily attendance has increased 20.46%.

The number of distribution units increased 23.93%.

The total revenue receipts from federal, state, and local sources increased 45.47%.

The total revenue provided by the State increased 70.29%.

Each year during this period the State's proportion of the total revenue for schools has increased.

Trends in School Finances for the Past Five Years

School Year	Average Daily Attendance	Number of Distribution Units
1957-58	195,088	8,077.95
1958-59	206,080	8,590.136
1959-60	216,317	9,072.559
1960-61	225,891	9,545.681
1961-62	235,010	10,011.491

Percentage Increases

1961-62 over 1957-58	20.46%	23.93%
----------------------------	--------	--------

School Year	Total Revenue Receipts	State Contribution	State Contribution % of Total Revenue Receipts
1957-58	\$ 72,881,777	\$30,457,817	41.7%
1958-59	77,298,275	32,655,200	42.2%
1959-60	89,771,396	39,892,634	44.4%
1960-61	96,118,479	44,140,664	45.9%
1961-62	106,021,528	51,869,487	48.9%

Percentage Increases

1961-62 over 1957-58	45.47%	70.29%
----------------------------	--------	--------

The above does not include school lunch funds.

AUDITING OF TAX RETURNS

The Legislature in 1961 provided additional funds for the auditing of excise taxes. This has made it possible for the Tax Commission to increase the number of audits made, and has resulted in the collection of tax revenue which had not been reported. This auditing

procedure continues to yield large returns. The following statement shows the deficiency assessments which resulted during each of the two past fiscal years from the audit of taxpayers' statements.

	Fiscal Year Ended June 30, 1961	Fiscal Year Ended June 30, 1962
Corporation Franchise	\$ 471,821.15	\$ 963,332.13
Sales and Use	770,561.46	716,906.02
Individual Income	482,483.32	548,561.31
Insurance	5,443.62	34,139.45
Motor Fuel	8,624.72	9,774.23
Special Fuel	32,887.13	36,089.11
Mileage Fee	21,859.41	54,719.76
Oleomargarine	1,287.86	2,444.98
Total	<u>\$1,794,968.67</u>	<u>\$2,365,966.99</u>

COST OF COLLECTIONS

The Tax Commission maintains a cost accounting system to determine the actual costs of collecting each tax. The following statement shows the total collections and expenditures for each fiscal year since 1941 and the total per dollar cost of collecting all taxes.

**COLLECTIONS AND EXPENDITURES FISCAL YEARS
1941 TO PRESENT**

(Drivers' License, M.V.D.A., Unemployment and Reappraisal Omitted)

Fiscal Years Ended June 30	Total Collections	Departmental Expenditures	Number of Returns and Registrations	Ratio of Expenditures to Collections
1941	\$14,079,413	\$ 352,053	429,236	2.50%
1942	15,889,123	357,310	424,963	2.25
1943	18,579,462	341,905	465,895	1.84
1944	19,654,228	367,590	457,650	1.87
1945	19,474,412	378,020	435,961	1.94
1946	22,372,616	380,940	479,274	1.70
1947	27,486,035	492,177	558,275	1.79
1948	31,894,621	492,959	603,805	1.55
1949	35,254,307	579,617	657,927	1.64
1950	35,358,494	608,485	727,370	1.72
1951	41,880,553	648,464	779,765	1.55
1952	47,135,587	662,343	812,543	1.41
1953	48,042,871	720,760	831,658	1.50
1954	51,411,280	785,058	839,748	1.53
1955	53,336,923	886,100	894,056	1.66
1956	62,412,648	983,819	997,792	1.58
1957	72,214,140	1,019,479	1,040,003	1.41
1958	75,070,297	1,039,309	1,431,211	1.38
1959	79,222,426	1,143,875	1,559,835	1.44
1960	90,159,990	1,385,630	1,705,813	1.53*
1961	97,626,587	1,602,445	1,792,305	1.64*
1962	111,241,623	1,748,565	1,927,437	1.57*

*Includes Withholding, Off-Highway Refunds, and Local Option Sales Tax.