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State silences staff's dissent on tax reform

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State Tax Commission economists have been told to keep their professional opinions to themselves - particularly when they run counter to lawmakers' or the governor's proposals.

Chief Economist Doug Macdonald, who has worked 31 years for the state, decided to retire at age 58 last week in large part because he had received three letters from commissioners in one day warning him "when staff is representing the Tax Commission . . . they are not free to express their own positions, opinions and views."

All the notes to the three members of the Economic and Statistical Unit warned of disciplinary action for disobeying the rule.

Macdonald claims the warnings came because he and others dared raise questions about Gov. Jon Huntsman Jr.'s plan to change the state income tax. That proposal was primarily masterminded by four economic advisers to Huntsman.

"In most places, issues of this major importance are brought out. [People] complain. They argue," Macdonald said Tuesday. The governor's tax initiative is, he said, "something that comes down from four people that affects a million people."

"They haven't produced any economic study or empirical evidence showing their system is going to bring in more money. . . . It's all just based on the testimony of four witnesses."

Utah's income tax funds the public education system. While supporters estimate the change would reduce revenues \$66 million in the short term, they predict growth in the long run.

Macdonald left his longtime state post Friday to make a deadline that would ensure retirement insurance benefits. The letters, MacDonald said, "tipped the balance on whether to retire or not."

Last month, despite the support of Senate leaders, Huntsman's income tax plan stalled in the

House. The governor says he will call a special session in May to push it through.

Macdonald said Republicans were angered that some tax information was leaked to lobbyists during the session, particularly statistics showing the flat tax could hurt retirees. The governor has since said that problem likely will be addressed in a new version of the plan.

Commissioner Palmer DePaulis said the letters were not initiated by the Governor's Office. "We run pretty independently here." The warnings were his idea as a result of confusion during the session whether the economists' opinions reflected the position of the Tax Commission. DePaulis was unable to give any examples.

Tax Commission economists are still free to give their opinions, DePaulis insisted, but they must inform the public or legislative committees to whom they are speaking when it is their personal opinion.

"What I would expect the economist to do is say, 'I have some views about this. They don't represent the tax commission. They are my views.' "

But his letters to the economists express it much more stringently: "If staff wishes to express their own views and opinions, they should do so as private citizens on their own time, and must clearly state that they are not speaking for the Tax Commission before they comment."

The warning of disciplinary action is just "boiler plate," DePaulis said, and should not intimidate the economists from expressing their views. "The intention [of the letters] was simply to clarify and reduce problems, rather than create ill feelings."

Macdonald acknowledged he has asked questions and expressed some opinions counter to the governor's income tax experts, chief of staff Neil Ashdown, Brigham Young University professors Gary Cornia and Ray Nelson and tax accountant Keith Prescott.

Sen. Curt Bramble, R-Provo, said lawmaker displeasure with the state economists has been building for the past few years.

"Yes, I have heard the undercurrent," said Bramble, who sponsored the flat tax in the Senate. "When you have someone in the administration that is expressing opinions that are different than that of the administration, that makes it a little bit difficult."

Some conservative lawmakers complain Macdonald and fellow Tax Commission economist Tom Williams have liberal economic philosophies that run counter to the governor's tax proposals.

Rep. John Dougall, R-Highland, who has championed the governor's plan in the House, says he complained to commissioners after Macdonald expressed his views **at a conference held by the Utah Taxpayers Association.**

"He [Macdonald] expressed an opinion and the question was, 'Is he speaking for himself or are these the views of the Tax Commission?'"

While Dougall says he does not have issues with Macdonald's political views, he complained that Williams has lost credibility with some lawmakers because he has tried to "scuttle" the governor's tax proposal.

"I'm not sure why Tom Williams works for the Tax Commission," Dougall said.

Williams did not return a phone message Tuesday.

