



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

Taxpayers Association Opposes \$21 Million Springville Rec Center Bond

When government gets in the business of business it is a lose-lose situation. Taxpayers end up subsidizing the “wants” of a few and businesses are forced to compete with government. This November, Springville City is proposing a lose-lose \$21 million recreation bond that will cost taxpayers a 50% tax hike and hurt small, local businesses. Voters should reject the Springville rec bond on Tuesday.

Springville City is asking taxpayers to raise their taxes to pay for “wants.” Even in the best economic times, rec center waterslides, party rooms and fitness equipment cannot be considered a “need.” In fact, national research shows that only 15 percent of residents are ever expected to use a government recreation center. Despite low usage rates, the entire community is still stuck with the bill. Springville’s \$21 million recreation bond proposal will leave taxpayers covering the cost of a wish-list of “wants.”

***\$21 million in principle PLUS \$13 million in interest.
Total cost to taxpayers over the next 25 years : At LEAST \$34 million.***

The proposal that is being presented to voters is a blank check to Springville City. Despite promises of water slides and party rooms, the exact “wants” that will be included in the government recreation center are still undecided. Springville City taxpayers are being asked to increase their property and sales taxes to pay for an extravagant recreation center that isn’t fully designed. The services that will be provided at the center are still a mystery to taxpayers.

But, most egregious is Springville City’s constant attempts to hide the true cost of the recreation center from voters. To keep the advertised cost of the property tax hike lower, Springville City has extended the terms of the bond from 20 years to 25 years. As a result taxpayers are actually paying MORE in the long run- \$5 million more in interest!

And since Springville City admits the recreation center will never be profitable enough to even cover its own operation costs, taxpayers will be on the hook for higher and higher taxes and membership fees just to keep the doors open.

Government should not force all taxpayers to pay for the unnecessary wants of a few. Profitable local fitness centers, gyms and water parks already provide recreation services for the Springville community, creating jobs and paying taxes in the process. The proposed Springville recreation center would use taxpayer dollars to directly compete with these small businesses. Springville City has admitted that their recreation center will never be profitable and always rely on taxpayer subsidies, while local businesses operate without subsidies, tax hikes and remain profitable. Government should get out of the business of business.

The Springville \$21 million recreation bond is a lose-lose situation for Springville. Huge tax increases will put taxpayers will be on the hook for million and small businesses will be hurt as they struggle against government competition. Vote against the Springville recreation bond on Tuesday.

The Utah Taxpayer -- December 1949

“Today, too many people want more pay for less work, an observation that leads to but one conclusion. The nation is going down the road to statism.”

NOVEMBER 2011 VOLUME 60



My Corner: Creating an Environment for Creating

Page 2



Just Tricks, No Treats in Government Budgeting
By Senator Mike Lee

Page 2



State Senator Dan Liljenquist named 2011 Public Official or the Year

Page 3



Not Sweet, Just Sour: Candy and Soda Excise Taxes Don’t Work

Page 3



Utah Shows Mixed Results in New State Deficit Report

Page 4

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**Association President
Howard Stephenson**

According to the experts, earth welcomed its seven billionth living human being over Halloween weekend. When we eclipsed similar milestones previously, population alarmists sounded the death knell of civilization as we know it. The world is **overpopulated**, they say.

I'm sure it came as a shock to those prophets of doom that I, my children and grand children are living better today than my grandparents ever did, despite predictions of the doomsayers. More importantly, the lives of those in the least advanced places in the world are seeing exponential improvements in their standards of living and are living better today than any period of history. And I am absolutely certain that life will be even better when the eight billionth person is born a few years from now.

Perhaps that expectation makes me an optimist. I like to think it makes me a sober critic of the **"sky-is-falling" prophets** who preceded us.

Fundamentally, the answer to the question of whether the earth is full turns on how you see human beings. Are humans stomachs that have to be fed, or are they minds which create? Thomas Malthus, the first modern prophet of doom, and his intellectual heirs see humans as stomachs. They consume resources, either by eating; building, heating and cooling their homes; or travelling from here to there.

The doomsayers' view of humanity is static, and life is a zero sum game. And as the most successful predator on earth, humans consume more than their fair share of the earth's bounty.

The Likes of Steve Jobs

In light of the passing of Steve Jobs, it seems ironic that this Malthusian view of the world continues to find voice. Like other great entrepreneurs, Jobs created entirely new markets. Rather than fighting to meet a greater share of existing demand, Jobs' professional life was a string of creating entirely new markets.

Before Apple (and Microsoft), one computer filled a 10' x 10' room. After Jobs created the Macintosh, every college student, every businessman, every secretary, *everyone* needed their own computer. Today, nearly **three out of four households** in the country have a computer, and those with a computer typically have more than one.

In his first novel, *Player Piano* (1951), doomsayer Kurt Vonnegut wrote of a future world where people would revolt because they were displaced by technology. Vonnegut also

My Corner: Creating an Environment for Creating

described modern computers filling entire buildings with vacuum tubes consuming huge amounts of electricity. He was wrong in both areas: Humans around the world including undeveloped regions celebrate the benefits of technologies which are becoming more and more energy efficient. In fact the only electric light at night in a village along the Amazon is the glow of a computer used by a student getting a better education than many U.S. students.

Just a decade ago, on October 23, 2001, Steve Jobs unveiled a digital music player he called the iPod. Almost overnight, people who for years had relied on Sony's portable disc players could no longer survive without an iPod.

Importantly, it wasn't just my teenage children who needed one. I did too. With the iPod came digital books and websites like audible.com. Because of the iPod, I finally had time to "read" the hundreds of books that too often lingered unread on my bookshelf. I became a better husband, grandfather, and even a better taxpayer advocate because Steve Jobs created something I never knew I needed until he sold it to me.

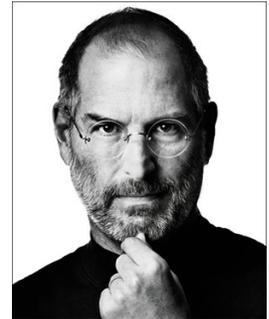
And don't get me started on the value of apps. Whether improved physical or financial fitness apps, educational apps which result in market learning improvements, or entertainment, apps continue to change our world.

Admittedly, there are very few quite as gifted as Steve Jobs, but he and the entrepreneurs of Silicon Valley (including their heirs here in Utah like Josh James, Will West and Eric Smith, or Dinesh Patel) used the same ingredients that existed in Malthus' and Vonnegut's day to create more opportunities, more jobs (no pun intended), more wealth in the last 40 years than existed in the entire 19th century.

How did they do that?

Many wonder what conditions led to the success of those like Steve Jobs. Jobs was free to toy around with an idea, to mold it, pick it apart, to shape it and reshape it. To risk his time, effort, and money, daring to upset the established order. No local, state or federal regulation guided him (gently or not so gently) onto **existing tracks**.

Some have argued that living in a first world country like America is why my grandkids will be better off than my wife and I are. That is exactly my point. Prior to our American experiment, no nation had ever existed where Jobs-like daring was possible.



**Steve Jobs
Founder of Apple**

Just Tricks, No Treats, in Government Budgeting

Guest Commentary by US Senator Mike Lee

Though many Americans view the 2010 elections as progress in the fight for fiscal responsibility, recent events show we still have much work to do.

According to the non-partisan Congressional Budget Office, the federal government spent more in fiscal year 2011 - \$3.6

trillion - than ever before. The budget deficit last year - \$1.3 trillion - is the second largest on record, bested only by the deficit of 2009.

President Obama claims we must increase taxes to close the gap, but for most Americans it is clear that the problem is

excessive government spending, not inadequate tax revenue. Federal tax receipts increased by 6.5 percent last year, with the bulk of additional revenues coming from individual income taxes.

Solving the government's spending problem will require real spending cuts.



**US Senator
Mike Lee**

The deal cut by Congress to avoid a government shutdown last April was supposed to reduce spending by \$38 billion. In reality, as a result of budget gimmicks, the bill cut only \$356 million from current spending levels.

In response, I recently proposed holding spending for several government departments and agencies at current levels, which would cut \$9.2 billion from next year's spending. One senator rose in opposition to my measure claiming that the previous appropriations bill did not increase spending, but cut government outlays by \$500 billion. In making this claim, the senator chose simply to

ignore billions of dollars in increased mandatory spending, counting only "discretionary" spending.

Such deception is just the tip of the iceberg when it comes to blatant budget gimmicks that continue to lead to perpetual spending increases.

Congress employs "emergency spending" designations, which are intended only for unexpected events like national security emergencies or natural disasters, to fund a wide variety of routine projects and causes. For example, Congress has used the emergency designation in funding the war in Iraq, which we have been fighting since 2003, and the National Census, which occurs every ten years, in order to avoid traditional budget controls.

Congress is also fond of using phony rescissions of budget authority in order to claim savings, in order to allow for greater spending. Imagine your mechanic estimates an unexpected car repair will cost \$1000. After doing the work he only charges you \$800. Most families would withdraw from their bank account only what they needed to pay the bill. The federal government acts as if it has \$200 "left over," withdraws the full \$1000, and spends the "savings" in other areas.

Senator Jeff Sessions of Alabama, the top Republican on the Budget Committee, has identified a number of these budget gimmicks and estimates they have led to more than \$350 billion in increased spending since 2005. He has introduced the Honest Budget Act to eliminate many gimmicks that result in larger deficits and a ballooning national debt.

While getting rid of budget tricks and gimmicks is a practical, short-term approach to reducing spending, we must not lose sight of the ultimate goal: a balanced budget. The 2010 elections resulted in a great increase of support in Congress for a balanced budget amendment to the Constitution. Only when the federal government is constitutionally compelled to live within its means will we be able to end the practice of perpetual deficit spending.

State Senator Dan Liljenquist named 2011 Public Official of the Year



**State Senator
Dan Liljenquist**

Governing magazine recently named Utah State Senator Dan Liljenquist as one of the 2011 Public Officials of the Year. Sen. Liljenquist is one of only eight public officials to receive this prestigious award this year. The award is given to individual state and local government officials who have outstanding

accomplishments. Sen. Liljenquist was specifically recognized as "The Change Agent" for his role in reforming Utah's public pension system and Medicaid reforms that received almost unanimous support from the Utah State Legislature.

The accomplishments of Sen. Liljenquist are even more impressive considering his relatively fresh face in the state legislature. Having only been in the state senate three years, Sen. Liljenquist has been instrumental in saving Utah taxpayers hundreds of millions of dollars in future commitments. Sen. Liljenquist has traveled the country sharing this success with other state legislatures, informing them of the challenges that exist with their entitlement programs.

Pension reform, which passed the Utah State Legislature in 2010, changed so that new hires were offered a defined contribution plan where the state would pay 10% of the employee's salary. The Medicaid reforms that Sen. Liljenquist championed during the 2011 Legislature will save taxpayers \$700 million over the next ten years.

Your Taxpayers Association applauds Sen. Liljenquist in his efforts and is proud of the recognition both he and the Utah Legislature are receiving as a result of these reforms.

Not Sweet, Just Sour: Candy and Soda Excise Taxes Don't Work

In the face of economic recession and revenue shortfalls, states across the country are looking to excise taxes to fill the gap. Liquor, beer and cigarettes have all fallen victim to higher taxes to discourage use. Now lawmakers are turning their attention from booze and tobacco to soda and candy. The Tax Foundation [recently reported](#) that seventeen states tax candy at a higher rate and four states collect an excise tax on soda. Just this year, fourteen states proposed new soda and/or candy taxes. Utah is no exception with proposals to tax bottled coffee drinks and soda.

Proponents of excise taxes on high caloric foods, like

candy and soda, insist that higher taxes can be used to discourage poor eating habits and obesity. But, the evidence doesn't add up. When adolescents are forced to abandon soda due to higher prices (instead of being educated to make healthier choices) they frequently substitute those calories with increased consumption elsewhere. In short, excise taxes on candy and soda don't decrease obesity rates; they just encourage consumers to purchase other unhealthy products like cookies and sugary fruit drinks.

Ironically, taxes on candy and soda also punish the exact behavior that government is trying to promote. The purpose of excise taxes is to decrease consumption, however those that are already consuming the products in moderation are still forced to pay the



Notice of Utah Taxpayers Association's Annual Meeting

All members of the Utah Taxpayers Association are invited to attend the Association's Annual Meeting, which will be held Friday, November 18, 2011 at 2:00 p.m. The meeting will be held at the offices of Holland & Hart, 222 South Main Street, Suite 2200, Salt Lake City, Utah. Nominations for the Board of Directors will be accepted from the general membership up until five days prior to the annual meeting.

higher taxes. Higher taxes on food products indiscriminately affect consumers so that an obese couch potato will pay the same tax rate as a marathon runner rewarding herself after a workout.

While soda and candy excise taxes indiscriminately burden both those who consume responsibly and irresponsibly, the definitions of "candy" and "soda" are far less consistent. Legal definitions of candy center around the usage of specific ingredients, making products like Twix Bars (commonly considered candy bars) non-taxable, while equally sugary candy bars such as Milky Way Midnight Bars are taxable. Even soda variations are confusing with V8 juices being considered "soda" in some states, while far

less nutritious, sweet iced teas are exempt in other states. Your Taxpayers Association has always stood by the tax policy that like products should be taxed similarly. The inconsistencies of soda and candy definitions clearly violate this tenet.

Soda and candy taxes violate good tax policy and common sense. They tax like products at different rates and punish responsible consumption. They fail to even achieve the objective of decreasing obesity or unhealthy food choices. Consumers won't buy fewer sweets or sodas; they will just buy similar, equally unhealthy products.

Utah Shows Mixed Results in New State Deficit Report

State Budget Solution's second annual [state deficit report](#) shows mixed results for Utah. Utah ranks 32nd in debt per capita at \$1,770. Neighboring Wyoming, at \$78 per capita, is ranked 2nd. Other nearby states, like Idaho at \$868 (ranking 16th) and Colorado at \$1,068 (ranking 20th) are far behind Connecticut whose debt per capita is the highest in the nation at \$5,402. Other factors the report looked at gave Utah much better marks.

In the report, Utah ranks number one for economic outlook. The ranking comes from the Rich States, Poor States, which ranked Utah based upon the economic outlook v. the 10-year economic performance between 1999-2009. Although Utah's economic outlook fares much better than other states, it is not immune from extreme budget constraints, such as public pensions. State Budget Solutions calculated Utah's unfunded actuarial accrued liability, the extra money that will be owed to pension participants in the future in addition to the current

funds, to be over \$19 billion. While this number is staggering, Utah ranks 12th, well ahead of California, which will need to generate an extra \$467 billion to meet its' guarantees.

Utah's situation looks much brighter, thanks in part to sweeping pension reforms in 2010. Led by State Senator Dan Liljenquist, who Rich States, Poor States writes "spearheaded a major pension reform that is undoubtedly one of the most important legislative accomplishments on fiscal reform anywhere in America in recent years." The legislature guaranteed the commitments it made to public employees, but altered the pension system for new hires to a defined contribution system rather than defined benefits.

Despite the aggregate state debt being over \$4 trillion, Utah's debt makes up just .5% of that. Utah is in the hole approximately \$24 billion, ranking 13th behind neighboring states Wyoming, Montana and Idaho.