



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

“uNOpia” Campaign Update

Throughout June your Taxpayers Association educated taxpayers in five cities – Payson, Orem, Lindon, Murray and Centerville - about problems with the proposed deal between Macquarie and UTOPIA, the financially troubled 11 city consortium providing telecom services. Because of our “uNOpia” campaign, these five cities engaged their citizens in much more transparent ways than UTOPIA’s other six cities, and the city councils in these five cities all rejected the proposed deal.


We focused our campaign on these five cities because they were the most likely to oppose the deal. If these five cities said “uNOpia to UTOPIA,” this bad deal would not be possible. So far, the first assumption has proven true, and the second seems likely.

As reported in previous editions of *The Utah Taxpayer*, the financial centerpiece of the deal was a “utility fee” of \$18 to \$20 per month that every household and business in the cities would have to pay. For all practical and legal purposes, that “fee” is really a tax. As the accompanying graphics show, your Taxpayers Association focused citizen attention on this new tax, noting its remarkable similarity to Obamacare’s individual mandate and its \$1.8 billion price.

UTOPIA = Obamacare for your internet.

“UTOPIA is the local equivalent of Obamacare. Government shouldn't force us to purchase a product we don't want at a price we can't afford.”

Sen. Howard Stephenson

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SIGN THE PETITION
calling on city officials to
REJECT the UTOPIA deal.
www.UNOPIA.org

Other problems with the Macquarie deal included serious questions about whether the cities have authority to impose this tax, whether the deal violates state and federal law, and whether cities could compel payment of the tax by shutting off water or other utilities to delinquent and non-paying residents and businesses.



It is gratifying to see so many elected officials in UTOPIA cities now willing to question whether cities should be in the telecom business to begin with, and looking for ways to get out of that business. After Payson declined to participate in UTOPIA's 2008 bonds, Payson stood alone in rejecting further attempts to expand the UTOPIA network. Now five cities representing about 45% of UTOPIA's residents and businesses oppose new taxes for UTOPIA, and are actively looking for ways to get UTOPIA off taxpayers' backs.

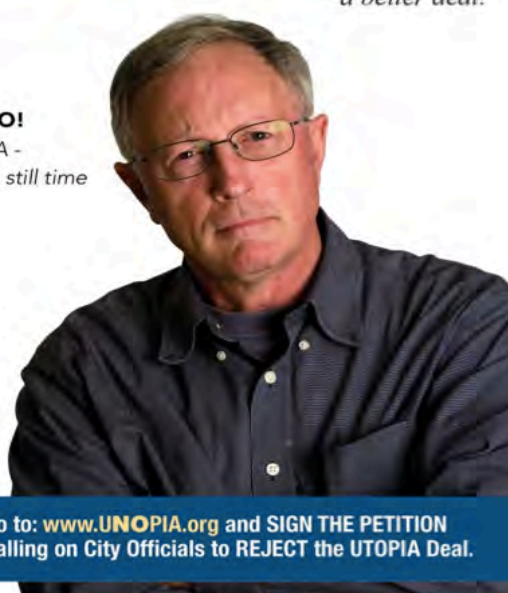
At this point, it remains unclear what the votes by these 5 cities will mean. With such a large proportion of the UTOPIA footprint opting out of the Macquarie deal, Macquarie may decide the deal is no longer financially viable for them. Alternatively, Macquarie may want to continue pursuing the deal, but with a larger monthly utility fee.

If Macquarie chooses a larger fee, the six cities which voted to continue pursuing the Macquarie deal will need to decide whether they can support the deal with an increased fee. If so, those cities will have to vote again on whether they can support the new deal with the new larger fee. If UTOPIA and Macquarie pursue that option, your Taxpayers Association will conduct a similarly vigorous campaign to make sure taxpayers in those six cities understand why cities should not be in the telecom business.

UTOPIA officials have indicated that Macquarie will detail their plans in the next couple of weeks. Following Macquarie's decision, your Taxpayers Association will evaluate what further efforts may be necessary to protect taxpayers from UTOPIA cities assuming even more debt or raising taxes in the vain hope that UTOPIA might succeed.

UTOPIA requires a \$1.8 Billion Tax Increase.

We deserve a better deal.



All of the other network providers have to pay their own way. Why not UTOPIA?

Are you okay with a \$1.8 Billion tax increase? Then sign the petition telling them NO!
 In June, your City Council will vote on whether to join 10 other cities in support of UTOPIA - imposing the **largest single municipal tax increase EVER** in the Beehive State. There is still time to influence your City Council members. Sign the petition and say NO to UTOPIA.

- ✓ **UTOPIA will require a tax increase exceeding \$1.8 Billion over 30 years** with policies and penalties placed in the hands of **UNELECTED BUREAUCRATS!**
- ✓ **This deal has been done with NO BID PROCESS** - we need more choices.
- ✓ **The new tax MANDATES that all citizens pay the UTOPIA Tax.**
- ✓ **Cities may call this a fee, but this project will raise taxes** - plain and simple. The UTOPIA Tax will equal \$1.8 Billion over 30 years or, \$240 per household per year.

STOP

WE CAN STILL PUT A STOP TO THIS BAD IDEA.

Go to: www.UNOPIA.org and SIGN THE PETITION
 Calling on City Officials to REJECT the UTOPIA Deal.



Association President
Howard Stephenson

My Corner: American Exceptionalism

The importance of the American experiment was brought powerfully to my mind recently through three seemingly unrelated experiences: A discussion with 75 of China's most successful entrepreneurs, a tour of the Reagan Presidential Library, and a viewing of Dinesh D'Souza's new movie *America*.

Chinese Business Leaders

I was invited to speak to 75 leading Chinese business leaders in Philadelphia a few weeks ago. The group was touring the United States to connect with business leaders, higher education officials, and political leaders. They asked me to answer this question: why did the United States emerge so quickly as the largest economic and military power on earth?

As I taught them the principles contained in the Declaration of Independence and the U.S. Constitution, I made certain they understood the rights of each individual to govern himself, to own property - including the right to own ideas such as patents - and that these rights ensured the safety of capital investments from government takings or taking by corrupt cartels. I noted that capital is a coward and will flow where it is safest. Consequently, the investment of capital, which makes labor more productive, is a big factor affecting the relative wealth of nations. These first generation highly successful Chinese entrepreneurs agreed that ideas, property, and capital must be protected for an economy to thrive.

I also explained that some of the ideals in the Founding documents were not immediately realized. As I expanded on the Founders' belief that all men are created equal, I described America's dark history of slavery and segregation. I noted that from 1776, when slave owners signed the Declaration of Independence proclaiming that all men are created equal, to the end of Civil War and the adoption of the 13th Amendment, which ended slavery in 1865, was 89 years. And yet it took another 99 years to enact the Civil Rights Act of 1964 and outlaw segregation.

These Chinese business leaders understood that some of the noblest ideals of the new nation took time to ultimately be achieved. As I learned more of these individual entrepreneurs' stories, I was amazed to hear of the successes they achieved even when the deck was stacked against them on societal, regulatory and economic levels. Despite all of this, coming from humble backgrounds and with their belief in the power of their ideas, these individuals created capital and jobs. These Chinese business leaders helped me to recognize there is more in common than there are differences between U.S. and Chinese entrepreneurs. In every human heart there is a desire for freedom to explore, to risk and to benefit from the fruits of ones labors.

Lessons from the Reagan Presidential Library

About one month later, I spoke at the Reagan Presidential Library on Utah's experience pioneering widespread personalized digital learning throughout our public schools. Following my presentation, I took time to experience all the public exhibits in the Reagan Library for the first time. I have visited several presidential libraries, but this one was the most emotional for me.

As a 13 year old in 1964 I watched multiple replay broadcasts of Ronald Reagan giving a half-hour fundraising speech for presidential candidate Barry Goldwater. I was mesmerized as I listened to his powerful message about restoring America's greatness, and it was then I began leaning toward a career as a government watchdog.

As I journeyed through the Reagan Library I was struck by the fact that Reagan's message did not change from that 1964 speech and his time in the White House. I was struck by his resolve in the face of



harsh criticism. Even when his own advisors urged him at Reykjavik, Iceland to capitulate to Gorbachev on the U.S. Missile Defense Initiative, he stood firm. Honest historians admit that Reagan broke the economic back of the Soviet military and was the person most responsible for the fulfillment of his own plea for Mr. Gorbachev to tear down the Berlin Wall, which occurred less than 10 months after he left office. Subsequently the Soviet Union collapsed and for the first time in history more than half of the world's population lived in countries where the leaders served at the consent of the governed.

President Reagan fully understood America's destiny as a shining city on a hill, an example to which all peoples could aspire.

America: Imagine the World Without Her

During a four-hour gap between the end of my meetings and my flight out of Washington, DC on July 2, I took the opportunity to see Dinesh D'Souza's new movie, *America*. The movie is not at all what I expected: it was so much more. Dinesh D'Souza, author of the book on which the docudrama is based, and director Gerald Molen, the Academy Award-winning producer of *Schindler's List*, have created a movie which, if viewed by a majority of Americans, could alter the future of our country.

D'Souza's movie *America* seeks to "answer the central moral challenge of America's critics, which is that America's greatness is based on theft, plunder and oppression." It reveals the plan of progressives to demonize the United States as the "new evil empire" and a "predatory colonial power."

To make the case for America's harshest detractors, D'Souza interviews the most credible critics of America and uses their own arguments to make the case for their claims. I have to admit, the arguments against American were made so compellingly, I wondered how D'Souza was going to dig his way out of it.

I don't want to spoil the movie for readers, so you'll have to see it yourself to understand. However, not only did he dig out of it, he totally decimated the claims. For me, one of the most moving parts of the movie was an interview with Bono, the lead singer in the Irish rock band U2. Bono said, "America is more than just a country. America is an idea. An idea that's supposed to be contagious."

American Exceptionalism

The three experiences described above all validated for me the fact that despite her historical imperfections, America truly is exceptional. The original notion of the exceptionalism of the United States of America can be traced to the French historian Alexis de Tocqueville, the first noted writer to describe the country as "exceptional" in the 1830s. This exceptionalism has been noted by many observers since.

However, the qualitative difference between the United States and other nation states is something some U.S. Presidents have disclaimed even before Barack Obama apologized for America during a world tour in his first term. President John F. Kennedy was asked by Brazilian college students whether America's form of government and capitalism was superior to the Soviet Union's communism. Surprisingly, Kennedy told the students that only history could answer that question.

Throughout the Cold War, many U.S. representatives to the world refused to speak disparagingly about the Soviet Union's totalitarian regime. But when Ronald Reagan called the Soviet Union "the Evil Empire," it changed even Soviet leaders' impressions of their own government. It was as the child who cried, "The emperor has no clothes." It was the beginning of the end, because the Soviet psyche had been pierced and even high-ranking officials later described their own realization of their government's moral turpitude.

I am grateful more than ever before for our Founders who had the courage to pledge their lives, fortunes, and sacred honor for the establishment of the "last, best hope on earth," the United States of America.



25 Property Tax Hikes Proposed Across the State

With the arrival of July, cities and school districts across the state now have adopted their budgets for fiscal year 2015. The overwhelming majority of those entities have opted to rein in spending and not raise property taxes. Nevertheless, 25 cities, school districts and special districts are proposing property tax hikes.

As the accompanying table indicates, 11 of Utah's 41 school districts have proposed property tax hikes, while 12 of Utah's 245 cities and towns have proposed property tax hikes. Two special districts are proposing property tax hikes.

Over the coming weeks, your Taxpayers Association will be evaluating these property tax hikes. Some may be justifiable, while others won't be. For example, last year Kaysville residents wisely rejected using transfers from the city's enterprise funds to pay for general fund expenses.

Unsurprisingly that decision means Kaysville's property tax must now reflect the full cost of Kaysville government; hence, Kaysville is proposing to nearly double its property tax.

By contrast, news accounts report that the Salt Lake School District wants to keep its property tax rate high, even though the district has repaid the bonds

associated with that higher property tax. If those reports are accurate, your Taxpayers Association will vigorously oppose this proposed tax hike.

Midvale City's 18.1% property tax hike will also attract attention, as they continue to subsidize UTOPIA's operations and UTOPIA's bonds. Midvale raised property taxes in 2008, 2009 and 2010, with the 2010 increase totaling 17.3%. While inflation is real, four property tax hikes in seven years is a significant cause for concern. Your Taxpayers Association will learn how they justify their proposal, and keep taxpayers apprised.

To prepare for the Truth-in-Taxation hearings in your area, contact the budget officer or elected officials in your city or school district. They will be able to direct you to the proposed budget, and explain how they justify their proposed property tax hike. Then you and other taxpayers will have the opportunity to publicly explain whether you support or oppose that tax hike. At the conclusion of that hearing, the school board or city council will cast the final vote on this year's proposed property tax hikes.

Entity Name	% Incr.	TnT Hearing Date	TnT Hearing Time
Logan City School District	12.1%	12-Aug	7:30 PM
Lewiston City	0.9%	5-Aug	7:00 PM
Logan City	1.6%	5-Aug	6:00 PM
Carbon County School District	12.2%	13-Aug	6:00 PM
Clinton	39.0%	12-Aug	7:00 PM
Kaysville	99.6%	12-Aug	6:00 PM
West Point	11.5%	19-Aug	7:00 PM
Emery County School District	1.6%	13-Aug	7:00 PM
Upper Sevier River Water Conservancy District	488.2%	29-Jul	8:00 PM
Castle Valley Town	100.4%	20-Aug	6:30 PM
Juab County School District	3.1%	5-Aug	6:00 PM
Salt Lake City School District	6.7%	7-Aug	7:00 PM
Granite School District	2.7%	7-Aug	-
Alta Town	15.2%	5-Aug	6:00 PM
Midvale City	18.1%	5-Aug	7:00 PM
Salt Lake City	0.7%	12-Aug	7:00 PM
West Valley City	0.5%	12-Aug	6:30 PM
North Sanpete School District	3.7%	12-Aug	7:00 PM
Park City School District	7.9%	19-Aug	6:30 PM
Tooele County School District	3.9%	12-Aug	7:00 PM
Elk Ridge City	23.3%	12-Aug	6:00 PM
Washington County School District	2.1%	12-Aug	6:00 PM
Rockville Town	130.8%	11-Aug	6:00 PM
North Central Fire Special Service District (Washington County)	New	14-Aug	6:00 PM
Ogden City School District	7.2%	14-Aug	6:00 PM

Source: Utah State Tax Commission

Association Hires New Research Analyst

With the departure of Heidi Erickson, your Utah Taxpayers Association welcomes Kelsey White as the new Research Analyst.

A Utah native, Kelsey first became involved in state politics ten years ago when trailing her Dad as he participated in Utah's 2004 gubernatorial campaign. In high school, Kelsey participated in the national *We The People* civic education competition, where she learned the "ins and outs" of our nation's philosophical foundation, political system and Constitution.

In college, Kelsey took her interest in politics to an international level, graduating from Utah State University with dual degrees in International Studies and Economics. A China enthusiast, Kelsey also has a minor in Mandarin Chinese and has spent over a year and a half combined living, working, and studying in China.

Prior to joining the Utah Taxpayers Association, Kelsey worked as a policy analyst with *Strata*, a Utah-based think tank examining the economic impact of environmental policies and regulations. Kelsey also completed an internship at the U.S. Consulate General in Shenyang, China, where she promoted commercial relations between the U.S. and Northeast China.



No June Bond Elections

Observant readers of *The Utah Taxpayer* will note a significant difference between the July 2014 issue and July issues from previous years. Normally, the July issue reports on the outcome of one or more bond votes held the previous June. Because the 2013 Legislature passed and Governor Herbert signed HB 34, local governments can now only hold bond elections during the November election, which is when voter turnout is highest. It's gratifying to see so many years' labor come to fruition.

UTOPIA?
UNOPIA!

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