



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

Salt Lake County Tax Hike Proposal Ignores Taxpayers' Voice

The Salt Lake County Council has approved a convoluted plan to increase your taxes without taxpayers having much involvement in the process.

The Council, which is currently made up of five Republicans and three Democrats, recently approved an ordinance stating the county will increase sales taxes within its boundaries as long as cities that make up 67% of the county's population approve a resolution of support for the tax hike. One city, Millcreek has already done so. The cities have to approve of the tax hike by June 22 of this year or else the county will look at other options to consider increasing the tax.

This process ignores taxpayers and leaves them out of the discussion. Taxpayers are not being asked to support the increase by ballot, they are not being notified that a tax increase is being considered by their cities. Instead, under this plan, many cities will likely approve of the tax increase in a hardly noticed city council meeting and then the county will move forward with the increase once its 67% threshold has been met.

Councilman Richard Snelgrove should be applauded for being the only council member to vote against the proposal and for calling the proposal a scheme *(continued on page 3)*

Join Us for the 40th Annual Taxes Now Conference and "Teed Off on Taxes" Golf Tournament!

The Utah Taxes Now Conference is scheduled for Tuesday, May 22, 2018 at the Grand America Hotel beginning at 8 a.m. You can register for the conference by [clicking here](#).

Next, the "Teed Off on Taxes" Golf Tournament will be held on Thursday, June 8th 2018 at the Eaglewood Golf Course in North Salt Lake. Sponsorship opportunities are available.

Space is limited at both events.

Contact Bren Robinson at bren@utahtaxpayers.org, [click here to register](#), or call (801) 972-8814 to reserve your spot!

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ASSOCIATION STAFF

Howard Stephenson	President
Billy Hesterman	Vice President
Spencer Nitz	Research Analyst
Bren Robinson	Executive Assistant

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My Corner: The High Cost of Education Mediocrity



Association President
Howard Stephenson

April marked the 35th anniversary of the 1983 Nation at Risk report which identified a 'rising tide of mediocrity' in American public and higher education. The Ronald Reagan Institute Summit on Education (RISE) was held on April 12 in Washington DC to commemorate the anniversary of that seminal report and assess

what progress, if any has been made. The speakers included former and current Secretaries of Education and a

host of who's who in education leaders, writers and researchers.

Unfortunately, the Summit did not present actionable solutions which would produce any improvement in education, just as no significant improvements resulted from the Nation at Risk report itself or the countless national and state education strategic plans that have been produced since.

Interestingly, this continuing nationwide educational failure was verified just days before the RISE event through the unveiling of the Nation's Report Card, NAEP, which revealed that two-thirds of U.S. students are not proficient in math and two-thirds are not proficient in reading. This, despite the fact that the U.S. spends more per student than any other nation.

Because of the significance of the event, RISE organizers were able to get seven Secretaries of Education to speak at the summit. Amazingly, each Secretary shamelessly admitted that educational mediocrity has continued unabated. These Secretaries of Education presided over the failure to achieve proficiency in math and reading, the very basic skills necessary for success in academics and in life, for more than 100 million children over 35 years!

I was invited to attend the summit but did not because, having attended similar events over the years, I was certain the summit would not have answers and would be filled with lame excuses for the continued failure to achieve success in the essentials of learning.

As I watched the video of the summit, my assumptions were fully confirmed: no one had

answers! Most had excuses.

And then it hit me: would we ask the CEOs of corporations which failed 2/3 of their customers to appear on a panel to talk shamelessly about their failures? If American medical care systems failed two-thirds of their patients, would we ask their top CEOs to pontificate about how to improve the system?

The reason education administrators can show their faces at such events is that they truly believe they did everything they could, so, obviously, it's not their fault.

Instead, we have been repeatedly told and were re-told during the RISE presentations that we struggle to effectively teach children in poverty, minorities, immigrants and special education, which account for over half of America's students, and therefore, it's not educators' fault.

Yet, I can show you classrooms filled with these very students who made average gains of two and a half years growth in a single school year, where 95% are at or above grade level because a teacher trusted computer assisted instructional software and implemented it with fidelity.

We truly have a silver bullet in delivering mastery to every student through immediate interactive feedback provided by high-quality computer-assisted instructional software, integrated effectively into the instructional model, yet few educators are using it.

Three and a half decades ago, the Nation at Risk report stated that our education system was so ineffective that if a foreign power had imposed it on us we would have considered it an act of war. Yet during the last 35 years, none of these seven Secretaries of Education, nor leaders in education public policy, nor school boards, nor any of the 1,400 teacher colleges in America have declared war on mediocrity.

It's time for war on educational mediocrity; it's time to truly battle for our children and not allow the edu-crats to continue to hold them hostage. It's time to move our schools into the 21st century. It's time to give taxpayers what they have been paying for. The first battlefield should be in reading and math where in a single school year every student can achieve mastery.

Please learn more by [watching my video presentation](#) given to hundreds of education administrators from across the nation at the Utah State Capitol.

Revenue and Taxation May Interim Meeting Agenda

Each month outside the Legislative Session, the Utah Legislature meets to discuss and study items related to the assigned committees. These meetings are conducted to review past legislation, study related items that may not have been thoroughly examined during the Legislative Session, as well as begin the process of crafting new legislation.

Your Taxpayers Association will be providing updates on tax-related issues and study items throughout the coming months, and will be providing agendas in this publication for your information.

The Revenue and Taxation Interim Committee will meet on Wednesday, May 16, 2018, at 8:30 a.m., in Room 445 State Capitol for the following discussion items:

1. Committee Business

2. Review of 2018 General Session Legislation Related to Revenue and Taxation

The committee received a summary of revenue and taxation bills that passed during the 2018 Legislative General Session. Committee staff and representatives from the Utah State Tax Commission will be available to answer questions about specific bills.

3. Long-Term Planning

Legislative Interim Rule 2-2-103 provides that each interim committee shall devote part of its May interim meeting to long-term planning for the areas over which the committee has jurisdiction. The Tax

Commission will present several items related to long term planning. The committee chairs will also extend an invitation to business and industry groups as well as government agencies to provide input on the state's taxation policies and revenue needs in future committee meetings.

4. Revenue and Taxation Interim Committee 2018 Study Items

In its April 18, 2018 meeting, the Legislative Management Committee approved study items for each interim committee. The committee will discuss the study items approved for the Revenue and Taxation Interim Committee.

5. Revisions to State Tax Code as a Result of Federal Tax Reform

2018 General Session S.B. 244, "Tax Reform Provisions" amended provisions in the Utah Code related to federal tax reform. The committee will discuss additional possible amendments including provisions related to net operating loss and repatriated foreign income.

6. Sales Tax on Remote Sales and Manufacturing Exemption Expansion

2018 General Session S.B. 233, "Sales and Use Tax Amendments" expanded the manufacturing exemption from sales tax, contingent on the collection of sales tax on remote sales. The committee will hear a summary of the legislation and discuss the trigger for the expansion of the exemption.

Salt Lake County Tax Hike Proposal Ignores Taxpayers' Voice (continued)

to avoid being blamed for raising taxes. Snelgrove was quoted in the Deseret News as saying this method was created to give everyone "plausible deniability" for increasing this tax. He is correct in that statement. Taxpayers voted down a similar tax increase at the ballot in 2015. This new attempt is a way to leave the taxpayers out of the process and to push through the increase.

The increase will result in a .25% increase to the sales tax rate which will yield an estimated \$58 million. This money is earmarked for transportation and transit related projects within the county. When

the county council discussed the proposal in its committee of the whole meeting in late April, they did stress that none of the money that would go towards UTA projects could be used for rebranding UTA, rather the money is to be spent on county transit projects and paying down debt the county has incurred for transit projects.

The ability for the county to increase the tax comes from SB 136, which the Legislature narrowly approved earlier this year. The bill was designed to increase funding for transit, such as buses and light rail, to help residents move around the state.

We are a growing state and transportation needs to be addressed. However, passing a tax increase without large public notification efforts or putting to the ballot box is irresponsible. Taxpayers need to know when more money is being asked of them and elected officials should exhaust all efforts to notify them of this change and not design gimmicky schemes to avoid any repercussions for increasing

taxes.

Your Taxpayers Association calls on all city council members in cities located in Salt Lake County to reject this proposal and tell the county that the taxpayers need better involvement and notification before any tax increase can move forward.

Americans Pay \$5.2 Trillion in Taxes, But Utah Fares Better than 35 Other States

Utah's 2018 Tax Freedom Day falls on April 11th, which is 15th best in the nation. Tax Freedom Day is the day taxpayers, on average, have earned enough money to pay the total tax burden. In 2017, Utah's Tax Freedom Day was ten days later, on April 21st.

In its annual Tax Freedom Day Study, the Washington, D.C. based Tax Foundation found that April 19th is the day, on average, Americans have earned enough money to pay their total tax burden. This is three days earlier than in 2017, due to tax changes on the federal level.

Roughly 30% of the nation's total income will go to taxes, according to the Tax Foundation. This equates to about \$5.2 trillion, with \$3.4 trillion in federal taxes, and the remaining \$1.8 trillion in state and local taxes.

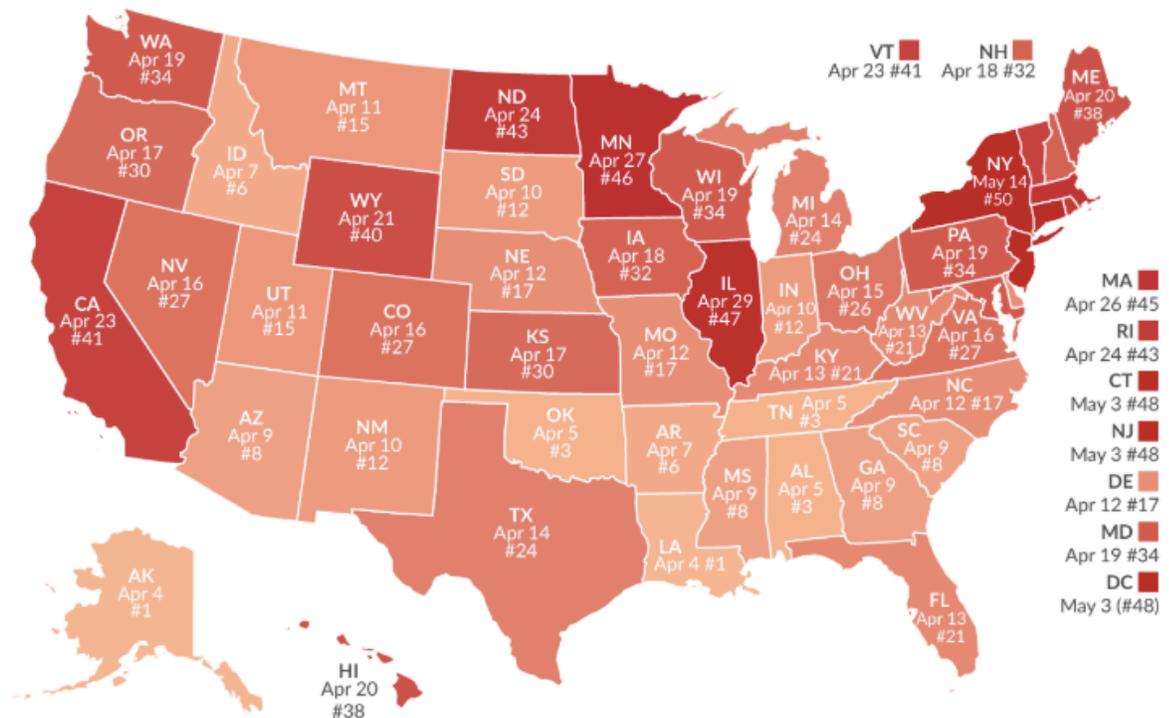
This is down slightly from the 31% of the total national income paid in taxes paid the previous year, mostly attributable to federal tax reform. The federal tax reform law significantly lowered federal individual and corporate income

taxes.

The Tax Foundation uses federal, state, and local taxes in order to determine that it takes 109 days to pay off the total tax burden. Americans work the longest to pay combined federal, state, and local individual income taxes (44 days). Sales taxes take 15 days of work to pay, and 11 days for the property tax.

Utah's neighboring states fare a bit better, with only Colorado and Nevada (April 16th), and Wyoming (April 21st), behind. To view the Tax Foundation's entire report, [click here](#).

When Does Tax Freedom Day® 2018 Arrive in Your State?



Notes: Each state's Tax Freedom Day® is the day when taxpayers in the state have collectively earned enough money to pay their federal, state, and local tax bill for the year.

Source: Tax Foundation, Tax Freedom Day® 2018



40th Annual Taxes Now Conference Focuses on Impacts and Needed Changes to State and Federal Tax Reform

The Utah Taxpayers Association will host its 40th annual “Utah Taxes Now” conference on Tuesday, May 22, 2018 from 8:00am to 1:30pm at the Grand America Hotel in downtown Salt Lake City. The Taxes Now Conference has been the preeminent tax policy review in Utah, and we are thrilled to announce our keynote speakers for this year.

Leading experts Joseph Henchman and Jared Walczak from the Tax Foundation will be the 2018 keynote speakers. They will be delving into federal tax reform, its impacts on Utah, and how Utah should react to continue to protect taxpayers from unintended consequences.

Joseph Henchman is Executive Vice President at the Tax Foundation, where he analyzes state tax trends, constitutional issues, and tax law developments. Joe has testified or presented to officials in 36 states, testified before Congress six times, and has written over 75 major studies on tax policy. He holds a law degree from George Washington University.

Jared Walczak is a Senior Policy Analyst with the Center for State Tax Policy at the Tax Foundation. He is the lead researcher on the annual State Business Tax Climate Index and Location Matters, and previously authored or coauthored tax reform books on Iowa, Louisiana, and Nevada. He attended Grove City College, where he studied political science.

Mr. Henchman and Mr. Walczak will explain the impact that federal tax reform may have on Utah taxpayers, many changes also occurred in tax policy on a state level. We will be joined by many of key players that helped shape Utah’s evolving tax code during the 2018 Legislative Session.

Your Taxpayers Association’s Utah 2.0 initiative which seeks to ensure Utah’s economic viability by creating a more equitable and friendly business environment for businesses of all kinds, shapes, and sizes to move to and expand in Utah, which in turn, keeps Utah strong for its residents and families. The



Tax Foundation Executive Vice President Joseph Henchman (left), and Senior Policy Analyst Jared Walczak (right) will keynote the 40th Annual Utah Taxes Now Conference at the Grand America on Tuesday, May 22, 2018.

primary tenets of Utah 2.0 are as follows:

1. Ending the sales tax penalty on machinery and parts that last less than three years for Utah manufacturers.
2. Expanding single sales factoring to all of Utah's businesses when calculating their corporate income tax.
3. Aligning Utah's workforce to the needs of Utah's businesses.

During the 2018 Legislative Session, we accomplished these three goals, and are excited to have the leaders in these areas come to speak about the significant impact this will have on all Utahns.

Attendees will also hear about the significant changes and overhaul made to funding transportation infrastructure, and the restructuring of major transit systems. The legislation, Senate Bill 136, is expected to make a structural difference in how Utah moves.

We will also be joined by Zions Bank Chief Economist, Robert Spendlove, who will provide an in-depth and insightful look into the effects the major tax changes, including Utah 2.0, will have on Utah’s economy.

We’re also excited to have you join us. You can do so by calling Bren Robinson at (801) 972-8814, or by [clicking here](http://www.utahtaxpayers.org) to register on our website, www.utahtaxpayers.org.

Utah Ranks Best for Economic Outlook, Best in Region for Economic Performance, According to Rich States Poor States

Utah is the top state in the nation for economic outlook according to the 2018 Rich States Poor States report for the 11th year in a row, published by the American Legislative Exchange Council (ALEC).

The report focuses on 15 differing variables. Contributing to Utah's high ranking is it being a right to work state, maintaining the federal standard for minimum wage, and having no inheritance tax, which was eliminated in 2005. It also received high scores for its flat income tax system and low worker compensation costs.

When it comes to tax burden, Utah has some room to improve, but still ranks no lower than 23rd best related to major taxes.

Utah's sales tax burden is ranked 23rd lowest in the nation, with residents paying \$22.97 per \$1,000 of personal income. The nationwide average is \$23.14. This is actually the lowest the sales tax burden has been since the report began. ALEC calculates this ranking by the sales tax burden through the by taking sales tax revenues per \$1,000 of personal income. The sales taxes taken into account include the general sales tax, and specific sales taxes, such as ZAP or transit sales taxes.

The state's property tax burden ranks 17th best, with residents paying an average \$25.47 per \$1,000 of personal income, with the nationwide amount being \$30.97. Utah also scored high on its flat income tax, 5%, being 17th best. Thanks to Utah's flat rate, Utah ranked second best for change in tax burden per additional \$1,000 in income. This is contrary to federal income tax, and many other states, which create brackets for different levels of income.

Utah's remaining tax burden, calculated by taking tax revenues from all taxes, excluding income, property, and sales taxes cost taxpayers \$14.23 per \$1,000 of income.

Other contributing factors include:

- Public employees per 10,000 residents: 482.2 - 8th ranking
- Corporate income tax rate: 5% - 10th ranking
- Inheritance tax: 0% - 1st ranking
- Debt service as a share of tax revenue - 6.9% - 26th ranking (lowest ranking Utah received in the report)

The current Economic Outlook Ranking is a forecast based on a state's current standing in 15 state policy variables. Each of these factors is influenced directly by state lawmakers and local elected officials through the legislative process.

While the factors we've covered are contributing to ranking Utah's current economic conditions #1 in the nation, ALEC also reported that Utah is fourth best when it comes to economic outlook.

This rank is a backward-looking measure based on the state's performance on the following three variables: gross domestic product growth, domestic migration, and non-farm employment growth.

ALEC reports that Utah's GDP growth from 2006 - 2016 is 48.3%, fifth strongest in the nation. Utah's non-farm employment is third best in the nation, with a growth of 18.36% over the same period.

Utah ranked the highest of all the states in our region in this ranking, with Colorado following closing behind, at number five.

The co-author of the report, Jonathan Williams, dropped by Red Meat Radio to discuss what Utah's doing right, and where we can improve. To listen to that interview, [click here](#).

To read the entire Rich States Poor States report from ALEC, [click here](#).

Association Accomplishments During April:

- ❖ Planned the 40th Annual Utah Taxes Now Conference
- ❖ Spoke with Salt Lake County Council regarding proposed sales tax increase for transportation projects
- ❖ Confirmed keynote speakers for Utah Taxes Now Conference
- ❖ Began planning "Teed Off on Taxes" Golf Tournament