



The Utah Taxpayer

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July 2009 Articles

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2009 Federal, State, and Local Tax Burden on a Median-income Utah Family

A median-income Utah household consisting of two parents and three children pays 24.2% of its income in direct federal, state, and local taxes, according to an analysis by the Utah Taxpayers Association. A median-income Utah family with two parents and three children earns \$63,074 in wages and salary. Additionally, the family earned \$5,474 in the form of employer-paid payroll taxes for a total income of \$68,548.

The following chart illustrates the tax impact. These taxes do not include the taxes that businesses pay and pass on to their customers in the form of higher prices, to employees in the form of reduced compensation, and to shareholders in the form of reduced dividends and stock prices.

2009 Taxes	Amount	Percent of Taxes	Percent of Income
Social Security	\$7,821	47.1%	11.4%
Sales tax	2,106	12.7%	3.1%
State income tax	1,967	11.9%	2.9%
Medicare	1,829	11.0%	2.7%
Property tax	1,347	8.1%	2.0%
Automobile taxes	922	5.6%	1.3%
Employment taxes	649	3.9%	0.9%
Excise taxes	306	1.8%	0.4%
Federal income tax	(356)	-2.1%	-0.5%
Total	\$16,592	100.0%	24.2%

Calculations by Utah Taxpayers Association based on data from Utah State Tax Commission, Internal Revenue Service, Bureau of Labor Statistics, Utah Department of Workforce Services, Governor’s Office of Planning and Budget, Utah Department of Transportation, Utah Association of Realtors.

In this example, one parent works full-time and the other works part-time. **Social Security and Medicare, employee and employer match: \$9,650**

Almost everyone who works must contribute to the Social Security and Medicare Funds. In 2009, ordinary income up to \$106,800 is subject to a 12.4% Social Security tax, half of which is paid by the employer and the other half is paid by the employee. Total ordinary income is also subject to a 2.9% Medicare tax, split 50-50 between employer and employee.

Even though employers pay 50% of Social Security and Medicare taxes, economists across the spectrum agree that employees really pay this tax because employers reduce employee wages by the amount of payroll taxes paid by the employer. Therefore, employer-matched payroll taxes are treated as household taxes and as household income. As a result of including both employer

and employee share of Social Security and Medicare taxes as income, the effective tax rate is 14.2% of taxable base.

Sales Tax: \$2,106

The Utah family spent \$32,750 on purchases subject to state and local general sales taxes. In 2009 the average sales tax rate in Utah will be about 6.65%. Salt Lake County’s rate will be 6.85%, which consists of 4.70% state, 1.0% city,

Tax	Amount
Social Security – employee share	\$3,911
Social Security – employer share	\$3,911
Medicare – employee share	\$915
Medicare – employer share	\$915
Total Social Security and Medicare	\$9,650

Tax	Amount
State – 4.70% for most items	\$1,243
City – 1.0%	\$309
County – 0.25%	\$77
Transit, Roads, Arts – 0.70% avg	\$180
Total General Sales Tax	\$1,810

0.25% county, 0.55% first “two quarters” mass transit, 0.10% arts, 0.25% third quarter mass transit.

Food purchased at restaurants is subject to an additional tax of 1.0% in most counties.

Some items are taxed at a lower rate. Starting in 2008, unprepared food will be taxed at 3.0% (1.75% state, 1.0% city, 0.25% county). Typically, residential electricity and natural gas will be taxed at 3.95% (State rate is reduced from 4.70% to 2.0%).

Food purchased at restaurants is subject to an additional tax of 1.0% in most counties. Natural gas and electricity are subject to utility franchise tax of up to 6%. Starting in 2008, telephone services will be subject to a 3.5% municipal telecommunications license tax (rate was reduced from 6% to 4% when cell phones were subject to the tax and then reduced to 3.5%). Cable municipal franchise tax is 5% per federal law.

Tax	Amount
Restaurant tax – 1.0%	\$34
Utility franchise tax – various	\$149
Municipal telecom. license tax	\$52
<u>Other telecom taxes</u>	<u>\$61</u>
Total Misc. sales taxes	\$296
Grand total sales taxes	\$2,106

State Income Tax: \$1,967

Tax rates for the state income tax are significantly lower than those for the federal income tax, but the Utah family pays more state income tax than federal income tax due to federal child tax credits and the new Making Work Pay tax credit.

In tax year 2008, Utahns started paying state income tax under a new system with a single rate of 5% and with credits that phase out as income increases. For a married household, credits begin phasing out at 1.3 cents per dollar of adjusted gross income above \$25,022 (estimated threshold for 2009).

Tax rates for the state income tax are significantly lower than those for the federal income tax

Adjusted Gross Income	\$63,074
5% tax before credits	3,154
Credits @ 6%	
Itemized deductions excl state income tax	860
75% of federal personal exemptions	821
Total before phase out	1,681
Credit phase out	495
Net credit	1,186
State Income Tax (5% tax less net credit)	\$1,967

Property Tax : \$1,347

The most visible, and perhaps the most disliked, tax paid by a Utah family is the real property tax. The property tax is based on a taxable value which is 55% of the assessed market value for a primary residential property. The median market value of a Utah home in 2008 was \$231,500. Various taxing entities are permitted to assess property taxes. School districts account for the greatest part, 56%, of the Utah family’s property tax bill. Counties, cities, and special service districts account for the other 44%. The statewide valuation-weighted nominal property tax rate in Utah is 0.010582.

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The percent distribution of total statewide property tax revenues is slightly different than the above numbers since special service districts have overlapping tax bases and city tax bases do not cover the entire state.

Entity	Rate	Tax
School District	0.005877	748
County	0.001877	239
City	0.002058	262
Special Service District	0.000770	98
Total	0.010582	\$1,37

Automobile Taxes: \$922

A typical Utah family owns two cars and drives about 32,500 miles per year. In this example, one car is driven 13,915 miles and gets 21 miles per gallon. The second car is driven 18,582 miles and gets 27 miles per gallon. Utah automobiles are taxed as personal property. In 1999, vehicles changed over from being taxed as a percent of their market value to an age-based assessment.

Tax	Amount
State gas tax	\$331
Federal gas tax	\$249
Automobile Fee in Lieu	\$260
Air pollution/corridor preservation	\$26
Registration fee	\$52
<u>Tire recycling</u>	<u>\$4</u>
Total	\$922

Employment Taxes: \$649

Employment taxes such as workers compensation and unemployment insurance are paid directly by employers, but economists

Most median income Utah families with three or more children pay little or no federal income tax, mainly due to the \$1,000 per child tax credit

maintain that these taxes – just like the employer Social Security and Medicare match – are really paid by employees. Unemployment insurance tax rate varies from company to company depending on how many former employees of the company have filed for unemployment insurance. In 2009, a typical unemployment insurance rate is about 0.8% on a maximum wage base of \$26,700.

Workers compensation insurance premiums are technically not a tax since these premiums are paid to private providers, but workers compensation insurance is required by law in most employment. Unemployment insurance tax is not required for part-time workers.

Excise Taxes: \$306

Federal and state governments impose excise taxes on liquor, beer, and tobacco. They are easily overlooked since they are not listed separately from the selling price.

Federal Income Tax: -\$356

Most median income Utah families with three or more children pay little or no federal income tax, mainly due to the \$1,000 per child tax credit. This credit is in addition to the \$3,650 personal exemption for each household member. After itemized deductions and personal exemptions, the median income Utah family is in the 15% federal tax bracket (the first \$16,700 in taxable income is taxed at 10%).

In 2009, married households with income less than \$150,000 will be eligible for the Making Work Pay tax credit, a refundable credit equal to 6.2% of income up to a maximum credit of \$800. The credit phases out at a rate of 2% of income above \$150,000 and completely phases out at \$190,000. As a result of this credit and the child tax credit, which is refundable up to 15% of income above \$3,000, many middle-income Utah families with three or more children have a negative federal income tax liability.

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Tax	Amount
Unemployment insurance	\$214
Workers compensation	\$435
Total	\$649

Tax	Amount
Liquor	\$127
Beer	\$22
Tobacco	\$157
Total	\$306

Adjusted Gross Income	\$63,074
Itemized deductions incl state income tax	16,296
Personal exemptions	18,250
Taxable income	28,528
Income tax before credits	3,444
Child tax credit	3,000
Making Work Pay Tax Credit	800
Federal Income Tax after credits	(\$356)



**My Corner – Howard Stephenson
Iranian-style elections in Utah?**

In 1991 the world finally saw a majority of its population living in countries where the leaders were elected by the citizens. In other words, it took 216 years for the shot fired in Lexington Massachusetts in the Spring of 1775 to finally be heard around the world by a majority of the six billion humans on the planet.

This is not to say that all elected leaders are legitimately serving at the will of the voters, but it is a start. Recently news reports tell of Iranians rioting in the streets protesting what they claim were rigged presidential elections. Similar concerns have been expressed in Honduras where the president tried to change the rules to ensure that he could be re-elected.

I imagine most Americans believe such election she-nanigans couldn't happen in the United States.

Unfortunately, the Nebo School District proves them wrong.

The Nebo School Board asked voters in June to approve a \$160 million bond to pay for new school buildings and a voted leeway tax hike to increase operations spending. The bond would raise annual property taxes on the average home by \$302 while the voted leeway would take an additional \$13.75 per year.

None of this information is alarming. Local taxing entities ask for tax hikes all the time, and in a growing district

Quote of the Month #1
"Most high-tech industry folks seldom even consider Utah, based simply on the state's well-earned perception that it is dominated by closed-minded, puritanical, homophobic, tiresomely priggish, tight-assed busy-bodies."

Glenn Warchol exemplifying the Tribune's commitment to high literary standards.

Source: Glen Warchol, Salt Lake Tribune Blog, June 25, 2009

The School Board decided to confuse the voters by eliminating 23 of the usual 30 polling places used by the county election clerk during regular elections.

As a result of this Iranian-style election rigging, less than 10% of voters turned out to cast a ballot, and the vote was so close that the decision will be determined by absentee and provisional ballots.

Chaffetz explained that although President Obama may speak of bi-partisan talks between the parties, it's all smoke and mirrors. "Republicans," says Chaffetz, "are RARELY invited to committee."

like Nebo, new schools are needed. If voters were informed and showed up to the polls in significant numbers, there would be no question about the outcome of the election results.

However the Nebo School Board, in setting the election date and determining the polling places for the special election, ensured that a small number of electors would be able to commit the entire district's taxpayers to years of higher taxes. It appears the district tried to rig the election to ensure the passage of these significant tax increases.

By holding the election on June 23, an odd day of the year when many are on summer vacation and when no other elections were being held, most citizens would be unaware of the election, ensuring that only those close to the school would be sure to vote.

Adding insult to injury, the School Board decided to confuse the voters by eliminating 23 of the usual 30 polling places used by the county election clerk during regular elections. On top of this, only 3 of the 7 polling places established by the school district had been part of the original 30. This meant that if citizens were even aware of the issue and wanted to vote, they'd have trouble finding out where to vote.

The school board's actions so outraged legislators representing the southern Utah County school district that they unanimously issued a statement calling for voters to reject the bond proposal. Representative Mike Morely said the Nebo School District is flouting the spirit of the Utah law. "I've spoken to dozens of my neighbors, and not one of them even knew about this bond election," he said. Representative Becky Lockhart said "Nebo School District should be ashamed for trying to force this huge tax increase on taxpayers when they know the public won't be paying attention."

The *Provo Daily Herald* editorialized against the measure because of the underhanded way Nebo District was handling the election. "The problem is made worse by the fact that the beneficiary of the bond election – the school district – is the same entity that's running the election," the *Herald* said.

Your Taxpayers Association urged a no vote simply because we believe decisions of this magnitude should be made by a majority of those who will have to pay the tab over the years.

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Senator Curtis Bramble and I, in my role as state senator are proposing legislation to restrict these elections to the regular November date when large voter participation is assured. Senator Bramble sponsored legislation in 2004 setting the dates for special elections to include the date of the June primary elections which are held in even numbered years. At the urging of many local officials, the legislation kept the same June primary date in odd numbered years even though primaries are not held on that date. Senator Bramble warned, in presenting the legislation, that if the date is abused, the legislature will revisit the issue.

Congressman Jason Chaffetz Addresses Taxes Now Conference

In 2009, the United States government is spending nearly \$.28 cents of every dollar; and that, according to Congressman Jason Chaffetz, of the United States Congress, is "astronomical." As the concluding speaker at this year's Utah Taxes Now Conference, Chaffetz advised the audience that his primary concern of the national government, and reason for running for elected office, was that Congress is "taxing, borrowing and spending too much."

While explaining the overall size and scope of the 2009 Congressional budget of \$4 trillion dollars, Chaffetz let the cat out of the bag by admitting that most Congressional Democrats truly believe that the government isn't spending enough, and that only by spending more can the government raise the nation out of the hole it currently finds itself in. He fundamentally disagreed with this mindset, and explained that one of the main reasons the state of Utah finds itself in a rather healthy financial setting as opposed to the rest of the nation is because of its fiscal responsibility and polar-opposite views on spending.

Not missing his moment to poke at the Obama administration and the Democrat-controlled Congress, Chaffetz noted how what they are saying and doing are two fundamentally different things. Speaking of President Obama's call to end earmarks, he explained how just a day after making this statement President Obama signed a \$410 billion dollar stimulus bill into law which included over



What all of these crises have in common is the creation of too much capital. said Hill, "There's too much credit that gets created, and the credit has to be destroyed."

8,500 earmarks. And, while explaining the idea behind recovery.gov, where the Obama Administration promised to post all bills which would come before Congress for public viewing for at least 5-days, Chaffetz explained how the single largest spending bill in the history of the United States of America was voted on and passed only 13-hours after it was first introduced on the floor of the Senate. As a final example, Chaffetz explained that although President Obama may speak of bi-partisan talks between the parties, it's all smoke and mirrors. "Republicans," says Chaffetz, "are RARELY invited to committee."

While pointing out for the audience just what exactly President Obama's strategy is in passing bills into law, Representative Chaffetz summarized it by suggesting that the Democrats would 'plow as many different things through the pipeline as they can in as short of time as they can, not giving the people enough time to react to one thing since something else would coming down the line. Such overload doesn't give the general public enough time to digest the news. Even more troubling was the notion that most Democrats in the nation's capitol seem to believe: rather than believe that the money flowing into Washington D.C. is the people's money, they truly believe it's the governments' money. However, not to let such talk get him down, he reiterated that such beliefs are exactly what prompted him to run for office in the first place, suggesting that if only he and Ron Paul would stand up for what they believed to be right, then at least he was doing his part to represent the beliefs and ideals of those who elected him to office.

To summarize his remarks, Congressman Chaffetz returned to his belief that the United States Congress is "truly an amazing place", and promised the audience that he was "fired up" for his duty of representing the state of Utah to Washington, and not vice versa. Said he, "It's an honor and a privilege to serve in the United States Congress."

Economist Larry Hill Speaks about Economic Downturn

The current economic downturn is an extremely unusual and a 'once-in-a-lifetime' occurrence. However, such downturns have occurred both domestically and internationally before, and the economies which suffered the worst of these downturns have almost always rebounded to surge once more. According to Larry Hill, a senior portfolio manager with Bernstein Global Wealth Management, despite the media's attempts to categorize the current recession as unprecedented in our nation's history, such allegations are simply "not true." Citing fifteen other examples of near identical economic recessions, Hill explained the causes of such a slow-down and the ways they can be both averted and recovered from.



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What all of these crises have in common is the creation of too much capital. said Hill, "There's too much credit that gets created, and the credit has to be destroyed." Citing the current housing crisis, Hill pointed out that asset's become overpriced, requiring an unwinding and correction of said assets. These patterns tend to be cyclical and typically occur in three-year intervals of growth and retraction. However, since such cycles can be anticipated and projected, the world economies have established various methods to remedy the problems, such as the reduction in interest rates by central banks as well as various global stimulus packages.

Taking the current domestic economic downturn into closer consideration, Hill explained that additional remedies to help resolve the recession range from the lowering in global oil prices and the decline of inflation worldwide to private companies taking action by slashing inventories and buying up their competitors, and housing inventories returning to normal levels .

Pointing out just how rare the past 8-months have been, Hill touched upon the occurrences of last September, when the government took over Freddie Mac and Fannie Mae, Lehman Brothers failed, Merrill Lynch was merged with Bank of America, and AIG was essentially taken over by the government. This two-week period, said Hill, would be "studied in the text books for a long time to come."

Although the current recession is deep, it still fails to compare to the Great Depression and even the recession of the late-1970. During the Depression, GDP fell by 23%, some corporate tax rates increased nearly 40%, over 10,000 banks failed, and unemployment was at 24% nationally. During the late 70's, inflation was at 12% while oil prices shot up over 400% and a sitting president resigned. Such numbers suggest that lessons have been learned from the past, and that institutions and programs have been set in place by the government as a stop loss to repeat the mistakes of the past.

Concluding his presentation with a touch of optimism, Hill advised the audience to "expect the

unexpected and don't give up. Just when things look really difficult, and everybody's telling you how bad it is, is about the time that it turns around. History indicates that deep declines are normally followed by oversized recoveries, and often much sooner than you think."

The costs taxpayers pay because of UTOPIA

In the June 2009 issue of the [Utah Taxpayer](#), your Taxpayers Association predicted that the 11 cities that had pledged sales tax dollars to build [UTOPIA](#), Utah's largest municipal telecom project, would lose those pledges this year. At a June 16 tour of the UTOPIA facilities, UTOPIA's executive director Todd Marriott [confirmed](#) our [prediction](#).

The calling of these sales tax pledges is one of UTOPIA's most glaring failures. UTOPIA's 11 pledging member cities – Tremonton, Brigham City, Perry, Layton, Centerville, West Valley City, Murray, Midvale, Lindon, Orem and Payson – formed UTOPIA to create a fiber network to every home and Savings generated by UTOPIA's customers do not reflect UTOPIA's success, any more than the consumers who saved by buying a DVD player at Circuit City rather than Best Buy reflected Circuit City's success: Circuit City is still bankrupt.

business in their cities. UTOPIA has also reneged on that promise, now promising that they will only build where they can obtain a return on their investment.

With these failures obliterating the stated reasons for forming UTOPIA originally, UTOPIA and its backers are now trying to redefine the terms of UTOPIA's success. Perhaps their most vocal backer is the [FreeUTOPIA](#) blog, which argues that your Taxpayers Association has ignored some of UTOPIA's benefits.

UTOPIA's benefits are illusory

For example, [FreeUTOPIA notes](#), Provo and Orem claim using the municipal telecom network saves them several hundred thousand dollars per year. There is substantial reason to question these claims. As vocal supporters of municipal telecom, they have a vested interest in these claims.

Assuming these claims are accurate still does not improve UTOPIA's success. Savings generated by UTOPIA's customers do not reflect UTOPIA's success, any more than the consumers who saved by buying a DVD player at Circuit City rather than Best Buy reflected Circuit City's success: Circuit City is still bankrupt.

UTOPIA and backers like [FreeUTOPIA](#) also point to the "level of competition" UTOPIA creates. By this theory, UTOPIA lowers the price and increases the service all customers receive, not just those who purchase UTOPIA services.

Contrary to the beliefs of UTOPIA and its backers, a city's role is not to compete with business. Instead, cities provide police and fire protection, define and enforce property rights. Going beyond that mandate means cities are picking economic winners and losers, and they lose their authority as neutral arbiter.

Even assuming that the role of government just described is too narrow, it's not hard to show how absurd the "government creates it to increase the level of competition" proposition is. When cities build and operate their own golf courses, they are subsidizing one recreational activity at the expense of everyone who doesn't golf, not lowering the cost of golf or increasing golf service.

And if government creating competition by providing the service directly is good for telecom, why stop there? Why not have the city sell legal and accounting services to the public? Certainly those are critical goods that every business and taxpayer needs. Cities could "increase competition" by providing these, and any number of other goods and services. It's hard to believe UTOPIA and its backers will be asking cities to form municipal law and accounting firms.

UTOPIA means higher property taxes

UTOPIA and its backers also fail to account for the costs UTOPIA imposes. Everyone who has followed this story knows UTOPIA's cities may have to pay as much as \$504 million over the next 33 years. However, most observers ignore the fact this money is not available to pay for fire and police protection, street building and maintenance, or even city parks. Because these cities only have authority to increase their property tax revenue—they can't raise their sales tax rate, and they can't raise personal spending—replenishing these pledge accounts means either a cut in services or higher property taxes.

UTOPIA increases property taxes in a second way. Because UTOPIA is a government entity, it does not pay property taxes. Every taxpayer in UTOPIA cities pays higher property taxes than they would if UTOPIA did not exist. Private providers would be providing those services, which would increase those private providers' value, which in turn would mean they pay higher property taxes, while everyone else would pay lower property taxes.

Even worse, by not paying property taxes, UTOPIA lowers the amount of money Utah has to spend on education. In a state that is already lowest in the nation in per pupil spending, UTOPIA is adding insult to injury.

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UTOPIA does not drive economic development

UTOPIA and its backers also argue that your Taxpayers Association ignores the economic stimulus UTOPIA offers. They share anecdotes about companies who stayed in or moved to a UTOPIA city because of UTOPIA.

While many of UTOPIA's anecdotes may be true, they do not add up to economic development. If UTOPIA really were attracting substantial numbers of new businesses to its member cities, UTOPIA could obtain private investors on traditional terms (as opposed to their need to rely on the most exotic public finance instruments available). If UTOPIA were driving economic development, UTOPIA cities would be enjoying budget surpluses, and envied by all other cities, instead of instead of facing tax increases to pay the pledges. Most importantly, they could survive without taxpayer bailouts.

RDAs: Corporate welfare disguised as "economic development"

Many cities across the state have an economic development director. Nominally, their job is to attract businesses to invest in their city. Their real job is to get more tax revenue for the city. Because that is their real job, corporate welfare is often their favorite tool.

In this context, corporate welfare just means one form or another of a redevelopment agency (RDA). Utah has three forms – community development agencies, redevelopment agencies, and economic development agencies – but they differ only in insignificant ways. For that reason, your Taxpayers Association generally uses the term RDA to describe them all.

To understand why cities and their economic development directors like corporate welfare, you have to know a little about municipal finance. Cities have three sources of revenue: property taxes, sales tax revenue, and fees. Fee increases require substantial notice and public comment options, which make them politically unattractive. The same is doubly true of property tax increases. Following local elected officials first Truth in Taxation hearing, many vow never to raise property taxes again.

In Utah, sales tax is distributed to cities in two portions. Half is distributed equally between cities, based on the city's population; the other half is distributed based solely on where the transaction occurred. That means that even though cities can't raise the sales tax rate, they can increase their sales tax revenue by making sure more sales transactions happen in their city. Unsurprisingly, virtually every city has an economic development director, typically a senior staff member, whose job is to bring more transactions into the city.

Note what that last sentence did not say. It did not say that economic development directors stimulate new economic development. Their job is to bring more transactions into the city. The more transactions, the more money the city council and mayor have in the budget, and the more money is in the budget, the happier the council, because they don't have to worry about raising property taxes. And if the economic development director is responsible for more money in the budget, the council will make sure the economic development director is happy too.

Attracting transactions can be the same as stimulating new economic development. When Lehi convinced Micron to build the IM Flash plant in Lehi, attracting transactions meant new economic development. More than 9 times out of 10, however, attracting transactions simply means moving retail transactions out of one city and into another.

Cities use redevelopment agencies to move retail transactions between cities. Through an RDA, cities offer a developer or retailer a temporary subsidy on property taxes, in the hopes that the immediate uptick in increased retail sales will more than offset the temporary loss of property taxes.

The problem with RDAs is that they only rarely constitute economic development. Much more common, however, are RDAs like Lehi's proposed Thanksgiving Park or North Salt Lake's Eaglewood Village. In both cases, cities want to offer property tax subsidies to convince developers to put office buildings in their cities, instead of a neighboring city. These RDAs won't increase the amount of office space Utahns consume. They'll either move it from one city to another, or build the same office space sooner.

Thanksgiving Park

Lehi wants five or six new buildings of class A office space, and a developer is planning to invest approximately \$180 million to build them. Without a \$2.5 million subsidy from the school district, city, county and other taxing entities, the developer plans to build one building every four years. If the Thanksgiving Park RDA goes forward and the developer gets the \$2.5 million subsidy, one building will go up every three years.

The Thanksgiving Park RDA will do nothing to spur economic development. Every business that will occupy the office space, every job in those businesses, every job necessary to build those buildings will happen in the greater community, whether or not taxpayers give a \$2.5 million subsidy to the developer.

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*School children should
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Thanksgiving Park is not economic development, and at the urging of your Utah Taxpayers Association, the Alpine School District and Utah County have both vetoed the RDA subsidy of the project.

Eaglewood Village

North Salt Lake's Eaglewood Village RDA proposal has the same problems as Thanksgiving Park. North Salt Lake wants to provide \$12.5 million in property tax subsidies to help build Class A office space, residential units, and retail buildings. A tax subsidy will not increase Utahns' demand for or consumption of these goods. All it will do, as the economic development director hopes it will do, is move those transactions from Salt Lake City to North Salt Lake.

Your taxpayers Association sent a letter to the Davis School District, the North Salt Lake Mayor and City Council, as well as the Legislators representing North Salt Lake formally opposing the Eaglewood Village RDA. As we wrote in that letter,

Whether labeled as residential, office space or storefront, all the development contemplated in the Eaglewood Village CDA is retail. Tax subsidies do nothing to stimulate retail activity; instead, tax subsidies just rearrange which city reaps the taxes associated with the retail activity.

Your Taxpayers Association has long advocated this position. School children should not be asked to provide a tax incentive to an RDA, unless the economic activity of the RDA would not have occurred in Utah without the incentive. Even in those limited circumstances, most RDAs are still inappropriate. Unfortunately, most economic development directors, and most city councils, don't care about economic development. They just want to attract transactions to their city.