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THE UTAH TAXPAYER

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Canyons, Ogden School Boards Making Fundamental Changes to Union Contracts

In the past three months, the Canyons and Ogden School Boards have taken unprecedented steps to assert greater control over their school districts. First the Canyons School Board announced that it will only negotiate with the union for terms of employment. Second, the Ogden School Board has given teachers in the district a take-it-or-leave-it-contract premised on pay for performance. Both announcements are welcome assertions of school board authority.

In nearly every school district in the country, union contracts dictate how the district can run its schools. Common provisions in union contracts include "due process" rules that dictate the hoops a school district must jump through to remove ineffective teachers.

Stanford's Terry Moe recently described how these rules hamper a school district's ability to manage its teachers. "Writ large, the logic of the situation is inescapable: for administrators throughout the public school system, as it is currently organized, there is no point in even *trying* to get bad teachers out of the classroom" (emphasis in the original).

Other rules often prohibit a school district from using student achievement as even one variable in determining a teacher's compensation. Instead, these contracts dictate that all teachers be paid based on how long the teacher has been in the classroom, and how many degrees or certificates the teacher has.

Importantly, the research on this topic is clear. Earning a Master's degree or professional development credits does NOT translate into higher student achievement. Similarly, after the first couple of years seniority in the classroom has little impact on student achievement. Nevertheless, the typical union contract's salary schedule increases a teacher's salary just for spending more time in the classroom. Again quoting Dr. Moe, such provisions "guarantee that good, mediocre, and bad teachers are all paid the same."

Amazing as it may sound, these kinds of rules are the norm throughout public education, which makes the decisions by the Canyons and Ogden School Boards all the more remarkable. The Canyons School District has historically negotiated with the teachers union on 25 separate points, including sabbaticals, teacher's responsibilities during student lunch periods, student discipline, and all the different ways teachers can be paid to not be in the classroom. Going forward, Canyons will only negotiate on district council licensing, the school advisory council and disipline of students.

The Ogden School Board's decision is even bolder. Having failed to reach an agreement with the union on a contract, they have made four important decisions. First, they are offering teachers a generous three percent pay increase. Second, teachers will not have to pay an increase this year for health insurance.

Third, they are gradually eliminating the "single salary schedule," and instead tying a teacher's compensation to how well their student's perform. Fourth, their contract is take-it-or-leave-it. Teachers who don't accept these terms will simply not be teaching in the Ogden School District this fall.

As noted in previous editions of The Utah Taxpayer, Utah has made significant progress in curbing the union's power to dictate how students are educated. We are thrilled to see school districts making their own bold steps, and putting the needs of children before the union's special interests.

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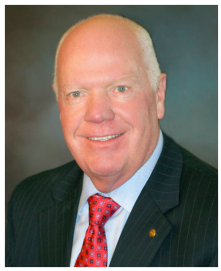


Association President Howard Stephenson

My Corner: More Money Does Not Equal Greater Achievement

Spending more on public education does NOT improve K-12 achievement

Every few years, State School Board Member Kim Burningham accuses the Legislature of failing to live up to his vision of proper public education funding. In his latest missive, he accuses the Legislature of "education malpractice" because Utah's public schools spend less per student than any other state in the nation. Mr. Burningham's argument is as flawed today as it was when he last spewed his vitriol.

At the heart of Mr. Burningham's argument is a heartfelt belief that greater educational spending will produce better educational outcomes. Positing a direct correlation between spending and student achievement is a tempting proposition. Creating better schools is easy—all we need is more money.

Unfortunately, student achievement can't be reduced to a simple equation of more money equals better achievement. If that were true, 17 year old students today would be scoring much higher than their counterparts in the early 1970's, since real spending per student has more than doubled since 1971. According to the National Center for Education Statistics, that didn't happen

As Chart 1 indicates, mathematics scores of 17 year olds across the country did not change between 1971 and 2008 (the latest year for which National Assessment of Education Progress (NAEP) data are available). In 1971, the average 17 year old scored 304 on the math NAEP test. In 2008, the average 17 year old scored 306.

Note the similar trend in NAEP reading scores depicted in chart 2. In 1971, the average 17 year old scored 285, while their 2008 successor's average score was 286. Critics will note that 9-year-olds and 13-year-olds did see some gains on their Math and Reading NAEP scores over this timeframe, but those gains all disappear by the time students graduate at about age 17. Clearly, there has been no meaningful increase in student achievement over that time period.

Spending per student has climbed quite substantially over that same time. In 1971, American taxpayers spent an average of $1,079 per student, and in 2008 taxpayers spent an average of $12,922 per student. That is a 1200% increase. Even after adjusting for inflation, spending per student more than doubled from $5,671 to $12,922.

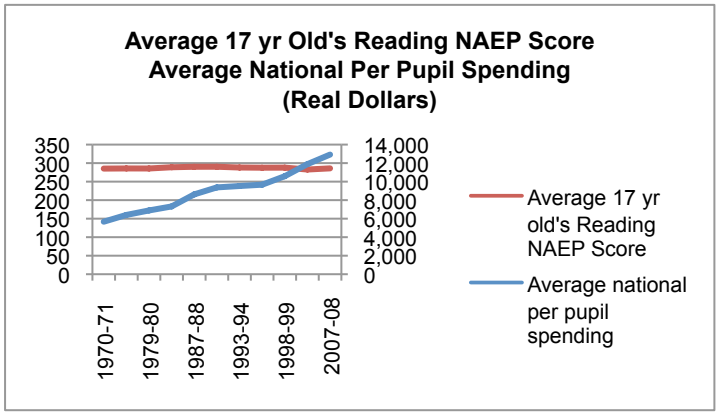
If a meaningful correlation existed between spending per student and student achievement, the doubling of per student spending would have translated into an appreciable gain in student achievement on at least the Math or the Reading NAEP scores of the average 17 year old. It didn't. In other words, Mr. Burningham's belief in the power of ever greater spending to improve public education is not supported by the facts.

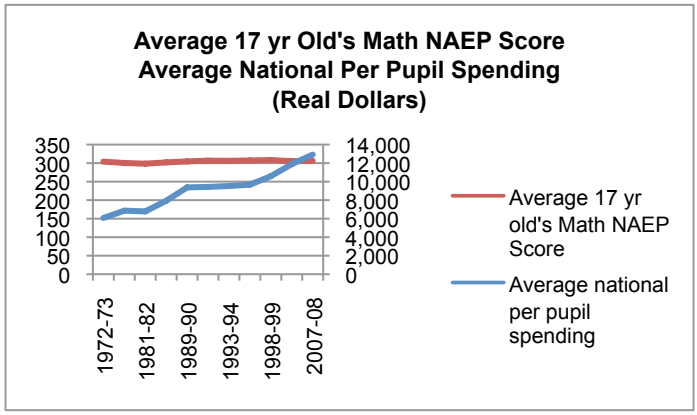
The reality is, Mr. Burningham probably already knows this. He also knows that REAL education reform is tough. It means upsetting entrenched interests, and fundamentally restructuring the way we deliver, manage and govern public education. For example, the two best academic studies examining the relationship between collective bargaining in public education and student achievement both find that collective bargaining has a "negative impact" on student achievement. Moreover, according to Terry Moe, the author of one of those studies, that impact "is greater than that of any other organizational aspect of schools and districts."

Removing collective bargaining and related institutions such as tenure from public education is hard. Teachers unions have a wealth of tools at the local, state and federal levels to block those efforts. If, though, collective bargaining is the single greatest impediment to student achievement, I would hope that Mr. Burningham would join me and others in identifying how we can change or eliminate collective bargaining and tenure.

Unsurprisingly, Mr. Burningham has no interest in that kind of change. It's hard. It requires creative thinking. By contrast, simply spending more money has an emotional appeal, and satisfies the existing power structure.

It's time to stop taking the easy way out. Simply throwing more money at public education will not improve student achievement. That's why I've spearheaded the drive for technology in education, why I've led the charge for charter schools, and why we need to provide ever more meaningful opportunities for parents, teachers and principals to decide how best to meet each child's educational needs.





Data from the U.S. Department of Education's 2010 Digest of Education Statistics, Table 124, 140 & 190. Data points from years when NAEP and pupil spending data is available.

Reining in the National Labor Relations Board

By Congressman Jason Chaffetz

As is their right, the citizens of Utah last November voted to amend the state's constitution to prevent organizations from unionizing without secret ballot elections. Voters in Arizona, South Carolina and South Dakota approved similar provisions to protect their right-to-work status.

In response, the federal government, through the National Labor Relations Board (NLRB) threatened to sue each of these states, contending that the amendments are in conflict with the National Labor Relations Act (NLRA).

Utah and other states are right to aggressively protect their right-to-work status. A January 2011 study for the Indiana Chamber of Commerce by Ohio University economics professor Richard Vedder showed right-to-work states fare better economically than their unionized counterparts. They have higher job growth, lower taxes, generally lower unemployment and better business climates. Meanwhile, the bottom 14 states for personal income growth from 1999 to 2009 are all non-right-to-work states.

Congressman Jason Chaffetz

To help counter the NLRB's blatantly political actions, I introduced H.R. 2118. This legislation brings the NLRB's litigating authority in line with most other independent federal agencies. The NLRB enjoys unusually broad independent litigating authority under its statute. In fact, it is one of a very select few independent agencies that has the power to sue a state for a sovereign action its citizens have taken. Nearly all other agencies would be required to have the DOJ bring such a claim, and it would ultimately be the Attorney General's decision whether to do so.

As an independent federal agency existing outside of the executive departments (those headed by a Cabinet secretary), NLRB is constitutionally part of the executive branch, but is independent of Presidential control. The five-member governing board is appointed to five-year terms by the President with the consent of the Senate. A General Counsel is similarly appointed to a four-year term.

Here in Utah, voters overwhelmingly approved an amendment to the State Constitution. This is as sovereign an action as a state can take, and a successful amendment truly represents the will of the people.

Any determination that such an action violates federal law should be made by the DOJ, not a board of union-friendly, politically motivated appointees. In fact, "except as otherwise authorized by law, the conduct of litigation in which the United States, an agency or officer thereof is a party, or is interested, and securing evidence therefore, is reserved to officers of the Department of Justice, under the direction of the Attorney General"(28 U.S.C. § 516; *see generally* 28 U.S.C. §§ 516-19).

To be clear, unless Congress designates otherwise, the Federal Government's default litigation authority lies exclusively within the Department of Justice. Unfortunately, Congress did act otherwise when it created the NLRB. The NLRB, like all independent agencies, is a creation of Congress. It has only the powers that Congress grants it. Congress granted the authority to sue states for sovereign actions, and Congress can (and should) take that authority away. This legislation does so.

The NLRB's actions amount to nothing less than an assault on right-to-work states and right-to-work laws. Right-to-work states, with their growing populations and attractive business climates, have a competitive advantage. This certainly is the case in Utah.

In fact, Forbes Magazine recently ranked Utah as the best state for business. Utah's economy has expanded 3.5% annually over the past five years, and is growing faster than any other state except North Dakota. This is three-and-a-half times faster than the U.S. as a whole. Total employment in the U.S. has shrunk over the past five years, but in Utah employment has increased 1.5% annually – fourth-best in the nation. Household incomes in Utah have surged 5% annually, which leads the country and is twice as fast as the national average.

States with pro-growth policies like Utah send out rays of hope

State Board Member Agrees: Just Spending More Will NOT Increase Student Achievement

Much of the reason for Utah to give each school an A through F grade is because public education is flooded with too much conflicting data. Senator Wayne Niederhauser's SB 59 will eliminate much of that clutter, and provide taxpayers with a simple, recognizable means of evaluating how well their children's school is performing.

The latest example of the need for A through F grading is the recent kerfuffle between the Utah Foundation and David Thomas, a member of Utah's State Board of Education. In a 2010 report, the Utah Foundation argued that Utah's public education system performs less than admirably when compared with seven demographically similar states.

Specifically, the Utah Foundation found that Utah's NAEP scores are lower than would be expected based on its demographics. The Utah Foundation explained those lower scores by noting Utah's low per student spending.

Mr. Thomas responded to the Utah Foundation report by emphasizing how well Utah students are prepared for college. As measured by a combined scaled score of ACT/SAT scores, Utah students score 10th highest in the nation. Since ACT and SAT scores are one of the best proxies for student preparation for college and career readiness, Mr. Thomas argues that this scaled score of ACT/SAT scores is a better gauge of how well Utah's public education system is doing. (Because how well a student does at graduation is a more fundamental gauge of how well the public education system succeeded with that student, this month's My Corner article relies on NAEP scores for 17 year old students.)

If per pupil spending were the key to higher student achievement, why is Utah doing so well on ACT and SAT tests? Because, as Mr. Thomas says, there is "no real correlation between spending and college and career achievement scores."

to businesses and individuals in a time of stagnant growth and record levels of unemployment across much of the country. Put simply, the federal government should stay out of the way of states.

Instead, the NLRB has threatened to void the sovereign actions taken by the citizens of Utah and other states. Were they to succeed, it is almost guaranteed that businesses would consider finding other states or even countries in which to locate. Try as they might, the NLRB and the Obama administration cannot repeal the basic laws of economics.

Is Your Local Government Raising Property Taxes?

2011 Truth In Taxation Hearing Dates and Times

Every summer your Utah Taxpayers Association evaluates the budgets of Utah's largest cities and all 41 school districts (county budgets are reviewed in November). After carefully reviewing each budget proposal, your Taxpayers Association often meets with cities and school districts to propose solutions to avoid tax hikes and increase fiscal responsibility and transparency.

This year, most cities and school districts are balancing their budgets without tax increases. However, several cities and school district insist on a tax hike to balance their budget, and have scheduled a Truth In Taxation hearing. Of the cities and school districts proposing a tax increase, a few proposals stand out as the most concerning.

Salt Lake City

Salt Lake City's 2011-2012 budget includes an on-going property tax increase for a one-time library expansion project. Instead of asking voters to approve a bond for the specific project, the city council voted to increase the burden on taxpayers indefinitely. When questioned whether property taxes would be reduced once the library project is finished, Library Director Beth Elder explained that property taxes would NOT be reduced and the revenue stream would be used for other, unspecified projects.

Your Taxpayers Association strongly objects to this illogic. Taxpayers are not ATMs, their property taxes to be raised at will, indefinitely and for unknown future projects. Property tax increases create on-going streams of revenue and therefore should not be used for one-time projects.

West Valley City

West Valley City has proposed an 18% property tax increase to cover the $3.5 million hole in its 2012 budget. Not coincidently, West Valley City is paying $3.5 million to UTOPIA in the same 2012 budget. West Valley City Mayor Mike Winder, former chair of the UTOPIA board, pledged millions of taxpayer dollars to the failed fiber-optic company despite strenuous protests from your Taxpayers Association.

The tax increase would amount to $70.44 on the average home valued at $185,000 and $128.16 for businesses of the same value. West Valley City already has one of the highest property tax burdens in the state.

Provo City

Provo is facing two budget challenges this year, each with the potential to increase the burden on taxpayers. The first challenge is the need to make increased debt payments for the iProvo fiber optic network. To cover the cost of the debt, Provo is considering raising utility fees by $7-$12/month.

The second challenge is the need to put the Provo budget on a long-term sustainable trajectory, including cuts to expenditures and increases in revenue. This may result in property tax increases since Provo has not gone through the Truth In Taxation process for nearly thirty years.

While Provo may need to exercise one of these options to increase revenue and alleviate budget pressure, increasing property taxes and utility fees simultaneously is unacceptable. Equally unacceptable are proposals that have been floated to increase Provo property taxes by upwards of 35%. Your Taxpayers Association strongly objects to dual increases on taxpayers and to outrageous property tax hikes just for the sake of generating revenue.

Garfield School District

Despite cuts to compensation and the total number of full time employees, Garfield School District is proposing a tax hike for their recreation and general funds. Part of the tax hike is intended to expand and repair the Panguitch High School pool and campus. Garfield School District has yet to determine a total budget for the project, but initial estimates of $400,000 are clearly a one-time expense.

Your Taxpayers Association strongly opposes on-going property tax hikes to pay for one-time projects. Voters should be given the choice of approving a bond and the associated temporary property tax hikes, instead of being forced into indefinitely higher property taxes.

In addition to these specific property tax increases, several other cities and school districts will be holding Truth In Taxation hearings throughout the summer. The nearby tables list the dates and times of Truth In Taxation hearings for the largest Utah cities and all Utah school districts.

If your city isn't included in our survey or for additional information, visit the Utah Public Meeting Notice website at http://www.utah.gov/pmn.

2011 City and School District Truth In Taxation Hearing Dates and Times

City or School District	Tax Increase?	Truth In Taxation Hearing Date/Time
City of Provo	Yes	9-Aug, 6:00pm
City of Salt Lake	Yes	9-Aug, 7:00pm
City of West Valley	Yes	9-Aug, 6:30pm
City of Syracuse	Yes	9-Aug, 7:00pm
Salt Lake City SD	Yes	2-Aug, 7:00pm
Granite SD	Yes	2-Aug, 7:30pm
Morgan SD	Yes	9-Aug, 6:30pm
Grand County SD	TBD	TBD
Juab SD	TBD	20-Jul, 5:30pm
Garfield SD	Yes	18-Aug, 6:00pm
Logan SD	Yes	9-Aug, 6:00pm
Cache SD	Yes	4-Aug, 6:00pm
Davis SD	Yes	11-Aug, 6:00pm

Sandy Saves Taxpayer Dollars with 5% Cut In Starting Salary of New Employees

On June 14, the Sandy City Council confirmed a bold action they had taken just two weeks before. They lowered the base salary of new city employees by five percent. This important decision recognizes the significant differential between the total compensation enjoyed by Sandy City employees and by comparable private employees. Sandy's decision will save taxpayers millions of dollars, and is an example every Utah city and county should follow.

According to Sandy City's most recent compensation survey, their employees receive the same starting wage as a comparable employee in the private sector. However, Sandy's compensation survey omitted benefits and other compensation factors, such as health insurance, public retirement plans, death benefits, and accidental death and disability coverage. When these factors are included, Sandy's compensation package is much richer than the private sector's.

It is difficult to make an apples to apples comparison of the benefits package offered in the public and private spheres, but Sandy City Councilman Chris McCandless assembled the following data to illustrate the benefits differential.

Table 1 describes the pension and retirement package offered by most private employers. Private employers will usually match an employee's contribution toward a pension or retirement plan, up to four percent of the employee's salary. In addition, the employer and employee each pay 6.20 percent of an employee's salary for Social Security. Private employers pay 1.45 percent of salary for Medicare, and 3.00 percent in profit sharing. In total, pension or retirement benefits provide the private sector employee 14.65 percent more than his base salary.

Table 1:
Pension or retirement plan summary for typical private employee

Pension or retirement plan paid by employer, subject to 4% employee match	4.00%
Social Security payment paid by employer (excluding the employee's 6.2% match)	6.20%
Medicare	1.45%
Profit Sharing	3.00%
Total	14.65%

Table 2 summarizes the pension or retirement benefits plan by the typical public employee.

Table 2:
Pension or retirement plan summary for typical public employee

Pension paid by Utah Retirement System	10.15%
401K paid to employee by city (subject to employee match)	2.00%
Medicare	1.45%
Increased job security	5.00%
Lack of SSN Employee payment	6.20%
Disability insurance benefits	0.45%
Estimate of other public employee benefits	2.00%
Total	27.25%

For the typical employee, Sandy pays 10.15 percent of base salary into the Utah Retirement System. Note that there is no requirement for a matching payment from the employee, and the payment is more than double the pension payment the private employee receives. In addition, the Sandy employee receives another 2.00 percent towards his or her 401K retirement. Sandy's Medicare payment is the same as the typical private employee.

The Social Security payment is significantly different between the Sandy and private sector employee, as the private sector employee must make a 6.20 percent payment that the Sandy employee does not.

Sandy City Councilman Chris McCandless

Sandy employees receive several other benefits which do not accrue to private sector employees. Public employees enjoy increased job security associated with civil service protections. It is difficult to exactly quantify the value of higher job security, so Counclman McCandless used a low estimate of five percent. (Would you accept a riskier job for the prospect of a mere five percent bump in pay?)

Second, private sector employees often receive a death benefit, as well as an accidental death and disability benefit. However, these benefits are less generous than those offered to public employees. Councilman McCandless pegs the value of those higher benefits at 2.00 percent. In addition, the Sandy employee receives a separate disability insurance benefit equal to .45 percent of base salary.

In total, McCandless estimates that the Sandy employee receives total benefits of 27.25 percent of base salary, or nearly double the benefit available to the comparable private sector employee.

McCandless's analysis points in much the same direction as several other recent studies. According to a 2009 report from the U.S. Bureau of Labor Statistics, state and local public employees earn 44% more than their private sector counterparts. A 2010 Reason Foundation study puts the impact of this cost differential into perspective:

"State and local governments in California and across the nation must address public employee compensation levels if they are to maintain any sense of fiscal responsibility, particularly in these difficult times."

Recognizing this significant differential in total compensation, your Taxpayers Association supported the Sandy City Council's decision to scale back starting salaries of new city employees by five percent.

Importantly, the five percent reduction does not entirely eliminate the gap in total compensation. Sandy employees will still receive approximately 6.24 percent more. However, that cushion gives more than enough flexibility, in case the estimates for some of the Sandy employee's benefits are off a little. Other cities should exercise the same fiscal restraint, follow Sandy City's lead and reduce the starting salary for new employees.

Salt Lake County Council Tables $110 Million Parks and Rec Bond

Council Members Cite Taxpayers Association Objections as Motivating Reasons for Opposing Bond

The Salt Lake County Council voted 5-3 on Tuesday, June 28, 2011 to table Mayor Peter Corroon's proposal for a $110 million parks and recreation bond. Your Taxpayers Association strongly opposed the bond proposal and sent the following letter to the Salt Lake County Council. Following the vote, council members specifically referenced the objections outlined in this letter as motivating reasons for opposing the bond.

June 27, 2011

Salt Lake County Council
2001 South State Street, #N2200
Salt Lake City, Utah 84190

Dear Salt Lake County Council,

The Utah Taxpayers Association has evaluated Salt Lake County Mayor Peter Corroon's proposal to put a $110 million parks and recreation bond on the November 2011 ballot. While we appreciate the work of Mayor Corroon and the Salt Lake County Council, we maintain several strenuous objections to the bond proposal.

According to the June 21, 2011 Zions Bank Public Finance proposal, there are four tax impact scenarios to repay the $110 million parks and recreation bond. In the best-case scenario, the bond would be repaid in seventeen years with taxpayers paying nearly $26 million in interest (22% of the total bond). In the worst-case scenario, the bond would be repaid in twenty years and taxpayers would be on the hook for nearly $40 million in interest (36% of the total bond). Salt Lake County should not ask taxpayers to pay this bond over 17 or 20 years. The term of a bond like this should be no more than 15 years.

The lengthy terms of those repayment proposals will force taxpayers to repay the bond long after the parks and recreation facilities have become inoperable or in need of repair. Salt Lake County has fallen woefully behind in repairing and preserving current park facilities. As a result of the backlog, over $20 million of the $110 million parks and recreation bond proposal is for maintenance and operation costs of current parks. Operation and maintenance costs should be part of an O&M budget, not a bond proposal.

In fact, the same backlog will exist with the new parks and recreation facilities contemplated by this bond. According to information provided to the County's Debt Review Committee, the future maintenance costs built into this latest bond proposal are based on the same projections that created the current backlog.

The bond proposal also includes line items for the Salt Lake City Regional Athletics Complex that is over budget and being built within a flood plain of the Jordan River and Great Salt Lake. Already 100% over budget, the current $110 million bond proposal would designate another $10 million to the project to accommodate the high cost of building in a flood plain. Taxpayers should not be asked to further subsidize a project that is already so far over budget.

Salt Lake County taxpayers have been forced to prioritize and reduce their own spending in this tough economic climate. By the County's own admission, this bond is NOT the highest capital priority. The Deseret News recently noted that the need for mental health care and disability facilities in the region clearly outweighs the need for more parks and sports complexes. Taxpayer dollars could be spent more wisely and effectively than on the current parks and recreation bond proposal.

In light of these objections, we encourage you to vote against the proposal to put a $110 million parks and recreation bond on the November ballot. A tax increase in our current economic climate is unwise and may stymie nascent economic recovery. This bond proposal is a poor choice for Salt Lake County taxpayers.

Sincerely,
Royce Van Tassell
Vice President

Enacting the "10 Golden Rules of Effective Taxation"

For years your Taxpayers Association has worked to instill a dedication to sound fiscal principles in Utah's state and local elected officials. Recent testimonials from around the country about Utah's business-friendly climate reflect the success of the Legislature and Governors in applying those principles.

The latest example is the 2011 edition of *Rich States, Poor States*, which including the American Legislative Exchange Council-Laffer State Economic Competitive Index. This year's index ranks Utah number one in the nation in economic outlook, and 14th best in economic performance over the last decade.

Among other things, this ranking compares each state's income tax structure, sales tax burden, estate tax, overall tax burden, debt as a share of tax revenue, public employee costs and right-to-work status. The ALEC-Laffer analysis rewarded Utah's flatter income tax, lack of an estate/inheritance tax, its right-to-work status, low corporate income tax and relatively low property tax burden.

However, the report also highlights areas Utah can improve. For example, Utah's sales tax burden ($29.82 per $1,000 of personal income) ranks Utah 13th highest in the nation. Similarly, the top personal income tax rate of five percent remains relatively high, especially when compared to other states in the intermountain west. Utah's debt service as a share of total tax revenue (7.3%) is right in the middle of the rankings and could also improve.

States (and countries) that don't want "the rich" to invest in them can follow the lead of California, and raise taxes on the most mobile, most productive sectors of the economy.

The ALEC-Laffer report also outlines "10 Golden Rules of Effective Taxation" that states can follow to put their fiscal house in order. Some of these rules seem obvious, but are nevertheless too easily forgotten during the heat of legislative scrums.

Explaining how these principles are or should be embodied in Utah's tax structure would take entire volumes. Long time readers of the Utah Taxpayer will recognize Golden Rule 8 (broaden the base, lower the rate) as a core principle the Taxpayers Association has preached for decades. Similarly, Rule 10 is one of the clearest descriptions of why companies like eBay, Adobe, Twitter and EA Sports are investing in Utah, rather than expanding in California.

Rule 6 is perhaps the principle most often forgotten by elected officials. They too often assume that tax or other legislative changes will have no permanent impact on investment decisions. Too many elected officials, even in Utah, naively believe that raising taxes on "the rich" won't change the behavior of "the rich."

"The rich" can invest wherever they want to. States (and countries) that want that investment create a business climate that invites investment, rather than one that punishes business success. States (and countries) that don't want "the rich" to invest in them can follow the lead of California, and raise taxes on the most mobile, most productive sectors of the economy.

It's also important to note that less mobile factors of production are still affected by changes by tax rates. Those changes don't happen as quickly, but they do happen.

Establishing a corporate headquarter, for example, requires significant investment in human and monetary capital. That investment doesn't move easily. However, companies can and have moved their corporate headquarters, when their home states or countries have consistently enacted tax and regulatory policies that make doing business in the state or country more expensive.

Every local, state and federal official should read the 2011 edition of *Rich States, Poor States*, and see how they can better implement the 10 Golden Rules of Effective Taxation in their own policy making.

10 Golden Rules of Effective Taxation

1. When you tax something more you get less of it, and when you tax something less you get more of it.
2. Individuals work and produce goods and services to earn money for present or future consumption.
3. Taxes create a wedge between the cost of working and the rewards for working.
4. An increase in tax rates will not lead to a dollar-for-dollar increase in tax revenues, and a reduction in tax rates that encourages production will lead to less than a dollar-for-dollar reduction in tax revenues.
5. If tax rates become too high, they may lead to a reduction in tax receipts. The relationship between tax rates and tax receipts has been described by the Laffer Curve.
6. The more mobile the factors being taxed, the larger the response to a change in tax rates. The less mobile the factor, the smaller the change in the tax base for a given change in tax rates.
7. Raising tax rates on one source of revenue may reduce the tax revenue from other sources, while reducing the tax rate on one activity may raise the taxes raised from other activities.
8. An economically efficient tax system has a sensible, broad tax base and a low tax rate.
9. Income transfer (welfare) payments also create a de facto tax on work and, thus have a high impact on the vitality of a state's economy.
10. If A and B are two locations, and if taxes are raised in B and lowered in A, producers and manufacturers will have a greater incentive to move from B to A.

UTAH TAXPAYERS ASSOCIATION

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Millard School District $38 Million Bond Fails

Voter Turnout Half of November Elections

Every June your Taxpayers Association repeats the mantra, "Bond elections should be held in November to increase voter turnout." Even though our mantra sometimes sounds like a broken record, school districts and local government still insist on holding elections in June. In fact, we sometimes wonder if they prefer June precisely because voter turnout in June is so low!

This year, Millard County School District asked county voters to approve a $38 million bond in a special June election. Because they used the June election date, your Taxpayers Association led the only organized opposition to this bond. Needless to say, we were pleased that voters rejected Millard School District's bond proposal 55% to 45%. (As predicted, voter turnout was half of previous November elections.)

Millard County has 6,238 registered voters. In 2010, a non-Presidential election year, nearly 70% of voters visited polls on Election Day. In 2008, that number was even higher at nearly 80%. However, in June 28th's special election only 2,152 voters cast ballots, nearly half as many as in previous November elections. While 35% voter turnout is an astonishingly high percentage for a June election, it is still dramatically lower than November elections in Millard County.

Decreased voter turnout is the reason your Taxpayers Association will continue to insist that bond elections be held in November instead of June. A minority of voters should not be allowed to decide property tax increases for the rest of the community.

The Utah Taxpayer – January 1941

"This is BUDGET-MAKING time for counties and municipalities of Utah. The budget forecasts and determines the entire spending program of the coming year. It is an important document. It also, perforce, determines the local tax load which your constituents must bear. BUDGET, SPENDING, AND TAXES ARE ALL OF THE SAME CLOTH. These are not ordinary times and ordinary accomplishments will not suffice."