



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

Utah Tax Freedom Day: April 21st

Americans tend to believe that “tax season” ends on April 15th. While traditionally, that is the day that both federal and state tax returns are due by, it doesn’t mean that we are finished paying taxes for the year.

Take a look at these staggering numbers. In 2016, Americans are expected to pay \$3.34 trillion in federal taxes, and \$1.64 trillion in state and local taxes. That’s a total of \$4.99 trillion dollars, which equates to roughly 31% of all national income.

Each year, the Washington, D.C. based Tax Foundation records how long it takes the nation as a whole, as well as the residents of each state to pay off their total tax bill. This is called Tax Freedom Day.

This year, the national Tax Freedom Day fell on April 24th, or 114 days into the year (excluding Leap Day).

Tax Freedom Day is a significant date for taxpayers and lawmakers because it represents how long Americans as a whole have to work in order to pay the nation’s tax burden.

Tax Freedom Day is one day earlier than 2015, due to slightly lower federal tax collections as a proportion of the economy. Even more shocking, the latest ever Tax Freedom Day was May 1, 2000; in that year, Americans paid 33 percent of their total income in taxes. A century earlier, *(continued on page 3)*

Register Now for the Taxes Now Conference

The Utah Taxes Now Conference is on **Monday, May 16, 2016** at the Grand America Hotel, beginning at 8 am. You can view the full agenda and keep updated on this event at www.utahtaxpayers.org.

The Taxes Now Luncheon Speakers

Republican candidates Governor Gary Herbert Jonathan Johnson, and Democratic candidate Mike Weinholtz will be commenting on the Utah Taxpayers Association’s economic initiative, Utah 2.0 and how Utah should address sales tax on out-of-state retailers.



Sponsorship opportunities are available. To register or sponsor, contact Teresa Urie at Teresa@utahtaxpayers.org, or by calling (801) 972-8814 for more details.

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| | |
|-------------------|---------------------|
| Howard Stephenson | President |
| Billy Hesterman | Vice President |
| Spencer Nitz | Research Analyst |
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My Corner: Restoration of Funding Through a Special Session Turns Out to Be Better than a Veto Override Session

Based on an agreement between the Governor, Speaker of the House and President of the Senate, there will be a Special Session of the Legislature on Wednesday, May 18,

two days following the 38th Utah Taxes Now Conference. One of the most significant purposes of the session is to restore funding of a line item veto of nearly \$5 million in education funding from Item 6 of Senate Bill 2.

Education funding has always been important to your Taxpayers Association because it is the biggest user of state and local taxes and because an educated workforce is the most important natural resource we grow.

The veto eliminated funding for:

- A. 18,000 high school students and teachers in 200 schools earning marketable CTE certificates through the IT Academy.
- B. 22,000 struggling readers using Early Intervention Reading software,
- C. 2,300 four year olds using UPSTART home-based Pre-K software.
- D. 42,000 K-3 DIBELS phonics student assessments which enable teachers to provide precise effective interventions for early readers.

These tools have been extremely important in moving the state toward the statewide 2020 goals of having 66% of Utah's adult workforce with a post-secondary certificate or degree and the goal of ensuring at least 90% of third graders are reading at grade level

While there has been significant concern about the veto including from myself, I recognize in hindsight, the Governor's veto is a good thing.

As Senate Chair of the Public Education Appropriations Sub-Committee I have worked for a decade to bring public education into the 21st Century (sometimes with kicking and screaming

from the education establishment) by seeking funding for digital tools which personalize education for every child and give teachers data on each child to empower individual, prescriptive, interventions unique to the student. For nearly a century, pioneers in educational psychology have shown that learning is increased substantially when students receive immediate interactive feedback while doing the work of learning. This high quality software, when used with fidelity and integrated into the instructional model moves students forward in ways that a good teacher alone cannot. These tools do not replace the essential need for highly qualified teachers, but just as good accountants utilize electronic spreadsheets and good engineers use CAD systems, high quality computer assisted software can turbocharge a teacher's effectiveness. (To see my video address to hundreds of public education administrators from 23 states, [click here](#) and enter the password: utah)

Because of advocacy from several bill sponsors and the good sense of the Utah Legislature, these types of learning tools are more widely used in Utah schools than any other state. For example, the legislature has provided funding for statewide availability for every non-English speaking immigrant student - nearly 40,000 - to acquire English more easily through English Language software. Funding has also been provided for nearly 7,000 four year olds to get a full year of UPSTART Pre-K home-based software. The third-party evaluator has shown that UPSTART kids enter kindergarten twice as prepared as the control group on one evaluation and three times as prepared on another evaluation. The legislature has also funded digital tools for teachers to more accurately and more easily administer DIBELS phonemic awareness assessments to early readers in grades K-3.

Through the legislatively created STEM Action Center, nearly 200,000 math software licenses have been available for Utah students and teachers to give math students immediate, interactive and adaptive feedback while working math problems.

This “No More Tears” math formula ends the practice of students crying over their algebra homework with parents who can’t help them.

The third-party evaluations required as part of the funding of these tools show that when used with fidelity, adhering to the proscribed dose rates of frequency and duration, students show gains literally unheard of before. The problem is that a *majority* of teachers have been unwilling to make the leap of faith to give up instructional time for students to use the digital learning tools. Clinging to their 20th Century classroom methods, too many teachers have been unwilling or unable to integrate the personalized learning software into their instructional model. As a result, students suffer and the resource is wasted.

This is why the Governor’s veto of the funding for these programs is so important because it will give attention to the widespread infidelity in the use of these powerful tools and force the

legislature and public education to develop better methods of integrating these tools into the instructional process.

In calling for restoration of this funding the Governor and Legislative leaders have agreed to take the year before the 2017 legislative session and drill down into the data to determine what is missing in the deployment of the software packages whether funding should be curtailed, maintained, or expanded. This is also good timing in light of the passage of HB 277 – Personalized Teaching and Learning, which assists public schools to ensure students have adequate access to digital tools in their education.

When I first heard of the Governor’s veto my initial reaction was, to say the least, not positive. But as I have looked at Utah’s progress in improving student outcomes through modern methods, I realize the veto provides the wake-up call the legislature and public education needed.

Tax Freedom Day (continued)

(continued from page 1) in 1900, Americans paid only 5.9 percent of their income in taxes, meaning that Tax Freedom Day came on January 22.

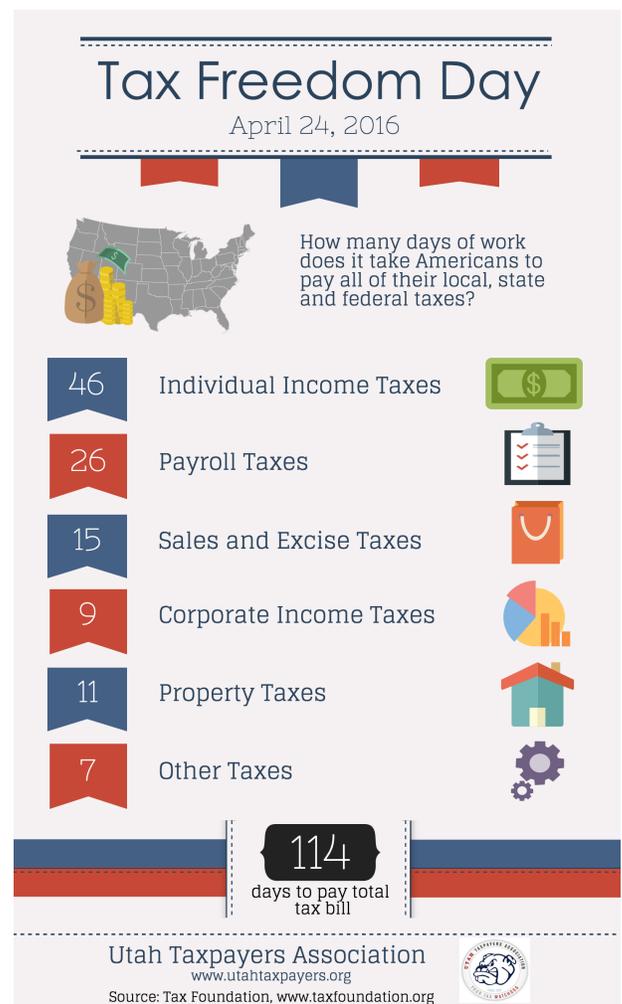
This year, Americans will work the longest to pay federal, state, and local individual income taxes (46 days). Payroll taxes will take 26 days to pay, followed by sales and excise taxes (15 days), corporate income taxes (nine days), and property taxes (11 days). The remaining seven days are spent paying estate and inheritance taxes, customs duties, and other taxes.

For Utahns, Tax Freedom Day lands on April 21st, three days earlier the national average.

As the nearby map shows, Utah’s 2016 Tax Freedom Day is competitive with most other intermountain states. New Mexico has the earliest Tax Freedom Day in the region (April 9th), followed by Arizona and Idaho (April 15), while Colorado has the region’s latest Tax Freedom Day (April 24).

The total tax burden borne by residents of different states varies considerably due to differing state tax policies and the progressivity of the federal tax system. This means a combination of higher-income and higher-tax states celebrate Tax Freedom Day later.

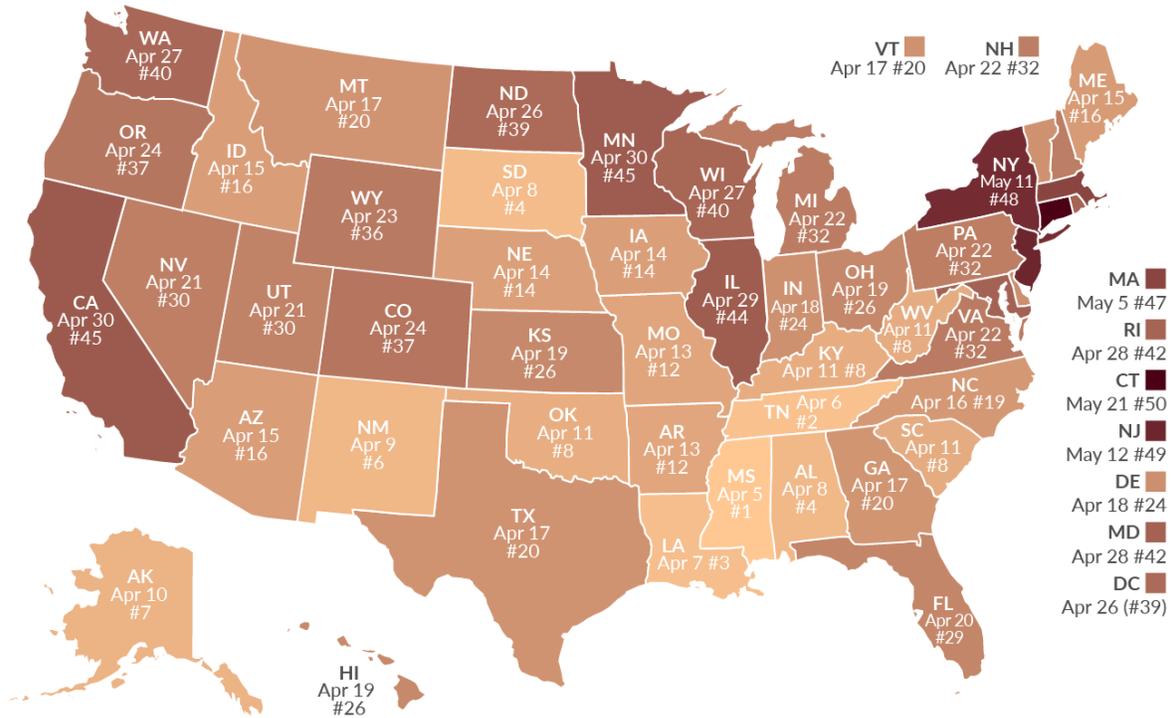
Nationally, Americans will collectively spend



more on taxes in 2016 than they will on food, clothing, and housing combined. For more information about this study, you can

visit the Tax Foundation’s website.

When Does Tax Freedom Day® 2016 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® 2016



TAX FOUNDATION @TaxFoundation

ALEC Economic Outlook Ranks Utah #1 Nationally for Ninth Year in a Row

Every year, the American Legislative Exchange Council (ALEC) releases its “Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index”. This index ranks all 50 states on their comparative economic competitiveness, looking at both economic performance and economic outlook.

For the previous eight years, Utah has ranked

number one in economic outlook, and again this year, Utah took first place. The economic outlook ranking is based on a state’s standing against 15 important state policy variables, including metrics such as tax rates, debt burden, public employee ratio, and state minimum wage. ALEC has used years of economic data and empirical evidence to identify which policies can lead a state to economic

prosperity.

While we rank #1 for economic outlook, Utah still has some work to do when it comes to overall tax burden on its residents.

The amount Utah taxpayers pay in property taxes also leaves some room for improvement. Out of every \$1,000 of personal income, \$26.39 is paid in property taxes, which ranks 17th in the nation, according to the study.

Utahns sales tax burden doesn't fare much better. For every \$1,000 in personal income, \$24.21 is paid in sales tax. 28 states have a better ranking than Utah in this regard. Even Pennsylvania ranks ahead of Utah, coming in at 28th.

Compare that to Oklahoma, ranked 1st in having the lowest property tax burden, with its residents only paying \$14 in every \$1,000 in personal income.

While we have a relatively low state income tax rate (5%), it ranks 18th overall, when compared to other states in the nation.

Take a look at the table nearby to see the remaining factors that led the ALEC researchers to rank Utah number one for the 9th year in a row

To view the full report, [click here](#).

Tax Review Commission To Study Utah 2.0 Components

Following the success of Utah 2.0 in the 2016 Legislative Session, the Utah Tax Review Commission (TRC) will be studying how to further the many of the initiatives contained within the Association's efforts.

In 2015, the Taxation and Revenue Interim Committee requested that the Tax Review Commission study state and local taxes on businesses and provide recommendations on changes to state law that would:

- Ensure greater economic growth in the state,
- Enhance Utah's ability to compete, and
- Remove barriers to success.

In the request from the Revenue and Taxation Interim Committee, it was asked that they specifically review the sales tax penalty on manufacturing inputs with a life of less than

1 Economic Outlook Rank

Economic Outlook Rank (1=best 50=worst)

A forward-looking forecast based on the state's standing (equal-weighted average) in the 15 important state policy variables shown below. Data reflect state and local rates and revenues and any effect of federal deductibility.

| Historical Ranking Comparison | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
|-------------------------------|----------|----------|----------|----------|----------|----------|----------|
| ECONOMIC OUTLOOK RANK | 1 |

| Variable | Data | Rank |
|--|---------|------|
| Top Marginal Personal Income Tax Rate | 5.00% | 18 |
| Top Marginal Corporate Income Tax Rate | 5.00% | 10 |
| Personal Income Tax Progressivity (change in tax liability per \$1,000 of income) | \$0.00 | 2 |
| Property Tax Burden (per \$1,000 of personal income) | \$26.39 | 17 |
| Sales Tax Burden (per \$1,000 of personal income) | \$24.21 | 29 |
| Remaining Tax Burden (per \$1,000 of personal income) | \$15.24 | 13 |
| Estate/Inheritance Tax Levied? | No | 1 |
| Recently Legislated Tax Changes (2014 & 2015, per \$1,000 of personal income) | \$1.63 | 42 |
| Debt Service as a Share of Tax Revenue | 7.8% | 26 |
| Public Employees Per 10,000 of Population (full-time equivalent) | 477.1 | 8 |
| State Liability System Survey (tort litigation treatment, judicial impartiality, etc.) | 69.0 | 10 |
| State Minimum Wage (federal floor is \$7.25) | \$7.25 | 1 |
| Average Workers' Compensation Costs (per \$100 of payroll) | \$1.31 | 7 |
| Right-to-Work State? (option to join or support a union) | Yes | 1 |
| Number of Tax Expenditure Limits (0=least/worst 3=most/best) | 1 | 14 |

three-years, and Utah's apportionment formula.

Additionally, the Senate Revenue and Taxation Committee, chaired by Sen. Deidre Henderson (R-Spanish Fork) requested that the TRC review the possibility of allowing all industries to elect for the single sales factor when calculating the corporate franchise tax, and providing recommendations on which industries could receive greater benefits.

The Tax Review Commission met for the April meeting to beginning the process of studying these tax issues which your Taxpayers Association has actively lobbied for during the 2016 Session, and will continue to during the interim.

As requested from the Taxation Interim Committee, the TRC has been requested to study state and local taxes, however, Rep. Dan McCay (R - Riverton) provided some additional insight into this item. He requested that while studying taxes, fees on businesses ought to be included, as this is still another burden that

individuals and businesses alike are stuck with.

Expect a lot more from your Taxpayers Association on these issues throughout the TRC's study and recommendation process.

The Tax Review Commission had been inactive for several years, but your Taxpayers Association helped convince the Legislature to re-activate the Commission. The Commission is made up of legislators, business leaders, academics, a member of the State Tax Commission, and a representative from the governor's staff. Its main role is to give the Legislature recommendations on tax-related issues.

The Commission will be meet again in May.

Candidates for Governor to Speak at Utah Taxes Now Conference

The Utah Taxpayers Association will host its annual "Utah Taxes Now" conference on Monday, May 16th, 2016 from 8:00am to 1:30pm at the Grand America Hotel in downtown Salt Lake City.

We are excited to announce that the three major candidates for governor are scheduled to be joining us as the luncheon speakers. Incumbent Governor Gary Herbert, Republican candidate Jonathan Johnson, and Democratic candidate Mike Weinholtz will be commenting on the Utah Taxpayers Association's economic initiative, Utah 2.0 and how Utah should address remote sales tax.

Utah 2.0 is a multi-year, faceted approach to ensure Utah's economic viability, which strives to create a more equitable and friendly business environment for businesses of all kinds, shapes, and sizes to move to and expand in Utah. This in turn, keeps Utah strong for its residents and families.

The primary issues we will be asking of each of the candidates are as outlined:

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



Gary Herbert

Jonathan Johnson

Mike Weinholtz

3. Aligning Utah's workforce to the needs of Utah's businesses

4. What Utah's role should be in the effort to protect Utah's sales tax base and level the playing field between Utah retailers and out-of-state retailers.

If you'd like to learn more about Utah 2.0 and the initiatives the candidates will be discussing, you can read the introduction to these issues in January's edition of our monthly newsletter, the Utah Taxpayer.

Your Taxpayers Association has also produced a video featuring many local business leaders supporting the Utah 2.0 initiative. You can view that here.

To learn more about the Association's position on remote sales tax equity, please click here.

In addition to the comments from Utah's three leading gubernatorial candidates, attendees can expect to hear from leaders from the Utah House of Representatives, the Utah State Senate, and the Utah State Tax Commission, along with policy experts and community leaders will cover a broad

range of tax issues.

A draft agenda can be viewed [here](#). CLE and CPE credit is offered. To register or to sponsor, contact teresa@utahtaxpayers.org or call (801) 972-8814, or register at www.utahtaxpayers.org.

Association Hosts Successful Tax Bootcamp for Elected Officials

Elected officials from all across the state attended the Utah Taxpayers Association's annual event, which provides local officials a stronger and more in-depth understanding of Utah taxes and they role they play in local tax policy and governance.

Local officials learned more about everything from the Truth in Taxation process to transportation funding to looking for fraud within local governments.

Keynoting the event was Randy Simmons, President of Strata Policy and Director of the Institute of Political Economy at Utah State University, who lead a discussion with attendees about the proper role of government, and questions elected officials should ask themselves when making decisions.

Thanks to our many attendees who came so eager to learn about tax policy, and to all our presenters!

If you are interested in learning more about or viewing any of the presentations, [click here](#).

Feelings of missing out? You can join our Taxes Now Conference on May 16th, 2016 at the Grand America Hotel. To register or sponsor, email teresa@utahtaxpayers.org, or call (801) 972-8814.



State Auditor John Dougall presents at the Elected Officials Tax Bootcamp on April 18,

Association Accomplishments During May:

- ❖ Released our annual Legislative Scorecard
- ❖ Organized the Utah Taxpayers Association Elected Officials Tax Boot Camp
- ❖ Held a Tax Bootcamp for Elected Officials
- ❖ Announced the Luncheon Speakers for the Taxes Now Conference
- ❖ Celebrated Utah Tax Freedom Day with infographics and additional information.
- ❖ Attended the first meeting of the 2016 Utah Tax Review Commission