



# THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

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## Second Utah City Withdraws from the UAMPS Small Modular Reactor Project

The City Council of Lehi, Utah, one of the largest subscribers to the Utah Association of Municipal Power Systems (UAMPS) Small Modular Reactor project, voted unanimously to withdraw from the project on August 25th. Lehi joins Logan, who withdrew earlier in the month, as the second major city to do so.

Utah cities have until September 30th to withdraw from the project. Otherwise, the next phase of the project begins and cities that do not actively withdraw are automatically committed to further financial obligations.

Cities that have subscribed to this project have sunk approximately \$9 million dollars into it so far. According to the agreement they entered into when the project began, they have to affirmatively vote to withdraw from the project at several "off-ramps" or they are contractually obligated to continue on.

This plan, based on evidence and calculations done by your Taxpayers Association, provides a bleak picture of the massive high-risk financial commitments these cities will need to make long into the future. The proposal carries the likely potential for delays and enormous cost overruns on unproven technology that continues to be less and less cost competitive than other clean energy alternatives.

The Utah Taxpayers Association commends the city council members of Logan and Lehi for making the right choice for their ratepayers and taxpayers. Many of our concerns were reflected in the discussions at both meetings.

Municipal power companies should not be taking the financial risk that is built into this project by essentially acting as venture capital investors bearing the risk of cost overruns and delays. The potential risks far outweigh the benefits. If Small Modular Reactor power produced carbon free power at a competitive cost in the future, private industry would bear the risk to develop it. Municipal power companies could instead look to purchase power from such a project upon its completion without acting as a seed investor.

The best case scenario for participating cities is that they someday (after 2029) get market rate power. The worst case scenario is a commitment at the next three phases of \$19.9 million, \$658.4 and then \$4.7 billion that could leave ratepayers and possibly even taxpayers of these municipalities holding the bag.

Subscription levels to the project have been a key indicator of the projects' appeal and potential success or failure. The stagnant level of subscriptions at only 30% - where it has remained for quite some time - is a clear indication of why the project's risks are too high and why cities should withdraw. With the exit of Logan and Lehi that subscription level is now even much lower.

The remaining cities have until a recently extended September 30th deadline to withdraw. The Utah Taxpayers Association strongly urges city councils to end their financial obligations to this project and for the citizens in these cities to advocate for withdrawal.

The Utah Taxpayers Association continues to seek clarifications from UAMPS leadership about this project, but the delayed responses we have received have not changed the Association's opposition to cities' participation in this project.

We urge city councils in the municipalities in Utah that are subscribed to the project to vote in a public meeting before the September 30, 2020 deadline to withdraw from the project. We would also urge taxpayers in those cities to contact their city council and urge them to vote to withdraw.

Your Taxpayers Association held a press conference on August 4, 2020 where Association Vice President Rusty Cannon detailing our concerns to cities' participation in this project. Also speaking against the project was Peter Bradford, former member of the U.S. Nuclear Regulatory Commission whose remarks can be [viewed here](#). You can listen to the entire conference by [clicking here](#).

The Utah Taxpayers Association has no position on nuclear power. The Association's concerns revolve around the history of financial failures of similar power projects and the financial risk to ratepayers and taxpayers.

*Note - the 27 municipalities are:*

*Beaver, Blanding, Bountiful, Brigham City, Enterprise, Ephraim, Fairview, Fillmore, Heber, Holden, Hurricane, Hyrum, Kanosh, Kaysville, Lehi, Logan, Monroe, Morgan, Mt. Pleasant, Murray, Oak City, Paragonah, Parowan, Payson, Santa Clara, Spring City and Washington.*

## **My Corner: Utah Sets National Example by Avoiding Political Polarization**

Latest data reveal that Utah is the fastest growing state with the fastest job growth. Utah has ranked first place in economic outlook all 13 years for which the [Rich States, Poor States economic study](#) has been published. A recent report by [24/7WallSt](#) ranked Utah's economy as the best of any state before COVID-19 and since. The study reported Utah GDP growth 2<sup>nd</sup> highest, employment growth the highest, June 2020 unemployment rate 2<sup>nd</sup> lowest and poverty rate 4<sup>th</sup> lowest.

Why does Utah do so well?

In the aftermath of the September 11, 2001 terrorist attacks on the United States, no one could have predicted that *domestic* terrorism would capture the headlines 19 years later. While the 9-11 attacks from external forces brought the country together in bi-partisan unity, the current domestic strife is fueled by political polarization. Consequently, the way to resolve the current civil and racial unrest, proliferation of conspiracy theories and subsequent violence, and shootings is unclear. It seems to be getting worse before it will get better and no one knows what will happen in response to the results of the presidential election.

Utah has largely avoided political polarization regardless of party differences because legislators and other elected officials tend to operate in a culture of civility: seeking common ground rather than focusing on discord. Even though Democrats comprise less than a quarter of the Utah House and Senate, the minority party has



worked with the Republican super majority to make certain that Democrat legislators, rather than being marginalized, are actually over-represented on the two most powerful legislative committees: Executive Appropriations and Legislative Management. Two-thirds of Senate Democrats are voting members of these committees while only 20% of Senate Republican legislators are given that privilege. Democrats in the House of Representatives are also disproportionately represented on these committees. Magnifying Democrat voices has the effect of reducing one-party rule.

Democrat legislators, although in the minority, have observed that their bills are given equal opportunity for drafting and debate and if they are killed, they are not defeated simply because of the sponsor's political party. In fact, in a recent General Session of the Utah Legislature, Democrat Senator Karen Mayne passed more bills than any other legislator.

While injustices are a major contributor to the current violence across the nation, Utah policymakers have worked together to find solutions. Utah Democrats and Republicans collaborated in crafting legislation protecting persons from discrimination in employment and housing on the basis of religion, or sexual orientation and gender identity.

We are one of the first and only states to pass the Dream Act to ensure students who play by the rules and graduate from Utah high schools, even though they were brought here as young children by undocumented parents, can attend college by paying in-state tuition. Utah also provides driving privilege cards to ensure undocumented workers have car insurance coverage.

Bi-partisan efforts are responsible for Utah's significant criminal justice reforms. Solving intergenerational poverty is an ongoing effort that brings advocates from both political parties.

Utah policymakers' cooperative spirit has produced exemplary economic and social policies which enable families and individuals to prosper. If the United States is ever to overcome social injustice and turmoil it will only happen by coming together, not through continued polarization. Anger, outrage, resentment, and a sense of moral superiority leads to ever worse results. This effort must be approached through good-faith discussion, in a spirit of humility.

The divisiveness so common in Washington and across the country is fomented on the right by outrageous and unfounded conspiracy theories of Q-Anon and others on the extreme right and on the left by extreme factions of Cancel Culture and Wokeness.

Utah Republicans must overwhelmingly reject the far-right radical agenda of Q-Anon and other conspiracy theory hoaxes which have motivated irrational and illegal actions of vigilante justice by agitated persons stirred up by false narratives.

Utah Democrats must overwhelmingly reject the far-left's radical calls for defunding police, eliminating the nuclear family, taxing the rich, and removing references to God in such things as the Pledge of Allegiance.

In this November's general election it is imperative that Utah send to Washington persons who represent Utah's collective values of collaboration and willingness to work for the common good through the hard work of finding common ground.

Do you know if the candidates for both state and federal offices on your ballot subscribe to either of these damaging polar extremes? Utah voters owe it to the future of this Republic, their children, and themselves to know before they vote.

Let's ensure that the constructive collaboration in Utah continues and let's be certain that Utah voters elect to Congress persons who will work for common ground and reject the polarization that is pandemic in the U.S.

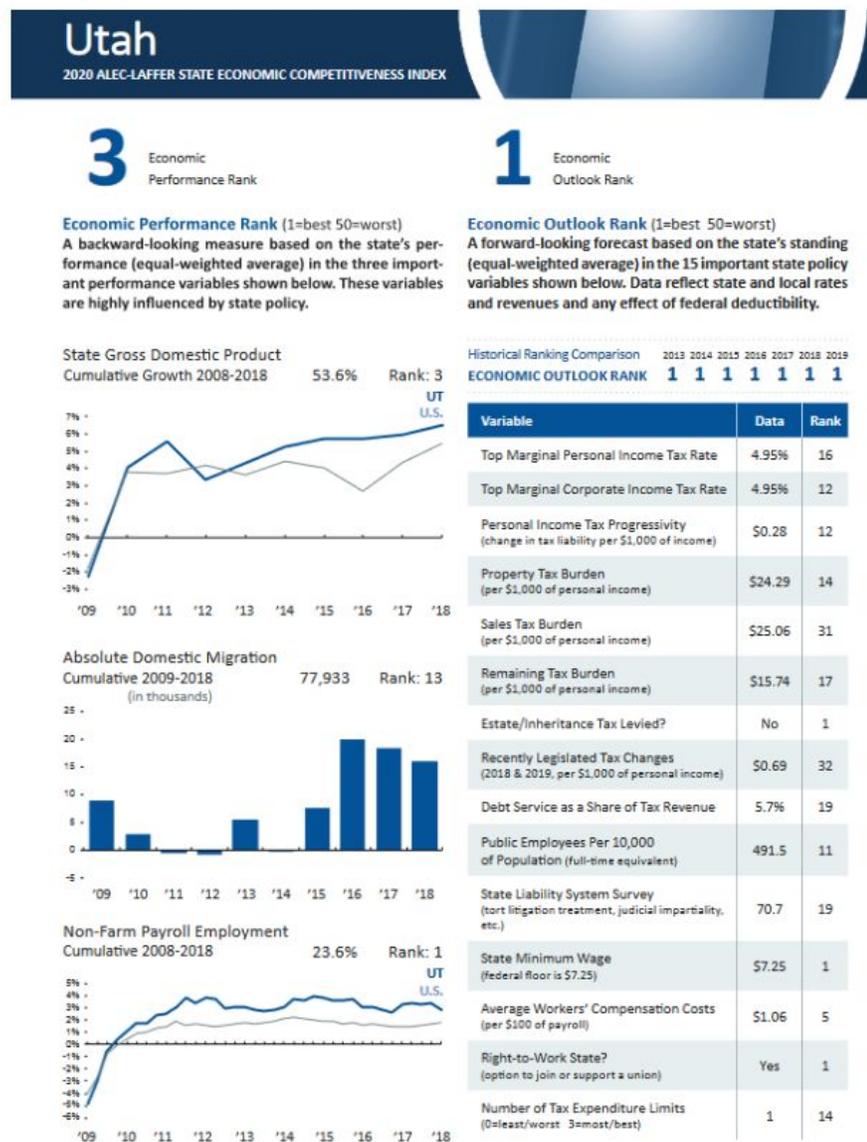
## Utah's Tax Policy Continues to Receive Nationwide Accolades, with Utah Ranking Number One for the 13th Year in a Row in a Study for Economic Outlook

Utah has ranked number one in economic competitiveness and economic outlook for the 13th year in a row, according to the American Legislative Exchange Council (ALEC) 2020 "Rich States Poor States" report.

In addition, Utah was also ranked the Best State for Business by [24/7 Wall Street](#), saying that "the state's labor market and regulatory climate are particularly business friendly compared to other states." The study also credited Utah's tax policy, which is a major factor for companies that are looking to relocate or expand. Massachusetts and Idaho round out the top 3. Idaho, specifically, was ranked high due to its low average income and the amount of younger people expected to enter the workforce in the coming years.

Louisiana ranked lowest on the list, specifically for their shrinking working-age population and a lack of STEM-related employment, which generally reflects a business-friendly environment, according to the study.

Utah has held the #1 spot in the nation for thirteen years in a row, according to the Rich States Poor States report, thanks to the calculated work of state legislators and many other elected officials in promoting and enacting sound tax policy. While other states have bounced around knocking each other out of 2nd to 5th place, it really speaks to Utah's enviable position to remain #1 for 13 years running.



Utah's tax and economic policies are unmatched in the nation, with policies like Truth-in-Taxation, which is a shining example for the nation and has saved Utah taxpayers billions in property taxes since your Taxpayers Association got it enacted in 1985. Since its passage, Utah taxpayers have been protected against rampant

and runaway property taxes resulting from government overspending while other states continue to crank their property tax burden higher and higher.

Utah has also (mostly) avoided tax pyramiding, or putting taxes on items that are essential in production. The Utah Taxpayers Association has long held that one of the fundamental principles of sound tax policy concerns the avoidance of taxing of business inputs to production. The term “business inputs” refers to purchases that businesses make as a part of their production or operations. Tax policy experts nearly universally agree that sales taxes should be imposed at the final stage of consumption only, and not during the various stages of production or development.

Utah has also taken positive steps in regards to the income tax. Back in 2007, Utah’s income tax was lowered from 7% to a flat 5%. In 2018, it was dropped to 4.95%. Utah’s corporate income tax structure also incentivizes businesses to relocate to the state by not punishing employers that bring their payroll and capital to the Beehive State. Several states punish businesses through the calculation of corporate profits, using a formula that includes sales, payroll, and capital. Utah, for the most part, only uses the sales component in that calculation. This provides a very low income tax for businesses which sell most of their products out of state.

The Utah Taxpayers Association has been advocating in favor of strong tax and economic principles for decades, and Utah is reaping the rewards. Thanks to these efforts, Utah has a strong business environment that benefits all Utahns and their families, through strong job growth and increased economic activity.

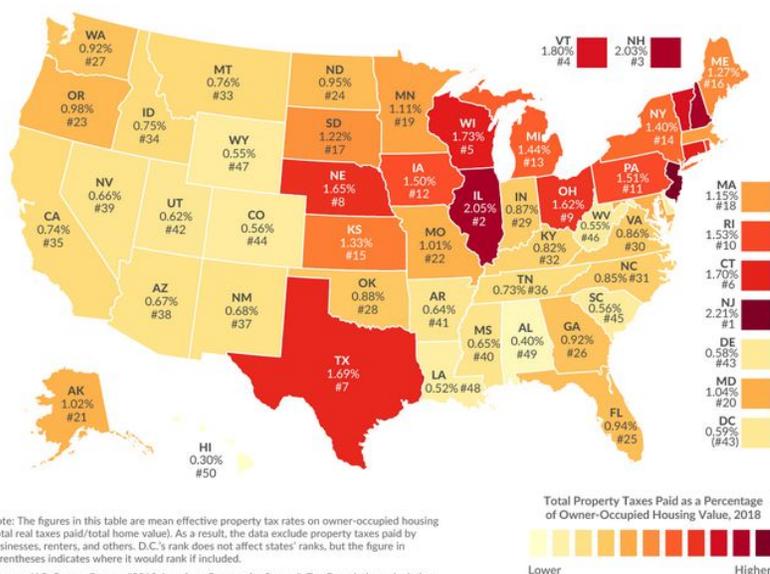
Utah’s legislatures and other policymakers have worked diligently to keep our #1 ranking in economic outlook and competitiveness. The Utah Taxpayers Association urges legislators and other elected officials to respect the good work that has been done and to not take action, such as hiking tax rates or enacting tax pyramiding, that would reverse our course.

Getting it wrong would ruin the economic landscape Utah has built from which it would take decades to recover.

## Monthly Map: Utah Ranks Well in Effective Property Tax Rates

### How High Are Property Taxes in Your State?

Property Taxes Paid as a Percentage of Owner-Occupied Housing Value, 2018



Utah’s Truth-in-Taxation (TnT) law is a shining example for the nation and has saved Utah taxpayers billions in property taxes since your Taxpayers Association got it enacted in 1985. Since its passage, Utah taxpayers have been protected against rampant and runaway property taxes resulting from government overspending while other states continue to crank their property tax burden higher and higher.

We see that reflected in a recent national study which investigated the effective rate of property taxes paid as a percentage of owner-occupied housing value in 50 states. Unsurprisingly, Utah ranks 37th highest, with a

property tax effective rate of 0.62%. Read the [full report here](#).

### Association Accomplishments During August:

- ❖ Presented in front of various city councils across the state discuss financial implications of the Carbon-Free Power Project
- ❖ Spoke to Idaho legislators about Utah's Truth-in-Taxation law
- ❖ Hosted the successful *Teed Off on Taxes* Golf Tournament
- ❖ Negotiated with legislators regarding legislation during the 6<sup>th</sup> Special Session

### In the News

- ❖ Utah Taxpayers Recommending Cities to Back out before Sept Deadline
  - [Utah Taxpayers Call on Cities to Pull out of Nuclear Project](#)  
Salt Lake Tribune
- ❖ Should a Municipality Compete with Private Sectors
  - [Kaysville's Proposed Fiber Network is Risky and Costly](#)  
Deseret News
- ❖ Association President on UEA and School Innovation
  - [Covid-19 has caused UEA to Reevaluate Stance on Innovation](#)  
Deseret News
- ❖ Utah Taxpayers Association Congratulates Lehi City Council Members
  - [Second City to Withdraw from Nuclear Power Deal](#)  
KSL
- ❖ Utah Taxpayers Association Speaks to Idaho Legislation
  - [Idaho Property Tax Interim Meeting](#)  
Idaho Press
- ❖ Utah Ranks Number One Due to Legislators Dedicated to Sound Tax Policy
  - [Utah Rated Top in Economic Outlook](#)  
Cache Valley Daily
- ❖ Northern Utah City Opts Out of Nuclear Project Over Money Concerns
  - [Utah Taxpayers Association Urge All Utah Cities to Reconsider](#)  
Cache Valley Daily
- ❖ Municipal Power Group Awaits \$1.4 Billion from Nuclear Plant
  - [Utah Taxpayers Association Press Briefing Encourages Withdrawal](#)  
SP Global
- ❖ Critics Urge Utah Cities to Leave Nuclear Power Plant
  - [Utah Taxpayers Urge Get Out Before Costs Become too Great](#)  
The Telegraph