



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

Basing Transportation Funding on Users Fees Heats Up Discussion During the 2021 Session

The 2021 General Session is well underway, and your Taxpayers Association is actively engaged at the Capitol. So far this year, the Association is participating with 42 bills, with that number expected to increase as more bills are released publicly.

To see the entire list of bills we are engaging on, you can [find our Watchlist](#) (updated weekly) on our website, utahtaxpayers.org.

There is another article in this newsletter outlining the Association's push for a tax cut and the status of that at the Capitol. Here are some of the (non-tax cut) issues you need to be aware of.

HB 209 – Vehicle Registration Fee Revisions (Christofferson)

This is one of the most talked about bills on the Hill right now. This legislation simply increases registration fees for electric, hybrid and plug-in hybrid vehicles.

The Association has long stood for the principle that users of a service ought to be responsible for the payment to maintain and provide the service. In this circumstance, roads and transportation infrastructure.

When a traditional-fueled vehicle fills their gas tank, the tax on gasoline is automatically calculated into the total price of a gallon of gas. That gasoline tax is then used to pay for the maintenance of both state and local roads.

Alternate-fueled and electric vehicles do not pay the gasoline tax, and therefore are not contributing their share of the usage of the roads. While they do pay a registration fee which does contribute to the transportation infrastructure, it is not nearly to the point of equity with traditional-fueled vehicles.

HB 209 simply asks that these types of vehicles are paying more of their contribution to the construction and maintenance of roads.

The Association certainly understands the benefits of electric, hybrid, and alternate-fueled vehicles to Utah's air quality, and HB 209 continues to provide a discount for drivers of these cars. If HB 209 were to pass in its current form, these alternate-fuel vehicles would still see a roughly 30+% discount from their traditional-fueled counterparts.



Rep. Kay Christofferson

Some have framed this as an attack against air quality and the environment, which it is not. This is simply about making sure Utah's roads can be improved and paid for as alternate-fuel vehicles increase in popularity.

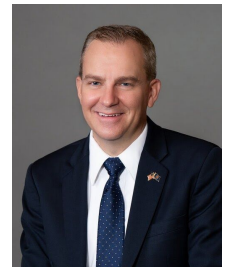
In addition, there is currently no financial motivation for electric vehicle drivers to enroll in the "Road Usage Charge (RUC)" program. Electric vehicle drivers can enroll in the program and track their mileage and pay on a per mile basis instead of paying the flat fee. If they drive less, they could pay less than the flat fee. However, based on the parameters of the program, if one drives more than 8,000 miles per year, it is better to just pay the flat fee and not bother with the tracking.

If fees are higher in order to make them fair and pay for their road usage, drivers will be motivated to enter the RUC and if they can prove they drive less, they will pay less, as they should. This will provide the momentum the RUC program needs to develop into the alternative to gas tax in the decades to come.

You can learn more about the fees by [viewing this spreadsheet](#) the Association has put together.

SB 95 - Sales Tax Revisions (Fillmore)

Your Taxpayers Association has long argued for a broad sales tax base and a low sales tax rate. The exception to this is using these exemptions as tools to eliminate tax pyramiding. Economists from across the country, as well as the Taxpayers Association, have strongly urged against taxing business inputs, and Utah and its policymakers have generally followed that advice.



Sen. Lincoln Fillmore

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.

SB 95 looks to expand this exemption for the production of software. As Silicon Slopes Utah also has not eliminated sales taxes on business inputs on software services. As Utah's tech sector continues to employ more and more Utahns, this exemption needs to be provided to continue the boom that the industry is experiencing.

SB 110 - Tax Commission Appeal Amendments (Fillmore)

SB 110 is a bill that will assist taxpayers who are tied up in complex legal matters by easing their burden during the process.

When a tax assessment is appealed in our country, the appeal generally involves one tax year, and other years involving the same issue are often pending before the first appeal is resolved.

For example, If the first case is appealed to court, cases involving later years before counties or administrative agencies are generally stayed to conserve the resources of taxpayers, state and local governments, and the judicial system. In virtually every situation, once the lead case is resolved in court, the parties are able to resolve all later periods by agreement. That system has worked well in Utah for decades.

SB 110 ensures this by maintaining the status quo and the long-standing practice where the lead case is decided first.

The system is already stacked against taxpayers as taxpayers have the burden to prove a tax assessment is incorrect. Forcing taxpayers to also face this burden on several battle fronts at the same time, and even to litigate about whether it should do so, is not right nor fair. Without SB 110, the government can spread the taxpayers resources thin, thus forcing the taxpayer to comply and/or give up its right to have the case heard by the constitutional tax court.

Things always change at the Capitol, so make sure to check out our constantly [updated Watchlist](#) for the latest.

My Corner: The Evolution of Utah’s Legislative Process, Public Access, and Lobbying

On April 15, Howard Stephenson will retire from his 44 years of service to the Utah Taxpayers Association – the longest tenure of any employee since the Association’s founding in 1922. In his final issues writing this corner, he looks back and forward.



Gideon J Tucker, In 1866, as Surrogate Court Judge of New York County, wrote in a probate decision, “No man’s life, liberty, or property are safe while the legislature is in session.”

If this often repeated statement is true, then the lives, liberties and properties of Utahns are safer than most because the Beehive State’s legislative session is one of the shortest annual sessions in the nation. This makes it possible for ordinary citizens to serve in the legislature, knowing they won’t have to give up full-time jobs to serve. The brief session also motivates legislators to be more prepared and efficient during the general session.

Perhaps because of this perceived threat to liberty while the legislature meets, many mistakenly feel that every law enacted erodes freedom. I have found that to be too broad a brush. In fact, a majority of the legislation I and many of my colleagues sponsored actually *restricted* the powers of government and *expanded* freedom.

For example, Utah’s Truth in Taxation property tax limitation law and other government transparency legislation restricted the powers of government and made it more accountable to the electorate. School choice legislation restored the concept that parents are their child’s first and best teachers and should have the right to choose how, where, and by whom their children are educated, with the dollars following their choices. Legislation restricting searches and seizures, and restrictions on civil asset forfeiture, are protections of the people.

The Legislative Sausage Factory?

Mr. John Godfrey Saxe said, “Laws are like sausages. It’s better not to see them being made.” Sometimes the legislative process seems a bit wild and crazy, but that’s the nature of 45 days of non-stop debate, negotiating, and finding how to get to 38-15-1; the minimum number of votes required to pass a law through the Utah House, Senate and Governor’s desk.

Admittedly, the legislative process can figuratively look and smell like a sausage factory when decorum is breached, when legislators worry more about the next election than the next generation, when legislators vote contrary to their values to get colleagues to vote for their bills, and when legislators cave to peer pressure. Neither party has a corner on integrity or statesmanship: I have seen each exhibited by my staunchest foe and denied by my closest ally and vice-versa.

The best times are when debate is honest and robust, when mutual respect is shared in spite of differences, when the sponsors of legislation know they've been heard and understood, regardless of the vote outcome. Fortunately, in Utah, this is more the rule than the exception.

Changes Over the Years in the Legislative Process

While serving as Speaker of the Utah House in the mid '90s, Rob Bishop often pointed out to visitors that the legislative process was created to prevent legislation from passing, not to enact new laws. A bill could be killed in the Rules Committee instead of assigned to committee. If it receives a committee hearing, it could be amended or defeated. If it receives a favorable vote in committee it could be killed on the floor if it fails to obtain a majority vote. If the bill survives the house of origin, it must survive the same process in the opposite house, and finally receive the signature or veto of the Governor.

While the requirements for passage of legislation has not changed much over the years, the technology involved has changed drastically. When I began lobbying the legislature in my first session in 1978 the top of each Senate and House member's desk were covered with legal size loose leaf binders containing hundreds of printed bills to be considered. This made it hard for the members of each body to see the speaker or president on the dias. The binders expanded with each new bill that was printed, so every time the legislators left the floor, pages



(aptly named) would descend on the floor of each house, remove the staples from each hole-punched printed bill and insert them in the proper order in the loose leafs. There were constant paper cuts. In more recent years, bills were finally printed on regular letter size paper so the shorter binders were easier to see over. Technology soon made the paper bills obsolete and each legislator was furnished with a laptop computer to access all the information that once had been only in printed form.

Before digital access to proposed bills and committee agendas, the Legislative Mail Room was the busiest place on the Hill. Lobbyists and the public had to subscribe to receive the bills and each subscriber had a mailbox in which the clerks would place a copy of bills. Sometimes lucky lobbyists could obtain an advanced copy of a bill before printing which made them very popular with their colleagues who wished for a photocopy.

U.S. mail, especially during the General Session used to flood into the legislature. Gradually, the snail-mail gave way to faxes and finally, now most of that communication is through email, texts and mobile phones.

Lobbyists Then and Now

In the mid-70s when I started lobbying for the Taxpayers Association there was a small fraction of the thousands of lobbyists today. Jack Olson of the Utah Taxpayers Association and Robert Halladay of the Utah Mining Association were two of the most prominent and senior lobbyists. There was a couch on the third floor of the Capitol building by the elevator between the House and Senate floor entrances. This was known by

everyone as Olson's and Halladay's "office." Legislators wanting information or to know positions of these organizations always knew where these men could be found.

The Capitol building during the legislative session in recent years was crowded with hundreds of citizens and lobbyists, but due to COVID-19 the crowds are gone and legislators are reached digitally. Committee meetings are uncrowded with social distancing enforced and much of the committee member participation and public testimony is provided through Zoom meetings.

The Inside of Lobbying

While buying a suit last month the attendant, knowing my history of lobbying and serving in the legislature asked if I could advise him on how he could get into the lobbying business. I explained a person needed at least one of these prerequisites in order to be successful at lobbying: The first is knowledge and passion about a cause you want to promote. The second is a deep understanding and experience in the legislative process. He admitted that he had neither of these.

Many of the most effective lobbyists in Utah today learned the craft from interning for legislators and other more senior lobbyists. His question made me realize how important experienced, ethical lobbyists are in assisting citizens and businesses to navigate the legislative process effectively.

Lobbying has laws governing it. The law requires a lobbyist to wear a badge revealing they are a paid lobbyist. In order to qualify for the badge one must pass ethics and sexual harassment prevention training. The law also prohibits lobbying contracts to be based on passage or defeat of legislation.

Utah Is in Good Hands

As I was participating in Zoom committee meetings and watching the Senate and House floor action this week I was struck for the first time since leaving the Senate two years ago how smooth and open the process is. The professionalism of legislators in presenting their bills, the respectful nature of debate, and the ease of watching all that was happening in high-def living color made me proud to be a Utahn.

Cannon's Canon - 2021: The Year of the Tax Cut

When speaking at the Utah Taxpayers Legislative Outlook Conference on January 11, 2021, Senate President Stuart Adams declared 2020 to be "the year of the tax cut" as he outlined the upcoming efforts on cutting taxes this legislative session. Legislative Leadership has set aside \$80 million for tax cuts and there is ample one-time revenue that could also make its way into the conversation.

Right in line with those comments and at the very start of the legislative session, several bills have been introduced that, if passed, will reduce taxes in Utah. Your Taxpayers Association is supporting the vast majority of them and working hard to ensure their passage:

Tax Relief For Seniors and Military - Social Security and Military Retirement Benefit Tax Cut

Several bills have been introduced that will cut income taxes for social security recipients and those collecting military retirement benefits. House Bill 86 (Brooks) would be an \$18 million income tax cut for seniors collecting social security and House Bill 161 (Pierucci) would eliminate state income tax on military retirement benefits.



Association Vice President
Rusty Cannon

Utah is one of only four states that fully taxes military retirement benefits. HB 161 would make those benefits tax free as it is in most other states.

While both bills work their way through the House, Senator Wayne Harper has introduced a similar bill (Senate Bill 11) that would also cut taxes in both of the same areas. As the session rolls on, we expect the Legislature to merge

Tax Relief For Families - Restoration of the Dependent Exemption

Ever since the passage of Federal Tax Reform in 2017, Utahns with dependents have seen a hike in their state income tax (while getting a reduction in their federal income tax) due to the elimination of the dependent exemption. That created a windfall in state revenue that was only driven by federal legislation. While a small percentage of that has been restored before, much more needs to be done to fully restore what was lost.



Rep. Jeff Moss

Senator Harper and Representative Jeff Moss have sponsored Senate Bill 100 that would go further down the road of restoring that exemption. That would be an approximate \$40 million income tax cut for Utah families.

Senator Lincoln Fillmore has also introduced Senate Bill 153 that makes the same cut, but to a lesser extent to the tune of around \$20 million.



Sen. Wayne Harper

Tax Relief for Small Businesses - Tangible Personal Property Tax Cut

Senator Wayne Harper has also introduced a bill that would provide meaningful tax relief for small businesses all across the state. Senate Bill 18 would raise the amount of business tangible personal property that is tax exempt from the current \$15,000 level to \$25,000 and would make it a tax cut so those taxes are not shifted to other property tax payers.

This tax relief exempts an additional 35,000 out of 85,000 businesses that pay this tax.

Your Taxpayers Association is also working to get the time period that businesses that are below the threshold must wait until they don't have to file a personal property tax return shortened from the current five years and also restore the \$500 exemption for incidental equipment that is not related to the business.

Property Tax Relief for Seniors - Optional Property Tax Deferral

Recipient of the "Taxpayer Advocate of the Year" award from your Utah Taxpayers Association for 2020, Senator Lincoln Fillmore has introduced Senate Bill 52, that would provide meaningful property tax relief for seniors that are in need. His bill gives homeowners who are over the age of 65 and have a home worth \$500,000 or less the option to defer their property taxes.

Once a homeowner reaches age 75, they can request that the county defer their property taxes. Instead of paying each year, the homeowner has a lien placed on their home and the property taxes come due (with interest) whenever the home is sold or ownership is transferred. This option ensures deferred taxes are not shifted to other taxpayers.

In addition to all of these bills, your Utah Taxpayers Association continues to push for a much needed cut to the current 4.95% income tax rate. Utah has been stuck at virtually the same level for more than a decade and it is time to lower the rate and keep Utah where it needs to be.

Utah Per Pupil Spending Cracks \$10,000 Annually, According to New Association Report

According to your Taxpayers Association's School Spending Report, Utah spends an average of \$10,259 per student annually. The annual School Spending Report looks at spending from all 41 school districts and combined charter school expenditures.

The report finds that Utah's district schools spent \$10,236 per student, with 14 school districts spending less than the statewide district average. 23 school districts spent more than \$10,000 per student in FY 2020, with four districts spending more than \$20,000.

Some districts, such as Rich County School District, have spending that exceed \$32,000 annually per student. A major contributing factor in this situation is facility construction. In 2018, voters approved an \$8.5 million general obligation bond for upgrades to their existing schools. While this may not sound like much considering the hundreds of millions of dollar GO bonds voters along the Wasatch Front are asked to approve, Rich County School District's annual total revenue from all sources is just over \$10 million. Important to also consider is the enrollment size of the district, which has only 498 students.

While districts generally spend more in each expenditure category, Utah's charter schools spent \$355 per student more than the 41 districts on administration. Looking at administrative expenses, Utah district schools spent \$902 per student, whereas charters spent \$1,257 annually per student.

Utah's districts also vary widely with the property tax rates (increments) they impose on their taxpayers. Some school districts, like Park City, levy 51% of the statewide average, while South Sanpete levies 153% above the statewide average. However, Park City and several other districts benefit hugely from their property tax base. Park City, for example, has very high property tax values with many properties not exempt from the primary residential exemption. Therefore, they generate much more revenue from higher-valued property. This allows them to have much lower tax rates than South Sanpete or Tooele, for example.

Additionally, Park City School District has an assessed valuation per student of \$3,656,178. Compare that with South Sanpete at \$231,116, which only has 1,527 fewer students than Park City.

To see [how your school district fares](#), or visit utahtaxpayers.org.

Utah Legislature Adapts to the Times. Learn How to Get Involved in This Year's General Session

Along with the rest of the world, the Utah Legislature has shifted how it operates. While in-person attendance for committee hearings and chamber meetings are available, the Legislature has asked that many participate online.

Here's a handy quick guide on how you can get involved and follow the legislative process this year.

Find Who Represents You

On the home page (le.utah.gov) click My Legislators and enter in your ZIP code. This will show you your current House Representative and Senator. You can learn more about your legislator, see bills they're running, and contact them from this page.

Daily and Weekly Calendar

On the homepage (le.utah.gov) clicking the Calendar tab will show you the week's agenda: Chamber floor time, different committee meetings and their agendas, and general notices about important deadlines. Keep in mind, not all meetings are shown on this calendar until officially scheduled.

You can also use the calendar to start listening to any meeting the Legislature is holding.

Following Along and Participating in Committees

When you have opened the Calendar tab (or the Committee heading at the top of the page) you can select any committee and

you will see the committee's information. On the left, you can listen to the audio from the selected committee's, video (if available), agenda, minute, and meeting materials. On the right you'll see the committee member's information.

Business, Economic Development, and Labor Appropriations Subcommittee 2021 [Subscribe](#)

Meeting in Progress ? [Participate in Virtual Meeting](#) [Live Audio/Video](#)

Meetings

February

- Tue. Feb 9, 8:00 AM
- Fri. Feb 5, 8:00 AM
- Wed. Feb 3, 8:00 AM
- Mon. Feb 1, 8:00 AM**

January

- Thu. Jan 28, 8:00 AM
- Tue. Jan 26, 8:00 AM
- Fri. Jan 22, 8:00 AM
- Wed. Jan 20, 8:00 AM

Mon. Feb 1, 8:00 AM

(Revised) 120 Senate Building (Electronic Participation Available) ?

[Notice](#) [Agenda](#)

Minutes Summary
With Audio Links

Audio/Video

Meeting Material List

- 4-RFA - Art Castle - Rep. Hollins
- 4b-RFA - Art Castle - Rep. Hollins

Committee Information

Members	Overview	Related Links
Sen. Michael K. McKell (R), Senate Chair	Rep. Ashlee Matthews (D) Rep. Val L. Peterson (R)	
Rep. Christine F. Watkins (R), House Chair	Rep. Adam Robertson (R) Rep. Mike Schultz (R)	
Rep. Jordan D. Teuscher (R), House Vice Chair	Rep. Travis M. Seegmiller (R) Rep. Elizabeth Weight (D)	
Sen. Curtis S. Bramble (R)	Rep. Mike Winder (R)	
Sen. Gene Davis (D)		
Sen. Don L. Ipson (R)	Timothy G. Dinehart, Financial Analyst	
Sen. Derek L. Kitchen (D)	Gary R. Syphus, Finance Manager	
Sen. Scott D. Sandall (R)		
Sen. Evan J. Vikkers (R)		

If you wish to testify or present information to the committee, you can click on "Participate in Virtual Meeting" and you will be allowed to provide comment.

Legislation and Tracking

To see a list of bills, click on 'Bills' near the top of the page, this will open a list of bills by session. Click on 2021 General Session and you will see a list of all House, Senate, and Joint bills in pull down lists of 50 at a time.

To examine a specific bill, hit the hyperlink for the numbered bill and you will see the text of the bill on the left as well as sponsor information on the right. In addition, you can see fiscal impact as well as substitutions,

S.B. 18 Property Tax Exemption Amendments

Bill Text **Status** **Hearings/Debate**

Introduced

Printer Friendly

Senator Wayne A. Harper proposes the following substitute bill:

1 **PROPERTY TAX EXEMPTION AMENDMENTS**

2 2021 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Wayne A. Harper**

5 House Sponsor: Karianne Lisonbee

6

S.B. 18

1st Sub.

Bill Sponsor: Sen. Harper, Wayne A.

Floor Sponsor: Rep. Lisonbee, Karianne

Substitute Sponsor: Sen. Harper, Wayne A.

Drafting Attorney: Andrea Valenti Arthur

Fiscal Analyst: Thomas E. Young

Bill Tracking

[Stop tracking](#) [Tracking Page](#)

amendments, and other changes to the legislation.

You can also track bills for ease and convenience. In order to track the bill, click "Track" underneath the sponsor information on the bill page. You

can add as many bills as you wish.

If you wish to see how far along the bill is in the legislative process, click "Status", you will see all the actions that have occurred with the bill. If you wish to listen to debate or hearings on the particular piece of legislation, click "Hearings/Debate" on the right side of the gray bar.

Putting a Face to a Name

From the home page if you'd like to learn more about your legislators click the Legislators tab at the top of the screen. There you'll see the two chambers Senate and the house. Roster will show you the list of the 29 state senators, party affiliation, contact information and district county location. Seating chart will show you where all the senators are located as well as their pictures. Great for matching faces to names.

Expert Presenters and Over 140 Attendees, Online and In-Person, Make Legislative Outlook Conference A Success

On Monday, January 11, the Utah Taxpayers Association hosted the 2021 Legislative Outlook Conference. For the first time ever, it was conducted in-person and livestreamed over the internet.

We were joined by Utah legislative leadership, local tax experts, and Utah's leading policymakers that spoke on taxes in Utah and the state and national economy.

Topics included basing transportation funding on the usage of the roads, how voters changed Utah's Constitution to protect education funding, eliminating burdensome taxes on small businesses, providing tax cuts to seniors and families, and what Utah and the nation can expect the economy to look like in the coming years.

You can [watch the entire conference](#) on our website.

Association Accomplishments During January:

- ❖ Successfully held the 2021 Legislative Outlook Conference
- ❖ Met with legislators and tax policy makers during the 2021 General Session
- ❖ Presented at Committee hearings at the 2021 Legislative Session
- ❖ Advocated on behalf of taxpayers with legislators and members of legislative leadership

In the News

- ❖ Year of the Tax Cut
 - [Utah Legislators Deciding How to Use \\$80 Million Set Aside Last Year](#)
Deseret News
- ❖ Momentum for Tax Cuts Building Ahead of 2021 Legislature
 - [2021 Legislative Session Could be the Year of the Tax Cuts](#)
Salt Lake Tribune
- ❖ \$80 Million Utah Tax Cut on the Table in Upcoming Legislative Session
 - [Taxpayers Association Noted Utah will have a 1 Billion One Time Surplus](#)
KJZZ.com