

**MINUTES OF THE
TAX REFORM TASK FORCE PUBLIC HEARING**

Thursday, October 27, 2005 – 12:00 p.m. – Cedar City Chambers, Cedar City, UT

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Rep. Wayne A. Harper, House Chair
Sen. Howard A. Stephenson
Sen. Mike Dmitrich
Rep. Ralph Becker
Rep. John Dougall
Rep. Gregory H. Hughes
Rep. Todd E. Kiser
Rep. Merlynn T. Newbold
Rep. Stephen H. Urquhart
Comm. Pam R. Hendrickson

Members Absent:

Pres. John L. Valentine
Rep. Rosalind J. McGee
Rep. Gordon E. Snow
Mr. Neil H. Ashdown

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Mr. Leif Elder, Research Assistant

Note: A list of others present, copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Welcome and Introduction

Chair Bramble called the meeting to order at 12:00 p.m.

Task Force members introduced themselves.

2. Review of Task Force Recommendations -- Sen. Curtis S. Bramble, Senate Chair and Rep. Wayne A. Harper, House Chair

Chair Bramble and Chair Harper reviewed the task force recommendations.

3. Public Comment on Task Force Recommendations

Mr. Jerry Jones, citizen, explained that the property taxes on his home in Cedar City have increased by \$424 in one year. He said that this is because the value of his home has increased. He spoke in favor of lower property taxes and for prosecuting companies that hire illegal immigrants. He said that illegal immigrants cost the state tax dollars.

Mr. Lynn Prestwich, citizen, said he wonders why Utah has such a high tax exemption for senior citizens. He said Utah should be more concerned about giving tax exemptions for children rather than senior citizens.

Mr. Jim Curry, citizen, spoke against higher income taxes and a regressive income tax. He said that some of the options would be burdensome on the elderly.

Mr. Dan Nagy, citizen, explained that his property taxes increased by 25 percent this year. He spoke in favor of the mortgage interest deduction because it encourages the purchase of homes. He spoke in

opposition to an income tax that over-burdens middle income citizens and relieves upper and lower income citizens.

Mr. Bob Avidision, citizen, spoke in opposition to removing the retirement exemption and other existing individual income tax exemptions.

Mr. Kyle Ashby, The Spectrum and Daily News, spoke in opposition to eliminating the sales and use tax exemption for sales of newspapers. He said that imposing the sales and use tax would have the effect of taxing public information. He said that newspaper carriers would experience an unfair burden of collecting the sales and use tax. He said that sales of newspapers from vending machines would not be possible if the tax was imposed. He said that the truth in taxation notices published in the newspaper are an effective means of informing the public.

Mr. Glen Barker, citizen, said that the property taxes on his home increased by 27 percent this year. He said that large increases in property value need to be addressed, as well as the difficult issues with the use tax. He said that it costs businesses too much to maintain adequate tax records. He spoke in favor of a simpler tax system.

Mr. Hans Roelofs, Coalition of Religious Communities, spoke in opposition to removing itemized deductions, such as the retirement exemption. He spoke in favor of exempting the sales tax on food. He said that the lost revenue from exempting food from the sales and use tax could be recovered if proposals 9 and 15 were not adopted.

Mr. Dennis Ayers, Iron County Assessor, said that state law and the state constitution require that property be assessed at fair market value. He said that an expanding real estate market has added \$500 billion in assessed valuation to the property tax rolls in Iron County this year. He expressed concern regarding the proposed constitutional amendment on taxation of personal property. He said that nearly three-fourths of the taxable value of centrally assessed firms consists of personal property. He asked what tax policy is being accomplished by exempting business personal property from the property tax.

Mr. Joe Thompson, Garfield County Assessor, explained that each county is unique and needs flexibility to provide and fund services. He said that only four percent of the land in Garfield County is privately owned and that this limits the ability of the county to adequately fund critical services. He spoke in favor of the resort community sales and use tax, the rural hospital sales and use tax, and the transient room tax.

Mr. Gerald Sherratt, Mayor of Cedar City, explained that he is trying to lower the property taxes imposed by Cedar City. He said he wants to reduce property taxes by increasing the sales tax revenue received from tourists and other nonresidents. He said if proposal 12 was adopted, property taxes would have to pay for all services to tourists. He said that because Cedar City is a regional retail destination it must provide services to many nonresidents. He spoke in favor of the mortgage interest deduction because it promotes home ownership.

Mr. Evan Ludwig, citizen, said he is concerned with property taxes in Cedar City. He spoke in opposition to removing income tax deductions and exemptions unless there is a reasonable flat tax rate. He spoke in

opposition to taxing newspapers and suggested having a corpus of state money for building schools so that taxpayers do not have to pay interest. He said that government provides too many services and that citizens should be asked to be responsible for certain services.

Mr. Kent Kroneman, citizen, spoke in favor of having public hearings.

Ms. June Sewing, Iron County Home Builders Association, spoke in opposition to removing the mortgage interest deduction. She explained that home building is an important part of the economy and brings business to Utah.

Mr. Jim Allan, City Manager, Cedar City, spoke against eliminating the one percent local option sales and use tax. He said that the property tax is the least popular tax because it is paid at one time. He said that cities should have access to multiple revenue sources. He said property taxes are also unpopular because they are not related to ability to pay. He said that promoting retail sales is a form of economic development. He said that tourists should also be expected to pay for services through the sales and use tax.

Mr. Woody Farnsworth, City Manger, Richfield City, distributed a letter from his city stating its position on the task force recommendations. He said that municipal services provided to nonresidents should be funded by the local option sales and use tax.

4. Adjourn

Chair Bramble adjourned the meeting at 3:40 p.m.