

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

Wednesday, October 26, 2005 – 6:00 p.m. – Dixon Middle School, Provo, UT

Members Present:

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

Members Absent:

Sen. Mike Dmitrich
Pres. John L. Valentine
Rep. Ralph Becker
Rep. Gordon E. Snow
Mr. Neil H. Ashdown

Staff Present:

Mr. Phillip V. Dean, Policy Analyst
Mr. Bryant R. Howe, Assistant Director
Ms. Angela D. Oakes, Associate General Counsel
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 Harper called the meeting to order at 6:00 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. Mike Daniels, Pleasant Grove Councilman, said the Task Force should carefully examine the entire effect of the proposed tax changes. He said that he opposes the elimination of the one percent local option sales and use tax.

Ms. Marie Nuccitelli, citizen, said she would like a schedule to compare the income tax proposals with the current system. She spoke in favor of a deduction for charitable contributions and mortgage interest. She also spoke in favor of an income tax that promotes two-parent families.

Ms. Sheryl Seager, citizen, spoke in favor of exempting food purchases from the sales and use tax.

Ms. Nancy Nielson, citizen, spoke in favor of treating primary and secondary residences the same under the property tax. She explained that the property tax on her secondary home in Sundance is very high. She expressed concern that there is a property tax exemption for a primary residence but not a secondary residence.

Mr. Grant Misbat, citizen, summarized an article on how Utah children's public education achievements are declining. He proposed increasing the number of schooling options to address this problem. He said charter schools save tax dollars because the buildings are privately funded.

Mr. David Shorten, citizen, spoke against limiting the number of family deductions. He spoke in favor of removing the sales tax on food. He recommended raising the gas tax to sufficiently provide good roads. He spoke in favor of a flat tax if there are exemptions for low income citizens using the federal poverty guidelines. He also spoke in favor of the mortgage interest deduction.

Mr. Kirk Parkinson, Utah Press Association, spoke in favor of the sales tax exemption for sales of newspapers. He said that the exemption promotes democracy by informing the public about current issues.

Ms. Suzanne Dean, Sanpete Messenger, spoke against imposing the sales and use tax on sales of newspapers. She said that her newspaper is only marginally profitable and that collecting the sales and use tax on sales of her newspaper would reduce circulation. It would likely lead to fewer jobs for her newspaper. She also expressed concern with the compliance burden of collecting the tax.

Mr. Dean Sanpei, citizen, spoke in favor of tax reform that does not raise taxes, especially income taxes.

Mr. Tom Williams, citizen, asked the Task Force why the marginal rate is higher for middle income taxpayers than for upper income taxpayers under proposals 1A and 1B.

Ms. Cindy Glover, citizen, spoke in favor of the charitable contribution deduction, the mortgage interest deduction, and the exemption for children.

Mr. Randy Covington, Utah County Recorder, spoke in favor of an inflationary adjusted certified property tax rate.

Mr. Gary Hill, Assistant City Manager, Park City, spoke against eliminating the one percent local option sales and use tax rate. He said that the sales and use tax offsets the costs of tourist related events. He said if the incentive is removed to have these events cities will stop hosting them. He said that not all city services are related to developed property.

Ms. Krista Dunn, Murray City Council, said that sales and use tax dollars fund police services for Murray's large daytime population. She said proposal 12 puts school districts and cities in opposition to each other. She said schools will probably lose funding. She said that because cities provide infrastructure, cities will want more homes. This will mean additional school children and less in sales and use tax to fund education.

Mr. Wayne Parker, Assistant to the Mayor, Provo City, spoke in favor of continuing the discussion on the sales and use tax distribution formula. He said it is important for cities to have a balanced revenue system.

Mr. Leland Ganette, Provo City, said cities should have the opportunity to have urban renewal.

Mr. Jerry Washburn, Mayor of Orem City, said cities use diverse revenue sources to plan their budgets. He said that Orem would need to continually ask residents for property tax increases if the one percent local option sales and use tax was eliminated. He said that an inflationary adjustment for the certified property tax rate is worth studying.

Mr. Steve White, Utah County Commissioner, spoke in favor of redevelopment agencies. He said that services should be funded by the citizens who use them.

Mr. Spencer Kyle, City of Saratoga Springs, said there is a high cost to provide infrastructure for businesses. He said that the sales and use tax allows cities to offset those costs.

Mr. Chesley Christensen, Mayor, City of Mount Pleasant, said that his city would be harmed by the elimination of the one percent local option sales and use tax.

Mr. Frank Mills, City Administrator, Pleasant Grove, said that residents will be less inclined to approve the issuance of bonds if it results in a property tax increase.

Mr. Jim Reams, Orem City, told the Task Force that his city provides many services to nonresidents at the same price as residents.

4. Adjourn

Chair Bramble adjourned the meeting at 8:30 p.m.