

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

Wednesday, October 19, 2005 – 5:30 p.m. – Room W135 House Building

Members Present:

Sen. Curtis S. Bramble, Senate Chair
Rep. Wayne A. Harper, House Chair
Sen. Howard A. Stephenson
Pres. John L. Valentine
Rep. Ralph Becker
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
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
Ms. Rebecca L. Rockwell, Associate General Counsel
Ms. Phalin L. Flowers, Legislative Secretary

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 5:37 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 Harper distributed and discussed "Brief Summary of Tax Reform Proposals."

Sen. Bramble explained the proposals from the Income Tax Working Group and the RDA/Other Taxes Working Group.

3. Public Comment on Task Force Recommendations

Mr. Larry Hansen, City Administrator, Riverdale City, spoke in opposition to removing the one percent local option sales and use tax and phasing out the current hold harmless provision. He explained that only seven percent of Riverdale's revenue comes from the property tax. He asked how Riverdale would be able to function on such a small revenue source. He said that the city has fewer than 8,000 residents and has sought to become a major retail center. He said the city needs the revenue from the local option sales and use tax to provide services to its large daytime population.

Ms. Sandy Peck and Ms. Nanette Benowitz, League of Women Voters, distributed and discussed "Tax Reform Testimony." They spoke in favor of Sen. Bell's individual income tax proposal and Governor Huntsman's individual income tax proposal.

Mr. Jim Brass, Murray City Council and Chair of the Murray Redevelopment Agency, distributed and discussed a letter from the mayor and city council of Murray. He spoke against eliminating the local option sales and use tax and using percentages in the truth in taxation advertisement. He spoke in favor of changes to the RDA laws, making the truth in taxation advertisement more informational, and keeping the current sales tax distribution formula.

Mr. Lee King, Midvale City, spoke in favor the RDA recommendations submitted by the Utah League of Cities and Towns. He spoke against eliminating the local option sales and use tax. He said that many cities have pledged this source of revenue as payment for bonds.

Mr. Steve Harmsen, citizen, told the Task Force that action needs to be taken with regards to the declining share of the property tax base that consists of centrally assessed property. He said that the methodology used by the Utah State Tax Commission does not accurately value these companies. He said that the depreciation assumptions for personal property needs to be revised.

Mr. Peter Corroon, Mayor of Salt Lake County, and Mr. Michael Jensen, Salt Lake County Council Chair, said that they oppose exempting personal property from the property tax. They said that they support the proposed amendments to the truth in taxation advertisements and to allow an inflationary increase in the certified property tax rate. They said that they oppose elimination of the local option sales and use tax and the zoo, arts, and parks local option tax.

Ms. Dorothy Owen, member, Tax Review Commission Ad Hoc Task Force on Tax Burden, distributed and discussed "Tax Review Commission Ad Hoc Task Force on Tax Burden: Executive Summary." She reviewed a study conducted by this Task Force on the distributional burden of Utah's state and local tax system. She said that the current state and local tax system is regressive and that given Utah's high birthrate that the state should expect to have a high tax burden.

Mr. Glen Brown, Coalition of Religious Communities, spoke in favor of exempting sales of food from the sales and use tax. He said that corporations should be expected to pay a fair share of taxes.

Mr. Leon Johnson, Democracy for Utah, said that the tax code is being written by persons who do not understand taxes. He said that there is no evidence that targeted tax exemptions stimulate economic growth.

Mr. Ed Braak, Coalition of Religious Communities, spoke in favor of removing the sales and use tax on all food purchases from grocery stores.

Mr. Lee Gardner, Salt Lake County Assessor, said that the proposed constitutional amendment regarding personal property gives the Legislature too much discretion in how this type of property is taxed. He said that this would shift the property tax burden to homes.

Mr. Dave Van Langeveld, Davis Education Association, said that adequately funding the state's public education system would stimulate economic development. He spoke against reducing the individual income tax.

Mr. John Hiskey, Sandy City, spoke in favor of the RDA changes submitted by the Utah League of Cities and Towns. He said that his city is now a large population and commercial center. He spoke against eliminating the local option sales and use tax. He said that many cities have pledged this source of revenue for bond repayment.

Ms. Gail Johnson, Coalition of Religious Communities, spoke in opposition to exempting businesses purchases and spoke in favor of exempting sales of food from the sales and use tax.

Ms. Linda Hilton, Director, Coalition of Religious Communities, spoke in favor of removing the sales and use tax on food. She said that she was disappointed that members of the Task Force were not responding to questions from witnesses and that the Task Force is not recommending the exemption of sales of food from the sales and use tax. She submitted a petition of signatures in support of this exemption.

Task Force members responded to questions from Ms. Hilton.

Mr. Wayne Trembeath, distributed and discussed "State & Local Taxes in 2002." He said that the individual income tax proposal of Governor Huntsman protects the poor and does not hurt the rich.

Mr. Tom Hardy, City Manager, Bountiful, distributed and discussed "Utah Legislative Tax Reform Task Force Public Hearing." He said that he opposes eliminating the one percent local option sales and use tax. He said that modifying the distribution formula for the one percent local option sales and use tax would stop most efforts by municipalities to encourage retail development.

Mr. Carlton Bowen, citizen, spoke against the property tax and the individual income tax. He said that he supports the sales and use tax because it is paid in small increments. He supports imposition of the sales and use tax on sales of food.

Mr. Milt Saathoff, citizen, said that the elderly is the fastest growing segment of the population. He said that he opposes increases in the property tax and the elimination of the retirement income deduction in the individual income tax.

Chair Harper turned the chair to Rep. Newbold.

Mr. Tom Bakaly, City Manger, Park City, held his comment until the next meeting.

Mr. Lurlen Knight, City Council, Syracuse City, told the Task Force that municipalities provide many important services and that he opposes elimination of the one percent local option sales and use tax.

Mr. LeGrand Bitter, Executive Director, Utah Association of Special Districts, spoke in favor of changing the wording of the truth in taxation newspaper advertisements.

Mr. Ron Casper, National Federation of Independent Businessmen, spoke in favor of the proposed constitutional amendment on taxation of personal property.

Mr. Dave Iltis, citizen, spoke in favor of removing the sales tax on food and increasing the sales tax on other items to recoup the lost revenue.

Mr. Richard Gourley, Utah Association of Certified Public Accountants, said that one purpose of the tax reform proposals submitted by former Governor Walker was to stabilize the state and local tax base. He questioned whether or not the task force recommendations accomplish this goal.

Ms. Jennifer Leiser, Utah Academy of Family Physicians, spoke in favor of removing the sales tax on sales of food.

4. Adjourn

Chair Newbold adjourned the meeting at 8:21 p.m.