

**MINUTES OF THE
GOVERNMENT REVENUE AND TAX SYSTEM TASK FORCE**

Friday, July 6, 2001 – 9:30 a.m. – Room 405 State Capitol

Members Present:

Sen. John L. Valentine,
Senate Chair
Rep. Greg J. Curtis,
House Chair
Sen. Ron Allen
Rep. Eli H. Anderson
Rep. Chad E. Bennion
Rep. Judy Ann Buffmire
Rep. Craig W. Buttars
Rep. Kevin S. Garn

Members Excused:

Sen. Curtis Bramble
Sen. Gene Davis
Sen. Scott K. Jenkins
Rep. Cindy Beshear

Staff Present:

Mr. O. William Asplund,
Assistant Director
Ms. Rebecca L. Rockwell,
Associate General Counsel
Ms. Sandra Wissa,
Legislative Secretary

Note: A list of others present and a copy of materials distributed in the meeting are on file in the Office of Legislative Research and General Counsel.

1. Call to Order and Approval of Minutes

Chair Valentine called the meeting to order at 9:37 a.m. and welcomed the task force members.

Due to the lack of a quorum, the minutes were not approved.

2. Critical Issues in State-Local Fiscal Policy

Mr. Asplund distributed the handout "Critical Issues in State-Local Fiscal Policy" and gave a presentation titled "Local Option Taxes." Mr. Asplund explained that the presentation was derived from information contained in a National Conference of State Legislatures (NCSL) publication "Critical Issues in State-Local Fiscal Policy." He highlighted some major trends in state and local taxes over the past 30 years, highlighted some reasons for these trends, discussed some potential implications of these trends, and reviewed a checklist for evaluating local option taxes.

3. Public Education Revenues and Expenditures

Mr. Patrick Wilson, Business Administrator, Sevier School District, distributed the handout "Utah School Revenues & Expenditures." He explained the basic accounting structure used by school districts and revenue sources for schools. Mr. Wilson highlighted the purposes for which revenues are distributed to schools both for Sevier School District and for the state. He reviewed school district property tax levies and discussed for each property tax levy: the

purposes for which the property taxes generated by the levy may be used; the maximum rate a school district may impose; and the number of school districts imposing the levy.

Sen. Howard Stephenson stated that the Public Education Appropriations Subcommittee has been making an effort to achieve greater equalization of the school district property tax levies among school districts in the state.

Mr. Brent Carter, Superintendent, Sevier School District, explained that in rural areas it is very difficult to pass a voted leeway. He suggested that the legislature give more latitude to school districts to impose board approved leeways.

Chair Valentine thanked Mr. Wilson for the presentation and commended Mr. Wilson on his concise presentation on public education revenues and expenditures.

4. County Revenue and Expenditures Presentation and Overview – Utah Association of Counties

Mr. Brent Gardner and Mr. Arie Van De Graaff, Utah Association of Counties, distributed and reviewed "An Analysis of County Revenues." Mr. Van De Graaff explained the concept of a diversity index and how such an index is used to measure how well a revenue system is diversified. He stated that the diversity index for Utah counties has increased by about 11%.

Mr. Gardner stated that the counties have tried to restrain increases in property taxes for general fund purposes. He raised a concern that the counties are administering state-funded programs that are not fully funded by the state. These programs include: mental health; aging services; substance abuse; court security; public defenders; guardians ad litem; clerk services to secondary courts; debt recovery services; condition of probation prisoners; motor vehicle transactions; and other programs. Because of insufficient state funding, Mr Gardner asserted that counties are having to fund the programs with county revenues, and may in the future have to transfer these programs to the state. Mr. Gardner also expressed concern that there is a lack of growth in county general funds which local elected officials have the most discretion to use. Mr. Gardner noted that county general fund moneys are currently being used to assist in funding the above programs.

5. Other Business

Ms. Mary Ellen Pugsley, Community Council Chair, Big Cottonwood Canyon Community Council, spoke on the increase in property values on secondary residences in Big Cottonwood Canyon and how these valuation increases have resulted in property tax increases. Ms. Pugsley urged the task force to consider this issue at a future meeting.

Chair Valentine indicated that the next meeting of the task force has been rescheduled for August 6 at 2:00 p.m. He noted that the September 7 meeting will be at the Salt Lake Sheraton at 9:00 a.m. and will be held in connection with a Utah League of Cities and Towns convention. Chair Valentine also asked the task force to consider potential study items for task force subcommittees and to be prepared to discuss this issue at the next meeting.

6. Adjournment

MOTION: Rep. Buttars moved to adjourn the meeting at 11:54 a.m. The motion passed unanimously, with Sen. Allen absent for the vote.

