



THE UTAH TAXPAYER

A PUBLICATION OF THE UTAH TAXPAYERS ASSOCIATION

Legislature Rejects Taxpayer Subsidies for a Convention Center Hotel

In the waning days of the General Session, your Taxpayers Association won one of the most heated legislative battles by defeating SB 267, sponsored by Senator Stuart Adams. Under this bill, Utah taxpayers would have had to subsidize a convention center hotel. Following a hard fought and healthy legislative debate, the Senate narrowly approved the bill, but the House rejected it.

Tourism and conventions improve Utah's economy

Utah is a destination tourist state. Our skiing is renowned the world over. Temple Square, especially in the spring and at Christmas, is one of the most beautiful treasures in the country. And our national parks, state parks, monuments, etc. attract visitors from around the world.

Despite these wonderful attractions, Utah is not the destination of choice for many national or international conventions. Orlando, Las Vegas, Dallas, Atlanta and the Washington D.C. metro area all tend to win convention business that

Assuming that this convention center hotel would be such an unmitigated success, why do taxpayers need to pay for any part of it?

Utah convention promoters covet. The reason Utah wants these conventions is simple. Like tourists, convention-goers stimulate Utah's economy as they stay in hotels, eat at local restaurants, buy lift tickets, plus the paraphernalia associated with vacations and conventions.

To stimulate this convention business, Salt Lake County and the Legislature built and expanded the Salt Palace Convention Center (Salt Palace). Despite multiple expansions, the Salt Palace remains empty much of the year. Salt Lake County officials say that last

year 27 conventions chose another state over the Salt Palace. They claim if some portion of those conventions start coming to Utah, Utah could see a meaningful economic boost.

Government should not be in the business of business

The key word in that last sentence is "could." Utah has a host of options available to try to convince additional conventions to come to the Salt Palace. Right now, Mayor McAdams and a majority of the Salt Lake County Council want taxpayers in Salt Lake County, Salt Lake City and Utah to pony up to \$100 million towards building a new, \$335 million convention center hotel. In Salt Lake County's view, this proposed convention center hotel would increase the number of visitors without poaching room nights from existing Utah hotels, and would therefore improve Utah's economy.

Your Taxpayers Association is skeptical. We have long believed government should not be in the business of business. Assuming that this convention center hotel would be such an unmitigated success, why do taxpayers need to pay for any part of it? If the success of this hotel is as clear cut as Salt Lake County's proponents make it out to be, the private sector would be more than willing to risk the full \$335 million. That they are not willing to take the risk indicates that they don't have enough trust that the project will succeed.

Flaws with Salt Lake County's Consultant Studies

Over the past several years, Salt Lake County has hired several consultants to evaluate the merits of spending taxpayer dollars on this hotel. Their studies indicate that a subsidy of this size (1/3 of the total project cost) is common in the

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**Senator
Stuart Adams**

convention center industry. Those studies also claim that room rates and occupancy rates in hotels near taxpayer-subsidized convention center hotels elsewhere in the country did not suffer.

In reviewing those studies, however, your Taxpayers Association found serious problems. First, it's hard for us to understand why taxpayer subsidies

It's hard for us to understand why taxpayer subsidies elsewhere should justify taxpayer subsidies here.

elsewhere should justify taxpayer subsidies here. To paraphrase the cliché, a mistake is a mistake is a mistake.

Second, the Salt Lake County study evaluating the impact of taxpayer-subsidized convention center hotels on nearby hotels relied on dubious data. Specifically, its data set includes several cities that saw sharp increases in occupancy rates because of hurricanes Katrina, Rita and Ike. These hurricanes pushed conventions from Florida and the Gulf Coast to these cities. When we recalculated the study's numbers without the "hurricane" data, we found that occupancy rates and room rates at nearby hotels sank significantly.

Recognizing that Salt Lake County Mayor Ben McAdams is anxious to move forward with the subsidies for this proposed hotel, in February the Taxpayers Association hired HREC, a convention and hotel consulting firm based in Denver, Colorado, to evaluate Salt Lake County's previous consultant reports and to gauge the realistic impact a taxpayer-subsidized convention center hotel would have on existing Salt Lake City hotels. We anticipate this study will be done in May.

Despite our unfinished study, Mayor McAdams moves forward anyway

Unfortunately, we didn't anticipate just how determined Mayor McAdams was to move forward with these taxpayer subsidies. With less than two weeks left in the 2013 General Session, Senator Stuart Adams brought out SB 267. It proposed to provide up to \$33 million in taxpayer subsidies to the hotel.

During the last two weeks of the Session, SB 267 was a pitched battle. Your Taxpayers Association led a coalition of existing hotels, the Hotel and Lodging Association and the Restaurant Association in opposing these subsidies. Again and again we emphasized that moving forward with this bill was premature while our study was still ongoing, and that taxpayers simply shouldn't be in the hotel business.

SB 267 squeaked through the Senate 15-13, with one Senator absent. In the House, we faced an army of well-paid lobbyists, plus the inevitable pressure from Salt Lake County officials. After a thorough and exhausting debate, the House rejected these taxpayer subsidies by a 39-35 (with one House member absent).

Unfortunately, this victory is short lived. Mayor McAdams and his hotel subsidy supporters have already announced that they will bring their legislation back next year. We look forward to the results of our HREC report and educating Legislators and taxpayers about the many reasons why government, at any level, should not be in the hotel business.



**Salt Lake County
Mayor Ben McAdams**

Taxpayers Association Releases 2013 Legislative Scorecard

Your Taxpayers Association has released its 2013 Legislative Scorecard rating Utah's 104 legislators on 25 key taxpayer related bills.

The average score in the House of Representatives was 81 percent. Five representatives received a 100 percent score: Keith Grover, John Knotwell, David Lifferth, Curt Oda and Jon Stanard. The highest scoring Democrats are Larry Wiley (65%), Rebecca Chavez-Houck (64%) and Janice Fisher (64%).

The lowest scoring Representatives (less than 60%) are Lynn Hemingway (56%), Brian King (56%), Angela Romero (55%), Patrice Arent (52%), Carol Spackman Moss (52%), Mark Wheatley (50%) and Joel Briscoe (46%).

The average score in the Utah Senate was 88 percent. Three senators received a score of 100 percent: Mark Madsen, Wayne Niederhauser and Daniel Thatcher. The highest scoring Democrats are Pat Jones (73%) and Gene Davis (70%).

The lowest scoring Senators (below 70%) are Karen Mayne (68%), Jim Dabakis (62%) and Luz Robles (58%).

To view the complete scorecard and final legislative watchlist, please click [here](#).

2013 "Friend of the Taxpayer"

This year, 28 Representatives and 19 Senators scored above 90 percent on our annual legislative scorecard. These fiscally responsibly legislators have earned the title, "Friend of the Taxpayer"

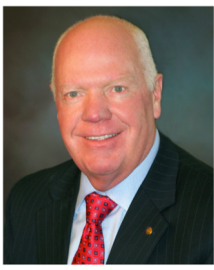
House of Representatives

Keith Grover (100%)	Dana Layton (95%)
John Knotwell (100%)	Brad Wilson (95%)
David Lifferth (100%)	Rebecca Lockhart (95%)
Curt Oda (100%)	Kay Christofferson (91%)
Jon Stanard (100%)	Jim Dunnigan (91%)
Richard Greenwood (96%)	Michael Kennedy (91%)
John Mathis (96%)	Val Peterson (91%)
Dan McCay (96%)	Keven Stratton (91%)
Marc Roberts (96%)	Brad Dee (91%)
Dean Sanpei (96%)	Gage Froerer (91%)
Roger Barrus (96%)	Greg Hughes (91%)
Jake Anderegg (95%)	Brad Last (91%)
Don Ipson (95%)	Brian Greene (90%)
Ken Ivory (95%)	Earl Tanner (90%)

State Senate

Mark Madsen (100%)	Curt Bramble (94%)
Wayne Niederhauser (100%)	John Valentine (94%)
Daniel Thatcher (100%)	Lyle Hillyard (94%)
Deidre Henderson (96%)	David Hinkins (94%)
Scott Jenkins (96%)	Stuart Reid (91%)
Howard Stephenson (96%)	Todd Weiler (91%)
Stuart Adams (95%)	Margaret Dayton (91%)
Aaron Osmond (95%)	Ralph Okerlund (91%)
Peter Knudson (95%)	Stephen Urquhart (90%)
Wayne Harper (95%)	

My Corner: Utah Receives the Only "A" Grade on Digital Learning Now Report Card Despite Opposition from "Big Education"



**Association President
Howard Stephenson**

Utah is the only state to receive an "A" on the newly released report card from Digital Learning Now! (DLN). The report card measures each of the nation's 50 states against the 10 Elements of High Quality Digital Learning as it relates to K-12 education. State policy plays a central role in either accelerating or constraining the scaling of next-generation models of learning. With an overall score of 92%, Utah beat out Florida, Minnesota, Georgia, Virginia

and Kansas, who were the next highest scoring and the only states to score a "B". All other 44 states received a "C" grade or lower.

Since education improvement is critical to achieving an educated workforce and since Utah spends more on education than any other part of the state budget, this achievement should be important to all taxpayers. It represents real efficiency and effectiveness in the use of education tax dollars.

This recognition places Utah at the forefront as an example to other states of how to advance student-centric reforms through technology, innovation and smart policy. As states are moving to modernize their policies to create new opportunities for students, explore new models of learning, and provide needed infrastructure, Utah is leading the way.

The report shows states are advancing student-centric reforms, reducing barriers to blended learning, and encouraging the use of technology to offer a more personalized college-and-career-ready education. In 2012, more than 700 bills involving digital learning were considered by state legislatures and more than 152 were signed into law, with nearly every state enacting a bill that advanced a digital learning policy. The low 22% success rate for these measures is due in large part to the general opposition to such legislation by entities representing the education community. In Utah, for example, some of the most significant digital learning legislation have been opposed by organizations representing "Big Education": the UEA teachers union, State PTA, School Superintendents Association and School Boards Association. Even the State School Board has opposed many of the digital learning initiatives proposed or passed by the legislature.

This opposition to legislation providing digital technology is surprising because when deployed at the classroom level, it empowers teachers, assisting them to personalize student skill building and content knowledge, giving teachers more time for one on one student interventions with struggling students. Contrary to teacher union dogma, digital technology is not meant to replace the teacher, just as electronic spreadsheets have not replaced accountants and CAD systems have not replaced engineers.

One example of legislation which distinguishes Utah as a leader in digital learning and which was opposed vehemently by Big Education is Utah's Statewide Online Education Program. The

legislation frees all Utah high school students to take online courses from a multiplicity of competing providers with the dollars following the student to the provider of the online course. As DLN reports, "Louisiana, Georgia and Utah are leading the way in adopting 'course choice' programs that offer students the option to take publicly-funded, online courses from providers approved by the state."

According to DLN, "State policy plays a central role in either accelerating or constraining the scaling of next-generation models of learning." Utah legislators have embraced this important role. During the recent 2013 Utah Legislative Session, 18 education technology related bills and appropriations were considered with 12 successfully passing (a 67% success rate). The measures will deploy a multitude of digital initiatives including learning technology, computer adaptive testing and infrastructure, competency-based education, online course choice options, literacy and math solutions, blended learning options, college entrance test prep tools, and more.

When digital tools are deployed effectively to provide individualized learning in the classroom and at home, student performance shows marked improvement. For example, in 2008 the Utah Legislature appropriated funds for every English language learner to receive 45 minutes a day of computer delivered personalized English language training. As a result, the 35,000 children who would typically have taken four or five years to become English fluent are now able to perform on par academically with their native English speaking peers in a fraction of the time.

Last year the Utah Legislature passed HB 513 (in spite of strong opposition from Big Education), to provide reading software to assist teaching professionals in giving 30,000 kindergarten and 1st grade students a half hour of digital reading instruction each day. According to Ernest Broderick, principal of Stansbury Elementary in West Valley City, student reading progress has doubled since using the software, "I felt that to know the efficiency of reading software intervention and not to provide it, would be educational malpractice."

Mr. Broderick's commentary on the effectiveness of the software in assisting his dedicated staff to teach more effectively is similar to those in every school receiving software. Nevertheless, Big Education opposed legislation to expand the number of licenses to reach up to 90,000 K-3 students in the coming school year. They also effectively killed a bill to provide math software for elementary students statewide, calling such legislation "vendor bills." These same entities which now oppose legislative appropriations for digital learning supported legislative appropriations for textbook "vendors" in the past.

Commenting on the DLN report which cited Utah's achievement, Jeb Bush, former Florida governor and chairman of the Foundation for Excellence in Education (ExcelinEd), said, "We need leaders in every state who are willing to make the necessary changes so that student-centered education is a reality. I am confident we can meet the challenges ahead, but only if we harness the opportunities afforded to us through technology and innovation."

"I felt that to know the efficiency of reading software intervention and not to provide it, would be educational malpractice."

Some of the most significant digital learning legislation has been opposed by organizations representing "Big Education"

Taxpayers Association Successful in 2013 Legislative Session

The 2013 general legislative session has come to a close. Your Taxpayers Association was successful in promoting fiscal responsibility, increasing transparency, expanding sales tax exemptions on business inputs and making the property appeals process easier.

The accompanying table highlights some of your Taxpayers Association's priority legislation. Of the fourteen bills included in the accompanying table, your Taxpayers Association reported only one loss.

Senator Curt Bramble sponsored SB 106, which extends the cap of the social unemployment insurance contribution rate at .4% through 2013, a one-year extension from legislation passed in 2012.

Representative Gage Froerer proposed HB 54 to expand allowable evidence and representation in the property tax appeals process and require hearing officers to be certified.

Representative Keven Stratton sponsored HB 94 which renames the Privatization Policy Board to the Free Market Protection and Privatization Board and moves the board under the Governors Office of Planning and Budgeting from the Division of Purchasing. In addition, HB 94 allows the Free Market Protection and Privatization Board to hire outside staff.

In the area of increasing exemptions for business inputs, your Taxpayers Association supported SB 33, SB 35, SB 124 and SB 171 by Senators Howard Stephenson and Wayne Harper to remove sales taxes on business inputs where the final sale is subject to sales tax. Your Taxpayers Association supports the removal of double taxation.

One of the most prominent issues of the 2013 legislative session was taxpayer-subsidies for a convention center hotel. Fortunately for Utah taxpayers, the House refused to pass SB 267 which would have given up to \$33 million (State portion of \$100 million) in state incentives towards the construction of a hotel near the Salt Palace. After being proposed with just two weeks left in the session, House members decided that more time and information was needed before committing taxpayer dollars to this ill-conceived venture.

Following a number of proposals over the past few years from local governments to place recreation bonds on the primary ballot, SB 34 requires that special elections for bonds and tax related questions can only be held on the regular November election date. Your Taxpayers Association supports maximum voter turnout on tax related ballot issues.

To view the complete watchlist, detailing Association positions and results for all 2013 tax and spending bills, click [here](#).

2013 Legislative Scorecard – Abbreviated 13 Wins – 1 Loss

Bill # Sponsor	Description	Win/Loss
HB 54 Froerer	HB 54 expands allowable evidence and representation in property tax appeals process and requires hearing officers to be certified. UTA Position: Legislative Action:	
HB 67 Froerer	HB 67 increases the exemption of business tangible personal property to \$10,000 and extends the current definition to include rental properties that are primary residences. UTA Position: Legislative Action:	
HB 94 Stratton	HB 94 renames the Privatization Policy Board to Free Market Protection and Privatization Board, moves it to the GOPB and allows the Board to hire outside staff. UTA Position: Legislative Action:	
HB 136 Draxler	HB 136 would have been a massive beer and liquor tax increase. UTA Position: Legislative Action:	
SB 33 Stephenson	SB 33 removes sales taxes on equipment used in restaurants and fitness centers where the final sale is subject to sales tax. UTA Position: Legislative Action:	
SB 34 Stephenson	SB 34 requires that special elections for bonds and tax related questions can only be held on the regular November election date. UTA Position: Legislative Action:	
SB 35 Harper	SB 35 increases the exemption on business personal property to \$10,000. UTA Position: Legislative Action:	
SB 106 Bramble	SB 106 extends the cap of the social unemployment insurance contribution rate at .4% through 2013. UTA Position: Legislative Action:	
SB 124 Harper	SB 124 enacts a sales and use tax exemption for business uses of databases such as Lexis Nexis. UTA Position: Legislative Action:	
SB 171 Stephenson	SB 171 expands the sales and use tax exemption for Internet data systems equipment to include electronic financial payment services. UTA Position: Legislative Action:	
SB 211 Stevenson	SB 211 limits taxing entities, certain urban renewal projects and RDA's from spending more than the maximum dollar amount. UTA Position: Legislative Action:	
SB 226 Harper	SB 226 expands nexus for sales tax purposes to include certain advertising efforts, bringing equity between in-state and out-of-state sales to Utahns. UTA Position: Legislative Action:	
SB 267 Adams	SB 267 would have created a taxpayer subsidy for a hotel to locate near the Salt Palace. UTA Position: Legislative Action:	
SB 271 Adams	SB 271 makes technical changes to the original school grading bill passed in 2011. UTA Position: Legislative Action:	

The STEM Action Center

Getting the Private Sector Involved in Their Future Workforce

Guest Commentary by Stan Lockhart

Problem Statement

In the 117 year history of Utah, there has never been a more important time to increase student proficiency in science, technology, engineering and math (STEM). Facing us is a serious talent shortage with thousands of high-paying jobs waiting to be filled. At the same time, there are over 600,000 school-aged Utah children who could be prepared to fill these jobs.

With strong backing from Governor Herbert, the Utah Legislature unanimously endorsed a bold, innovative plan



Stan Lockhart
Fmr. Board Member
Utah Taxpayers Assn.

using widely-used best practices that have proven successful around the world. Utah created a STEM Action Center with \$10 million to get started and close two glaring achievement gaps; Jr. High School Math proficiency and college Math readiness.

The most compelling argument for the STEM Action Center was the overwhelming outcry from industry that Utah must have better prepared graduates. It wasn't optional for employers; it

was essential. The future success or failure of Utah businesses depends on it.

Overview of the STEM Action Center

A STEM Action Center is first and foremost a place where the business community, public education, and higher education can come together and solve problems. Utah is home to incredibly talented people, and getting the right resources focused on the right problems can generate significantly better outcomes.

Second, this Center will seek out best practices in STEM education for consideration here in Utah and create a robust best practices database that can be easily searched and used by administrators, teachers, students, parents, and others.

Third, the STEM Action Center will help identify and close achievement gaps in order to help students better comprehend subject material. The goal is to use proven, time-tested methods, technology and training to increase student achievement. This is a prime function of the Center.

Last, our STEM center will promote STEM related career

fields and help students see the opportunities that exist to literally "change the world" and to earn more money.

Transparency and accountability are embedded into the requirements of the STEM Action Center. Results must be released twice each year to the Legislature and once a year to the State Board of Education. There is heightened interest and a sense of urgency on the part of policy makers to see the STEM Action Center succeed and future government investment will depend on current success.

Outcome Goals

The immediate outcome goals are to increase student achievement in Jr. High School Math and reduce college math remediation. But there is much more.

By 2020, Utah's Governor Herbert has challenged the education community and the business community to get 66% of our population between the ages of 25-35 to have post-secondary degrees or certificates.

In order to do so, several outcome goals have been identified that must be achieved including:

- 90% College Math Ready (currently 66% system wide)
- 90% Entering Post-Secondary Education (currently 68% of graduates)
- 90% Graduating from High School (currently 78% of students)
- 90% Proficiency in K-12 in STEM (currently mid-40% to mid-70%)

Conclusion

We now have a unique opportunity to align Utah's educational outcomes with workforce needs. If successful, Utah will be poised to compete for tomorrow's jobs in a fast-changing world. The STEM Action Center can make all the difference in the world for our children.

Optimism abounds that in a STEM Action Center, Utah has found a best practice vehicle to higher student achievement. As the STEM Action Center succeeds, businesses will have a qualified, trained workforce, higher paying jobs will be the norm, and students will gain the necessary skills to compete in a global economy.

These are goals worth fighting for. These are goals worth investing in. We invite you to support and contribute to the success of the STEM Action Center. Your participation matters.

35th Annual "Utah Taxes Now" Conference

Your Taxpayers Association will be hosting its annual "Utah Taxes Now" conference on **Thursday, May 23, 2013** at the Little America Hotel. Leaders from the Utah House of Representatives and Senate, the Governor's office, policy experts and community leaders will discuss a broad range of tax issues, including taxpayer subsidies for hotels, federal and state tax alignment and reducing the costs of doing business by removing double taxation. CLE and CPE credit will be available.

Teed Off On Taxes Golf Tournament

Join the Utah Taxpayers Association for their annual "Teed Off On Taxes" golf tournament on **Thursday, June 6, 2013** at the Eaglewood Golf Course in North Salt Lake. Sponsorship opportunities are available.

To register, contact Heidi Erickson at heidi@utahtaxpayers.org or (801) 972-8814.

Utah Tax Freedom Day 2013: April 13

Each year your Utah Taxpayers Association reports Utah's Tax Freedom Day, as measured by the Tax Foundation. In 2013, Tax Freedom Day is April 13, four days earlier than the 2012 Tax Freedom Day of April 17. Nationally, Tax Freedom Day for 2013 falls on April 18, which is five days later than in 2012.

Tax Freedom Day measures when taxpayers have earned enough to pay all federal, state and local taxes for the given year, assuming that all of their earnings prior to this date went to pay taxes. As the accompanying map shows, Utah's 2013 Tax Freedom Day is competitive with most other

intermountain states. Arizona has the region's earliest Tax Freedom Day (April 5), while Colorado has the region's latest Tax Freedom Day (April 17). Idaho's Tax Freedom Day is April 9, Nevada's is April 14, and Wyoming's is April 16. Nationally,

The combined federal, state and local tax burden represents a greater share of Americans' income than the combined food, clothing and housing budget for all Americans.

the earliest Tax Freedom Day is March 29 in Louisiana and Mississippi. Connecticut has the latest Tax Freedom Day (May 4).

Including all taxes, in 2013 the Tax Foundation estimates that Americans will pay \$2.76 trillion in federal taxes, and \$1.45 trillion in state and local taxes. Combined, those tax burdens represent 29.4% of total personal income. The combined federal, state and local tax burden represents a greater share of Americans' income than the combined food, clothing and housing budget for all Americans.

Of the 107 calendar days needed to pay the total tax burden, the lion's share of that burden (64 days) comes from income and payroll taxes. While Utah and many other states impose an income tax, payroll and income taxes are overwhelmingly collected by the federal government.

Sales and excise taxes comprise the next largest share (14 days) of 2013's 107-day tax burden, with property tax making up the next largest share (12 days). Sales, excise and property taxes are almost exclusively state and local taxes.

Tax Freedom Day® by State 2013

www.TaxFoundation.org

