

TAX RESTRUCTURING AND EQUALIZATION TASK FORCE

Vision, Purpose, Principles, and Process

VISION STATEMENT

Utahns enjoy a high quality of life and the benefits of a strong economy. As a result, the state is experiencing significant growth as businesses and families increasingly recognize Utah as an exceptional place to work, live, and play. The state's modern economy, however, has outpaced its revenue structure. This imbalance in state revenue sources combined with restrictions on revenue use could affect the quality of life for which Utah has long been known. If the imbalance is not addressed, a constrained sales tax base will negatively impact important funding priorities such as transportation, water, air quality, law enforcement, recreation, and health care. By taking the long view and acting now, we will preserve for future generations a vibrant and flourishing quality of life defined by economic prosperity, incomparable recreation, first-rate education, advanced transportation, and clean air.

PURPOSE STATEMENT

Assure sustainable, adequate, and flexible funding to meet the needs of Utah citizens, including education, public safety, social services, transportation, recreation, and environmental quality.

GUIDING PRINCIPLES

Both the *process* and the *outcome* of revenue restructure are important. We will adhere to the following guiding principles as we address this challenge:

- **Competitive.** Preserve low and competitive tax burden that keeps Utah economically competitive.
- **Sufficient.** Secure only the revenue needed—and nothing more—to train the state's future workforce; invest in infrastructure needs; assist the needy; and preserve quality of life.
- **Sustainable.** Fundamentally improve the long-term (20-30 years) sustainability and stability of Utah's state and local revenue structure.
- **Stable.** Diversify revenue sources to minimize revenue volatility, especially in a downturn.
- **Flexible.** Produce long-term stability by creating flexibility in revenue allocation for decision-makers.
- **Fair.** Improve the fairness of Utah's revenue system by ensuring appropriate balance among all taxpayers. One person's break is another person's burden.
- **Simple.** Previous restructuring measures simplified the process for Utahns. Restructuring should ease the burden on businesses and taxpayers and minimize compliance burdens.
- **Transparent.** Revenue collection — and the policymaking process—should be subject to the light of day.

THE PROCESS

Revenue restructure is a complicated issue, and requires a process that will define the challenge, explore the options and provide an opportunity for public engagement. We will follow the process outlined below:

- **Conduct a public engagement and listening tour.** Hold a series of town hall meetings across the state to provide an opportunity for the public to learn about the challenge and offer input, and for the task force to listen.
- **Verify the challenge and need.** Substantiate the revenue imbalance due to a shifting economy and validate the demands of current and projected population growth on the state budget for continued investment in education, transportation, water, air quality, public safety and health care.
- **Explore and consider all options.** Study all policy options, including 1) reduce levels of essential services and public investments; 2) break down revenue silos; 3) modify the tax base; 4) adjust existing tax rates; and 5) combining any of the above.
- **Analyze and refine the options.** Focus on the options that adhere to the guiding principles outlined above.
- **Recommend a restructuring pathway.** Propose a recommended pathway for revenue restructure to the State Legislature for consideration.