



September 15, 2006

An Open Letter to the Utah State Legislature: Shut the Door on Sales Tax Hikes!

Dear Legislator,

On behalf of the 4,000 Utah members of the National Taxpayers Union, I urge you in the strongest possible terms to **reject any proposals that would open the door for sales tax hikes to fund transportation spending demands.** Per Governor Huntsman's instructions for a September 19 special legislative session, you and your colleagues are scheduled to consider two tax-related proposals: income tax reform and transportation sales tax hikes. Although Utah taxpayers are looking forward to an estimated \$76 million in income tax cuts – especially after having funded a \$380 million budget surplus – they simply cannot support a move that would allow the much-welcomed income tax relief to be wiped out by harmful sales tax hikes.

Specifically, you'll be presented with a proposal that would ask local voters to approve a quarter-cent increase in the sales tax for additional transportation spending. This may not sound like much, but such a move could cost Utah taxpayers \$110 million! While raising taxes may sound attractive given the need for transportation upgrades in parts of the state, there is absolutely no reason for hiking taxes when the state is already awash in taxpayer dollars via the budget surplus. Funding demands could be better met through a smarter allocation of existing revenue and a review of spending priorities.

Furthermore, a convincing argument can be made that Utahans already pay more than their fair share for transportation spending. In 2003, Utah families forked over on average \$852 in auto taxes (including gas taxes, registration fees, etc.) in addition to the \$1,689 paid in sales taxes. Additionally, many Utah counties already add a dedicated transportation sales tax to the base state rate in the form of a 0.25 or 0.50 percent tax for mass transit or a 0.25 percent highway tax. There is no justification for pressuring voters to add yet another quarter-point to the sales tax with dedicated revenue sources already in place.

Toying with a potential \$110 million sales tax increase right after passing a \$76 million income tax cut treats Utahans like budgetary yo-yos. Taxpayers are tired of being pulled in different directions to fund questionable spending projects, and we urge you to **OPPOSE** any efforts to raise taxes on Utah families and businesses. **Taxpayers deserve much more than promises to reverse a potential tax hike in the future with additional cuts.**

Sincerely,

Kristina Rasmussen
Senior Government Affairs Manager