

# The Salt Lake Tribune

## Governor signs it: \$220M: Take it to the bank

### Cut is just part of historic state tax-reform package

by Glen Warchol, 03/15/2007

In signing what he called the most meaningful tax reform measure in Utah's history, Gov. Jon Huntsman Jr. likened the legislative process to "making sausage."

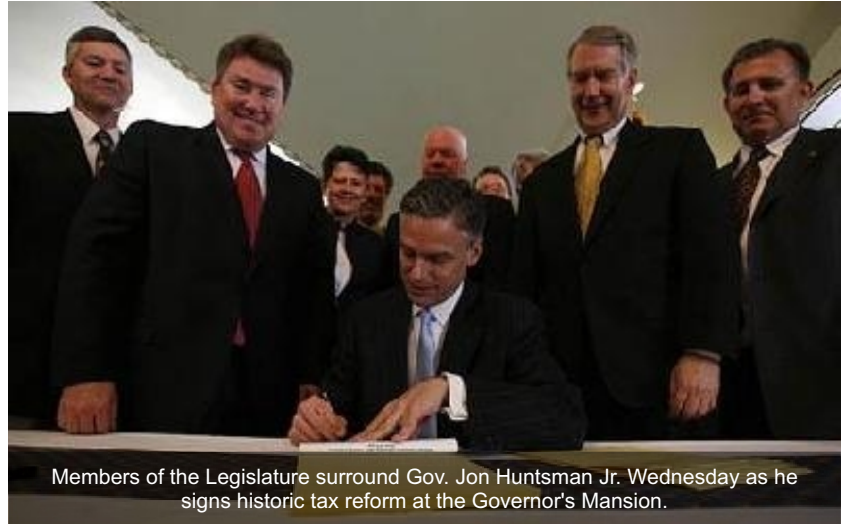
Believe it or not, he meant it in a good way.

"It is an ugly process that is at times reviling to a lot of people who are watching from the outside," Huntsman said Wednesday of the proverbial legislative knockwurst. "But it results in something good and useful and tasty. In this case, we have a very important economic policy that we can base our growth on for the years to come."

The plan, which touches nearly every part of the tax code, will also slash taxes by \$220 million, another historic milestone.

When it takes effect in 2008, the tax overhaul will take the state from a bracketed individual income tax system with more than 20 deductions and a top rate of 7 percent to a sleek 5 percent single-rate schedule with a handful of tax credits for children, charitable giving and mortgage payments.

Advocates for low-income citizens and the elderly laud the structure because it phases out the credits as income increases and is indexed for inflation to protect the poorest Utahns. Fully 90 percent of taxpayers



Members of the Legislature surround Gov. Jon Huntsman Jr. Wednesday as he signs historic tax reform at the Governor's Mansion.

will benefit from the \$110 million personal income tax cut.

The plan also will provide an \$80 million sales tax cut as it shaves one-tenth of 1 percent from the statewide sales tax and a full 1 percentage point from the state's portion of the tax on groceries.

Huntsman and his legislative allies pushed for the modernization to help Utah attract new business. "It's about competitiveness, it's about economically preparing our state for the next generation," he said, adding that the 5 percent rate "says to the marketplace that we are a safe haven for capital."

*"The net result is going to be a state that more companies are going to come," said Ragula Bhaskar, chief executive of FatPipe Networks, a Salt Lake-based technology company.*

"We are going to be able to attract more top talent. The more talent we attract to the state the more employment they are going to create."

The lawmakers who have been driving the tax reform initiative seemed to be a bit taken aback that they actually accomplished changes in three years that they had expected to take a decade. It's just a year since a transitional dual-tax system was signed into law.

"Little did I know we were going to be able to jump to the end game in one year," said Senate President John Valentine.

Some tax work is left to be done, but it is minor compared to the package the governor signed into law, legislators say. House Speaker Greg Curtis, in particular, has a remaining goal. "We are two years into what I hope will be a three-year

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