

# **UEA Issue Brief**

## **HB441: Tax Equalization and Reduction Act**

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*HB441: Tax Equalization and Reduction Act*, sponsored by Representative Tim Quinn, attempts to fix problems with Utah's sales tax by lowering the rate and adding new taxes on many services. The bill also reduces the income tax rate from 4.95% to 4.75%, which has the effect of cutting the Education Fund by about \$300 million each year.

### **UEA's Position: OPPOSE CUTS TO THE EDUCATION FUND**

**The UEA opposes provisions in HB441 to lower the income tax rate, thereby reducing funds available for education.** The state needs tax structure reforms, but that fix must not come at the expense of students. For years, educators, school administrators and parents have relied on lawmaker promises that a growing economy would yield new investments for our students. The economy grew! It's NOW time to make those long-promised and much-needed investments in our students – NOT cut the Education Fund by more than \$300 million.

- The legislature CUT the Education Fund by more than \$50 million last year and is proposing more cuts this year, essentially breaking years of promises that as Utah's economy grows, education funding will grow.
- Utah must have a viable, long-term plan to fund public education and ensure a quality public school for every child. Cutting the Education Fund undermines this goal.
- The legislature could easily **provide a record 10% increase on the WPU** with the funds available. An investment of this magnitude would allow local school districts the flexibility to truly make a difference for students. Instead, legislators seem determined to reduce funding through tax cuts and to tie the hands of elected school board members from investing in locally determined needs by setting burdensome earmarks and mandates.
- The legislature should fully utilize new revenues created by strong economic growth to invest in current student needs and reject proposals to divert public education money to tax cuts primarily benefitting corporations and the wealthy.
- Utah is facing a critical teacher shortage, classroom sizes beyond capacity and budgets that inhibit the ability of local school boards to implement proven strategies for student success.
- Cutting public education is not the way to fix Utah's broken tax structure. A tax structure cannot make an economy truly competitive unless it provides for significant investments in a highly educated workforce.

### **UEA's Recommendations:**

1. **Fix the broken sales tax without cutting education.** Our kids' education should not be sacrificed as a political pawn to make needed sales tax changes palatable.
2. **Use economic growth to support students.** Keep the promise to our students and allow the Education Fund to grow and capture that growth to provide the resources our students need.
3. **Fully understand the impacts before cutting.** The problems HB441 attempts to address are more than 20 years in the making. Details of such a massive tax overhaul cannot be fully understood and openly discussed when they are released with barely two weeks remaining in the legislative session.

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