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Lake Powell pipeline may take share of statewide sales tax

By Judy Fahys

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State lawmakers have begun to eye statewide taxes as a way to pay for the controversial Lake Powell pipeline.

Members of the Legislature's Water Issues Task Force are expected to appear Tuesday before the Executive Appropriations Committee to talk about their funding ideas for the billion-dollar project to bring more water to Utah's arid southwestern corner.

Citizens for Dixie's Future is one of the community advocacy groups already raising objections. Estimating the true cost as up to \$2.4 billion instead of the \$1.1 billion proponents are projecting, the group says better conservation would meet water-squandering Dixie's needs without the pipeline.

"It's outrageous," said the group's Christi Biniatz, "that in the biggest financial crisis in 70 years, state legislators are proposing massive tax increases for an unnecessary government project."

At their August meeting, task force members discussed the notion of using a sales tax hike or portion of sales-tax revenue growth to underwrite the pipeline.

One idea was to earmark 30 percent of future tax revenue growth — estimated at around \$135 million in 2017 — to cover estimated construction costs of \$370 million a year for three years beginning in 2015. It's the same funding approach lawmakers adopted in a special session earlier this year to help cover road construction costs.

Another idea: imposing a new, statewide tax to cover the costs rather than looking to bonds for a funding solution.

State Treasurer Richard Ellis urged lawmakers to look at public-private partnerships and just about any other funding methods besides bonding. He told the task force at its Aug. 24 meeting the state is at its borrowing limit, with each Utahn on the hook for \$1,232 in debt, or about three times as much as the \$450-per-person burden borne by those in other AAA-rated states.

"Continuing at the rate we're going," he said, "I see impacts to the state's credit rating. Whether it's highway bonds or water bonds that are issued, we need to take a hiatus for the next few years or we need to — well, that's all we can do."

Task force leaders Sen. Peter Knudson, R-Brigham City, and Rep. Patrick Painter, R-Nephi, agreed it would be a

good idea to raise the funding issue with the Legislature's budget makers in the Executive Appropriations Committee right away, since the first \$55 million or so for engineering would be needed as soon as two years from now.

"We've either got to fish or cut bait here," Painter said at the August meeting. A phone message to the lawmaker Monday was not returned.

In 2007, lawmakers directed the state Water Resources Office to build the pipeline as a way to bring Colorado River water to thirsty and fast-growing southwestern Utah. The plan would be to use a six-foot pipe to carry 100,000 acre-feet of water about 139 miles, delivering 70,000 acre-feet of it to Washington County, 20,000 of it to central Iron County and 10,000 to Kane County.

An acre-foot is roughly the amount of water a suburban family is expected to use in a year.

Ron Thompson, general manger of the Washington County Water Conservancy District, told the water issues panel in August that money put into water projects has typically proven to be a good investment for the state, with rewards that reach far beyond the communities where the water is piped.

"It will become a very bleak place for people raising families there" in Washington County, he told the task force. "You just have to have an adequate supply of water to keep the economy vibrant throughout Utah."

In a phone interview Monday, Thompson downplayed the idea that the task force's water-funding ideas were anything more than "conceptual." He added, "I think they are looking at all options."

Meanwhile, Steve Erickson, a longtime advocate for Utah's poor and critic of the pipeline, said any statewide tax for water projects would be at the expense of those who can least afford it. Earmarking a portion of sales-tax revenue increases would mean cutting into the growth required for such programs as higher education, corrections, courts and Medicaid, he said.

"As a low-income advocate," he said, "I have a real problem with this tax policy, this bad tax policy."

fahys@sltrib.com

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Committee to meet Tuesday

P The Executive Appropriations Committee meets Tuesday in Room 445 of the Utah Capitol at 1 p.m. A report on the pipeline-funding proposals is fourth on the agenda. The issue comes up again in the Water Issues Task Force meeting in Room 450 of the Capitol, beginning at 4:35 p.m., and further discussion of a public-private partnership is set for 4:50 p.m.

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