

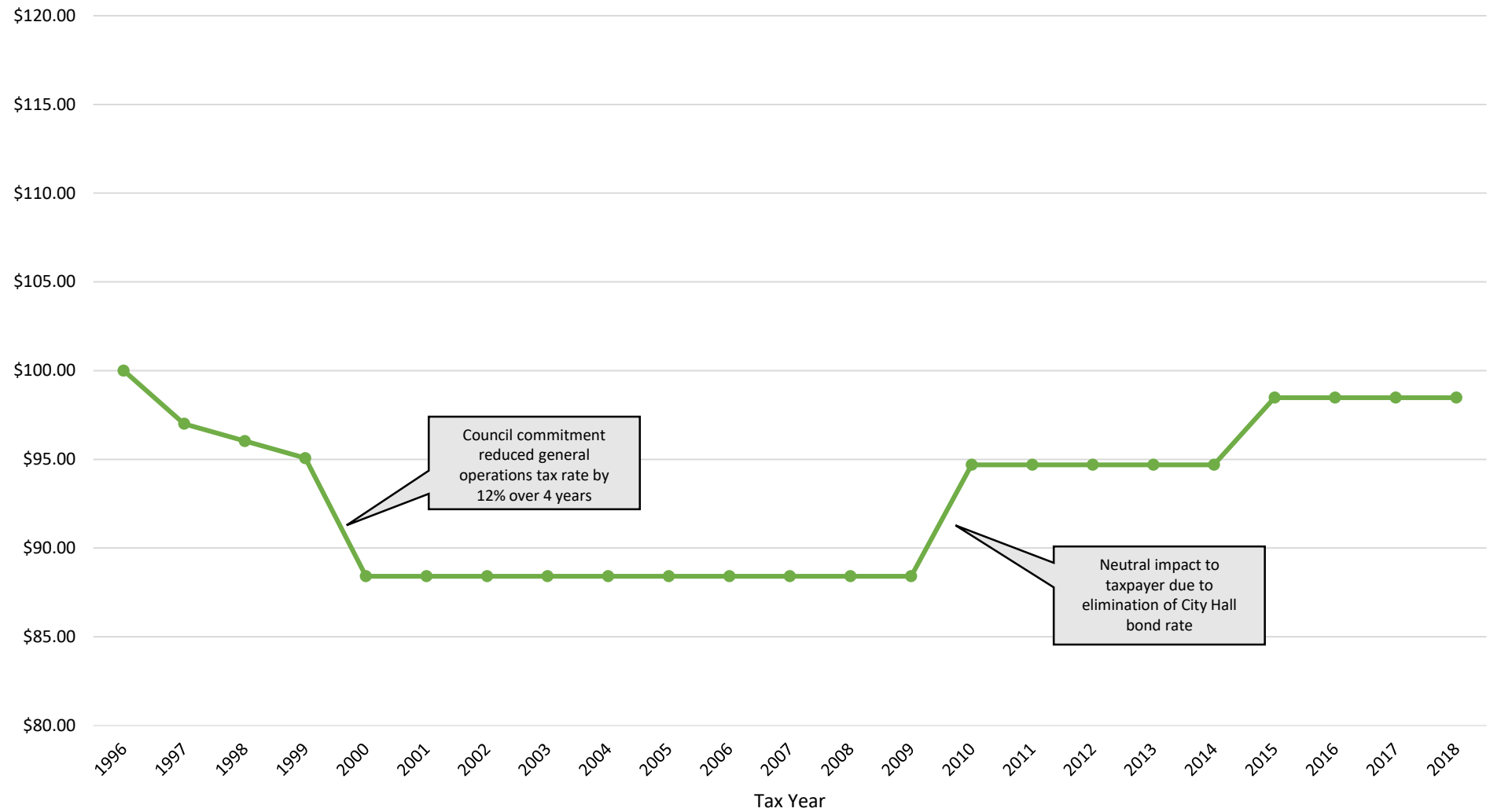
Truth in Taxation Hearing

August 13th, 2019



Sandy General Operations Property Tax Rate Change

(Impact on \$100)



Historical Context

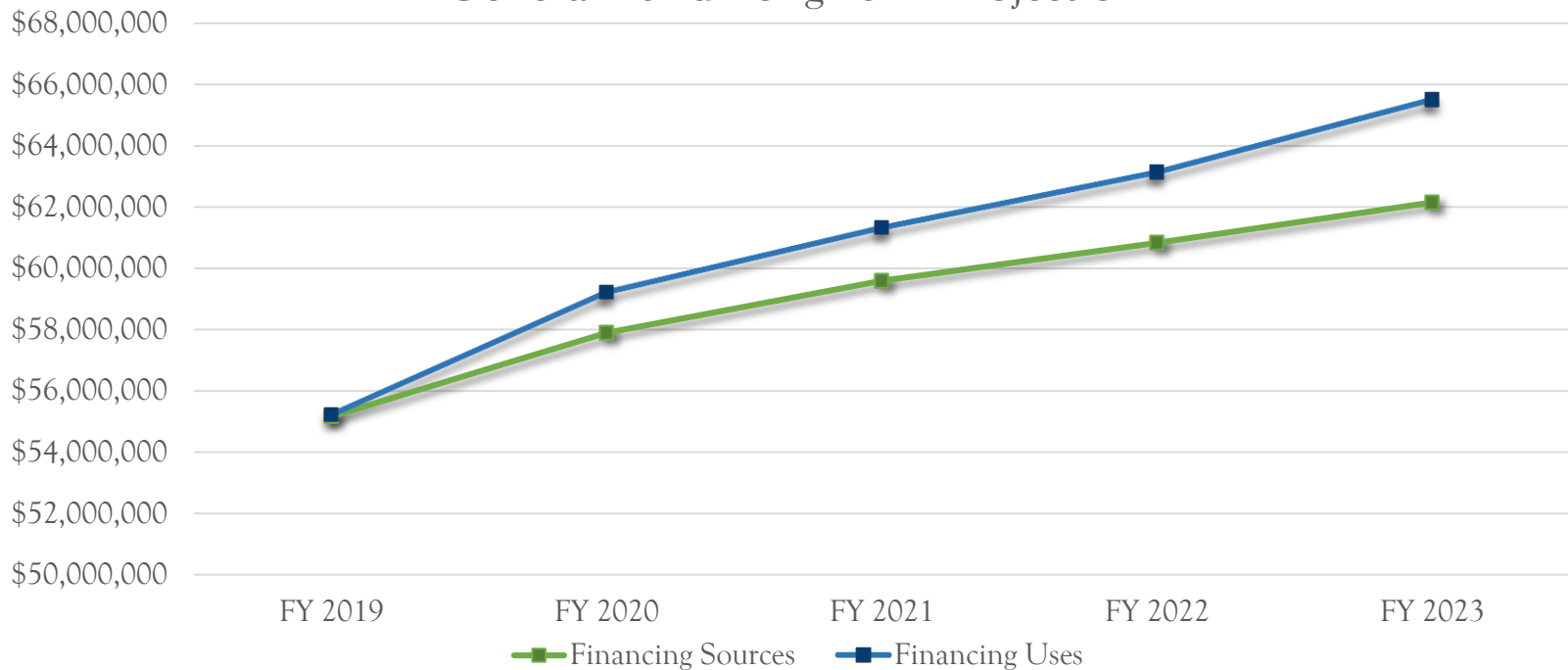
- Budget Cuts
 - \$1.5 Million in Budget Cuts in FY 2019
- Needs
 - \$10.6 million of identified operational needs
 - \$73.6 million of identified capital needs (Parks Building, Public Works, Fire Station 31, etc.)
- Advisors/Studies
 - City's Long-Term Financial Analysis

Adding Up The Costs

Operating Requests / Year

\$ 3,466,000

General Fund Long-Term Projection



Historical Context

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 - Property Tax presentation by Kerri Nakamura & Associates



KNOW YOUR BUDGET

Controlling the numbers rather than letting the numbers control you

Kerri Nakamura

KerriNakamuraAssociates@gmail.com



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 - LYRB's Comprehensive Financial Sustainability Plan

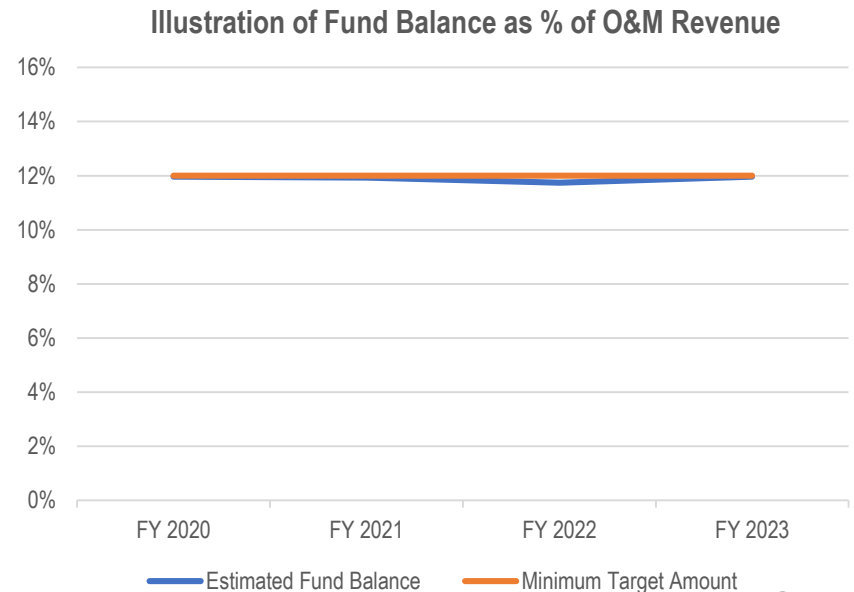
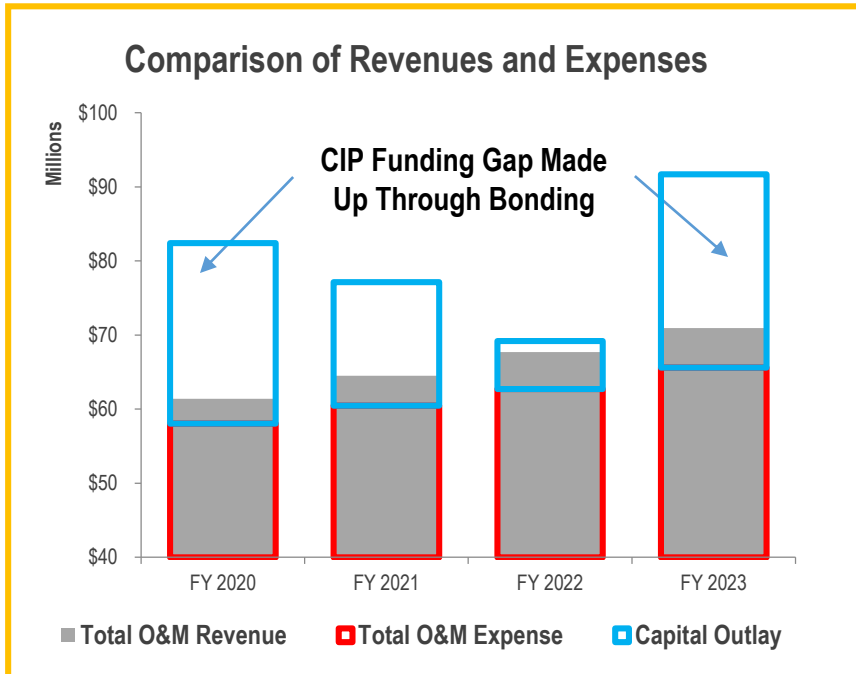
SCENARIO ANALYSIS

Scenario 3: Pay-as-You-Go & Debt Financing

Property Tax Increases Needed to Mitigate Funding Gap, Assuming New Debt

	2020	2021	2022	2023
Property Tax Increase Needed	38%	12%	15%	12%

- Inclusion of New O&M and CIP
- Including New Debt in 2020 and 2023

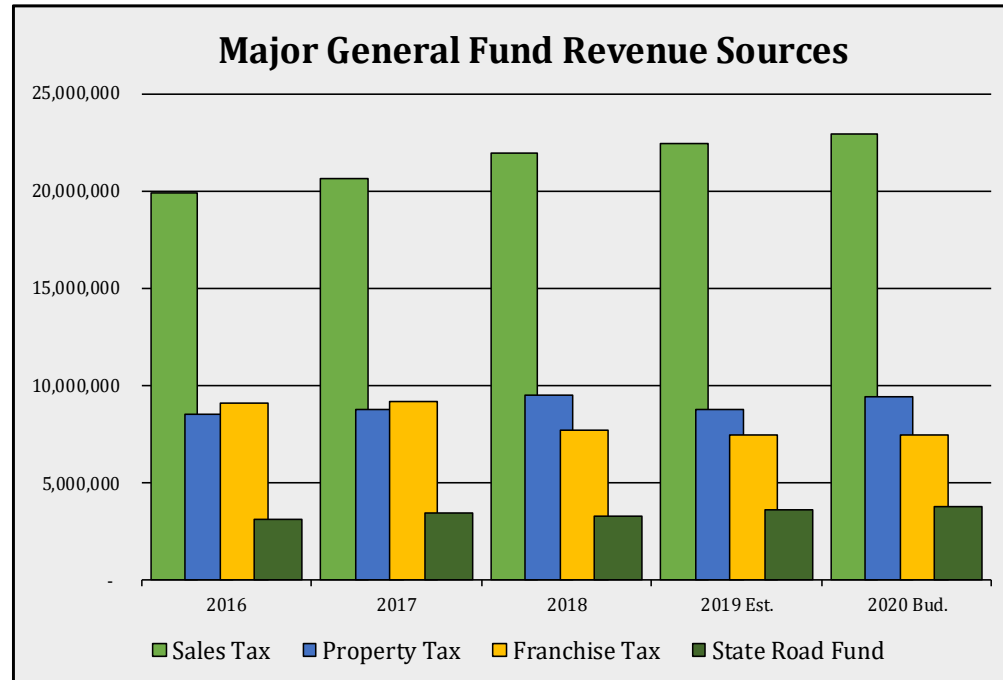


Historical Context

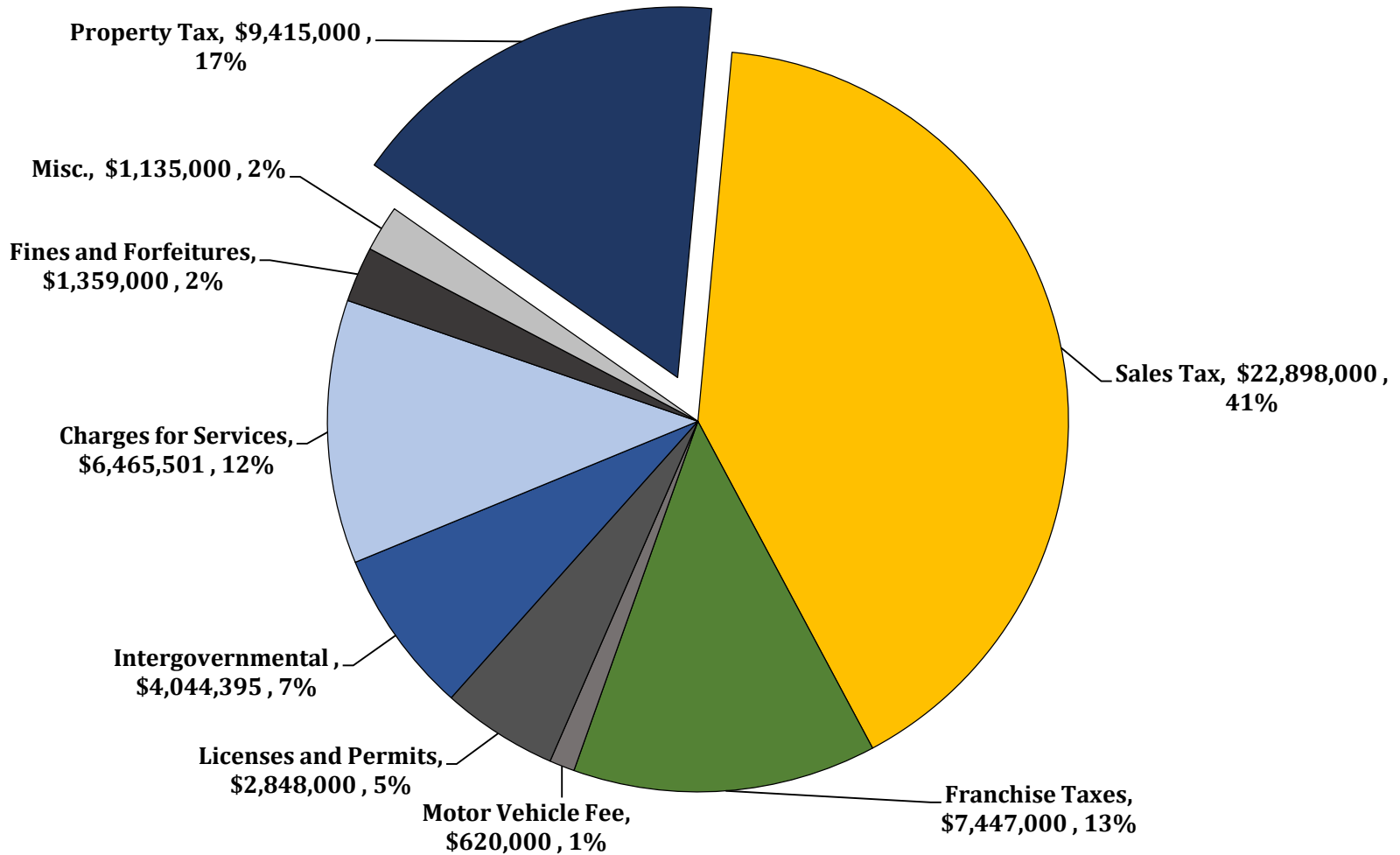
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- Prioritization
 - In this year's budget, the City prioritized essential requests but still had \$7.6 Million in unfunded operational needs

Revenue Challenges

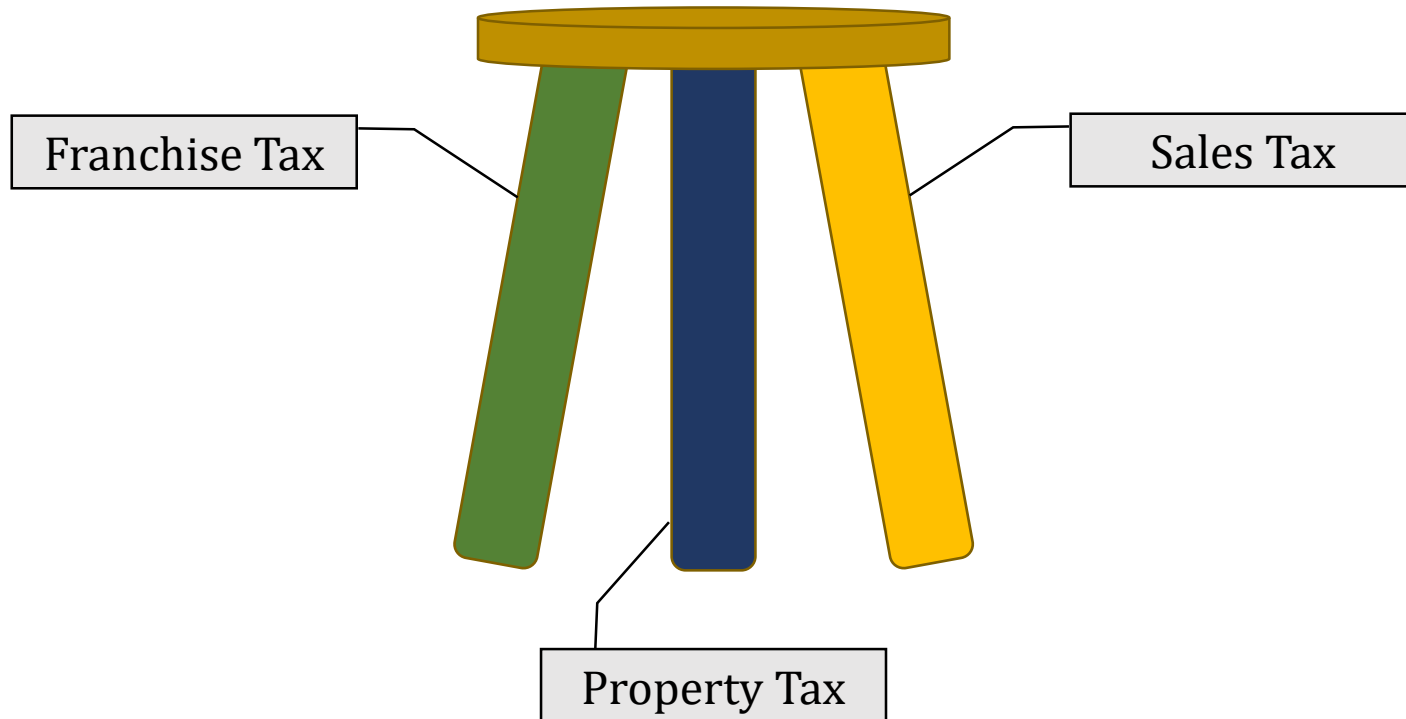
- Sales Tax
 - Local retailers leaving City (\$1 million plus in losses from auto dealers leaving)
 - Struggles of “Big Box” retail (Dillards)
 - Sales Tax leakage to surrounding communities
- Franchise Taxes
 - Steady decline over past four years
- State Road Funds
 - Based on population and road miles
- Property Tax
 - Limited to marginal growth; or
 - Truth in Taxation



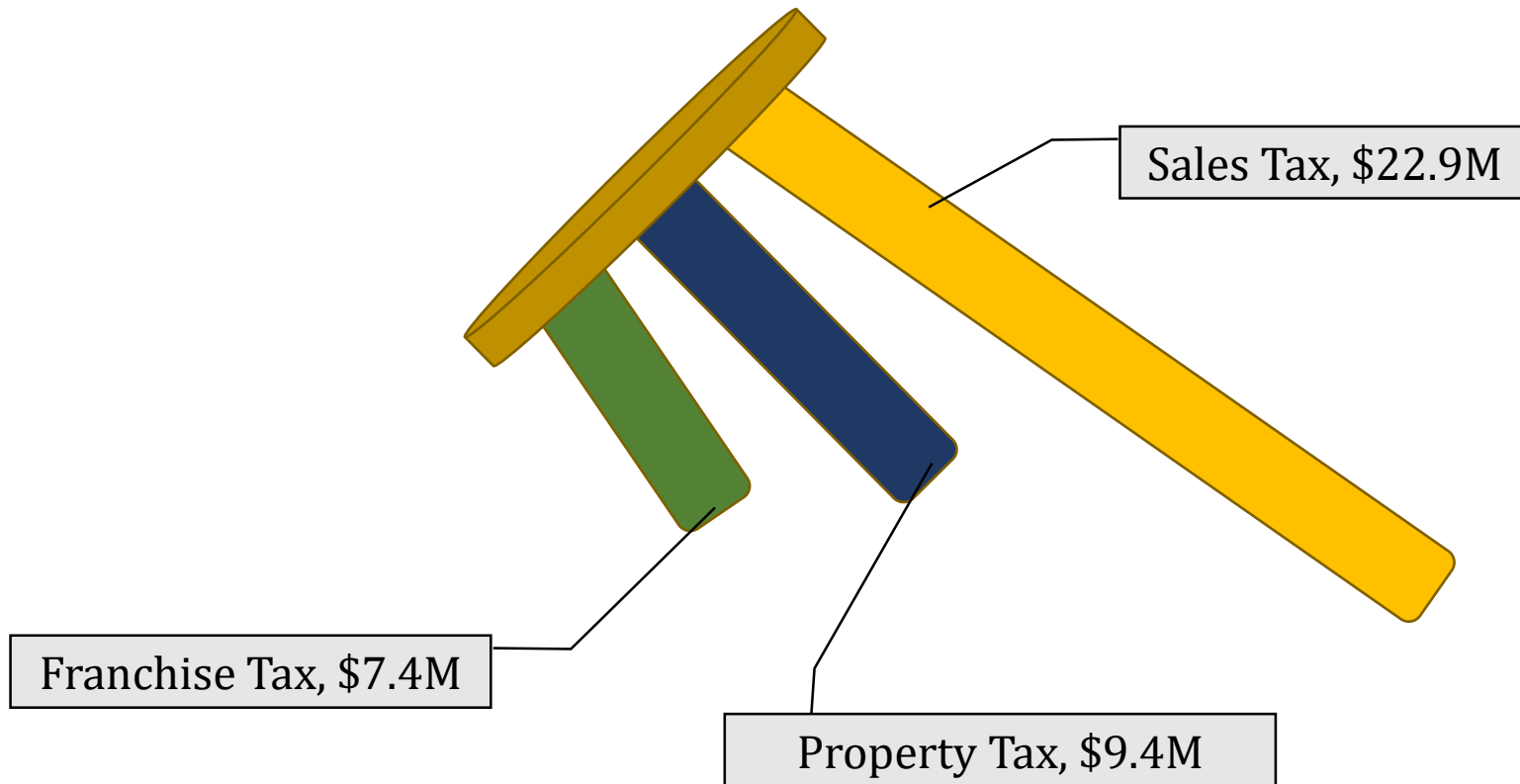
General Fund Financing Sources (\$56 Million)



General Fund Taxes: The “Three-Legged Stool”




General Fund Taxes: The “Three-Legged Stool”




Certified Tax Rate


$$\begin{array}{r} \$100,000 \\ \times 0.0025 \\ \hline \$ 250 \end{array} \quad \begin{array}{r} \$100,000 \\ \times 0.0025 \\ \hline \$ 250 \end{array} \quad \begin{array}{r} \$100,000 \\ \times 0.0025 \\ \hline \$ 250 \end{array} \quad \begin{array}{r} \$100,000 \\ \times 0.0025 \\ \hline \$ 250 \end{array} = \$1,000$$



An amount of revenue to collect is established, which is divided by the total taxable property value of the city to set the **certified tax rate**.



Then the **certified tax rate** is applied to each property to calculate property taxes owed.

(Revenue amount)






\$1,000

\$100,000 + \$100,000 + \$100,000 + \$100,000

(Total taxable property values)

= 0.0025
(Certified Tax Rate)

Certified Tax Rate

				
\$200,000	\$100,000	\$100,000	\$ 70,000	
x 0.0021	x 0.0021	x 0.0021	x 0.0021	
\$ 425	\$ 213	\$ 213	\$ 149	= \$1,000



Home values will **increase** or **decrease** over time, and that changes the certified tax rate.



Even though the certified tax rate changes, however, the revenue collected **does not change** unless approved through the Truth in Taxation process.

(Revenue amount)

\$1,000

\$200,000 + \$100,000 + \$100,000 + \$ 70,000

(Total taxable property values)

= **0.0021** ↓
(Certified Tax Rate)

Certified Tax Rate



$$\begin{array}{r} \$300,000 \\ \times 0.0021 \\ \hline \$ 630 \end{array}$$



When new properties are first taxed, they are applied to that year's certified tax rate.



$$\begin{array}{r} \$470,000 \\ \times 0.0021 \\ \hline \$ 1,000 \end{array}$$

=



$$= \$1,630$$



Taxes from the new properties are collected by the City as new growth.

\$630
(New Growth)

+

\$1,000
(Certified Revenue)

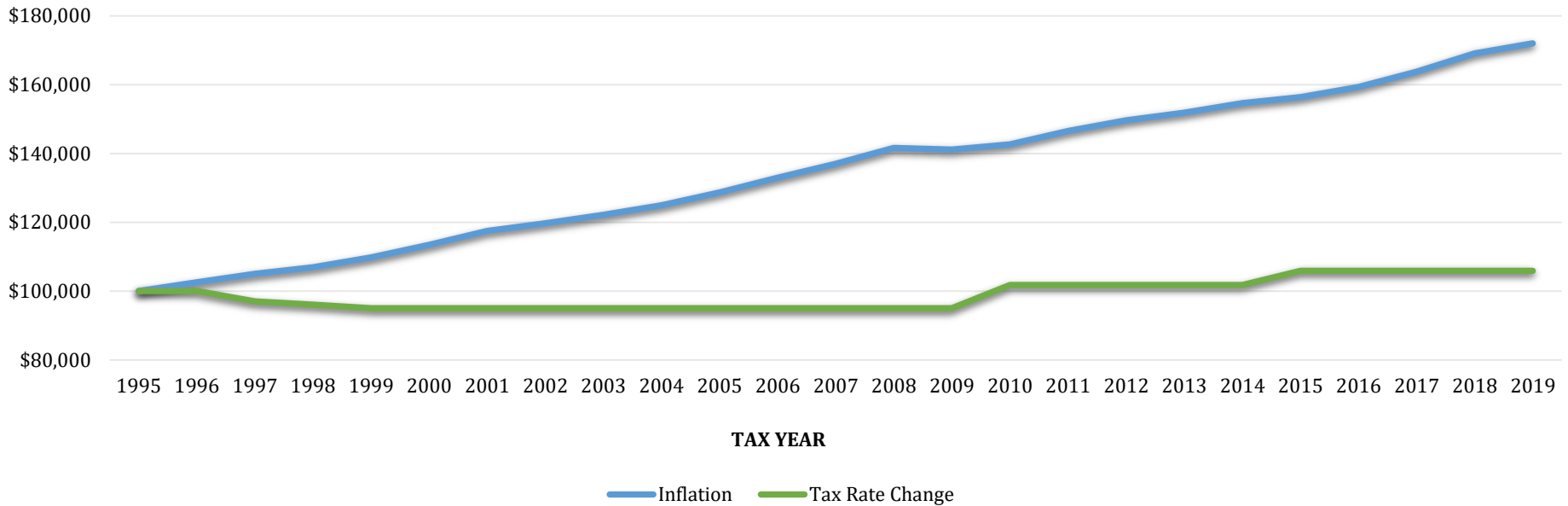
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\$1,630
(Total Revenue)

Property Tax Constraints: Key Concepts

- There is no built-in inflationary adjustment for property tax revenues collected
- As home values increase, the tax rate automatically goes down
- Only ways to increase property tax revenue:
 - New Developments
 - Truth in Taxation Process

Inflation vs. Sandy Property Tax Rate Change



For Sandy to offset the impact of this inflation it would require **a 63% property tax rate increase**

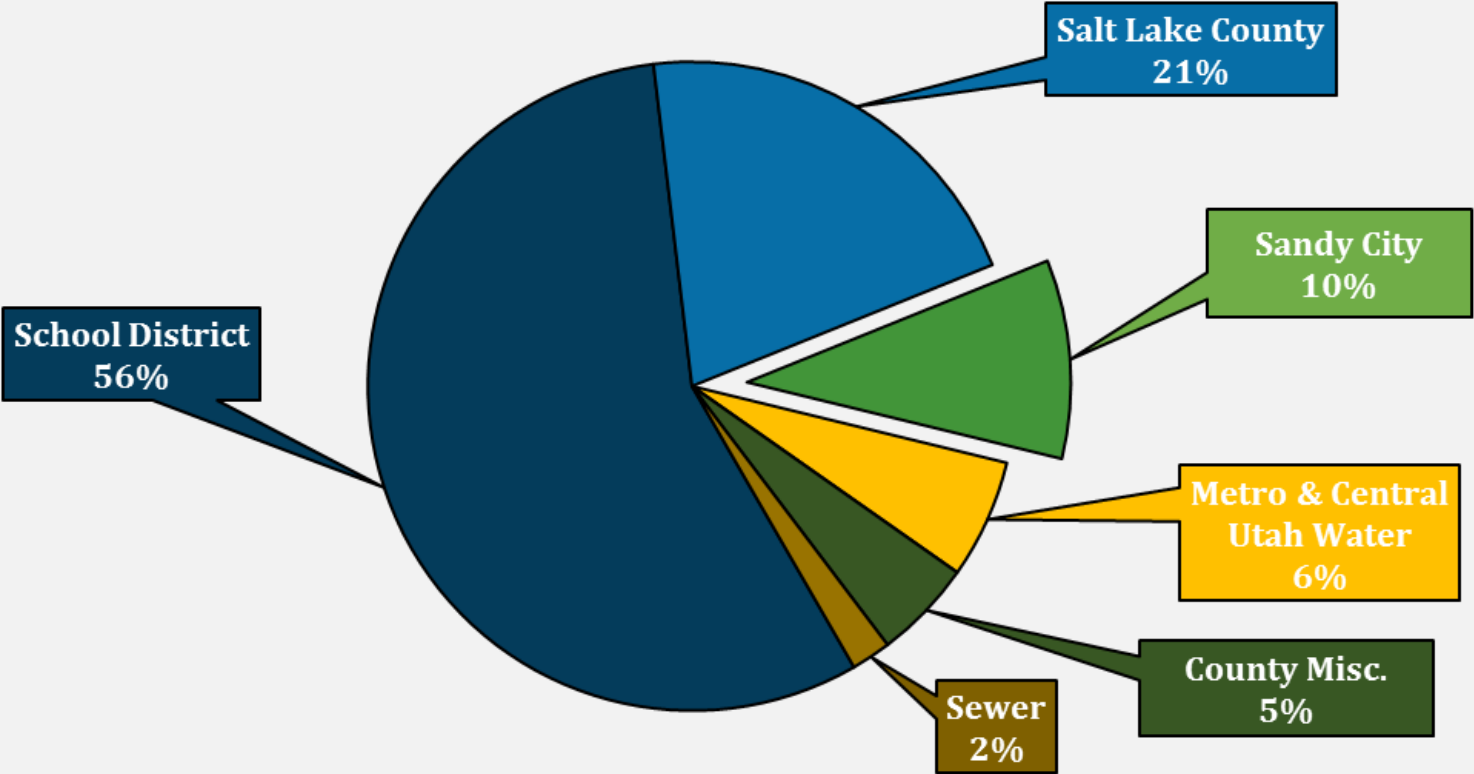
For detailed property valuation information visit www.slco.org/assessor/

NOTICE OF TAX CHANGES

TAXING ENTITY	2019 IF TAX INCREASE APPROVED		2019 IF NO BUDGET CHANGE		2019 CHANGE IF INCREASE APPROVED		2018		BE HEARD
	Rate	Tax	Rate	Tax	Tax	%	Rate	Tax	A public meeting will be held
									Date/Time/Place
CANYONS SCHOOL DISTRICT	.005271	1,169.77	.004665	1,035.28	\$134.49	13%	.004696	1,038.54	AUG 06 6:00 PM 9361 SOUTH 300 EAST
STATE BASIC SCHOOL LEVY	.001661	368.62	.001661	368.62			.001666	368.44	AUG 06 6:00 PM 9361 SOUTH 300 EAST
UT CHARTER SCHOOL-CANYONS	.000087	19.31	.000087	19.31			.000073	16.14	AUG 06 6:00 PM 9361 SOUTH 300 EAST
JORDAN SCH OLD DEBT SVCE	.000488	108.30	.000488	108.30			.000560	123.85	
SALT LAKE COUNTY	.001933	428.98	.001933	428.98			.002025	447.84	
SANDY CITY	.001456	323.12	.001096	243.23	\$79.89	33%	.001144	253.00	AUG 13 6:00 PM 10000 S CENTENNIAL PKWY
SL COUNTY LIBRARY	.000536	118.95	.000536	118.95			.000559	123.63	
SO SL VALLEY MOSQUITO	.000014	3.11	.000014	3.11			.000015	3.32	
METRO WATER SANDY	.000311	69.02	.000311	69.02			.000325	71.88	
COTTONWOOD IMPROVEMENT	.000169	37.51	.000169	37.51			.000176	38.92	
ALTA CANYON REC SPCL SVCE	.000170	37.73	.000170	37.73			.000178	39.37	
CENTRAL UT WATER CONSERV	.000400	88.77	.000378	83.89	\$4.88	6%	.000400	88.46	AUG 12 6:00 PM 1426 E 750 N #400 OREM
MULTI COUNTY ASSESS/COLL	.000009	2.00	.000009	2.00			.000009	1.99	
COUNTY ASSESS/COLL LEVY	.000216	47.92	.000216	47.92			.000225	49.76	
TOTAL	.012721	2,823.11	.011733	2,603.85			.012051	2,665.14	

VALUES DO NOT INCLUDE TAX RELIEF, DELINQUENT TAXES, PERSONAL PROPERTY TAXES, OR SPECIAL ASSESSMENTS

Property Tax Allocation



Sandy City: Proposed Tax Increase



\$403,000*
Sandy Home

	Tax Increase		Street Lighting Fee		Net Impact
Annual	\$79.79	-	\$35.76	=	\$44.03
Monthly	\$6.65	-	\$2.98	=	\$3.67

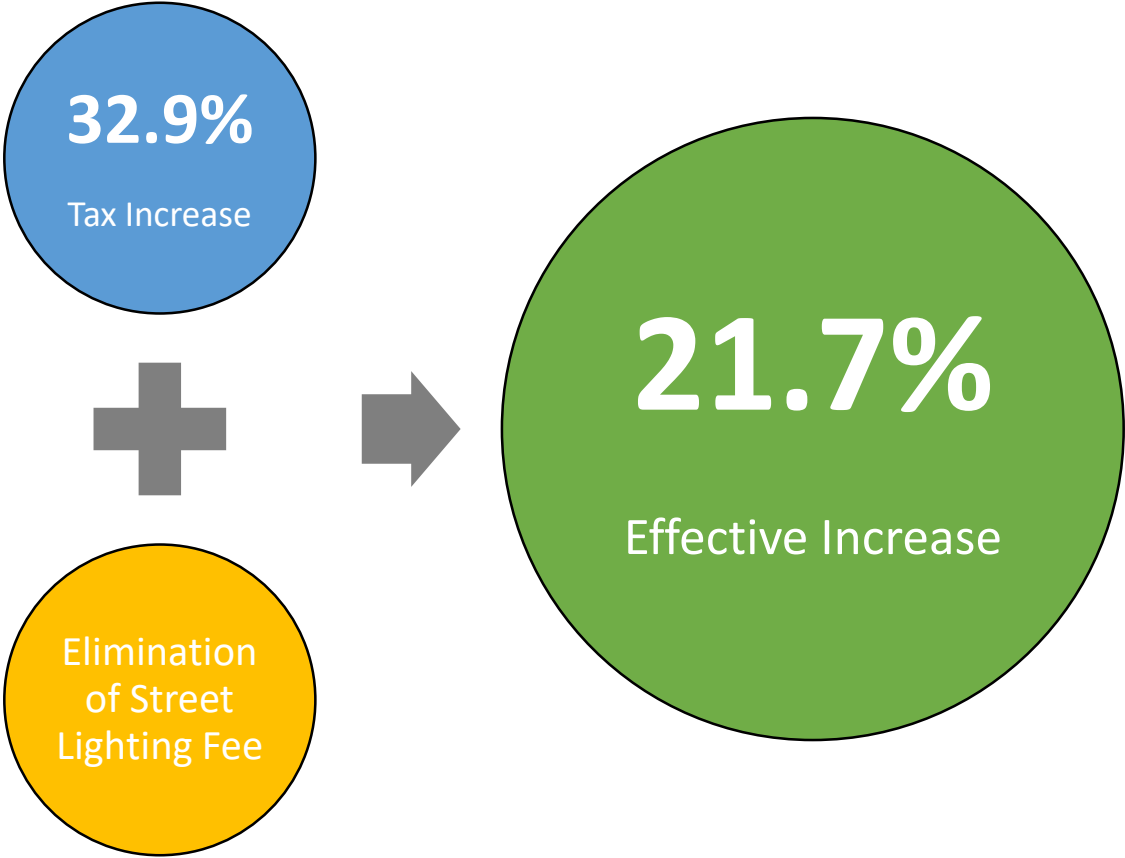


\$403,000
Sandy Business

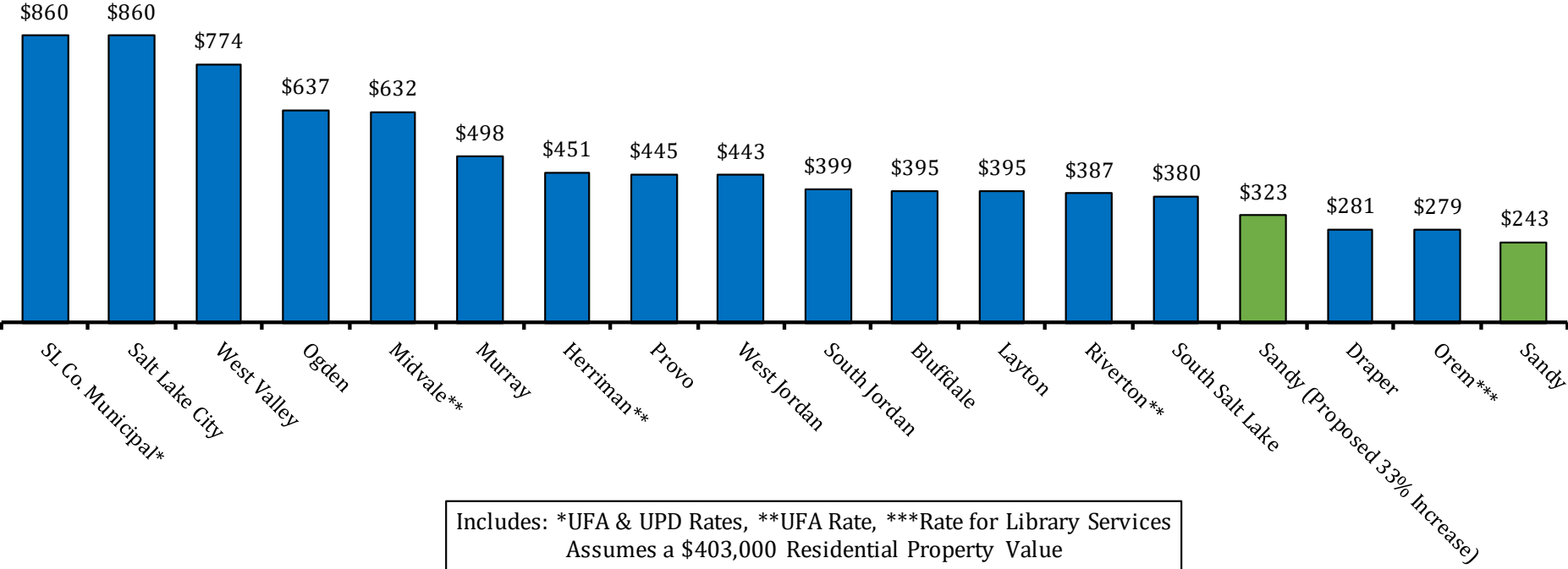
	Tax Increase		Street Lighting Fee		Net Impact
Annual	\$145.08	-	\$35.76	=	\$109.32
Monthly	\$12.09	-	\$2.98	=	\$9.11

*Average Home Value was calculated by the Salt Lake County Assessor's Office

Sandy City: Proposed Tax Increase



2019 Residential Property Tax Neighboring Cities Comparison



Includes: *UFA & UPD Rates, **UFA Rate, ***Rate for Library Services
Assumes a \$403,000 Residential Property Value
Source: taxrates.utah.gov

\$3.2 M
New Property
Tax Revenue



Seven New
Firefighters



Five New
Police
Officers

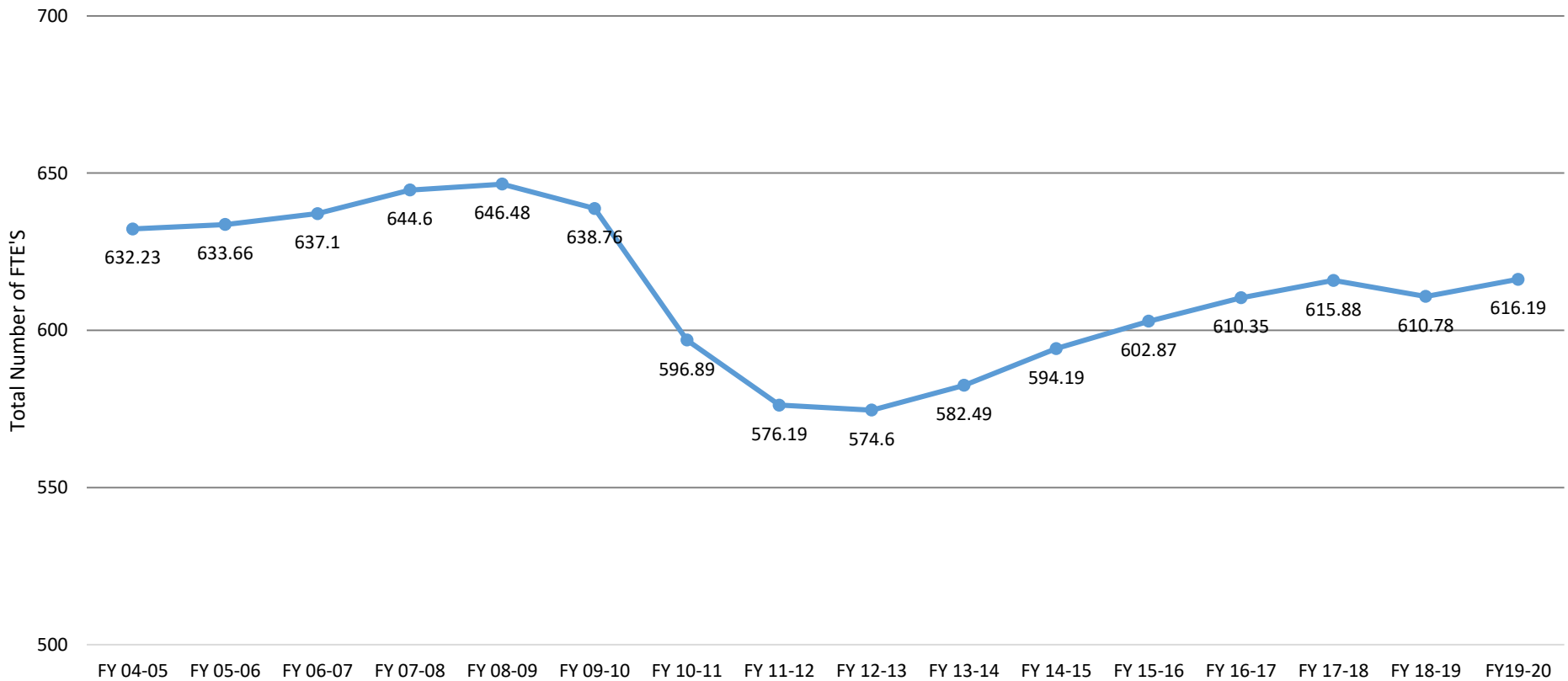


New Streets &
Parks Maintenance
Improvements



Street Lighting Fee
Replacement

Count of Full Time Equivalent Positions Per Fiscal Year



The proposed increase would fund another 15.4 positions bringing the City total to 631.59 for FY 2020

Resident Concerns/FAQ

- Does the 33% apply to my total property tax bill?
 - No, it only applies to the Sandy City portion which represents about 10% of the total bill.
- Doesn't the City receive more property tax revenue when home values rise?
 - No, State law only allows the City to collect the same revenue year to year plus any new growth.
- Why is the property tax increase necessary?
 - To address public safety and other service level needs that have been neglected due to revenue challenges and inflation.
- How much will the property tax increase affect my property?
 - The net effect of the current proposal on a \$403,000 home (which includes the elimination of the street lighting fee) would be \$44.03 a year, or \$3.67 a month.

Resolution 19-32 C

- Adopts Budget for the Fiscal Year Commencing July 1, 2019 and Ending June 30, 2020
- Establishes Certain Fees and Charges in Sandy City for said Fiscal Year
 - *Eliminates Street Lighting Fee*
- Adopts a Tax Rate on all Real and Personal Property in Sandy City
 - *Sets General Operations Rate at 0.001400, generating \$3.2M in new revenue to fund expenses outlined in Exhibit A*