

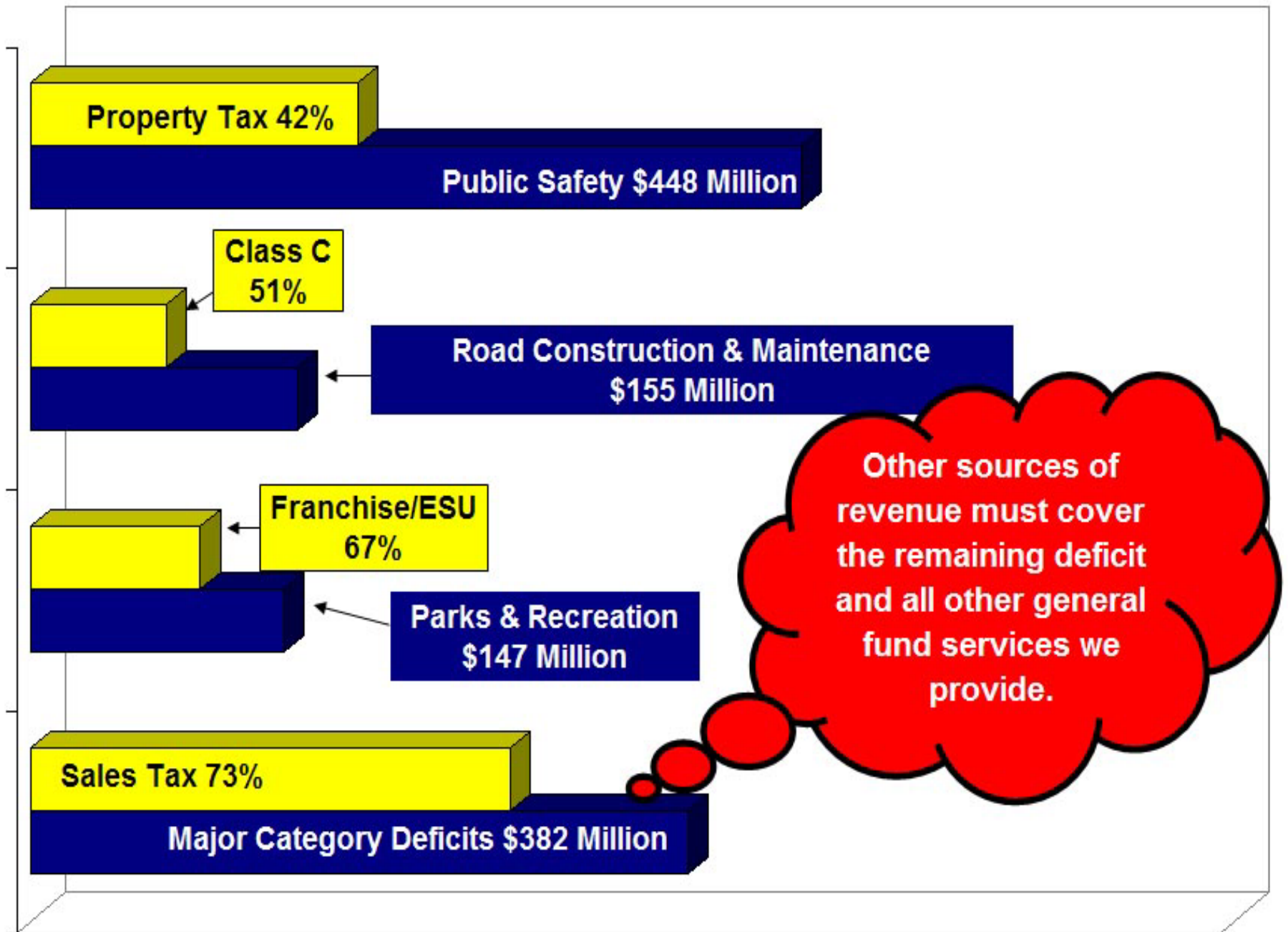
ULCT Tax Team Update

Salt Lake City Council

November 4, 2004

“Given fierce public resistance to tax increases, we can’t solve all these problems by raising taxes.”

David Osborne



“State governments have just begun to pass their problems down to cities and counties.”

David Osborne

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Tom Dolan Co- Chair, Sandy

Tom Bakaly, Park City

Jim Reams, Orem

Janice Auger, Taylorsville

Alex Jensen, Layton

Gil Miller, Bear River

Jan Wells, Murray

Fred Panucci, Syracuse

Rocky Fluhart, Salt Lake City

Ken Bassett, Vernal

Tom Hardy, Co-Chair, Bountiful

Nate Pierce, Ogden

Wayne Parker, Provo

Wayne Pyle, West Valley

Charlie Roberts, Tooele

Lee King, Midvale

Suzanne Allen, St. George

Gary Uresk, Woods Cross

Larry Ellertson, Lindon

Elected

Appointed

P R E P A R I N G

“The first step on the road to recovery is to get beyond denial and deception.”

David Osborne

- **Collected revenue and expense information for each municipality. Data is backfilled to 1992.**
- **LPC passed a motion making the League’s legislative agenda “pro-active” and unanimously identified taxes and revenue as the League’s number one policy priority.**
- **Produced two award winning videos to raise awareness municipal services and funding challenges**
- **Talked about revenue crisis facing municipalities whenever and where ever possible.**

ACTIVITIES

- **Collectively met for more than 500 hours since March**
- **Adopted Mission and Problem Statements**
- **Developed a report to the Governor's Blue Ribbon Tax Task Force**
- **Identified potential solutions**

“Even after governments choose their revenue sources, they can affect their volatility by how they choose to structure the system.”

David Osborne

E F F E C T I V E N E S S

- **Average attendance is 85%**
- **Presentations from:**
 - **Utah Foundation**
 - **State Tax Commission**
 - **Utah Issues**
 - **Governor's Tax Task Force**
- **Over 10 data sets analyzed**
- **Dozens of analyses**

M I S S I O N

The mission of the team is to identify and implement principles of local government finance that are:

- **Fair**
- **Consistent**
- **Predictable**
- **Stable**
- **Sustainable**
- **Efficient**
- **Flexible – over time and across cities**
- **Effective**

Further, the mission of the team is to provide a proactive, unified voice on issues of local government revenue and legislative policy.

Finally, the team’s mission is to develop tools for local officials to provide municipal services. The tools should allow local officials to make decisions that work for their specific communities rather than attempting to achieve a “one size fits all” solution.

CHALLENGES

- Portions of the existing tax structure are obsolete.
- Municipalities face an increasing and ever changing demand for services.
- As populations, demographics and the economy change, existing services must reflect the changes.
- As expectations change, new services are required. For example, many rural communities are expected to provide urban services, but lack the resources necessary to meet these needs.
- Municipal leaders occasionally fund ongoing service needs with one time revenue sources.
- Municipalities' dependence on sales tax revenue creates a situation where day to day needs cannot be met when this revenue decreases unless other services or revenue sources are adjusted.
- Structuring sustainable funding for municipal services is not as simple as trading reliance on sales tax for reliance on another specific ongoing revenue source.
- Each community has different factors that require a different combination of solutions. A revenue structure that works for one community may be disastrous for another. One size does not fit all.
- Many legislators, special interest groups, and others believe government should be smaller and should not provide services perceived to be in competition with the private sector. Many legislators believe that municipalities have adequate funding to provide necessary services.

R E P O R T

- Why do we care about the tax structure?
- What is at stake if we fail to act?
- What is the role of Utah's municipal governments?
- How do we meet increasing service expectations?

“In the Information Age, we cling to an Industrial Era tax base.”

David Osborne

T H E M E S

Flexibility

One size does
not fit all

Consistency

State and municipalities
lack common
economic development
goals

*“Doing
nothing will
also
undermine
the sense of
community
that binds
us
together.”*

David Osborne

“More fundamental problems will persist because our tax base is deteriorating.”
David Osborne

“The state has to face it: It’s either higher tuition, higher taxes, higher state appropriations or limited access.”

RICHARD KENDELL
 Commissioner of higher education

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Cities Respond to Sluggish Economy

by Lance Davis

City Fiscal Conditions


As the national economy continues its downward spiral, local leaders are taking drastic measures to ward off deficits and shortfalls that could force increases in taxes and service fees.

Definitely the last two years have been the tightest. We've had to be more creative than at any time in the 12 years I've served on the council.

A bond program was approved for the construction, but we can't be sure that we'd have the money to operate the facilities," said Giuliano.

A panel of experts convened by NLC last month concluded that...

\$89 billion combined state budget deficit. To further assess the impact of the recession on local governments, NLC also released the...



Higher ed grapples with short funds

The Salt Lake Tribune UT2

Keeping roads smooth is rough

TUESDAY, AUGUST 31, 2003

INTIFIL • SALT LAKE CITY • WEST VALLEY • SANDY • WEST JORDAN • TOOELE • VERNAL • MOAB • OREM • PROVO • CEDAR CITY • ST. GEORGE

Taxing times here again

Most in poll back use of tax dollars for school activities

Utahns' tax burden edges up

By Bob Bernick Jr.
 Deseret News political editor

Feeling a little less green in your wallet?

Utahns' tax burden actually went up from 1999 to 2000 based on personal income spent on taxes and fees.

However, when fees are added in with the tax mix, Utahns' ranking switches. It was ninth highest in taxes and fees in 1999. In 2000, it was the 10th highest.

The nonprofit tax watchdog

Tax burden
 State and local taxes - FY 2000

CATEGORY	UTAH RANK	PERCENT OF PERSONAL INCOME	
		UTAH	U.S.
		3%	13.6%
		6%	10.8%
		2%	2.66%
		5%	2.62%
		7%	3.09%
		5%	3.38%

SOURCE: Utah Taxpayers Association

3 school districts raise taxes

Please see TAXES on B2

Tax hikes approved Tuesday

P R I O R I T I E S

“The point is not that one choice is better than another, but that all choices have consequences.”

David Osborne

- Amend Truth in Taxation so that the property tax includes an indexing or inflationary component. Build a coalition around this approach with all property taxing entities.
- Recommend no sales tax change (reallocation or headroom) without collaboration and coordination with impacted entities (transportation, transit, education and counties).
- Pursue greater flexibility in municipal revenue sources and local option opportunities tailored to the needs of specific communities.
- Legislature should not trade one municipal revenue source for another.
- Align state and local economic development.
- Work to develop a collaborative long term solution to transportation funding needs.

OUTREACH

- Videos
- Radio Spots
- TV Spots
- Speaking Engagements
- Brochures/Posters
- Curriculum



YOUR TURN

- City newsletters
- City websites
- City cable channels
- City Hall bulletin boards
- Mayors/Council Members meeting with local Chambers of Commerce
- Interaction with the local media

*“Economic recovery
will ease the pain,
but it will not
eliminate it.”*

David Osborne