
M E M O R A N D U M

DATE: August 4, 2010
TO: City Council Members
FROM: Jennifer Bruno, Deputy Director
RE: Truth-In-Taxation Public Hearing (Wednesday, August 4th at 6pm) and Final FY 2011 Budget Adoption

PROPOSED FY 2011 PROPERTY TAX BUDGET

The City's Sales Tax revenue has declined by 18% since Fiscal Year 2009. To handle these and other revenue decreases, the City Council has reduced the City budget by \$12 million since FY 2010, and over \$20 million compared to the FY 2009 budget. Despite these cuts, the City still faces increases in costs as well as regular maintenance projects on City roads and buildings that can no longer be deferred. As such, the Council is proposing to increase on-going property tax revenue in Salt Lake City by approximately \$1 million.

The Council is also proposing to enact a one-time judgment levy of \$1.1 million. A judgment levy is a mechanism in state law that allows the City to recoup property taxes that it was not paid in the previous year due to properties that were judged to be of a lesser value. This is a one-time, one-year property tax increase.

Because the Council is proposing an increase above and beyond "new growth" that is determined by the County auditor, the City is required to have a Truth-In-Taxation hearing. This will be held Wednesday, August 4th at 6pm. **At the conclusion of this hearing, the Council could choose to adopt the budget as proposed, or adjust the proposed rates downward and re-balance the budget.**

OTHER ITEMS THAT MAY AFFECT PROPERTY TAX BILLS

- **New Growth** - The City Council adopted budgets in June that accept the "new growth" revenue as calculated by the Salt Lake County Auditor (\$1,145,861 General Fund; \$262,152 Library). This is money that is determined by the County Auditor to be the result of new development in the City. No truth-in-taxation hearing is required to accept this revenue.
- **New General Obligation Bond Payments** - Included in Salt Lake City's property tax rate is revenue to pay newly-starting General Obligation bond payments for projects that have been approved by voters in previous years - the Regional Athletic Complex (approved by voters in 2003) and the Public Safety Building (approved by the voters in 2008). These two new debt service obligations add \$8.8 million to the GO Bond budget, which in 2009 was \$8.3 million, for a total GO Bond budget of \$17 million. Although the bonds were issued previously the taxpayers are just now seeing the tax increase that was previously approved. Like "new growth" increases, General Obligation bonds are not required to be advertised as a part of the Truth-In-Taxation hearing process since voters have already approved these tax increases at the ballot.

KEY ELEMENTS

The Council will hold a public hearing tonight relating to the proposed increases in Property Taxes for the FY 2011 budget. The rates and amounts are as follows:

Purpose	Rate	Amount Generated	Notes
Salt Lake City General Fund			
<i>Base Operations</i>	0.003483	\$ 55,162,825	This includes authorized new growth (\$1.1 million)
<i>County EMS Correction</i>	0.000064	\$ 1,011,185	
Total Salt Lake City General Fund Proposed Rate	0.003546	\$ 56,160,602	
Salt Lake City GO Bonds			
	0.001076	\$ 17,041,401	Includes new bond issuances for Regional Athletic Complex and Public Safety Building.
Salt Lake City Library			
	0.000791	\$ 12,527,647	Includes authorized new growth (\$262,152)
Judgment Levy - City General Fund	0.000066	\$ 1,045,290	One-year, One-time increase
Judgment Levy - Library	0.000012	\$ 190,053	One-year, One-time increase
Total Salt Lake City Rate	0.00549	\$ 86,964,993	
<i>Note: Figures may not add due to rounding</i>			

The increases beyond new growth included in the proposed budget are as follows:

Emergency Medical Services Property Tax Shift	\$ 1,011,185
General Fund Judgment Levy (one-time)	\$ 1,045,290
Library Judgment Levy (one-time)	\$ 190,053
<i>Total Increase for FY 2011</i>	<i>\$ 2,246,528</i>
Total On-going Increase	\$ 1,011,185

COUNCIL ACTION OPTIONS

The Council has the option of adopting a rate less than the rate proposed and advertised, but not greater than. If the Council adopts a rate less than the rate proposed, the Council would need to re-balance the general fund budget, as it would create a situation where revenues exceed expenditures.

POTENTIAL MOTIONS

Note: The ordinances are listed in the following order on the agenda to allow Council Member Simonsen to recuse himself when the Council considers the Library tax rate and budget – Library Final Tax levy, Overall Final Tax Levies (all funds), Library final budget, City final budget excluding Library.

Motion #1 (Library Tax Levy) – Council Member Simonsen may recuse himself

I move that the Council adopt an ordinance establishing the final rate of tax levy to be credited to the Library Fund for Fiscal Year 2010-11:

- 0.000791 for general Library operations
- 0.000012 for the Library's Judgment Levy

Motion #2 (All Tax Levies) – Council Member Simonsen may return

I move that the Council adopt an ordinance establishing the final rate of tax levy upon all real and personal property within Salt Lake City for Fiscal Year 2010-11:

- 0.003546 for General Fund operations
- 0.000791 for general Library operations
- 0.001076 for repayment of General Obligation bonds
- 0.000066 for the City General Fund’s Judgment Levy
- 0.000012 for the Library’s Judgment Levy

Motion #3 (Library Final Budget) – Council Member Simonsen may recuse himself

I move that the Council adopt an ordinance adopting the final budget of the Library Fund of Salt Lake City for Fiscal Year 2010-11.

Motion #4 (City Final Budget excluding Library) – Council Member Simonsen may return

I move that the Council adopt an ordinance adopting the final City budget, excluding the budget for the Library Fund which has been separately adopted, and the employment staffing document of Salt Lake City for Fiscal Year 2010-11.