

# SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA



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DATE: September 27, 2024

TO: SLVLESA Member Municipalities and Salt Lake County

FROM: Rachel Anderson, SLVLESA District Administrator and Legal Counsel  
Rick Moon, SLVLESA Treasurer

SUBJECT: SLVLESA Proposed 2025 Tax Increase

Last year, we came to you with a request for a 7% tax increase, amounting to a \$2,276,837 increase in our revenue. As stated to you at that time, the purpose was to get SLVLESA as close as possible to the statutory maximum rate of .0023. Due to higher than anticipated new growth in our tax base, we learned in June of this year that our certified tax rate was calculated to be at .002038, and thus still below the maximum rate. This presented an unexpected opportunity for us to come back again for a second round of tax increases to again attempt to get us to the maximum rate.

Last year, we were reacting to changes that were set in motion by H.B. 374, adopted by the Utah State Legislature in 2023, which required the Salt Lake County Sheriff to depart from the Unified Police Department, and we were facing a lot of uncertainty. Additionally, we were already in a situation where our budget had gotten very tight, and we were having to use fund balance to dip maintain the district's finances, which is unsustainable in the long term.

Since that time, the municipalities in SLVLESA voted to stay with UPD, while unincorporated Salt Lake County moved to being served by the County Sheriff's Office directly. SLVLESA now pays two service bills, one to each of these two providers that serve the SLVLESA areas. The UPD interlocal agreement was renegotiated, and the separation of the two entities has officially occurred. This is a complicated and unique situation, but we have met the challenges and continue to work on making this situation viable.

Despite last year's tax increase, SLVLESA's finances are still in an unstable position for the future. Many discussions have been had regarding whether the municipalities can or will raise additional funds to pay UPD for services above and beyond what SLVLESA is capable of paying on their behalf, and that is still an option that may occur in the future. I believe that districts should be fully sufficient to fund the services they were set out to provide, but these unique circumstances may

indeed warrant municipal contributions in the future. However, given the significant amount of changes in simply getting the separation off the ground, and in getting the metro townships converted to cities and towns with their own taxing authority, it has been imperative that SLVLESA remain as financially sturdy as possible during this time of change. Future funding options can be worked on in the future.

Therefore, when it became apparent that we did not, in fact, hit the tax cap in 2024, the Board of Trustees felt it was prudent to again take the opportunity to increase its revenues to further support the solvency and functionality of the District.

To that end, on August 15, 2024, the SLVLESA Board of Trustees voted to pursue the truth in taxation process on a potential 12.87% tax increase. SLVLESA's current tax rate is .002038. The intention of the 12.87% increase is to bring us to an estimated final tax rate of .0023, which is our statutory maximum property tax rate. Our final budgeted tax revenue for 2024 will be \$25,458,376. With the increase, our 2025 property tax revenue would be \$28,734,452.

This tax increase would cost an average property in the SLVLESA taxing district about \$65.00 a year or \$5.44 per month. The purpose of this tax increase would be to cover the increase of law enforcement fees paid to Unified Police Department and the Salt Lake County Sheriff's Office. Without this tax increase, SLVLESA's fund balance will be in the negative at the end of 2025. Meaning that SLVLESA will not be able to pay its obligations for 2025.

Under Utah Code § 17B-2a-903, SLVLESA is prohibited from increasing its certified property tax rate without the prior approval of the jurisdictions within SLVLESA.<sup>1</sup> We may satisfy this requirement in one of the following two ways:

Approval of:

- (A) The legislative body of each municipality (i.e., the metro townships), *and* the legislative body of Salt Lake County (i.e., the County Council); *or*
- (B) A majority of the legislative bodies of each municipality (i.e., the metro townships), *and* two-thirds of the legislative body of Salt Lake County (i.e. the County Council).

Accordingly, we are reporting on the proposed tax increase to your legislative body and request your approval of the proposed approximate 12.87% tax increase today.

Our truth-in-taxation hearing will be held on the day of SLVLESA's regularly scheduled December meeting, December 19, but the meeting has been moved to 6:00 p.m. in compliance with law that requires the hearing be conducted in the evening.

Thank you for your consideration of this request, and we look forward to speaking to you and answering your questions at your council meeting.

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<sup>1</sup> Please note that this requirement is unique to law enforcement districts, and Unified Fire Service Area, which is also seeking a tax increase this year, is subject to a different statutory language which only requires them to report to your entity, and not seek approval.