

SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA



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DATE: December 7, 2023

TO: Salt Lake County Council

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

SUBJECT: SLVLESA Proposed 2024 Tax Increase

On August 10, 2023, and again on October 19, 2023 the SLVLESA Board of Trustees voted to pursue a potential approximate 7% tax increase. SLVLESA's current tax rate is .002149. The approximate 7% increase would bring us to an estimated final tax rate of .0023, which is our statutory maximum property tax rate. Our final budgeted tax revenue for 2023 will be \$23,429,247. With the increase, our 2024 property tax revenue would be \$25,075,508.

This tax increase would cost a property owner with a market value of \$500,000 about \$76.00 a year or \$6.30 a month (this doesn't include the 45% reduction for primary residences). The purpose of this tax increase would be to cover the increase of law enforcement fees paid to UPD. For fiscal year 2023 the law enforcement fees paid to UPD were \$24,093,690 and for fiscal year 2024 we are budgeted to pay \$26,370,527, which is an increase of \$2,276,837. With this increase we are projected to use approximately \$1.25 million of our fund balance for 2023. Without a tax increase, with the early projections of 7-10% increases for UPD law enforcement fees for fiscal year 2025, and additional law enforcement fees that will be paid to Salt Lake County in 2024, SLVLESA could see a fund balance below the state minimum of 5% by the end of 2024.

The changes to UPD and SLVLESA that were set in motion through H.B. 374, adopted by the Utah State Legislature in 2023, have created a lot of uncertainty regarding the future of UPD and, by connection, to SLVLESA. We are advised that the to-be reformed County Sherriff's Bureau and the to-be reorganized UPD are both working diligently to provide potential scenarios under which SLVLESA can pursue contracts for law enforcement services from one or both entities. Many decisions will be made in the coming months concerning which entity will be chosen to provide law enforcement services to SLVLESA's residents within their respective municipal jurisdictions.

While we are experiencing uncertainties, one matter we feel fairly certain about is that costs will be rising regardless of how the reorganization settles out. On the one hand, private and public entities across the state and country are experiencing inflation and rising costs in the areas of personnel, goods, and services, and law enforcement is no exception to this. These increased costs are already being experienced

by UPD and will be experienced by the County Sherriff's Bureau, and those costs will be passed on to SLVLESA through our law enforcement contracts with such entities.

Secondly, we are unfortunately going to experience a loss of a certain amount of economies of scale due to the forced separation initiated by H.B. 374, which will result in increased costs to providing services that were formerly provided by a unified organization.

The SLVLESA Board has considered in the past the potential need to seek an increase to the maximum tax rate cap applicable to this district, and doing so would require legislative action. It has been suggested that pursuing an increase to our cap would be likely denied if we weren't already at the top of our cap at the time of such request.

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.¹ 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 7% tax increase today.

Our truth-in-taxation hearing will be held on the day of SLVLESA's regularly scheduled December meeting, December 21, 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.

¹ 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.