

FABIAN VANCOTT

Memorandum

To: Ary Faraji
From: Rachel Anderson
Date: May 21, 2024
Client: Salt Lake City Mosquito Abatement District
Subject: Truth in Taxation Outline

The law setting forth the Truth in Taxation requirements is found in Utah Code Ann. § 59-2-919. The rules are different for a “calendar year entity” versus a “fiscal year entity.” I understand that the Salt Lake City Mosquito Abatement District is a calendar year entity, with budgets that span January 1 through December 31 each year. Thus, the rules stated herein are those applicable to calendar year entities.

The State Tax Commission publishes its own outline of the steps required here—<https://propertytax.utah.gov/tax-rates/cy-tnt-reqs.pdf>—and the District is highly encouraged to communicate with the Tax Commission to make sure it complies with any additional requirements of the Tax Commission.

Contacting Matthew Hurst (matthewhurst@utah.gov) and/or Jared Rezendes (jrezendes@utah.gov) from the Utah State Tax Commission is highly advised, and I recommend confirming with them that you are doing things correctly throughout the process. Getting their advice before you do something will prevent having them tell you after the fact that you’ve done it wrong. Also, letting them know early on that you plan on doing truth-in-taxation this year will get you on their “list” for any trainings and reminders.

Another resource is this Tax Rate Increase Checklist— <https://propertytax.utah.gov/tax-rates/cy-tnt-checklist.pdf>. You will ultimately be required to provide proof of completion of each of these checklist items, so it is useful to refer to it throughout the process.

A. Notice to State and County (§ 59-2-919(8)(a)(ii)). **On or before October 1, 2024**, the State Tax Commission requests that you notify them and the County legislative body of the notification of the intent to increase property taxes this year. They may ask that you indicate the date of the hearing. I recommend simply sending an e-mail to the individuals I listed above, as well as Anna Borres (aborres@slco.org) from the County Auditor’s Office. In your communication, I would ask them if they recommend you notify anyone else specifically.

B. Formal Statement of Intent (§ 59-2-919(3)(i)). **Fourteen or more days before the general election (Tuesday, October 22, 2024),** the District must state at a public meeting as well as on the meeting agenda the following information:

- i. That it intends to levy a tax rate that exceeds the District's certified tax rate.
- ii. The dollar amount of the additional tax revenue that would be generated by the proposed increase in the certified tax rate. In essence, this would be the dollar amount of revenue you wish to capture through taxes.
- iii. The expressed purpose for the proposed tax increase.
- iv. The approximate percentage increase in ad valorem tax revenue for the taxing entity.

A separate item must be included on the District's meeting agenda notifying the public that it intends to make the above described statement, and the meeting must be noticed as required by the Open and Public Meetings Act.

C. Notice of Hearing (§§ 59-2-919(3)(a)(iii), -919(6), -919(7)). The District must provide advertised notice as follows:

- i. In a newspaper of general circulation, preferably that is published at least once a week and that is of general interest and readership and not of limited subject matter. You must use the Certified Tax Rate System (found at www.taxrates.utah.gov) to generate the correct newspaper ad.
- ii. Electronically on the public legal notice website maintained by the State's newspapers (www.utahlegals.com).
- iii. On the Utah Public Notice Website used by the state's governmental entities for at least 14 days prior to the public hearing.
- iv. On the District website.
- v. The ad shall be no less than ¼ page in size, use type no smaller than 18 point, and be surrounded by a ¼-inch border.
- vi. The ad may not be placed in that portion of the newspaper where legal notices and classified ads appear.

- vii. **Be run once a week for the two weeks before the public hearing.** The first placement must be 8-14 days before the public hearing and the second placement must be 1-7 days before the public hearing.
- viii. Shall state that the District will meet on a certain day, time, and place fixed in the advertisement for the purpose of hearing comments regarding the proposed increase and to explain the reasons for the proposed increase. (Again, though, your ad will be generated for you on the state's website listed above).

D. Notice by Mail (§ 59-2-919(3)(a)(iv)). The District must provide parcel specific notice by mail as follows:

- i. **Seven or more days before the general election and 14 or more days before the public hearing.**
- ii. Mailed to each owner of property within the District and listed on the assessment roll.
- iii. Printed on a separate form that is developed by the State Tax Commission, states on the top in bold upper-case type no smaller than 18-point "NOTICE OF PROPOSED TAX INCREASE."
- iv. Shall contain, for each property, the value of the property for the current year, the tax on the property for the current year, and the estimated tax on the property.
- v. Shall contain the statement, word for word, contained in § 59-2-919(3)(c)(iv), which I won't re-type here.
- vi. Shall state the date, time, and place of the public hearing.
- vii. May contain other information approved by the State Tax Commission.

IMPORTANT NOTE: The County will help you in preparing these. But more importantly, there may be an opportunity for you to save money on printing/mailing postcards by coordinating with the County to have the notice be included as an insert in the property tax notices that are mailed out in the fall. You will be billed for the printing, but will save significantly on the postage costs. Otherwise, it is your responsibility to find a printer than can create and mail the notices.

E. Public Hearing (§ 59-2-919(8)(b)). A public hearing must take place to provide interested parties desiring to be heard an opportunity to present oral testimony within reasonable time limits and without an unreasonable restriction on the number of individuals

allowed to make public comment. The public hearing may not be scheduled at the same time as the public hearing of another overlapping taxing entity in the same county, however, the County may choose to consolidate public hearings of different taxing entities. Otherwise, the County must resolve any conflicts in public hearing dates after consultation with each taxing entity. The public hearing must begin at or after 6:00 p.m., at least two weeks after the first newspaper advertisement. **The public hearing must be held at a meeting with no items on the agenda other than the discussion and action on the entity's intent to levy a tax rate that exceeds the certified tax rate, the taxing entity's budget, the special service district's fee increase, or a combination of these items.** To be clear, you can combine the hearing with your year-end budget hearing if desired. The vote to approve the tax increase and approve the budget can be made on the night of the hearing. I recommend running your agenda by the Tax Commission in advance to be sure to work out any issues.

F. Appointed Trustee Reporting Requirement (§ 17B-1-1001 through -1003). Utah Code Ann. § 17B-1-1001(3) states that a local district may not levy or collect a property tax revenue that exceeds the certified tax rate unless the increase has been approved by "an appointed board of trustees," so long as the appointed board complies with the reporting requirements set forth in § 17B-1-1003. In this case, where all of the board members are appointed by one legislative entity—Salt Lake City—the board chair may simply request that the City Council hear the report, and the City must hear the report, which shall be listed as an agenda item for the meeting, **at a public meeting within 40 days after receiving the request to make the report.** If the city fails to do so, the reporting requirement will be considered satisfied. The report shall include the following information:

- i. A statement that the district intends to levy a tax rate that exceeds the certified tax rate.
- ii. The dollar amount of and proposed purpose for the additional revenue.
- iii. The approximate percentage increase in ad valorem tax revenue.
- iv. Any other information requested by the City.

Time shall be provided for comment from the City as well as members of the public.

G. Final Decision and Adoption of Budget for 2021 (§ 59-2-919(9)). The District may not adopt a final budget that budgets an amount of tax revenue that exceeds the largest amount of tax revenue stated at the public hearing. If the decision on budgeting tax revenue does not occur at the public hearing, the District shall announce at the public hearing the scheduled time and place of the next public meeting at which the entity will consider budgeting the tax revenue. The decision must be made by resolution or by use of the form PT-800C.

Once each of the above hurdles have been completed, which marks the completion of the Truth in Taxation procedures, the District may adopt a tax rate and report the rate and levy to the County Auditor by June 22 of the following year, as required by Utah Code Ann. § 59-2-912.

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