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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Martell Menlove, Ph.D.
Chief Executive Officer

DATE: August 8, 2014

INFORMATION: Outcome of Taxing Entity Committee (TEC) Meetings

Background:

UCA 17C-1-402 (11) states:

Each time a school district representative or a representative of the State Board of Education votes as a member of a taxing entity committee to allow an agency to be paid tax increment or to increase the amount or length of time that an agency may be paid tax increment, that representative shall, within 45 days after the vote, provide to the representative's respective school board an explanation in writing of the representative's vote and the reasons for the vote.

Additionally, State Board policy now requires a report back to the Board each time there is a positive or negative Taxing Entity Committee project vote on all Community Development and Renewal Agency project budgets.

Key Points:

The outcome of the Taxing Entity Committee for the Redevelopment Agency of St. George City held July 23, 2014, will be reported to the Finance Committee.

Anticipated Action: No action is required.

Contact: Bruce Williams, Associate Superintendent, 801-538-7514
David Roberts, School Finance Director, 801-538-7668
Cathy Dudley, MSP Budget and Property Tax Specialist, 801-538-7667



**Redevelopment Taxing Entity Committee Actions
and Reasons for the Vote**

August 8, 2014

First Redevelopment Agency Taxing Entity Committee Action

Summary of Action:

On July 23, 2014, the City of St. George Redevelopment Agency Taxing Entity Committee approved the amended budget (8 to 0) for the Dixie Center Economic Development Project Area Budget. Cathy Dudley voted to approve this budget, along with the school district.

Overview of activities to be funded:

Recently, the City and Agency were approached by a developer wishing to develop additional hotels and restaurants within the Dixie Center EDA, which would greatly enhance the overall tax base of this area. However, in order for the development to occur, a road surrounding the area needs to be improved so additional public improvements are necessary. The improvements needed to sustain this development include erosion control, roadway improvements, and landscaping. In order to pay for the cost of these improvements and, thereby, for this additional development to occur, the Agency proposes to amend the original project area budget by six years and collect the necessary funds to construct the improvements.

Redevelopment Agency Request:

The Agency has requested that the Taxing Entity Committee authorize an extension of the collection of tax increment for six years until tax year 2022. The amended project area budget extends the duration of the EDA by six (6) years beginning the year after the original cap amount of \$3,500,000 is reached or until the tax increment received by the Agency equals \$2,900,000. Thus the total duration of the EDA would be 18 years from the date of the first tax increment receipt by the Agency or until the total tax increment received by the Agency reaches \$6,400,000.

This amended project area budget authorizes the Agency to receive 100 percent of the tax increment. In the case of Washington County School District, the Agency will receive 100 percent of the tax increment and then remit \$212,210 back to Washington County School District beginning the year after the cap amount of \$3,500,000 is reached and will extend through the life of the EDA. This mitigation payment represents an approximation of the Washington County School District tax levy related to current development within the project area.

The uses of the tax increment for this extension are as follows:

\$70,938	EDA Administration at 3.5%
\$1,955,867	Infrastructure Improvements at 96.5%

That is a total of only \$2,026,806 for a period of six years. Due to the fact that the cost of infrastructure improvements is much higher than the project tax increment revenue, a cap amount of \$2,900,000 is proposed.

Reasons for the vote:

The reasons for the vote in favor of this amended project budget are as follows:

- This additional development may not occur without the road improvements that are necessary;
- Washington County School District will benefit by the mitigation payment throughout the extension period of six (6) years; and
- Washington County School District is in favor of this extension.

A summary of all Redevelopment and Economic Development projects reviewed by Taxing Agency and Taxing Entity Committees, as well as the outcome of TAC/TEC actions, from June 1993 to the present appears on the USOE, School Finance and Statistics web page at: <http://schools.utah.gov/finance/Property-Tax/Redevelopment.aspx>