

OGDEN VALLEY CITY – MUNICIPAL ENERGY TAX



SOURCES & USES OF FUNDS FOR OGDEN VALLEY CITY

Expenditures

General Government Administrative/Legislative

Public Safety Police

Highway and Public Improvement Roads and Snow Plow
Waste Management

Parks, Recreation and Public Property Weed Control

Community and Economic Development Community Planning
Engineering

Debt Service Principal and Interest on Debt

Revenue

Taxes Property Taxes
Sales & Use Taxes
Municipal Energy Tax
Telecommunications Tax
Transient Room Tax

Licenses and Permits Business Licenses and Building Permits

Charges for Services Zoning and Subdivision Fees
Waste Collections
Engineering Fees

Intergovernmental Revenue Class "C" Road Fund Allotment
State & Federal Grant Revenue

Contributions and Transfers Funds From Borrowing

OGDEN VALLEY CITY NEED FOR THE MUNICIPAL ENERGY TAX

- ❖ The Ogden Valley City **Feasibility Study** assumed a **9% annual sales tax growth rate**, based in part on COVID-era data when sales were artificially inflated by federal stimulus and abnormal consumer spending.
- ❖ The Ogden Valley City Projected Budget uses a more realistic sales tax growth rate of 3%.
- ❖ The difference in sales tax revenue results in an approximately \$1.3 million shortfall for Ogden Valley City over the three-year period of 2026, 2027 and 2028.

	FY 2027	FY 2028	FY 2029
Feasibility Study	\$ 2,509,310	\$ 2,736,992	\$ 2,985,249
OVC Budget	2,214,581	2,281,018	2,349,449
Difference	\$ 294,729	\$ 455,974	\$ 635,800
Total Difference			\$ 1,386,503

- ❖ **Why does the difference in sales tax projections matter?**
- ❖ Because the timing of revenues and expenses do not always align, *new cities need “start-up” financing* in the form of a tax-exempt tax note to meet expenditures for the first few years. To obtain the start-up financing, lenders must have assurance that revenues will be sufficient to repay the debt. *Current revenue projections with a more realistic sales tax growth are not sufficient to repay the debt.*

- ❖ The Municipal Energy Tax provides a reliable revenue source needed to demonstrate repayment capacity.
- ❖ The Municipal Energy Tax can be authorized immediately with revenue collection beginning July 1, 2026, and revenue distribution to the City beginning September 1, 2026.
- ❖ If the Municipal Energy Tax is not authorized, the City will not have sufficient revenues to fully fund expenses.
- ❖ The Municipal Energy Tax may be repealed in the future if other stable revenue sources become available.
- ❖ Low-income residents may qualify for assistance through Utah's HEAT (Home Energy Assistance Target) Program.
- ❖ The majority of cities in Utah with a population over 5,000 impose the Municipal Energy Tax.

OGDEN VALLEY CITY MUNICIPAL ENERGY TAX SENSITIVITY ANALYSIS

	Projected Budget FY 2027 7/26 - 6/27	Projected Budget FY 2028 7/27 - 6/28	Projected Budget FY 2029 7/28 - 6/29	Projected Budget FY 2030 7/29 - 6/30
Current Situation:				
Budget				
Surplus/Shortfall	\$(227,957)	\$(104,333)	\$(78,362)	\$(49,798)
Municipal Energy Tax:				
Budget				
Surplus/Shortfall	\$133,212	\$329,069	\$368,042	\$409,998

Average Monthly Bill	Energy Tax
Gas:	
\$50.00	\$3.00
\$75.00	\$4.50
\$100.00	\$6.00
\$150.00	\$9.00
Electric:	
\$50.00	\$3.00
\$75.00	\$4.50
\$100.00	\$6.00
\$150.00	\$9.00

 QUESTIONS