

ORDINANCE NO. 0-2026-0011

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OREM, UTAH, APPROVING AND ADOPTING A TENTATIVE BUDGET FOR FISCAL YEAR 2026-2027, ADOPTING COMPENSATION PROGRAMS, ADOPTING THE FEES AND CHARGES SCHEDULE, PROPOSING AN INCREASE TO THE PROPERTY TAX RATE, ADOPTING THE FRANCHISE TAX, MUNICIPAL ENERGY SALES AND USE TAX, TELECOMMUNICATIONS LICENSE TAX, TRANSIENT ROOM TAX, AND E-911 FEE RATES.

WHEREAS on May 12, 2026, the City Manager of the City of Orem, Utah, presented the Tentative Budget for Fiscal Year 2026-2027 to the City Council for consideration; and

WHEREAS the City Council has, through prior public work sessions, reviewed the components of the Fiscal Year 2026-2027 Tentative Budget; and

WHEREAS the City Council, on due public notice, held a public hearing on Tuesday, June 9, 2026, in the Council Chambers of the Orem City Hall located at 56 North State Street to receive input regarding the Tentative Budget and the proposed property tax increase prior to adopting the final 2026-2027 Tentative (Interim) Budget; and

WHEREAS the City Council will hold a Truth- in-Taxation public hearing on Thursday, August 27, 2026, to receive input from the public regarding the proposed property tax increase; and

WHEREAS the City Council considered the Tentative Budget as submitted and all information presented at the public hearings and made all changes which the City Council desires to make; and

WHEREAS the Employee and Elected Official Compensation Programs have been established in accordance with Council desire; and

WHEREAS the fees and charges of the City have been set in accordance with Council desire; and

WHEREAS the City Council has developed a Tentative Budget in which the anticipated revenues equal the total of appropriated expenditures; and

WHEREAS the Tentative Budget has been revised to reflect each of the changes and modifications which the City Council believes should be made in the Tentative Budget; and

WHEREAS the City Council desires to maintain the Franchise Tax and the Municipal Energy Sales and Use Tax at the present rate of 6% (6 percent), and maintain the Telecommunications License Tax at the present rate of 3.5% (3.5 percent); and

WHEREAS the City Council desires to continue the Transient Room Tax at 1% (1 percent); and

WHEREAS the City Council desires to continue the enhanced 911 program and levy it at the state allowed maximum rate on all phone connections in the City; and

WHEREAS the public hearing required for a transfer from the enterprise funds to any other fund of the city has been held; and

WHEREAS the public hearings required for the Community Development Block Grant Program have or are scheduled to be held.

WHEREAS the public hearing required for local government compensation increases for specified officers has been held and the increases adopted by ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF OREM, UTAH, as follows:

1. The City of Orem Tentative Budget for the Fiscal Year 2026-2027, which Tentative Budget is attached hereto as Exhibit "A," and incorporated herein by this reference, is hereby adopted.
2. The Tentative Budget adopted herein by the City Council, which proposes a property tax rate increase for the ensuing fiscal year and which includes a property tax impact schedule, shall constitute the City's Interim Budget for the period beginning July 1, 2026, and ending after the date on which the City Council adopts a final budget (which is currently scheduled for Thursday, August 27, 2026) in accordance with Utah Code Section 59-2-924.
3. Exhibit "B" establishing all fees and charges for Fiscal Year 2026-2027, which is attached hereto and incorporated herein by this reference, is adopted.
4. Exhibit "C" containing the Elected Official and Employee Compensation Programs, attached hereto and incorporated herein by reference, is hereby adopted effective July 1, 2026.
5. The City Council proposes to levy a property tax sufficient to increase ongoing City of Orem property tax revenues by \$450,000 per year. To achieve this property tax revenue increase, the City Council hereby adopts a proposed property tax rate of 0.000755 (estimated) for Fiscal Year 2026-2027. (The 0.000755 property tax rate includes a general property tax rate of 0.000603 plus a voted interest and sinking fund levy (general obligation bond) of 0.000152 ($0.000603 + 0.000152 = 0.000755$)).
6. The Tentative Budget includes a property tax impact schedule which specifies:
 - a. the approximate dollar amount of additional ad valorem tax revenue that will be generated by the proposed tax rate increase;

- b. the approximate percentage increase in tax revenue based on the proposed tax rate increase;
 - c. the approximate percentage increase to the amount of property taxes paid on an average residence per year as a result of the proposed tax rate increase;
 - d. the approximate percentage increase to the amount of property taxes paid on an average commercial property per year as a result of the proposed tax rate increase; and
 - e. for each department of the City whose budget will be affected by the proposed tax rate increase:
 - i. the budget increase or decrease to the department as a result of the proposed tax rate increase; and
 - ii. an articulation of the operational impact to the department if the City Council approves the proposed tax rate increase.
7. The Franchise Tax and the Municipal Energy Sales and Use Tax shall be maintained at 6% (6 percent) and the Telecommunications License Tax shall be maintained at 3.5% (3.5 percent).
8. The Transient Room Tax shall be 1% (1 percent), as adopted by ordinance.
9. The E911 surcharge shall be set at the maximum rate allowed by law.
10. The City Manager is directed to implement this Tentative (Interim) Budget in accordance with State laws and appropriate City procedures, including GAAP carryovers and CIP carryovers. All approved purchase orders in effect on June 30, 2026, all CIP projects previously budgeted but not completed, and all grant funds not yet expended will be carried over and re-budgeted in Fiscal Year 2026-2027.
11. A public hearing to consider the adoption of a final budget, including the proposed property tax increase, shall be held in the Council Chambers of Orem City Hall located at 56 North State Street, Orem, Utah, on Thursday, August 27, 2026, at 6:00 p.m. The City Council hereby orders that notice of this public hearing be published as a Class A notice under Utah Code Section 63G-30-102 for at least fourteen (14) days before the public hearing.
12. A copy of the Orem City Tentative (Interim) Budget shall be placed on file in the office of the City Recorder of the City of Orem, Utah.
13. This ordinance shall take effect immediately upon passage and after a summary of this ordinance has been published or posted as required by law.
14. This ordinance shall supersede any resolutions, ordinances, or policies in conflict herewith.

15. If any part of this ordinance shall be declared invalid, such decision shall not affect the validity of the remainder of this ordinance.

PASSED AND APPROVED this 9th day of **June** 2026.


Karen A. McCandless, Mayor

ATTEST:


Teresa McKittrick, City Recorder



BOARD MEMBERS	AYE	NAY	ABSTAIN
Mayor Karen A. McCandless	☒	☐	☐
Jenn Gale	☒	☐	☐
Chris Killpack	☒	☐	☐
Jeff Lambson	☒	☐	☐
Quinn Meham	☒	☐	☐
LaNae Millett	☒	☐	☐
Crystal Muhlestein	☒	☐	☐