UTAH STATE BOARD OF EDUCATION

Martell Menlove, Chief Executive Officer
Lorraine Austin, Board Secretary

Tami W. Pyfer, Chair
David L. Crandall, First Vice Chair
David L. Thomas, Second Vice Chair

Dixie L. Allen
Kim R. Burningham
Keith M. Buswell
Leslie B. Castle
Barbara W. Corry
Dan Griffiths
Heather Groom
Michael G. Jensen
Jennifer A. Johnson
Jefferson Moss
C. Mark Openshaw
Debra G. Roberts

MEMORANDUM

TO: Members, Utah State Board of Education

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

DATE: January 9, 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 meeting of the Taxing Entity Committee for the Redevelopment Agency of Bluffdale City held December 9, 2013 will be reported to the Finance and Audit 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

250 East 500 South P.O. Box 144200 Salt Lake City, UT 84114-4200 Voice: (801) 538-7517 Fax: (801) 538-7768

Redevelopment Taxing Entity Committee Actions
and Reasons for the Vote
January 9, 2014

First Redevelopment Agency Taxing Entity Committee Action

Summary of Action:

On December 9, 2013, the Bluffdale City Redevelopment Agency Taxing Entity Committee approved the budget (8 to 0) for the Eastern Bluffdale Economic Development Project Area Budget amendment. Cathy Dudley voted to approve this amendment.

Overview of activities to be funded:

The original budget anticipated no specific projects other than a new 30-inch storm drain out fall line from 14600 South to the Jordan River, but noted that this infrastructure improvement was needed before the City or Agency could undertake a variety of other core infrastructure projects.

Twenty percent of the tax increment ($2,167,518) generated by the Project Area shall be set aside for affordable housing within Bluffdale City.

The rest of the tax increment collected will be used as follows:

Road	20%	$2,167,518
Water infrastructure	10%	$1,083,759
Storm Drain	10%	$1,083,759
Other Economic Development Costs	32%	$3,468,029

Redevelopment Agency Request:

The Agency was entitled under the Budget and Utah law to receive 100 percent of the tax increment. Between 2008 and 2010, the taxing entities collectively received $1,544,357 of the tax increment generated from the Eastern Bluffdale EDA. This should not have happened. It should have gone to the Bluffdale City Redevelopment Agency.

Each year redevelopment agencies submit a “November 1 Report” to each of the TEC members. The November 1 Report includes both (i) an estimate of the tax increment to be received in the current tax year and (ii) an estimate of the tax increment to be received in the next year. The

general purpose of the November 1 Report is to provide annual updates to the TEC members. By statute, the numbers included in a November 1 Report have always been estimates.

The Agency recently discovered that the Salt lake County Auditor was relying on the estimates in November 1 Reports as formal "requests" for tax increment. If a project area generated more tax increment than a redevelopment agency estimated in the November 1 Report, the Salt Lake County Auditor's office capped the agency's tax increment collections at the amount estimated in the November 1 Reports. In 2011, the Utah Legislature passed Senate Bill 70 which clarified that a county that collects property tax on property located within a project area shall pay and distribute any tax increment to any agency that the agency is entitled to collect. Senate Bill 70 further clarified that the November 1 Report submitted by the Agency is for informational purposes and does not alter the amount of tax increment that an agency is entitled to collect from a project area.

Senate Bill 70 did not rectify the fact that the Bluffdale Agency did not receive $1,544,357 in tax increment that it was entitled to between 2008 and 2010. If the Taxing Entity Committee will approve a one-year extension of the Bluffdale Agency's collection of tax increment from the Eastern Bluffdale EDA, the Agency will be able to fully recoup the $1,544,357 in lost tax increment. In tax year 2011, the Eastern Bluffdale EDA generated about $1,530,847 of tax increment.

Under the current Project Area Budget for the Eastern Bluffdale EDA, the Bluffdale Agency will collect tax increment through and including the tax year 2023. The Bluffdale Agency proposes simply extending tax increment collection through the tax year 2024. There was a proposal at the previous year's Taxing Entity Committee meeting on December 10, 2012, that the final year of tax increment collection be capped at the lost $1,544,357, plus interest.

The new resolution for the Eastern Bluffdale Economic Development Project area stated that the final year's total tax increment shall not exceed $1,577,795 (which is the original $1,544,357 plus interest) and within six (6) months of the date of that resolution, the Agency shall prepare and submit to all taxing entities a new project area budget that outlines development expenditures and projected annual tax increment.

Reason for the vote: The Accountability and Finance Committee of the Utah State Board of Education directed the Board's representative to the Taxing Entity Committee to vote to approve the 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