

# Municipal Energy and Telecom License Tax Revenue Estimate

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## **Objective**

Prepare an estimate of annual municipal energy and telecom license tax revenue for the townships and the Town of Brighton.

Prepare an estimate of annual municipal energy and telecom license tax revenue for the remaining unincorporated county under the hypothetical assumption a municipal energy and telecom tax revenue is imposed.

## **Background and Methodology**

- During the 2021 Legislative session, S.B. 58, Metro Townships Amendments, was passed which allows metro townships to impose a municipal energy sales and use tax and a municipal telecommunication's license tax.
- The first step was to identify a comparable city that has imposed a municipal energy sales and use tax and a municipal telecommunication's license tax. Ideally, the selected city would have a population roughly comparable to the aggregate population of the townships.
- After reviewing five different cities, Taylorsville was selected as the proxy city for this analysis.
- The amount of municipal energy tax and telecom tax revenue generated per capita in Taylorsville during FY 2020 was \$57.52. This per capita revenue number was then used to calculate a revenue estimate using the 2020 Census updated population numbers for the townships and the remaining unincorporated county. A separate methodology was utilized to prepare a municipal energy and telecom tax revenue estimate for the Town of Brighton and is described on page 2.
- The municipal energy sales and use tax imposed by Taylorsville is 6 percent. The municipal energy sales and use tax for the townships and the remaining unincorporated county is assumed to be 6 percent.
- The municipal telecommunication's license tax imposed by Taylorsville is 3.5 percent. The municipal telecommunication's license tax for the townships and the remaining unincorporated county is assumed to be 3.5 percent.
- This methodology does not consider the mix of residential, commercial, or industrial properties in either the proxy city or the townships or unincorporated county.

- Salt Lake County does not have the statutory authority to impose either a municipal energy sales and use tax or a municipal telecommunication’s license tax. The revenue estimate for the unincorporated county was prepared for the sole purpose of facilitating a discussion of a possible County financial contribution in-lieu of these taxes to SLVLESA.

### **Town of Brighton Methodology**

- In preparing the Town of Brighton municipal energy tax revenue estimate, it was necessary to identify a proxy community with a similar profile for this purpose. The Town of Alta was selected as the proxy for the following reasons:
  - a) The population of Alta and Brighton are each less than 500 residents.
  - b) Alta has imposed a municipal energy tax of 6% and a telecommunication’s license tax of 3.5%.
  - c) Total taxable sales in each community are within a reasonable range of each other.
  - d) Both Alta and Brighton are home to well-known ski resorts.
- Brighton's total taxable sales were 10.6% greater than Alta's total taxable sales for the 12-month period reviewed. This difference was factored into the calculation of the revenue estimate for Brighton.
- In preparing this revenue estimate, it is assumed the Town of Brighton imposes a 6% municipal energy tax and a 3.5% municipal telecommunication’s license tax.

### **Revenue Estimate**

Estimated municipal energy sales and use tax and a municipal telecommunication’s license tax revenue is summarized in the table on page 3. Revenue estimate for each township, Town of Brighton, and the unincorporated county are rounded to the nearest \$1,000. The aggregate revenue estimate was rounded to the nearest \$50,000. This estimate has been prepared for discussion purposes only and is subject to change as new information becomes available.

<b>Municipal Energy and Telecom Tax Revenue Estimate</b>			
<b>Township, Town or Unincorporated County</b>	<b>Population</b>	<b>Revenue Per Capita</b>	<b>Estimated Revenue</b>
Kearns Township	36,723	57.52	\$ 2,112,000
Magna Township	29,251	57.52	1,683,000
White City Township	5,522	57.52	318,000
Emigration Canyon Township	1,466	57.52	84,000
Copperton Township	829	57.52	48,000
Town of Brighton	432	Not applicable	87,000
Unincorporated County	11,454	57.52	659,000
<b>Total</b>	<b>85,677</b>		<b>\$ 4,991,000</b>
<b>Revenue Estimate (rounded)</b>			<b>\$ 5,000,000</b>

Using this methodology, the estimated revenue is \$5 million in aggregate.