



Senate Bill 294

SB 294 is scheduled for hearing on Wednesday, February 5, 2020 at 9:30 AM before the Senate Assessment and Taxation committee. The committee meets in room 548-S in the Statehouse.

This bill is being presented as the “Utah model” of property taxation. However, this bill does not mirror the Utah model for several reasons. First, while the Utah model allows for increases in property taxation due to new growth, SB 294 has no provision for new growth. Regardless of growth in an area, the amount of property tax collected would remain flat under this bill unless the notice and hearing requirements were fulfilled. SB 294 also does not include CPI increases. Again, under this bill, unless the notice and hearing requirements were fulfilled, the total dollar amount of property tax collections would remain flat.

In addition, SB 294 **does not** eliminate the tax lid. While the tax lid contains exceptions for things like law enforcement, fire protection and emergency medical services, SB 294 contains no such exceptions.

SB 294 is especially burdensome on county clerks, who would be responsible for submitting the information of all taxing jurisdictions within their respective county to the state for review, as well as sending out notices on behalf of all taxing jurisdictions within the county. As a result, particularly in counties with dozens of taxing entities, several notices could tie up clerk staff for days or weeks at a time just to send out notices to be in compliance with the law. In election years, this could be especially problematic with a primary election around the same time.

SB 294 also requires that tax revenue above the “certified tax rate” be returned to taxpayers. As a result, the cost of notice and hearing may exceed the amount of the increase.

This also points to a flaw in the Utah model. In Utah, many local governments have kept rates flat for several years, followed by extreme tax increases (50% or more in some cases). This is likely because the cost of notice makes smaller incremental increases impractical. As a result, local officials will put off increases until it is large enough to justify the expense of the notice and hearing.

Finally, SB 294 may be impossible to comply with in reality. The bill requires that if there is to be an increase in the certified tax rate, no hearing within a county may be held at the same time as any other. As a result, in counties with dozens of taxing jurisdictions, the hearings would have to be spread out. The bill requires that a “reasonable time” be allowed for public comment, followed by a vote by the governing body in the same meeting. This means that it would be nearly impossible to hold multiple hearings on the same night. The taxing information is not due until August 1, but all hearings must be complete no later than September 15. There simply may

not be enough days to complete all hearings if there is an increase, even with hearings every evening and on weekends!

KAC asks that you contact your legislators or send in testimony regarding your opposition to this bill.