



Utah Taxpayers Association

Utah's advocate for lower taxes and sound tax policy

Our organization has been advocating on behalf of Utah taxpayers at the state and local level for nearly 100 years. We champion efforts such as low and equitable taxes, fiscally responsible, stable, and transparent state and local tax policy.

We have been very vocal in our opposition to many real estate developments that take tax incentives in order to fund the infrastructure of their project. This government-handout model allows developers to take property taxes that would otherwise have gone to school districts and local governments in order to finance a portion of the costs of their projects. As the state's only taxpayer watchdog organization, we generally oppose these development incentives. We believe that governments ought to create a solid economic framework using tax policy that benefits all taxpayers, businesses, and development. This way, everyone has an equal opportunity to expand and grow, rather than certain developments being given "gifts" at the expense of others. The Richardson Flat development is requesting zero tax incentives. This means the developer is funding the entire project without any money from students, roads and public safety, or a single tax dollar. We believe this model should be replicated across the state and that upon completion the results of this development, and the leadership shown by Hideout Town will be a standard for other cities and towns to replicate.

We have also sought to counsel cities that do not have long term sustainability plans for their tax base. Currently, more than half of Hideout Town's total revenue comes from one-time building permits that cannot be used for anything other than building related costs and services. As Hideout grows and new residents increase the demand and cost of services, the town will need to find long-term, sustainable revenues such as sales tax or a broader property tax base, in order to fund basic services. This leaves very little to no consideration for long-term, sustainable revenues such as sales tax or a broader property tax base. This development is projected to add \$7 million over the next 20 years in tax revenue to help stabilize the town's budget for the long-term. (For reference, Hideout collected \$415,000 in total revenue in FY 2018). The additional demand for services this development places on the town's resources are significantly smaller than the considerable amount of additional tax revenue generated. Without this development and assuming the town doesn't diversify the tax base and tax rates stay the same, the Town will likely face significant financial difficulty within 10 years. In order to prevent bankruptcy, the Town would be forced to raise property taxes or implement additional fees in order to just maintain the current, basic level of services they provide. This development alleviates that pressure by generating greatly needed sales tax revenue, which keeps property taxes low.

We encourage you to vote YES on Prop 3 this June 22nd and support fiscally responsible tax policies that this development embodies: broadening and diversifying the tax base which will save the Town from the immediate need to raise property taxes; and developers not taking any tax incentives which would reduce school and town funding. Please join us in supporting a development that adheres to best practices, keeps the town solvent, and protects your property tax rates.

Sincerely,

Utah Taxpayers Association