

PROPOSED PROPERTY TAX INCREASE - TRUTH IN TAXATION

To: Town Council & Property Owners

From: Jen Clancy, Town Clerk

Date: July 25, 2023



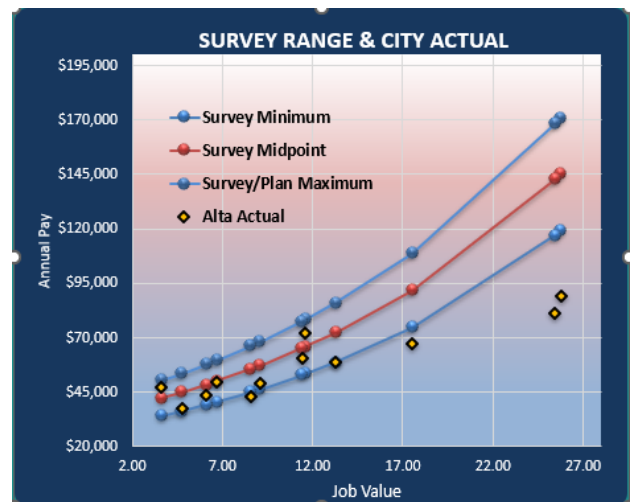
Truth In Taxation Public Hearing: August 9, 2023

The Town of Alta faces an important decision.

The Town of Alta is proposing to increase its property tax revenue from \$243k to \$400k by increasing its tax rate. If the proposed tax rate is approved, the Town of Alta would increase its property tax budgeted revenue by 64.13% above last year's property tax budgeted revenue excluding eligible new growth. To do this, we are required to go through a "Truth in Taxation" process. The truth in taxation process encourages transparency and provides an opportunity for the public to comment on the proposal. A public hearing will be held August 9th; after the public hearing, the Alta Town Council will vote on the proposed tax rate and FY24 Budget.

The problem.

One of the biggest influences on the Town's budget is our human resources – our staff. This past winter the Town of Alta commissioned its first compensation study by a third party. Mike Swallow of Technology Net helped the Town develop a framework for evaluating job value based on factors including responsibility, job knowledge, difficulty, and work environment. Mike's study included a vast database of comparable data from other local governments. The results showed that the top positions were well below comparable municipalities. At this time, the wage increases have focused on getting the top positions above the comparable minimum curve. Additionally, inflation and recent wage growth, combined with a high demand for public safety employees has placed pressure on the Town's budget. To allow the Town to recruit and retain a qualified workforce the proposed Budget includes a \$161k¹ increase in staff wages².



Additionally, while the numbers are not huge, we are recognizing increases to the cost of buying goods and services to operate the Town's services and programs and budgeting accordingly. We are also dedicated to maintaining and improving town facilities. The Town's existing facilities are aging and requiring increased maintenance costs. The Town has also resumed planning discussions related to building a community center.

The solution.

Property taxes provide a stable, consistent source of funding for government programs and services. We are proposing to use the increase in the property tax revenue budgeted in combination with the recently adopted 0.1 % resort sales tax to meet our proposed general fund budget needs.

¹ Comparison between FY23 Final Budget approved June 21, 2023 and proposed FY24 for August 9, 2023. This is inclusive of salaries, hourly wages, and potential overtime compensation.

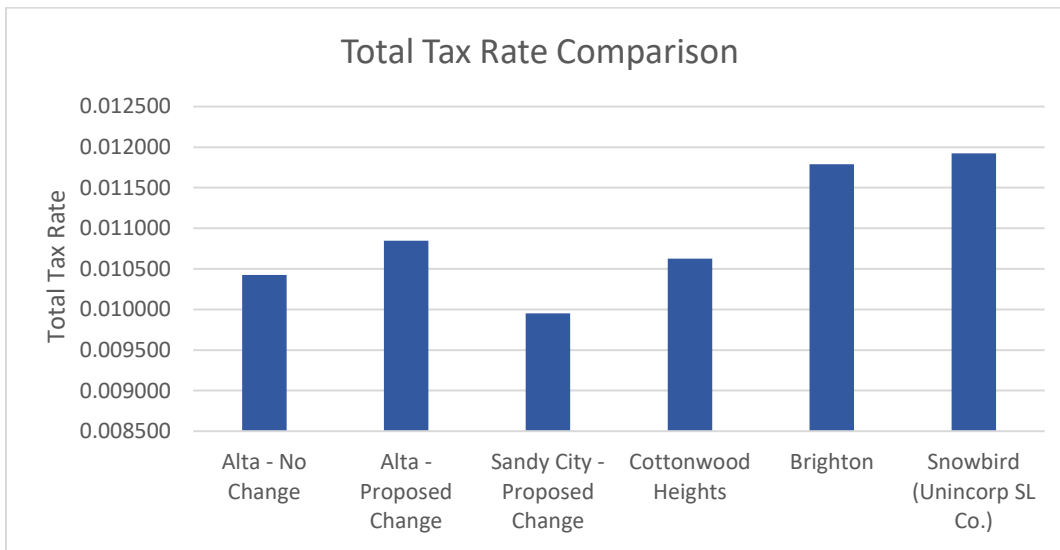
² The council and community members should be aware that the latest budget numbers have been adjusted to reflect a salary for the Interim Town Manager that is below the posted salary range for the Town Manager and accounts for the staffing gap before a new Assistant Town Administrator is hired. The current staffing plan for these 2 positions resulted in a reduction in the total Administration Department's wages for the FY24 Budget.

What this means for property owners.

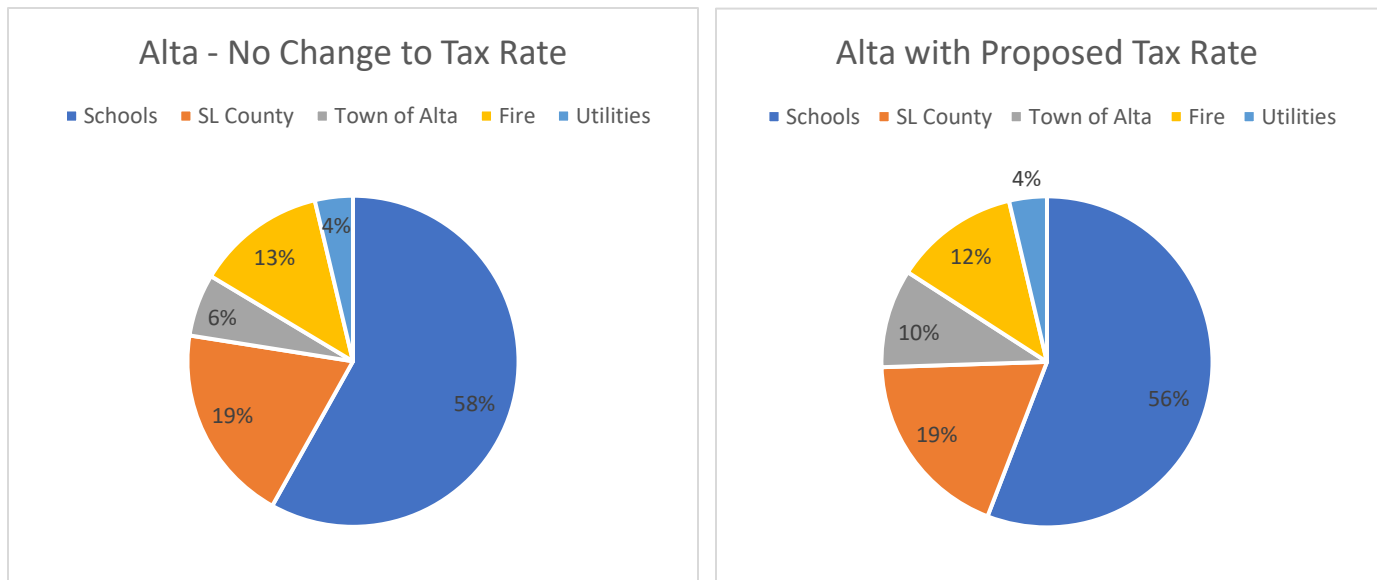
The Town of Alta tax on a \$1,894,000³ residence with a residential exemption⁴ would increase from \$661.48 to \$1,086.49, which is \$425.01 per year. The Town of Alta tax on a \$1,894,000 business (or property without a residential exemption) would increase from \$1,202.69 to \$1,975.44, which is \$772.75 per year.

Avg. Residential Property Value in 2023 = \$1,894,000		Ata Tax w/ Residential Exemption	Alta Tax w/o Residential Exemption	Budgeted Revenue
2023 Calculated Certified Tax Rate	.000635	\$661.48	\$1,202.69	\$243,629.00
2023 Proposed Tax Rate	.001043	\$1,086.49	\$1,975.44	\$400,165.00
	Proposed Increase	\$425.01	\$772.75	\$156,536.00

The following chart shows a comparison of total tax rates for Alta and communities in Salt Lake County.



Here is a comparison of total property tax by category in Alta with and without the proposed change.



Please contact Jen Clancy, 801-74-6011 or jen@townofalta.com with any questions.

³ The average residential value in Alta in 2023 is \$1,894,000

⁴ In Salt Lake County, 45% of the assessed market value of primary residential property is exempt from property taxation