



## STAFF REPORT

To: Summit County Council  
From: Matt Leavitt, Finance Director  
Caroline Rodriguez, Director of Transportation Planning  
Derrick Radke, Director of Public Works  
Janna Young, Deputy County Manager  
Date of Meeting: June 27, 2018  
Type of Item: Possible Adoption of Two Local Option Sales Taxes for  
Transportation and Transit  
Process: Regular Session

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On March 22, 2018, the Governor signed into law S.B. 136, Transportation Governance Amendments, making modifications to local option sales taxes for transportation (the "3<sup>rd</sup>" and "4<sup>th</sup> Quarters") and authorizing a new sales tax for transit (the "5<sup>th</sup> Quarter"). Staff first discussed these tax options with the County Council at the May 9, 2018 Council meeting, and again at the May 30<sup>th</sup> Council meeting.

If the Council decides to impose the transportation tax (the "4<sup>th</sup> Quarter") by June 30, 2018, the County will keep 100% of the revenues generated from the tax until July 1, 2019. After July 1, 2019, the tax will be redistributed statewide with 0.10% going to cities/unincorporated areas (after the 50/50 split based on point of sale and population); 0.10% to transit districts; and 0.05% to counties.

The question of whether or not to impose these taxes is now before the Council.

### **Staff Recommendation/Requested Council Action**

1. \* Adopt two separate resolutions imposing each the 4<sup>th</sup> Quarter and 5<sup>th</sup> Quarter local option sales taxes for transportation and transit, respectively.

\* Note the Following Caveats:

- The two taxes are not dependent on one another, meaning the Council could impose the 4<sup>th</sup> Quarter and not the 5<sup>th</sup> Quarter; or impose the 5<sup>th</sup> Quarter and not the 4<sup>th</sup> Quarter; or impose one now and one later; or not impose either tax.
- The majority of counties within the state looking at this issue are focused on the 4<sup>th</sup> Quarter. Staff is not aware of any counties currently considering the 5<sup>th</sup> Quarter.

- For sake of prudence and simplicity in our public awareness efforts, we spoke about both taxes together.
- Imposing both taxes at once means that the Council will not have to revisit the two S.B. 136 tax issues in subsequent years.

**“Mobility Matters” Public Awareness Campaign**

As requested by Council at the May 30, 2018 Council meeting, staff put together a two-week “road show” and public awareness campaign to inform the public of Council’s consideration of the two sales tax options for transportation and transit and to collect feedback. We have titled this campaign, “Mobility Matters.”

Included in this campaign was a three-minute video presentation explaining the issue, which we posted on social media; a “Mobility Matters” website (<https://www.summitcounty.org/944/Mobility-Matters>); and an email address ([MobilityMatters@summitcounty.org](mailto:MobilityMatters@summitcounty.org)) to which the public could send comments and other input.

Additionally, staff met in person with the following groups/individuals:

- Mayors of Park City, Henefer, Coalville City, Oakley, Kamas, and Francis
- City Councils of Park City, Coalville, Oakley, Kamas and Francis
- Summit County Council of Governments (COG)
- Henefer citizens during a town hall meeting
- Park City, South Summit, and North Summit School Districts
- Sunrise Rotary Club
- Park City Chamber of Commerce, Visitor’s Bureau Board of Directors
- Lodging Association Board of Directors
- Historic Park City Alliance
- Kamas Valley Business Alliance
- KPCW radio

We attempted to meet with the following groups but they either no longer meet as a group, their agendas were booked, or their meetings occurred after June 27<sup>th</sup>:

- Park City Rotary Club
- Kimball Junction Business Association

During these meetings, staff presented the “Mobility Matters” video, further explained the nuances of the state legislation, addressed questions, and requested feedback to share with the County Council.

Below is a summary of the key points and suggestions collected during these meetings, and attached (as Exhibit B) are emails received through the "Mobility Matters" email address (with personal identifiable information redacted).

In general, the entities we met with felt there was widespread "tax fatigue" among residents in the county and that the timing of these new taxes is bad considering the 2016 tax increases, truth in taxation for property taxes, and the funding measures contemplated by other taxing entities within the county. However, the groups also agreed that this particular tax appears to be fairly benign in terms of impact on our citizens since tourists pay 50% of the burden and the tax is not on food items or food ingredients, such as groceries, nor on gasoline.

***Key Points:***

- It may be only 0.25% or 0.20% but each tax increase of this amount compounds over time to be quite substantial
- There remains frustration among some of the residents with whom we met over the \$36 solid waste fee that was implemented without any resident input ("taxation without representation")
- Any tax increase is hard on those with fixed incomes
- There was much discussion about road projects and how B/C monies have declined along with PILT and how much more expensive it is to repair roads due to deferred maintenance than to maintain them
- The timing of these taxes is unfortunate, particularly on the heels of the 2016 taxes, truth in taxation, and other measures being put forward by other taxing entities
- There is widespread "tax fatigue" from residents
- The majority of the monies are going to support the west side of the County, specifically Park City and not east-side residents
- Do we have the ridership to support another injection of money into the transit system?
- Park City School District was very interested in how Bus Rapid Transit (BRT) on SR-224 could help achieve many of their goals, such as:
  - Access improvements as a result of station access to BRT
  - Not having to bus as many kids because they would ride BRT, especially to High School and Treasure Jr High
  - Allowing the school buses to travel in the dedicated transit lane via connected vehicle technology ("managed lane" scenario)
- There was general support of money going toward further transportation solutions that the groups agreed was a critical need for the County
  - The Kamas Valley Business Alliance in particular said they want good roads that lead to their businesses/establishments

- Kimball Junction flyover was mentioned as a key priority to address congestion as well as pollution from idling cars
- General support for the tax as long as some solutions are further targeted towards the workforce, including frequency of buses and convenience of routes
- Concern about going forward with the tax if surrounding counties do not, particularly Wasatch and Morgan counties as Summit County businesses are already losing business to those jurisdictions due to lower taxes (we also have many residents shopping in Evanston and Ogden)
- Many of the groups also questioned if the Council had a choice; these taxes are essentially being forced on us by the Legislature

***Suggestions:***

- If implemented by Council, Summit County should work with the lodging association, Chamber and other groups to get information out immediately on the implementation date so they can update software and ensure the tax is collected, particularly before the big booking season this fall. It is difficult to ask a customer to pay more taxes after they have booked
- Perhaps the Council should wait until next year and see how the other counties have fared/learned from the experience and then decide what to do
- The Council should wait until the very last moment to impose the tax so they can see how many counties have done it first
- Maybe the Council should impose the tax because it is only 0.25% now but in the future the Legislature could increase it to a whole percent or more.

**Status of Transportation Local Option Sales Taxes in Other Utah Counties**

As of June 20, 2018, 14 Utah Counties have implemented the 4<sup>th</sup> Quarter tax option. Box Elder, Utah, and Washington counties are each considering the option with decision points in place (see comments in chart below).

County	4 <sup>th</sup> Quarter	Comments
Beaver		
Box Elder		Visiting with cities, but no resolution required. Action is not imminent (earliest would be Dec/Jan)
Cache	Yes	
Carbon	Yes	
Daggett		
Davis	Yes	
Duchesne	Yes	
Emery	Yes	
Garfield		
Grand	Yes	

Iron		
Juab		
Kane		
Millard	Yes	
Morgan		
Piute		
Rich	Yes	
Salt Lake	Yes	Passed ordinance saying will impose 4 <sup>th</sup> Quarter if cities representing 67% of county's population pass resolutions in support of the tax by June 22, 2018. As of June 19, the County had over 68%.
San Juan	Yes	
Sanpete	Yes	
Sevier	Yes	
Summit		
Tooele	Yes	
Uintah		
Utah		Working on a deal with UTA; leaning towards imposing the 4 <sup>th</sup> Quarter tax.
Wasatch		
Washington		Following SLCo process; want city resolutions in support in order to impose 4 <sup>th</sup> Quarter.
Wayne		
Weber	Yes	

**Pros and Cons of Imposing these Taxes**

***Pros***

- These additional taxes would help advance two of the Council's strategic priorities regarding multimodal transportation/congestion reduction and environmental stewardship by providing critical revenues that can be used to enhance transit and active transportation options, and consequently, reduce greenhouse gas emissions within the County.
- The County keeps 100% of the revenues generated from the 4<sup>th</sup> Quarter sales tax until June 30, 2019; and 100% of the revenues generated from the "5<sup>th</sup> Quarter".
  - Might make imposing the tax more palatable with the community because the taxes they pay stay 100% within the County and go to serving the taxpayers directly.
- Before considering the 2<sup>nd</sup> and 3<sup>rd</sup> Quarters, Summit County staff, jointly with Park City Municipal staff, identified over \$130 million in transportation and transit needs. Even after implementing the 2<sup>nd</sup> and 3<sup>rd</sup> Quarters in 2016

there are many transit and transportation infrastructure projects we would like to complete in the County but do not have monies to fund them; the 4<sup>th</sup> and 5<sup>th</sup> Quarter taxes provide the revenue we need to increase service levels beyond what is currently budgeted, but still not enough to complete more than (roughly) 60% of the projects originally identified.

- With these two new sources of revenue, including the first year bonus we would get from the 4<sup>th</sup> Quarter, the County and all our municipalities would be able to do more with transportation and transportation facilities and use existing sources for other Council goals without further taking away from road maintenance and road projects.
- After June 30, 2019 the municipalities within the County would receive a combined total of \$1.2 million from the imposition of the 4<sup>th</sup> Quarter tax (assuming all other counties within the state impose the tax as well).
- The County, Cities and Transit Districts would have complete discretion over what happens to the revenues (i.e. how the taxes are spent).
  - In future years if the 4<sup>th</sup> Quarter is not imposed, the State may come in and impose the taxes and decide how they spend the monies.
- Imposing the taxes now ensures we do not lose the option to impose them in the future.
  - Several provision specific sunsets are already built into the legislation, which may be made more constrictive in future years by the Legislature.
  - If the County does not act by June 30, 2020, Park City has the option of imposing the 4<sup>th</sup> Quarter tax but none of the monies would go to the county in this scenario.
- The legislation gives the County until June 30, 2023 to impose the 5<sup>th</sup> Quarter tax, providing time for us to develop a public information and collaboration campaign to build the case for the new tax.
- Implementation of additional transit funding mechanisms, including these taxes and the TIF and Reinvestment Zones created by S.B. 136, place Summit County in an extremely favorable position when competing for federal, discretionary transit dollars. The current presidential administration has directed U.S.D.O.T. to drastically increase the emphasis on both local and innovative funding shares/options when reviewing discretionary grant applications. Rural communities are also more favored. Unlike most others, Summit County can claim both attributes.

- Imposing the 4<sup>th</sup> Quarter tax could help improve Summit County's partnership/relationship with the Legislature by being a team player in helping to address local and statewide transportation funding.

### Cons

- These taxes would be imposed on the heels of an increase in property taxes and the 2016 ballot initiatives that voters passed imposing the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter sales taxes for transportation infrastructure and transit in addition to the curbside collection fee for waste collection.
- Summit County's transit district started in 2002 with a sales tax rate of about 0.25% which was subsequently raised to 0.3%. The revenue to the County is approximately \$2.1 million per year. In 2016, County voters approved another 0.25% specifically for transit system operations. The 0.25% (i.e. the 3<sup>rd</sup> Quarter), generates about another \$4.1-4.3 million. The 4th Quarter under consideration now would provide an estimated \$1.8 million of the entire County's (roughly) \$3.3 million to transit purposes, an estimated 28% increase. Is this prudent when we are still learning about the efficacy of the 2016 increase in addressing traffic congestion?
- If both the 4<sup>th</sup> and 5<sup>th</sup> Quarters were imposed in Summit County but ***not*** in the other counties, Summit County would have the second highest sales tax rate within the state (behind Weber County).
- A higher sales tax rate on top of Park City's resort tax and TRT could have an impact on our tourism market competitiveness compared to other communities within the state, as well as resort areas across the country (see Exhibit A for a comparison of Summit County to other ski towns in the country).
- Imposing the 4<sup>th</sup> Quarter tax by June 30, 2018 leaves little time for a public engagement campaign, resulting in the County adopting a tax increase without much public discourse or time to build support. This is not the approach the County would generally take to impose a tax increase.
- If Summit County imposes the 4<sup>th</sup> Quarter tax but Salt Lake and Utah counties do not; Council takes on a political risk with little return for the County.

## **APPENDIX A**

### **May 30, 2018 Staff Report**

#### **Background**

During the 2017 general legislative session, the State Legislature adopted legislation establishing a Transportation Governance and Funding Task Force to look at overhauling the state's transportation system by addressing key issues in both transit and transportation governance (UTA and UDOT), funding, land-use, planning and transit development projects.

The Task Force, made up of legislators, local elected officials, policy experts and other stakeholders, met often during the 2017 interim session, studying various governance models and funding options to address the transportation and transit needs of the state, which is expected to see a doubling in population over the next 50 years.

At the end of the interim session and the beginning of the 2018 general session, the Task Force made several recommendations to the standing Transportation Committees, resulting in proposed legislation introduced by Senator Harper and Representative Schultz (co-chairs of the Task Force) on February 1, 2018: S.B. 136, Transportation Governance Amendments.

#### **S.B. 136, Transportation Governance Amendments**

On the governance side, this bill reforms the way UTA is governed, as well as changes the name of the organization. It also creates a new Deputy Director position in UDOT.

On the funding side, the bill authorizes new value-capture programs and increases the registration fees for hybrid and electric vehicles to pay for electric vehicle infrastructure. It also requires UDOT to establish a road usage demonstration project to study alternative ways to the gas tax to fund road maintenance and other transportation infrastructure.

Additionally, the bill also makes several modifications to the 3<sup>rd</sup> and 4<sup>th</sup> Quarter local option sales taxes for transportation and authorizes a new, "5<sup>th</sup> Quarter" 0.20% local option tax for transit.

#### **Details of the Local Option Sales Taxes Modifications**

Currently, counties have the option of imposing the following local option sales taxes for transit or transportation:

- 1<sup>st</sup> Quarter: Mass Transit Tax
- 2<sup>nd</sup> Quarter: Additional Mass Transit Tax

- 3<sup>rd</sup> Quarter: County Option Transportation Tax
- 4<sup>th</sup> Quarter: Transportation Infrastructure Tax

Prior to S.B. 136, voter referendum was the only method for imposing these taxes. As an incentive to encourage counties to impose all four quarters of these taxes, S.B. 136 allows a county legislative body to impose the 3<sup>rd</sup> and 4<sup>th</sup> Quarter taxes without voter approval (referendum is still a requirement for the 1<sup>st</sup> and 2<sup>nd</sup> Quarters).

#### **4<sup>th</sup> Quarter Scenario 1:**

If the County imposes the 4<sup>th</sup> Quarter tax before July 1, 2018, the County gets to keep 100% of all revenues generated after enactment until June 30, 2019. Starting July 1, 2019, the taxes are distributed in the following way: 0.10% to cities, including unincorporated areas of the County (after the usual statewide distribution of 50% by population and 50% by point of sale), 0.10% to the transit district, and 0.05% to counties. Monies generated/collected from this tax must be used to either pay off debt or for regionally significant transportation facilities.

#### **4<sup>th</sup> Quarter Scenario 2:**

If the County chooses not to impose the 4<sup>th</sup> Quarter tax by June 30, 2020, then cities located within 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> class counties (this includes Park City) that have or are intending to have transit service have the option to impose the full quarter with 0.125% going to the city and 0.125% to the transit district<sup>1</sup> for transit operations (nothing directly to the County).

#### **4<sup>th</sup> Quarter Scenario 3:**

If a city imposes the 4<sup>th</sup> Quarter and a county subsequently imposes the 4<sup>th</sup> Quarter, the city-imposed distribution of 0.125%/0.125% applies in the imposing city, while the regular distribution of 0.10%/0.10%/0.05% applies to the remainder of the county.

#### **5<sup>th</sup> Quarter**

Beginning July 1, 2019, counties have the option of imposing a *new* "5<sup>th</sup> Quarter" tax of 0.20% for transit capital expenses and service delivery. This tax is 100% point of sale and goes exclusively to the county. It also does ***not*** require voter approval.

If a county chooses not to impose the 5<sup>th</sup> Quarter tax, it expires (i.e. "use it or lose it") by June 30, 2023.

***To date, Summit County has imposed the 2<sup>nd</sup> and 3<sup>rd</sup> Quarter taxes.***

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<sup>1</sup> While Park City does not technically have or operate a transit district, they qualify as an "Eligible Political Subdivision" under 59-12-2219(1)(c) of the Utah State code. It does not matter how the transit system is accounted for – whether it is an enterprise fund or formal district – Park City would receive the first 0.10% as any other transit district.

Note: Under S.B. 136, 25% of the 3<sup>rd</sup> Quarter is no longer required to be spent on corridor preservation, but corridor preservation is still an eligible expense.

**Estimated Revenue Generated by the 4<sup>th</sup> and 5<sup>th</sup> Quarter Taxes**

As stated earlier in this report, if the County imposes the 4<sup>th</sup> Quarter tax by June 30, 2018, the County keeps 100% of the revenues generated until June 30, 2019. This is approximately **\$3.6 million** (based on council enactment of resolution imposing the tax July 1, 2018 and receiving revenues October 2018 – June 2019).

Starting July 1, 2019, the distribution of the 4<sup>th</sup> Quarter monies would be:

<b>Location</b>	<b>A1</b>	<b>A2</b>	<b>A3</b>	<b>Total</b>
Summit County		0.10%	0.15%	0.25%
Coalville		0.10%	0.15%	0.25%
Francis		0.10%	0.15%	0.25%
Henefer		0.10%	0.15%	0.25%
Kamas		0.10%	0.15%	0.25%
Oakley		0.10%	0.15%	0.25%
Park City	0.10%	0.10%	0.05%	0.25%
Snyderville Basin Transit Dist	0.10%	0.10%	0.05%	0.25%

**A1** - Distributed to transit district or eligible political subdivision.

**A2** - Distributed to county, city, or town based on 50/50 split.

**A3** - Distributed to county.

To assist county governments in their analysis of the enabled taxing mechanisms, the Wasatch Front Regional Council has developed the following revenue estimates for the 4<sup>th</sup> Quarter tax. Please note, as you will see in the list of assumptions on the next page, these figures are dependent on **every county in the state imposing the 4<sup>th</sup> Quarter tax**. These calculations are very preliminary and could actually be extremely different than what is estimated, especially if the larger counties do not implement the tax.

### 4TH QUARTER REVENUE ESTIMATES (Wasatch Front Regional Council)

	(0.10%) * All Cities & Unincorporated County Areas	(0.05%) Counties	(0.10%) Transit District	(0.10%) County Transportation	Total
Summit County Unincorporated Area	\$265,972				\$265,972
Coalville	\$22,368				\$22,368
Francis	\$13,489				\$13,489
Henefer	\$8,918				\$8,918
Kamas	\$35,643				\$35,643
Oakley	\$18,170				\$18,170
Park City	\$825,635		\$1,627,497		\$2,453,132
Snyderville Basin TD				\$190,516	\$190,516
<b>Grand Total</b>					<b>\$3,603,306</b>

\* To cities or unincorporated county areas based on 50% population and 50% point of sale (POS).

Note: While Park City does not technically have or operate a transit district, they qualify as an "Eligible Political Subdivision" under 59-12-2219(1)(c) of the Utah State code. It does not matter how the transit system is accounted for – whether it is an enterprise fund or formal district – Park City would receive the first 0.10% as any other transit district.

### 5TH QUARTER ESTIMATES (Staff)

Calendar Year	Inflation	Estimated '19	Transit Tax
2016:	County-wide	Sales	(0.20%)
Non-food Taxable Sales	\$1,728,519,726	0.017	\$1,757,904,561
			\$3,515,000

**NOTE: This tax is 100% point of sale and 100% is remitted back to the County; not subject to any distribution formula.**

#### Assumptions:

- 1) Sales tax estimates are based on Utah Tax Commission CY2016 taxable sales, excluding food.
- 2) CY2016 sales are inflated to CY2019 using an average CPI from 2008-2017 of 1.70%.  
City level sales were estimated using the percentage of sales by city from CY2014.  
(CY2016 sales data do not report all cities)
- 3) **The analysis assumes all counties in the State implement the "4<sup>th</sup> Quarter" local option sales tax for transportation.**
- 4) The 4<sup>th</sup> Quarter option expires if not used by June 30, 2022 only for the counties fully in the UTA district (i.e. Weber, Davis, Salt Lake, Utah) and to the city imposition option.

**Projects that Can Be Funded with these Taxes**

Purely for illustrative purposes, staff has assembled the following program of projects that demonstrate the types of projects that could be funded, implemented, or implemented more quickly with the additional revenue generated by the additional taxing options.

Council has previously seen these figures at the May 9, 2018 Council meeting, however, the table depicting "Short Range Transit Expenditures" has been updated to reflect the cost of potential services at both 20-30 minute and 15 minute headways.

4 <sup>th</sup> Quarter Sales Tax – Short-Range Expenditures						
Type	Project	Year 1	Year 2	Year 3	Year 4	Year 5
Transit	Extend Electric Express (10 White Bus) to Ecker Park and Ride (assumes year-round maintenance of headways and days/hours of service and inflation)	\$800,000	\$816,000	\$832,320	\$848,966	\$865,946
Transit	SR-224 Bus Rapid Transit (BRT)	\$250,000	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000
Road	Silver Creek to Bitner Connection	\$1,500,000	\$0	\$0	\$0	\$0
Road	Chalk Creek Widening	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
	<b>TOTALS</b>	<b>\$3,050,000</b>	<b>\$2,316,000</b>	<b>\$3,332,320</b>	<b>\$3,348,966</b>	<b>3,365,946</b>
<i>SR-224 Bus Rapid Transit (BRT) estimated costs: Capital \$10M per mile/Operating \$100 per revenue hour</i>						

5 <sup>th</sup> Quarter Sales Tax – Short-Range Transit Expenditures – Year 1 Operations			
Description	Service Area	Year 1 Ops. Cost (20-30 min. frequency)	Year 1 Ops. Cost (15 min. frequency)
Upgraded Black: Kamas Service	Add weekend service to current Kamas Commuter route	\$150,000	\$150,000
Redesigned Pink: Jeremy Ranch	Serving Jeremy Ranch with Silver Spur/Saddle Back loop; Jeremy Ranch PnR; Jeremy Ranch <b>deviation zone</b> ; Kilby Rd.; Ecker PnR; KJTC	\$475,000	\$938,800
New: Summit Park/Timberline	Summit Park/Aspen Dr. loop; Timberline at Kilby Rd.; Pinebrook loop; Ecker PnR; KJTC	\$975,000	\$1,920,000
New: Pinebrook to Canyons Village	KJTC; Bear Cub Dr. to Bobsled Blvd.; Silver Springs loop; Silver Springs <b>deviation zone</b> ; Canyons Transit Hub	\$600,000	\$1,180,000
New: Canyons Village Circulator	Canyons Village Circulator and <b>deviation zone</b> .	\$420,000	\$420,000
Brown Route	Maintain <u>current alignment</u> until Silver Creek Village is constructed	\$0	\$0
New: Brown Demand Response	On-demand service from Lower Silver Creek; Silver Summit to either KJTC or PC Hospital	\$100,000	\$100,000
<b>Totals</b>		<b>\$2,720,000</b>	<b>\$4,708,800</b>

**Status of Transportation Local Option Sales Taxes in Other Utah Counties**

As of May 24, 2018, 12 Utah counties have implemented the 4<sup>th</sup> Quarter option. Box Elder, Salt Lake, Tooele, and Washington counties are each considering the option, with decision points in place (see comments in chart below).

County	4 <sup>th</sup> Quarter	Comments
Beaver		
Box Elder		Visiting with cities, but no resolution required. Action is not imminent (earliest would be Dec/Jan)
Cache	Yes	
Carbon	Yes	
Daggett		
Davis	Yes	
Duchesne	Yes	
Emery	Yes	
Garfield		
Grand	Yes	
Iron		
Juab		
Kane		
Millard	Yes	
Morgan		
Piute		
Rich	Yes	
Salt Lake		Passed ordinance saying will impose 4 <sup>th</sup> Q if cities representing 67% of county's population pass resolutions in support of the tax
San Juan	Yes	
Sanpete	Yes	
Sevier	Yes	
Summit		
Tooele		
Uintah		
Utah		
Wasatch		
Washington		Following SLCo process; want city resolutions in support in order to impose 4 <sup>th</sup> Quarter.
Wayne		
Weber	Yes	

**Current Sales Tax Rates in Utah Counties**

At the May 9, 2018 Council meeting, Council members requested information on the current sales tax rates for all 29 counties in Utah. Staff has provided this information in the attached Exhibit A.

### **Community Impacts of Sales Tax Increases**

Staff analyzed the residential and visitor/tourist impact, in terms of dollars, of imposing the 4<sup>th</sup> Quarter tax.

County-wide as a whole, visitors pay about 50% of local taxes. If we estimate that the revenues generated in the first year of imposing the 4<sup>th</sup> Quarter tax to be about \$3.6 million, then visitors would pay about \$1.8 million of that total.

The remaining 50% of local taxes are paid by roughly 40,000 county residents, which by our best estimate translates to about \$45 per resident per year.

After July 1, 2019, once the revenues from the 4<sup>th</sup> Quarter tax are divided by the previously mentioned distribution formula (0.10%/0.10%/0.05%), the county might only get around \$36 per resident even though residents are still paying \$45 per person per year.

Staff also discussed these tax options with the Park City Chamber of Commerce, Visitor's Bureau to better understand the potential impacts on our market competitiveness and tourist economy. With the caveat that there was not time to fully study the economic impacts of imposing the 4<sup>th</sup> and 5<sup>th</sup> Quarter taxes before the drafting of this staff report, the Chamber/Bureau indicated the biggest impact would be on group sales (i.e. conferences, trade shows, junkets, etc.) as those are the individuals comparing tax rates between destinations for the best deal. The average tourist going on vacation does not typically factor in sales tax rates when deciding between destinations to visit.

Included in the attached exhibit is a small market comparison of tax rates between Summit County and other mountain towns/ski destinations in Colorado, Wyoming and Utah.

### **Input from Local Mayors**

Councilmember Kim Carson has reached out to the Mayors of all Summit County municipalities (Park City, Francis, Kamas, Oakley, Coalville, Henefer) to inform them of S.B. 136 and the actions the State Legislature is compelling counties to make. Councilmember Carson is also gauging of the interest or opposition from the municipalities in imposing these taxes. This will be an agenda item at the June 2018 Council of Governments (COG) meeting.

Additionally, County staff met with Park City Municipal Corporation (PCMC) staff and found out the 4<sup>th</sup> Quarter tax is not on the City Council's agenda, nor have any discussions taken place about it among the city's elected leaders. There is not a sense Park City would impose the 4<sup>th</sup> Quarter tax in July 2020 if the county does not act.

The City remains available to offer assistance as needed and has committed to partnering with the County on any transportation and transit projects. However, similarly to the concerns raised by Summit County Council members and staff, PCMC expressed concerns about the short timeframe in which to impose the tax with little time to explain it to the public and seek support for key projects. We also discussed our joint concerns about overall tax rates in the County and the initiatives of other taxing entities who are considering their own tax proposals.

### **Potential Actions to Consider**

Regardless of the action the Council takes by June 30, 2018, staff strongly recommends the County continue to seriously consider imposing the 5<sup>th</sup> Quarter, 0.20% sales tax for transit capital and service delivery, not in the immediate future but before the June 30, 2023 sunset. We should work with Park City to develop a program around this tax, explaining to the public exactly how we intend to use the monies and on what services/routes/projects. Plan in the time required to educate the public and garner support for this tax prior to imposing it (can decide to put the tax to a vote by the citizens if desired).

Another option to consider during future discussions of this tax is imposing a portion of the 5<sup>th</sup> Quarter (i.e. not the entire 0.20% at once) to get the Bus Rapid Transit (BRT) project through the right-of-way phase and impose the rest of the percentage when it is time to implement the project.

### **Scenario #1:**

Wait to see what Salt Lake and Utah counties decide to do. Based on the outcome, specifically regarding the 4<sup>th</sup> Quarter tax, bring this issue to Council once again for discussion and a decision. It does not benefit Summit County to impose the 4<sup>th</sup> Quarter tax if the most populated counties in the state do not impose it due to the distribution formula.

### **Scenario #2:**

Impose the 4<sup>th</sup> Quarter tax by June 30, 2018 in order to take advantage of keeping 100% of the revenues within Summit County. Bank the monies until needed for BRT right-of-way or capital, or another large project (or to cover funding gaps in projects under construction in 2018 and 2019). Rescind the tax by July 1, 2019, or create a provision within the enacting ordinance that automatically rescinds the tax if Salt Lake County or Utah County do not impose the 4<sup>th</sup> Quarter tax.

### **Scenario #3:**

Combination of Scenarios #1 and #2.

### **Scenario #4:**

If Salt Lake and Utah counties impose the 4<sup>th</sup> Quarter, Summit County imposes the 4<sup>th</sup> Quarter by June 30, 2018 and maintains the tax after July 1, 2019.

**Scenario #5:**

Do not impose the 4<sup>th</sup> Quarter tax. Instead, wait to see what the State Legislature does in the 2019 general session and re-evaluate at that time, keeping this option available for the future with enough distance from the 2016 sales tax increases and when a game-changing project has been identified and funding is needed.

## EXHIBIT A: Sales and TRT Tax Rates in Utah Counties

County	Combined Rate	Combined TRT Rate	Total Room Rate	Rank Combined	Rank TRT	Estimated Population	2017 County Option Rev	Population Rank	Revenue Rank
1 Beaver County	5.95%	4.57%	10.52%	22	17	6,463	\$ 280,499	24	25
2 Box Elder County	5.95%	4.57%	10.52%	22	17	53,139	2,245,504	8	10
3 Cache County	6.30%	4.57%	10.87%	10	9	122,753	5,304,876	6	6
4 Carbon County	6.20%	4.57%	10.77%	11	10	20,399	967,251	15	16
5 Daggett County	6.95%	4.57%	11.52%	2	3	1,095	74,386	29	29
6 Davis County	6.75%	4.57%	11.32%	6	6	342,281	15,091,183	3	3
7 Duchesne County	6.20%	3.32%	9.52%	11	25	20,337	1,087,396	16	13
8 Emery County	6.20%	4.57%	10.77%	11	10	10,216	410,532	21	23
9 Garfield County	6.95%	4.57%	11.52%	2	3	4,986	311,980	25	24
10 Grand County	6.70%	4.57%	11.27%	8	8	9,579	754,071	22	17
11 Iron County	5.95%	4.57%	10.52%	22	17	49,937	2,251,509	9	9
12 Juab County	5.95%	3.32%	9.27%	22	28	11,010	412,526	20	22
13 Kane County	6.95%	4.57%	11.52%	2	3	7,334	445,016	23	20
14 Millard County	6.20%	3.32%	9.52%	11	25	12,694	546,158	18	19
15 Morgan County	5.95%	4.57%	10.52%	22	17	11,437	425,720	19	21
16 Piute County	5.95%	3.32%	9.27%	22	28	1,466	74,417	28	28
17 Rich County	6.20%	3.32%	9.52%	11	25	2,319	114,743	27	27
18 Salt Lake County	6.85%	5.07%	11.92%	5	1	1,124,134	60,470,489	1	1
19 San Juan County	6.20%	4.57%	10.77%	11	10	16,895	599,885	17	18
20 Sanpete County	6.20%	4.57%	10.77%	11	10	29,409	1,054,343	13	14
21 Sevier County	6.20%	4.57%	10.77%	11	10	21,267	1,000,164	14	15
22 <b>Summit County</b>	<b>6.55%</b>	<b>3.32%</b>	<b>9.87%</b>	<b>9</b>	<b>24</b>	<b>40,307</b>	<b>3,432,378</b>	<b>10</b>	<b>7</b>
23 Tooele County	6.20%	3.82%	10.02%	11	23	64,833	2,522,544	7	8
24 Uintah County	6.05%	4.57%	10.62%	20	15	36,373	2,021,229	11	11
25 Utah County	6.75%	4.57%	11.32%	6	6	592,299	26,181,125	2	2
26 Wasatch County	5.95%	4.57%	10.52%	22	17	30,528	1,470,188	12	12
27 Washington County	6.05%	4.57%	10.62%	20	15	160,245	8,340,446	5	5
28 Wayne County	5.95%	4.57%	10.52%	22	17	2,702	134,372	26	26
29 Weber County	7.10%	4.57%	11.67%	1	2	247,560	11,433,890	4	4

\$ 149,458,824

Counties that have implemented the Transportation Infrastructure sales tax

	Combined Rate	Combined TRT Rate	Total TRT Rate	Estimated Population
Summit County	6.55%	3.32%	9.87%	24,600
Coalville	6.55%	3.32%	9.87%	1,457
Francis	6.55%	3.32%	9.87%	1,347
Henefer	6.55%	3.32%	9.87%	871
Kamas	6.55%	3.32%	9.87%	2,109
Oakley	6.55%	3.32%	9.87%	1,624
Park City	8.45%	4.32%	12.77%	8,299
Snyderville Basin Tr Dist	6.85%	3.32%	10.17%	

<b>OTHER SKI RESORT COMMUNITIES:</b>	Combined Rate	TRT Rate	Total TRT Rate
Vail, CO	8.40%	4.00%	12.40%
Aspen, CO	9.30%	2.00%	11.30%
Grand Targhee, WY	8.00%	2.00%	10.00%
Breckenridge, CO	8.88%	3.40%	12.28%
Alta, UT	8.35%	5.07%	13.42%
Snowbasin (Huntsville), UT	7.10%	4.57%	11.67%
Brian Head, UT	7.95%	5.57%	13.52%

## EXHIBIT B

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** Please impose transit tax  
**Date:** Thursday, June 21, 2018 8:19:04 AM

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Among other continuing priorities, we need to fix Kimball Junction to reduce emmissions from idling vehicles and improve experience for residents and visitors alike. Please control our destiny and utilize this relatively painless way to help fund transit and infrastructure.

Thank you,

PT

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** Support for transportation tax  
**Date:** Wednesday, June 20, 2018 10:07:29 PM

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Given the options that present Summit county our family is in favor of raising the transportation tax. It's the best option given what the legislature has done. We will be thankful in the future we choose to invest in transportation.

Vote yes for the small tax increase.

Thanks,

Roland

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** .25 Tax Hike  
**Date:** Thursday, June 14, 2018 6:59:33 AM

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Dear Sir / Ma'am,

I am a resident of Summit County and am opposed to this tax increase. A tax increase for the residences of Summit County should benefit the residence of Summit County. Or at least a significant number of them. My guess is that 95% of residence will never use public transportation. Especially those living outside of Park City. Currently, unless I'm mistaken, the cost of bus fare is \$0.00. It would make more sense to increase the bus fare than charge residence for a service they will never use.

Thank you for your time and consideration.

Sincerely,  
Andrew  
Francis, UT.

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** PS: .25 Tax Hike  
**Date:** Thursday, June 14, 2018 9:48:35 AM

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Dear Sir / Ma'am,

This is my 2nd message regarding this. I was made aware of the proposal by the Summit County Facebook page and must admit, thinking it was just a scenery video, I didn't watch it. The video is certainly more informative yet, I still believe the impact on the County as a whole would be insignificant. Certainly not worth the investment. I also was unclear if the tax hike was 25% or .25%. (The post simply said ".25. I nearly choked on my coffee!)

Thank you again for posting and allowing the citizens of the county to weigh in...

Sincerely,

Andrew  
Francis, UT.

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** 25% tax hike  
**Date:** Thursday, June 14, 2018 6:58:27 PM

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I agree there is congestion in Park City and something needs to be done but a 25% tax hike is outrageous. I live in Francis and do not travel to Park city very often and don't feel those of us in outside communities should bear this burden as well. I would like to see another option or at least only a 10% tax hike. To start that high I feel is unfair. There is a new bus depot and the bus now runs to Kamas as well. I think this is great. I'm afraid I'm not a numbers person but 25% seems really steep to me to start with. Maybe a gradual increase over 5 years? Anyhow, I am against this tax hike.

Thank you for your time,

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** Sales tax increase  
**Date:** Thursday, June 14, 2018 10:39:04 AM

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County Council, Many in the northern part of the county feel the same as I will express here. Our roads are always in need of repair. We wait years to get “patches”, let alone all new pavement, or even road shoulders fixed on some of the narrow roads. The increases you want to implement only benefit the Park City and Kimball Junction areas. Isn't it about time the rest of residents of this county receive some of the benefits of your changes? Yes you have a bus to the Kamas area, but what about Wanship, Coalville and Henefer? Where do you think many of the youth and residents in the north end work? PC and the surrounding area but we don't receive any of these benefits. Frankly we feel you've already made the decision, asking for comments is just a formality. If this council ever wants the support of ALL county residents then spread the improvements out over the entire county or tax only those living in the areas you are offering the benefits to. As council members it is your duty to represent ALL county residents fairly and equally. Thank you.

Sent from my iPhone

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** New Sales Tax for mobility.  
**Date:** Tuesday, June 19, 2018 5:06:39 PM

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I don't think it is necessary. I would like to comment on the current bus service in and around Park City. The passengers would be better served in getting to main street if there was a non stop service from a large parking area like the high school. Right now the buses that stop at the high school take another up to nine stops and routing that takes way to long. If the passengers could count on non stops they would much more readily ride the buses. Also charge \$1 for the service. That's cheap and would also create a revenue source to determine how many riders are on the buses.

Sent from [Mail](#) for Windows 10

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** SB 136  
**Date:** Tuesday, June 19, 2018 12:19:34 PM

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I am just writing to voice my concern over the possibility of a new tax increase on an already HIGH level in Park City. Last year our lodging guests got hit with TWO increases, one by the state and one by the city. If both the .25 and the .20 were opted on, it would put Park City in the top 3 of the highest lodging taxes in the nation.

I am in favor of solving our transit situation and support the bus system but I am very concerned that we are reaching a breaking point. I just encourage the Council to be cautious.

Thank you in advance

**From:**  
**To:** [Mobility Matters](#)  
**Subject:** Taxes  
**Date:** Wednesday, June 20, 2018 9:15:59 AM

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Hello,

Please don't raise taxes. Us folks in Coalville do not benefit from any of the listed mobility solutions since they seem to only benefit the folks in Park City. Raise taxes in Park City and have tourists help to pay for our roads, not us poor residents who already struggle to buy food for our families in the farming community.

Thank you for your consideration.

**COUNTY OPTION SALES AND USE TAX  
FOR HIGHWAYS AND PUBLIC TRANSIT  
ORDINANCE NO. \_\_\_\_\_**

**WHEREAS**, Utah Code Annotated (“UCA”) §59-12-2219 provides that the Summit County Council (the “Council”) may impose a .25% sales and use tax within Summit County (the “County”), including within its cities and towns (the “County Option Sales and Use Tax for Highways and Public Transit”); and,

**WHEREAS**, the Utah legislature in SB 136 (2018) provided that the Council can impose the County Option Sales and Use Tax for Highways and Public Transit without submitting an opinion question to the registered voters of the County; and,

**WHEREAS**, SB 136 also provides that if the Council has not imposed the County Option Sales and Use Tax for Highways and Public Transit before May 8, 2018 and imposes said tax before June 30, 2019, the County is entitled to all sales and use tax revenue collected by the County prior to June 30, 2019 (the “Initial Distribution”); and,

**WHEREAS**, SB 136 restricts the use of the Initial Distribution to (a) reducing transportation related debt, (b) a regionally significant transportation facility, or (c) a public transit project of regional significance; and,

**WHEREAS**, SB 136 further provides that after June 30, 2019, the distribution of the sales and use tax revenue from the County Option Sales and Use Tax for Highways and Public Transit will be distributed in accordance with statute to the County, its towns and cities, and its public transit district (the “Ongoing Distribution”); and,

**WHEREAS**, the County has adopted the Snyderville Basin Long Range Transportation Plan (August 2014) (the “SB Transportation Plan”), which indicates there are regional transportation and transit needs in excess of \$370 million; and,

**WHEREAS**, the Snyderville Basin General Plan, Chapter 8, “Transportation, Circulation and Connectivity” (June 2015) (the “SB General Plan”) indicates that the “County will pursue local and regional mass transit opportunities to provide greater transportation efficiency” within the Snyderville Basin; and,

**WHEREAS**, the County has adopted the Eastern Summit County Transportation Master Plan (June 2013) (the “ESC Transportation Plan”), which indicates there are regional transportation and transit needs in excess of \$110 million; and,

**WHEREAS**, the Eastern Summit County General Plan, Chapter 3, “Infrastructure/Transportation” (August 2013) (the “ESC General Plan”) indicates that the County should “create and implement transportation strategies to address current and future needs,” including implementing a plan that “addresses the needs of residents including multiple modes of transportation, with focus on safety, infrastructure and appropriate infrastructure size/width,” as well as monitoring “the potential for public transit opportunities;” and,

**WHEREAS**, the Initial Distribution and Ongoing Distribution from the County Option Sales and Use Tax for Highways and Public Transit can be utilized to assist in fulfilling the strategic goals set forth in the SB Transportation Plan, SB General Plan, ESC Transportation Plan, and ESC General Plan; and,

**WHEREAS**, the Summit County Council of Governments (the “COG”) has reviewed the County Option Sales and Use Tax for Highways and Public Transit; and,

**WHEREAS**, the Council has held numerous public work sessions in May and June 2018 to discuss the County Option Sales and Use Tax for Highways and Public Transit; and,

**WHEREAS**, the County staff has engaged with each city council in an outreach process whereby each city council was provided information about the County Option Sales and Use Tax

for Highways and Public Transit; and,

**WHEREAS**, the Council finds that it is in the best interests of the County to impose the County Option Sales and Use Tax for Highways and Public Transit;

**NOW, THEREFORE**, the County Council of the County of Summit, State of Utah, ordains as follows:

**Section 1. County Option Sales and Use Tax for Highways and Public Transit.**

Pursuant to UCA §59-12-2219, effective July 1, 2018, there shall be a .25% sales and use tax to fund highways and public transit imposed on all goods and services within Summit County.

**Section 2. Effective Date.** This Ordinance shall take effect on July 1, 2018.

Enacted this 27<sup>th</sup> day of June, 2018.

ATTEST:

SUMMIT COUNTY COUNCIL

\_\_\_\_\_  
Kent Jones  
Summit County Clerk

\_\_\_\_\_  
Kim Carson  
Chair

APPROVED AS TO FORM

\_\_\_\_\_  
David L. Thomas  
Chief Civil Deputy

VOTING OF COUNTY COUNCIL:

Councilmember Armstrong \_\_\_\_\_  
Councilmember Robinson \_\_\_\_\_  
Councilmember Wright \_\_\_\_\_  
Councilmember Carson \_\_\_\_\_  
Councilmember Clyde \_\_\_\_\_

**COUNTY OPTION SALES AND USE TAX  
TO FUND A SYSTEM FOR PUBLIC TRANSIT  
ORDINANCE NO. \_\_\_\_\_**

**WHEREAS**, Utah Code Annotated (“UCA”) §59-12-2220 provides that the Summit County Council (the “Council”) may impose a .2% sales and use tax within Summit County (the “County”), including within its cities and towns (the “County Option Sales and Use Tax to Fund a System for Public Transit”); and,

**WHEREAS**, the Utah legislature in SB 136 (2018) provided that the Council can impose the County Option Sales and Use Tax to Fund a System for Public Transit without submitting an opinion question to the registered voters of the County; and,

**WHEREAS**, SB 136 allows the County to impose the County Option Sales and Use Tax to Fund a System for Public Transit without having first imposed all of the other transportation sales taxes set forth in UCA Title 59, Chapter 12, Part 22, because the County has a “small public transit district within the boundary of the county;” and,

**WHEREAS**, SB 136 also provides that that if the Council has not imposed the County Option Sales and Use Tax to Fund a System for Public Transit prior to June 30, 2023, the right to impose such tax shall sunset; and,

**WHEREAS**, SB 136 restricts the use of the proceeds from the County Option Sales and Use Tax to Fund a System for Public Transit to (a) capital expenses of public transit, or (b) service delivery expenses of public transit; and,

**WHEREAS**, the County has adopted the Snyderville Basin Long Range Transportation Plan (August 2014) (the “SB Transportation Plan”), which indicates there are regional transportation and transit needs in excess of \$370 million; and,

**WHEREAS**, the Snyderville Basin General Plan, Chapter 8, “Transportation, Circulation

and Connectivity” (June 2015) (the “SB General Plan”) indicates that the “County will pursue local and regional mass transit opportunities to provide greater transportation efficiency” within the Snyderville Basin; and,

**WHEREAS**, the County has adopted the Eastern Summit County Transportation Master Plan (June 2013) (the “ESC Transportation Plan”), which indicates there are regional transportation and transit needs in excess of \$110 million; and,

**WHEREAS**, the Eastern Summit County General Plan, Chapter 3, “Infrastructure/Transportation” (August 2013) (the “ESC General Plan”) indicates that the County should “create and implement transportation strategies to address current and future needs,” including implementing a plan that “addresses the needs of residents including multiple modes of transportation, with focus on safety, infrastructure and appropriate infrastructure size/width,” as well as monitoring “the potential for public transit opportunities;” and,

**WHEREAS**, the proceeds from the County Option Sales and Use Tax to Fund a System for Public Transit can be utilized to assist in fulfilling the strategic goals set forth in the SB Transportation Plan, SB General Plan, ESC Transportation Plan, and ESC General Plan; and,

**WHEREAS**, the Council has held numerous public work sessions in May and June 2018 to discuss the County Option Sales and Use Tax to Fund a System for Public Transit; and,

**WHEREAS**, the County staff has engaged with each city council in an outreach process whereby each city council was provided information about the County Option Sales and Use Tax to Fund a System for Public Transit; and,

**WHEREAS**, the Council finds that it is in the best interests of the County to impose the County Option Sales and Use Tax to Fund a System for Public Transit;

**NOW, THEREFORE**, the County Council of the County of Summit, State of Utah,

ordains as follows:

**Section 1. County Option Sales and Use Tax to Fund a System for Public Transit.**

Pursuant to UCA §59-12-2220, effective July 1, 2018, there shall be a .2% sales and use tax to fund public transit imposed on all goods and services within Summit County.

**Section 2. Effective Date.** This Ordinance shall take effect on July 1, 2018.

Enacted this 27<sup>th</sup> day of June, 2018.

ATTEST:

SUMMIT COUNTY COUNCIL

\_\_\_\_\_  
Kent Jones  
Summit County Clerk

\_\_\_\_\_  
Kim Carson  
Chair

APPROVED AS TO FORM

\_\_\_\_\_  
David L. Thomas  
Chief Civil Deputy

VOTING OF COUNTY COUNCIL:

Councilmember Armstrong	_____
Councilmember Robinson	_____
Councilmember Wright	_____
Councilmember Carson	_____
Councilmember Clyde	_____