UTAH LEAGUE OF CITIES AND TOWNS

Legislative Policy Committee

December 10, 2018

LPC agenda

- Legislative outreach
- Local option sales tax distribution formula
- Firefighter retirement shortfall
- Land Use Task Force legislation
- Commission on Housing Affordability bill and communications strategy

Reach out to your legislators before the session gets underway!

New leadership

House

- Speaker Brad Wilson *(Kaysville, Syracuse, Layton)*
- Majority Leader Francis Gibson *(Mapleton, Spanish Fork, Springville)*
- Majority Whip Mike Schultz *(Hooper, Roy, Clinton)*
- Majority Assistant Whip Val Peterson *(Orem, Lindon, Pleasant Grove, American Fork)*
- Minority Leader Brian King *(SLC)*

Senate

- President Stuart Adams *(Layton, Kaysville, Fruit Heights, Farmington, Centerville)*
- Majority Leader Evan Vickers *(Cedar City, Springdale, Beaver, beyond!)*
- Majority Whip Daniel Hemmert *(Orem, Lindon, , Alpine, Cedar Hills, Pleasant Grove, Highland, Am. Fork)*
- Assistant Majority Whip Ann Millner *(Ogden, S. Ogden, Riverdale, Clearfield , Roy, Morgan , S. Weber, Sunset, Uintah)*
- Minority Leader Karen Mayne *(WVC, Taylorsville)*

Revenue & Taxation

Robert Spendlove, Chair
Tim Quinn, Vice Chair
Kyle Andersen
Stewart Barlow
Joel Briscoe
Steve Eliason
Ken Ivory
Jefferson Moss
Stephanie Pitcher
Doug Sagers
Rex Shipp
Andrew Stoddard
Mark Strong
Norm Thurston

Political Subdivisions

Steve Handy, Chair
Merrill Nelson, Vice Chair
Cheryl Acton
Kim Coleman
Jim Dunnigan
Val Potter
Marie Poulson
Susan Pulsipher
LaWanna Shurtliff
Elizabeth Weight
Logan Wilde

Government Operations

John Knotwell, Chair
Phil Lyman, Vice Chair
Patrice Arent
Walt Brooks
Jen Dailey-Provost
Brad Daw
Jon Hawkins
Val Peterson
Marc Roberts
Travis Seegmiller
Jeff Stenquist

New committees

UTAH STATE SENATE

REVENUE AND TAXATION

Fillmore, Lincoln - Chair
Bramble, Curt
Davis, Gene
Escamilla, Luz
Harper, Wayne
Hemmert, Dan
Henderson, Deidre
Vickers, Evan

ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES

McCay, Dan - Chair
Hinkins, Davis
Kitchen, Derek
Mayne, Karen
Millner, Ann
Okerlund, Ralph
Stevenson, Jerry

GOVERNMENT OPERATIONS AND POLITICAL SUBDIVISIONS

Thatcher, Dan - Chair
Adams, Stuart
Buxton, Gregg
Ipson, Don
Iwamoto, Jani
Riebe, Kathleen
Weiler, Todd

New committees

#CitiesWork and #MakingLifeBetter

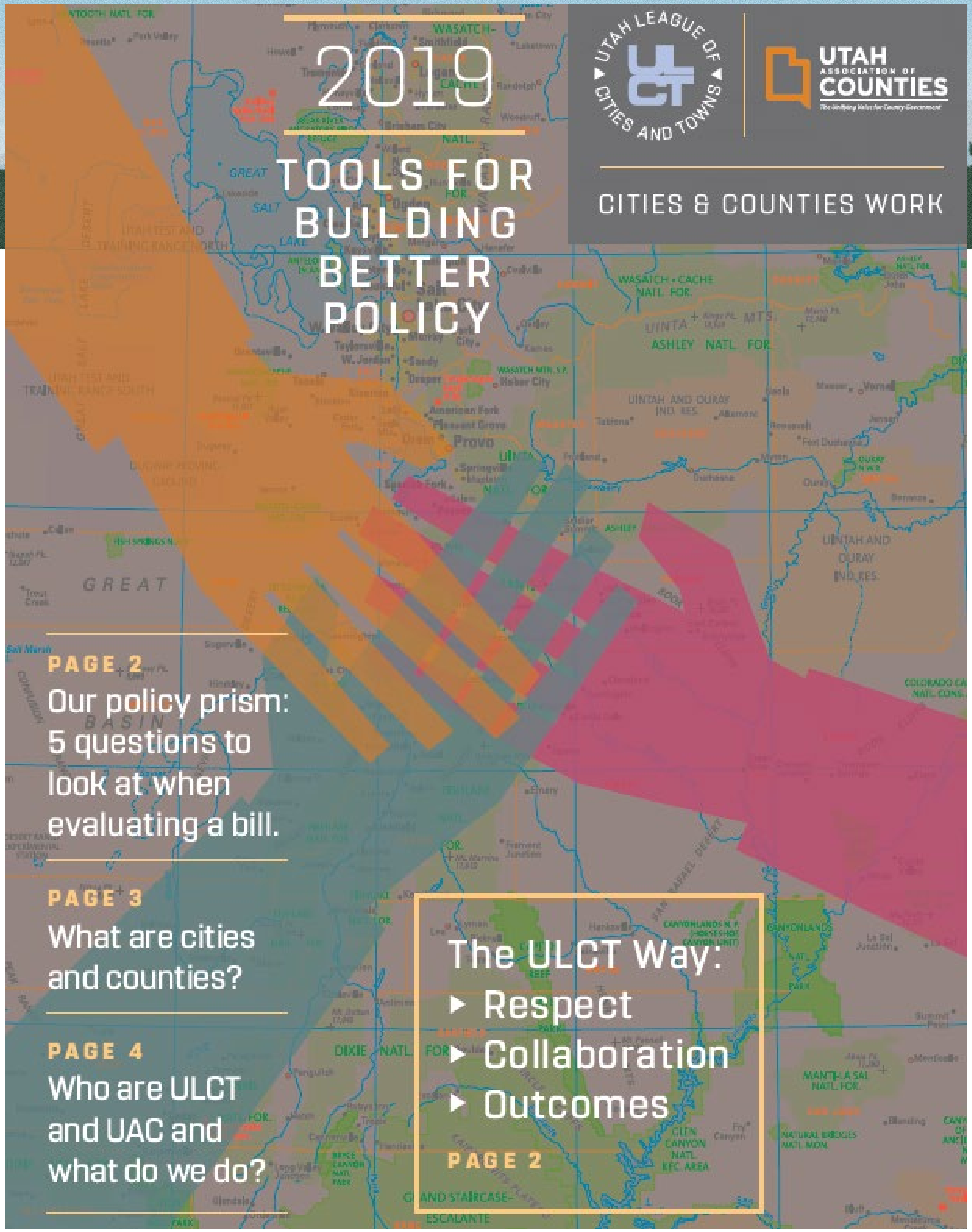
Cities work for you
Cities work to preserve…
Cities work hard
Let cities work
Watch cities work

Cities work for the future
Cities work best
Cities work together
Don’t impede cities’ work
Help cities work

3 Pillars- Penna Powers

Respect/ Collaboration/ Outcomes

Tools for talking to your legislators



Specific issue one-pagers

12.10.18

REPORT:

Making sense of cities and sales tax

2019 POLICY GUIDE

CITIES WORK

UTAH LEAGUE OF CITIES AND TOWNS

ULCT

Whose money is it?

Sales tax is a principal revenue source for cities. The state's general fund is also largely funded by sales tax.

Who sets the sales tax rate?

There are various sales tax rates—all authorized by the Legislature. There is only one sales tax rate that is imposed statewide. The other tax rates are imposed at the option of cities and counties. In several cases revenues from these levies are restricted to specific expenditures.

The most common local option tax levy, equal to 1%, has currently been imposed by all Utah cities and may be used for general fund expenditures. Revenue from this rate—referred to as the "local option 1%"—is also shared among Utah cities. The sales tax base, those items that are subject to sales tax, is determined by the Legislature. The state sales tax base and the "local option 1%" are the same and include food in that base. Food is not part of the other locally imposed taxes.

How does the "local option 1%" work?

Initially authorized in 1959, revenue from the original local option tax belonged entirely to the city where a purchase was made—the "point of sale." In 1983, the Legislature authorized an increase in the rate but re-

Utah cities created this new formula as a means of providing for a fairer distribution of sales tax revenue between cities that are retail centers and those that are bedroom communities. It also meant that all cities had a stake in retail development throughout the state.

The additional revenue from the 1983 levy plus the creation of a hold-harmless provision were necessary to avoid any city from losing revenue from the new distribution formula.

What do cities want?

ULCT has consistently opposed any changes in the formula without new sales tax money being part of the equation. Without new money, the same pie is merely being sliced into different pieces creating winners and losers and pitting cities against each other. The additional money was critical to the creation of the 1983 compromise. In general Utah cities are satisfied with the current "50/50" distribution formula.

The "local option 1%" is city money.

All sales tax revenue belongs to the taxpayer. However, the reasons why certain taxes were established and what entity imposed the tax is also important. While ini-

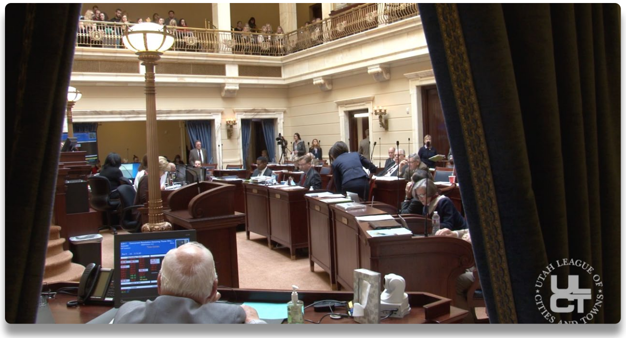
ULCT

Videos – issues and advocacy

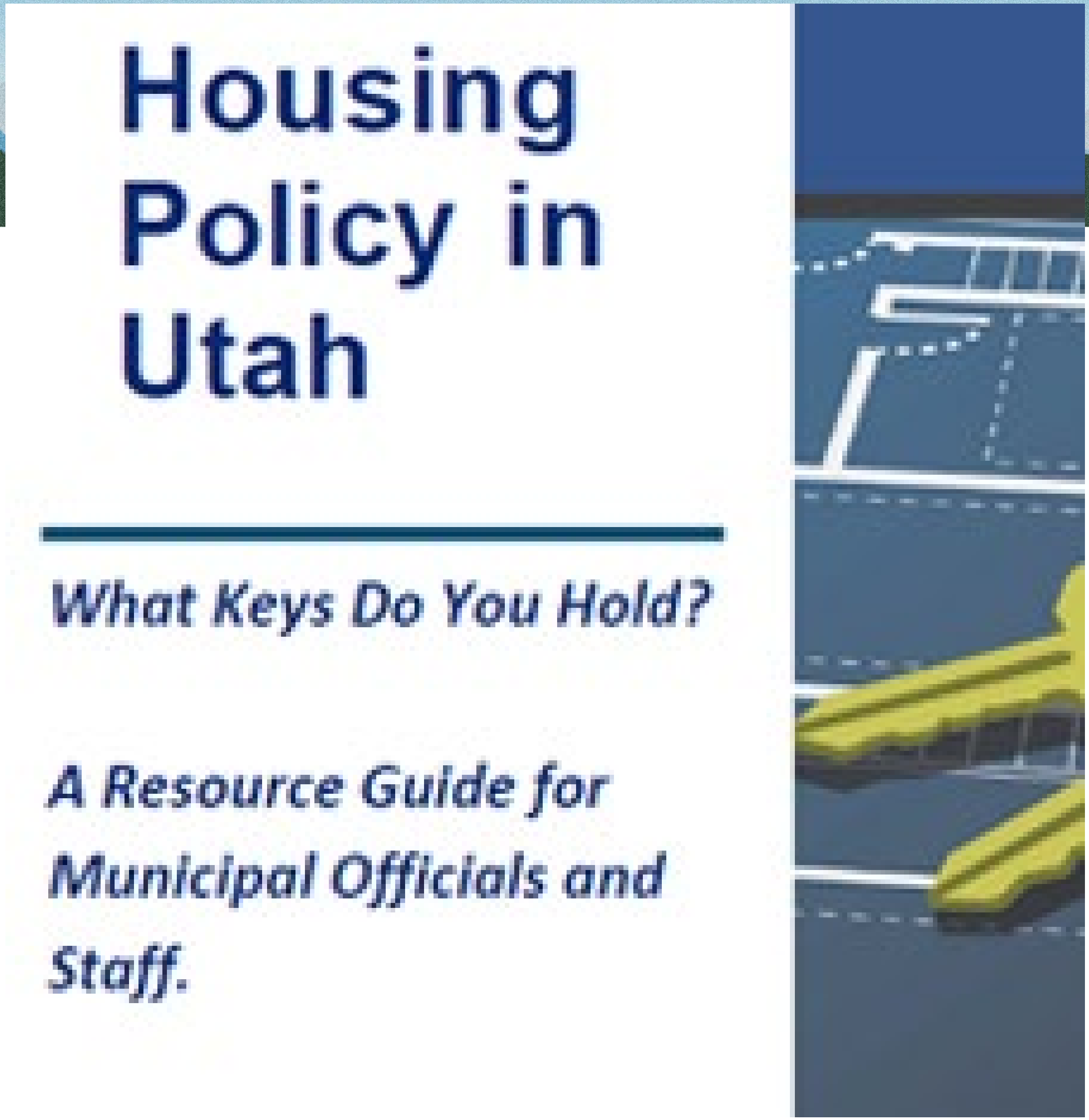
Planning for Growth threefold political strategy

Education about Housing

Proactive action by cities



Defend cities


Housing Policy in Utah

What Keys Do You Hold?

A Resource Guide for Municipal Officials and Staff.

Keys to Housing- the big picture

Map to Close the Gap

Education for members, legislators, and the general public

UTAH FOUNDATION

RESEARCH • ANALYZE • INFORM

survey on local land use

Why are we discussing sales tax?

Problem

70%
IN THE 1980s

40%
IN THE 2010s

Around 40% of economic transactions are covered by the sales tax, down from about 70% in the 1980s

2-5
YEARS
(given recent trends)

until the state loses the flexibility to balance sales tax and income tax

Solution

- Broaden the sales tax base
- Lower the rate
- Accomplish critical goals while reducing the overall tax burden on Utah families

Strategy

Allocate $200 million (30%) of new revenue growth to reduce taxes overall in conjunction with expansion of the sales tax base

Governor's budget proposal includes expanding the sales tax base.

What is the 50/50 formula?

“50/50” Basics

- 1959 – Local Option Tax Authorized (.5%)
  - Raised to .75% in 1975 – All point of sale
- 1983 – Current Distribution Formula Created (Local Option 1%)
  - Required a new .25% tax rate - “New Money”
    - A similar infusion of new money today would be $150M
  - Phased in over a number of years
- Operational Basics
  - 50% of each sales tax dollar stays where product was sold (point of sale)
  - 50% divided among all cities based on population

Reason for the Current Distribution Formula

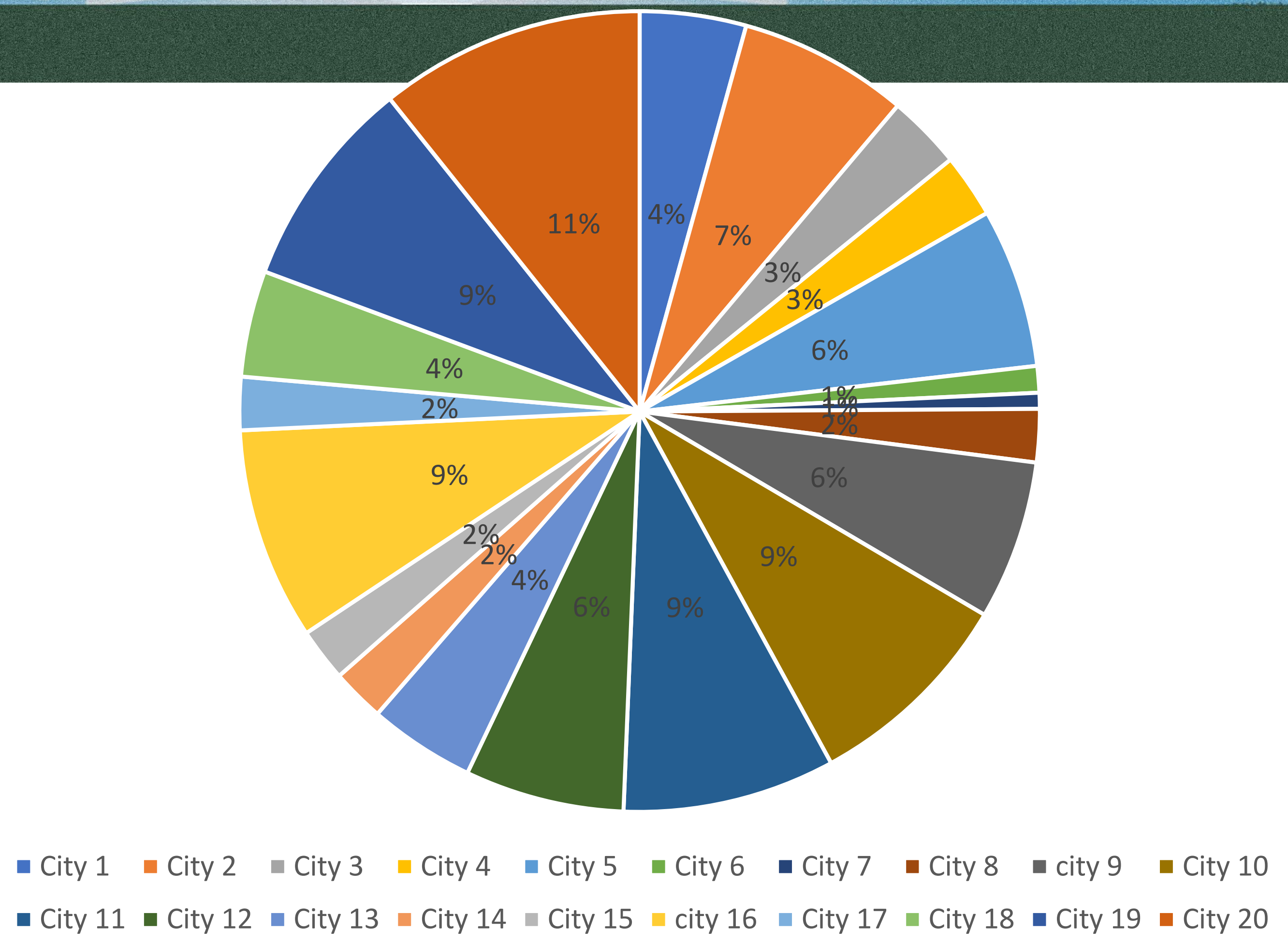
- The sole goal of the 1983 distribution formula was to achieve a rough balance between the interest of retail centers and cities with smaller retail capacity. Every city had a stake in sales tax development.

- It was and is a significant compromise that all cities bought into that has effectively worked for over 35 years.

Key Points

- It is the cities' money
  - "..it is critical to its constitutionality that the tax be that of the local government and that money belong to the local government" *Utah Supreme Court 1991*
- If changes are made there needs to be "New Money." If not we are just changing the slices of the pie.
- Before any future change, Utah cities need to agree among themselves of the need and type of change

Local Distribution $600 M



What is the Concern?

- Questionable Economic Incentives
  - Stories live forever/Never the full story
- Impact on Land Use
  - Preserving nature of community is not chasing sales tax
  - Retail centers require additional infrastructure and service costs from the higher intensity land uses and the 50% POS helps offset those costs.

Where is retail headed??

The internet has changed the nature of retail

(Annual Convention)

A result will be a change in the Point of Sale component anyway

Summary

Why the 50/50 distribution formula happened

- General agreement there was a problem to solve.
- Recognition that it was a city issue and there needed to be a consensus among cities about to solve it.
- The Legislature provided the "grease" in the form of new money.

Why it has worked

- There has been a continued buy-in by all cities.
- Recognized the changing nature of growth of cities – population inevitably generated retail – the combination benefited all cities.
- Need for the cities to hold together.

Firefighter retirement – Tier 1 shortfall

- Home insurance tax premium has not been specifically allocated to the FF retirement fund for the past several years.
- Possible fixes: appropriation and statutory clarification …

Land Use Task Force legislation

Proposed changes to 13-43-206 – Property Rights Ombudsman

- Modifies the attorneys' fees provision.
- If the OPR issues an opinion and the parties litigate, the prevailing party can collect attorneys' fees and costs if the court decision is consistent with the OPR opinion.

OFFICE OF THE PROPERTY RIGHTS OMBUDSMAN

Utah Department of Commerce

Land Use Task Force legislation

LUDMA changes – still working toward final language

Boundary line agreements – will be combined into LUDMA bill

Commission on Housing Affordability members

- Sen. Jake Anderegg
- Rep. Val Potter
- Rep. Joel Briscoe
- Jon Pierpont, DWS
- Jonathan Hardy, DWS
- Ben Hart, GOED
- Matt Sibul, UTA
- Grant Whittaker, Utah Housing Corp.
- Chris Gamvroulas, Utah HBA
- Mike Ostermiller, Utah Realtors
- Richard Stevenson, Utah Bankers
- Richard Stevenson, Utah Bankers
- Janice Kimball, public housing authorities
- **Andrew Johnston, ULCT (SLC Council)**
- **Chris Condie, ULCT (Lehi Council)**
- Matt Dahl, Utah RDA
- Jeff Jones, Summit County Econ. Dev.
- Mike Akerlow
- Michele Weaver, RCAC
- Brynn Mortensen, Salt Lake Chamber

Commission on Housing Affordability

PROCESS:

- The Economic Development and Workforce Services interim committee favorably recommended a draft bill on Nov. 14th.
- Stakeholders (including ULCT) are still weighing in – we have submitted two rounds of detailed comments and a third is in process.
- The bill will likely continue to be debated and modified through the 2019 Session.
- Commission has a five-year timeline.

Commission bill highlights

Adds to the foundation laid by SB 136 and HB 259 in 2 ways:

- Strengthens the land use/transportation nexus
- Specifies strategies to consider in the Moderate Income Housing plan

General plan change #1: Transportation element

- Defines “major transit investment corridor.” This expands the concept of transportation-oriented development (TOD).
- City must correlate the transportation element with population projections and the proposed land use element of the general plan.
- City must also consider the regional transportation plan developed by the MPO or the long-range plan by UDOT if the city is not in an MPO area.

General plan change #2: MIH element

- MIH element has been in statute since 1996. In 2018, we modified the requirements to apply only to cities that have a population of 10,000 or more (or 5,000+ in counties of the 1st, 2nd, 3rd class).
- We also added a specific planning horizon (5 years) and reporting on housing stock at certain income levels.
- The CAH bill adds specific elements that cities must consider in their plans, based on Resolution 2018-004 and our October LPC survey.
- The intention is to give cities flexibility and show more clearly what you are already doing to plan for growth.

Items already in state law	Proposed new additional items
Rezone for densities necessary to assure production of MIH	Create/allow/reduce regulations for accessory dwelling units (ADUs)
Facilitate rehabilitation or expansion of infrastructure to encourage construction of MIH	Allow for housing in commercial and mixed-use zones
Encourage rehabilitation of uninhabitable stock into MIH	Encourage higher density or MIH near major transit investment corridors
Consider subsidies to waive construction-related fees	Eliminate or reduce parking requirements in certain areas
Consider state/fed funds and incentives to promote construction of MIH	Allow for Single Resident Occupancy (SRO) developments
Consider UHC, DWS, and AOG programs	Preserve existing MIH
	Consider services provided by a public housing authority
	Employ incentives for a developer to ensure long-term affordability (inclusionary housing/deed-restricted units)
	Other strategies to promote affordability

Incentive for compliance

Current Moderate Income Housing Plan → Access to Transportation Investment Fund

Other elements of the bill

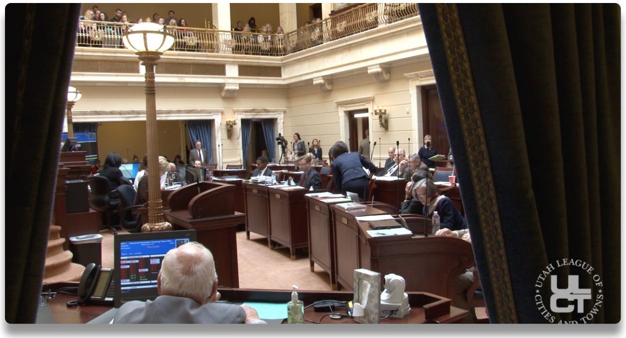
- Modifies the makeup of the Olene Walker Housing Loan Fund Board by adding one member with expertise in TOD and one member who represents rural interests.
- Includes a one-time appropriation of $20 million and ongoing appropriation of $4 million to the Olene Walker Low Income Housing Fund.

The Commission bill is just one key on the keychain of our strategy on population growth and housing.

Planning for Growth threefold political strategy

Education about Housing

Proactive action by cities



Defend cities

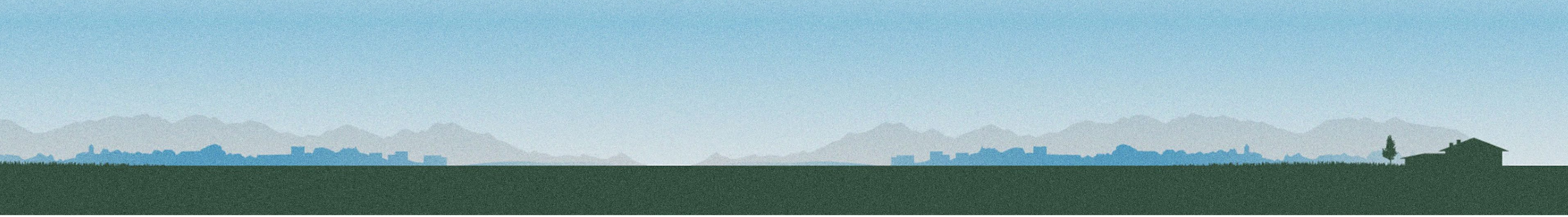
“Narrative Complete” soundbite series

Cities’ Efforts

1-minute comments on camera from city leaders about:

▶1- what your cities are doing to prepare for growth

▶2- what your city is doing on housing



MYTH BUSTERS

Opening the door to housing facts

Commentary: Utah cities are working to address growth

Salt Lake Tribune, published December 2- Rapid Response
Op-ed by Jon Pike and Cameron Diehl

https://www.sltrib.com/opinion/commentary/2018/12/02/commentary-utah-cities/

Y2 Analytics Toolkit

- Messaging on impact
- Negotiations on amenities

Utah Policy Op-eds

Bi-weekly through session, co-authored by League officers and staff

1- What Residents Want- Y2 Data

Anxieties

What cities hear from residents

NIMBYism

Recognizing big picture

2- Who Residents Trust- Y2 Data

Who do residents want/trust to plan for the future?

3- How Cities Implement Plans- Utah Foundation

How cities are at work right now preparing for the future

Progress report

Don’t forget!

1. Fill out the legislative priorities survey you will receive today.
2. Contact your legislators before the end of the year and talk with them about your city’s priorities.

UTAH LEAGUE OF CITIES AND TOWNS

Commission on Housing Affordability
2019 draft legislation summary
(version 2019FL-0684/008)
November 29, 2018

ULCT has not yet taken a position on the draft bill. Our Legislative Policy Committee will meet on Dec. 10.

Background

Two bills the Legislature passed and ULCT supported in the 2018 session provide the foundation for Commission bill – HB 259 (Moderate Income Housing Amendments) and SB 136 (Transportation Governance Amendments).

HB 259 updated the moderate-income housing (MIH) plan requirements that have been in place for cities since 1996. MIH is defined as housing for households with a gross income of less than 80% of the city's area median income (AMI). A city's general plan must include three elements: transportation, land use, and as of the passage of HB 259, the moderate-income housing plan. In the MIH element, cities must include how they are planning for MIH over the next five years. The city must report on implementation of the plan every 2 years, including analyzing and publishing data on their moderate- and low-income housing stock, deed-restricted units, use of housing set-aside funds, and participation in Utah Housing Corporation, plus how the city is reducing regulatory barriers to housing and coordinating with neighboring jurisdictions and regional plans.

SB 136, which garnered the most attention for changing the governance of UTA, also requires UDOT to create strategic initiatives for state transportation funding that will include local land use and economic development potential. The rulemaking process is just now underway to determine the land use criteria and prioritization process for the Transportation Investment Fund. The objective is to facilitate transportation efficient land use.

What does the draft bill do?

The Commission bill adds to the foundation of HB 259 and SB 136 in two main ways: (1) adding elements that reinforce transportation-efficient land use into cities' general plans; and (2) providing specific strategies ("menu items") cities must consider adopting in their MIH plans.

(1) New transportation element requirements

- The bill defines a "major transit investment corridor." This expands the concept of transportation-oriented development (TOD) to include a public transit service that uses public transit ROW, dedicated road ROW (like Bus Rapid Transit), or fixed route bus corridors with an interlocal agreement. It gives local government and property owners some assurance that it can plan certain land uses (like high-density residential) around transit.
    - Note: this will also include rural "main streets" so that areas that don't have access to transit will not be disadvantaged; language is still in development.
- The city must correlate the transportation element with population projections and the proposed land use element of the general plan. It must also consider the regional transportation plan developed by the MPO or the long-range plan by UDOT if the city is not in an MPO area.

(2) New MIH plan requirements

This table shows the current and proposed strategies to promote planning for population growth and affordability identified in the bill. The intention is to give cities flexibility to incorporate the strategies that work best for their particular circumstances. The current draft requires cities to select two of the following elements. Cities don't build housing, but they hold the keys to planning, zoning, and regulatory barriers.

Items already in state law	Proposed new additional items
Rezone for densities necessary to assure production of MIH	Create/allow/reduce regulations for accessory dwelling units (ADUs)
Facilitate rehabilitation or expansion of infrastructure to encourage construction of MIH	Allow for housing in commercial and mixed-use zones
Encourage rehabilitation of uninhabitable stock into MIH	Encourage higher density or MIH near major transit investment corridors
Consider subsidies to waive construction-related fees	Eliminate or reduce parking requirements in certain areas
Consider state/fed funds and incentives to promote construction of MIH	Allow for Single Resident Occupancy (SRO) developments
Consider UHC, DWS, and AOG programs	Preserve existing MIH
	Consider services provided by a public housing authority
	Employ incentives for a developer to ensure long-term affordability (inclusionary housing/deed-restricted units)
	Other strategies to promote affordability

Why will cities comply?

Cities are already planning for population growth and recognize that they must use the keys they hold – zoning, land use, regulations – to help unlock the door to more residential development. Plus, **cities must be up-to-date on the MIH plan and reporting requirements in order to be eligible for Transportation Investment Fund (TIF) money. The TIF had $702 million last year, and cities want to be eligible .**

What else does the bill do?

The bill modifies the makeup of the Olene Walker Housing Loan Fund Board by adding one member with expertise in TOD and one member who represents rural interests.

The bill also includes a one-time appropriation of $20 million and ongoing appropriation of $4 million to the Olene Walker Low Income Housing Fund. Discussions are ongoing as to how that money will be allocated.

What's next? Is this the final bill?

No. ULCT and other stakeholders are still working on additional details that we hope to include in the bill and we expect to see more drafts. It's also important to note that this bill only addresses the keys local government holds – nothing in the bill at this point addresses keys that the federal or state government, developers, realtors, non-profits, financial institutions, or others might hold. It also does not address the rising costs of land, materials, and labor shortage, all of which are significant factors in increasing housing costs. Cities do not control keys over these market costs.

2019

TOOLS FOR BUILDING BETTER POLICY

UTAH LEAGUE OF CITIES AND TOWNS

UTAH ASSOCIATION OF COUNTIES

The Unifying Voice for County Government

CITIES & COUNTIES WORK

The ULCT Way:

- Respect
- Collaboration
- Outcomes

PAGE 2

Why the ULCT way?

ULCT and UAC engage with the Utah State Legislature and other stakeholders according to three principles:

- **Respect**
- **Collaboration**
- **Outcomes**

- **Respect** the roles of state and local government
- **Collaborate** on the problem when possible
- Focus on the desired **outcomes**

ULCT and UAC are optimistic that elected officials at every level will demonstrate **respect** for the roles that each of us fill as we seek positive outcomes for all Utahns.

Whether elected officials find themselves on the same or opposing side of an issue, pursuing a **collaborative** approach to problem-solving is critical.

And focusing on quality **outcomes** will result in better policy.

As part of our desire to walk our talk we invite you to sign up for ULCT's daily email update during the session and join us for Legislative Policy Committee Meetings every Monday at noon. Being informed on our positions as well as receiving your input will help achieve better outcomes.

Sign up by sending an email to info@ulct.org. Subject: Sign me up.

5 questions for evaluating a bill:

Walking the local government way of respect, collaboration, and outcomes becomes even more effective as legislation is viewed through our policy analysis prism. UAC and ULCT utilize this prism to evaluate legislation. ULCT's Legislative Policy Committee discusses bills and determines positions. If we answer yes to questions 3, 4, or 5, we are unlikely to support a bill. We will support a bill if 60% or more of our members are in favor of it. UAC meets on Thursdays during the session to similarly consider bills affecting counties.

What are cities and counties?

Counties, cities, and towns are the governments closest to the people. County and city officials are elected to lead locally, prepare for the future, and preserve Utah's unparalleled quality of life.

Residents develop an affinity for their hometown—its schools, sports teams, rodeos, art and cultural achievements, not to mention its history, natural environment, traditions, and colorful characters.

Cities Administer:

LAND USE:
planning, zoning, redevelopment, economic development, place making

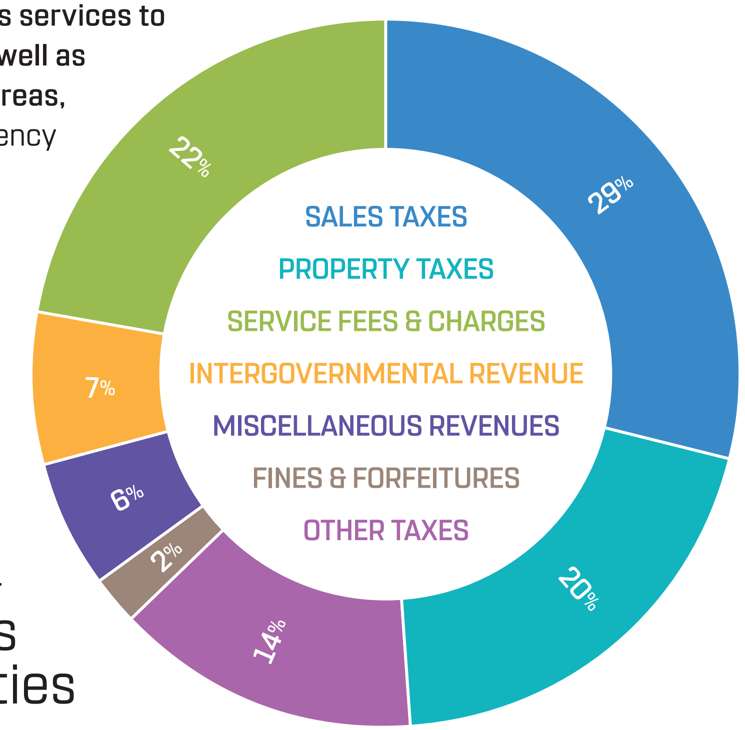
TRANSPORTATION:
roads, sidewalks, trails, coordination with all key players

WATER:
culinary, secondary, watershed protection, wastewater

PUBLIC SAFETY
fire, police, health, safety and welfare, judiciary, emergency preparedness

GENERAL:
parks and recreation, environment, waste collection, licensing

A county provides services to several cities as well as unincorporated areas, maximizing efficiency and saving costs. Counties also enact and administer many of the local ordinances that are shared by cities helping increase cooperation between them as well as cutting expenses.



2017 Utah Cities' General Fund Revenue Estimates

Why cities and counties matter

Though Utah's 248 cities and towns located in 29 counties are as unique as the communities they serve, they share one thing in common—**the residents of those cities chose to create them**. After all, government closest to the people governs best. From the smallest towns to the largest cities, municipal and county governments provide their residents with essential day to-day services, infrastructure, and visioning for the future.

What cities do

93% of Utah residents live in cities. Take a moment and consider your average day. **Most of your activities are touched by city and county services.** From clean water to waste collection, road maintenance to regional planning, public safety to parks—cities and counties plan for and preserve quality of life for all residents, now and into the future.

How cities are funded

Funding for these services comes from sales tax, property tax, impact fees, and other fees for essential government services.

Mayors and council members are responsible for ensuring the infrastructure, public services, and quality of life that residents expect. Cities balance the needs of today with planning for tomorrow.

Who are ULCT and UAC?

The League of Cities and Towns (ULCT) is the voice for all 248 cities and towns and 1,380 mayors and council members in Utah.

We are governed by a 21-member board of mayors, council members, and one city manager from cities and towns across the state.

Utah Association of Counties (UAC) is the voice of Utah's 29 counties. In addition to its legislative work and support, the association provides programs and services to its county government members designed to help them better serve the public.

Contact us:

ULCT, ulct.org:

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248
UTAH CITIES & TOWNS

1,380
MAYORS & COUNCIL MEMBERS

29
UTAH COUNTIES

296
ELECTED COUNTY OFFICIALS

What do we do?

ULCT works hard in between legislative sessions to help cities comply with new state laws and find consensus on policy issues.

Among other things, in 2018 we:

- Added 2 more land use bills to the 40+ since 2007. Our Land Use Task Force drives consensus between the Property Rights Coalition and local government.
- Participated on all six Commission on Housing Affordability subgroups formed by HB 430 (2018).
- Trained 233 planning commissioners, city council members, and staff through our Land Use 101 programs, including training on moderate income housing plan (HB 259) compliance.
- Actively engaged in negotiations to improve the inland port and medical marijuana bills.
- Passed ULCT resolutions regarding medical marijuana, water policy, the motor fuel tax, and population growth. ULCT resolutions make clear our concerns and positions regarding such bills.
- Provided multiple specific trainings and held two conferences attended by over 1000 city officials and staff.

UAC works year-round on promoting the legislative interests of its county government members.

In 2018 UAC:

- Promoted legislative actions that generated $22,312,500 in funds for our 29 county government members.
- Provided county governments with employee benefit, nationwide retirement system, publications, training, web services, economic development, unemployment cost management, and corporate partnership programs.

12.10.18

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Who sets the sales tax rate?

There are various sales tax rates—all authorized by the Legislature. There is only one sales tax rate that is imposed statewide. The other tax rates are imposed at the option of cities and counties. In several cases revenues from these levies are restricted to specific expenditures.

The most common local option tax levy, equal to 1%, has currently been imposed by all Utah cities and may be used for general fund expenditures. Revenue from this rate—referred to as the "local option 1%"—is also shared among Utah cities. The sales tax base, those items that are subject to sales tax, is determined by the Legislature. The state sales tax base and the "local option 1%" are the same and include food in that base. Food is not part of the other locally imposed taxes.

How does the "local option 1%" work?

Initially authorized in 1959, revenue from the original local option tax belonged entirely to the city where a purchase was made—the "point of sale." In 1983, the Legislature authorized an increase in the rate but required that cities that imposed the increase rate share the tax revenue among all cities who had imposed the tax. This new distribution formula—known as the "50/50" formula—means that half of every sales tax dollar remains in the city where the sales takes place and the other half is distributed to all cities according to their percentage of the state population.

Utah cities created this new formula as a means of providing for a fairer distribution of sales tax revenue between cities that are retail centers and those that are bedroom communities. It also meant that all cities had a stake in retail development throughout the state.

The additional revenue from the 1983 levy plus the creation of a hold-harmless provision were necessary to avoid any city from losing revenue from the new distribution formula.

What do cities want?

ULCT has consistently opposed any changes in the formula without new sales tax money being part of the equation. Without new money, the same pie is merely being sliced into different pieces creating winners and losers and pitting cities against each other. The additional money was critical to the creation of the 1983 compromise. In general Utah cities are satisfied with the current "50/50" distribution formula.

The "local option 1%" is city money.

All sales tax revenue belongs to the taxpayer. However, the reasons why certain taxes were established and what entity imposed the tax is also important. While initially authorized by the Legislature, the "local option 1%" was imposed by ordinance in each city—it was their local option to do so. Cities have based key economic decisions around the current tax structure. The "50/50" formula was created by Utah cities. Any changes need to come from the cities themselves and have the support of a consensus of all Utah communities.