TODAY’S AGENDA

8:20 am: Framework on motor fuel tax

8:40 am: Resolutions
  • Fireworks
  • Truth in taxation
  • 311

9:10 am: 2017 Preview

9:30 am: Division of Water Quality

9:45 am: Utah State Auditor John Dougall

10:05 am: Introduction of 2016-2017 ULCT President and Board of Directors

10:15 am: Adjourn
Hold harmless pre HB 362 and due to HB 60

• **Qualification (dates back to 1997 formula change)**
  - Pre HB 362: if current FY apportionment is less than 120% of 96-97 apportionment
  - HB 60: if FY 2013-2014 apportionment is less than 120% of 96-97 apportionment

• **Guarantee (1997: $5 million re-allocation)**
  - Pre HB 362: 120% of FY 96-97 apportionment, plus % growth
  - HB 362: amount apportioned to county/city in 96-97 multiplied by % increase in B&C fund from 96-97 to present day
    - Equivalent of 103% plus growth, not 120% not growth
  - HB 60: amount apportioned to county/city in 96-97 **PLUS** amount apportioned to county/city in 96-97 multiplied by % increase in B&C fund from 96-97 to present day
    - Equivalent of 203% plus growth
    - “Claw back”
HB 362 (2015)/HB 60 (2016) Chronology

Jul-Nov 15 (1st & 2nd)  
Hold harmless guarantee reduced
- Hold harmless entities got 103% (HB 362 actual language) instead of 120% + growth (ULCT intent)
- Non hold harmless entities see a slight increase in the 50-50 formula, but no new gas tax yet

Nov-Dec 15 (3rd)  
Hold harmless “claw back” per HB 60
- HB 60 retroactive to the 3rd UDOT FY 16 B&C distribution, last distribution prior to HB 362 4.9 cents

Jan-Apr 16 (4th & 5th)  
Expanded hold harmless in HB 60 affects HB 362 4.9 cents
- HB 60 expands HH; non-HH cities/counties receive less than anticipated from the 4.9 cent increase
- ULCT est.: non-HH cities/towns/counties had an expectation gap of approx. $4 million for all of FY 16

May-Jun 16 (6th)  
6th B&C distribution delayed w/ULCT support

July 2016-beyond  
What happens now?
Orange: county FY & acts (calendar); red: legislative acts; green: UDOT; blue: ULCT FY & acts

What happens in UDOT/ULCT FY 17?
ULCT: new formula will apply to:
- FY 16, 6th Dist
- UDOT/cities: FY 17, beginning in fall 2016
- Counties: FY 2016 (May-Dec)

FY 16 1st & 2nd dist: HH changes but no 4.9 cents yet
FY 16 3rd dist: HB 60 claw back
FY 16 4th & 5th dist: HB 60 formula
1st – 5th dist: cities received approx. $4 million less than expected

UDOT FY 16 & 17 B&C distributions

6th Dist delayed
Gas tax framework

1) All cities, towns, & counties (in aggregate) receive *17.5% increase* from FY 15 to FY 17 consistent with HB 362 projections from spring 2015

4.9 cent increase = “rising tide lifts all boats;” let 50/50 formula run the way it was intended to run

2) Hold harmless *qualification*: return to pre-HB 362

12 HB 60 HH entities become 2 HH entities

3) Hold harmless *guarantee*: 120% of FY 2015 plus annual compounded growth

$1.2 million for 2 HH entities in FY 2017 & beyond, plus growth

HB 60: $11.8 million shift to HH entities in FY 2017

4) *Soft landing*: brief re-allocation to 10 HH entities who naturally grow out of HH

2 more years; $1 million(ish) off the top of B&C fund before the 50-50 formula runs

ULCT would NOT seek reimbursement for the expectation gap of $4 million from FY 2016

ULCT and other stakeholders acknowledge unique rural needs & seek options
Timing of the framework fix

- Sep 13-16: ULCT Annual Convention
- Sep 22-23: UAC conference
- Mid to late September: ULCT and UAC will have 6th distribution data that we will provide to cities to close out their FY 2016 budget & finish audits
- Oct 5: meeting with legislative leadership
- Oct 19: October Interim
- Nov 16: November Interim (likely special session) which will distribute the 6th payment and fix formula for FY 2017
ULCT 2016 LPC RESOLUTIONS

• Fireworks
  • Vernal Mayor Sonja Norton and Herriman Mayor Carmen Freeman on behalf of Salt Lake County Conference of Mayors

• Truth in Taxation
  • ULCT Board of Directors, Holladay Council Member Lynn Pace

• 311
  • Provo Mayor John Curtis
Resolution 2016-1A: Fireworks 53-7-225 & 10-8-1(47)

• 1983: three days before and after the four holidays
• 2011: All month, expanded types of fireworks, and restricted any city-wide bans
  • Class C dangerous explosives, display fireworks, special effects fireworks, flame effects
  • Newly allowed: aerial devices (multiple tube, repeater, cakes)
  • Still not allowed: bottle rockets, roman candles, M-80s, comets, 500+ grams
• 2013: Return to the three day before and after language
• 2013: Cities can take reasonable steps to limit firework discharge in certain places (“hazardous environmental conditions”)
  • Fire code official determines the conditions
  • Legislative body then prohibits firework use in mountainous, brush-covered, or forest-covered areas or in the wildland urban interface

2017: What’s next?
Resolution 2016-3: Truth in Taxation
Resolution 2016-5: 311 phone number

• 2016-3: Likely a multi-year effort to research, educate, and persuade

• 2016-5: 311 as a non-emergency municipal phone number
1. Short Term Rental Issues
2. Substantive Overhaul of Impact Fees Act
3. LUDMA Revisions: (likely 2017 legislation)
   • Standards of Review (legislative/administrative)
   • Rules of Interpretation (Brown v. Sandy City)
   • “Stricter Requirements”
   • Exactions
   • Subdivisions
     • Development Standards
     • Objective process (like CUPs)
LUDMA: Who was where in winter 2005?

- Jazz starting PGs: Carlos Arroyo and Keith McLeod
- January 1, 2005: Utah won the Fiesta Bowl
- Utah elected officials included Governor Jon Huntsman, Jr., Senator Bob Bennett, Congressmen Jim Matheson & Chris Cannon
- Of 104 legislators who voted on LUDMA in 2005, 22 still serve in the legislature
- How many of you were in your current position?
LUDMA: Land Use Development and Management Act

• 3 year effort with ULCT, developers, legislators, and other stakeholders
• 192 pages
• 157 new or amended sections of state code
• 28 repealed sections of code
Then there was Armageddon: the Bill (SB 170, 2006)
Bill sponsor: former Senate President

- Complete attack on local land use authority
- “municipalities may enact “appropriate” ordinances … “that support proper community development and protect property owners’ rights to own, hold, developer, and manage their property”
- “A parcel of property may not be given a zoning designation that would materially diminish the reasonable investment-backed expectations of the property’s owner”

- ULCT position: no negotiation
- ULCT: give us time to implement LUDMA
Since LUDMA in 2005, is there a storm coming?

1. Tech-savvy & growth/development-focused legislature and executive branch
   • “INFRASTRUCTURE, INFRASTRUCTURE, INFRASTRUCTURE”
   • Planning

2. 10 year campaign for Transparency/Accountability

3. 2015 Leadership warnings—akin to 2004

4. Frustration with status quo:
   • 60 Land use bills since 2005
   • 14 bills assaulting local land use authority in 2016 (most were amended or did not pass)

Do any of your land use ordinances pre-date LUDMA?
Have we completely followed through with our LUDMA commitment?

Conditional Use Example

Pre-2005 LUDMA revisions—

“May approve, deny or approve with conditions”

Since 2005

Must approve if conditions can substantially mitigate detrimental effects to comply with applicable standards.
Short term rentals

Impression in Jan 2016:
Virtual state-wide ban on STRs
Lengthy process to allow STRs
Lack of tax parity with hotel industry--need state legislation to achieve parity
Vast majority of STRs private room rentals come without impacts
Property rights need state protection from overzealous local government
Short term rentals

ULCT summer research:
• Only 1 of 70 jurisdictions actually ban short-term rentals: (324 pop)
• 25 separate zoning terms that describe or inform short-term occupancy
• 325 variations of those terms (ambiguity)
• Very small # of Utah listings are low impact, owner-occupied, private room rentals
• Working with Tax Commission, hotel industry, & other stakeholders to ensure compliance and tax parity

Want more?
• Short term rental workshop at 10:30 am in Deer Valley
• ULCT best practices
  • Plain language
  • Definitions
  • Vested rights
• STR Helper
• Industry representatives
ULCT staff questions

• Have cities annually updated land use codes to comply with new state law?
• Is recodification a priority for local government?
• Are there local misperceptions, such as:
  • Status quo is acceptable?
  • Ambiguity provides more control?
  • Legislature will provide a better solution than we can?
• Are we ready for future population growth and development?
• Local land use authority faces political challenges
What we want to avoid

I don't care what the city says, the state said I could!
What else to expect in 2017?

- Criminal Justice
  - Justice Reinvestment Initiative
    - Justice court caseload
    - Community policing
    - Mental health/rehabilitation
    - Sentencing reform
  - Civil asset forfeiture
  - Secondary employment for police officers
  - Body-worn cameras
  - Surviving spouse benefits
- Indigent defense litigation
What is the JRI impact on local police, justice courts, local government, and communities?

Pre-JRI Felonies (Potential Prison time): 1,783 felony/qtr
Post-JRI Felonies (Potential Prison): 680 felony/qtr
• 62% reduction in felonies that would likely result in Prison
Pre-JRI Prison drug admissions: 50 admissions/qtr
Post-JRI Prison drug admissions: 30 admissions/qtr
• 40% reduction in the number of prison admissions
Pre-JRI Drug possession Misdemeanors As: 610 Misdemeanors/qtr
Post-JRI Drug possession Misdemeanors As: 1,890 Misdemeanors/qtr
• 209% increase in misdemeanor As, largely handled by county jails or county based diversion/supervision programs
What else to expect in 2017: Drones

• Public safety
  • Size, shape, scope, crowd control, enforcement
  • Wildland fire

• Privacy
  • Trespassing, voyeurism

• Legitimate government uses
  • Law enforcement: pursuit, surveillance
    • Records? GRAMA? Cost? Privacy?
  • Transportation
What else to expect in 2017: Government immunity task force

• Caps on damages
  • Utah cap for individual injury: $703,000
  • Utah cap for all injuries from a single occurrence: $2,407,700
  • Utah caps among the highest in the country

• Governmental liability and immunity
  • Court decisions weakening gov’t immunity, increasing city’s cost even if the city was not negligent
  • Potential consequence: higher liabilities = higher insurance cost for contractors, recreation, users of public facilities

• Board of Examiners process
What else to expect in 2017: Special districts

• Under current law, Special Districts have three options to raise taxes:
  • Put the tax increase on the ballot for voter approval
  • A directly elected board imposes a tax, and then stands accountable to voters at the next general election
  • A board made up of appointed individuals, a majority of whom are elected to some other office in some jurisdiction, imposes a tax, and then never stands accountable to voters

• Sen. Fillmore: Replace the third option
  • Directly elected bodies that created the Special District (city councils, county councils and commissions) must vote before tax increases take effect

• Sen. Fillmore: Better accountability to voters; better balance between city and county governments and the special districts
What else to expect in 2017: licensing, online sales tax

Home occupation business license
• ULCT negotiated compromise bill in 2016
• Would codify a fee waiver for home occupation business with no impact
• Would prohibit home occupation business license for temporary business (ie. lemonade stand)

Manufacturing parts & equipment sales tax exemption
• 7 years and counting

Online sales: Congress tries thrice
• Online Sales Simplification Act of 2016 (OSSA)
• Marketplace Fairness Act (MFA)
• Remote Transactions Parity Act (RTPA, Cong. Jason Chaffetz)
• Legislature TBD
What else to expect ... today

Justice courts
• Judges from the 2\textsuperscript{nd}, 3\textsuperscript{rd}, 4\textsuperscript{th}, & 5\textsuperscript{th} districts
• Solitude/Sundance
• 2:00-3:00; 3:15-4:15

Wildland fire
• Last year’s policy deliberations
• Participation match information available at their exhibition booth near the restrooms in the main Sheraton lobby
What’s next?

**Pre-session:**
- Legislative Policy Committees
  - October 17
  - November 21
  - December 12
  - January 9
- Legislative interim meetings
  - September 21
  - October 19
  - November 16

**2017 session:**
- Opening Day, January 23
- Local Officials Day, January 25
- Legislative Policy Committees
  - Feb 6
  - Feb 13
  - Feb 27
  - Mar 6
- Closing Day, March 9
- Midyear Conference, St. George, April 5-7
Thank you to departing members of the 2015-2016 ULCT Board of Directors

• Cedar Hills Mayor Gary Gygi
• Ephraim Council Member Margie Anderson
• Hyde Park Mayor Bryan Cox
• Provo Mayor John Curtis (2014-2015 ULCT President)
Congratulations to the 2016-2017 ULCT BOARD OF DIRECTORS

• President: Kaysville Mayor Steve Hiatt
• 1st Vice Pres: Bountiful Council Member Beth Holbrook
• 2nd Vice Pres: St. George Mayor Jon Pike
• Immediate Past Pres: Holladay Council Member Lynn Pace
• Treasurer: Midvale Mayor JoAnn Seghini
2016-2017 ULCT Board of Directors

- Heber Council Member Kelleen Potter
- Herriman Mayor Carmen Freeman
- Layton Mayor Bob Stevenson
- Moab Mayor Dave Sakrison
- Murray Mayor Ted Eyre
- Naples Mayor Dean Baker

- North Ogden Mayor Brent Taylor
- Ogden Mayor Mike Caldwell
- Park City Council Member Andy Beerman
- Peery Mayor Karen Cronin
- Spanish Fork Council Member Mike Mendenhall
- Sterling Council Member Curtis Ludvigson