



## **Vote YES on HB147 (Wyatt) County-wide Municipal Sales Tax Distribution**

HB147 would allow cities and towns within a county to adopt a distribution formula for sales tax revenue that increases the population component above the current 50%. A decision by voters in one county would not impact distribution of sales tax revenue in other counties.

Currently, revenues from the 1% municipal sales tax are distributed based on 50% point of sale and 50% population, with inclusion of 1983 "hold harmless" provisions (which maybe changed this year).

### **Why is HB147 needed?**

HB147 is a mechanism for reducing taxpayer subsidies for retail by reducing -- on a county-by-county basis -- the point-of-sale component in the municipal sales tax distribution formula. By reducing the point-of-sale component, cities will have a reduced incentive to subsidize retail. Currently, millions of dollars of property tax revenues are annually diverted from local governments, primarily school districts, in order to subsidize economic activity that will occur in Utah on its own without subsidy.

### **How would HB147 work?**

The county legislative body and a two-thirds majority of city councils (or 100% of councils in counties with less than seven municipalities) would approve a distribution formula with a higher population component. If a majority of voters in the next general election approve, the Tax Commission would remit sales tax revenue to the county based on the state formula. The county would then distribute the revenue to the cities based on the new formula.

### **Will retail-rich cities be harmed?**

Under HB147, cities will be held harmless. Each city will be guaranteed the same revenue they received previously.

### **Will RDA reform make HB147 unnecessary?**

No, because cities will still be able to subsidize retail even after RDA reform. Fortunately, with RDA reform, cities will not be subsidizing retail to the extent they have been because blight definitions have been tightened and TEC approval will be more difficult.

Nevertheless, even with RDA reform, cities will still be able to subsidize retail, either using their own tax revenues through the new Community Development track (other local governments can opt in) or by getting TEC approval with a 6-2 or better vote (currently 5-3 vote is needed for approval).

**Please vote YES on HB147**

Utah Taxpayers Association

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