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Senator Wayne L. Niederhauser, Senate Chair
320 State Capitol
PO Box 145115
Salt Lake City, Utah 84114

Representative John Dougall, House Chair
350 North State Suite 350
PO Box 145030
Salt Lake City, UT 84114

Dear Senator Niederhauser and Representative Dougall:

The State Auditor's Office and the Tax Commission jointly request that the current collection and distribution of the Multi-County Assessing and Collecting revenues remain unchanged.

Background

Statutes require each county to levy a Multi-County Assessing and Collecting Levy. The revenues from this levy are collected by the counties and paying counties remit excess funds to the State Auditor's Office. The State Auditor then, by a formula set in statute based on parcel counts, distributes these revenues back to the receiving counties. The intent of this process is to assist the smaller counties to pay for the assessment and collection of property taxes. The monies received from this process are restricted to county functions directly related to the assessment and collection of property taxes on the county level.

The Multi-County Assessing and Collecting levy is set by the State Tax Commission and is calculated through the same process as all other tax levies. The current year adjusted taxable values of all counties and total prior year's budgeted revenues of all counties are used in the calculation. Once the rate is calculated (the 2008 rate was .000121) each county must levy this exact rate.

Currently, the Tax Commission provides the various data components to the State Auditor. The State Auditor then calculates the distributions to each receiving county and then processes these distributions through the State Treasurer.

Keeping the Existing Process

The Tax Commission currently provides the base data to the State Auditor. This flow helps to provide an additional set of eyes to review the data and ensure that the process is as accurate as possible, which is best handled by those with an auditing background. The existing process is working very well. The counties and the State Auditor have developed an outstanding working relationship that helps to make the process extremely efficient.

The State Auditor has been responsible for this process from the beginning. Originally, the formula was more complex and involved some budgetary review in determining the distributions. While the formula has changed and is now based on parcel counts, there is still little efficiency to be gained by moving the process. The State Auditor's Office only spends about 15-20 hours per year on this process and the Property Tax Division spends about 5 hours. The Auditor's Office receives no compensation for performing this function, so there is no cost savings to be gained by moving this to the Tax Commission.

This is clearly a policy decision and the process could be transferred to the Tax Commission with little impact. Neither the Tax Commission nor the State Auditor's Office have serious concerns about changing the fund administration. The change would however require statutory change and the establishment of a new process that would have a learning curve for both the Tax Commission and the counties. The counties seem to be satisfied with the existing procedure and with the working relationship with the State Auditor's Office.

Consequently, the Tax Commission and the Office of the State Auditor recommend that the Multi-County Assessing and Collecting process not be changed. Rather, it is recommended that the Tax Commission continue to provide the necessary data required for the distribution of the Multi-County Assessing and Collecting revenue to the State Auditor who would continue to distribute these revenues through the current statutory formula.

Respectfully,

Auston G. Johnson, III
State Auditor of the State of Utah

Pam Hendrickson

Pam R. Hendrickson
Chair, State Tax Commission of the State of Utah