



COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY
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TO: CRA Board Members

FROM: Kate Werrett, Budget and Policy Analyst

DATE: May 13, 2025

**RE: COMMUNITY REINVESTMENT AGENCY (CRA)
BUDGET AMENDMENT NO. 2 FISCAL YEAR (FY) 2025**

Project Timeline:

Set Date & 1st Briefing: May 13, 2025

Public Hearing & 2nd Briefing: June 10, 2025

Potential Action: June 10, 2025, or later

ISSUE AT-A-GLANCE

CRA Budget Amendment Number 2 includes the final annual tax increment payments from Salt Lake County, a \$4.8 million increase in interest revenue over the budgeted amount, and a \$1.84 million accounting error associated with Salt Lake City Library property tax revenue.

Goal of the briefing: Review the FY2025 CRA Budget Amendment #2 and set the required public hearing date.

ADDITIONAL & BACKGROUND INFORMATION

The annual budget uses a conservative forecasting of property tax increment, resulting in a fiscal year end “true-up” budget amendment to recognize and adjust budgets based on actual tax increment revenues. Obligatory and discretionary expenditure amendments are proposed to reflect the final annual tax increment payment and additional interest revenue. The attached CRA staff memo details the adjustments to budgets based on the actual property tax increment received to satisfy obligations under state law, interlocal agreements with other taxing entities, reimbursement agreements with private property owners, and additional funding for agency operations. The budget amendment memo also addresses an additional \$4.8 million in interest revenue and a \$1.8 million accounting error.

In alignment with the FY2023 Legislative Intent, this is the second year using transition holding accounts to manage revenues above what was included in the approved budget. The additional FY2025 revenue will be allocated in the FY2026 budget, totaling \$7,348,402.

The attached memo includes details of these key changes:

Revenues

- Interest Revenue: A \$4.8 million increase in interest revenue over the budgeted amount.
- State Street Tax Increment: Salt Lake County did not disburse the County's TY2024 tax increment for the State Street Project Area. Per the interlocal agreement, TY2024 was the first year of the County tax increment. The CRA has included the TY2024 increment in the FY2026 budget.
- Central Business District Tax Increment: The Central Business District project area tax increment was \$2,378,301 less than budgeted.
- Northwest Quadrant Tax Increment: The Northwest Quadrant project area tax increment was \$769,885 more than budgeted.



Policy Question:

1. What is causing the \$2.4 million or 8.7% decrease in CBD property tax increment revenue? In the FY2024 budget “true-up” amendment transmittal, the Administration commented that the reduced property value assessments were potentially driven by vacancy rates and flat rents within the office, hotels, and commercial industries. There could also have been an increase in property tax appeals.

Expenses

- Proportional Expense Amendments: Within budget amendment #2, in alignment with the actual tax increment, changes to obligated expenses as required by statutory or contractual obligations and CRA operations are proposed.

Other

- Salt Lake City Library Property Tax: The budget amendment addresses a \$1.84 million accounting error associated with Salt Lake City Library property tax revenue.

Project Area Expiration Dates

Project areas have a designated expiration date. State law allows CRAs to continue spending tax increment already collected in expired project areas such as Sugar House. Sometimes project areas can be extended/renewed for a longer length as happened to the Central Business District. The table below summarizes project area timeframes from creation to expiration and the updated tax increment revenue based on actual amounts as included in Budget Amendment #2.

Project Area	Initial Collection Year	Last Collection Year	FY25 Budget	Change	FY25 BA #2
Central Business District*†	1983	2042	27,265,707	(2,378,301)	24,887,406
Depot District†	1999	2024	6,193,098	(99,765)	6,093,333
Granary District†	2000	2025	1,384,433	306,870	1,691,303
North Temple†	2012	2038	1,543,745	530,631	2,074,376
North Temple Viaduct CDA	2012	2036	3,119,790	(116,869)	3,002,921
Northwest Quadrant	2019	2038	2,500,109	769,885	3,269,994
Block 70 CDA	2016	2042	2,133,992	(26,267)	2,107,725
Stadler Rail	2019	2038	161,151	9,670	170,821
Block 67 North	2021	2041	365,771	4,172	369,943
9-Line	2021	2040	3,030,715	388,426	3,419,141
State Street	2021	2040	5,868,859	642,121	6,510,980
TOTAL			53,567,370	30,573	53,597,943

NOTE: Only project areas that generate tax increment are listed in the table

**The CRA Board extended the CBD from the original expiration year of 2007*

†In October 2021 the Board approved two-year extensions for these project areas. State law was changed to allow extensions for projects areas negatively impacted by the COVID-19 pandemic

Statutory Definition of Project Area Development (Utah Code 17C-1-102(48))

The section of Utah Code below is a key list of allowable uses of CRA funds. The Utah Legislature updated this statute in the 2016 General Session.

- (47) "Project area development" means activity within a project area that, as determined by the board, encourages, promotes, or provides development or redevelopment for the purpose of implementing a project area plan, including:
- (a) promoting, creating, or retaining public or private jobs within the state or a community;
 - (b) providing office, manufacturing, warehousing, distribution, parking, or other facilities or improvements;
 - (c) planning, designing, demolishing, clearing, constructing, rehabilitating, or remediating environmental issues;

- (d) providing residential, commercial, industrial, public, or other structures or spaces, including recreational and other facilities incidental or appurtenant to the structures or spaces;
- (e) altering, improving, modernizing, demolishing, reconstructing, or rehabilitating existing structures;
- (f) providing open space, including streets or other public grounds or space around buildings;
- (g) providing public or private buildings, infrastructure, structures, or improvements;
- (h) relocating a business;
- (i) improving public or private recreation areas or other public grounds;
- (j) eliminating blight or the causes of blight;
- (k) redevelopment as defined under the law in effect before May 1, 2006; or
- (l) any activity described in Subsections [\(48\)\(a\)](#) through [\(k\)](#) outside of a project area that the board determines to be a benefit to the project area.

ACRONYMS

CBD – Central Business District
CDA – Community Development Area
CRA – Community Reinvestment Agency
FY – Fiscal Year
NWQ – Northwest Quadrant
RFP – Request for Proposals
TY – Tax Year