



FRANCISCO KJOSLETH

A proposed 0.5% increase in the Salt Lake City sales tax would help pay for a renovated Delta Center, shown foreground, and creation of the sports and entertainment district.

\$18 a month may not seem costly,

District

director of the Crossroads Urban Center, which runs an emergency food pantry in Salt Lake City and advocates for low-income Utahns.

Many of Crossroads' clients are struggling to keep a roof over their heads, food on the table and the power on. Last month, Crossroads served more than 10,000 people at its emergency food pantry for the first time in its more-than-50-year history.

"If they saved up the money that they're going to be paying in sales tax for several months, they won't be using it to buy hockey tickets," he said. While the added tax burden might seem small, "if you're \$5 short to pay the rent this month, \$5 is a lot of money."

The average NHL hockey ticket costs around \$94, according to the ticketing site SeatGeek, but prices can vary dramatically.

MAKING THE CASE FOR THE TAX

Salt Lake City Mayor Erin Mendenhall's spokesperson, Andrew Wittenberg, said the new downtown district will "generate immense public benefits" for future Salt Lakers and called it a "generational opportunity" for the city and is about "maximizing the potential of our downtown core."

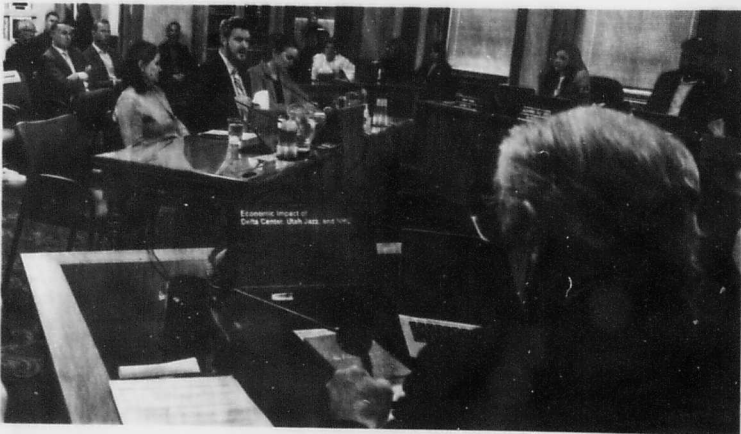
"Public financing in this district will not benefit the Delta Center alone," he said. "It will reshape the downtown core, to improve east-west connectivity, enhance streetscapes, drive economic activity and, importantly, create an additional inviting space for families downtown."

Last week, Gov. Spencer Cox said he supports Salt Lake City residents paying for the new district.

"I think it's brilliant, the way that it all came together, especially when you look at what's been done in many other locations across the country. This is a very different and very unique," he said.

"You're right, in Salt Lake City there is a chance that it will go up. Salt Lake's locally elected officials will get to make that decision and I think that's a very important distinction," Cox said at his monthly news conference. "And also, Salt Lakers are going to benefit the most from it, because it's not just an arena. It's going to be a huge benefit for everyone who lives here, works here, shops here... I think that's the way to do it, not to tax people in Kanab for, you know, for a change in downtown Salt Lake City."

At a City Council meeting earlier this month, Mike Maughan, who is managing the project for



TYRRELL NELSON

Salt Lake County Mayor Jenny Wilson, Mike Maughan of Smith Entertainment Group and Salt Lake City Mayor Erin Mendenhall speak with the Salt Lake City Council about the proposed downtown sports and entertainment district earlier this month.

Ryan Smith's Smith Entertainment Group, said that while a portion of the tax revenues will go toward renovating the Delta Center, "I want to be very clear — a lot of that money will also go to the development of this downtown district."

In addition, he said, SEG will be getting billions of additional dollars into the district.

He also touted the benefits of the two teams — the Utah Jazz and the new NHL hockey team — and the Delta Center to the city. In 2022, a study put the economic impact of the Jazz at \$326 million for the city.

A study for Smith's group said the hockey team will bring an additional \$258 million of economic impact to the city annually.

Under a law passed during this past legislative session, the Salt Lake City Council is allowed to increase the city's sales tax by 0.5 percentage points on all purchases except for food, gas and the purchase of cars, aircraft, boats and mobile or modular homes.

The funds can be used to renovate the Delta Center, provide for public safety in the zone and to build roads, walkways and buildings, including the Salt Palace Convention Center and Maurice Abravanel Hall.

How much of the tax revenue will go directly to Smith's group is not specified in the law. Maughan has said on several occasions that SEG's share is capped at \$900 million, but that provision was taken

out of the final version of the legislation, leaving the limit to be decided in SEG's participation agreement with the city.

A spokesperson for SEG said the participation agreement, which is still being finalized, will include the \$900 million cap.

Smith and the mayor have until Sept. 1 to send their proposal for the district to the City Council and a Revitalization Zone Committee made up of members appointed by legislative leadership and the governor. The council will then have 14 days to endorse or reject the plan. If it's endorsed, it would need to be approved by the Revitalization Zone Committee and the final official vote by the council.

After that, the city can start collecting the taxes — provided opponents can't gather enough signatures to challenge it through a ballot referendum.

HOW THE TAX BURDEN IS CALCULATED

The city's finance department has not calculated exactly how much the added sales tax might generate, but legislative fiscal analysts put the figure at \$54 million a year — a number that will grow as the city's population and economic activity grow in the years ahead.

But that \$54 million won't come solely from Salt Lake City residents. In past years, city officials have estimated that as much as 60% of all the sales tax collected by the city is paid by either commuters, tourists or shoppers who live in the surrounding area.

Assuming that figure is correct, city residents would be paying about \$21.6 million of the total annual estimate.

The demographers from the University of Utah's Ken Gardner Policy Institute put the population of the city proper at 218,518 people as of 2023 and 97,795 households in the city.

So that \$21.6 million tax increase spread across those households means each household will be paying \$220.87 annually, or about \$18.41 a month.

This is, of course, a rough average. Those households that spend more on goods in the city will pay more, and those who spend less will pay less.

Rusty Cannon, president of the Utah Taxpayers Association, a business-backed tax watchdog, said the calculation seems reasonable.

His group has frequently opposed tax hikes in the past, but in this instance his organization is neutral. Ideally, he said, the best way to pay for stadium renovations would be through user fees — a fee tacked onto the price of a ticket, similar to airport fees charged when passengers take a trip — but the fee would have to be so impractically large to raise enough money.

The problem with the sales tax increase, he said, is when different small tax hikes get stacked on top of each other — a 0.55% transit tax, the 0.5% tax the city added in 2019 to compensate the city for

being home to the new state prison, the 0.15% Zoo, Arts and Parks tax levied by the county.

If the council ultimately approves the tax, it would take the city's sales tax rate from 7.75% to 8.25%.

"It's death by a thousand cuts," Cannon said. "It adds up and every time someone tries to pass one of these and we oppose it they're like, 'Come on, man, it's ten basis points,' but it all adds up."

With the Fairpark District that was also created by the Legislature in hopes of hiring Major League Baseball to the city, Cannon said, there is an even better argument, because much of the area surrounding the proposed ballpark is blighted and would benefit from the investment.

But Cannon said that there are still benefits that come from having a bigger, better arena for hockey and the Utah Jazz, which is why his association opted not to resist the increase.

REVITALIZATION OR GENTRIFICATION?

Maurice Hickey, executive director of the group Voices For Utah Children, an advocacy group for Utah kids, sees an irony in the fact that legislators are eager to tout a small cut to the state income tax — saving the average Utah household about \$67 a year — and then passing the buck when



Gov. Spencer Cox

Cox's Plan is a "brilliant" collaboration



Rusty Cannon

Utah Taxpayers Association Tax hikes are "death by a thousand cuts"

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