Special Revenue Fund

What Is It?

Per Utah State Code 10-6-133, the City can establish a dedicated **"Special Revenue Fund"** that legally restricts all property tax collected into this fund for

Why We are interested?

- Ensures stable funding for the Orem Police Department and Orem Fire Department
- Improves transparency - Every dollar of property tax will be legally restricted to critical public safety services only
- Midvale in 2025 & South Salt Lake in 2022 have added a dedicated Special Revenue Fund for Public Safety

How Will it work?

- Decrease Orem's "General Operations" property tax amount by 100%
- Shift all current "General Operations" property tax into new line item titled "Orem City Public Safety"
  - Because it is a "new" tax, the reported increase for this new line item will be 100%
- Truth in Taxation will not need to be pursued unless we want to increase the total revenue collected from property tax

Special Revenue Fund

The Budget

- **FY26:** $8.1M general property tax & $32.8M sales tax budgeted
- **FY26 Police and Fire Budgets: $38.1M Total** ($21.4M Police & $16.7M Fire)
- **FY27**: Total property tax will only cover approximately 20% of total Police and Fire Department expenditures. Remaining expenditures will be covered through

Implementation Timeline

Orem would need to complete Phase 3 by

Phase 1: Preparation

- **Departmental Analysis:** Chief Financial Officer and Police and Fire Chiefs determine the exact dollar amount and revenue sources to move to the new Public Safety Fund

Phase 2: Tentative Budget & resolution - May 12

- **Tentative Budget and Resolution:** Presentation of tentative FY27 budget, resolution to adopt the Tentative Budget, and resolution to establish the new Special Revenue Fund

Phase 3: Public Hearing & Adoption of final budget - june 9

- **Budget Ordinance:** Ordinance to adopt FY 2027 budget with language outlining and approving the tax levy, including moving all property tax into the new Special Revenue Fund
- **Public Hearing**
- **Adoption of FY2027 Budget**

Key Constraint

- The City must report annually on this fund in its Annual Comprehensive Financial Report (ACFR)

PROPERTY TAX TIMELINE

TWO TIMELINES FOR TWO SCENARIOS

NO PROPERTY TAX INCREASE

PROPERTY TAX INCREASE Proposed

NO PROPERTY TAX INCREASE Timeline

May 12, 2026

- **FY 2026-2027 Tentative Budget:** Council Meeting Noticed as a Public Hearing as required by state law.
- Presentation by Finance Director and/or Budget Manager. Meeting opened for public comment. Following public comment, possible discussion and then city council approves a resolution "Adopting" the FY 2026-2027 Tentative Budget
- Sets the date and time of the Final Budget adoption on June 9

June 9, 2026

- **FY 2026-2027 Adopted Budget:** Council Meeting Noticed as a Public Hearing as required by state law.
- Presentation by Finance Director and/or Budget Manager. Meeting opened for public comment.
- Following public comment, possible discussion and then city council approves an ordinance adopting the FY 2026-2027
- Tentative Budget as the Final Adopted Budget. The ordinance approves all compensation programs, the fees and

PROPERTY TAX INCREASE PROPOSAL Timeline

May 12, 2026

- **FY 2026-2027 Tentative Budget:** Meeting Noticed (not necessarily as a Public Hearing) as required by state law. The agenda for this meeting must have a separate agenda item notifying the public that an executive officer or budget officer intends to state in the public meeting that the FY 2026-2027 Interim/Tentative Budget includes a proposed tax rate increase and includes a “Property Tax Impact Schedule.”
- The Finance Director and/or Budget Manager will state that the FY 2026-2027 Interim/Tentative Budget includes a proposed tax rate increase and includes a “Property Tax Impact Schedule.”
- Present the FY 2026-2027 Interim/Tentative Budget. Possible discussion and then city council approves a resolution setting the date and time of the next budget meeting on June 9 which will allow for public comment (public hearing)

PROPERTY TAX INCREASE PROPOSAL Timeline

June 9, 2026

- **FY 2026-2027 Adopted Budget:** Council Meeting Noticed as a Public Hearing as required by state law. The agenda for this meeting must have a separate agenda item notifying the public that an executive officer or budget officer intends to state in the public meeting that the FY 2026-2027 Interim/Tentative Budget includes the following:
  - a proposed tax rate exceeding the City’s certified tax rate,
  - the approximate dollar amount and purpose of the revenue increase,
  - the approximate percentage increase in property tax revenue,
  - that if the city council proceeds with the proposed tax rate increase, the city will provide notice of and conduct a public hearing at which members of the public will have an opportunity to provide comment

The city council would approve an ordinance approves all compensation programs, the fees and charges schedule, all tax rates except property taxes, and several other items. The ordinance would note the future council meeting to approve or remove the proposed property tax increase.

PROPERTY TAX INCREASE PROPOSAL Timeline

AUGUST 2026 - Date to be set by the County

- Presentation of “Property Tax Impact Schedule” by Finance Director and/or Budget Manager.
- Meeting opened for public comment.
- Following public comment, possible discussion and then city council approves an ordinance adopting the FY 2026-2027 Interim/Tentative Budget as the Final Adopted Budget.
- The ordinance approves the Property Tax Rate.

Special Note: any public hearing where the property tax increase is discussed requires the meeting to have a virtual participation option with audio, video or both and must allow written comments before and during the public hearing.