



White City Water Improvement Dist

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GENERAL

MANAGER'S REPORT

Legislative Alert

The **Tax Restructuring and Equalization Task Force** ("Tax Task Force") has been holding several Open House events around the State in response to a tax restructuring bill proposed last Legislative session to broaden the sales tax base in the State. The proposed bill would have imposed sales tax on "services" in addition to "goods." In addition, of special concern to the White City Water Improvement District, the bill would have imposed a sales tax on the delivery of water, resulting in a significant rate increase to all of our customers. Needless to say, there was a lot of negative response to the bill and it was withdrawn at the end of the session. Instead, the **Tax Task Force was organized to study the issue and bring back recommendations to the Legislature.**

We have participated in the legislative process and as member of a subcommittee of the Utah Water Task Force ("Water Task Force"), that meets periodically to discuss water issues, I helped draft language for presentation to the Tax Task Force explaining some of the practical problems with imposing a sales tax on water. The Water Task Force position paper is available for anyone to review on our website. In short, the Water Task Force opposes a sales tax on water for the following reasons:

- 1. Taxing Water is not in line with Utah's Unique View of Water as a Public Good to be Put to Beneficial Use.** In that regard Water belongs to the public. Utah Code Ann. § 73-1-1 declares that water is the property of the public, subject to the right to use the water in accordance with law.
- 2. Long standing Utah law and policy has exempted water from taxation.** Water rights, as real property, are exempt from property tax under the Utah Constitution. See Art. XIII, Section 3 (1)(i), (j). Also, the sale of water has been exempt from sales tax since the sales tax was first authorized in Utah in 1933.
- 3. A Water Sales Tax is at Odds with Traditional Water Rates Tied to Infrastructure Funding.** Most municipal and governmental entities' culinary water systems operate as enterprise funds. Water rates are directly tied to the cost of water service. Revenue from water rates funds both current operation and maintenance costs as well as future repair and replacement costs. To maintain water system viability, any revenue from water should remain available to the water provider for use in the repair and replacement of their aging infrastructure.
- 4. A Sales Tax on Water is a Regressive Tax on a Government Service.** The majority of water delivered to people is provided by governmental entities as an essential governmental service. Increases in cost of providing that essential service hits the poorest of society the hardest, as they have diminished ability to absorb such increased costs. Taxing water services sets a novel precedent of taxing government services. If we tax this governmental service, then why not also tax police, fire, and other emergency services rendered by governmental entities?

5. **Sales Tax on Water Does Not Achieve Water Conservation Goals.** The imposition of a sales tax on A water is punitive to the consumer with little correlation to actual water usage.

6. **Taxing Water Sales and Services Would be Difficult to Orderly and Fairly Implement.** In that regard, where is the point of sale at which a sales tax is imposed? Our District serves residents of Sandy City, White City and unincorporated county. What sale tax rate applies?

7. **If Water Sales and Services Must be Taxed, is an Excise Tax or User Tax a Better Vehicle?** At least with an excise tax, much like the retail sale of gasoline and diesel fuel, revenue could be dedicated back to the water provider to assist in the repair and replacement of aging infrastructure.

Working with the Utah Association of Special Districts, the Rural Water Association of Utah and other water associations and systems, the White City Water Improvement District will continue to provide important information to the Tax Task Force and Legislators on the importance of water to the State and the most productive ways to continue its availability to the public at cost base rates and, in the case of our District, no property taxes.

Please educate yourself on this important issue and be willing to speak to your Legislators on this important issue.

OPERATION MANAGER'S REPORT

Beginning August 19, 2019 we will begin construction to replace an old 6" water main that runs along Tulip Dr. and Aster Ln. **We anticipate this project will be completed in 6-8 weeks from start to completion.** Along with replacing the main with upsized 8" water lines to increase fire protection flows in the area, we will also be updating hydrants and replacing the old galvanized steel service lines from the main to residential meters. The new service lines will be replaced to the existing meter locations with new "type k" copper pipe.

As part of the service line replacement **we will also be replacing the meter setters with a setter that includes a check valve.** The addition of these check valves is an added step in providing safe and clean drinking water as it prevents the back-siphonage of water from reentering the District's water main after it passes through the meter. **These check valves will create a closed system within the homes that get them installed, which means they will need to have an expansion tank installed on water heaters to prevent any thermal expansion incidents.**

Most homes within our service district already have a pressure regulator which also creates the closed system, so if you have a regulator you should already have an expansion tank. **If there are any question regarding thermal expansion and how you can protect your homes from it please contact a member of our Operation staff at 801-571-3991.**

We appreciate the patience and understanding of our customers that may be inconvenienced with this project. We will do our best to keep the inconvenience to a minimum.