



## Cost of City Governments – Fiscal Year 2017

*Prepared by the Utah Taxpayers Association in cooperation with Strata Policy*

The Utah Taxpayers Association's 2018 *Cost of City Governments* report, based on FY 2017 data, shows the relationship between city government revenue and citizen income in Utah's 50 largest cities. This data provides a snapshot of on average **how much of each thousand dollars earned by a citizen is consumed by the city government** in Utah.

This report systematically compares how well elected officials in Utah's cities control public spending and illustrates the relationship between government as a service provider and citizens as consumers. If government were a business, citizens would be consumers purchasing services with tax dollars and fee payments. Because government is not a private business, citizens are compelled to pay, and the cost of government may not be reflective of the true value of the services provided.

The Utah Taxpayers Association regularly reviews the budgets and tax rates of Utah's cities, counties and school districts. To provide a more standardized means of comparing how well elected officials control public spending, the Taxpayers Association, in cooperation with Strata Policy, has created this report. An explanation of our methodology is at the end of this report.



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### Highest Cost vs. Lowest Cost City Governments

On average, Utah city governments (including public safety special districts) take \$24.93 of each \$1,000 earned by residents in the city, representing 2.4% of taxpayer income. This is an increase of \$0.39 from 2017. Utah cities also collect an average of \$611 in revenue from taxes and fees per city resident, up from \$578 the year before.

The city in Utah with the highest cost of government is South Salt Lake, which takes \$55.34 of each \$1,000 earned in the city (or 5.5%). South Salt Lake collects the second highest amount of revenue per capita at \$1,031.79. Salt Lake City receives \$1,323.79 in revenue per person, ranking highest in the state.

The lowest cost city out of Utah's 50 largest cities is Millcreek, which takes \$9.88 of each \$1,000 earned in the city. However, since Millcreek was incorporated in late 2016, its tax revenues in FY 2017 are somewhat skewed. Cottonwood Heights ranked 49<sup>th</sup>, collecting \$11.70 per \$1,000 of citizen revenue.

In interpreting the cost of government in Utah's various cities, readers should keep in mind that each city provides a different mix of services and service levels. For example, some cities subsidize community recreation centers or arts programs, while others prioritize a more limited scope of essential services. In addition, some cities in the state receive public safety services through a special district that directly levies property taxes. These tax collections from public safety districts are included in our calculations.

The cost of city governments also doesn't account for taxes and fees across other levels of government, but only shows the cost of the *city* government to residents, but does include public safety levies that may be provided from another entity.

For example, a city may contract with a separate tax entity that provides fire services. The revenue collected by that fire district is included as part of the city revenue and total tax rate.

**Revenue Per Capita vs. Revenue per \$1,000 of Citizen Income**

This report uses two different metrics in determining the burden of city government on taxpayers.

The first metric, revenue from taxes and fees per capita, shows how much revenue the city collects in taxes and fees per resident in the city. This figure is useful in comparing different cities and

indicates the level of fiscal restraint exercised by elected officials in various cities.

The second metric, revenue from taxes and fees per \$1,000 of citizen income, shows the individualized burden on taxpayers by controlling for income. This figure indicates how much a taxpayer’s consumption ability is impacted by the city government and illustrates the personal impact of government spending on individuals. Controlling for income does not justify higher government spending in cities with higher-income residents. Instead, it can be used to compare government spending in cities with similar resident income demographics.

City Government Revenue from Taxes and Fees per \$1,000 of Citizen Income	
Best 5	
Millcreek*	\$9.88
Cottonwood Heights	\$11.70
Highland	\$13.34
Bountiful	\$14.23
Kaysville	\$14.42
Worst 5	
South Salt Lake City	\$55.34
American Fork	\$45.01
Salt Lake City	\$42.45
St. George	\$37.80
Cedar City	\$36.14

City Government Revenue from Taxes and Fees Per Capita	
Best 5	
Millcreek*	\$335.67
Clinton	\$383.41
Syracuse	\$407.19
Kaysville	\$408.54
Santaquin	\$411.75
Worst 5	
Salt Lake City	\$1323.79
South Salt Lake City	\$1031.79
American Fork	\$997.55
St. George	\$912.77
Murray	\$863.81

If a city ranks high on either metric, it is indicative of over-spending within that city government and highlights the need for budget prioritization.

**Government Services vs. Private Services**

Cities provide citizens with essential public services such as police, fire, public works and courts. Most Cities provide citizens with essential public services such as police, fire, public works, and courts. Most cities also provide a variety of non-essential services such as dog parks, community celebrations and swimming pools. Many of the services city governments provide can be provided by the private market, and in many cases the private market can provide that service more efficiently and at a lower cost.

For example, some cities manage trash collection via a city-owned and operated trash collection system, while other cities contract with private providers to handle this service.

In the case of many services, the city government shouldn’t be involved at all. For example, if there is a true market demand for a swimming pool, a private company will enter the market and citizens who want a swimming pool can pay for their use of the swimming pool without requiring the use of public funds.

Taxpayer dollars shouldn’t be used to subsidize projects that only benefit a small group of city residents and that could be provided through the private market.

*The Utah Taxpayers Association urges city governments throughout the state to prioritize budgets, cut spending on non-essential services and reduce the tax and fee burden on taxpayers.*

City	Population	Rank	FY 17 City Tax Rates	Rank	City Government Revenue from Taxes and Fees	Rank	City Per Capita Income	Rank	Revenue from Taxes and Fees Per Capita	Rank	Revenue from Taxes, Fees Per \$1000 of Citizen Income	Rank
Salt Lake City	200544	1	0.003482	7	\$ 265,478,383	1	\$ 31,188	10	\$ 1,323.79	1	\$ 42.45	3
South Salt Lake	24956	36	0.002032	19	\$ 25,749,247	2	\$ 18,646	47	\$ 1,031.79	2	\$ 55.34	1
American Fork	29527	33	0.001891	27	\$ 29,454,516	4	\$ 22,161	33	\$ 997.55	3	\$ 45.01	2
St. George	84405	8	0.001216	48	\$ 77,042,721	9	\$ 24,148	28	\$ 912.77	4	\$ 37.80	4
Murray	49295	15	0.001415	40	\$ 42,581,638	8	\$ 29,267	13	\$ 863.81	5	\$ 29.51	14
South Jordan	70954	10	0.001900	26	\$ 59,307,407	6	\$ 33,620	7	\$ 835.86	6	\$ 24.86	24
Lehi	62712	11	0.001830	28	\$ 52,355,903	5	\$ 24,478	25	\$ 834.86	7	\$ 34.11	9
Herriman	39224	20	0.004171	3	\$ 31,058,365	3	\$ 25,132	22	\$ 791.82	8	\$ 31.51	12
Bluffdale	13484	49	0.001751	31	\$ 10,526,348	12	\$ 30,033	12	\$ 780.65	9	\$ 25.99	21
Washington	26405	35	0.001337	42	\$ 19,591,205	7	\$ 24,033	29	\$ 741.95	10	\$ 30.87	13
Draper	47710	16	0.001460	38	\$ 34,767,098	10	\$ 38,350	3	\$ 728.72	11	\$ 19.00	36
Farmington	24066	37	0.001942	23	\$ 17,418,308	23	\$ 32,558	8	\$ 723.77	12	\$ 22.23	27
Midvale	33208	26	0.005154	1	\$ 23,917,904	16	\$ 24,591	24	\$ 720.25	13	\$ 29.29	15
Ogden	87031	7	0.003103	9	\$ 61,679,752	15	\$ 20,251	39	\$ 708.71	14	\$ 35.00	7
Holladay	30709	31	0.003413	8	\$ 21,469,803	11	\$ 42,607	2	\$ 699.14	15	\$ 16.41	42
Hurricane	17135	45	0.001671	34	\$ 11,586,979	13	\$ 19,878	41	\$ 676.22	16	\$ 34.02	10
Cedar City	31806	28	0.002777	13	\$ 21,474,182	26	\$ 18,684	46	\$ 675.16	17	\$ 36.14	5
West Valley City	136170	2	0.004151	4	\$ 91,535,739	19	\$ 18,937	44	\$ 672.22	18	\$ 35.50	6
Brigham City	19182	42	0.001318	44	\$ 12,606,092	33	\$ 20,147	40	\$ 657.18	19	\$ 32.62	11
Sandy	96145	6	0.001229	46	\$ 60,033,727	14	\$ 34,191	5	\$ 624.41	20	\$ 18.26	38
Logan	51115	14	0.002116	16	\$ 30,750,895	25	\$ 17,638	50	\$ 601.60	21	\$ 34.11	8
North Salt Lake	20507	39	0.001818	30	\$ 12,187,376	34	\$ 30,451	11	\$ 594.30	22	\$ 19.52	32
Saratoga Springs	29608	32	0.001822	29	\$ 17,167,120	27	\$ 21,827	34	\$ 579.81	23	\$ 26.56	18
Orem	97839	5	0.001346	41	\$ 56,004,318	31	\$ 21,659	36	\$ 572.41	24	\$ 26.43	19
Riverton	43344	18	0.003845	6	\$ 24,059,263	28	\$ 28,460	15	\$ 555.08	25	\$ 19.50	33
Cedarfield	31363	30	0.002927	10	\$ 17,373,428	20	\$ 19,469	42	\$ 553.95	26	\$ 28.45	17
Heber	15792	47	0.001225	47	\$ 8,600,082	35	\$ 23,211	30	\$ 544.58	27	\$ 23.46	25
Provo	117335	3	0.002089	17	\$ 62,239,789	21	\$ 18,181	49	\$ 530.45	28	\$ 29.18	16
South Ogden	17101	46	0.002900	11	\$ 9,003,872	36	\$ 27,283	18	\$ 526.51	29	\$ 19.30	35
Springville	33294	25	0.002087	18	\$ 17,426,587	30	\$ 20,702	37	\$ 523.42	30	\$ 25.28	23
Tooele	34628	23	0.001938	24	\$ 17,620,568	22	\$ 22,458	32	\$ 508.85	31	\$ 22.66	26
Cottonwood Heights	33996	24	0.001981	21	\$ 17,185,657	32	\$ 43,206	1	\$ 505.52	32	\$ 11.70	49
Taylorville	59992	13	0.004935	2	\$ 30,006,140	17	\$ 24,193	27	\$ 500.17	33	\$ 20.67	30
Eagle Mountain	32204	27	0.002823	12	\$ 15,893,665	39	\$ 18,791	45	\$ 493.53	34	\$ 26.26	20
North Ogden	19465	41	0.002442	15	\$ 9,572,313	24	\$ 28,093	17	\$ 491.77	35	\$ 17.51	40
Payson	19892	40	0.001280	45	\$ 9,566,186	18	\$ 18,940	43	\$ 480.91	36	\$ 25.39	22
Centerville	17657	44	0.001722	33	\$ 8,411,149	29	\$ 31,834	9	\$ 476.36	37	\$ 14.96	45
Pleasant Grove	38845	21	0.002029	20	\$ 18,435,424	47	\$ 21,768	35	\$ 474.59	38	\$ 21.80	29
Highland	18957	43	0.001428	39	\$ 8,931,713	38	\$ 35,318	4	\$ 471.16	39	\$ 13.34	48
West Jordan	113905	4	0.001975	22	\$ 53,666,329	43	\$ 24,287	26	\$ 471.15	40	\$ 19.40	34
Layton	76691	9	0.001635	35	\$ 35,297,825	42	\$ 26,003	21	\$ 460.26	41	\$ 17.70	39
West Haven	13532	48	0.001337	42	\$ 6,081,138	37	\$ 26,676	20	\$ 449.39	42	\$ 16.85	41
Spanish Fork	39443	19	0.000955	50	\$ 16,821,240	45	\$ 20,632	38	\$ 426.47	43	\$ 20.67	31
Roy	38595	22	0.002650	14	\$ 16,137,979	48	\$ 22,812	31	\$ 418.14	44	\$ 18.33	37
Bountiful	44107	17	0.001200	49	\$ 18,334,422	40	\$ 29,214	14	\$ 415.68	45	\$ 14.23	47
Santaquin	11652	50	0.001734	32	\$ 4,797,710	44	\$ 18,541	48	\$ 411.75	46	\$ 22.21	28
Kaysville	31776	29	0.001589	36	\$ 12,981,917	46	\$ 28,324	16	\$ 408.54	47	\$ 14.42	46
Syracuse	29507	34	0.001573	37	\$ 12,015,083	49	\$ 26,867	19	\$ 407.19	48	\$ 15.16	44
Cintion	21971	38	0.001925	25	\$ 8,423,867	41	\$ 24,759	23	\$ 383.41	49	\$ 15.49	43
Millcreek*	60192	12	0.003913	5	\$ 20,204,864	50	\$ 33,981	6	\$ 335.67	50	\$ 9.88	50
Median	33,251		0.001913		\$ 18,384,923		\$ 24,383		\$ 554.51		\$ 23.06	
Average	46,779		0.002210		\$ 31,296,665		\$ 25,770		\$ 611.47		\$ 24.93	

\*Due to Millcreek City's incorporation in December of 2016, it did not collect taxes as an independent entity for roughly half of FY 2017.

## Commercial Property vs. Primary Residences

A major source of city revenue comes from property taxes. The revenue a city collects from property taxes depends in part on the property's assessed value. Some cities are commercial centers where property values are high and business properties are taxed at the full 100% rate. Other cities consist primarily of homes, where taxpayers receive a 45% exemption on their primary residence. If a large portion of a city's property tax base is high value commercial property, the city's revenue collected per capita and revenue collected per \$1,000 of citizen income will both be higher. However, the burden on most individual taxpayers may not be as high as the figure suggests. Likewise, in bedroom communities the cost of government may be relatively lower, but give a more accurate picture of the true burden to taxpayers.

## Methodology and Data

In order to determine the cost of government for Utah's 50 largest cities, 2017 population estimates and per capita income data was collected from the US Census Bureau. Government revenue and line item data was gathered from FY 2017 audited city financial reports from the Utah State Auditor's Office.

The **City Government Revenue from Taxes and Fees** includes all city government revenue *minus* certain intergovernmental line items such as grants, sale of assets, rents, interest earnings, contributions, and intergovernmental transfers. This reflects how much city revenue is obtained through taxes and fees paid directly by citizens, and avoids double counting across levels of government.

The **City Government Revenue from Taxes and Fees Per Capita** shows City Government Revenue from Taxes and Fees divided by the city population, giving a rough estimation of how much revenue the city extracts per citizen.

The **City Government Revenues from Taxes and Fees per \$1,000 of Citizen Income** is calculated by dividing the discounted revenue totals for each city by total per capita income in the city, and is expressed in thousands of dollars. This figure shows how much of each thousand dollars earned by citizens in a city is consumed by the city government.

Both numbers are useful in understanding how well elected officials control public spending. However, as stated earlier, each city provides a different mix of services, and this variation in services should be kept in mind when interpreting and comparing the cost of government in Utah's 50 largest cities.

### Sources:

**Per Capita Income Data:** US Census Bureau, 5-year estimates from American Fact Finder

**Government Revenue Data:** Utah State Auditor's Office, audited city financial reports

*All calculations by the Utah Taxpayers Association*

Utah Taxpayers Association  
656 East 11400 South, Suite R  
Draper, Utah 84020  
(801) 972-8814