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Are Your Taxes Increasing? 57 Local Governments are Looking to Increase Your Property Taxes

Every June, cities and school districts, along with a few special service districts, prepare their budget for the new fiscal year and consider whether to increase property taxes. Under Utah's Truth-in-Taxation law, they can accept the certified tax rate which guarantees the same property tax revenue as last year, plus property taxes generated from new growth, or they can propose to exceed the certified rate, and go through a public notice and an August public hearing process which allows taxpayers to voice their concerns in a public meeting.

Generally, the Utah Taxpayers Association opposes proposals to exceed the certified tax rate because it results in property tax increases. More often than not, funding for critical needs can be found within existing budgets by prioritizing and cutting waste. In many cases, a property tax increase for essential city needs such as public safety and infrastructure would not be necessary if the city were willing to cut lower spending priorities that are discretionary.

Across the state there are 57 taxing entities which have proposed to raise taxes. Click here to see a list of all 57. Here are a few major tax increases your Taxpayers Association is most concerned about.

Tax Hikes to Fund School District Salary Wars - Salt Lake County

Salt Lake County taxpayers need to be aware of tax increases proposed by two large school districts, spurred by an attempt to increase teacher salaries.

First, the **Canyons School District** Board of Education announced in May that it approved a $50,000 starting wage for teachers this fall and a $7,665 annual raise for all certified teachers.

This equates to a $140.32 increase on the average home valued at $421,000 in the district, if it is approved. Businesses with the same valuation can expect to pay more than $2,500 annually to the district, an increase of $255. This is an increase of about 10%.

Soon, **Murray School District** would follow suit, raising starting teacher salary to $50,000, and giving all teachers a $6,961 pay raise.

Taxpayers in Murray can expect to pay 12.6% more in property taxes, with the average home valued at $322,000 paying $123 more than 2018's $850, with businesses of the same value paying $1,769, an increase of $223.

The **Jordan School District** Board announced in June that they would try to match Canyons and Murray's proposal. But due to their relatively lower commercial base (which produces greater property taxes than residential property), and larger student population, they negotiated with their teachers to increase pay by $6,000, and start new teachers at a salary of $48,000.

The average homeowner in Jordan School District with a valuation of $379,000 will pay $77 more, with an annual total of $1,211. Businesses of the same value will pay $2,201, an increase of $140. This equates to an increase of nearly 7%.

Iron County School District

Iron County School District says that is maintaining the same tax rate as the previous year, but in reality, due to increases in property valuation, the tax rate should have decreased. They are freezing the rate in order to pay for additional teacher compensation and security upgrades in their schools.

Iron County School District is taking a different tactic to try and avoid appearing to raise taxes, but don't be fooled. This is a tax increase.

Homeowners with an average valuation of $222,000 can expect to pay $28.82 more annually, bringing the total to $564.69, if the hike is approved. Businesses can expect to pay $52.39 more, bringing the annual total to $,1026. This is a percentage increase of 5%.

Park City School District

Park City is also looking to increase teacher compensation, and this is the third year in a row they have increased taxes to pay for it. Oddly, Park City District teachers are already compensated above $100,000 annually,giving it far and away the highest paid teachers in the state.

Park City homeowners, valued at $727,000 can expect to pay $115 more, to a total of $1,768. Businesses of the same value will pay $3,216, an increase of $209. This equates to an increase of nearly 7%.

While the Utah Taxpayers Association supports efforts to compensate teacher fairly, we believe there are additional ways for taxpayers to receive more efficiency for less. All districts have said these tax increases are going entirely to teachers, but without requiring additional training days or teacher work days, the compensation is without merit. Therefore, your Taxpayers Association opposes these tax increases.

Layton City

Layton City is looking to build a new fire station on the east side of the city. However, the city officials plan on using an ongoing property tax increase in order to pay for this one-time expense.

The increase would raise the average homeowner's, valued at $310,000 property taxes by $60.78 to $303.57. The average business of the same value can expect to pay $551.95 if the increase is approved, which is an increase of $110, or 25%.

Your Taxpayers Association has long held the principle that bonding is a much more appropriate way to pay for capital expenses, whether that be for public safety or a school building. Forcing taxpayers to pay in perpetuity for a one-time expense is a giant tax increase hidden under the guise of a necessary government function.

Brigham City

Brigham City hasn't raised property taxes since 2001, and leaders say they cannot adequately pay for basic government functions, like police and fire services. They are looking to more than double property taxes residents and businesses pay.

City officials are looking to increase the average homeowner's (valued at $225,000) property taxes from $132 to $279 annually. Businesses will also pay $266 more, to annual total of $505.80, an increase of 111%. City officials say they need to recapture inflationary costs.

South Weber City

South Weber is also looking to increase taxes to a similar degree of Brigham City. Officials say the city hasn't raised property taxes since the 1970s, and need to raise taxes in order to pay increasing costs of existing services.

Taxes on the average homeowner, valued at $345,000 will raise to $273 from $136, if approved. Businesses in the city of the same valuation can expect to pay $497.02, an increase of $248. This is an increase of nearly 100% on both homeowners and businesses.

My Corner: 'Don't Tax Me; Don't Tax Thee; Tax the Fellow Behind the Tree'


Association President
Howard Stephenson

The quote in the title comes from legendary U.S. Senator Russell Long (D-LA), who served for 15 years as chairman of the Senate Finance Committee and had first-hand experience what members of Utah's Tax Restructuring and Equalization Task Force are going through. Last week they concluded their town hall meeting tour of the state. Your Taxpayers Association staff attended all but one of the nine meetings and spoke at two of them.

Tax Reform Listening Tour Concludes

The most common theme expressed during the one hour of public comment at each three-hour town meeting was reflected in the statement in the title. Although the committee tried to communicate that the disastrous HB 441 of the 2019 General Session was not the starting point of the task force's work, a majority of public comment was focused on the hundreds of millions of dollars in tax hikes proposed in HB 441. What else could they do? The Task Force didn't have a proposal for the public to react to, so comments were naturally focused on the only proposal they knew.

Lawyers, accountants, Realtors, engineers and others gave reasons why new sales taxes should not be placed on their services. Business owners made arguments that taxes on business services should not be imposed and that current pyramiding should be eliminated. Educators gave reasons why the earmarking of income taxes for education should be protected.

Multi-level marketing representatives raised many concerns about how a tax on their services could possibly be administered. No answers were provided.

Several persons noted that the state does not have a revenue problem, it has a spending problem. Others said it is a silo problem which ties the hands of policymakers in allocating revenues to fund needs where they exist. They called on the legislature to remove earmarks such as the income tax for education which would require a constitutional amendment and the earmark of sales taxes for highways.

Local government officials expressed concerns about potential revenue losses or shifts if current sales tax sources are altered and rates are correspondingly reduced.

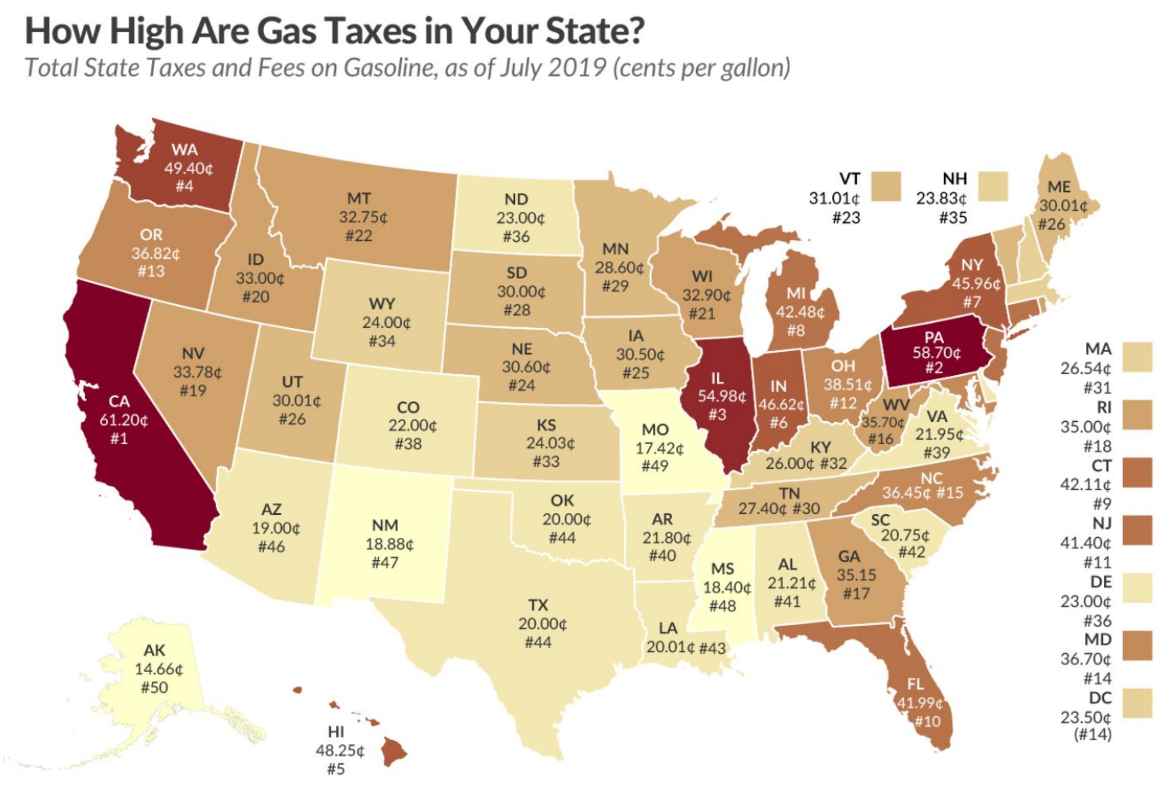
Local Highway Funding Must Be Part of Tax Reform

The sentiments of many city and county officials were summarized by Beaver County Commissioner Mark Whitney who expressed concerns about rural counties not having the capacity to fund maintenance of hundreds of miles of roads on a diminishing revenue stream through the B&C road fund which is intended to fund city and county roads. He noted that with the state relying more on general fund sales taxes than motor fuel taxes and registration fees, the B&C revenues are not keeping up with needs. As a result, counties are either cannibalizing from property or sales taxes needed for general fund purposes or road maintenance is delayed and road quality is permanently compromised.

Commissioner Whitney is correct. For years, the legislature's general unwillingness to make highway users pay their way has resulted in general fund sales taxes paying more than $600 million annually for state highways while the usual sources of highway funding - fuel taxes and vehicle registration fees - produce only $550 million.

The B&C road fund has been receiving 25% of the state highway user funds for decades and recently was increased to 30% but it is on a base that is less than half of what the state is spending on transportation.

It's true that the legislature recently indexed the gas tax for inflation, increasing the per gallon tax to 30 cents for 2019 and 31.1 cents 2020. However, the B&C share of this is just $5.3 per penny which doesn't begin to match what the B&C share would be if the 30% were applied to the state general fund subsidy of $600 million for highways. This would produce approximately $180 million, nearly double the $186 million currently in the B&C fund.



Recently the legislature gave counties the ability to seek voter approval of their

Source: Tax Foundation

own sales tax for local roads. Initially Weber and Davis County voters approved the tax while Salt Lake and Utah county voters rejected it. So the legislature changed the law to let the county governing bodies in Salt Lake and Utah counties to do what the voters rejected, which they now have done.

Your Taxpayers Association believes highway users should be required to shoulder more of the burden of the roads they use. Utah is the only state that uses general fund revenues to pay for transportation improvement. While we appreciate the foresight shown by the legislature in keeping ahead of growth better than any other state, we also believe highway users should pay more of the cost, leaving current general fund subsidies to be used for tax cuts to offset increased highway user fee increases. At the same time, we recognize the unreasonable reality that the gas tax equivalent to replace the $600 million general fund subsidy would be 34 cents per gallon on top of the existing 30 cents per gallon.

Not all Property Valuation Notices Are Created Equal - Notices Can Vary Wildly Between Counties

This time of the year property owners receive their annual “Notice of Property Valuation and Tax Changes” in the mail. Unfortunately, these notices can be unclear and difficult to understand, and in some cases even leave those with strong math skills scratching their heads. The notices differ depending on the county issuing them and sometimes have very different formats and layouts.

The staff at the Utah State Tax Commission Property Tax Division have done an outstanding job over the years to get counties to adhere to the same standards and formats. Over time, that has had an excellent effect on making the notices more clear, uniform, and understandable. However, there is still a lot of work to be done.

Your Taxpayers Association recently compared the notices of three different counties: Salt Lake, Utah and Washington. While all of them are formatted in a similar way with the property owner information and property information at the top half of the notice, there are significant differences in providing the information taxpayers need to hold county.

For example, most notices remind taxpayers that there is a residential exemption of 45% that a homeowner gets on the value of their primary residence. For example, if your home’s market value was shown at $400,000, your “taxable value” would be $220,000 ($400,000 minus the 45% exemption). Salt Lake County’s notice as well as Washington County’s show the different market values and taxable values clearly. However, Utah County has no information about the taxable value of a home and only shows the market value. If a taxpayer takes the time to do the math on the taxes owed they would be confused as to why the numbers are so off.

In addition, Utah county’s notice does not show any of the tax rates for the various taxing entities listed on the notice. Both Salt Lake and Washington counties on the other hand have the rates listed for each taxing entity which makes it easy to double check the math and understand how the numbers are arrived at. However, Washington county’s notice does not have the previous year tax rates, only the previous year tax amount. That is a key missing piece that Washington county needs to provide.

Although the details are important and should be displayed as openly as possible, most taxpayers main objective is to know the “bottom line” as to whether their property taxes are going up or not. Both Washington and Utah county have “total” column that clearly shows what the total change in tax would be for the property owner. However, Salt Lake County does not have a total change column and leaves it to the property owner to manually add up the various line items to arrive at what the total change could be.

Overall, there is still a lot of work to be done in making these notices more easily understood and formatted so that taxpayers clearly know what is happening. Your Utah Taxpayers Association is working to make sure that happens.

Cannon’s Canon: Fiscal Year 2019 Numbers Are In - Sales Tax Grows Faster Than Inflation and Population Growth for the 9th Straight Year

Association Vice President
Rusty Cannon

The final “Utah State Tax Commission Monthly Revenue Summary” (also known as the TC-23 Report) for fiscal year 2019 was published in July, essentially closing the books on this fiscal year as far as revenue the State of Utah collects. For those that aren’t familiar with it, the report details the amounts the State is collecting in the General Fund (sales and use tax), the Education Fund (income tax) and the Transportation Fund (motor fuel tax) and gives a monthly look into how they are trending. With the fiscal year for the State of Utah ending in June, we now have the complete year in the books and can take a look at how things ended.

In fiscal year 2019, Utah collected $8.1 billion in revenue to the General Fund, Education Fund and Transportation Fund combined, representing year over year growth of 6.9%. That was 23% higher than the consensus growth target of 5.6%.

In the eyes of your Utah Taxpayers Association, the recent TC - 23 report makes two things very clear when it comes to sales tax and income tax.

First, in regards to sales tax revenue, it grew faster than inflation and population growth for the 9th year in a row. In addition, it is notable that sales tax grew solidly even in a very low sales inflationary environment. Inflation was 1.6% and population grew by 1.8% for a combined amount of 3.4%, yet sales tax collections grew by 4.3%, approximately 26% more than those combined. As the debate continues on tax reform, this is an important data point that should be part of the conversation.

The second item this TC-23 report makes clear is that the case for an income tax cut is stronger than ever. Education Fund collections reached $4.9 billion in fiscal year 2019, representing a year over year increase of 9.1%. That is an astounding 50% higher than the consensus target growth rate of 6.0%! This puts the education fund at $140 million above the target. When combining the $140 million with the $75 million that the Legislature set aside during the 2019 session for a tax cut, there is room for a $200 to $250 million dollar income tax cut with ease. We could lower the rate to 4.7% or even lower. States that are nipping at Utah’s heels are taking their income tax rates down to 3% or lower in some cases. Utah needs to cut the income tax rate to stay competitive and maintain the fertile economic environment we have created.

So, as the tax reform discussions roll on, the recent TC-23 report shines sunlight onto the actual numbers that we now have and can steer Utah in the right direction on tax policy. Your Utah Taxpayers Association will be working to make sure that happens.

Unhappy with Your Property Tax Assessment? Here's How to Appeal

Utah’s 29 counties recently mailed property tax notices to every Utah property owner. These notices indicate the parcel’s market value, the taxable value, the property tax rate each taxing entity with jurisdiction over the parcel intends to levy, the anticipated total property tax due on the property, and any Truth–in–Taxation hearings being held in the area.

If you believe the county assessor set your property value higher than what it would sell for, state law allows you to appeal the valuation. To begin the appeal process, property owners must notify the county’s Board of Equalization that they intend to appeal their valuation.

Each county accepts notification in different ways. For information on how to notify the Board of Equalization in your county, see instructions included with your mailed property tax notice or call your county assessor’s office. After notifying the county that you plan to appeal the valuation of your property, the next step is to gather comparable sales data justifying your belief that the county assessor overvalued your property.

If you purchased the property within the past year from an unrelated party, the closing or settlement statement for that sale suffices. If you choose to share it, that sales price will determine your property’s fair market value.You can also identify at least 3 properties similar in style, quality, size, age, location and land area, and then determine the assessed value or sales price of those 3 properties.

The least expensive way to obtain comparable sales data is to contact a real estate agent. Most agents will provide comparable sales data at no charge.You will need to describe your property’s location, physical characteristics (number of bedrooms and bathrooms), size (acreage, finished and unfinished square feet in the home) and age of home. With that information, a real estate agent can usually identify several comparable sales within a few days. Another option is to hire a professional to conduct an appraisal of your property. In Utah, a typical residential appraisal costs about $350, and takes about one week to complete.

If you recently refinanced your property, the bank appraisal can be used in your appeal. Regardless of how you collect comparable sales data, it’s important to collect documents supporting your comparable sales data. These documents may include listings for your comparable sales, county assessments for those properties, or the appraisal you paid for.Having these documents will streamline your appeal, and give you a better chance of winning. Please be aware of one cautionary note: If your comparable sales data, including your property’s closing documents, show the value of your property to be higher than what the assessment notice states, the county may actually increase your assessed valuation higher.

You may be frustrated that your assessed valuation went up 30% in one year, but that frustration will fall on deaf ears if your property proves to be worth even more than what the county assessed.Armed with the best comparable sales data, you will be well prepared to have your property value lowered in your appeals hearing with the Board of Equalization.

Association Accomplishments During July:

- Spoke at Tax Reform Task Force town halls throughout the state
- Recorded a SALT podcast with Matt Hunsaker on the latest in Utah state tax policy
- Released the 2019 Cost of City Government Report
- Met with the Weber County Assessor about tangible personal property taxes
- Began evaluating Truth in Taxation proposals from cities, counties, and school districts
- Vice president Rusty Cannon attended the Ad Valorem Taxation Conference in Wichita, KS
- Met with Sandy City to discuss their proposed property tax increase

In the News

- Utah Taxpayers Association's Cost of City Government Report
    - Lehi has the 8th Highest Cost of Government: The Daily Herald
- Truth in Taxation
    - Property Taxes are Doubling in Three of Utah's Cities: Salt Lake Tribune