



Cost of City Governments – Fiscal Year 2018

Prepared by the Utah Taxpayers Association in cooperation with Strata Policy

The Utah Taxpayers Association's 2019 *Cost of City Governments* report, based on FY 2018 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 \$24.41 of each \$1,000 earned by residents in the city, representing 2.4% of taxpayer income. This is a decrease of 52 cents from the previous year. Utah cities also collect an average of \$635 in revenue from taxes and fees per city resident, up from \$611 the year before.

The city in Utah with the highest cost of government is South Salt Lake, which takes \$51.77 of each \$1,000 earned in the city (or 5.1%). South Salt Lake collects the third highest amount of revenue per capita at \$1,050.76. Salt Lake City receives \$1,398.61 in revenue per person, ranking highest in the state. This is an increase of \$75 from the previous year.

Bluffdale ranks second highest, taking \$1,189.81 from each resident in the city. This is the a very significant jump from FY 2017, in which they took \$780 in taxes and fees from residents. This is due to a increase in the amount it receives in revenue.

The lowest cost city out of Utah's 50 largest cities is Cottonwood Heights, which takes \$11.45 of each \$1,000 earned in the city. Bountiful ranked next lowest, at 49th, collecting \$13.75 per \$1,000.

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. Tax collections and rates from public safety districts, such as fire or police, are included in our calculations.

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

City Government Revenue from Taxes and Fees per \$1,000 of Citizen Income	
<u>Best 5</u>	
Cottonwood Heights	\$11.45
Bountiful	\$13.75
Highland	\$13.79
Kaysville	\$14.69
Syracuse	\$14.87
<u>Worst 5</u>	
South Salt Lake City	\$51.77
Salt Lake City	\$42.44
American Fork	\$40.52
Bluffdale	\$38.47
St. George	\$36.73

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

City Government Revenue from Taxes and Fees Per Capita	
<u>Best 5</u>	
Clinton	\$395.86
Bountiful	\$418.45
Roy	\$422.12
Kaysville	\$426.31
West Haven	\$430.32
<u>Worst 5</u>	
Salt Lake City	\$1398.61
Bluffdale	\$1189.81
South Salt Lake	\$1050.76
St. George	\$940.92
American Fork	\$928.14

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.

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 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	TY 18 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	200591	1	0.004743	4	\$ 280,547,795	1	\$ 32,954	10	\$ 1,398.61	1	\$ 42.44	2
Bluffdale	14699	49	0.001442	39	\$ 17,489,059	33	\$ 30,930	12	\$ 1,189.81	2	\$ 38.47	4
South Salt Lake	25365	36	0.001878	26	\$ 26,652,446	18	\$ 20,296	43	\$ 1,050.76	3	\$ 51.77	1
St. George	87178	8	0.001328	41	\$ 82,027,335	3	\$ 25,616	26	\$ 940.92	4	\$ 36.73	5
American Fork	32519	29	0.002077	20	\$ 30,182,094	17	\$ 22,904	35	\$ 928.14	5	\$ 40.52	3
Murray	49308	15	0.002383	14	\$ 42,687,333	11	\$ 30,897	13	\$ 865.73	6	\$ 28.02	16
South Jordan	74149	10	0.001880	25	\$ 63,790,728	5	\$ 36,125	5	\$ 860.30	7	\$ 23.81	24
Lehi	66037	11	0.001678	31	\$ 56,071,439	10	\$ 25,894	25	\$ 849.09	8	\$ 32.79	8
Washington	27686	35	0.001256	45	\$ 22,715,029	22	\$ 28,465	21	\$ 820.45	9	\$ 28.82	14
Draper	48319	16	0.001352	40	\$ 37,327,831	12	\$ 41,259	3	\$ 772.53	10	\$ 18.72	35
Sandy	96901	6	0.001144	47	\$ 74,535,265	4	\$ 35,929	6	\$ 769.19	11	\$ 21.41	29
Midvale	33636	26	0.005163	2	\$ 25,345,306	19	\$ 25,895	24	\$ 753.52	12	\$ 29.10	13
Holladay	30697	33	0.003450	7	\$ 22,790,627	21	\$ 43,806	2	\$ 742.44	13	\$ 16.95	40
West Valley City	136401	2	0.003706	6	\$ 95,039,821	2	\$ 20,369	42	\$ 696.77	14	\$ 34.21	7
Hurricane	18205	44	0.001533	35	\$ 12,322,254	41	\$ 21,544	38	\$ 676.86	15	\$ 31.42	11
Ogden	87325	7	0.003103	9	\$ 58,869,418	7	\$ 21,357	39	\$ 674.14	16	\$ 31.57	10
Farmington	24514	37	0.001765	28	\$ 16,243,735	36	\$ 33,776	9	\$ 662.63	17	\$ 19.62	33
Cedar City	33055	28	0.002635	13	\$ 21,207,774	23	\$ 19,592	47	\$ 641.59	18	\$ 32.75	9
Brigham City	19404	42	0.001145	46	\$ 12,340,763	40	\$ 21,102	41	\$ 635.99	19	\$ 30.14	12
Saratoga Springs	31393	32	0.001731	29	\$ 19,442,345	26	\$ 23,477	32	\$ 619.32	20	\$ 26.38	20
Logan	51619	14	0.001952	21	\$ 31,941,552	16	\$ 17,870	50	\$ 618.79	21	\$ 34.63	6
North Salt Lake	20850	39	0.001698	30	\$ 12,727,332	39	\$ 32,320	11	\$ 610.42	22	\$ 18.89	34
Orem	97521	5	0.001281	43	\$ 58,054,466	8	\$ 22,441	36	\$ 595.30	23	\$ 26.53	19
South Ogden	17146	46	0.002900	10	\$ 9,976,890	45	\$ 29,059	17	\$ 581.88	24	\$ 20.02	31
Clearfield	31967	31	0.002812	11	\$ 17,934,495	31	\$ 19,789	44	\$ 561.03	25	\$ 28.35	15
Millcreek	61270	12	0.006009	1	\$ 34,154,453	14	\$ 35,745	7	\$ 557.44	26	\$ 15.59	43
Heber City	16400	47	0.001142	48	\$ 9,115,068	47	\$ 24,312	30	\$ 555.80	27	\$ 22.86	25
Riverton	44419	18	0.003997	5	\$ 24,548,625	20	\$ 29,531	15	\$ 552.66	28	\$ 18.71	36
Springville	33104	27	0.001914	22	\$ 18,207,397	30	\$ 21,344	40	\$ 550.01	29	\$ 25.77	21
Pleasant Grove	38428	22	0.001884	24	\$ 21,095,756	24	\$ 23,037	34	\$ 548.97	30	\$ 23.83	23
Taylorsville	60192	13	0.005000	3	\$ 32,708,952	15	\$ 24,979	28	\$ 543.41	31	\$ 21.75	28
Highland	19183	43	0.001327	42	\$ 10,089,550	42	\$ 38,140	4	\$ 525.96	32	\$ 13.79	48
Provo	116702	3	0.001888	23	\$ 61,022,437	6	\$ 19,385	48	\$ 522.89	33	\$ 26.97	17
Centerville	17700	45	0.001618	33	\$ 9,239,597	46	\$ 34,478	8	\$ 522.01	34	\$ 15.14	44
Tooele	35251	24	0.003334	8	\$ 18,248,871	29	\$ 23,069	33	\$ 517.68	35	\$ 22.44	26
Cottonwood Heights	34117	25	0.002088	19	\$ 17,544,327	32	\$ 44,921	1	\$ 514.24	36	\$ 11.45	50
Payson	19826	41	0.001280	44	\$ 10,066,353	43	\$ 19,031	49	\$ 507.73	37	\$ 26.68	18
West Jordan	116046	4	0.002132	18	\$ 57,985,250	9	\$ 25,375	27	\$ 499.67	38	\$ 19.69	32
North Ogden	20009	40	0.002193	16	\$ 9,979,044	44	\$ 28,581	19	\$ 498.73	39	\$ 17.45	38
Eagle Mountain	35616	23	0.002782	12	\$ 17,177,216	34	\$ 19,653	45	\$ 482.29	40	\$ 24.54	22
Layton	77303	9	0.001521	36	\$ 36,478,245	13	\$ 27,073	23	\$ 471.89	41	\$ 17.43	39
Herriman	44877	17	0.002165	17	\$ 20,815,409	25	\$ 27,476	22	\$ 463.83	42	\$ 16.88	41
Spanish Fork	39961	20	0.000955	49	\$ 18,279,187	28	\$ 21,560	37	\$ 457.43	43	\$ 21.22	30
Santaquin	12274	50	0.001644	32	\$ 5,391,685	50	\$ 19,598	46	\$ 439.28	44	\$ 22.41	27
Syracuse	30400	34	0.001512	38	\$ 13,155,046	38	\$ 29,095	16	\$ 432.73	45	\$ 14.87	46
West Haven	15239	48	0.001515	37	\$ 6,557,707	49	\$ 28,466	20	\$ 430.32	46	\$ 15.12	45
Kaysville	32095	30	0.001589	34	\$ 13,682,524	37	\$ 29,021	18	\$ 426.31	47	\$ 14.69	47
Roy	38773	21	0.002358	15	\$ 16,366,968	35	\$ 24,086	31	\$ 422.12	48	\$ 17.53	37
Bountiful	44098	19	0.000880	50	\$ 18,452,801	27	\$ 30,435	14	\$ 418.45	49	\$ 13.75	49
Clinton	22315	38	0.001794	27	\$ 8,833,702	48	\$ 24,949	29	\$ 395.86	50	\$ 15.87	42
Median	33,877		0.001879		\$ 20,128,877		\$ 25,755		\$ 559.24		\$ 22.65	
Average	47,642		0.002211		\$ 33,149,186		\$ 27,140		\$ 635.48		\$ 24.41	

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, 2018 population estimates and per capita income data was collected from the US Census Bureau. Government revenue and line item data was gathered from FY 2018 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