



Cost of City Governments – Fiscal Year 2019

Prepared by the Utah Taxpayers Association in cooperation with Strata Policy

The Utah Taxpayers Association's 2020 *Cost of City Governments* report, based on FY 2019 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 spending for public safety special districts) take \$23.66 of each \$1,000 earned by residents in the city, representing 2.3% of taxpayer income. Utah cities also collect an average of \$643 in revenue from taxes and fees per city resident. This represents an increase of \$8 from the prior year.

The city in Utah with the highest cost of government is South Salt Lake, which takes \$54.80 of each \$1,000 earned in the city (or 5.5%). South Salt Lake collects the second highest amount of revenue per \$1,000 of citizen income with \$44.63. South Salt Lake does rank highest at revenue from taxes and fees per capita, collecting \$1,549 annually. Salt Lake City receives \$1,206 in revenue per person, ranking second highest in the state in that metric.

American Fork ranks third highest, taking \$947.62 from each resident in the city. This is the a very significant jump from FY 2018, in which they took \$928 in taxes and fees from residents.

The lowest cost city out of Utah's 50 largest cities is Clinton, which takes \$392.20 per capita. Syracuse ranks next lowest, collecting \$416 per resident in the city.

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 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

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

City Government Revenue from Taxes and Fees per \$1,000 of Citizen Income	
<u>Best 5</u>	
Holladay	\$10.24
Cottonwood Heights	\$11.91
Highland	\$12.69
Bountiful	\$13.50
Syracuse	\$13.95
<u>Worst 5</u>	
South Salt Lake City	\$54.80
Salt Lake City	\$44.63
American Fork	\$38.60
Logan	\$34.58
Hurricane	\$33.29

City Government Revenue from Taxes and Fees Per Capita	
<u>Best 5</u>	
Clinton	\$392.20
Syracuse	\$416.28
Roy	\$421.84
Taylorville	\$424.33
Kaysville	\$432.87
<u>Worst 5</u>	
Salt Lake City	\$1549.03
South Salt Lake	\$1206.77
American Fork	\$947.62
Murray	\$932.28
St. George	\$854.71

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.

City	Population	Rank	TY 19 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	200567	1	0.004623	1	\$ 310,684,175	1	\$ 34,711	9	\$ 1,549.03	1	\$ 44.63	2
South Salt Lake	25582	36	0.001715	21	\$ 30,871,558	18	\$ 22,022	42	\$ 1,206.77	2	\$ 54.80	1
American Fork	33161	30	0.002027	10	\$ 31,423,971	17	\$ 24,551	34	\$ 947.62	3	\$ 38.60	3
Murray	48917	16	0.002249	8	\$ 45,604,498	11	\$ 33,023	12	\$ 932.28	4	\$ 28.23	12
St. George	89587	7	0.001207	38	\$ 76,570,700	3	\$ 26,375	28	\$ 854.71	5	\$ 32.41	7
South Jordan	76598	10	0.001802	15	\$ 65,290,307	5	\$ 37,770	6	\$ 852.38	6	\$ 22.57	27
Lehi	69724	11	0.001538	28	\$ 58,347,503	10	\$ 26,652	27	\$ 836.84	7	\$ 31.40	10
Washington	29174	35	0.001149	40	\$ 23,984,880	21	\$ 30,612	17	\$ 822.13	8	\$ 26.86	15
Draper	48587	17	0.001268	34	\$ 39,729,703	13	\$ 44,067	3	\$ 817.70	9	\$ 18.56	35
Herriman	51348	15	0.001783	17	\$ 41,175,679	12	\$ 29,704	20	\$ 801.89	10	\$ 27.00	14
Bluffdale	16358	48	0.001337	32	\$ 13,034,487	39	\$ 31,865	14	\$ 796.83	11	\$ 25.01	22
Sandy	96380	6	0.002876	4	\$ 72,896,395	4	\$ 36,862	7	\$ 756.34	12	\$ 20.52	30
Hurricane	19074	44	0.001640	24	\$ 14,288,041	35	\$ 22,500	41	\$ 749.08	13	\$ 33.29	5
Ogden	87773	8	0.003508	2	\$ 63,863,416	6	\$ 23,019	39	\$ 727.60	14	\$ 31.61	9
Farmington	25339	37	0.002494	7	\$ 17,953,450	33	\$ 34,450	10	\$ 708.53	15	\$ 20.57	29
West Valley	135248	2	0.001397	31	\$ 92,640,934	2	\$ 21,304	43	\$ 684.97	16	\$ 32.15	8
Cedar City	34764	25	0.001260	35	\$ 23,699,499	22	\$ 20,570	45	\$ 681.73	17	\$ 33.14	6
Orem	97828	5	0.001747	19	\$ 63,575,392	7	\$ 23,818	35	\$ 649.87	18	\$ 27.28	13
Logan	51542	14	0.000287	48	\$ 33,447,536	16	\$ 18,764	50	\$ 648.94	19	\$ 34.58	4
Midvale	34124	26	0.001570	27	\$ 21,376,328	24	\$ 27,292	24	\$ 626.43	20	\$ 22.95	26
Heber City	17082	47	0.003205	3	\$ 10,676,626	42	\$ 24,655	33	\$ 625.02	21	\$ 25.35	20
Saratoga Springs	33282	29	0.002700	5	\$ 20,751,775	25	\$ 25,275	30	\$ 623.51	22	\$ 24.67	23
North Salt Lake	20948	39	0.001037	43	\$ 12,937,728	40	\$ 33,139	11	\$ 617.61	23	\$ 18.64	34
Tooele	36015	24	0.001284	33	\$ 22,226,542	23	\$ 23,593	36	\$ 617.15	24	\$ 26.16	17
Clearfield	32118	32	0.001802	15	\$ 19,695,913	26	\$ 20,403	46	\$ 613.24	25	\$ 30.06	11
South Ogden	17199	46	0.001763	18	\$ 10,359,703	44	\$ 30,920	16	\$ 602.34	26	\$ 19.48	33
Brigham City	19601	42	0.001437	30	\$ 11,462,816	41	\$ 23,143	38	\$ 584.81	27	\$ 25.27	21
Springville	33310	28	0.002002	11	\$ 19,376,564	30	\$ 22,527	40	\$ 581.70	28	\$ 25.82	19
Millcreek	61450	12	0.001999	12	\$ 34,408,939	15	\$ 38,020	5	\$ 559.95	29	\$ 14.73	42
Cottonwood Heights	33843	27	0.002560	6	\$ 18,515,415	32	\$ 45,951	1	\$ 547.10	30	\$ 11.91	49
Riverton	44440	18	*	*	\$ 24,307,033	20	\$ 31,466	15	\$ 546.96	31	\$ 17.38	36
West Jordan	116480	4	0.001254	36	\$ 61,813,832	8	\$ 26,841	26	\$ 530.68	32	\$ 19.77	32
Centerville	17587	45	0.001107	41	\$ 9,329,930	47	\$ 36,736	8	\$ 530.50	33	\$ 14.44	43
Provo	116618	3	0.001734	20	\$ 61,218,233	9	\$ 19,879	49	\$ 524.95	34	\$ 26.41	16
Payson	20303	41	0.001192	39	\$ 10,547,729	43	\$ 19,953	48	\$ 519.52	35	\$ 26.04	18
Highland	19175	43	0.001666	22	\$ 9,823,227	45	\$ 40,359	4	\$ 512.29	36	\$ 12.69	48
Eagle Mountain	38391	22	0.000991	44	\$ 19,646,851	27	\$ 20,809	44	\$ 511.76	37	\$ 24.59	24
Pleasant Grove	38258	23	0.001235	37	\$ 19,499,331	28	\$ 25,275	30	\$ 509.68	38	\$ 20.17	31
Santaquin	12865	50	0.001499	29	\$ 6,361,132	50	\$ 20,302	47	\$ 494.45	39	\$ 24.35	25
Layton	78014	9	0.000825	46	\$ 37,272,838	14	\$ 28,270	23	\$ 477.77	40	\$ 16.90	38
North Ogden	20582	40	0.001589	26	\$ 9,809,580	46	\$ 28,896	22	\$ 476.61	41	\$ 16.49	39
Spanish Fork	40913	20	0.001082	42	\$ 19,490,397	29	\$ 23,161	37	\$ 476.39	42	\$ 20.57	28
Holladay	30325	34	0.002123	9	\$ 14,249,240	36	\$ 45,874	2	\$ 469.88	43	\$ 10.24	50
West Haven	16109	49	*	*	\$ 7,406,327	49	\$ 29,472	21	\$ 459.76	44	\$ 15.60	41
Bountiful	43981	19	0.000814	47	\$ 19,098,473	31	\$ 32,160	13	\$ 434.24	45	\$ 13.50	47
Kaysville	32390	31	0.001897	14	\$ 14,020,744	37	\$ 30,456	18	\$ 432.87	46	\$ 14.21	45
Taylorsville	59805	13	0.001660	23	\$ 25,376,830	19	\$ 26,158	29	\$ 424.33	47	\$ 16.22	40
Roy	39613	21	0.001959	13	\$ 16,710,331	34	\$ 24,750	32	\$ 421.84	48	\$ 17.04	37
Syracuse	31458	33	0.000943	45	\$ 13,095,206	38	\$ 29,844	19	\$ 416.28	49	\$ 13.95	46
Clinton	22499	38	0.001608	25	\$ 8,824,100	48	\$ 27,197	25	\$ 392.20	50	\$ 14.42	44
Median	34,444		0.001624		\$ 20,223,844		\$ 27,019		\$ 607.79		\$ 23.65	
Average	48,327		0.001718		\$ 34,575,437		\$ 28,508		\$ 643.74		\$ 23.66	

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, 2019 population estimates and per capita income data was collected from the US Census Bureau. Government revenue and line item data was gathered from FY 2019 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 Data.Census.Gov.

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

All calculations by the Utah Taxpayers Association

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