Property Tax Information Meeting

July 19, 2018

Key Partners in the Process

- **County Recorder:**
  - Maintains records of property.
- **County Assessor & State Tax Commission:**
  - Evaluates and assesses local properties (County) & properties spanning counties (State)
- **County Auditor & State Tax Commission:**
  - Calculates tax rates on local properties (County) & properties spanning counties (State)
- **County Treasurer:**
  - Collects taxes and then remits taxes to the applicable taxing entities
- **Taxing Entities:** Set budgets; request tax revenue; deliver services
  - School District
  - County
  - Cities
  - Special Districts

Key Terms to Know

- **"Fair Market Value"**
  - Assessment based on "fair market value" of property
  - Utah Constitution

- **"Primary Residence Exemption"**
  - Primary residence = 45% tax break
  - No tax break for businesses or secondary residences

- **"Truth-in-Taxation"** (Utah State law)
  - A city is limited to the prior year's property tax revenue (plus new growth) unless it goes through a notification process and pubic hearing
  - <u>Increases in property value do not increase property tax revenue!</u>

Property Tax Utilization

Base Property Tax

=

General Governmental Services





- **Legislative**
- **Legal**
- **Administration**
- **Information Technology**
- **Finance & Accounting**
- **Treasury & Utility Billing**
- **Human Resources**
- **Building Maintenance**
- **Police Patrol & Detectives**
- **School Resource Officers**
- **Crossing Guards**
- **Animal Control**
- **Fire and EMS**
- **Street Maintenance**
- **Snowplowing**
- **Engineering**
- **Building Permits**
- **Public Works**
- **Parks Maintenance**
- **Planning & Zoning**
- **Code Enforcement**

Prior year's revenue from property tax.

The Process in Action
(Valuation & Assessment)

- A simple example to illustrate:
  - Tax Base (Property recorded as of January 1st of each year in the County)
  - Property Value (Values set annually by County and State Tax Commission)
  - Tax Rate (Rates set by each Taxing Entity – Single entity for illustration)
  - Property Taxes Due (Value multiplied by the tax rate)

Start by assuming that Bountiful City has only four properties of equal value and the base property tax revenue needed to cover services is $1,000.



$100,000



$100,000



$100,000



$100,000



Total Base Property Tax: $1,000

Total Property Value		
Prop. 1 -	$	100,000
Prop. 2 -	$	100,000
Prop. 3 -	$	100,000
Prop. 4 -	$	100,000
Total	$	400,000

Calcualte the Tax Rate	
Total Prop. Tax Base →	$1,000
	÷
Total Property Value →	$400,000
	=
Tax Rate →	.00250

Taxes for Each Property				
Prop. 1 -	$ 100,000	x .00250	$	250
Prop. 2 -	$ 100,000	x .00250	$	250
Prop. 3 -	$ 100,000	x .00250	$	250
Prop. 4 -	$ 100,000	x .00250	$	250
		Total Tax Revenue	$	1,000

What if all four houses double in value to $200,000? Does the tax revenue double?

No.



$200,000



$200,000



$200,000



$200,000



Total Base Property Tax: $1,000

Total Property Value		
Prop. 1 -	$	200,000
Prop. 2 -	$	200,000
Prop. 3 -	$	200,000
Prop. 4 -	$	200,000
Total	$	800,000

Calcualte the Tax Rate	
Total Prop. Tax Base →	$1,000
	÷
Total Property Value →	$800,000
	=
Tax Rate →	.00125

Taxes due for each Property				
Prop. 1 -	$ 200,000	x .00125	$	250
Prop. 2 -	$ 200,000	x .00125	$	250
Prop. 3 -	$ 200,000	x .00125	$	250
Prop. 4 -	$ 200,000	x .00125	$	250
	Total Tax Revenue		$	1,000

But all home values are different. What happens then?



$120,000



$250,000



$170,000



$310,000



Total Base Property Tax: $1,000

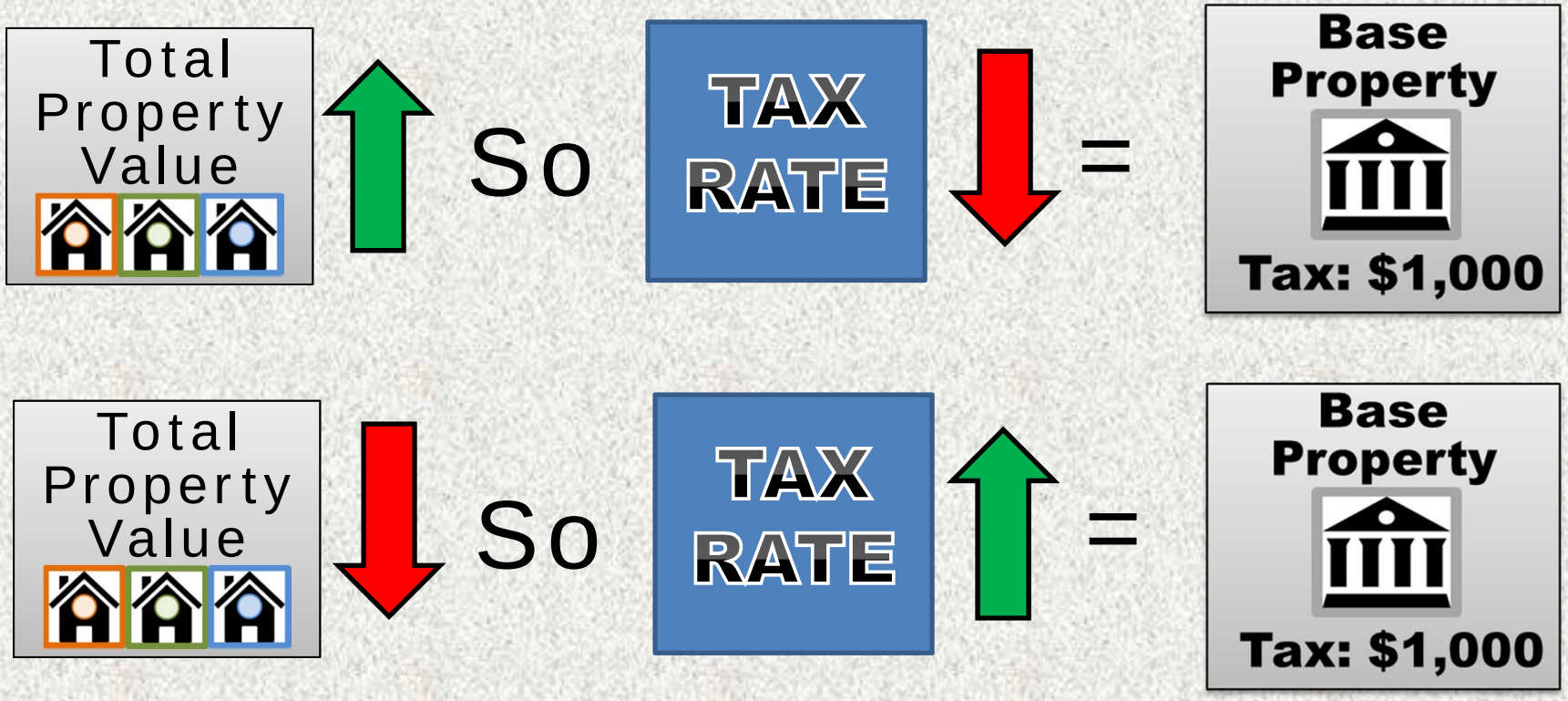
Total Property Value		
Prop. 1 -	$	120,000
Prop. 2 -	$	250,000
Prop. 3 -	$	170,000
Prop. 4 -	$	310,000
Total	$	850,000

Calcualte the Tax Rate	
Total Prop. Tax Base →	$1,000
	÷
Total Property Value →	$850,000
	=
Tax Rate →	.00118

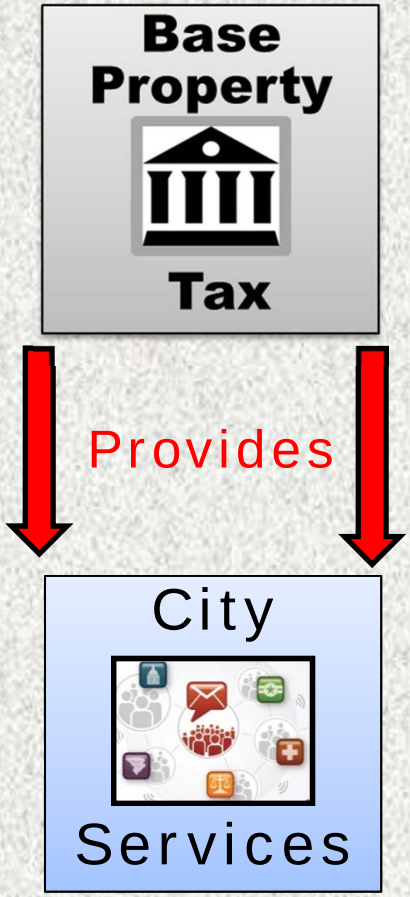
Taxes due for each Property				
Prop. 1 -	$ 120,000	x .00118	$	141
Prop. 2 -	$ 250,000	x .00118	$	294
Prop. 3 -	$ 170,000	x .00118	$	200
Prop. 4 -	$ 310,000	x .00118	$	365
		Total Tax Revenue	$	1,000

Regardless of the total property value in the City, does the base tax revenue remain the same?

Yes.



How does inflation affect the base tax revenue?

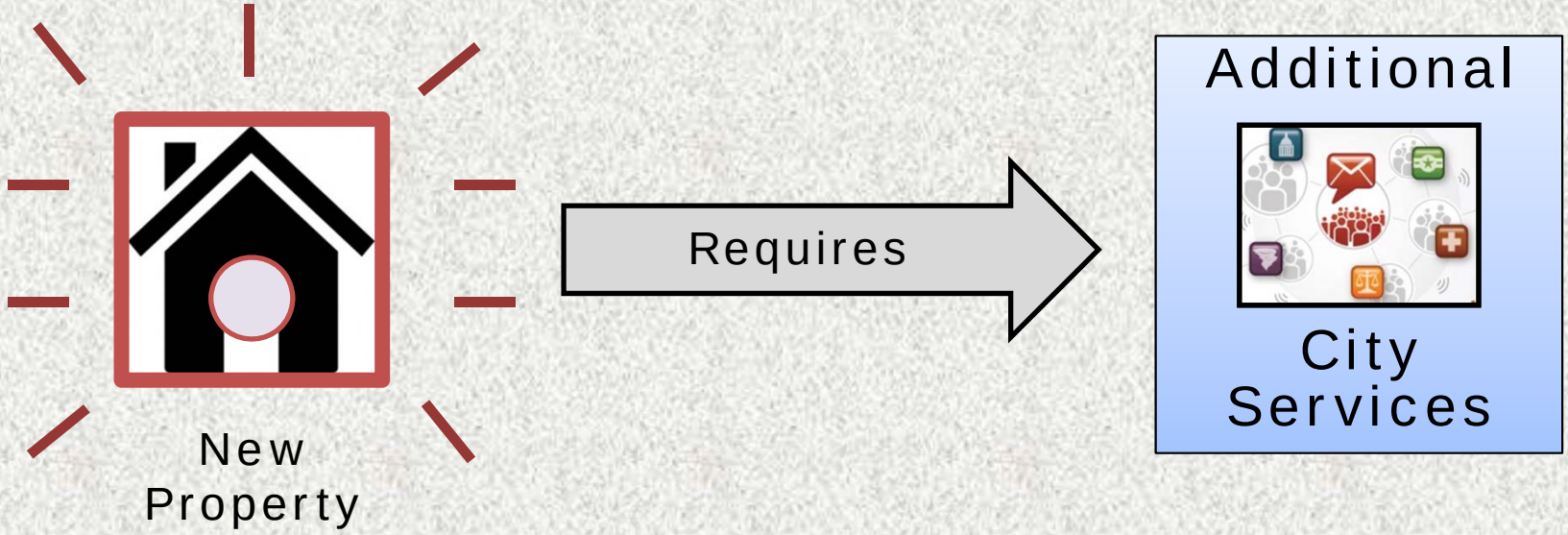


2008	*2018*
$1,000	$1,000
$1,000	$868

Over time, the City can provide fewer services for the same base tax revenue generated year over year.

Source: Bureau of Labor Statistics CPI Inflation Calculator http://www.bls.gov/data/inflation_calculator.htm

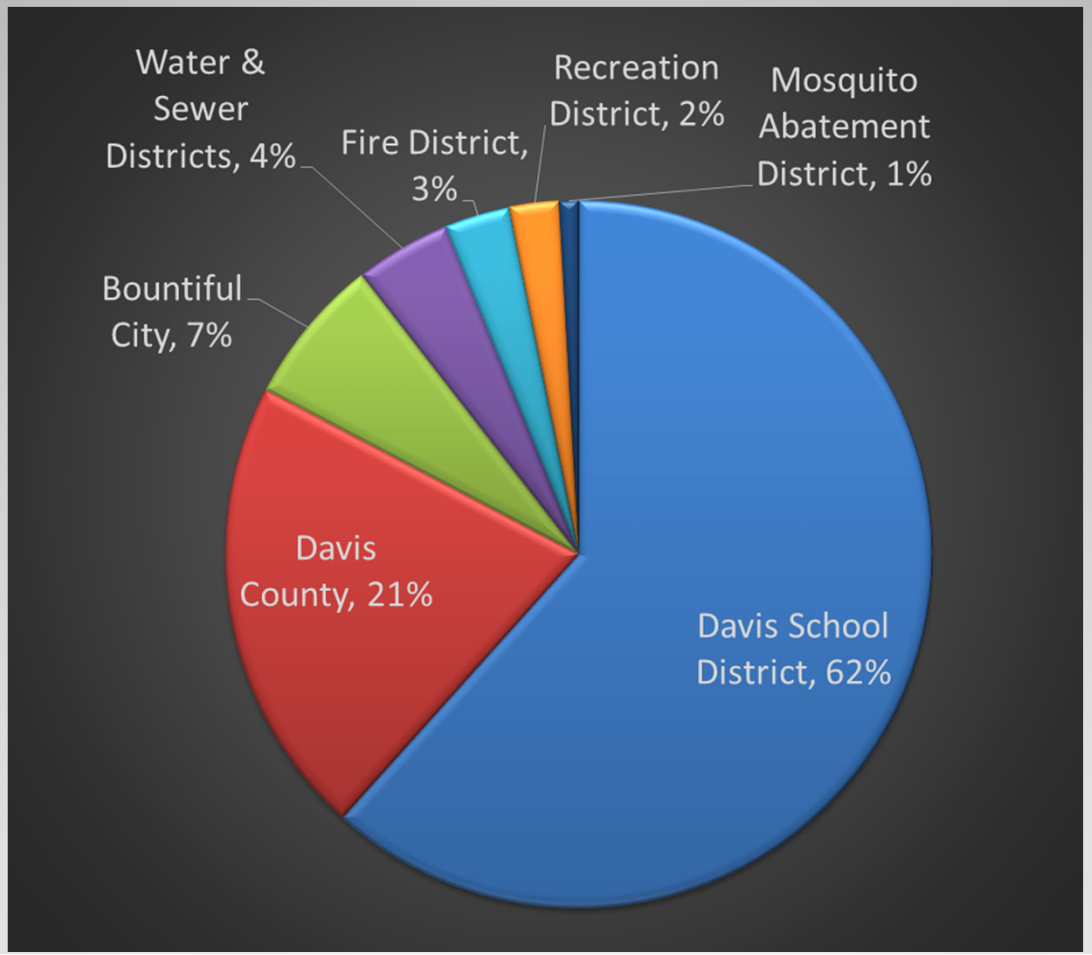
What about all the new homes that are built each year, doesn't the City get new tax revenue for them? Yes, this is called new growth.



New growth requires the City to cover <u>additional services</u> required by the new property. It is not intended to offset inflation.

Bountiful City Property Tax Increase - Fiscal Year 2019

2017 Property Tax Levy Distribution / Use



Bountiful Property Tax

- Bountiful has the second-lowest individual tax rate in Davis County

City	Tax Rate	Revenue
Fruit Heights	0.002117	$830,730
Sunset	0.001950	$313,611
Clinton	0.001925	$1,733,689
Layton	0.001635	$6,672,128
Kaysville	0.001589	$2,839,681
Syracuse	0.001573	$2,031,005
West Bountiful	0.001566	$1,465,188
North Salt Lake	0.001450	$2,593,002
Centerville	0.001354	$1,384,571
Farmington	0.001343	$1,878,990
Clearfield	0.001204	$1,609,717
Woods Cross	0.001003	$770,014
West Point	0.000945	$434,260
Bountiful	**0.000832**	**$2,201,330**
South Weber	0.000815	$320,911

- Bountiful has the third-lowest combined tax rate in Davis County

City	Tax Rate
Clearfield	0.014318
West Bountiful	0.013518
Clinton	0.013316
Layton	0.013026
North Salt Lake	0.013017
Farmington	0.012950
Syracuse	0.012919
Centerville	0.012810
Fruit Heights	0.012750
Kaysville	0.012597
Woods Cross	0.012570
West Point	0.012569
Bountiful	0.012288
Sunset	0.012015
South Weber	0.011966

Proposed Property Tax Increase - $300,000

- $75,000 to replace sales tax revenue taken by State for public safety needs in communities with homeless shelters.
- $225,000 to add two additional police officers.





Bountiful Property Tax

FY 2019 BUDGET
Bountiful/Davis Property Tax on a $340,000 Home or Business

- Bountiful's proposed tax increase on a $340,000 home would be $19.54 annually, or $1.63 monthly
  - $340k home without the increase $144.93, with proposed increase $164.47
- Bountiful's proposed tax increase on a $340,000 business would be $35.53 annually, or $2.96 monthly
  - $340k business without the increase $263.50, with proposed increase $299.03
- The overall Bountiful/Davis tax rate would increase only 1.30% with the proposed increase.
  - 1.30% assumes that all of the other taxing entities included in the overall Bountiful/Davis property tax rate do not increase their property tax rate
- The increase in Bountiful's rate alone would be 13.48%

Source: Calculated using the proposed 2018 tax rates from www.taxrates.utah.gov as of 6/12/2018

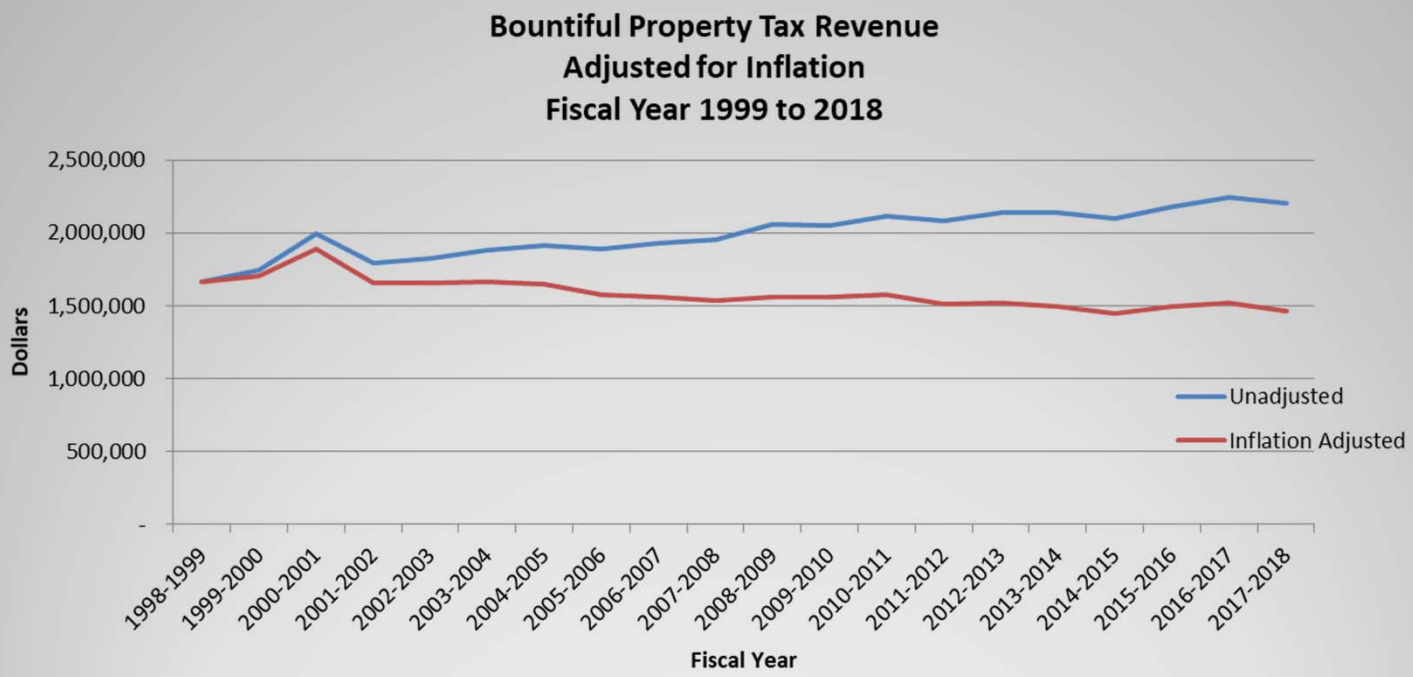
FY 2019 BUDGET
Property Tax Rates – Davis County Cities

FY 2018-2019 BUDGET
Property Tax Rates - Davis County Cities

City	2018 Proposed Tax Rate	Tax Bill on a $340,000 Home	% of Bountiful
CENTERVILLE	0.001275	$238	145%
CLEARFIELD	0.001112	$208	126%
CLINTON	0.001794	$335	204%
FARMINGTON	0.001765	$330	201%
FRUIT HEIGHTS	0.002027	$379	230%
KAYSVILLE	0.001485	$278	169%
LAYTON	0.001521	$284	173%
NORTH SALT LAKE	0.001355	$253	154%
SOUTH WEBER	0.000769	$144	87%
SUNSET	0.001766	$330	201%
SYRACUSE	0.001474	$276	168%
WEST BOUNTIFUL	0.001449	$271	165%
WEST POINT	0.000881	$165	100%
WOODS CROSS	0.000935	$175	106%
AVERAGE	0.001401	$262	159%
BOUNTIFUL	0.000880	$165	100%

Source: www.taxrates.utah.gov

Bountiful City's Property Tax Buying Power



Bountiful City Police Department

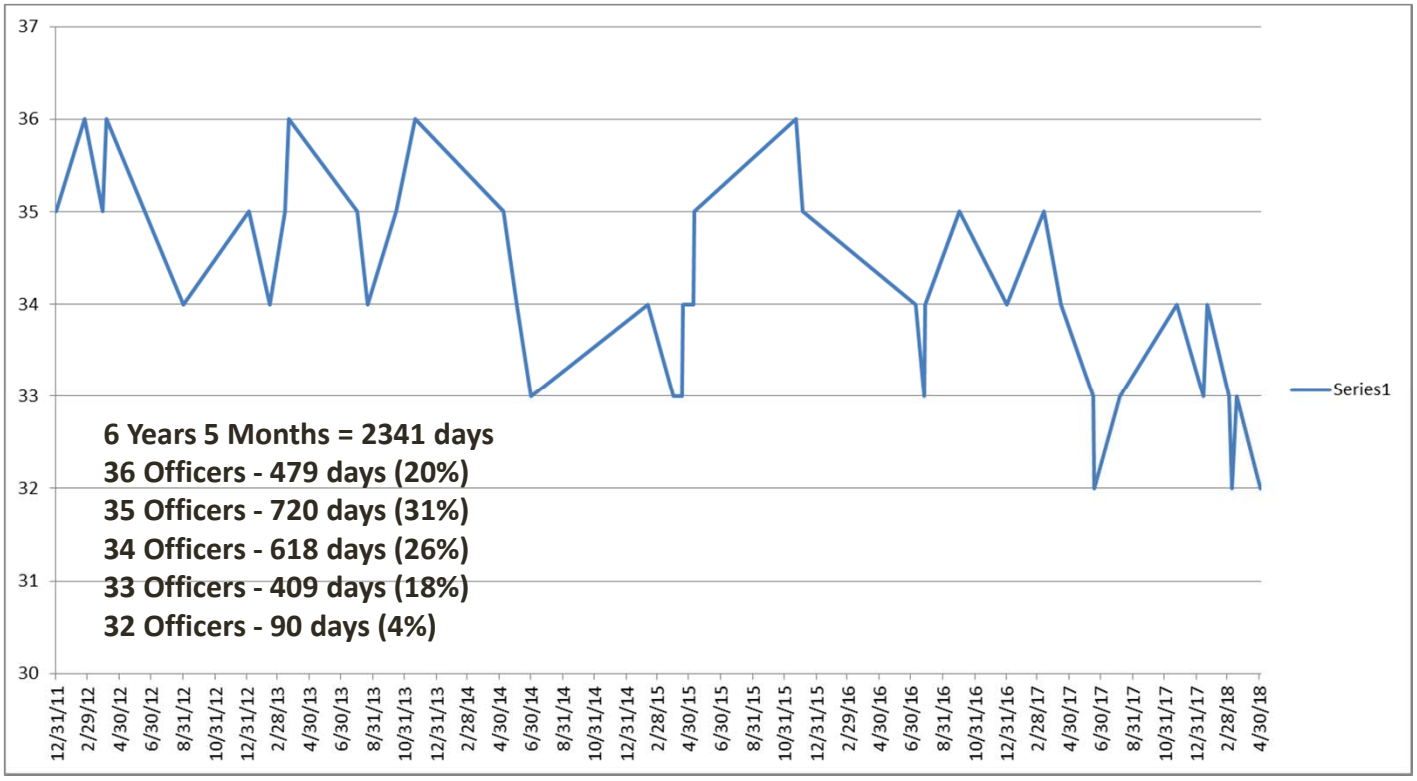


City Service Needs - **Police**

- 36 Sworn Officers in Bountiful
  - Includes 4 Officers in Administration
- Statewide Shortage of Police Officers, leading to competition between agencies
  - Wages
    - 2017 Market Study – we are competitive
  - Retirement
    - Tier 1 – 20 years at 50%
    - Tier 2 – 25 years at 37.5%
  - Staffing Levels
    - Very difficult to maintain full staffing, which increases overtime demands

City Service Needs - **Police**

Monthly Police Staffing in Bountiful since December 2011



Fully-staffed only 20% of days in 6 years and trending down.

City Service Needs - **Police**

- Impacts from Short Staffing
  - Overtime and burnout
  - Safety – fewer officers available for backup
  - Less Problem-Oriented Policing (POP units)
  - Pulling administration into events and daily policing
  - Detectives pulled into daily policing

- Other communities are acting:
  - Salt Lake City: $25 Million tax increase
    - Adding 27 to 50 additional officers

City Service Needs - **Police**

Davis County
Law Enforcement Staffing
FY 2018

City	Population 2016	Authorized Officers	Officer per 1,000	Officers Added Last 5 Years	Anticipated Additional Officers FY 2019
Bountiful	44,078	36	1/1224	0	2
Centerville	17,286	19	1/910	1	1
Clearfield	30,855	30	1/1029	0	0
Clinton	21,672	18	1/1204	4	0
Farmington	23,140	21	1/1102	5	0
Kaysville	31,243	27	1/1157	7	1
Layton	75,655	79	1/958	0	0
North Salt Lake	20,301	23	1/883	4	0
Sunset	5,243	8	1/655	0	0
Syracuse	28,407	24	1/1184	4	0
West Bountiful	5,574	10	1/557	1	0
Woods Cross	11,351	17	1/667	2	0