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## Big tax boosts proposed

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By Lee Davidson Deseret Morning News

If the Central Iron County Water Conservancy District did not raise its budget this year, residents of Cedar City and other surrounding communities would be paying it a mere \$7.59 in property tax on a \$200,000 home. But the district is proposing to skyrocket that to \$110 instead.

- **Deseret Morning News graphic** (PDF file)
    - » [Proposed property tax hikes, 2006](#)
- Requires [Adobe Acrobat](#)

That is a whopping increase of 1,350 percent, or nearly a 15-fold spike.

It is just one example of surprises that Utahns may see statewide if they look carefully at notices sent to them the past week about their new property tax valuations, and new tax rates that local governments are proposing to charge.

But the notices also provide a tool that could help residents protest and prevent tax hikes (or at least understand them better): a list of when and where "Truth in Taxation" hearings are scheduled during the upcoming month.

A Deseret Morning News analysis of data from the State Tax Commission shows 71 local governments are proposing to raise property tax rates above levels that would provide the same revenue as last year. When governments do that, they must advertise and hold Truth in Taxation hearings and face potential heat from residents.

Many of the hikes proposed this year are huge. For example, six governments are proposing to more than double tax rates over what was needed to provide the same revenue as last year.

That includes the Central Iron County district, plus Parowan (a 214 percent increase, or \$240 more on a \$200,000 home), South Salt Lake (134 percent, or \$180), Big Water (127 percent, or \$213); Lake Point Cemetery and Park District in Tooele County (121 percent, or \$28); and Cedar Hills (105 percent, or \$161).

Another 11 local governments are proposing increases of between 50 percent and 85 percent — most notably West Valley City, the state's second-largest city, is proposing a 65 percent hike, or \$161 on a \$200,000 home.

And another nine are proposing hikes of between 20 percent and 50 percent — notably the Kane County School District, where a proposed 46 percent hike would cost a hefty \$158 extra on a \$200,000 home.

## **Hearings planned**

Among local governments scheduling Truth in Taxation hearings are 31 cities and towns, 20 school districts (or half of all school districts in the state), seven water districts, four counties and nine special districts (ranging from mosquito abatement, to cemeteries to library districts).

A full list of all local governments proposing tax hikes and how they compare is available online at [www.deseretnews.com](http://www.deseretnews.com)

Along the Wasatch Front, some other significant proposed increases include: American Fork (51 percent, \$115 on a \$200,000 home); Bluffdale (82 percent, \$93); West Jordan's Fairway Estates (67 percent, \$83); Highland (55 percent, \$60); Murray (30 percent, \$57); and the Salt Lake City School District (9 percent, \$52).

Also, Murray School District (6 percent, \$36); Spanish Fork (28 percent, \$28); Taylorsville (15 percent, \$27); Weber School District (4 percent, \$24); Provo School District (3 percent, \$22); North Ogden (7 percent, \$18); Alta (14 percent, \$17); and the Magna Water Co. (10 percent, \$17).

Officials give many reasons for the increases, ranging from funding new construction to simply catching up to inflation after years of not raising tax rates or even reversing previous tax cuts they found they could not afford.

Central Iron County Water Conservancy District, for example, decided to seek its big hike to join water districts in Kane and Washington counties to pay for a new pipeline from Lake Powell to increase water supplies.

"The community understands that without this water, we're dead. We're stopped from growing," said R. Scott Wilson, executive director of the district. "We must take some very substantive steps now to participate. This is our one opportunity to be on board this train as it leaves the station."

Some voters already essentially approved tax hikes now being proposed. For example, Noel Zabriskie, superintendent of the Ogden City School District, said voters approved issuing bonds last year to borrow money to build or improve numerous schools. The proposed hike of \$150 on a \$200,000 home is to pay off such bonds.

Similarly, residents in Cedar Hills, Utah County, last year approved a bond (to be paid off by property taxes) for a golf course to replace a former "revenue bond" that was to have been paid off by golfer user fees. That is more than doubling the city's share of property taxes, said City Manager Konrad Hildebrandt.

### **Parowan biggest hit**

Parowan has the largest increase by dollar amount in the state, \$240 on a \$200,000 home. City Manager Joe Melling said the city had not raised its tax rates for services in 30 years. He said it had balanced budgets by depending on profits from utility funds but had delayed upkeep of those utilities. He said needed upgrades on them is now forcing the increase in property tax.

Somewhat similarly, West Valley City officials said they had never raised tax rates for services in its 25-year history. But it had used one-time money from land sales and other sources in recent years to make ends meet. Now it is looking at a large tax increase to maintain service levels and catch up from years of not raising taxes.

Big Water, Kane County, is essentially reversing an earlier big tax cut. Municipal Clerk Genia Joseph said a previous mayor had cut taxes in half, and the city had survived largely on old surpluses. "That is gone now. What we are doing is putting taxes back where they were before they were slashed," she said.

South Salt Lake is blaming its proposed large increase on the Legislature, which changed how much that heavily industrialized city may keep in sales tax. "We are losing \$2 million a year," Mayor Robert D. Gray said of formula changes. "We have no choice" but to raise property tax.

Some governments that are forced to hold Truth in Taxation hearings for the apparent tax hikes claim they aren't raising taxes.

For example, Kane County School District Superintendent Robert Johnson said the overall taxes residents will pay to it will go down this year, mostly because of decreases in rates charged to pay off bonds. But because other rates for services and improvements are increasing by 46 percent, it must have hearings on that.

The district is buying ads saying its taxes are really going down, despite the fact that the Truth in Taxation ad announces a 45 percent increase.

**But Mike Jerman, vice president of the Utah Taxpayers Association, said taxes to pay off loans and bonds "are not intended to be permanent tax increases."**

He added, "Some local governments believe that they should be able to permanently increase tax rates even after the bond has been paid off. If that were the case, then tax rates would be continuously ratcheted upward every time a local government issued a voter-approved bond."

In another example, the South Summit School District issued a statement to residents saying its tax rate is the same as last year.

But keeping the same rate forces a taxpayer to pay more if the value of his property is higher.

The Truth in Taxation laws were created just for such situations. Governments must figure what overall rate would be needed to generate the same revenue as the previous year, while reflecting changes in property value. If they charge more than that, they must hold a Truth in Taxation hearing to explain the increase.

Jerman urges residents to attend such hearings and learn more about why hikes are proposed — and maybe create enough pressure to avoid them.

He notes that in 2002, "more than 1,000 people showed up to the Davis County tax hearing. The originally proposed increase was 138 percent, but the commission decreased this to 24 percent." Several of the officials also lost re-election over the issue.

"If taxpayers do not show up to tax hearings, then local officials are sometimes tempted to raise taxes even more the following year," Jerman said. "So even if the proposed tax increase is not reduced, a large showing by taxpayers increases the probability that local officials won't increase taxes again for a long time."

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