

Tax gurus weigh in on school bond plan



Written by Jesse Fruhwirth

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Over the last decade, the Utah Taxpayer's Association, a non-profit government watchdog, has condoned most but not all of the bond proposals put forth by the Tooele County School District. Their opinion matters, a lot.

The only bond to have been turned down by voters in recent history & the 1997 bond for a new high school and junior high & was also the bond that the Association opposed.

The school district has proposed a \$58 million bond to build a new high school south of Stansbury Park and a new elementary school in a location yet to be determined. The issue will be on the June 27 primary ballot.

Rather than a firm thumbs up or thumbs down to the bond, the Association is "taking a neutral position.

"Our major concern is that the election is being held in June," said Taxpayers Association Vice President Mike Jerman. "The problem is that statewide, school districts are avoiding November elections."

Jerman accused school districts across the state of proposing bonds on primary ballots because voter turn-out during the summer months is lower.

The need for the bond, however, is clear and the means to finance it, Jerman said, are sound.

"Everyone realizes that Tooele is growing rapidly and needs new schools," Jerman said. "We generally don't get involved in location issues. Our major concerns are, does this make financial sense?"

Jerman said his organization would not weigh in on what has been the most heated debate regarding the bond: whether Stansbury Park is an adequate location for a new high school. In terms of finances, Jerman said Zions Bank's involvement in the financial planning of the bond is proof enough for him that it is being managed wisely.

More importantly, Jerman said the district's promise that the tax rate will not increase is all but certain.

"Zions Bank is working with them and their projections are generally very conservative," Jerman said.

In calculating the bonds and projected tax rates, Zions Bank assumed the county's property valuation & the combined value of all taxable property in the county & would increase by at least four percent for each of four years, and two percent for each year after that. So long as valuations out-pace this "conservative" estimate, the tax levy from the district will not increase.

"In fact, if the growth in the tax base exceeds the four percent and two percent, you'll actually see the tax rate declining," said John Brosnan, the school district's financial advisor from Zions Bank Public Finance. "Growth in the tax base allows for the same tax levy to produce more money."

The county's taxable value has increased an average of 4.275 percent each year since 2001. The 2005 assessed value of the tax base was over \$1.75 billion.

Superintendent Mike Johnsen said the district's track record ought to instill confidence from voters.

"In the past, for example, the last time we bonded in 2004 for \$28 million, we didn't raise taxes," he said. "We haven't got a [tax increase] in our bond language and our track record says we won't [raise taxes]."

The district's tax rate of .008896 per \$1 of property value has been steady since 2003, down from the record-high 2002 rate of .009290. Johnsen warned, however, that taxpayers will likely pay more taxes as property

appreciates, but that's not the result of the school district rate.

"If their taxes go up it won't be from us," Johnsen said.

While the Tooele County School district's tax rate is the second highest in the state, Jerman said that's not due to fiscal irresponsibility.

"On the valuation side, there's [comparatively] not a lot of commerce and industry in Tooele," Jerman said. "Salt Lake City, for example, has downtown. High rises pay high property taxes."

While there are only two other school districts that impose a higher tax rate than Tooele's & Nebo and Tintic & few have less to work with. Only Cache, Nebo, San Juan, and Tintic have lower ratios of assessed property value per student, and each of them & with the exception of Cache & have comparably high taxes. Tooele's 2005 assessed valuation per student was over \$170,000.

Jerman said the district's finances appear to be appropriately conservative, but the timing of the election rankles his organization.

"The school district employees will form a disproportionate portion of the vote," Jerman said. "It makes sense to have everything in November ... A lot of people do not have the patience to pay attention to local politics every day of the year."

Six school districts will have bond issues on the June 27 ballot, amounting to a combined total of \$633 million. The Tooele bond makes about \$58 million of that total. Only one district plans to have a bond election come November.

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