

# Why a Property Tax Increase?

Did you know that property tax is the city's third highest tax we collect but property tax is the most stable tax we collect.

Property taxes help to pay for a variety of general fund public services, such as police, fire, street maintenance, parks and the cemetery.

In Utah, additional property tax revenue is not a simple matter of raising property values to increase revenue. Rather, the base property tax revenue is the same from the prior year. Assuming everything else remains equal, an increase in property value would mean a decrease in the tax rate; therefore, the total dollar amount in taxes would stay the same for the city. Of course, the reality is a little more complex. There are three elements in determining the property tax for each property: City's budget, taxable value and tax rate.

Every property falls under several different taxing entities which are then grouped together into a tax area/location. In that tax area, the budget of each taxing entity is the main force behind the amount of property tax. Taxing entities are guaranteed the prior year's property tax revenue regardless of overall property values. This means when property values change, there is neither an increase nor decrease to their budget.

The city will collect the same amount, even with all the new growth.

## What does the city plan to do with the additional revenue?

1. Adjust employee salaries to compete locally. The City has been experiencing a big turnover, especially in the Police, Fire and Public Works departments. The City spends a lot of time and money training quality employees only to lose them to other municipalities.
2. Invest in our aging buildings, the city currently owns and maintains ten (10) buildings that are used



for a variety of services and serve a variety of groups. Most of these buildings are older and require additional maintenance.

3. During the Fiscal Year 2019 budget process the city put together a draft Capital Improvement Plan. This plan identifies capital projects the city needs to invest in over the next 10-20 years. For example re-building cemetery roads, this project has a \$300,000 estimated cost. This is just one example of projects that have been identified in the city's draft Capital Improvement Plan.

