

Park City School District – Truth in Taxation Hearing

“Why did my tax bill go up?”

Types of Increase

Nearly all tax payers experienced a tax increase this year. Generally speaking there are two main causes of an increase: increase in assessed valuation and increase in tax rates. The first type of increase occurs when the county assessor assesses various properties for their current market values. The second type of increase occurs as taxing entities (such as the school board) assess budgetary needs and determine that additional revenues are necessary to support governmental services (education).

Assessed Valuation

If you experienced a property valuation increase, you can identify this type of tax increase in the “Current & Proposed Taxes” section of your tax notice.

CURRENT & PROPOSED TAXES					THI
Taxing Entities	Taxes Last Year	Tax This Year if No Budget Change	Tax if Proposed Budget Approved	Change In Taxes	Change In %
PC SCH DIST	519.19	628.76	702.68	73.92	11.8%
UNIFORM SCHOOL FUND	257.50	312.18	312.18	0.00	0%
SNYDERVILLE REC	171.61	210.10	210.10	0.00	0%
PC FIRE	159.36	190.96	190.96	0.00	0%
SUMMIT COUNTY	152.49	183.70	183.70	0.00	0%
COUNTY - MUNICIPAL	116.42	144.10	144.10	0.00	0%
SERVICE AREA #6	102.83	129.58	129.58	0.00	0%
LOCAL ASSESS/COLLECT	11.40	44.22	44.22	0.00	0%
WEBER BASIN	35.23	43.12	43.12	0.00	0%
MOSQUITO ABATEMENT	6.71	8.14	8.14	0.00	0%
MULTI COUNTY A & C	26.50	2.86	2.86	0.00	0%
Total Property Tax	1,559.24	1,897.72	1,971.64	73.92	3.9%

In this case, the market value of the home owner increased from \$305,000 to \$400,000 or 31.1%.

MARKET VALUE OF YOU		
Property Type	Last Year's Market Value	This Year's Market Value
YOUR STATUS IS PRIMARY IMPROVED PROPERTY	305,000	400,000
Total Property Value	305,000	400,000

The highlighted column on the tax notice identifies the new tax amount on the greater value of the property. The increase of \$338.48 (\$1,897.72 less \$1,559.24) is caused by the county assessor's work in reassessing the value of the property. This tax increase represents 21.4% increase in tax amount owed (\$338.48 divided by \$1,559.24).

These two rates (value increase and tax amount increase) are not the same rate. This is due in part to the statutory calculations of the certified tax rate. The general concept of the certified tax rate is to adjust tax rates when assessed property values change so that a taxing entity receives the same amount of tax revenue as the prior year. This creates a see-saw affect with tax rates on one side and property values on the other: as values go up, the rates go down and vice versa.

As a general concept this works fine. However, in practice, the specific application of statutory calculations does not always yield the intended result. The certified rate is calculated by taking the prior year revenue and dividing it by aggregate property value within the taxing entities boundaries to create a certified rate. Since the aggregate is used to determine the rate, no one tax payer's situation will work out exactly as the concept intends. In this tax payer's case, the aggregate property increase within the school district boundaries was about 10%. The concept would have you expect a 10% drop in tax rate thereby keeping the tax payment the same. For this tax payer, the value increase of over 30% was only offset by a reduction in a rate of around 10%. This causes the tax amount to increase as property value increases, contrary to the general concept. Every tax payer will experience a unique outcome when applying the certified rate to current property values because all properties do not appreciate in value at the same rate, yet the certified tax rate is set using a single rate for all properties.

Tax Rates

The second type of tax increase is caused by a taxing entity (a school board) increasing a tax rate. Again, a look at the tax notice identifies this tax increase.

CURRENT & PROPOSED TAXES					THI
Taxing Entities	Taxes Last Year	Tax This Year if No Budget Change	Tax if Proposed Budget Approved	Change In Taxes	Change In %
PC SCH DIST	519.19	628.76	702.68	73.92	11.8%
JNIFORM SCHOOL FUND	257.50	312.18	312.18	0.00	0%
SNYDERVILLE REC	171.61	210.10	210.10	0.00	0%
PC FIRE	159.36	190.96	190.96	0.00	0%
SUMMIT COUNTY	152.49	183.70	183.70	0.00	0%
COUNTY - MUNICIPAL	116.42	144.10	144.10	0.00	0%
SERVICE AREA #6	102.83	129.58	129.58	0.00	0%
LOCAL ASSESS/COLLECT	11.40	44.22	44.22	0.00	0%
WEBER BASIN	35.23	43.12	43.12	0.00	0%
MOSQUITO ABATEMENT	6.71	8.14	8.14	0.00	0%
MULTI COUNTY A & C	26.50	2.86	2.86	0.00	0%
Total Property Tax	1,559.24	1,897.72	1,971.64	73.92	3.9%

The highlighted column on the tax notice identifies the new tax amount on the rate change. The notice itself calculates this increase of \$73.92 (\$1,971.64 less \$1,897.72). This tax increase represents 3.9% increase in tax amount owed.

Total Property Tax	1,559.24	1,897.72	1,971.64	73.92	3.9%
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Now, that increase represents the overall tax increase from all tax entities listed on the tax notice. Only one taxing entity, the school district, is proposing to increase taxes this year. Since that is the case, additional information is provided on the tax notice for the tax payer to know what the specific impact is

from that taxing entity as far as increased revenue is concerned. For the school district this increase is reported as an 11.8% increase.

CURRENT & PROPOSED TAXES					THE
Taxing Entities	Taxes Last Year	Tax This Year if No Budget Change	Tax if Proposed Budget Approved	Change In Taxes	Change In %
PC SCH DIST	519.19	628.76	702.68	73.92	11.8%
UNIFORM SCHOOL FUND	257.50	312.18	312.18	0.00	0%

As you have followed school board meetings, you will remember that the revenue projections for the board were identified as an 8% increase over the prior year to cover enrollment and employee compensation increases. The tax notice makes it difficult to confirm this increase. If, however, you take the first two lines under the column “Taxing Entities” (PC SCH DIST and UNIFORM SCHOOL FUND) and combine the amounts across all columns, you will find the 8% increase proposed by the school board ($\$73.92 / (\$628.76 + \$312.18) = 8\%$). The tax notice has split the various levies of the school district into two groupings. The first includes all levies except the basic levy. The second line represents the basic levy. It is listed this way since it is the state legislature that sets the rate and requires the school district to levy it to fund the Minimum School Program.

“How does this relate to the tax advertisement I saw in the paper?”

The tax advertisement is required by law as well as how the tax increase is calculated. The advertisement isolates only those levies that will cause a revenue increase to the taxing entity and ignores changes to other levies. In the case of the school district two levies are proposed for increase: board local levy and judgment levy. Since these are the only two of the five levies imposed by the school district, the law requires that only the impact of those two levies be advertised. The combined impact of the two levies is \$106.48 as advertised.

NOTICE OF PROPOSED TAX INCREASE Park City School District

The Park City School District is proposing to increase its property tax revenue.

- The Park City School District tax on a \$550,000 residence would increase from \$1,336.45 to \$1,442.93, which is \$106.48 per year.

As you have followed school board meetings, you will recall the discussion as being only a \$42 increase to a tax payer. The table below will identify the tax rates that are increasing and those that are decreasing for a net tax payer increase of \$42.

Levy	2013-2014 Actual		2014-2015 Certified		2014-2015 Certified Change		2014-2015 Increase		2014-2015 Proposed		2014-2015 Proposed Change	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Basic	0.001535	\$ 464.34	0.001419	\$ 429.25	(0.000116)	\$ (35.09)	-	\$ -	0.001419	\$ 429.25	(0.000116)	\$ (35.09)
Debt Service	0.000287	\$ 86.82	0.000293	\$ 88.63	0.000006	\$ 1.82	-	\$ -	0.000293	\$ 88.63	0.000006	\$ 1.82
Judgment	-	\$ -	-	\$ -	-	\$ -	0.000069	\$ 20.87	0.000069	\$ 20.87	0.000069	\$ 20.87
Voted Leeway	0.001503	\$ 454.66	0.001449	\$ 438.32	(0.000054)	\$ (16.34)	-	\$ -	0.001449	\$ 438.32	(0.000054)	\$ (16.34)
Board Local	0.000872	\$ 263.78	0.000837	\$ 253.19	(0.000035)	\$ (10.59)	0.000283	\$ 85.61	0.001120	\$ 338.80	0.000248	\$ 75.02
Capital Local	0.000433	\$ 130.98	0.000420	\$ 127.05	(0.000013)	\$ (3.93)	-	\$ -	0.000420	\$ 127.05	(0.000013)	\$ (3.93)
Grand Total:	0.004630	\$ 1,400.58	0.004418	\$ 1,336.45	(0.000212)	\$ (64.13)	0.000352	\$ 106.48	0.004770	\$ 1,442.93	0.000140	\$ 42.35

All calculations based on the value of a primary residence of \$550,000

The "2014-2015 Increase" column shows the increase of the judgment and board local levy in isolation of the other levy changes. These are the calculations that go into the tax advertisement. The "2014-2015 Proposed Change" column shows the net increase over 2013 as discussed in the board meetings this past summer.