

NOTICE OF PROPOSED TAX INCREASE BRIGHAM CITY

The BRIGHAM CITY is proposing to increase its property tax revenue.

- The BRIGHAM CITY tax on a \$363,000 residence would increase from \$307.26 to \$359.77, which is \$52.51 per year.

- The BRIGHAM CITY tax on a \$363,000 business would increase from \$558.66 to \$654.13, which is \$95.47 per year.

- If the proposed budget is approved, BRIGHAM CITY would increase its property tax budgeted revenue by 17.05% above last year's property tax budgeted revenue excluding eligible new growth.

All concerned citizens are invited to a public hearing on the tax increase.

PUBLIC HEARING

Date/Time: 8/11/2022 7:00PM

Location: City Hall Council Chambers
20 N Main Street
Brigham City

To obtain more information regarding the tax increase, citizens may contact BRIGHAM CITY at 435-734-6621.

TO: BRIGHAM CITY PROPERTY OWNERS
FROM: TOM KOTTER, BRIGHAM CITY FINANCE DIRECTOR
DATE: 6/17/2022
RE: PROPOSED PROPERTY TAX INCREASE



The Brigham City Council adopted a tentative budget on June 16, 2022. This tentative budget includes a property tax increase. The Council is proposing to increase revenue through a property tax increase of 17%.

There will be a public hearing on August 11, 2022, at 7PM to receive public input regarding this proposed tax increase. All concerned citizens are invited to this public hearing.

In preparation for the public hearing, I've put together this memo on property taxes in Utah, why the proposed tax increase is happening, and the impact it will have on a property owner.

How Does Property Tax Work?

The property tax system in Utah is a revenue-driven system, not a rate-driven system. Generally, as valuations of existing property increase, property tax rates decrease. This automatic reduction in property tax rates prevents local governments from getting a windfall simply because valuations have increased. The reduced property tax rate is known as the certified tax rate (CTR). This rate is then applied to all property, including "new growth." While local governments receive increased revenues due to new growth, the tax rates include no automatic adjustment for inflation, which is by design.

Local government raises taxes: Truth-in-Taxation

The property tax process does not prevent local governments from raising taxes. Once the certified tax rate has been calculated by the Utah State Tax Commission, local governments have the option of exceeding the certified tax rate. When local governments decide to exceed the certified tax rate, they must go through a tax increase process that includes notification and public hearings, this is commonly known as the Truth-in-Taxation process.

Brigham City Tax Increase

The proposed tax rate of 0.001802 is anticipated to generate \$2.8M in property tax revenue. This is a \$415k increase from the certified tax rate.

The Mayor and Council had two main reasons for the proposed tax increase. These reasons are explained below:

Police Department Staffing

Mayor Bott's proposed budget included a significant increase in pay for the Brigham City Police Department. This pay increase was supported by the Council.

Historically, the department has been approved for 30 law enforcement officers. Over the last couple of years, the City has had difficulty in staffing all 30. Chief Reyes and Mayor Bott agreed to temporarily reduce that number to 28 to help offset the cost of the pay increase.

After numerous work sessions and other discussions, the City Council put all 30 law enforcement officers back into their adopted tentative budget. The budget also includes a new code enforcement officer.

Inflation

Certified tax rates do not include adjustments for inflation. Prices in the Mountain West are soaring. The Labor Department reported in May a year-to-year inflation rate of 8.6%, the highest rise in consumer prices since 1981. The

U.S. Department of Labor's designated Mountain West reporting region, which includes Utah, has seen some of the worst inflation rates in the country over the past six months. The rate for Mountain West states was 9.4% over the same time last year. As of June 17, the average cost of a gallon of gas in Utah is \$5.07.

Inflation has drastically reduced the City's purchasing power

Impact on Property Owners

According to the Box Elder County Assessor, Rodney Bennett, the average home in Brigham City has a value of \$363,000. The tax on an average home would increase from \$307.26 to \$359.77, which is an additional \$52.51 per year.

The tax on a business, with the same \$363,000 value, would increase from \$558.66 to \$654.13, which is an increase of \$95.47 per year.