From:	donotreply@mt.gov
To:	LEG Cmte-RVIC Comment
Subject:	Public Comment for RIC
Date:	Sunday, May 15, 2022 5:40:21 PM

Public Comments for the Revenue Interim Committee

Date: 15th May 2022 17:40

First Name:
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Sinclair Jr

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Subject:
CI 121

Comment:
STATEMENT OF PRINCIPLES ON TRUTH IN PROPERTY TAXATION Guiding Principles: Utah's Example Utah enacted its Truth in Taxation law in 1985 to provide a solution to taxpayer unrest from ever-increasing property taxes. Accountability – While Utah's law does not limit property taxes, it makes local elected officials think twice about increasing property tax rates. Citizens will be notified of any increase and its potential impact on their property. Lawmakers are also required to hold a broadly advertised public hearing about the proposed tax hike. Reliability – Truth in Taxation is a revenue-driven system, not a rate-driven system. Generally, as valuations of existing property increase from county assessors' annual adjustments of taxable property values to keep pace with market values, property tax rates decrease. This automatic reduction in property tax rates prevents local governments from getting a windfall simply because valuations of existing properties have increased. Competitiveness – When the law passed in 1985, Utah ranked 24th in the nation in property taxes per $1,000 of personal income. Utah now ranks 36th. Even still, over the last three decades property tax revenues to the State of Utah have grown faster than inflation and population growth combined.

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From:	donotreply@mt.gov
To:	LEG Cmte-RVIC Comment
Subject:	Public Comment for RIC
Date:	Sunday, May 15, 2022 5:54:16 PM

Public Comments for the Revenue Interim Committee

Date: 15th May 2022 17:54

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Subject:
CI 121

Comment:
Truth-in-Taxation is Utah's most tax payer-friendly law. In some ways, it's even better than California's Prop 13. The measure was enacted in 1985 at the request of the Utah Taxpayers Association and Tax Commissioner Gary Cornia, who worked with the Association of Counties to provide a solution to taxpayer unrest from ever increasing property taxes. While Truth-in-Taxation does not technically limit property taxes, it makes local elected officials think twice about increasing property tax rates because they know all citizens will be notified of the increase and its potential impact on their property. They also know that they will have to hold a broadly advertised public hearing where citizens can sound off about the proposed tax hike. Truth-in-Taxation is a revenue-driven system, not a rate-driven system. Generally, as valuations of existing property increase from county assessors' annual adjustments of taxable property values to keep pace with market values, property tax rates decrease. This automatic reduction in property tax rates prevents local governments from getting a windfall simply because valuations of existing properties have increased. For example, if valuations of existing property increase by 20 percent, the property tax rate decreases by 16.7 percent to maintain revenue neutrality as demonstrated by the following equation: (100% + 20%) * (100% – 16.7%) = 100% of original tax = no change The reduced property tax rate is known as the certified tax rate. This rate is then applied to all property, including "new growth." While local governments receive increased revenues due to new growth, Truth-in-Taxation includes no automatic adjustment for inflation. If local governments want to exceed the certified tax rate, they must go through Truth-in-Taxation notification and hearing process. This is a good opportunity to for local government officials to explain the proposed budget to their constituents. For the record, the Utah Taxpayers Association does not oppose every proposed increase over the certified tax rate. In many cases, local governments are recouping inflationary losses. Certainly, that is not always the case. So why did my taxes go up?

Generally, when property valuations increase, property tax rates decrease to maintain revenue neutrality (excluding new growth). This revenue-neutral rate (the certified tax rate) is then applied to all properties, including new residential and commercial developments. Increased valuations due to new developments do not reduce the property tax rate. Despite Truth-in-Taxation's ratcheting down of property tax rates as valuations of existing properties increase, some property owners might have higher property tax bill, while others see a decrease. There are several reasons why. Property valuations can increase faster in some areas than others for two reasons. First, properties are periodically reassessed. As a result, properties that were recently reassessed by the county will typically experience larger valuation increases than properties that were not reassessed recently. Second, real estate market demand may push up the value of some properties faster than others. Using the previous example, if existing property valuations increase 20 percent county-wide, the tax rate is reduced by 16.7 percent to maintain revenue neutrality (excluding new growth). However, properties that increased faster than the county (and/or school district/city/special service district) average will experience an increase in property taxes while others will experience a decrease. In the end, it all works out because other parts of the county and school district will be reassessed in following years, and their taxes will increase while everyone else's decreases. When Truth-in-Taxation passed in 1985, Utah ranked 24th in the nation in property taxes per $1,000 of personal income. Utah now ranks 36th. Even still, over the last three decades, property tax revenues in the State of Utah have grown faster than inflation and population combined. While population has grown 86 percent, inflation adjusted property taxes have grown 132 percent.

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