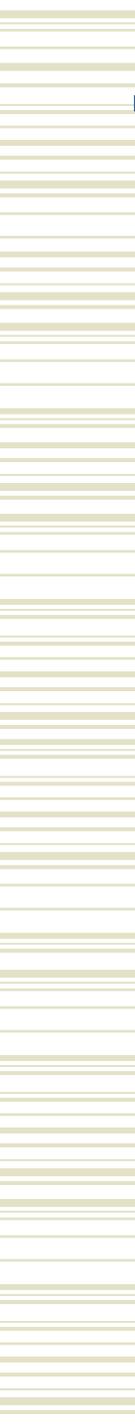




PROPERTY TAXATION

CERTIFIED TAX RATES AND TRUTH IN TAXATION PROCESS



Tax Rates

- ◆ What is a Tax Rate?
- ◆ Who is involved?
- ◆ How is it calculated?
- ◆ What Basic data is needed?

PROPERTY TAX SYSTEM

- ◆ KEY: This system is built on tax revenues.
- ◆ Values are the next most important
- ◆ Actual tax rate depends on revenues and values

Definitions

- ◆ Revenue - Money needed for your budget
- ◆ Value – Comes from the assessor or Tax Commission
 - Personal Property (Local Business)
 - Central Assessed (Airlines, railroad, mine, oil & gas, etc)
 - Real Property (Primary and secondary residence)
- ◆ BOE – Board of Equalization
 - Appealing the values assessed
- ◆ VALUES
 - 233B - Prior Year End, Post BOE Adjustments. Values against which tax rates are applied.
 - 697- Current Year Values. Pre- BOE Adjustment. Roll Values issued by County Auditor by May 22. Values as of January 1 lien date.

Definitions

- ◆ TC 750
 - Submitted annually by county treasurer.
 - A statement of final distributions made.
- ◆ Board of Equalization 3 year Average Adjustment
 - 697 to 233B,
 - 3 immediate previous years
 - Each entity has own adjustment
 - An adjustment made to each value type, individually. Beginning 2009 no longer make an adjustment to personal property (HB 77 2008)
- ◆ 5 Year Average Collection Ratio Adjustment
 - Taken from the TC 750
 - Comparison of taxes charged to actual current year taxes collected.
 - Difference is abatements, delinquents and adjustments for distributions made before setting of current year tax rate.

Tax Rate Formula



Revenue



Tax Rate

**Taxable Property
Values**

Certified Tax Rate Proposed Tax Rate



Certified Tax Rate Formula



**Previous Year's Budgeted
Revenue**

**Current Year's Adjusted
Taxable Value Less New Growth**

Values Used In Tax Rate Calculations

◆ 233B

- County Auditor
- March
- Prior Year's Year End Values
- After Board Of Equalization adjustments
- Value taxed in November
- Uses
 - New Growth
 - 3 Year BOE adjustment
 - Budgeted Revenues

◆ 697 Values

- County Assessor and Auditor
- May 22nd
- Roll Values
- Pre-Board of Equalization Values
- July Valuation Notice
- Uses
 - New Growth
 - Certified Tax Rate
 - 3 year BOE adjustment

Certified Tax Rate Formula

**Previous Year's
Budgeted Revenues**

**Current Year's
Adjusted Taxable
Value Less New
Growth**

=

Current year's locally assessed real and personal property and centrally assessed values, minus RDA, adjusted for the 3 year BOE adjustment, adjusted by the 5 year collection ratio, minus new growth

Current year's Final Adjusted Taxable Value

Locally Assessed Real Property

Plus

Locally Assessed Personal Property

Plus

Centrally Assessed Property

Minus

Redevelopment Tax Increment Value

ADJUSTED BY

Estimated County Board of Equalization

Times

5-Year Average Collection Rate

Minus

New Growth

Current year's Adjusted Taxable Value

Locally Assessed Real Property

Plus

Locally Assessed Personal Property

Plus

Centrally Assessed Property

Minus

Redevelopment Tax Increment Value

Minus

Estimated County Board of Equalization

Times

5-Year Average Collection Rate

Actual New Growth (ANG)

Current year's preliminary taxable value adjusted for
redevelopment tax increment

Plus or Minus

Changes in value as a result of FACTORING

Plus or Minus

Changes in value as a result of
REAPPRAISAL

Plus or Minus

Changes in Values due to Legislative Changes or Court Orders

Plus or Minus

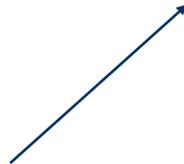
Previous year's taxable value adjusted for Redevelopment tax
increment

CHANGES TO BOE ADJUSTMENT

- ◆ The BOE adjustment is calculated on all three types of property, locally assessed Real, locally assessed personal, and centrally assessed properties.
- ◆ The calculation is made using the 697 and 233B values.
- ◆ The adjustment is calculated and made to each type of property values whether the change is positive or negative.

Certified Tax Rate Formula

**Previous Year's
Budgeted Revenues**



Prior Year's approved tax rate
times prior year's adjusted
values.

Adjusted values = Prior year's
locally assessed real and personal
property plus centrally assessed
values minus RDA, adjusted for
the 3 year average BOE
adjustment, times the 5 year
collection ratio.

**Current Year's Adjusted Taxable Value Less New
Growth**

Certified Tax Rate Formula

$$\frac{\text{Previous Year's Budgeted Revenues}}{\text{Current Year's Adjusted Taxable Value Less New Growth}} = \text{Certified Tax Rate}$$

-System is revenue driven. The key is the amount of money that the rate will generate.

-Values drop, tax rate goes up.

-Values go up (reappraisal), tax rate goes down.

Changes to Certified Tax Rate Formula

- ◆ Beginning January 1, 2008 the Adjusted Value will change to use prior year end personal property values (233B values) rather than current year values.
- ◆ There will no longer be a Board of Equalization 3 year average calculated for personal property.
- ◆ The calculation of new growth on personal property will be changed to be prior year year end values compared to the prior prior year year end values.

Changes to Certified Tax Rate Formula

- ◆ Changes to calculation of New Growth for personal property.
 - Example. New growth in personal property for the 2009 tax year will be calculated by comparing 2008 year end personal property values to 2007 year end personal property values.
- ◆ Note: the tax rate will be calculated using prior year values but the tax will be applied against current year values.
 - Example. The 2009 tax rates will be calculated using the above stated changes. The actual values of personal property reported by locally assessed business will be taxed per statute using the 2008 property tax rate and then distributed using the 2009 property tax rate.



**Last Year's Budgeted
Revenue**

**Prior Year's Approved Tax Rate
Times**

Prior Year's Pre-BOE Adjusted Values



Prior's Years Pre-BOE Adjusted Values



Prior Year's Pre-BOE Values

Adjusted for RDA Values

Adjusted By The 3 Year BOE Average

Adjusted By The 5 Year Collection Ratio

Different Types of Tax Rates

- Certified Tax Rate
- Equalized Tax Rate
- State Basic Levy
- State Assessing and Collecting Levy
- Proposed Tax Rate
- Judgment Levy
- Debt Levy



Tax Increase

- ◆ If a taxing entity determines that it needs more ad valorem property tax revenues than the certified tax rate will generate, the entity must go through the Truth In Taxation process.

Every taxing entity must adopt a proposed tax rate and report this tax rate to the county auditor and State Tax Commission by June 22 each year.

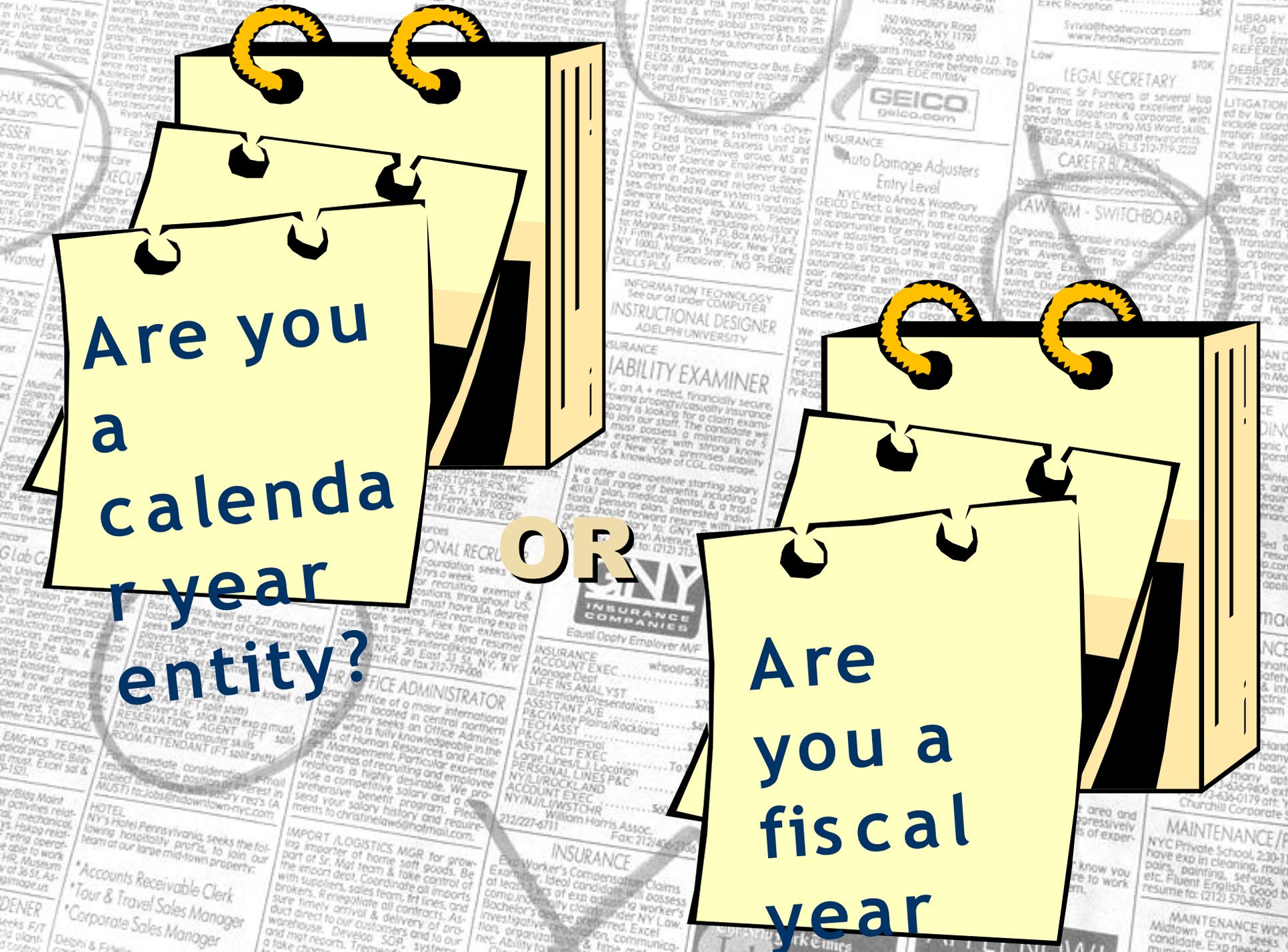
NEWS
FLASH!

What happens when the entity needs a “proposed” rate that is greater than the certified

Are you
a
calendar
year
entity?

OR

Are
you a
fiscal
year



How should the advertisement look?

1/4 inch border

No less than 1/4 page in size

Ad does not appear in the classifieds or the legal section.

18 POINT FONT

The advertisement must run twice in the two weeks preceding the hearing. Count back 7 days from the hearing date for one ad, then count another 7 days back for the second ad. Also note that you cannot hold your hearing any sooner than 10 days after the County Auditor mails his/her notices of valuation.

		1	2	3	4	5
6	7	8	9	<u>10</u>	<u>11</u>	<u>12</u>
<u>13</u>	<u>14</u>	<u>15</u>	<u>16</u>	<u>17</u>	18	19
20	21	22	23	Public hearing 24	25	26
27	28	29	30	31		

The Public Hearing shall began at or after 6:00pm.

Requirements and wording for the December Advertisements are found in **Utah Code Ann. Section 59-2-918.**

Requirements and wording for the July/August advertisements are found in **Utah Code Ann. Section 59-2-919.**

59-2-919

NOTICE OF PROPOSED TAX INCREASE

The _____ is proposing to increase its property tax revenue.

- If the proposed budget is approved, this would be an increase of _____% above the _____ property tax budgeted revenue for the prior year.
- The _____ tax on a _____ residence would increase from \$ _____ to \$ _____ which is \$ _____ per year.
- The _____ tax on a _____ business would increase from \$ _____ to \$ _____, which is \$ _____ per year.

_____ property tax revenue from new growth and other sources will increase from \$ _____ to \$ _____.

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

PUBLIC HEARING

Date/Time: _____

Location: _____

To obtain more information regarding the tax increase, citizens may contact _____ at _____.

Example of July/August ad:

EXECUTIVE DIRECTOR
Hotel Care Company seeks an Executive Director for HRA Program. Requires high energy individual who has thorough understanding of the HRA Program and has had ten plus years of progressive experience (including supervisory experience) in an HRA environment. Knowledge of all regulatory state and local laws is essential. RN knowledge of Sordata software and English/Spanish a plus. Great salary and benefits package. Good career opportunities in this growing company. Fax resumes to 914-208-9127

ANESTHESIOLOGIST
Multiple positions for staff anesthesiologists in busy academic setting. BC/AC or foreign equivalent in anesthesiology. NY State license or eligibility. Teaching interest expected, research interest preferred. Competitive salary, comprehensive benefits. Send resume to Margaret Wood, M.D., Professor and Chief, Department of Anesthesiology, College of Physicians and Surgeons, Columbia University, 615 West 168th Street, New York, NY 10032. We are an equal opportunity affirmative action employer.

Hotel Management
MIDTOWN MANHATTAN
Front Office Manager
Concierge
Guest Service Agent

The opening of our luxurious boutique hotel has created many opportunities for friendly, customer oriented professionals. If you are a service oriented professional, we have an immediate opening for you. Welcome to our team!

HOTEL
Busy, exciting, well est. 227 room hotel located in the heart of Chinatown/Soho seeks customer service oriented team players for the following:
DIRECTOR OF SALES/MARKETING min 10 yrs hotel sales/markt exp
SALES MANAGER min 3 yrs hotel sales exp, knowl of corporate/IFT Market
BELL STAFF (IFT solid shift) void driver's lic. shift exp a must.
RESERVATION AGENT (IFT solid shift), excellent computer skills
ROOM ATTENDANT (IFT solid shift)

For immediate consideration, e-mail resumes to: midtownnyc@midtownnyc.com or call: (212) 677-1111. No phone calls. (A MUST) to: jobs@midtownnyc.com

HOTEL
NY's Hotel Pennsylvania, seeks the following hospitality professionals to join our team at our large mid-town property:

- *Accounts Receivable Clerk
- *Tour & Travel Sales Manager
- *Corporate Sales Manager

Delon & Feltman
100 W. 34th St., 10th Floor
New York, NY 10018
Tel: (212) 677-1111

Reception
www.headwaycorp.com

LEGAL SECRETARY
\$70K
The Sr. Partners of several top law firms are seeking excellent legal secretaries for litigation & corporate, with attitudes & strong MS Word skills. An excellent, great environment. ARA MICHAELS 212-719-3222

CAREER BLAZERS
Openings to 212-994-1111
michael@careerblazers.com

ARM - SWITCHBOARD
Responsible individuals sought for opening at mid-sized firm for switchboard position. Excellent communication professional with prior experience in answering busy call centers, visitors and accommodations. Hours 9-5. The HR of 212-682-4124

PARTNERS
and the market have seen one of our Blue Chip give top skills & work has open. Lit. IP/Patent. Please E-mail resume to: res@elabou.com (212) 922-3546

RIAL To \$75K
DIATE HIRES!
to Senior Partner background a must! Fax: 212-750-9384 carol@ell.com

rt Mgr \$160K+
experience managing a department required. Tel: (212) 758-1300

NY's #1

HADLEY.COM

lineer: oversee + aggressive collapse analysis on building-ground structure in Civil Eng. + 5 yr Parsons Brinckerhoff, Princeton, NJ. EOE.

State area and aggressively levels of exper-

ever know you desire to work them.

MAINTENANCE/PH
NYC Private School, 230-11 have exp in cleaning, maintenance, painting, set-ups, etc. Fluent English. Good b resume to: (212) 570-8676

MAINTENANCE WOR
Midtown church seeks candidate. Exp reqd resume to: (212) 570-8676

Truth In Taxation

◆ Calendar Year Entity

- Tax Notice
- Advvertise
- December Hearing
- Notice of Valuation & Tax Change
- Advvertise
- August Hearin
- Resolution

◆ Fiscal Year Entity

- Notice of Valuation & Tax Change
- Advvertise
- August Hearing
- Resolution



Changes to Truth in Taxation

- ◆ Existing law allows an entity to be exempt from the requirements of TNT (the hearing and the ads) if that entity's prior year property tax revenues were \$15,000 or less.
- ◆ New statute (effective January 1, 2009) allows that exemption if the prior year's property tax revenues were \$20,000 or less and if the anticipated new property tax revenues will also be \$20,000 or less.

Judgment Levy

- ◆ Judgments Issued June 1 to December 15
 - Advertise – Can combine with TNT
 - Ad
 - Hearing - December
- ◆ Judgments Issued December 16 to May 31
 - Advertise – can Combine with TNT
 - Ad
 - Hearing
 - Resolution



Assessing and Collecting Levies

- ◆ Existing statute requires each county to levy an equalized multi-county Assessing and Collecting levy. The money from this levy is technically collected by the state and then distributed to counties by the state auditor's office based on a statutory formula.
- ◆ The statute requires those counties receiving monies through this distribution to levy a local assessing and collecting levy of at least .0003 in order to continue receiving revenues from this fund.

Changes to Assessing and Collecting Levies

- ◆ Statute also allows counties to raise their local assessing and collecting levy up to the .003 without being subject to the TNT requirements.
- ◆ The new statute specifies that the exemption from TNT is only available to receiving counties.

FUTURE CHANGES TO TNT

◆ Advertisements

- Important for public to be adequately informed and done so in a way that encourages involvement.

◆ Suggestions

- Allow for flexibility in wording of an ad
 - Example: Entity pays off a GO Bond. Wants to continue a portion of that levy into the future. Statutes require the levy to be eliminated, but can go through TNT and recapture the lost levy.
 - The wording of ad will show a decrease in tax rate but in reality it is an increase. May mislead public.

FUTURE CHANGES TO TNT

- ◆ Ads in addition to the TNT required ad.
 - Some entities have chosen to run an additional ad to clarify what the entity is doing
 - Most provide good information
 - Some mislead and confuse.

SOUTH JORDAN PROPOSED TAX INCREASE RATIONAL

State law requires a truth-in-taxation hearing even though the proposed rate is lower than the previous year. The rate for the City's portion of South Jordan residents' property tax would be adjusted from 0.001874 to 0.001708. Although the rate did not increase from last year, the City portion of your property tax may increase if the value of your property has increased as assessed by Salt Lake County. The majority of the "28.07%" increase the City is required to report is due to the increase in revenue from new homes and businesses which have been built in the City. Property tax is used to provide basic services to City residents.

The increased funding provided by establishing a rate at .001708 will be used to help pay the rising costs of providing services. For example:

- construction costs for parks and roads have increased dramatically in the past year,
- health care costs for employees continue to rise despite the City's best efforts to maintain an affordable benefit,
- fuel cost for City fleet and utility costs to provide light and heat in public buildings continue an upward trend.

In a proactive effort to meet these financial challenges, City management has developed a long-term strategic plan to maintain the future financial stability of the City. The strategic plan anticipates a gradual decrease in the tax rate from year-to-year. Next year's proposed tax rate is in line with the City's financial plan, and current financial models forecast a tax rate of less than 0.001500 in twenty years.

NOTICE OF PROPOSED TAX INCREASE THE CITY OF SOUTH JORDAN

The City of South Jordan is proposing to increase its property tax revenue.

- If the proposed budget is approved, this would be an increase of 28.07% above the City of South Jordan's property tax budgeted revenue for the prior year.
- The City of South Jordan's tax on a \$341,000 residence would increase from \$284.70 to \$320.34 which is \$35.64 per year.
- The City of South Jordan's tax on a \$341,000 business would increase from \$517.64 to \$582.43 which is \$64.79 per year.

The City of South Jordan property tax revenue from new growth and other sources will increase from \$4,124,300 to \$5,282,079.

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

PUBLIC HEARING

Date/Time: August 7, 2007 6:00 pm

Location: City Council Chambers
South Jordan City Hall
1600 W Towne Center Drive
South Jordan, Utah

To obtain more information regarding the tax increase, citizens may contact the City of South Jordan at 801-254-3742.