

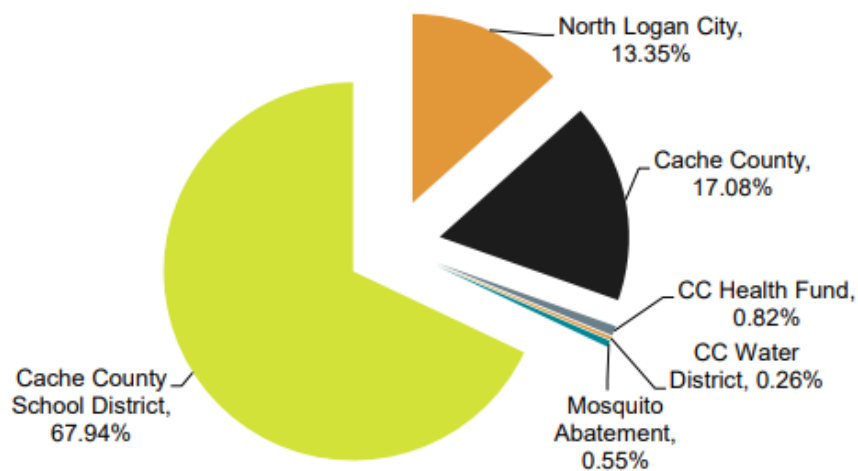


2022-2023 Tax Information

How are your property taxes used?

- Each year, the average home in North Logan City pays \$2,581 in property taxes. The majority of these taxes go to the Cache County School District (~68%). The next largest entity is Cache County (~17%). North Logan then receives roughly 13%, which equals roughly \$362/year on average per household. There are a few other entities that receive small amounts of the portion of property taxes (see chart below).
- Some interesting trends over the past seven years are related to North Logan City's portion of the pie. In 2015, North Logan City received 16% of the total pie; but in the last few years, Cache County and the Cache County School District have raised property taxes, and North Logan's share of the pie has dropped from 16% to 13%.

AVERAGE HOME PROPERTY TAX BREAKDOWN FY2022 (Nov 2021)



How are property taxes calculated?

- Each year, the County Property Tax Assessor's office does an annual automatic adjustment with a smaller statistical increase. As the value of your home **increases** each year (**as assessed by the County**), the certified tax rate is **decreased** at a similar proportion, so that you pay **roughly the same dollar** amount of property taxes each year. The only added property tax dollar amount for cities each year comes through new homes or businesses, unless the City does a property tax increase.

- **The total amount of tax dollars collected by the County and North Logan City will remain the same because of the way that the Utah tax law is set up.** To

achieve this equilibrium, the County must offset the large increases to individual property owners by decreasing the tax liability of other entities, which most often is through cuts to commercial property tax liability. If government entities, like Cache County or the Cache County School District or individual cities, want to raise more revenue than last year, they have to raise the tax rate above the "Certified Tax Rate" CTR. They must notify residents and hold a public hearing. This is how Utah's "Truth in Taxation" law works.

- While Cache County is only scheduled to do property tax assessments/appraisals for portions of each city in the County every five years, North Logan City has experienced **large "statistical home valuation" increases EACH year for the past four years from Cache County** (from 2021 to 2022 the County did another assessment and increased the average home value in North Logan City from **\$466K to \$590K**). As home value appraisals from the County have skyrocketed, North Logan's rate has had to drop significantly each year so that the amount that residents collectively pay is generally the same each year.

North Logan has had three small increases in the past seven years to help support the increased costs for Public Safety. In 2015 (no increase from North Logan City), 2016 (no increase from North Logan City), 2017 (no increase from North Logan City) 2018 North Logan increased the rate by 2% (\$11 increase/year), along with a 5% increase in 2019 (\$34 increase/year), and a 9.9% (\$18 increase/year) in 2020. However, North Logan has not had a tax increase for the last two years. Any variation from these average home increases would be due to the assessed valuations from the County, or if the other entities (Cache County, Bear River Health Dept., Cache County School District) decided to raise property taxes.

Flaw in Property Tax Policy

- This year Cache County appraised homes in North Logan that were built from 2006-2021. Due to the surging home valuations, the County appraisals were extremely high for these properties. To comply with Utah tax law, the County has concurrently **decreased** businesses' tax liability so the County maintains the same overall dollar **amount** it collects for property taxes each year. In a typical year, the rate would decrease at the same level that the home values increased so that these residents would pay roughly the same amount as the previous year. However, because the valuations were so high for residential homes, the certified tax rate (for all of the community - not just those appraised from 2006-2021) is not going to drop enough to equal out the actual payment for residential properties who experienced the extreme property value increase appraisal. This means that a significant portion of North Logan City residential homes built from 2006-2021 **will see their overall property taxes increase by \$200 - \$600, which is roughly a 30-65% increase!**

North Logan City was the first City to notice this drastic increase in home valuations from Cache County. We were concerned for our residents, particularly for those North Logan residents who are on fixed incomes, or who are currently barely making ends meet. We met with County Officials to discuss what could be done to ensure that North Logan City residents were not hit with this burdensome County property tax increase. Cache County indicated that their hands are tied by the Utah tax laws and that they are required by law to appraise home values within 5% of the market value of the home. They further noted that the only avenue for citizens to challenge their tax liability is to contest their property

appraisal with the County. They noted, however, that the County is typically reluctant to allow a decrease of an appraised property value.

It became evident that the mitigation of these drastically increased tax burdens would have to be achieved at a State level. The Utah State Legislature could set thresholds so individuals' increase in tax liability based on appraised home values would be capped at a reasonable maximum dollar increase or decrease (i.e. no more than a \$100 increase/decrease in a given year to a total property tax bill). We are currently appealing to our representatives on the County (County Council Member Gina Worthen has been particularly helpful in seeking solutions) and State level to help correct this issue, but we need individual citizens' support of our efforts as a city government. If we as a city are united in approaching our County and State leaders, our voices have a much higher likelihood of being heard. We also feel it's important that we address these issues before the problems posed by these drastic increases home valuations compound as time wears on.

How much is the potential property tax increase for just North Logan City?

- In order to meet the rising demands and costs, North Logan City is looking at an inflationary property tax increase this year between 5% and 10%. A 5% increase would increase the annual property tax costs to each home by \$18/year, while a 10% property tax increase would result in a \$36/year increase to the average home (See the chart below).

FY2023 (for Nov 2022)

General Operations Property Tax Increase Options

Per UTAH Tax Commission Certified Tax Rates Truth-In-Taxation	0.0% Increase 0.000780	2.55% Increase 0.000808	4.97% Increase 0.000835	7.47% Increase 0.000863	9.98% Increase 0.000891	HOLD the Rate 14.19% Increase 0.000938
FY2023 Average Home Value: \$590,000 (Taxable Value: \$324,500)	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000	\$590,000
NLC Resident Portion of General Operations Property Tax/year	\$362.79	\$362.79	\$362.79	\$362.79	\$362.79	\$362.79
Percent Increase Scenario	0.00%	2.55%	4.97%	7.47%	9.98%	14.19%
~Dollar Increase for Average Home/Year	\$0	\$9.09	\$17.85	\$26.93	\$36.02	\$51.27
New Total NLC Resident Portion of General Operations Property Tax/year	\$362.79	\$371.88	\$380.64	\$389.72	\$398.81	\$414.06
Anticipated Increase to City's General Fund	\$0	\$35,845	\$69,805	\$105,022	\$140,239	\$199,354
General Operations Property Tax Revenue	\$981,052	\$1,016,897	\$1,050,857	\$1,086,074	\$1,121,291	\$1,180,406

- While the potential increases mentioned in the chart above would result in the dollar amounts indicated in the chart, the City should clarify that a 5% increase in the North Logan City allocation of the property taxes would result in a 0.6% increase to your total property tax bill. Similarly, a 10% increase to the North Logan City allocation of property taxes is the equivalent of a 1.2% increase to your total property tax bill.

What would the money be used for (the \$18-\$36 increase per household)?

- **FIRE/EMS:** North Logan City has experienced a significant increase in the number of Fire and EMS calls in recent years. This has strained our volunteer fire department and resulted in longer wait times for emergency medical calls. As we approached a breaking point three years ago, North Logan City needed to transition to staffing our station with full-time firefighter/EMTs. A partnership with Logan City has allowed us to do this for less than if we did it alone, but it has still increased our costs. Over the past six years, our Fire/EMS costs have increased from \$500,000/year to just over \$1,000,000/year. However, with this increase in costs, North Logan's response times are some of the lowest in the state of Utah.

- **POLICE:** Similarly, over the past six years, North Logan has experienced a drastic increase in the number of police-related calls. These calls have been burdensome on our police, who now have the most responses per officer in Cache Valley by quite a large margin. With this high demand on the officers, the North Park Police Agency has needed to increase the number of officers and ensure that pay is more competitive with surrounding agencies; especially when our officers are asked to respond at such a high level. Over the past six years, the North Logan City portion of the Police Budget has increased from roughly \$850,000/year to \$1,850,000/year (The Police Budget is \$363,262 more than last year alone).

- **OTHER DEPARTMENTAL INCREASES:** In order to fund the absolutely necessary increases in our Public Safety Departments, the other departments that depend on the General Fund (Streets, Parks, Community Development, Economic Development, Administration, Executive, Cemetery, Recreation, Facilities, etc.), **have all experienced little to no increases in their budgetary demand on the General Fund for the past six years.** However, this type of annual reduction is unsustainable. So, increases in pay and materials in these general staff departments will also be addressed in the FY2023 budget proposal. While the majority of the proposed property tax increase this year will go towards funding the Public Safety needs, the other General Fund Departments will need to see increases in pay. We have accepted the reality that it is more economical to keep our fantastic employees rather than trying to replace them after they leave our city for greater pay. It is also important to note that all cities and even most industries are seeing these sorts of increases in wages. In addition, the City has nixed non-impact fee related road reconstruction projects (existing older roads) for the past several years. If there are monies available, the extra funds will go towards these road projects once Public Safety and general staff personnel pay shortfalls are addressed.

- **Where these potential increases will NOT be used:** In the coming months, the City will start on new City Offices and a new Community Center addition to the existing Library. However, these proposed property tax increases will **not** be used for these new buildings. These new buildings will primarily be funded through donations. Similarly, this tax increase will **not** be used for any new solid waste contracts or services.

Are my property taxes higher than everyone else's?

- The answer in North Logan City is, NO! North Logan City is below average with both our Total Tax Rate (General Rate + Library Rate), and our General Rate alone. North Logan strives each year to look internally at our needs, and what property taxes will be needed. However, it is reassuring that as we strive to be frugal, we are also staying below average on our Property Tax Rate. A few other cities have started "holding the rate" each year, not realizing that "holding the rate" is like imposing an **8-25%** tax increase each year!

FY2022 (Nov 2021) Municipal Property Tax Rate Comparison

City (Est. Population) No. Logan (10,986)	TOTAL Rate % vs NLC	Gen Oper Rate % vs NLC
Amalga (482)	42.56%	60.98%
Clarkston (749)	99.48%	142.54%
Cornish (274)	125.45%	179.74%
Hyde Park (5,234)	81.85%	117.27%
Hyrum (9,362)	65.48%	93.82%
Lewiston (1,939)	170.24%	243.92%
Logan (52,778)	95.98%	72.28%
Mendon (1,339)	120.46%	172.60%
Millville (2,326)	57.37%	82.20%
Newton (789)	73.36%	105.12%
Nibley (7,328)	124.03%	177.72%
Paradise (971)	58.93%	84.43%
Providence (8,218)	111.61%	159.91%
Richmond (2,914)	101.71%	145.74%
River Heights (2,144)	52.53%	75.27%
Smithfield (13,571)	108.63%	155.65%
Trenton (568)	40.63%	58.21%
Wellsville (4,057)	70.61%	101.17%

Goals in North Logan

- 1.) Our overarching goal in North Logan City is to be frugal with our neighbors' hard-earned tax dollars. Several of the City's departments are the most efficient in the state of Utah (i.e., Streets, Parks, Recreation, Cemetery), and they perform their duties on a very limited budget. We constantly strive to reduce our expenses, while increasing our revenue through methods that do not impose burdensome tax dollars on our residents. Some examples of ways we reduce spending:
 - a.) Perform in-house work where possible.
 - b.) Collaborate with other cities, private entities, and the County to provide services (i.e., chip sealing, HSC Facility).
 - c.) Seek innovative ways to increase revenue (fundraising, advertising on jerseys and park features).
 - d.) Obtain Grants: Over the past six years, North Logan City has received more in grants than any other city in Cache Valley. These grants have been in excess of \$9,000,000.
 - e.) Seek Donations: At the end of next year, North Logan will have received in excess of \$7,000,000 in donations over the past seven years. This is the most in Northern Utah.
 - f.) Economic Development: As we strive to bring in more commercial businesses and develop our RDA, the direct tax demand on our residents goes down significantly. North Logan has brought in more jobs than any other city in Cache Valley over the past five years. We have developed an aggressive strategy to bring in more sales-tax-generating businesses over the next five years.
- 2.) By implementing the items above, North Logan City aims to keep our property tax rate well below average. Each year, the goal will be to have no property tax rate increase, or at a minimum, a small inflationary property tax increase.
- 3.) The latest goal is now to find ways to ensure that our residents are not burdened with the extreme \$200-\$600 projected increases from the County, and to find ways to change State Tax policies implemented by the State Legislature so that homes are protected from drastically increasing tax liabilities.