

The background of the entire page is a collage of US dollar bills. In the top right, there is a close-up of the top portion of a \$100 bill, showing the eye of Benjamin Franklin. Below this, several \$100 bills are fanned out, overlapping each other. The bills are slightly tilted and show various details like the Federal Reserve seal, the Treasury signature, and the large '100' numerals. The overall color palette is a mix of the green and grey tones of the currency, with a dark green overlay on the left side where the text is placed.

BUDGET & TAX

How “Truth in Taxation” can improve accountability

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MOUNTAIN STATES
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How “Truth in Taxation” can improve accountability

Introduction

Property taxes are an important part of the tax base for school districts, local governments, and many states. Though based on a relatively straightforward calculation, they are among the least understood taxes by taxpayers.

Although there are variations in each state, the general formula for property taxes is the value of the property multiplied by the tax rate.

Too often taxpayers focus on assessed values instead of the spending decisions made by government officials when considering their property tax burden. With record property tax assessment increases occurring in states like Idaho, Montana, and Wyoming, homeowners are concerned about the potential impact on their property tax bills.

First, it is important for taxpayers to know that assessments are just a part of the calculation. The main driver of property taxes is spending increases approved by policymakers and voters themselves through levies.

This is why efforts to restrict property assessments are often misplaced and lead to other problems.¹ The better way to control property tax increases is on the spending side and/or with levy restrictions. One way to help bring greater transparency to the fact spending is the main cause of property tax increases is with a reform called Truth in Taxation.

KEY INFORMATION COLUMN

Utah was the first state to adopt Truth in Taxation in 1985.

Utah's law requires a "tax increase checklist" for taxing districts.

Utah's Truth in Taxation Example

To bring more transparency to property tax increases, Utah was the first to adopt Truth in Taxation in 1985.

Here is how the Utah Legislature describes the state's Truth in Taxation law:¹

"The basic concept of the system is that taxing entities may only budget the same amount of property tax each year, unless they have 'new growth' (not just change in value on existing properties) or go through a very public process of notifying the public and holding a public hearing on the proposed revenue increase. To achieve this, as taxable values change, the tax rate automatically adjusts to provide a constant amount of revenue. When values increase, the tax rate adjusts down to provide the taxing entity the same amount of revenue as it received in the prior year. When values decrease, the tax rate adjusts up to provide the same amount of revenue."

Utah's Property Tax Division further explains:²

"Property Tax increases require a Truth in Taxation process of public disclosure. Taxing entities are required to follow a series of date specific steps, including notification to the county, newspaper advertisements, parcel specific notices, and a public hearing, before adopting a property tax rate above a calculated certified tax rate. The timeline is different for a fiscal year taxing entity (budget cycle July 1 to June 30) and a calendar year entity (budget cycle Jan 1 to Dec 31)."

Here is an example of the "Tax Increase Checklist" for taxing districts under Utah's Truth in Taxation law:³

- *Proof notification to county legislative body of intent to increase. This could be an email, or minutes from previous meeting, etc.*
- *Agenda from Public meeting with agenda items discussing (1) intent to increase, (2) dollar amount of increase, (3) purpose for increase, (4) and approximate percentage of increase.*
- *Example/Proof of parcel specific mailings.*
- *Proof of 1st Newspaper Publication that must have been within 2 weeks of Public Hearing.*

¹ "A History of Property Tax in Utah," Utah Legislature, September 2010, available at <https://le.utah.gov/lrgc/briefings/BriefingPaperPropertyTaxHistorySept2010.pdf>

² "Tax Increase Requirements," Utah Property Tax Division, accessed on September 2023, available at <https://propertytax.utah.gov/tax-increases/>

³ "Calendar Year Entity Tax Increase Checklist," Utah Property Tax Division, accessed on September 2023, available at <https://propertytax.utah.gov/tax-rates/cy-tnt-checklist.pdf>

KEY INFORMATION COLUMN

Certain tax increase requirements must also be met before taxes can be enacted.

- Proof of 2nd Newspaper Publication that must have been within 1 week of Public Hearing.
- Screenshot of Public Notice Website where the newspaper ad should be posted.
- Recommended: Screenshots of newspaper ad posted on County and Entity website.
- Public hearing agenda with no other items apart from the tax increase, budget, or fee introduction/increase (if applicable).

These “Tax Increase Requirements” must also be achieved before property taxes can be enacted under Utah’s Truth in Taxation:⁴

2024 Calendar Year Entity Property Tax Increase Requirements (TNT)

(Additional Requirements: process was changed by Senate Bill 61 in 2014 <http://le.utah.gov/~2014/bills/static/SB0061.html>)
Executive-Council Counties, Special Service Districts, & Local Districts may be subject to additional requirements.
Please contact the Property Tax Division if considering a tax increase.

DATE	2023 DATE	ACTION	REQUIREMENT
On or Before Oct. 1st	October 1 st	Notification of public meeting	Notify the county legislative body of the date, time, and place of the public hearing where the budget will be discussed. The Tax Commission also recommends notification of the intent to increase property taxes.
14 or more days before the general or municipal election	By October 24th or earlier	Public Meeting with agenda item	In a public meeting, have separate agenda item, state: (1) intent to increase property taxes, (2) dollar amount of increase, (3) purpose for increase, (4) and the approximate percentage increase.
7 or more days before the general or municipal election	By October 31 st or earlier	Parcel Specific Notice Must be Mailed. <small>*This requirement was added to eliminate the second TNT public hearing in the summer</small>	Info needed: (1) Value of the property, current year (2) tax on the property, current year (3) estimated tax on property w/ proposed increase (4) date, time and place of public hearing (5) statement from 59-2-919(3)(c)(iv). We also suggest the taxable value be included. See example below .
2 weeks before the public hearing		1 st Newspaper advertisement Public Meeting Website	Notify public with a newspaper advertisement and post on the public notice websites: www.utah.gov/pmn/index.html , www.utahlegals.com . TNT Ad must be filled out on the Certified Tax Rate System (www.taxrates.utah.gov). After you sign in, on the main screen hover over <i>Data Entry</i> menu item, then click on <i>Truth in Taxation December Ad</i> and fill out the information.
1 week before the public hearing		2 nd Newspaper Advertisement	The same advertisement was used the week before. All copies of newspaper advertisements must be sent to county auditor and tax commission.
2 weeks after the 1 st newspaper advertisement		Hold Public Hearing, budget hearing (TNT)	Public hearing must be held. May be in conjunction with the public hearing required by Section 17-36-13 or 17B-1-610. The only other hearings allowed on the same day are budget, fee, and enterprise fund hearings. Any meetings on the same day must end before the TNT hearing. Hearing must be at or after 6 PM.
After the public hearing		Adopt the Property Tax Increase	After the public hearing, the property tax increase may be adopted, Resolution (pt-800C) must be sent to tax commission before rate can be finalized

⁴ “2024 Calendar Year Entity Property Tax Increase Requirements,” Utah Property Tax Division, accessed on September 2023, available at <https://propertytax.utah.gov/tax-rates/cy-tnt-reqs.pdf>

NOTICE OF PROPOSED TAX INCREASE
(Taxing Entity Name)

Serial Number: 0123456789

Owner Information:

Owner Name
Owner Address
City, State Zip

Statement required in 59-2-919(3)(c)(iv)

(Taxing Entity Name) is proposing a tax increase for 2024. This notice contains estimates of the tax on your property and the proposed tax increase on your property as a result of this tax increase. These estimates are calculated on the basis of 2023 data. The actual tax on your property and proposed tax increase on your property may vary from this estimate.

Market Value	Taxable Value	Current Year Tax Rate	Tax This Year	Estimated Next Year Tax Rate	Estimated Tax Next Year
\$150,000	\$82,500	.000318	\$26.24	.000637	\$52.55

PUBLIC HEARING

Date: November 2023
Time: 6:00 pm
Location: Taxing Entity Address
City, Utah

This rate is determined by dividing desired revenue (2023 revenue plus desired increase for 2024) by the taxable value. The taxable value is the proposed taxable value on the Certified Tax Rates website Rate Detail screen, colored in yellow.

To obtain more information regarding the tax increase, citizens may contact (Taxing Entity Name) at (phone number).

Along with Utah, Truth in Taxation currently exists in Iowa, Kansas, Nebraska, and Tennessee.

Conclusion

Montana Governor Greg Gianforte succinctly explained the need for policymakers to focus on property tax transparency when he said:⁵

"To ease the property tax burden, we must reform our system and bring greater transparency, accountability, and responsibility to local spending."

Even though Idaho doesn't have a statewide property tax and the legislature recently enacted property tax rebates to help with the local tax burden, Truth in Taxation is still needed to help empower taxpayers to better engage and understand their property tax burden and the connection to spending.⁶

With the cry for property tax reform getting louder, policymakers in should focus their efforts on transparency and voter engagement with Truth in Taxation.

⁵ "Delivering income and property tax relief for Montanans," Independent Record, July 2023, available at https://helenair.com/opinion/column/greg-gianforte-delivering-income-and-property-tax-relief-for-montanans/article_09191952-2d73-11ee-9d53-536912f93301.html

⁶ "Idaho property tax relief going forward after all," Mountain States Policy Center, March 2023, available at <https://www.mountainstatespolicy.org/idaho-property-tax-relief-going-forward-after-all>

ABOUT THE AUTHOR

Jason Mercier has more than 20 years experience working with public officials, media, and citizen stakeholders across the nation to improve the fiscal, governance and transparency policies of local and state governments. He spent the last 16 years as the Director of the Center for Government Reform at Washington Policy Center.



Jason has been appointed by lawmakers and governors to various tax, budget and transparency reform committees. He is a Fellow with the national Better Cities Project and is also a member of the State Tax Advisory Board for the Tax Foundation. Jason has testified numerous times before legislative committees across the country on government reform issues, and his op-eds have been published in numerous newspapers across the region.

When he's not geeking out on studies and audits, Jason's life revolves around his wife and two daughters and the 49ers' schedule.

