

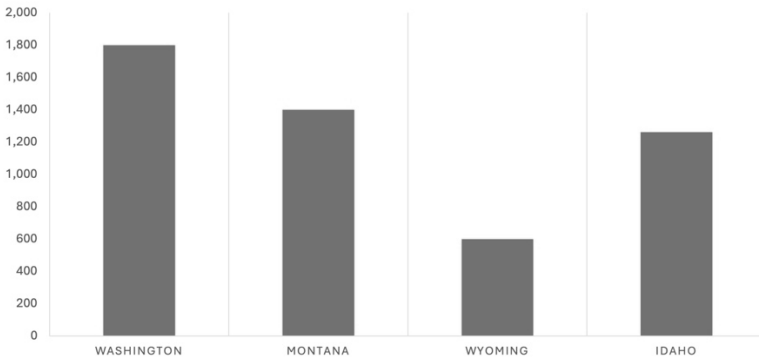


I. Create a Tax Transparency website

To be fully engaged in our governance, citizens need to be able to evaluate the level and value of service they receive for the taxes they pay. One of the ways to do this is with budget transparency resources like Transparent Idaho¹ and Washington State Fiscal Information.² Spending details, however, are only part of the equation. Meaningful transparency on the amount of taxes we pay and to whom is often the missing component.

Consider just how many taxing districts (entities with the authority to impose taxes) there are in each of the Mountain States:

Total number of taxing districts



¹ "Transparent Idaho," available at <https://transparent.idaho.gov/>

² "Washington State Fiscal Information," available at <https://fiscal.wa.gov/>

This means the typical home and business in these states could be subject to numerous taxing districts at the same time. The ability to hold the appropriate level of government accountable for that tax burden means knowing how much of the total tax bill they are responsible for and if the cost is worth the level and quality of service provided.

Now imagine if you could go to a tax transparency website and enter your home or business address to quickly see all the taxing districts you are subject to, at what rates, and perhaps be provided an educational calculator on your total estimated tax liability based on where you live.

One state is already moving in this direction.

Example from Washington State

Lawmakers in Washington State in 2024 adopted a budget proviso “to develop an implementation plan for an online searchable database of all taxes and tax rates in the state for each taxing district.”³

The Washington State tax transparency website budget proviso is modeled after the requirements from a bipartisan 2023 bill. Here is the intent section from that bill: SB 5158 - Concerning transparency in state and local taxation:⁴

“The intent of the legislature is to make state and local tax revenue as open, transparent, and publicly accessible as is feasible. Increasing the ease of public access to state and local tax information significantly contributes to governmental

³ “Senate Bill 5187 - 2023,” Washington state Legislature, available at <https://lawfilesexternal.wa.gov/biennium/2023-24/Pdf/Bills/Session%20Laws/Senate/5187-S.SL.pdf?q=20231012130316>

⁴ “Senate Bill 5158 - 2023,” Washington state Legislature, available at <https://app.leg.wa.gov/bills/summary?BillNumber=5158&initiative=false&Year=2023>

accountability, public participation, and open government; this is particularly true when the information is currently available from disparate government sources, but is difficult for the public to collect and efficiently aggregate.”

U.S. Supreme Court Justice Oliver Wendell Holmes, Jr, once noted, “Taxes are the price we pay for a civilized society.”

Civilization, however, need not be shrouded in the mystery of compounding tax districts without meaningful transparency. Policymakers in the Mountain States should remove the mystery surrounding taxation by adopting a tax transparency website.

II. Adopt Truth in Taxation to improve accountability for property taxes

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.

When considering their property tax burden, too often taxpayers focus on assessed values instead of the spending decisions made by government officials. 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.⁵ 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.

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:⁶

“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:⁷

⁵ “A History of Property Tax in Utah,” Utah Legislature, September 2010, available at <https://le.utah.gov/lrgc/briefings/BriefingPaperPropertyTaxHistorySept2010.pdf>

⁶ “A History of Property Tax in Utah,” Utah Legislature, September 2010, available at <https://le.utah.gov/lrgc/briefings/BriefingPaperPropertyTaxHistorySept2010.pdf>

⁷ “Tax Increase Requirements,” Utah Property Tax Division, accessed on September 2023, available at <https://propertytax.utah.gov/tax-increases/>

“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).”

| Assessment Type | 2023 Market Value | COMPARE | | RIGHT TO APPEAL |
|------------------------------|-------------------|-------------------|-------------------|--|
| | | 2022 Market Value | 2023 Market Value | |
| FULL MARKET VALUE | \$532,200 | \$548,900 | \$548,900 | If you believe the assessed value of your property is incorrect, you may begin the appeal process by filing an Appeal Form with the County Auditor by 09/15/23. Visit slco.org/property-tax/ |
| RESIDENT EXEMPTION REDUCTION | <239,490> | <247,005> | <247,005> | |
| TOTAL TAXABLE VALUE | \$292,710 | \$301,895 | \$301,895 | |

For detailed property valuation information visit slco.org/assessor/

NOTICE OF TAX CHANGES

| TAXING ENTITY | 2023 IF TAX INCREASE APPROVED | | 2023 IF NO BUDGET CHANGE | | 2023 CHANGE IF INCREASE APPROVED | | 2022 | | RIGHT TO BE HEARD A public meeting will be held |
|----------------------------|-------------------------------|-----------------|--------------------------|-----------------|----------------------------------|-----|----------------|-----------------|--|
| | Rate | Tax | Rate | Tax | Tax | % | Rate | Tax | |
| | Date/Time/Place | | | | | | | | |
| CANYONS SCHOOL DISTRICT | .004231 | 1,238.46 | .004231 | 1,238.46 | | | .004336 | 1,309.02 | |
| STATE BASIC SCHOOL LEVY | .001406 | 411.55 | .001406 | 411.55 | | | .001652 | 498.73 | |
| UT CHARTER SCHOOL-CANYONS | .000068 | 19.90 | .000068 | 19.90 | | | .000065 | 19.62 | |
| SALT LAKE COUNTY | .001394 | 408.03 | .001394 | 408.03 | | | .001489 | 440.45 | |
| SANDY CITY | .001057 | 309.39 | .000920 | 269.29 | \$40.10 | 15% | .000542 | 284.39 | 08/22/23 06:00PM 10000 S Centennial Plaza |
| SL COUNTY LIBRARY | .000477 | 139.82 | .000381 | 111.52 | \$28.10 | 25% | .000386 | 116.53 | HEARING HELD DEC '22 |
| SO S VALLEY MOSQUITO | .000009 | 2.63 | .000009 | 2.63 | | | .000009 | 2.72 | |
| MICRO WATER SANDY | .000216 | 63.23 | .000216 | 63.23 | | | .000221 | 66.72 | |
| COTTONWOOD IMPROVEMENT | .000175 | 51.62 | .000118 | 34.54 | \$16.98 | 49% | .000119 | 35.55 | HEARING HELD NOV '22 |
| ALTA CANYON REC. SECL SVCE | .000113 | 33.08 | .000113 | 33.08 | | | .000114 | 34.42 | |
| CENTRAL UT WATER CONSERV. | .000490 | 117.08 | .000387 | 113.28 | \$3.80 | 3% | .000400 | 120.78 | 08/21/23 06:00PM 1426 E 750 N Risk 2 Ctrm |
| MULTI COUNTY ASSESS/COLL. | .000015 | 4.39 | .000015 | 4.39 | | | .000015 | 4.53 | |
| COUNTY ASSESS/COLL LEVY | .000155 | 45.38 | .000155 | 45.38 | | | .000160 | 46.38 | |
| TOTAL | .009717 | 2,844.26 | .009413 | 2,755.28 | | | .009878 | 2,982.12 | |

VALUES DO NOT INCLUDE TAX RELIEF, DELINQUENT TAXES, PERSONAL PROPERTY TAXES, OR SPECIAL ASSESSMENTS. APPLY FOR TAX RELIEF BY SEPTEMBER 1 AT SLCO.ORG/TREASURER/TAX-RELIEF/
THIS IS NOT A BILL. DO NOT PAY.

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

Montana Governor Greg Gianforte succinctly explained the need for policymakers to focus on property tax transparency when he said in 2023:⁸

"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.⁹

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

III. Use a taxpayer receipt to help provide a snapshot of government spending

We're all familiar with the shopping experience of seeing the total amount we owe ring up on the register and then being provided with an itemized receipt showing what we purchased. This simple sheet of paper helps us remember and understand where our shopping dollars went. Now imagine if you were provided with a taxpayer receipt providing the same information for your tax dollars and how it relates to government spending.

⁸ "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

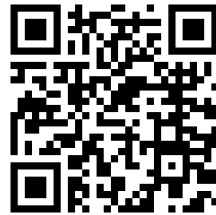
⁹ "Idaho property tax relief going forward after all," Mountain States Policy Center, March 2023, available at <https://www.mountainstatespolicy.org/idaho-property-tax-relief-going-forward-after-all>

Utah is doing just this. Adopted by lawmakers in 2013, HB 129 required the Office of Legislative Fiscal Office:¹⁰

“To develop a taxpayer receipt: (i) available to taxpayers through a website; and (ii) that allows a taxpayer to view on the website an estimate of how the taxpayer's tax dollars are expended for government purposes; and to publish or provide other information on taxation and government expenditures that may be accessed by the public.”

Utah's taxpayer receipt allows users to see what their tax dollars buy by an individual providing information on household size, income, amount of home value or rent, and type of cars and miles driven.¹¹ The taxpayer receipt site notes:

“Your data is not stored or sent to any government entity. Results are illustrative of a typical full-year Utah resident with similar circumstance. Only State of Utah imposed taxes. Does not include local sales or property taxes or federal fuel or income taxes. Does not include fines, fees, or other taxes and charges paid to state government.”



VIDEO: The taxpayer receipt

Here is an example of what the Utah taxpayer receipt looks like by using these data points: A family of four, with \$80,000 in income, a home valued at \$300,000, and two midsized cars driven for a combined 40,000 miles a year.

¹⁰ “H.B. 129 Amendments to Powers, Functions, and Duties of Office of Legislative Fiscal Analyst – 2013,” Utah Legislature, available at <https://le.utah.gov/~2013/bills/static/hb0129.html>

¹¹ “Taxpayer Receipt,” Utah Legislature, accessed on May 22, 2024, available at <https://le.utah.gov/lfa/taxpayerreceipt.html>

Answer the following brief questions to see what your Utah state tax dollar buys.¹ [Reset Values](#)

HOUSEHOLD SIZE
How many people are in your family that you claim as dependents?

INCOME
How much total income (before taxes) do you (and your spouse, if you file jointly) earn in Utah each year?

PROPERTY
If you OWN your primary Utah residence, what is the approximate market value?

If you RENT your primary residence in Utah, how much do you pay monthly?

If you OWN OTHER PROPERTIES in Utah, what is their combined approximate market value?

VEHICLES
How many vehicles do members of your household own and how much do you drive?

| | Number of Vehicles | Annual Miles |
|------------------|--------------------|--------------|
| Motorcycles | 0 | 0 |
| Small Fuel | 0 | 0 |
| Midsize Fuel | 2 | 40,000 |
| Large Fuel | 0 | 0 |
| Hybrid | 0 | 0 |
| Plug-in Electric | 0 | 0 |

Flow of State Tax Payments To State Expenditures²

Utah State Capitol
320 State Street
Salt Lake City, UT 84103

Your Estimated Taxes Paid

| | |
|--------------------------------|----------------|
| Fuel Tax | \$810 |
| Income Tax | \$2,690 |
| Property Tax ⁽⁴⁾ | \$230 |
| State Sales Tax ⁽⁶⁾ | \$1,320 |
| Grand Total | \$5,050 |

Your Estimated Public Purchases
(Click on an Item Below to Explore Details.)

| | |
|---------------------------------|----------------|
| Criminal Justice | \$180 |
| Economic Development | \$70 |
| Elected Officials | \$20 |
| Environment & Natural Resources | \$80 |
| General Government | \$50 |
| Higher Education | \$560 |
| Infrastructure | \$1,740 |
| Public Education | \$1,890 |
| Social Services | \$480 |
| Grand Total | \$5,050 |

Providing fair and reasonable estimates of how your tax dollars may be spent.

[Download PDF](#)

According to the Utah taxpayer receipt, our sample family would owe \$810 in fuel taxes, pay \$2,690 in income taxes, \$230 in state property taxes, and \$1,320 in sales taxes for a total state tax liability of \$5,050.

The estimated use for these tax dollars would be for the following: \$180 for criminal justice, \$70 for economic development, \$20 for elected officials, \$80 for environmental and natural resources, \$50 for general government, \$560 for higher education, \$1,740 for infrastructure, \$1,890 for public education, and \$480 for social services (\$5,050 in state spending).

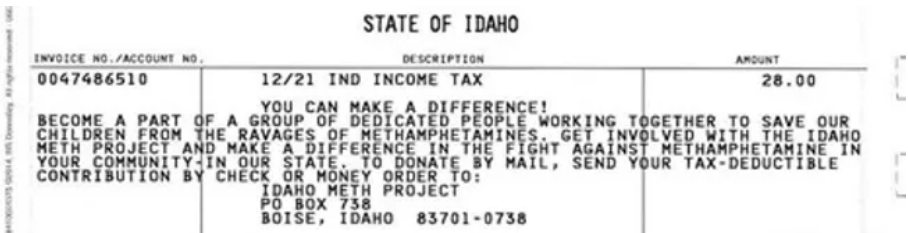
Users of the Utah taxpayer receipt site are also able to drill down further on the data for additional information.

By combining a taxpayer receipt with a tax transparency website and state budget transparency resources, policymakers can help put taxpayers in the driver's seat to

understand where their tax dollars are going and how much they are paying for those government services.

IV. **End political messaging on taxpayer refund checks**

Receiving a refund for overpaid taxes is good. Having those checks include political messaging, however, is not. For example, here is language that was previously included on Idaho taxpayer refund checks.



While this may be a worthwhile project, including this type of unrelated language on a taxpayer refund check is an example of the government unduly tipping the scales and should be avoided. HB 618, passed by the Idaho legislature in 2024, will stop this practice from occurring in the future for Idaho.¹²

From the text of HB 618:

“Except for the state controller as the issuing officer, neither the name of any elected public official, nor any electioneering message shall appear on any warrant, including in any remittance advice or remittance memo, unless acting as an endorser or otherwise necessary for the proper execution of a warrant. For the purposes of this subsection, ‘electioneering message’ shall include

¹² 2024 Idaho Legislative Session, House Bill 618, available at <https://legislature.idaho.gov/sessioninfo/2024/legislation/H0618/>

statements regarding, expressing support for, or soliciting support for any government program or initiative or non-profit corporation, including any program or initiative of a nonprofit corporation.”

Other states should follow the good example set by this new Idaho law. Consider the 2024 controversy in Washington state, where the Attorney General’s office sent out \$40 million worth of checks in the amounts of \$50 and \$120 to state residents considered ‘low-income.’ The money was derived from a lawsuit settlement against chicken and tune companies that had engaged in price-fixing.

The biggest complaint among critics of the checks, which were signed by the Attorney General, was that they included a personal message touting his office’s successes while he was actively campaigning to become the state’s next Governor.

Government officials should be commended for prioritizing tax refund checks when taxpayers overpay. The refund checks speak for themselves, however, without turning them into a government-funded political advertisement. Thanks to the action of Idaho lawmakers this session, taxpayer refund checks will no longer include political messages. Other states should follow Idaho’s lead.

V. Prevent overcollection for school district bond payments

If you take out a mortgage, you typically know what your payment is going to be each month, and from year to year. But if you approve a school bond in Idaho, you may only get a range.

That’s because Idaho code 33-802A allows for school districts to collect up to 21 months’ worth of payments in a 12 month period. This can be an excellent tool for paying

off debt more quickly. But does that happen? And is it what taxpayers approved?

Consider the language used to describe recent school bonds:

Middleton School District - *"Principal not to exceed \$59,435,000, to be paid off within 20 years; anticipated interest rate is 3.77% per annum."*

Vallivue School District - *"Principal not to exceed \$55 million, to be paid off within 20 years; anticipated interest rate is 3.78% per annum."*

A school district in Idaho Falls was recently able to pay off its 20-year bond in just 12 years. Again, this might seem like a good thing. But it was not necessarily what voters approved. And it also allows school districts to pass more bonds in a shorter period.

Reforming this process is an important step in increasing confidence in elections and providing more transparency for taxpayers when considering school construction bonds.