STANSBURY
SERVICE AGENCY
Parks and Recreation District

LETTER FROM STANSBURY SERVICE AGENCY

Over the past two years, The Stansbury Service Agency has had to raise its total budget because previous funding levels did not meet the challenges of managing the necessary infrastructure costs to maintain a vibrant and functional community.

Utah's taxation process is “budget-driven " rather than " rate-driven.” This means the process for adjusting Property Taxes does not work in a way where they automatically rise with increasing property values. Instead, the tax rate will generally decrease due to rising property values.

This means that for the Service Agency to account for cost increases due to inflation and additional services the budget must be increased. If the Service Agency does not reset the budget to account for increased costs the revenues remain stagnant, and the funding lags in cost growth.

To obtain the funding for this increased budget, the Agency must propose a tax rate increase and then hold a public hearing where the increase is explained. Even if the true objective is to keep the existing tax rate constant and use growth and increased property values to account for increased costs, we must legally go through the tax rate increase process and follow these guidelines.

This is what is happening out here in Stansbury Park.

The notice each homeowner received for this year’s public hearing requires that an estimated tax rate be included in the announcement.

The important thing to remember is that the State of Utah reevaluates the rate in January, so a new rate value will be established in January 2025. However, Stansbury Service Agency’s Budget must be finalized in December 2024. That means the data used to calculate the tax rate is based on January 2024’s numbers and values for the homes within the area at that time.

It is important to note that:

THE 2025 TAX RATE IN THE NOTICES (.001541% TAX RATE) IS BASED ON 2024 HOME VALUES AND THE 2025 TAX REVENUE.

The numbers in that calculation were the average home value of $533,803 in January 2024; the number of homes on the Agency tax rolls in January 2024; and the estimated tax revenue for 2025,

Using this data, the rate would create a $41.40 per year increase for each of the two districts operating within Stansbury Park.

But Stansbury has had new homes added to the tax rolls, and considering the value of some houses has actually increased during 2024 when these new numbers are included in the calculation of the tax rate, we fully anticipate that the final tax rate will be lower when the final rate is certified in June 2025. This means the tax rate in the notice is artificially high.

If these two adjustments do not lower the rate to .0014 or below, the budget will have to be adjusted to a lower number. If the adjusted rate is at .0014 or lower, no adjustments to the budget are allowed by state law.

This is a procedural requirement and not an actual tax increase for most residents.

The Bottom line is that if Tooele County does not revalue your house, then your 2025 taxes should remain the same as those paid in 2024.

How the Utah Tax Code Works:

Under the Utah Tax Code, all tax rates are budget-based, not tax rate-based. This means that taxing entities do not set a rate, but they set a budget and establish a tax rate to fund that budget.

Stansbury Service Agency determines how much is needed to do all the work and estimates what can be offset by revenue; tax dollars must fund the remainder. The rate is then set by dividing this amount by the total value of assets within the tax boundaries, which is determined by the number of homes and the value of each house. Assume we need $3,000,000 in revenue, and there are 4,000 homes at an average value of $530,000, the calculated tax rate would be:

$$\$3{,}000{,}000/\$500{,}000 \text{ X } 4{,}000 = .0015$$

However, since the agency is limited to a tax rate of .001400, the budget would have to be adjusted downward by either finding a new revenue source or reducing costs. In this case, we would have to reduce the budget to $2,800,000 so that:

$$\$2{,}800{,}000/\$500{,}000 \text{ X } 4{,}000 = .0014$$

This would mean that if you had a house valued at $500,000, your share of the cost of maintaining the agency's assets would be $700 per Service Area or $1,400 per year.

That is the revenue that is provided to the Agency at the END of the budget year, which is why even though the Agency passed a tax increase last year we had limited funds this year to do the things necessary to maintain the grounds, lake, and parks. We also had no additional funds to fix issues that had been created by a lack of maintenance over the years.

So Why Does My Most Recent Notice of a Public Hearing Say the Tax Rate is .00154?

Remember, the tax process starts with a budget. The Agency finalizing the 2025 budget, which includes higher personnel and material costs due to inflation; more equipment and repairs that need to be done. These budget increases will require a “Truth in Taxation” hearing to increase the tax rate to support this budget. But the tax rate quoted in that notice is an artifact of the process.

The values for homes and number of homes are based on numbers generated by the county in January of each year. Since the Agency budgeting process for 2025 takes place in 2024, the values and numbers established in January 2024 were used in the calculation for those notices. So, if the Agency determines that the same $3,000,000 is needed, that same calculation shown in the first equation would be used as the initial rate. However, since the new home values and numbers of homes for 2025 will be determined in January of 2025, the tax rate will likely be adjusted downward. Assume there are 100 new homes built with an average value of $522,610. Then, in January 2025, that rate becomes:

$3,000,000/$522610 X 4,000 = .001400

As with the 2024 example, if the tax rate for a given budget is higher than .001400, the budget will have to be adjusted downward in June. If the tax rate is equal to .0014, then no adjustment is made to the budget. If the tax rate for that same given budget ends up being below .0014, your tax rate will go down. We could not, at that point in June, adjust the budget up to increase the 2025 tax rate.

For further information, visit:
https://stansburypark.org/property-tax/
https://propertytax.utah.gov/tax-increases/