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LOCAL GOVERNMENT FINANCE: A PROJECTION

FOR NORTH LOGAN, UTAH

by

J. Mark Campbell

A thesis submitted in partial fulfillment
of the requirements for the degree

of

MASTER OF SCIENCE

in

Economics

Approved:

Major Professor

Committee Member

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UTAH STATE UNIVERSITY
Logan, Utah

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J. Mark Campbell

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ABSTRACT

Local Government Finance: A Projection

for North Logan, Utah

by

J. Mark Campbell, Master of Science

Utah State University, 1971

Major Professor: Dr. W. O. Asplund
Department: Economics

This study was developed to determine the future fiscal condition of a small rural municipality, North Logan, Utah. An effort was made to determine whether or not present revenue sources would be able to keep pace with future expenditures at the local government level by projecting North Logan, Utah's, revenues and expenditures for 1975 and 1980.

North Logan, Utah, should not have an "expenditure-revenue gap" within the next 10 years. At this time, it would appear that because of the construction growth and sales tax proportional increases, both due to large population increases, North Logan should have sufficient revenue to provide all future public goods and services demanded by the community.

(57 pages)

CHAPTER I

INTRODUCTION

In Utah, as in other states, population growth and economic development are bringing about changes that significantly affect the functioning of local governments. Two of the most important of these changes are: (1) the increasing demand for expenditures by local government for local needs, and (2) the increasing inability of present revenue sources to supply adequate funds to finance local governments.

Events of the past four decades--the depression of the 1930's, World War II, postwar and coldwar tensions, and increased federal programming--have focused much attention upon federal government finances. This has resulted in the neglect or postponement of solutions to local fiscal problems.

The status of local finance is based on the property tax. This tax has provided and continues to supply the bulk of revenue for local governments. However, the property tax is not only believed to be "getting out of hand" but to have reached its limit as a revenue producer, besides being inequitable and burdensome with the existing tax rate and base. The property tax appears not to be capable of supplying the revenue to support the growing quantity and quality of services being demanded of local governments.

The crux of the local finance problem is: will present revenue sources be able to keep pace with future expenditures of local governments? The

purpose of this study is to take a local government, North Logan, Utah, and project its revenues and expenditures for five and ten years and determine whether or not a revenue-expenditure "gap" does exist, and if a "gap" does exist, to formulate alternative solutions.

Unfortunately, North Logan, like most small municipalities, has only in recent years used standard accounting methods in its record keeping. All local revenue and expenditure data are available from the North Logan City records. County sales tax and road allotment can be obtained at the County Court House. Population and area growth projections are found in The Cache County Master Plan, and most historical data are from personal interviews and a collection of miscellaneous papers on the history of North Logan, collected by two local authors. In certain instances financial information is not available or incomplete; therefore, in order to make future projections, estimates of missing past data are necessary.

The processes of this study will be: (1) to gather all necessary past financial data for North Logan, (2) to formulate expenditure and revenue regression equations for the city, (3) to project with these equations future revenues and expenditures, and (4) on the basis of the future projections, evaluate possible sources of action for future finance of North Logan.

CHAPTER II

ADMINISTRATIVE HISTORY

The town of North Logan, Utah, was officially incorporated in 1934. Prior to this time, the town had been known as Greenville, and the administrators were local church leaders, since the inhabitants of the town were predominantly of the Latter-Day Saint faith. Bishops Nicholas W. Crookston and John H. Kemp, with the help of Cache County officials, were able to govern effectively until severe water shortages began to develop in 1925. This religious administration was able to survive until 1934, when it became necessary to incorporate in order to receive federal funds from the Public Works Administration for a much needed water project to support the population of 380.¹

Early in 1934, a committee of 80 Greenville citizens, headed by Robert Burns Crookston, met with and petitioned the Cache County Board of Commissioners for municipal incorporation under the name of North Logan township. The incorporation officially set up a town board and required regular meetings. The board consisted of a town president, Robert Burns Crookston, with four trustees and a town clerk, each to receive a salary of one

¹Lydia T. Nyman and Venetta K. Gilgen, Miscellaneous Papers on the History of North Logan, Utah (Logan, Utah, 1966), pp. 58-78. (Mimeographed)

dollar per year. Each board member was bonded originally for \$500 and later, \$1,000.² Immediately after taking office, Crookston organized a successful bond election for a water works system, by which \$28,000 in bonds were sold.³ The first 23 bonds were revenue bonds to pay interest in the amount of \$13,800 due on the 1947 maturity date. Also, at this time it was decided that water meters should be installed and a flat rate of \$2.50 should be charged to help meet the bond payments in conjunction with a property tax levy increase from 10 to 12 mills.⁴ With the bond revenue and \$32,850 from the Public Works Administration, Crookston and the town board set out to put local "depression" unemployed to work, building North Logan a new water system from Green Canyon on the east side of town. Of the 12 mill levy, which was set by the town board at this time, two were for general corporation purposes, two were for new water pipe in domestic use, and eight for a sinking fund to pay interest due on general obligation bonds.⁵

The first town election was held in 1936, and John H. Kemp was elected the town's first mayor, along with four trustees to assist him. Under John

²Ibid.

³North Logan Record File. Water Supply. Located in North Logan City Office, North Logan, Utah. (Many updated and untitled papers, bids, and letters)

⁴Ibid.

⁵North Logan City Office. North Logan Town Board Minutes (North Logan, Utah: North Logan City Office), January 1935 to June 1971, January to December, 1935.

Kemp in 1939, an election process was set up whereby the mayor would be elected every four years and two trustees would be elected every two years for a term of four years, each at a salary of \$12 per year, so that individual expenses of being in office could be met.⁶ In 1940 the board attempted to set up a town health officer and Justice of the Peace, but investigation showed that with a population of 423, there was not sufficient need. The first formal budget was set up in 1941 and totaled less than \$2,000, which included widening and hard surfacing of the town's main street.⁷ At this time, all normal road services were being provided by the county. John Kemp was reelected numerous times until his death in 1948 and was instrumental in obtaining state funds for town sidewalks and starting a town fire prevention system. Before his death, Kemp was able to establish a town planning and zoning project to distinguish commercial, residential, and farming property to protect each classification's value. Kemp had also been able to eliminate Crookston's free water policy by initiating a hook-up charge but still allowed the water system to be subsidized from the general town fund.⁸

Orvin Nyman, a past board member, was appointed mayor after Kemp's death, and one year later he won the town's first two-party election as mayor, a position which he held for fourteen years. One of Nyman's first objectives

⁶Ibid., January 1936 to December 1939.

⁷Ibid., January 1940 to December 1941.

⁸Nyman and Gilgen, History of North Logan, Utah, p. 17.

was to raise the mill levy to 14 mills so that more services could be offered by his administration. By August of 1949, a city dump had been established on land rented for a fee of free culinary water.⁹ Free culinary water was the predominant form of payment for services by the city during this period. Under Mayor Nyman in December of 1950, arrangements were made with Utah Power and Light to set up and maintain several street lights within the city. As the town had grown to a population of 535 by 1950, the town council was reorganized such that two men would serve on committees of and be responsible for one of three divisions; roads, water works, legal and finance. During the same year, the town had an assessed value of \$244,462, not including public utilities. It was at this point that the city took over a portion of its road work from the county and appointed their first Justice of the Peace, W. E. Nyman, as the need had arisen.¹⁰

Even through the town had entered a population growth period, in 1951 the property tax levy was lowered to 10 mills with an assessed valuation of \$261,599, because previous bonding had been paid off.¹¹ Two major policies

⁹North Logan City Office, June 1 - August 31, 1949.

¹⁰Ibid.

¹¹Nyman and Gilgen, History of North Logan, Utah, p. 68

were set at this time: (1) to have all outside contract city work done on a lowest bidder basis, and (2) to start a three-year water project to counteract both shortages and contamination. The water project consisted of installing four-inch pipe, 2,200 feet above the town intake box located in the mouth of Green Canyon to reach above land used for grazing, and installing six-inch pipe from the reservoir to the town at a total cost of \$6,500.¹²

In March of 1953, the town's first constable was hired on a part-time basis as the population was now at 600 and the assessed value of the town had reached \$285,627. At this time a committee was set up to propose a feasible system and method of numbering the streets in North Logan.¹³

In September of 1954, a precedent for a no-growth policy was set down when the town board rejected a building permit for a 30-unit building project with curb and gutter, not required by the town at that time, and a hard-top road; but due to the water shortage the project was rejected, even though it was during the same period that the board decided to be progressive and tie in with the neighboring Logan City street numbering system.¹⁴ During the same period the pay scale for the Justice of the Peace and the constable were fixed to the number of tickets issued with a kickback of \$1.00 and \$2.50 respectively per fine.¹⁵

¹²North Logan Record File, Water Supply.

¹³North Logan City Office, September 1 - August 31, 1953.

¹⁴Ibid., September 2-28, 1954.

¹⁵Ibid.

The water problem became progressively worse, and it appeared that the policy of solving the water shortage by not issuing building permits was not an effective solution. In April of 1955, the rights to a local spring were acquired, but no sooner had the spring been purchased than the project was given up as not feasible. Even though the town council allocated \$8,000 to invest in four new roads, there was no money for a water project. In November of 1955, the town board raised their salaries to \$35 per year to meet increased personal expenses of being on the town council and also raised the price of a water hook-up to \$85 to help meet the rising cost of running a water system.¹⁶ Even though the water system was underdeveloped and short on funds, a policy of selling water below cost and borrowing from the town general fund was maintained. As an ever increasing need for monies in the water system had to be encountered, the price of water hook-ups rose to \$125 and then \$350 in 1958, reinforcing the policy that new members of the city should pay the increasing cost of water.¹⁷ Similar to the increases in other taxes, the city at this time imposed a dog tax both to raise revenue and help control North Logan's "wild" dog problem.¹⁸

In June of 1959, the board decided that both the Justice of the Peace and the Town Constable would have to be placed on a regular salary as it had

¹⁶Ibid., November 4, 1955-July, 1956.

¹⁷Ibid., January 1-December 31, 1958.

¹⁸Ibid., February 7, 1958.

become illegal for either of them to receive a wage directly connected with the number of tickets given or the size of the fine.¹⁹ By 1961 the town board had begun to realize the town's full growth potential and with the repealing of the former building permit restraints, the town board started looking at water and proper planning as the city's problem and not new people moving into the community. Two projects were started immediately; first, a city road and traffic control plan, and, second, a program to extend water service to the total city area and buy three new springs with pumps at a cost of \$30,000.²⁰

The election of Lyle Israelsen as Mayor in November of 1961 marked the start of a progressive decade for North Logan. Within one year: (1) building permits were required for all construction within the city limits and a \$5.00 fee was charged, (2) a town zoning committee had been organized and was functioning, (3) a town shed and truck were purchased, (4) the city clerk was to begin using the state recommended journal and ledger procedures, as previously to this time, records were either inconsistent or non-existent, and (5) an official town legal council was put on retainer.²¹

In 1963, while Israelsen was Mayor, both the State Uniform Building Code and the State Uniform Traffic Code were adopted by the city. Shortly

¹⁹Ibid., June 2, 1959.

²⁰Nyman and Gilgin, History of North Logan, p. 66.

²¹North Logan City Office, January 1 - December 31, 1962.

after the codes were accepted, the first full-time city employee was hired at an hourly wage rate, and the city clerk became an official part-time employee. Prior to this time, all work performed for the city had been farmed out or temporary help was hired. When the need arose for city trash and garbage collection, the job was given to the local Explorer Post as a money making project.²² At this time the decision was made to hook onto the Logan City water system as local projects were just not getting the job done in peak water-use periods, and this would allow the city of North Logan time to re-evaluate their position on water. The contract was for a five-year guarantee of water and the requirement of two years notice of termination. The initial cost was \$10,000 for a pump and to hook up to the Logan City system.²³

Farres H. Nyman was elected Mayor in 1965 and immediately reorganized the town council into: water streets and equipment, sanitation-planning and zoning, law enforcement and safety, and finance and recreation. Each organization was to be headed by two councilmen, and they were to set up a planning commission and a town newsletter to create better board-town relations.²⁴ Mayor Nyman also set work standards for the town employee; police work--one fourth, roads--one-half, and one-fourth for all other activities. To meet the rising costs and demand for these services, the property tax levy

²²Ibid., January 1963-December 1964.

²³Ibid.

²⁴Ibid., January 1965-December 1966.

was raised to 12 mills, and the town boards' salary was increased to \$200 per annum and the mayor's to \$300 to meet their increased expenses.²⁵

Early in 1969, the board tried to pass a \$250,000 water bond, but it was defeated on the issue that this would only benefit new people moving into the area, even though water rationing and "dry" periods were common during the summer. It was but four months later that Logan City announced that it could not supply water to North Logan City on a permanent basis.²⁶

The present Mayor, Larry Batt, was elected in 1970 on a ticket of keeping North Logan a separate identity from Logan City. Shortly after Batt took office, North Logan became a Utah third-class city with a population of 1,400. As a third-class city, North Logan received more state road funds to do its own work and was able to hire a second employee full-time. Batt raised the mill levy to 14 and started numerous planning projects for water, sewage, roads, and recreation.²⁷

²⁵Ibid., January 3, 1968.

²⁶Ibid., January 7-April 30, 1969.

²⁷Lawrence Batt, Personal interview at North Logan City office, North Logan, Utah, January 18, 1971.

CHAPTER III
WATER SUPPLY

The first Green Canyon water project undertaken by North Logan was in 1943, as the Public Works Administration had given funds in the amount of \$32,850 to put local men to work.²⁸ The newly incorporated town was left to finance the \$28,000 needed to start the project.²⁹ A bond election was held and it was decided that bonds should be issued and sold, the first 23 being revenue bonds of \$600 each to pay interest in the amount of \$13,800 due on the 1947 maturity date.³⁰ At this time, a \$2.50 per user flat rate was charged to pay off the bonds.

Meter reading was started in 1949 because of water shortages caused by "wasted usage." The meters were read every four months and the charge was \$1.60 per month for the first 25,000 gallons of water with an additional charge of \$.80 per 1,000 gallons over the 25,000 minimum.³¹ A home hook-up was \$25.00 to \$85.00, according to the cost of a meter box and materials.

²⁸Nyman and Gilgen, p. 5.

²⁹Ibid.

³⁰Ibid., p. 64.

³¹Ibid.

In 1950, it was found that the water supply was being contaminated. When the stream above the town pipeline intake box was allowed to seep into the water supply, it brought contaminants with it. Unfortunately, this had been permitted to happen on many occasions by local citizens in order to increase the water supply to North Logan from Green Canyon. At this time, a four-inch pipe was installed 2,200 feet above the intake box to drain a small spring for times of high usage and to stop the pollution.³² The total cost of the project, which was finished in 1953, was \$6,500. Included in the cost was a six-inch line from the intake box to the city system.³³

The capacity of the reservoir was increased from 2,200 gallons to 68,126, and a new reservoir with a capacity of 156,000 gallons was constructed adjacent to the old one.³⁴ This was paid for with \$14,000 from city water funds and a \$12,000 bond issue.³⁵ At this time, it was estimated that water usage was 130,000 gallons per day, leaving water for fire and other emergency uses.

In 1961, pipe lines were extended to service the total area, and two new springs were added to the system at a cost of \$20,000. One year later,

³²North Logan Record File, Water Supply.

³³Ibid.

³⁴Ibid.

³⁵Nyman and Gilgen, p. 66.

\$10,000 was spent to purchase a spring and to install a pump at the same location to help provide water during high use periods.³⁶ A chlorination station was erected in late 1962 to comply with state regulations for pure water at a cost of \$15,000 plus, for materials.³⁷

North Logan failed to pass a \$250,000 water bond issue in 1969 to drill and equip a well for the area's growing water needs. At that time, North Logan did not have enough revenue coming into their water fund to pay the debt service on the bond without a raise in water rates.

The current city project is to increase the size of water lines within the city. Eighth East is being changed to a six-inch line from the present two-inch. There are many streets in need of such a change in piping, but city revenues do not allow the expenditure. The Eighth East project is being financed by a "future" payment of Utah State University's water bill, and all labor is being provided by the city's two full-time employees.³⁸

At the present time, November, December, and January are the only months of the year when North Logan does not need to purchase water from the Logan City system. About 500,000 gallons of water come down from Green Canyon each day, so over 100,000 gallons must come from Logan City water supplies. North Logan residents currently pay \$0.30 per 1,000 gallons on the

³⁶Nyman and Gilgen, p. 66.

³⁷Vance B. Waite, Personal interview at North Logan City Office, North Logan, Utah, November 16, 1970.

³⁸Ibid.

first 10,000 used and \$0.15 per 1,000 thereafter. Logan City charges North Logan \$0.16 per 1,000 gallons for the first 70 million and \$0.10 per 1,000 thereafter, so that North Logan can purchase water from Logan City and still make a profit.³⁹

The problem is that both North Logan and Logan City are growing at such rates that Logan City may not have water to sell in the future, and North Logan will need to be independent for its water supply. An attitude survey in 1970 showed that only 38 percent of the people of North Logan feel that the city has a "good" water supply.⁴⁰ (The results of this survey are shown in Appendix B.) A water bond for wells in North Logan is a "must" if water supply is to keep pace with population growth.

³⁹Ibid.

⁴⁰Logan Jaycees, Community Attitude Survey (Logan, Utah: Logan Jaycees., 1970), p. 11.

CHAPTER IV
TAX REVENUE

The chief source of revenue for local governments is the property tax, which is basically a levy on the gross value of real property without adjustments for debt or other obligation. The tax is an "in rem" levy, imposed against the property itself, not the holder. The tax constitutes a lien against the property at a point in time and does pass with title.⁴¹

Historically, the formal property tax can be traced back to 596 B. C. in Athens, Greece, and through time the resultant literature appears to be second in quantity only to the confrontation of the American scholar with the antitrust laws in the United States. If bibliogeographic bulk alone could rid a tax of defects, the property tax would be pure.⁴²

The property tax in Utah today is based on a mill levy, one dollar tax for every thousand dollars of assessed valuation on all property held on January 1st of the tax year. The amount of levy is decided by the taxing authority. County and municipal officials can set separate levies according to their individual needs, but all collections are done by the county with local municipal areas being charged a cost for collection. Property assessment is done solely

⁴¹John F. Due, Government Finance: Economics of the Public Sector (Homewood, Illinois: Richard D. Irwin, Inc., 1968), p. 135.

⁴²Richard W. Lindholm, Property Taxation: U.S.A. (Madison, Wisc.: The University of Wisconsin Press, 1967) pp. 7-19.

by the county assessor, with whom all power for formulation of and value assessing rests within wide state guidelines.⁴³

Theoretically, the property tax for economic analysis is separable into two taxes: (1) a tax on a consumer good, housing, and (2) an advalorem tax on a factor or production, commercial real estate. The two areas or taxes differ in both incidence and in the degree to which they fulfill the consensus and the conflict criteria of public finance.

The housing tax follows "budget incidence," meaning that it is strictly local in nature.⁴⁴ The city's or county's expenditures financed by the tax are spent for providing goods and services in the taxable vicinity. The tax can act as an excise tax on the destination of housing. When materials are combined with labor at a fixed site within the taxable area, they become subject, as a dwelling or an addition, to an annual tax, whatever the origin of material and labor. Thus, the property tax may act as a destination tax allocating both construction materials and people.⁴⁵ The incidence of the housing tax falls directly on the owner and the owner's ability to shift the tax if he does rent out, which is determined by the elasticity of demand for rental housing. The housing tax would appear to be regressive with income, but not completely.⁴⁶

⁴³Utah State Legislature. Property Tax Law, Sec. 59-1-1. Utah Code Annotated, 1953.

⁴⁴Richard A. Musgrave . The Theory of Public Finance (New York: McGraw Hill Book Company, Inc. , 1959), pp. 356-360.

⁴⁵Carl S. Shoup, Public Finance (Chicago: Aldine Publishing Company, 1969), p. 386.

⁴⁶*Ibid.* , pp. 387-388.

If one were to consider the equal treatment of equals criteria, the housing tax passes very high. The tax is a tax on property and property alone, so that it avoids all personalization. It taxes all property except that specifically exempted and leaves no gaps comparable to those found in the income tax. Only in the area of assessment does the housing tax fail to find honor, and even here, data reveal a wide range of assessed to true values. But even if assessment is observed, the degree may not be great at all in the overall.⁴⁷

A Pareto-optimum test on the housing tax fails soundly, especially if no account is taken of the revenue uses. For the lower income groups, demand for housing may be inelastic, such that the excess burden may be high, as housing is an outlay of such a large proportion to total income. The demand for housing at the high and middle income levels may be quite price elastic, or at least a reasonable proportion of family budget such that the burden is not excessive. This same income insensitivity is what makes the housing tax so suitable for local finance, as it is not affected by national income changes.⁴⁸

The housing tax does poorly on the conflict criteria. Since the burden of payment is not progressive with income and wealth, and the benefits at the local level tend to be generalized or free, there can be not positive reallocation judgment on the tax.⁴⁹

⁴⁷Ibid., p. 388.

⁴⁸Ibid., p. 391.

⁴⁹Ibid., pp. 393-95.

The business real estate tax can shift its incidence by the demand elasticity of the good or service produced.⁵⁰ This ability to shift the tax also depends on the location and tax rates of its competitors. Only if all price and service competitors are equal in tax rates and real estate intensity can equal proportions of the tax be passed onto the consumer by each competitor. The inability of firms to pass the tax onto the consumer is what makes local taxes competitive in regard to location of business.⁵¹

The business real estate tax, in relation to one local area, may not readily be passed onto consumers if surrounding areas have an equal or lesser tax rate due to price competition, and if an increase in the present tax is confined to the one local area.⁵²

The business real estate and housing tax differ very little on criteria evaluation. The business real estate tax is rated very low on qualitative discontinuities, as there is a fine borderline between immovable property (real estate) and movable property (personal property). The problem here may force businesses to use machinery that is not permanently attached to the building. If the tax includes movables, then the time of taxation can force artificial fluctuations in inventory. While the tax incidence is distributed over

⁵⁰Capitalization is not of concern here, as North Logan is by zoning a single dwelling (bedroom) community.

⁵¹Shoup, pp. 394-396.

⁵²Ibid., p. 937.

many consumer goods, it does subsidize low and non-real estate production methods. On the overall, the business real estate tax is progressive with income. The tax may have a substitution effect which encourages current consumption and certainly discourages risk taking.⁵³

Actual evaluation of the property tax has proved to be more of a constant criticism throughout its history. Even though benefits received may be a rubber yardstick and the possession of property may not be a desirable measure of benefits, they are one of the best measures available for judgment. Tangible property probably requires more and receives more from governmental service than any other beneficiary. But even the basic protections against fire and theft are impossible to divide between different kinds of property as to their use and value. Does a well-constructed building worth \$10,000 receive ten-fold as much protection from fire as an old "fire trap" building worth only \$1,000? The non-protective services, such as education, highways, welfare, and others, benefit persons rather than property but are often paid for by the property tax. It may be said that these benefits are making the area a better place to live and thereby increasing the value of property in the area. But even this would not justify taxes on improvements, for their value is limited to their reproduction costs, and there is no way to distribute free government goods and services according to taxation.⁵⁴

⁵³Ibid., p. 938.

⁵⁴Harold M. Groves, Financing Government (New York: Henry Holt and Company, 1939), pp. 62-65.

The property tax and ability to pay are only slightly related in that wealthy people tend to have more property, even if not in proportion to their overall net worth. The tax has no relation to income, age, health, debt, nor any non-property characteristic of the owner. The originator of the property tax surely did not have ability to pay in mind. The aged are the best example of the tax's unfairness, for while their tax rate is increasing as years go by, their income is declining. There is no adjustment for the young who have large debts on their property and those who have erratic incomes. The tax may be a vicious circle, for if one improves his property then his tax goes up and the city puts up a street light in front of the property with the added revenue. But because the street light adds to the value of the property, the taxes of the property owner increase again. The only justification for the tax on fairness would be if the tax were treated as an imputed rent where one would have no more property than he could afford, and then at best the tax is only fair to the property itself, not the people paying the rent. Herein lies the major flaw of the property tax; it is a tax on property and nothing else in theory, but in reality people, not property, pay the taxes.⁵⁵

The property tax may be the most inconvenient of all taxes, as it comes due at one time. The tax is not collected in small amounts on a "pay as you go" basis but comes due and payable in one painful lump sum, making it one of the most painful of all taxes. If it is conceded that the value of all property

⁵⁵Harry L. Johnson (Ed.), State and Local Tax Problems (Tennessee Press, Knoxville, Tennessee, 1969), pp. 23-38.

comes from some income, imputed or otherwise, then the property tax is one of the most inconvenient taxes. The property tax may be consistent annually or rising, but surely income from property is not. Thus, forest property may take 50 years to produce income, but the taxes on the land come due every year. The property tax never considers the business cycle either. The tax never discriminates; it hits the taxpayers when they are up as well as down. The only justification for this is creditors do not wait for production to start to receive their interest, so why should the government?⁵⁶

The property tax is a hard tax on shelter, the most basic of needs. This is particularly important at a time when proper housing is far beyond the means of many people, and government is seeking to promote and subsidize directly the same area which it taxes so heavily.

It is difficult to find a tax that fails so soundly on theory and then does worse in practice. It is well accepted, however, that the property tax is well suited for local finance for numerous reasons. One of these is that the tax base (property) is not easily mobile and cannot be moved when the tax rate goes up. Unfortunately, people are free to move to low tax from high tax benefit areas, so people try to work in a high benefit city and live in a low tax location outside. This creates the cities' complaint that people come into their boundaries to work but pay taxes outside its boundaries.⁵⁷

⁵⁶Ibid., p. 67.

⁵⁷William J. Shultz and C. Lowell Harriss, American Public Finance (New York: Prentice-Hall, Inc., 1949), pp. 372-374.

Assessment on the local level is where practicality meets theory in failure. There are three different types of assessors: county, local, and special, each with its own faults. States with the county or local assessors normally have an elected man who may not be a professional. In fact, to be elected the man must be both politically associated and very partisan. Even the most honest of the latter two are faced with such a value judgment that equal treatment is not possible in their own districts. The special assessor may be more professional in valuation, but being a political appointee puts him in a bad situation. Any assessor, even under the most modern conditions, has a difficult job to perform. He has a wide range of real estate to assess, and he has the problem of locating new buildings. The assessor must also constantly re-evaluate property and at the same time try to improve his formula for evaluation. Because every assessor has his own formula or many different ones, interassessor inequity is very high. These problems would be prevalent whether full market values were used or the more common fractional system.⁵⁸

The only valid justification for the tax is to say that if one lives in the area of taxation, then he should pay for any services which are provided. Unfortunately, even this fails when the owner rents the property out. Despite the property taxes' many faults, it still is the mainstay of local government finance. It remains as the only revenue source of any size which is left after federal and state governments are through getting their monies.

⁵⁸ Johnson, p. 36.

The sales tax was started by states in the 1930's as a result of the depression and is today a major source of revenue for them.⁵⁹ Only in recent years has it become important in local government as the "local option" sales tax has reached maturity. The fact that only 3,500 local governments in 23 states were using this source in 1970 would seem to show that it is still in limited use. Although normally these local governments receive only 3 to 10 percent of total revenue from the sales tax, there are many who receive up to 25 percent when it is redistributed to rural local government by population percentage. This redistribution plan allows for the state to give back to the counties a portion of the sales tax collected and for the counties to redistribute this to local municipalities.⁶⁰

In theory, a retail sales tax is the equivalent of a comprehensive consumption tax. The tax is excellent for local government by the destination principle, and it can be implemented with no border control. Also, it offers the breadth of the turnover tax without the discrimination against early stage value added. Since the tax is collected by retailers, it is difficult to enforce at a high rate because of the large number of small firms that do not keep adequate books, if any.⁶¹

⁵⁹Tax Foundation, Inc., State and Local Sales Taxes (Tax Foundation, Inc., New York, 1970), p. 5.

⁶⁰Ibid., p. 62.

⁶¹Shoup, pp. 243-244.

The incidence of the tax falls heavily on the consumer except where the destination of sale is near a border which bounds a lower rate or no tax district, in which case the retailer with the higher tax rate must absorb the tax rate difference when it is reflected in the retail price. On the consensus criteria there is a definitional problem involving producer's consumables and capital goods.⁶² To counteract the tax-free diversion to households of goods purchased by business firms, sales tax administrators normally define a sale at retail to include fuel, supplies, office furniture, and other producers' goods, including certain capital goods that may be usable by household. In theory, the retail sales tax creates less burden than the turnover tax. It puts no pressure on the methods of production nor on the distribution with respect to vertical integration and has no effect on capital investments.⁶³

The retail sales tax is less regressive by income relative to the turnover tax or other single stage taxes. If the tax exempts food, it is probably less regressive relative to one without an exemption. Households with incomes low enough to still pay income tax may benefit a great deal if credit is given against it for an excess burden assumed in the sales tax, but this may be discrimination against those of too low an income to pay an income tax.⁶⁴

⁶²Consensus criteria: criteria which raises no conflict of interest.

⁶³Shoup, pp. 244-246.

⁶⁴Harold M. Groves, Financing Government (New York: Henry Holt and Company, 1939), pp. 327-335.

In actual administration the sales tax is best judged by revenue raised, painlessness, costs of administration, and equity as discussed above. There is much confusion over the actual revenue raised by the sales tax, but it must be said that the tax can provide large amounts of revenue in proportion to other taxes (except property and income) and would appear to be the most painless at the present rates. Its revenue success can be attributed to the United States' high consumption society. The costs of administration are born almost exclusively by the retailer, such that the only costs involved are those of re-distribution.

CHAPTER V

REVENUES

In fiscal 1970-71, North Logan had total revenues of \$27,900 from which to draw on.⁶⁵ The three major sources of this revenue are personal property tax, local option sales tax allotment, and the state liquor fund allotment. Also contributing to the city revenues are court fines, permits and licenses, and state class "C" road funds.

The personal property tax is the largest single source of income with \$18,000 of tax revenue in annual 1970.⁶⁶ Revenue from the property tax is founded on two factors: the rate of mill levy and the amount of tax base. The mill levy, which taxes one dollar for every thousand dollars of assessed valuation per mills, is controlled by the local town council within limits set by the state legislature. Normally, a certain number of mills are set aside for specific purposes such as streets, lights, general fund, water, power, interest, and a sinking fund. The total of these give the town's actual property tax mill levy. Presently, North Logan has a levy of 14 mills while the state legal limit is 35 mills, as set by the state legislature.⁶⁷ The reason for local

⁶⁵ Estimate by author based on North Logan City financial records for June 1970 to April 1971.

⁶⁶ Ibid.

⁶⁷ Property Tax Law.

control is that a local budget may be set up and then the local unit may apply a mill levy high enough to meet their anticipated budget; however, even though the town council has rate control, excessively high rates are not politically feasible.

The second factor is the tax base, which is the amount of or the assessed value of all personal property which falls, by law, under the property tax. Here the local government has little control, as all assessing is done by the county assessor and only stimulation of growth with zoning laws are local variables. Normally, the assessed value is one-fifth of real or market value, but there are an infinite number of formulas used by assessors to value property for taxation. To further complicate the assessment process the local town council may set up zoning ordinances which classify land and buildings as residential, commercial, and agricultural. In this way the town council can raise the assessed value of agricultural land by zoning it commercial. The total assessed value of property in North Logan as of January 1, 1971, was \$1, 284, 876.⁶⁸

The local option sales tax is the second largest revenue provider with \$7,300 in annual 1970 and \$3,400 for the first quarter of 1971.⁶⁹ This is a sales tax that gives the district to be taxed the option of imposing an additional one-half percent sales tax above the state sales tax, to be returned to the

⁶⁸Lynn Balls, County Assessor, Cache County Property Tax Records (Logan, Utah, Cache County, May 18, 1971).

⁶⁹Curtis C. Miner, County Treasurer, Cache County Sales Tax Records: Summary (Logan, Utah: Cache County Treasurers Office, May 18, 1971).

district of collection. Contrary to the state law, the County of Cache in Utah redistributes sales tax revenue collected principally in Logan City to each municipality within the county by population percentage as of the last official United States Census.⁷⁰

The rate of the local option sales tax is controlled by the Utah State Legislature so that the only local control over this source of revenue is to promote population growth, but even then changes are made in the proportional distribution only after an official census of the United States every ten years. Fortunately for North Logan, their population increased from 741 in 1960 to 1,405 in 1970, or an increase of 89 percent in ten years.⁷¹

The State Liquor Allotment Fund is a third major source of revenue, contributing \$1,356 for fiscal 1971. This money is earmarked by the state for "liquor law enforcement" but is actually a method of state help for local police protection. The amount is based on the proportion of county population in the municipality from the last official United States Census, such that the amount of revenue received from the State Liquor Allotment Fund is constant for a ten-year period.⁷²

Licenses and permits have in the past provided only a small source of revenue, but consistently at a rate of about \$800 per year. Almost 50 percent

⁷⁰Utah State Legislature. Uniform Local Sales and Use Tax Law of Utah, Sec. 11-9-1, Utah Code Annotated, 1953.

⁷¹Miner, Cache County Sales Tax Records.

⁷²Utah State Legislature. 1969 Liquor Control Act, Sec. 32-1-24, Utah Code Annotated, 1953.

of this comes from dog tag sales and 20 percent from building permits. Until very recently, a standard fee of \$5 was charged for a building permit, but present increases in construction have prompted the town council to set up a progressive building permit fee. Under the new system a value is set by the square footage of the construction and a minimum fee of \$5 is charged for the first \$2,000 and then \$3 for every \$1,000 of construction up to \$20,000, after which the fee is \$2 per \$1,000 of construction.⁷³ Under this new system a \$30,000 home would require a \$79 building permit fee.

Court fines have been increasing at a steady rate and reached \$1,300 for fiscal 1970.⁷⁴ As the population of North Logan grows, this source of revenue will too, but the expense of law enforcement will most likely negate this as a contributing source of revenue in the future.

The State Class "C" Road Fund provides varying amounts of earmarked revenue from the state for specific road improvement projects in the community from the state. Being an earmarked fund for specific projects, it cannot be considered as a public works revenue for free usage.

The method of projecting future revenues is to use simple regression analysis on past years of data on North Logan's basic revenue function: $f(R) = P_t + S_t + L_t + C_f + P_L$, where R = total revenue, P_t = property tax revenue,

⁷³Vance B. Waite, personal interview at North Logan City Office, North Logan, Utah, May 18, 1971.

⁷⁴Vance B. Waite, City Recorder, North Logan Town Corporation Combined Balance Sheet - All Funds (North Logan Town Corporation, North Logan, Utah, June 30, 1970), p. 1.

S_t = sales tax revenue, L_f = liquor fund allotment, C_f = court fines, and P_L = licenses and permit fees.⁷⁵ Liquor fund, court fines and licenses, and permit variables were eliminated either because they were constant over time or regression analysis showed only slight correlation with total revenue trends. It should be remembered that with the new building permit formula, building permit revenue may become an important variable in the model.

The function is now a simple two variable model: $f(R) = P_t + S_t$. Regression analysis, Table 1, on four years of data, Table 2, produced the equation: $R = 4,837 + P_t (0.7761569) + S_t (2.6839)$. The model has an "R" squared of .98 but has built into it an upward bias of the 12 to 14 property tax mill levy. Unfortunately, due to past accounting procedures in North Logan, only four years of data were of such accuracy to justify their use. This model serves as the major tool in all revenue projections made. The first variable in the model, the personal property tax, is a function of the present levy of 14 mills, the amount of property, and its assessed valuation. If the present mill levy is held constant and no re-evaluation of North Logan is assumed, then only new construction in the community is significant in making five and ten-year property tax projections.

The best source for construction is the number of past building permits issued and their value both in relation to population increases. It is estimated that North Logan's population will increase to 2,500 by 1975 and 4,500 by 1980,

⁷⁵N. R. Draper and H. Smith, Applied Regression Analysis (John Wiley and Sons, Inc., 1966), pp. 104-127.

Table 1. Regression analysis summary

| Source | Degrees of Freedom | Mean Squares |
|--------|--------------------|--------------|
| Total | 3 | 10.794758 |
| B (1)* | 1 | 2.477692 |
| B (2)# | 1 | 1.440408 |
| Model | 2 | 16.008470 |
| Error | 1 | 0.367334 |

| Coefficient | Standard Coefficient |
|-------------------|----------------------|
| B (0) = -4,834 | |
| B (1) = 0.7761569 | 0.581600 |
| B (2) = 2.6839008 | 0.443449 |
| R SQR = 0.988 | |

*Variable B (1) is property tax revenue.

#Variable B (2) is local option sales tax revenue.

Table 2. Total revenue data summary

| Year | Total Revenue | Property Tax | Sales Tax | Liquor Fund | Court Fines | Permits & Licenses | Other |
|------|---------------|--------------|-----------|-------------|-------------|--------------------|-------|
| 1967 | \$20,282 | \$12,228 | \$5,759 | \$832 | \$ 410 | \$810 | \$160 |
| 1968 | 22,349 | 13,679 | 6,368 | 832 | 462 | 710 | 300 |
| 1969 | 24,606 | 14,271 | 6,747 | 832 | 1,348 | 840 | 340 |
| 1970 | 27,959 | 18,000 | 7,200 | 832 | 1,200 | 850 | 187 |

which is a growth rate of approximately 260 per year for the next five years and twice that rate for the following five years.⁷⁶ When relating these population growth figures to new housing and building permits, the large size in the area tends to be in the eight to nine members per family unit range.⁷⁷ Although on a national average this is falling, this particular location appears to be keeping the large family in vogue, such that a population to new housing ratio of 7 to 1 is appropriate. Since all new population will not be moving new into the area but will be an increase in present families already located in North Logan, a factor for this growth must be allowed for. Using a proportion of one building permit for every eight increase in the population, there will be a total increase of 138 units of construction by 1975 and an increase of 388 by 1980.

The average value of building permits has been close to \$19,000 over the past four years, but in the last 18 months this average has risen to \$26,000.⁷⁸ This average is expected to rise even more in the future, because most of the new population moving into North Logan are higher income professors from nearby Utah State University, who are building houses in the \$30-40,000 range. On this basis, the average value of a building unit is assumed

⁷⁶Planning and Research Associates, Cache County Master Plan(Planning and Research Associates, Salt Lake City, Utah, June 1, 1970), pp. 36-38.

⁷⁷Author's own estimate.

⁷⁸Vance B. Waite, City Recorder, North Logan Building Permit Records (North Logan Town Corporation, North Logan, Utah, May 18, 1971).

to be \$25-30,000. Using the present formula of one-fifth the market value as the property tax assessment, the average assessed value of all new building units would be \$5-6,000.

Accepting the previous assumptions, a figure of \$9,600 to \$11,500 increase in property tax revenues for 1975 and revenue increases of \$27,000 to \$32,500 for 1980 are computed. Both forecasts can be added to the present tax revenue of \$18,000 to obtain the total figures of \$27,600 to \$29,500 for 1975 and \$45,000 to \$50,500 for 1980 (Table 3).⁷⁸

The second variable is the local option sales tax which is currently at a one-half of one percent rate. The sales tax revenue is dependent on three variables: the tax rate, rate of growth of retail sales, and the change in North Logan's population proportion in relation to Cache County's. Assuming the tax rate remains constant at one-half of one percent and since the proportion of population is fixed for ten years by the 1970 census, only the increase on retail sales is of concern. The increase in retail sales has been constant at 7 to 10 percent a year for the past eight years.⁷⁹ Applying this rate of increase to the present revenue of \$12,000 on an annual basis, figures of \$15,700 to 17,500 for 1975 and \$22,000 to \$28,000 for 1980 are computed (Table 4).

Returning to the original model and using the property tax and sales tax figures for 1975 and 1980, total revenue projections of \$59,000 to \$65,000 for 1975 and \$93,000 to \$114,000 for 1980 (Table 5).

⁷⁸The model has a 5 percent inflation factor bias.

⁷⁹Miner, Cache County Sales Tax Records.

Table 3. Previous and future property tax revenue

| Mill Levy | 1967 ^a | 1970 ^a | 1975 | | 1980 | |
|-----------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|
| | | | High ^b | Low ^b | High ^b | Low ^b |
| 12 | \$12,200 | \$14,200 | \$25,000 | \$23,500 | \$42,800 | \$38,600 |
| 14 | 14,400 | 17,000 | 29,500 | 27,600 | 50,500 | 45,000 |
| 35 | 35,700 | 42,000 | 73,500 | 68,500 | 124,000 | 112,000 |

^aLynn Balls, County Assessor, Cache County Property Tax Records (Cache County Assessor's Office, Logan, Utah, 1967-1970).

^bAuthor's estimate.

Table 4. Sales tax revenue: past and estimates

| Tax Rate | 1967 ^a | 1970 ^a | 1975 | | 1980 | |
|----------|-------------------|-------------------|-------------------|------------------|-------------------|------------------|
| | | | High ^b | Low ^b | High ^b | Low ^b |
| .5% | \$5,700 | \$7,200 | \$17,500 | \$15,700 | \$28,000 | \$22,000 |
| 1.0% | 11,400* | 14,400 | 35,000 | 31,400 | 56,000 | 44,000 |

*An increase of 11.41 mills on the property tax would be needed to yield an equal amount of revenue in 1970.

^aCurtis B. Miner, County Treasurer, Cache County Sales Tax Records (Cache County Treasurer's Office, Logan, Utah, May 18, 1971).

^bAuthor's estimate.

Table 5. Revenue and expenditure projection summary^a

| | 1975 | | 1980 | |
|-------------|----------|----------|-----------|----------|
| | High | Low | High | Low |
| Revenue | \$65,000 | \$59,000 | \$114,000 | \$93,000 |
| Expenditure | 65,000 | 55,000 | ----- | ----- |

^aAuthor's estimate.

Using the projection based on the present system, three more hypothetical projections will be made: one with the maximum legal property tax mill levy of 35 mills, one with an increase of the present one-half of one percent to a full one percent sales tax, and one with the assessed value changed from one-fifth to two-fifths. For simplicity and because of the 12 to 14 mill levy bias, the previously projected figures are used for these predictions.

Starting with the 1975 revenue figure of \$59,000 to \$65,000 of which \$27,600 to \$29,500 was property tax, and the 1980 revenue figures, \$93,000 to \$114,000, of which \$45,000 to \$50,500 was property tax revenue, compute the revenue per mill levy. Dividing the property tax figures by the assumed levy of 14, the per mill revenue is \$1,964 to \$2,100 for 1975 and \$3,224 to \$3,570 for 1980, or the total revenue figures for 1975 are \$99,800 to \$109,000, and the revenues for 1980 would be \$160,000 to \$200,000 at the 35 mill levy.

The total revenue from an increase in the present sales tax rate to one percent is easily found by doubling the sales tax revenue in any given year, such that revenues for 1975 would be \$74,000 to \$83,000 and \$115,000 to \$142,500 for 1980. This sales tax increase figure is very probable, as in the recent past the Utah legislature has attempted to raise the tax to a full one percent for the local option.

Projections with a change in the tax base valuation are made by adjusting the amount of revenue received from the property tax by the percentage increase in property valuation. By using this method, a ten percent increase in valuation is the same as a ten percent increase in property tax revenue such that a ten percent increase in valuation at eleven-fiftieths instead of one-fifth would yield revenues of \$61,000 to \$68,000 for 1975 and \$97,000 to \$119,000 for 1980.

CHAPTER VI
NORTH LOGAN CITY EXPENDITURES

North Logan has been overspending its revenue the past two years. In fiscal 1969-70, \$30,000 was spent causing a \$7,000 deficit for the year.⁸⁰ Currently, the city has estimated expenditures of \$33,000 and revenues of only \$30,000.

The largest single expense is administrative costs for the general fund which totaled \$8,000 in fiscal 1970.⁸¹ The major portion of this is allocated to the employee wages and benefits. Presently, there is one city employee who receives half of his salary from the general fund and half from a separate city water utility fund, since he spends one-half of his time on water projects and billing. The remainder of the general administrative wage allotments go to temporary part-time help and the city councilmen, who receive \$200 a year each to cover their expenses.⁸² Professional services, insurance, rent, and publications take up the rest of administrative expenses. Closely related to but not included in administrative costs are municipal court and police expenses which presently amount to \$1,800 annually.

⁸⁰Waite, North Logan Town Corporation Combined Balance Sheet - All Funds, p. 1.

⁸¹Ibid.

⁸²Ibid.

The second largest general fund expense in North Logan is for public works which totaled over \$5,000 in 1970.⁸³ Again salaries are the major cost with one half-time employee and some part-time help. The half-time employee works for the water utility, similar to the city clerk, the other half of his time. Aside from administrative costs, public works up-keep is the city's prominent expenditure varying from \$15,000 to \$4,000 in the past four years.⁸⁴

Projections for local government expenditures are exceptionally difficult to make, because by nature they are highly variable. Basically, they are a function of the necessities of the community at that point in time and all public services justifiable in the minds of the city's leaders. The necessities of a community can be determined by its population and geographical characteristics, but justifiable public services and capital expenditures for them are held back only by the minds of men and the city's revenue.

The least difficult of public expenditures to project are those for city employees. Currently, the city is employing one full-time man in the form of two half-time employees and one part-time law enforcement officer. By 1975 with a population of 2,500, North Logan should have three full-time city employees, one acting as a full-time city clerk, and one working full-time on public works maintenance.

⁸³Ibid.

⁸⁴Ibid.

The expense of these employees will depend on their qualifications and the extent of their responsibility. It is very feasible that one of the public works personnel will be an engineer and the town clerk an accountant. The quality of new people hired will depend on the revenue available for personnel. Even under the present system of two employees, large salary increases are needed if these experienced personnel are to stay in North Logan's employ. The third city employee, the law enforcement officer, will need to be highly qualified if he is to do the quality job that residents of new homes in the \$30,000 to \$45,000 range will demand.

The town council is currently in need of a salary increase and future increases are anticipated. The council is made up of experts in engineering, construction, economics, and finance, each of whom's background is used by the city for uncounted hours every week. If the council is to keep its present quality and require numerous hours from each member, then the present \$200 per year salary is very antiquated.⁸⁵

Since all administrative costs will continue to rise with new population growth, namely the cost of professional services which have doubled in the past year, the total administrative and employment costs could be in the \$35,000 to \$40,000 range by 1975.

Public works and capital investments in road, equipment, and buildings will no doubt increase by substantial amounts by 1975. It is not unlikely that

⁸⁵Waite, personal interview.

\$25,000 to \$30,000 will be invested in new equipment and buildings between now and 1975. The cost of road and sidewalk maintenance will grow as the town fills in with housing, but strict building codes and their enforcement of hard-surfaced roads, curb, gutter, and sidewalks regulations should keep expenses in this area at a minimum. By 1975 the maintenance cost of these should reach an annual average of \$10,000 to \$15,000.

Major capital investments will be needed for the new law enforcement officer's car and equipment. This should require an investment of \$4,000 to \$6,000 every three or four years plus an annual expense for equipment up-keep.

Probably the largest single investment out of the town's general fund in the next five years will be for recreation. Currently, land for a city park is being acquired at a cost of \$47,000.⁸⁶ This initial investment could bloom into much additional cost as the park is landscaped and developed into a full-scale city recreation area.

There is always a problem in estimating the real effect of capital expenditures on budgets. County, state, and federal participation in most large capital expenditures and the extended time period of finance make it impossible to predict the extent of future expenditures.

A final source of expense in the next five years will be general obligation bonds which will be used to help finance a city sewage system and improvement of the present water system. Normally these bond issues are accompanied

⁸⁶Ibid.

by a property tax mill levy increase earmarked for a specific payment such that the expense incurred for general obligation bonds has only a small effect on the local budget. The exception to this is when the mill levy is at such a high rate that an increase for a bond issue is not reasonable.

Expenditure projections for 1980 are next to impossible to produce, just as no one in 1960 would have dreamed of the high level of services that government at all levels provides today. By 1980, with a population of 4,500, it is assumed that new city offices will have been built, and the number of city employees should double the 1975 level to six or seven full-time employees.⁸⁷ The only significant increase, other than employees, will be in road and street maintenance. This will evolve as North Logan's population and revenue grow to a high enough level that Cache County will no longer take an active part in any public works within the North Logan City limits.

Projecting the total expenditures may be nothing more than a "guess," but reasonable figures would be in the \$55,000 to \$65,000 range for 1975. Probably the most important point to keep in mind when the level of expenditures is considered is that a "progressive" government body, even at the local level will always be capable of finding sufficient needs in the community to meet any excess revenues. (See Table 6 for a look at previous and future expenditures of North Logan City.)

⁸⁷Planning and Research Associates, pp. 36-38.

Table 6. Previous and future expenditures

| Item | 1968 ^a | 1970 ^b | 1975 ^c |
|-----------------------------|-------------------|-------------------|---------------------|
| General Administrative | \$ 5,000 | \$ 9,000 | \$29,000-\$30,000 |
| Law Enforcement | 1,500 | 1,500 | 7,400- 8,000 |
| City Hall | 80 | 332 | 600- 1,000 |
| Public Works Administrative | 8,528 | 3,570 | 7,000- 10,000 |
| Streets and Highways | 4,258 | 15,200 | 7,000- 10,000 |
| Recreation | 126 | 458 | 2,000- 3,000 |
| Other | <u>230</u> | <u>1,200</u> | <u>2,000- 3,000</u> |
| TOTAL | \$19,800 | \$30,600 | \$55,000-\$65,000 |

^aVance B. Waite, City Recorder, North Logan Town Corporation Balance-Sheet (North Logan Town Corporation, North Logan, Utah, June 30, 1968).

^bIbid., June 30, 1970.

^cAuthor's estimate.

CHAPTER VII

CONCLUSIONS

North Logan, Utah, should not have any grave financial problems in the foreseeable future. Due to its projected growth in population which should raise the property tax base substantially and the proportional redistribution of the local option sales tax by Cache County, North Logan should not find itself in the expenditure rich and revenue poor situation that many American municipalities have come to accept as normal.

At this time, the levy of 14 mills as a property tax rate is considered low in Cache County, such that an increase in the near future would not be unreasonable if additional funds were needed. There is little doubt that the state legislature will raise the local option sales tax to a full one percent, which would double the present sales tax revenue.

The revenue projections presented in this paper are considered conservative by the author, so there should be ample room for North Logan's expenditures to meet the needs of its growing population. There should be sufficient funds to allow general obligation bonds for water and sewage projects presently needed by the town.

The most important fact to remember is that North Logan, like all government, is capable of making expenditures large enough to meet or exceed additional revenues.

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APPENDIXES

Appendix A
Community Attitude Survey of
North Logan, Utah

- | | POOR | AVE. | GOOD |
|---|------|------|------|
| 1. Do you feel the water service is: | | | |
| 2. Do you feel the trash facilities are: | | | |
| 3. Do you feel that fire protection is: | | | |
| 4. Do you feel that police protection is: | | | |
| 5. Do you feel that service from your local government is: | | | |
| 6. Do you feel that street lighting is: | | | |
| 7. Do you feel that sidewalks are: | | | |
| 8. Do you feel that road maintenance is: | | | |
| 9. Do you feel that your present property tax rate fairness is: | | | |
| 10. Do you feel that present recreation areas are: | | | |

Appendix B
Community Attitude Survey of
North Logan, Utah
Summary - January 4, 1971

| | POOR | AVE. | GOOD |
|---|------|------|------|
| 1. Do you feel the water service is: | 26% | 37% | 37% |
| 2. Do you feel that trash facilities are: | 42% | 47% | 11% |
| 3. Do you feel that fire protection is: | 14% | 64% | 35% |
| 4. Do you feel that police protection is: | 17% | 48% | 35% |
| 5. Do you feel that service from your local government is: | 20% | 62% | 12% |
| 6. Do you feel that street lighting is: | 35% | 59% | 6% |
| 7. Do you feel that sidewalks are: | 35% | 44% | 21% |
| 8. Do you feel that road maintenance is: | 2% | 34% | 64% |
| 9. Do you feel that your present property tax rate fairness is: | 27% | 62% | 11% |
| 10. Do you feel that present recreation areas are: | 0% | 30% | 70% |

VITA

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Master of Science

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Major Field: Economics

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