

# Property tax in Utah

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A Brief Overview

# Utah Constitution

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- Article XIII Section 2
  - Nonexempt tangible property
    - Assessed in proportion to its market value
    - Taxed at a uniform and equal rate

## Utah Code

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- UCA 59-2-102(13)
  - Defines fair market value
    - Value a property would change hands between a buyer and seller
    - Neither being under compulsion to buy or sell
    - All parties having knowledge of the relevant facts

# Property tax system components

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- Three basic components
  - Entity budget
  - Taxable value
  - Tax rate

## Entity budgets

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- Most influential component
- The larger the budget the greater the tax

## Taxable value

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- The sum of the district-assessed value
- Minus exemptions or reductions

## Tax rate

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- Ratio of budget to taxable value
- Tax Rate = Entity Budget / Taxable Value

## Entity Tax Rate Calculation

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- Budget = \$12,000,000
- Taxable value = \$2,400,000,000
- $\$12,000,000 / \$2,400,000,000 = 0.005$
- Tax Rate = 0.5%



## Revenue neutrality and tax shift

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- Taxing entities guaranteed same property tax revenue from the prior year
- No windfall or loss of funds from market fluctuations
- New money allowed through new growth or Truth in Taxation
- Only revenue neutral to the entity

## Revenue neutrality and tax shift

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- Each property pays in proportion to the total taxable value
- Based on the percentage the value represents compared to the whole

# Revenue neutrality and tax shift illustrated

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Year 1							
Budget	Tax Rate		Parcel #	Taxable Value	Tax Rate	Tax Liability	% of Total
\$25,000	1.00%		Home 1	\$ 250,000	1.00%	\$ 2,500	10.0%
			Home 2	\$ 325,000	1.00%	\$ 3,250	13.0%
			Home 3	\$ 375,000	1.00%	\$ 3,750	15.0%
			Home 4	\$ 550,000	1.00%	\$ 5,500	22.0%
			Commercial 1	\$ 1,000,000	1.00%	\$ 10,000	40.0%
			<b>Total</b>	<b>\$ 2,500,000</b>	<b>1.00%</b>	<b>\$ 25,000</b>	<b>100.0%</b>

## Property Tax Shift

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- Value percent change greater than average = increase
- Value percent change less than average = decrease
- Across all taxable property types

# Property Tax Shift

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- Example
- Budget remained unchanged
- All five properties' value increased
- Key point – the values increased at different rates

# Revenue neutrality and tax shift illustrated

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Year 2								
Budget	Tax Rate	Parcel #	Taxable Value	Tax Rate	Tax Liability	% of Total	Prior %	Difference
\$25,000	0.89%	Home 1	\$ 300,000	0.89%	\$ 2,660	10.6%	10.0%	0.6%
		Home 2	\$ 375,000	0.89%	\$ 3,324	13.3%	13.0%	0.3%
		Home 3	\$ 425,000	0.89%	\$ 3,768	15.1%	15.0%	0.1%
		Home 4	\$ 620,000	0.89%	\$ 5,496	22.0%	22.0%	0.0%
		Commercial 1	\$ 1,100,000	0.89%	\$ 9,752	39.0%	40.0%	-1.0%
		<b>Total</b>			<b>\$ 2,820,000</b>	<b>0.89%</b>	<b>\$ 25,000</b>	<b>100.0%</b>

# Revenue neutrality and tax shift illustrated

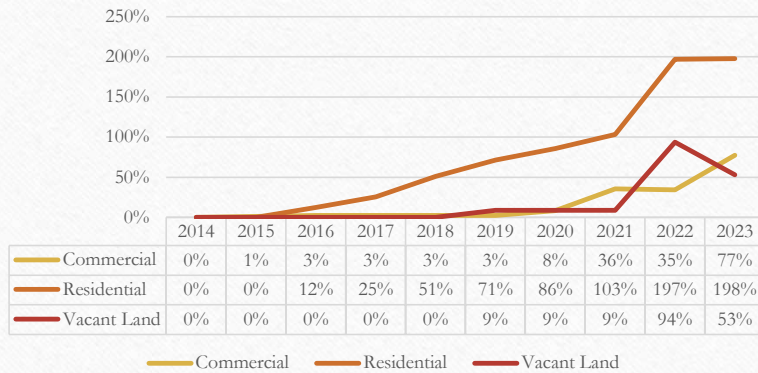
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Year 2						
Parcel #	Value Change	% Change	% of Total	Prior %	Difference	Tax Change
Home 1	\$ 50,000	20.0%	10.6%	10.0%	0.6%	\$ 160
Home 2	\$ 50,000	15.4%	13.3%	13.0%	0.3%	\$ 74
Home 3	\$ 50,000	13.3%	15.1%	15.0%	0.1%	\$ 18
Home 4	\$ 70,000	12.7%	22.0%	22.0%	0.0%	\$ (4)
Commercial 1	\$ 100,000	10.0%	39.0%	40.0%	-1.0%	\$ (248)
<b>Total</b>	<b>\$ 320,000</b>	<b>12.8%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>\$ -</b>

# Example of Actual

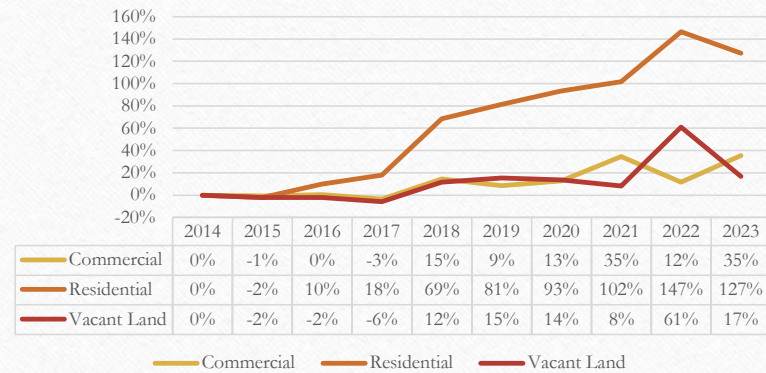
## Assessed Value Change

Assessed Value Change by Type



## Property Tax Change

Property Tax Change by Type

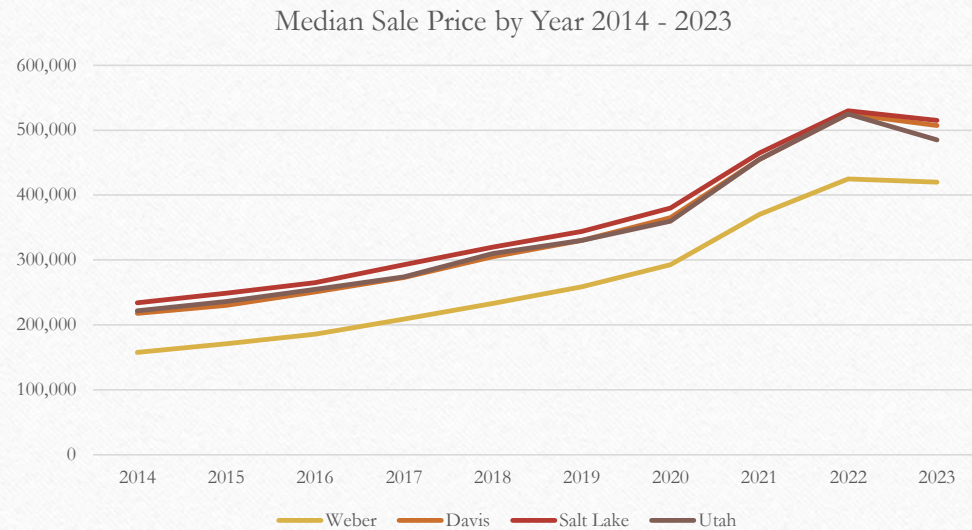




## Closer Look @ the Taxable Value Shift

	2013 Taxable Value	2013 % of Whole	2022 Taxable Value	2022 % of Whole
<b>Residential Subtotal</b>	108,629,147,187	55%	325,531,824,859	67%
<b>Commercial/Industrial</b>	42,975,313,373	22%	95,100,467,109	19%
<b>Non FAA Vacant Land</b>	7,619,234,192	4%	14,523,323,542	3%
<b>FAA Land/Buildings</b>	1,077,113,222	1%	1,530,899,569	0%
<b>Personal</b>	12,750,047,114	7%	23,174,168,863	5%
<b>Centrally Assessed</b>	23,008,113,703	12%	29,650,975,103	6%
<b>Total</b>	<b>196,058,968,791</b>	<b>100%</b>	<b>489,511,659,045</b>	<b>100%</b>

# Wasatch Front Residential Median Sale Price Changes



## Summary

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- Residential property values increased at a faster rate
- More residential properties = greater share of the whole
- Property tax liability is shifting toward residential properties