

Changes in Assessed Valuations & Tax Amounts

Prepared by the Office of Legislative Research and General Counsel for:

Revenue and Taxation Interim Committee
Utah State Legislature

October 15, 2008

Presentation Outline

- Background
- Statewide Changes
 - Property Values
 - Property Taxes Charged
- Parcel-Level Changes
 - Property Values
 - Property Tax Amounts

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Why is Fair Market Value Currently the Valuation Standard?

- **Constitution**

- Utah Constitution, Article XIII, Section 2
 - “...all tangible property in the State that is not exempt under the laws of the United States or under this Constitution shall be assessed at a uniform and equal rate in proportion to its fair market value...”
 - Certain mandatory and discretionary exemptions to the general provision requiring fair market value assessment
 - Residential property (up to 45%)
 - Agricultural property
 - Government-owned property

- **Statute**

- Section 59-2-103 (Rate of assessment of property)
 - “All tangible taxable property located within the state shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1...”
- Section 59-2-201 (Property assessed by Tax Commission)
 - “...shall be assessed by the commission at 100% of fair market value, as valued on January 1...”
- Section 59-2-301 (Property assessed by county assessor)
 - “The county assessor shall assess all property located within the county which is not required by law to be assessed by the commission.”
- Section 59-2-303.1 (Mandatory cyclical appraisals)
 - “...each county assessor shall annually update property values of property as provided in Section 59-2-301 based on a systematic review of current market data. In addition, the county assessor shall complete a detailed review of property characteristics for each property at least once every five years.”

Current State and Local Government Funding Mechanisms Rely on Accurate Valuation

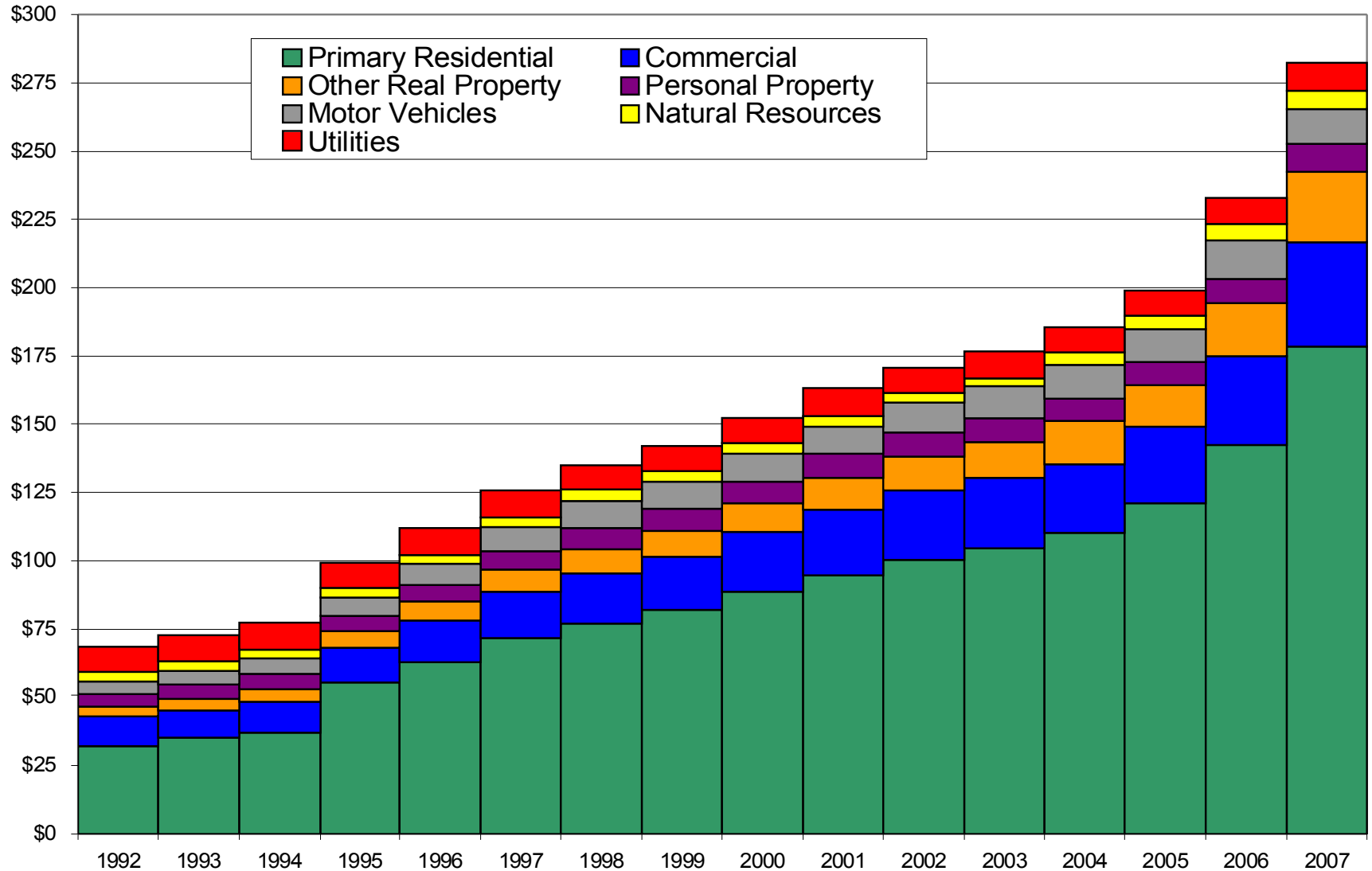
- In addition to the general rule of law concept of complying with state Constitution and statute, why does it matter if properties are not assessed at fair market value under the current property tax system?
- Failure to accurately and uniformly assess properties at fair market value results in:
 - Improper tax burden shifts among taxpayers
 - Improper distortions in the allocation of school and other government funding mechanisms
 - With the truth-in-taxation certified rate process, undervaluation of properties in one area causes higher taxes elsewhere in the state through an increase in the certified rate (for example, school basic levy)
 - In addition to school basic program funding, other state funding mechanisms for schools are also tied to property tax values per student, including voted/board leeway guarantees and capital outlay foundation program
- Bottom line - assessment practices by the Tax Commission and assessors in each county impact taxpayers statewide

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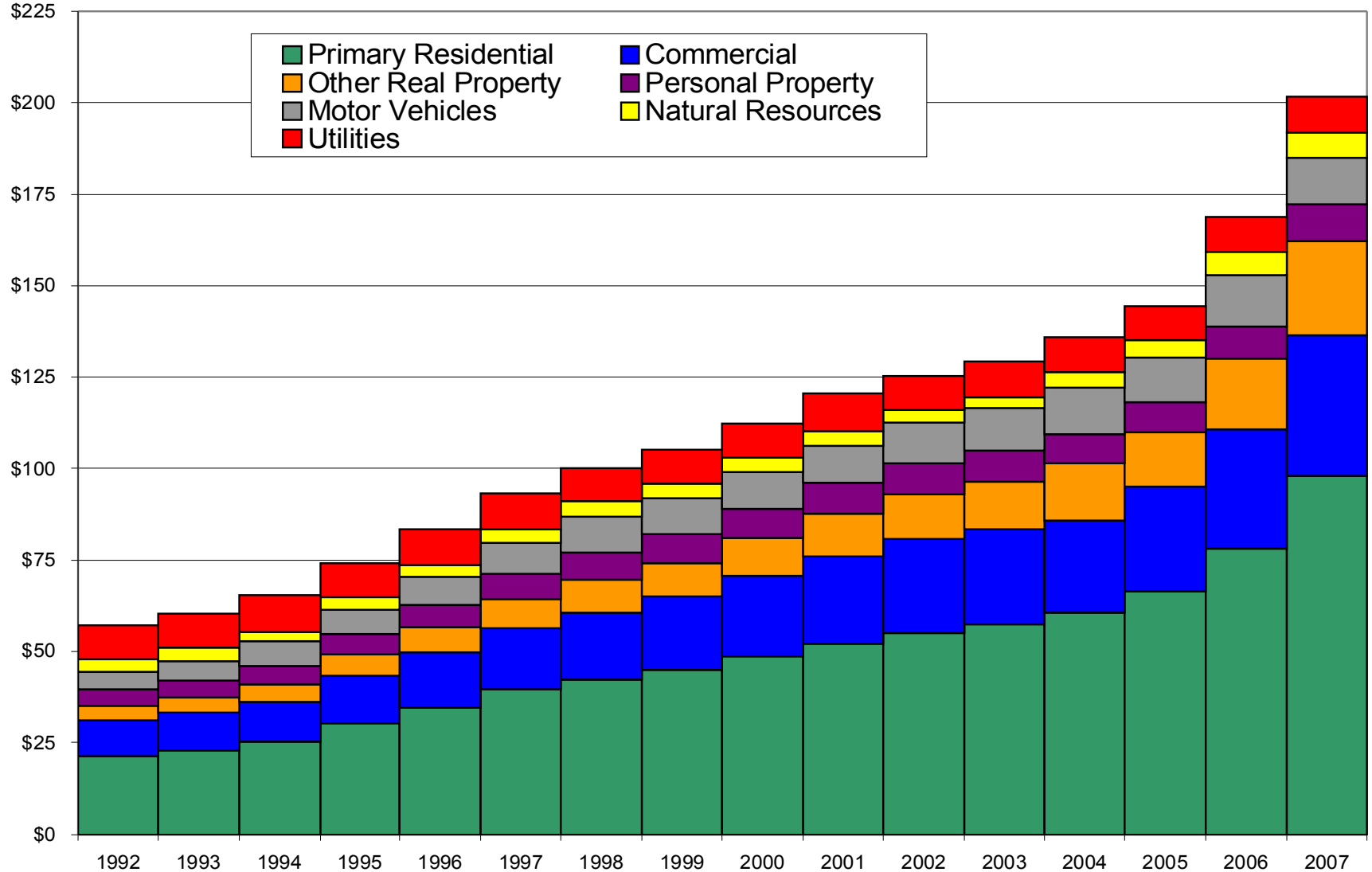
Statewide Assessed Fair Market Values 1992-2007

Billions



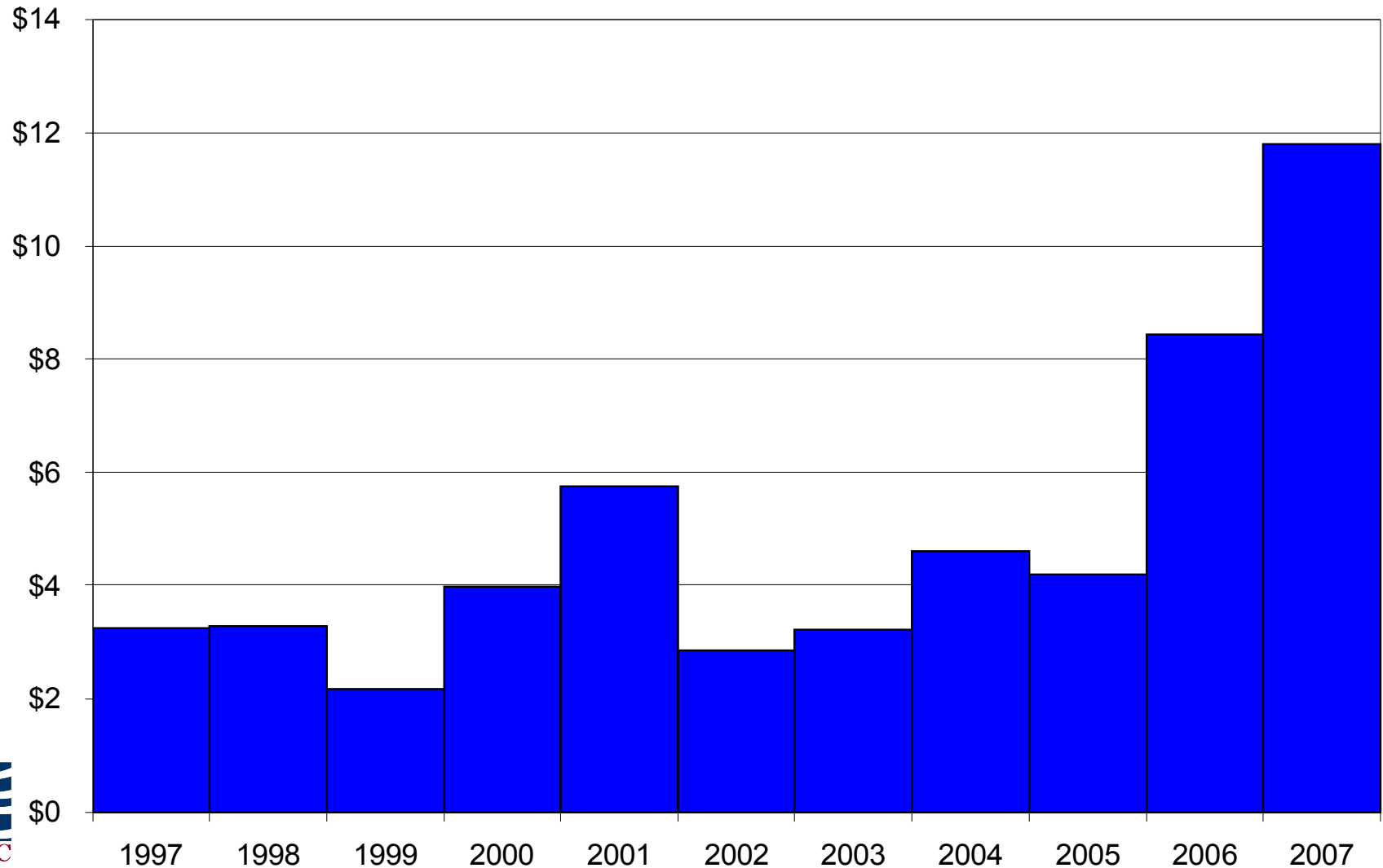
Statewide Assessed Taxable Values 1992-2007

Billions

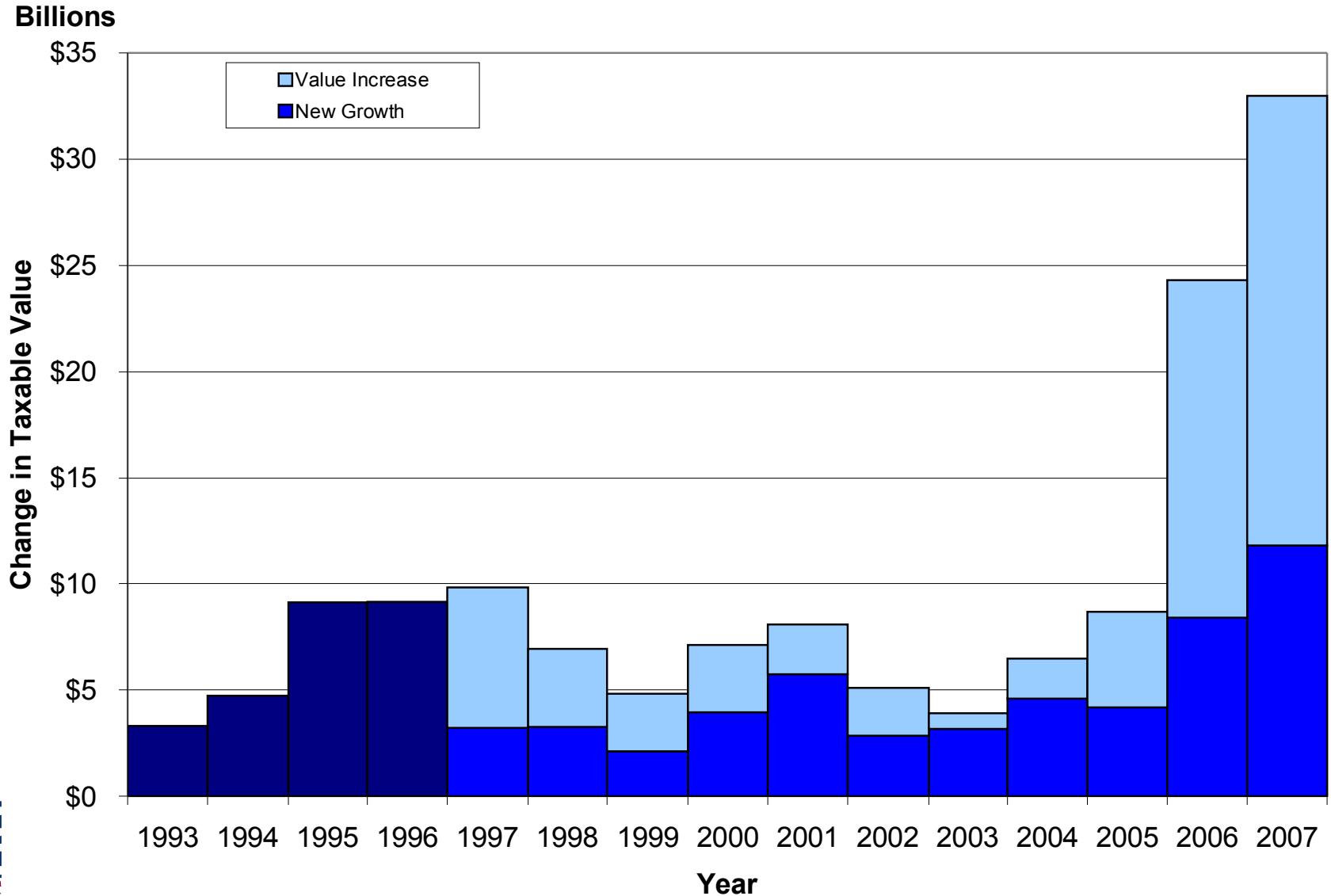


Taxable Value “New Growth” 1997-2007

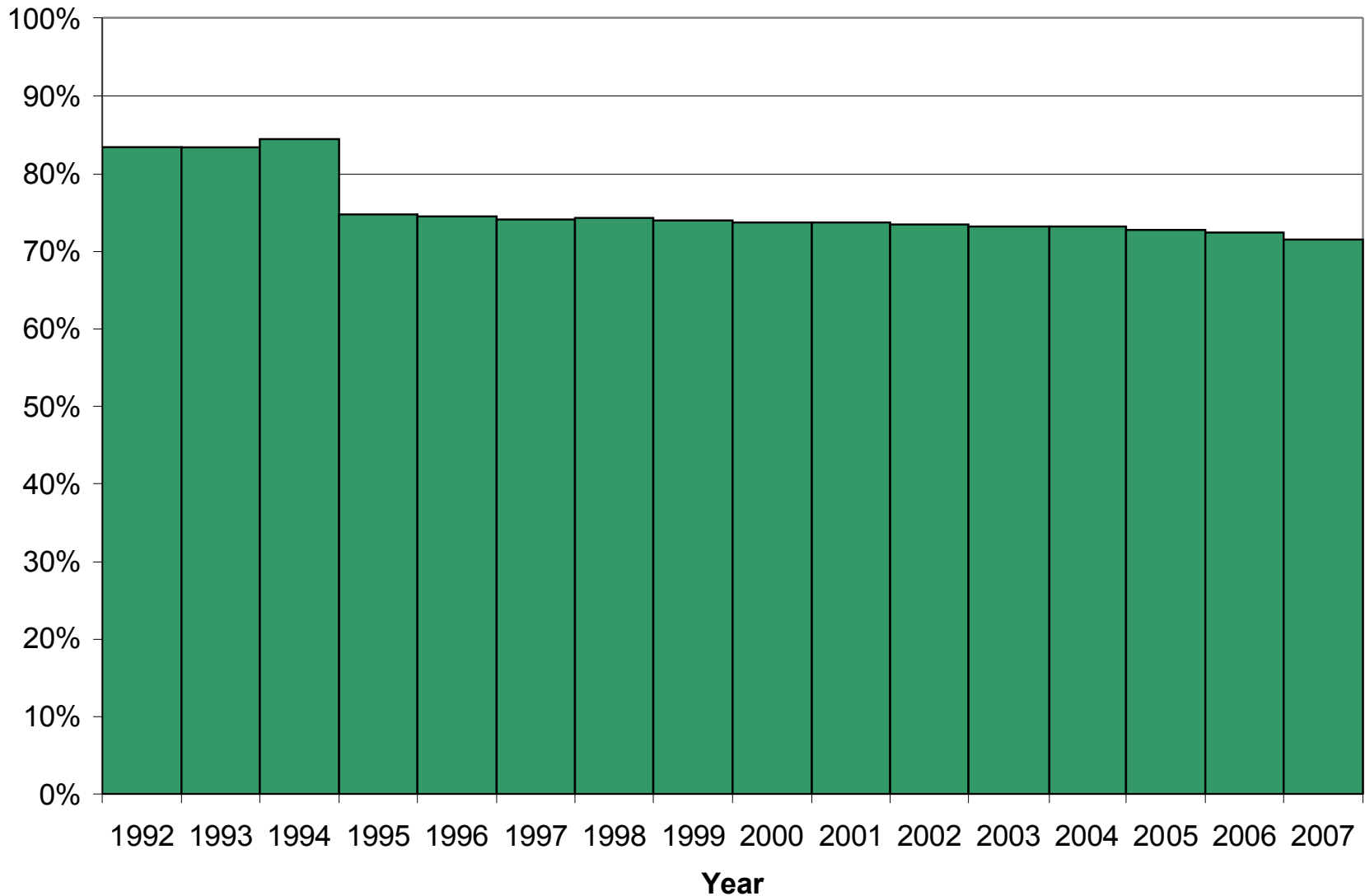
Billions



Change in Taxable Values 1993-2007



Taxable Value as a % of Assessed Fair Market Value

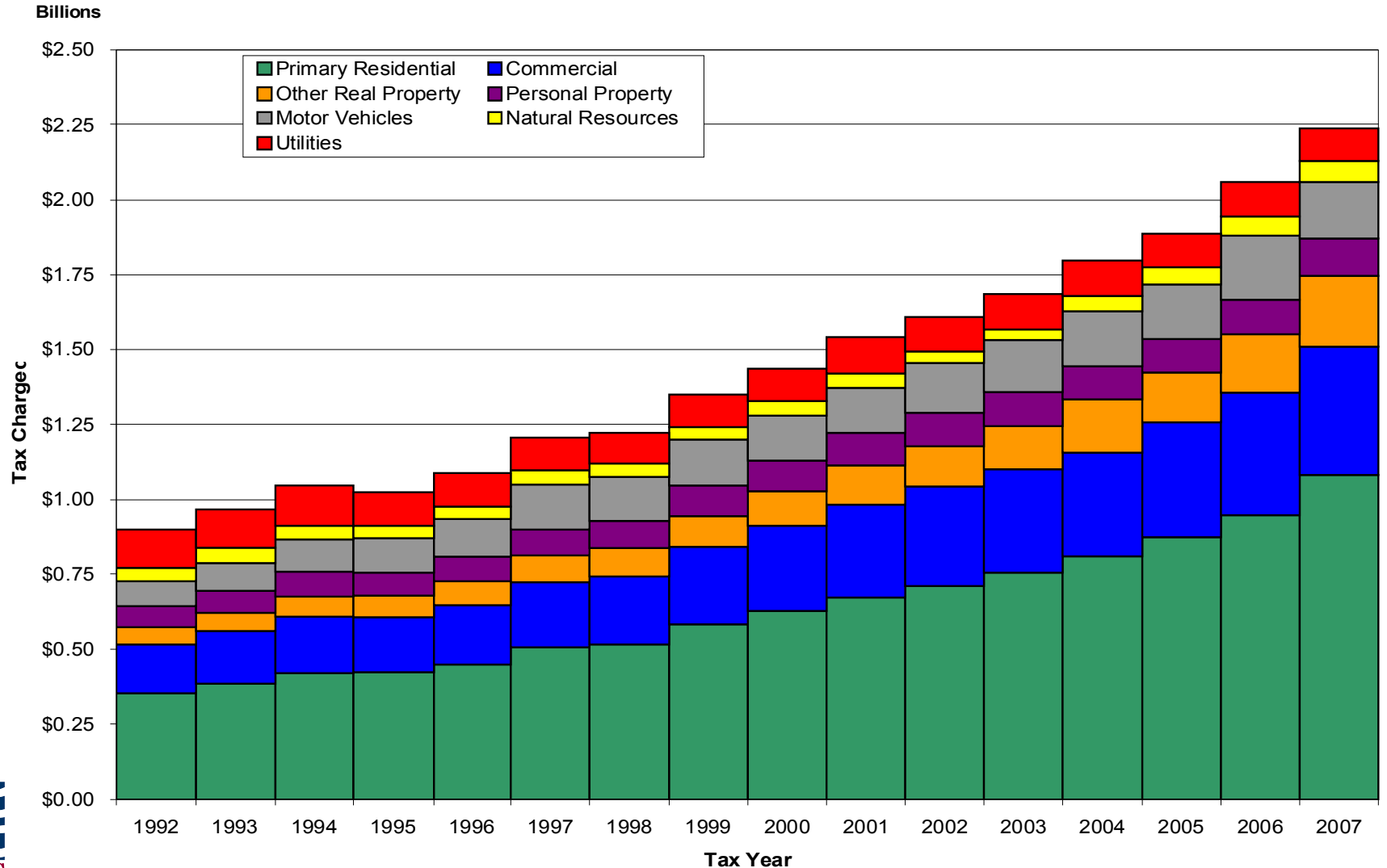


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Where Does Property Tax Come From?

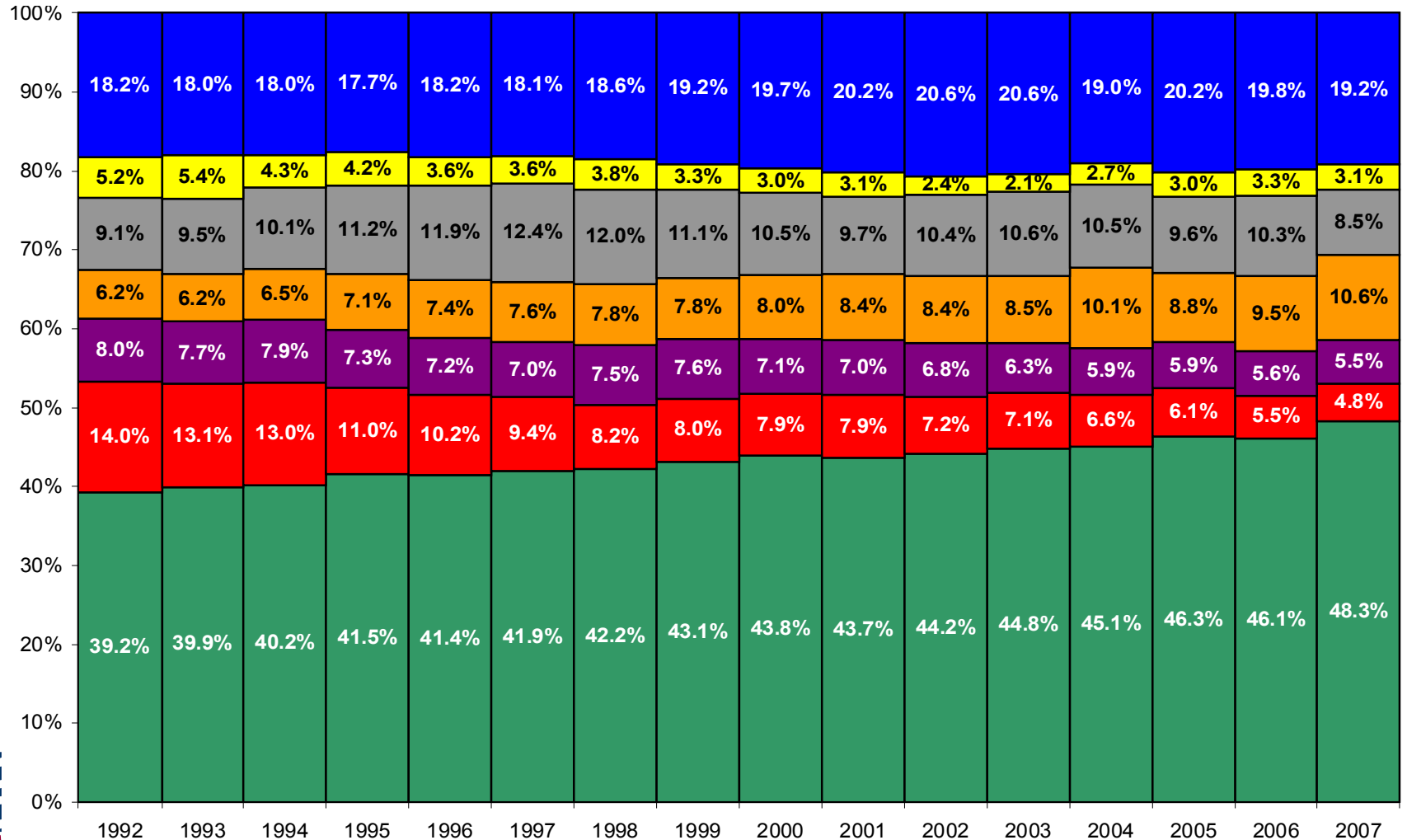
Statewide Taxes Charged 1992-2007



Where Does Property Tax Come From?

Statewide Taxes Charged 1992-2007

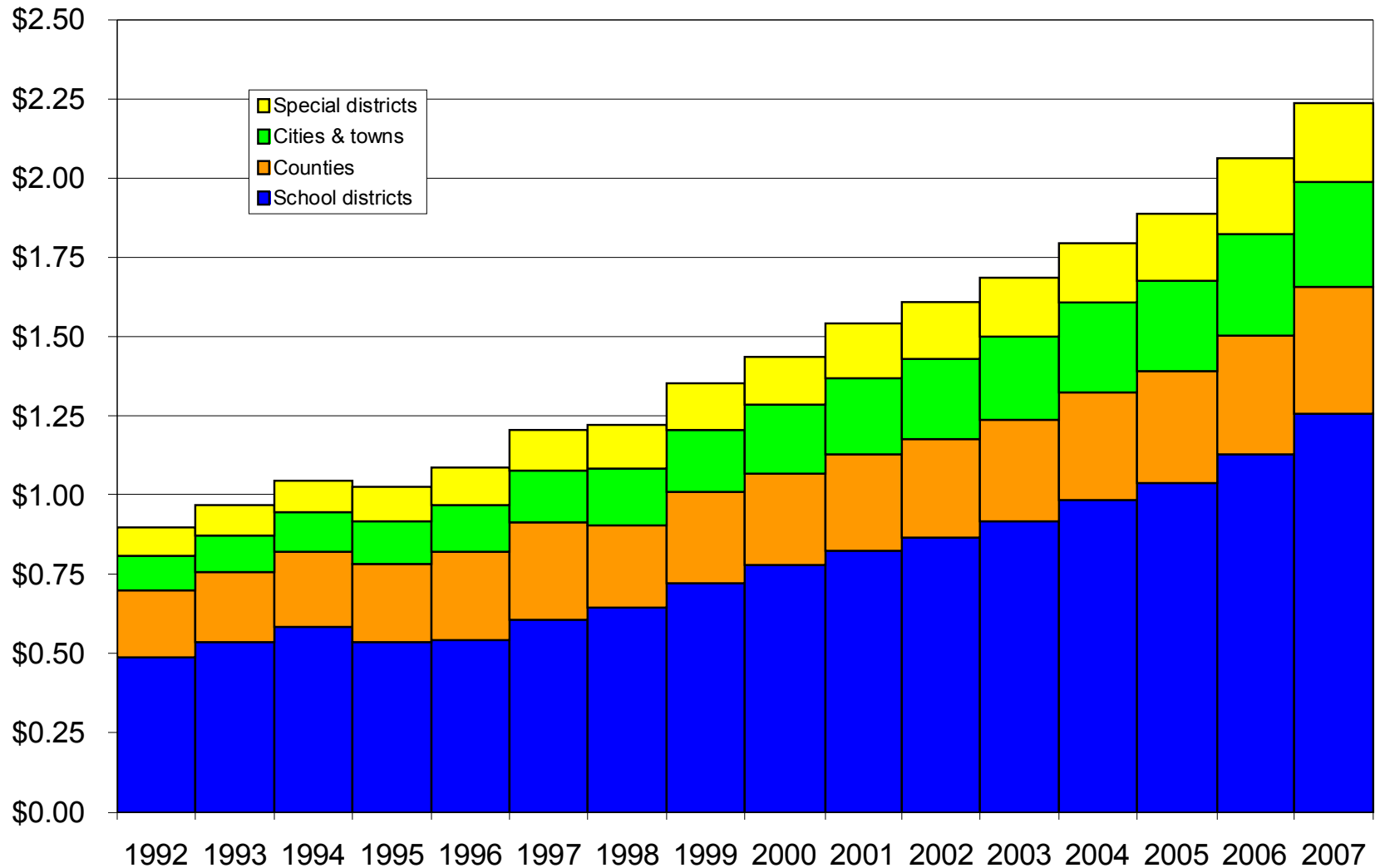
■ Primary Residential
 ■ Utilities
 ■ Personal Property
 ■ Other Real Property
 ■ Motor Vehicles
 ■ Natural Resources
 ■ Commercial



Where Does Property Tax Go?

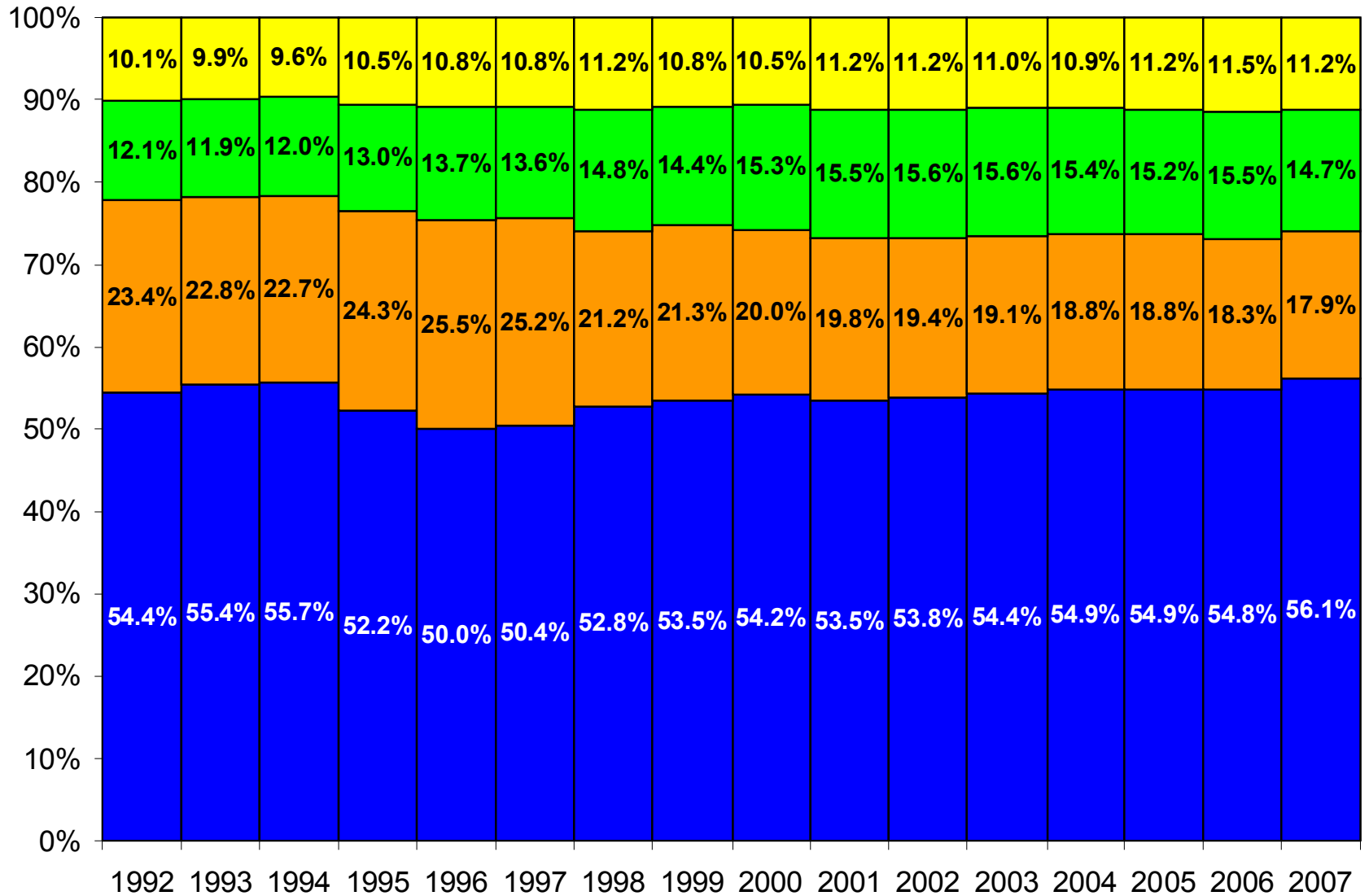
Statewide Taxes Charged 1992-2007

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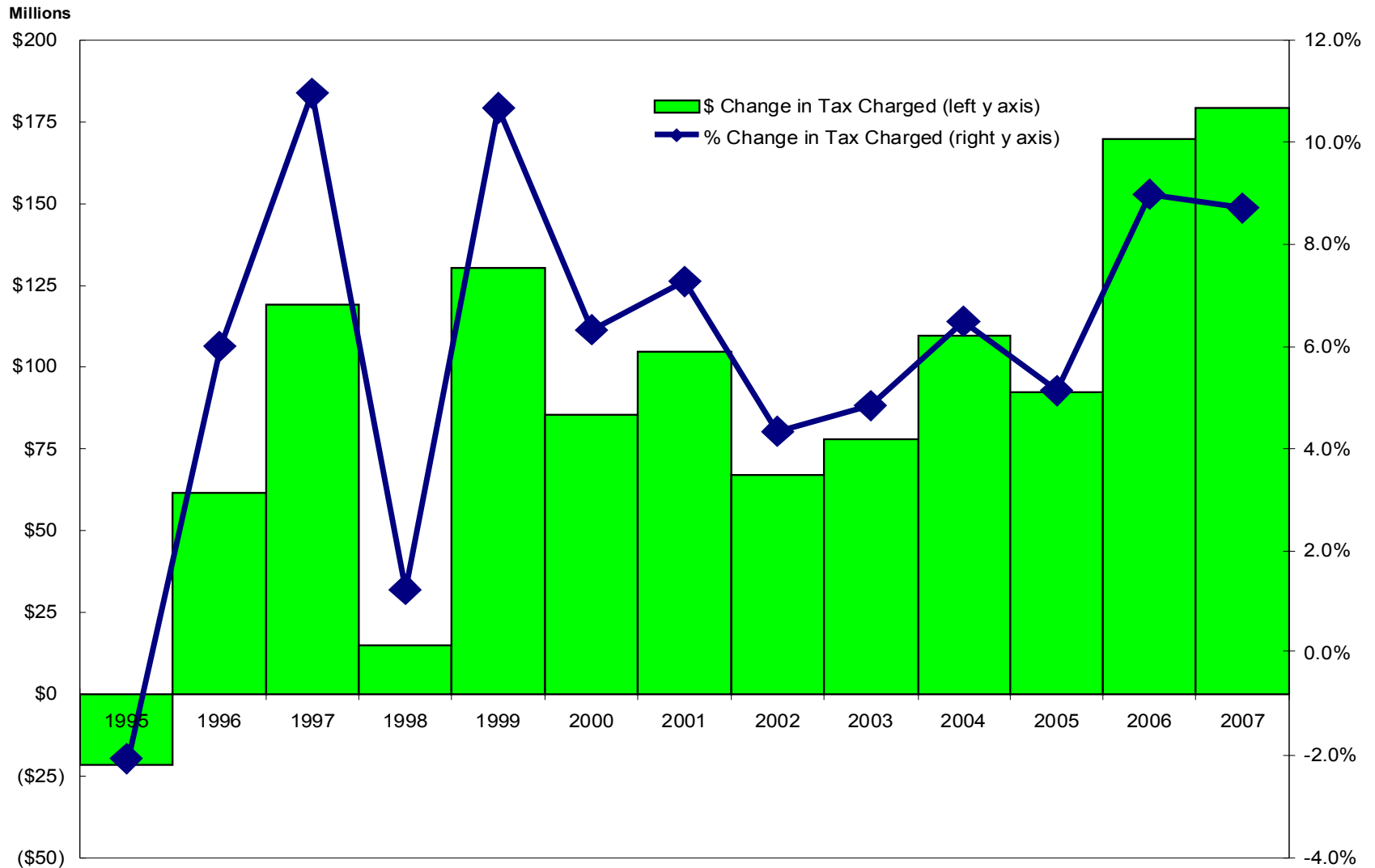


Where Does Property Tax Go?

Statewide Taxes Charged 1992-2007



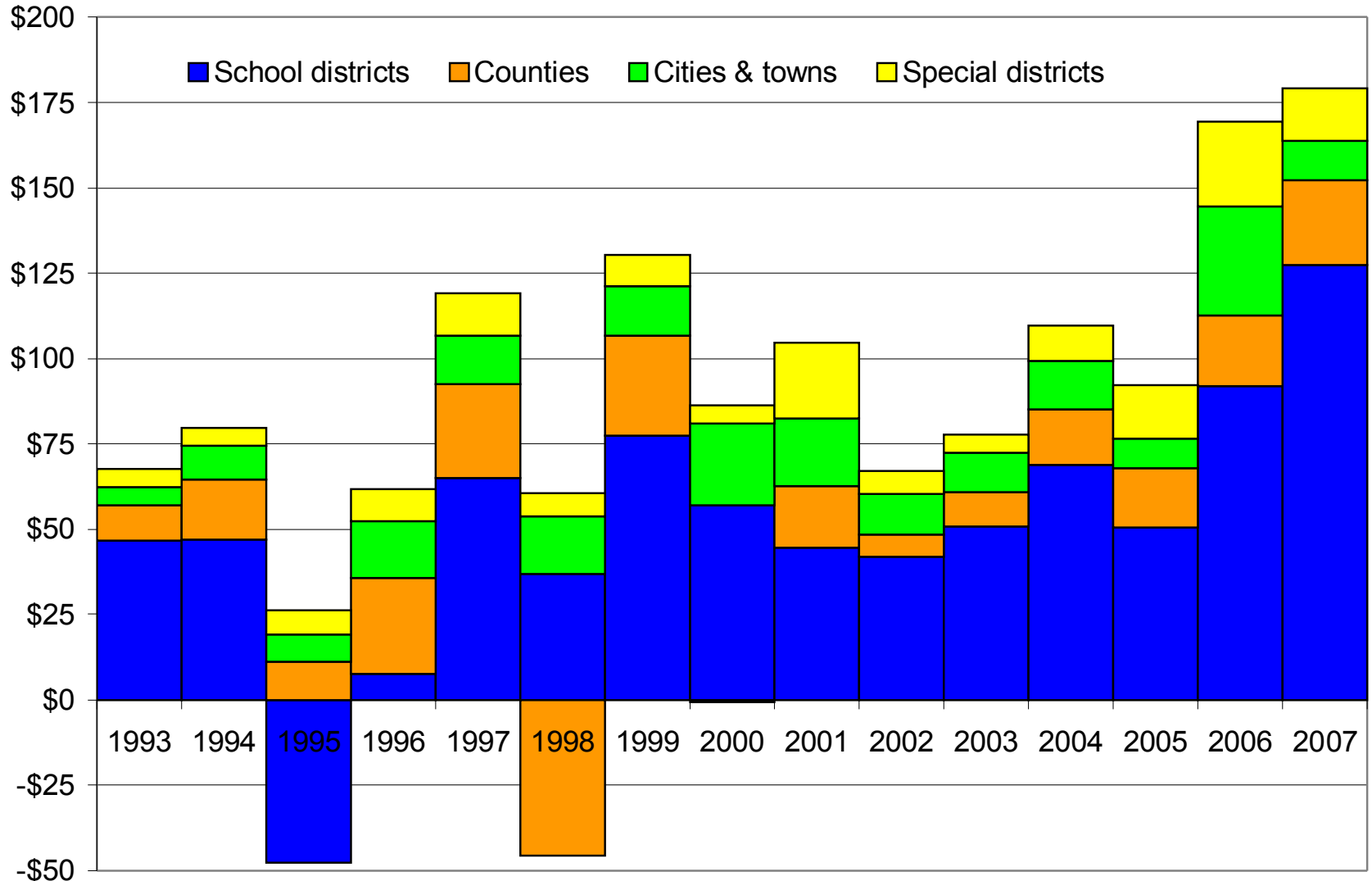
Statewide Taxes Charged 1994-2007



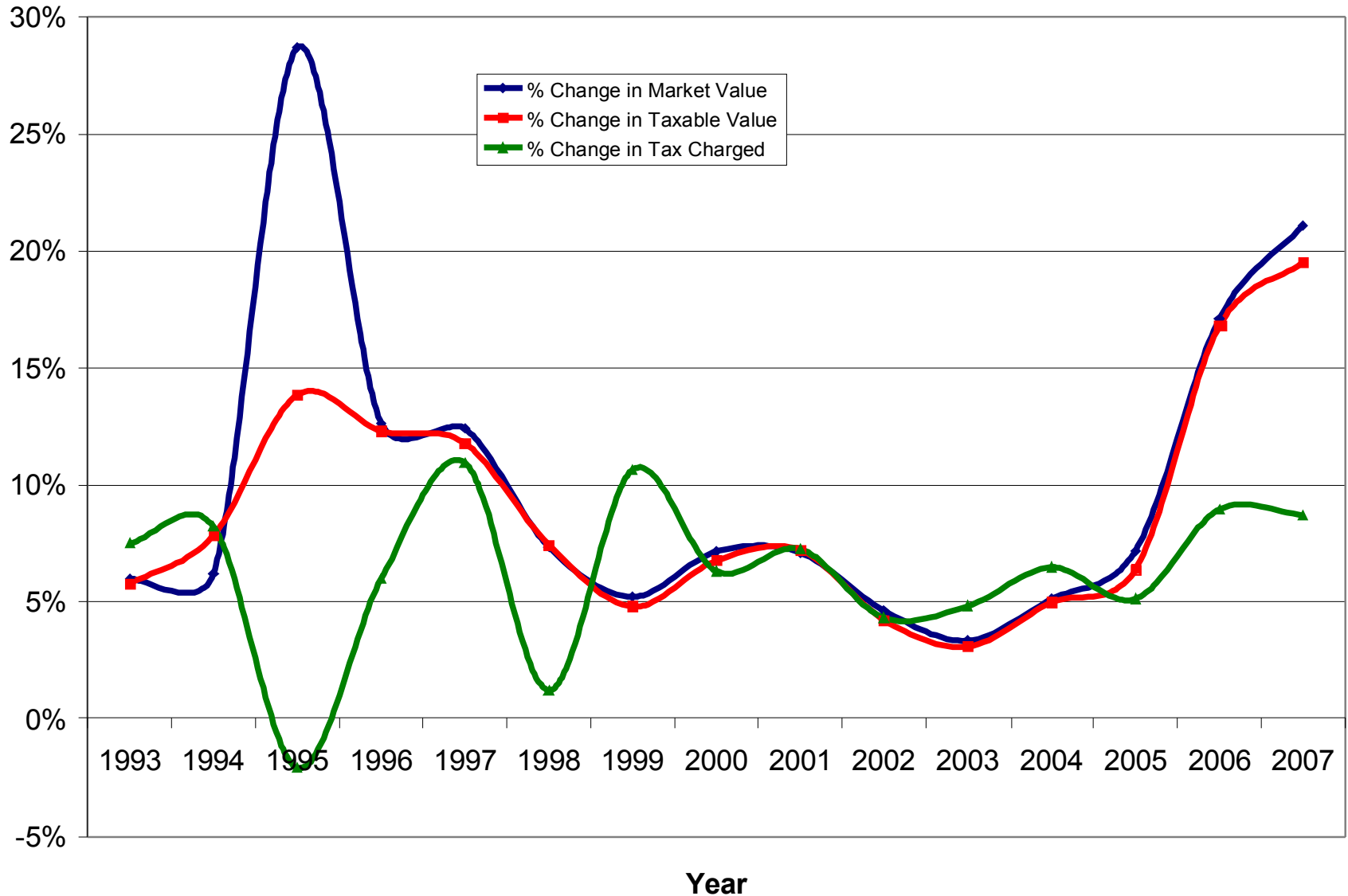
Where Does It Go?

Change in Statewide Taxes Charged 1993-2007

Millions



Percent Change in Market Value, Taxable Value, and Tax Revenues 1993-2007



Statewide Section Summary

- Statewide assessed market values and taxable values increased rapidly in 2006 (17%) and 2007 (20%)
 - A little more than one-third of statewide taxable value increases in 2006 and 2007 were due to “new growth”
 - Primary residential market values increased rapidly
- Due to the truth-in-taxation process, statewide property taxes charged to taxpayers did not increase as rapidly as values increased, but did experience significant growth in 2006 (9%) and 2007 (9%)

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- **Parcel-Level Changes**
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Sample Parcel-Level Valuation Data from Selected Counties

- Commercial Property
 - Summit
- Apartment Complex
 - Salt Lake
 - Weber
 - Davis
 - Utah
- See separate packet for specific examples

Apartment Complex Assessed Value Changes Salt Lake County (50 to 99 Units)

Parcel ID	Year Over Year Dollar Change in Assessed Fair Market Value							
	2008	2007	2006	2005	2004	2003	2002	2001
9313800310000	127,700	677,920	692,730	1,527,150	-209,880	-963,310	10	-10
27033770160000	511,100	701,400	363,900	1,343,500	0	0	-148,000	-186,700
16053520380000	-340,600	1,919,900	308,600	-140,300	66,900	513,100	-9,200	-13,700
8364760560000	118,100	511,000	1,149,500	-540,100	0	0	n/a	n/a
22093010260000	-421,800	837,000	745,600	-442,800	0	0	0	1,319,000
27012760070000	1,052,600	583,500	678,000	-351,800	0	0	0	701,600
22203760544001	1,261,000	51,200	579,600	-32,600	0	437,800	n/a	n/a
22064060350000	1,249,300	215,700	249,600	481,500	-18,200	-382,700	0	-588,600
16314560440000	845,100	483,000	608,100	164,200	87,700	0	0	-277,600
15344870084001	1,133,600	256,300	630,000	571,400	0	-1,900	-308,800	-16,300
15354000150000	1,068,900	476,500	386,700	354,800	0	0	0	109,100
16061800020000	23,300	421,100	402,000	618,800	0	13,200	-33,000	3,500
21032030150000	909,500	470,600	108,600	602,900	2,800	0	0	377,800
22213770124001	1,112,800	455,300	116,900	378,900	11,400	0	0	-410,100
15354000760000	1,048,800	222,200	-220,300	724,900	79,300	0	0	0
22291790230000	1,086,700	360,600	275,400	648,700	-472,900	0	314,000	0
15331030180000	885,200	315,000	303,600	69,800	-69,200	0	0	0
8271260050000	1,029,900	313,000	141,300	678,400	0	2,066,450	-2,066,450	-40,400
27033770150000	749,000	425,500	220,800	339,000	0	0	-172,000	-230,100
16191760310000	467,700	297,200	0	1,460,700	1,000	-849,700	0	0
21244280220000	350,700	392,200	300	413,000	0	0	80,500	10,900
22093010300000	-511,300	573,300	492,200	508,400	0	0	0	n/a
21364770090000	617,700	270,200	459,700	390,400	0	27,300	4,800	-248,500
20122280010000	687,700	355,100	-25,800	-53,300	0	0	0	-286,100
15312040250000	310,700	219,900	354,700	128,300	62,700	0	0	0
16321790270000	-3,200	283,400	428,600	225,100	-800	-150,800	-56,600	0
21272260340000	4,700	109,200	39,500	378,900	0	0	26,300	0
15332270180000	3,600	73,800	119,200	109,700	-500	19,500	0	0

Apartment Complex Assessed Value Changes Salt Lake County (100+ Units)

Parcel ID	Year Over Year Dollar Change in Assessed Fair Market Value							
	2008	2007	2006	2005	2004	2003	2002	2001
28313510190000	5,364,400	3,761,100	171,800	10,110,000	0	0	0	0
22273530040000	200,200	6,293,800	-1,638,000	7,312,400	454,900	0	0	-426,300
21022760150000	2,119,600	2,210,900	2,372,800	3,744,800	7,116,400	0	0	-844,800
22171020080000	6,038,000	333,100	1,120,000	3,484,400	155,000	17,700	-1,662,600	2,525,000
15343260240000	8,157,100	173,400	1,946,100	2,295,300	-2,056,200	-9,200	-585,600	-500,900
27133760140000	52,400	2,982,900	540,100	3,636,000	6,686,900	0	-10,130,300	2,029,260
22041510260000	5,401,500	182,200	4,006,700	4,305,600	-2,211,900	0	-6,100	-2,381,100
22093510040000	5,405,000	2,090,100	2,420,100	2,017,900	1,219,700	-1,671,000	278,200	-2,276,600
22293260070000	5,053,500	2,828,700	1,496,600	738,600	0	-2,065,200	0	-768,900
15354000840000	6,759,000	1,496,300	866,100	4,605,500	269,600	0	74,750	-2,056,750
22223010090000	4,927,300	1,340,400	345,300	1,246,500	-320,600	-1,071,700	0	-445,600
21224510090000	4,136,100	1,324,200	1,698,400	1,412,500	0	0	3,721,800	0
16174570410000	133,100	1,780,900	2,966,700	3,462,600	-7,200	0	0	-19,500
15343770120000	6,247,700	2,940,200	1,535,500	3,375,800	-382,600	-1,464,000	0	-1,155,000
21252760220000	44,500	1,440,500	2,329,700	2,782,600	-45,600	-115,500	145,800	311,400
22213530174002	6,643,500	1,084,400	754,200	567,200	0	-656,900	-131,900	2,207,700
22194260020000	4,548,200	836,500	-24,100	1,577,600	2,582,900	65,000	-726,700	1,309,000
27363780020000	3,280,400	823,700	3,259,900	1,485,900	550,000	11,586,700	n/a	n/a
16231010040000	-590,800	9,029,900	1,056,200	87,600	1,776,100	275,000	-385,200	-485,300
15343260230000	5,670,500	71,300	2,087,520	2,505,580	0	-210,100	-303,400	-187,100
28051550010000	31,300	3,006,200	2,677,900	97,700	0	1,533,600	0	-1,049,300
21291010010000	1,525,100	2,820,400	0	389,600	239,600	4,067,000	11,527,800	n/a
21244800110000	3,783,300	2,106,800	435,200	1,343,900	0	1,434,700	37,200	440,300
15152580120000	5,836,400	4,847,000	1,333,100	-11,400	-1,784,900	0	-4,600	-434,600
22292540090000	-2,000	2,953,120	2,657,180	2,401,860	0	0	0	1,694,970
21322260010000	3,621,000	-340,600	1,700,500	1,848,300	-1,200,900	0	262,400	0
22053770230000	2,513,300	2,518,400	1,364,700	1,800,700	0	113,700	119,500	-1,464,100
21102020040000	3,518,500	383,900	2,063,700	3,184,400	-36,700	-374,100	-1,443,300	0
15034510220000	4,850,800	1,855,400	800,200	3,465,600	0	0	3,200	0
21183510110000	2,092,400	1,825,900	726,200	1,234,500	369,500	n/a	n/a	n/a
22093010210000	3,547,300	1,481,900	1,689,300	2,933,500	0	105,700	0	14,200
27034520130000	-580,900	2,325,100	-328,600	2,362,800	0	0	842,100	-184,400
21244800090000	3,698,300	1,168,100	1,487,200	2,391,200	-464,800	0	0	1,463,900
26362260010000	2,506,500	1,560,700	518,100	189,500	43,400	3,093,700	10,291,500	n/a
15363020250000	948,500	2,499,300	1,269,200	1,266,500	0	1,169,100	n/a	n/a
16314530030000	2,051,100	1,289,800	792,700	226,400	573,700	1,661,100	0	391,100
22204050180000	278,200	1,256,100	216,800	4,038,400	-22,100	0	200,000	-749,600
22213530174001	1,217,700	1,039,400	722,400	705,200	0	-622,100	-124,900	2,090,800



Apartment Complex Assessed Value Changes Weber County

Parcel ID	Year Over Year Dollar Change in Assessed Fair Market Value							
	2008	2007	2006	2005	2004	2003	2002	2001
82900002	0	-303,333	4,100,300	0	0	0	0	0
110350040	0	0	0	0	0	723,042	0	0
10410001	0	-520,800	0	0	0	-3,227,131	0	8,476,775
81060027	0	0	836,918	0	0	0	0	0
131130031	0	1,652,032	45,568	0	0	0	0	0
120570003	0	0	0	-735,500	-311,775	0	0	217,794
60320006	0	97,556	0	0	0	0	0	0
110220011	0	0	0	0	362,893	0	0	0
110130012	0	0	-6,465	0	0	0	0	0
70820068	0	799,767	0	88,700	-150,828	-3,172	-653,165	0
120310009	0	654,150	0	0	-33,764	0	0	0
141000016	0	-1,135,462	-514,745	0	0	0	0	0
130560016	0	0	0	0	-20,538	0	0	0
70670057	0	0	0	-167,639	0	0	0	-33,206
71100012	0	0	0	550,372	0	0	0	0
60740010	0	189,946	0	0	0	0	43,687	0
110270042	0	0	-102,379	-114,469	0	-1,181	-1,179,846	0
51360010	0	0	0	923,700	-1,165,699	0	0	0
10580047	0	0	0	0	0	0	0	-181,539
110350012	0	0	0	0	-133,200	-107,993	0	0
10030017	0	0	0	884,342	19,012	0	0	0
50370023	0	-16,656	0	0	0	0	0	0
141010015	0	0	-236,496	0	0	0	0	0
120410005	0	133,350	536,480	0	88,671	0	0	0
131330001	88,576	0	0	0	0	0	-950	844,429
110200053	0	0	0	0	148,068	0	0	0
70610049	0	0	0	45,098	0	0	0	0
50710032	0	0	0	0	0	0	90,233	0
110350035	0	0	0	0	2,500	-658,793	0	0
60510003	0	0	0	0	322,994	0	0	0
10360020	0	-29,000	0	0	0	0	238,208	0
120310022	0	0	0	0	-340,213	0	0	0

Apartment Complex Assessed Value Changes Utah County

Parcel ID	Year Over Year Dollar Change in Fair Market Value							
	2008	2007	2006	2005	2004	2003	2002	2001
493050001	2,250,200	3,471,900	826,613	0	0	0	621,217	1,688,915
481800003	0	2,530,300	602,368	0	0	0	418,822	1,197,710
190690020	0	2,497,400	594,605	0	0	0	0	0
540940002	0	2,195,400	522,740	0	0	0	324,160	0
493310006	0	0	566,438	-159,638	0	0	-191,665	1,507,674
482350001	0	1,504,000	358,158	0	0	0	260,907	723,604
220170005	-423,115	1,277,100	304,072	0	528,876	0	0	483,198
220200007	0	1,159,400	276,116	0	68,028	1,514,127	0	333,357
530910002	0	954,800	227,299	0	0	0	152,828	446,871
220290018	0	937,100	223,105	0	0	0	0	429,770
190260050	559,300	836,800	199,267	0	0	0	125,980	383,840
190730054	0	833,800	198,536	0	0	0	0	24,376
220140019	405,500	732,400	174,365	0	0	0	0	317,642
220170004	-86,201	786,900	187,338	0	532,325	0	0	335,097
508400002	470,400	632,400	150,545	0	0	0	0	278,850
190680005	205,800	665,700	158,500	0	-246,860	0	0	322,502
503800002	1,076,300	466,600	111,200	0	0	0	-790,310	291,751
353490001	0	566,700	134,900	0	-301,400	0	92,657	2,296,322
390200034	631,600	313,100	74,551	0	0	0	46,884	143,361
190650007	-156,300	434,900	103,509	0	0	0	0	198,603
220180050	0	386,200	92,142	0	0	412,359	0	148,269
210420044	591,700	286,800	68,269	0	57,906	0	0	122,612
525320001	52,700	311,200	74,082	0	0	0	42,842	138,838
220100006	323,700	202,700	48,200	0	0	0	0	67,587
180050046	361,900	191,400	45,555	0	0	0	28,881	87,856
220150035	0	248,800	59,270	0	0	0	0	118,273
50810011	0	232,200	55,390	0	0	0	0	115,223
50690013	0	217,500	51,750	0	0	0	0	99,753

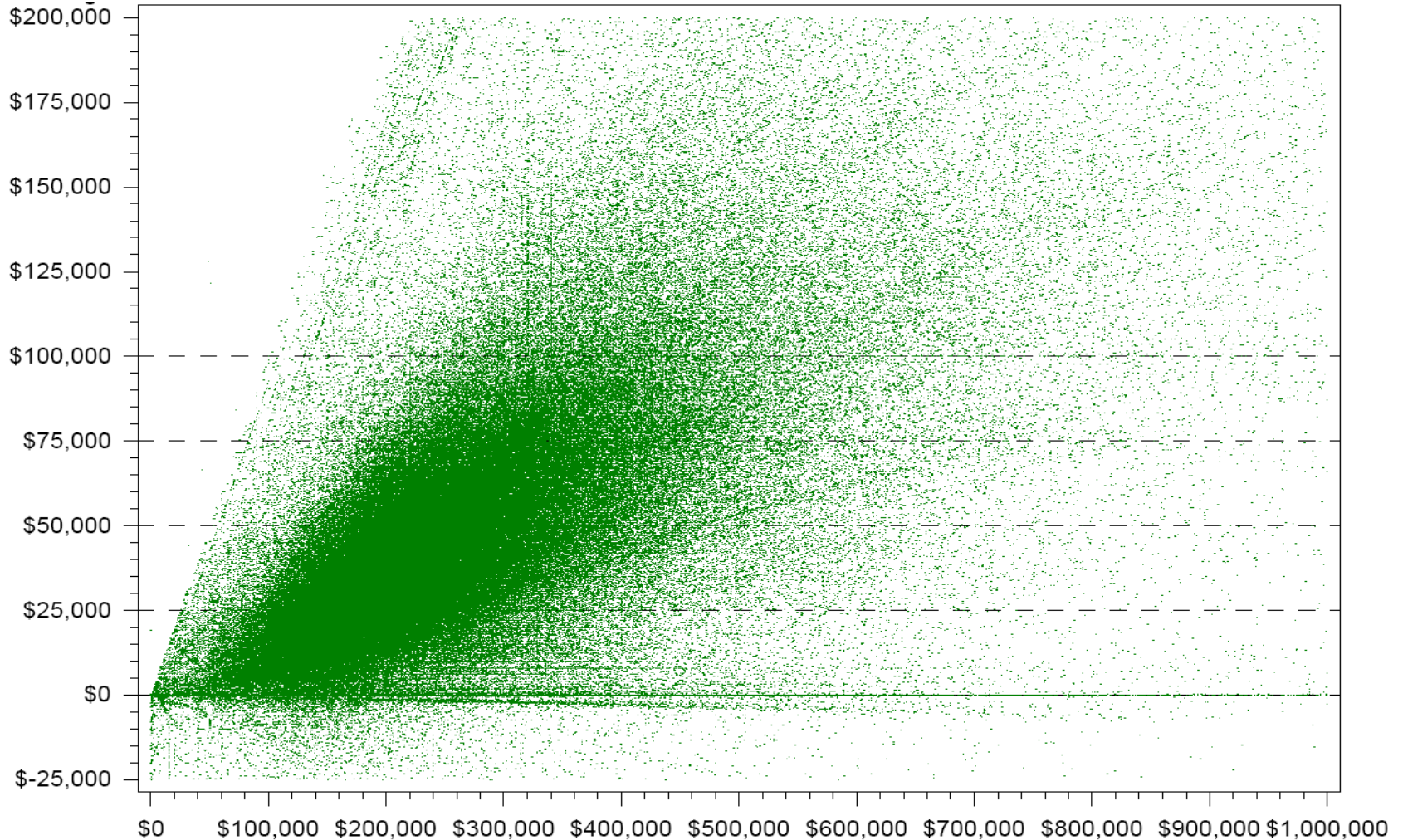
Apartment Complex Assessed Value Changes Davis County

Parcel ID	Year Over Year Dollar Change in Fair Market Value							
	2008	2007	2006	2005	2004	2003	2002	2001
100300058	1,249,189	0	0	0	0	0	0	0
100290095	467,399	228,211	0	0	0	0	0	0
110030027	439,738	0	0	0	0	0	-633,610	0
110030068	335,847	0	0	0	0	-49,160	0	0
110320048	360,092	0	567,100	0	0	0	0	0
100290058	453,530	0	0	0	0	0	0	0
30040046	0	74,760	-4,073	-86,263	0	0	799,066	237,110
30040047	0	85,042	31,970	-74,384	-31,961	31,961	672,544	243,150
70310075	0	0	224	0	0	0	0	0
110030049	144,556	0	0	0	-72,525	0	947,485	-29,240
130690017	0	6,200	0	0	0	0	0	0
30860006	97,734	0	191,357	-78,408	0	0	0	129,384
111040012	677,420	0	0	0	0	0	0	-26,550
30860002	60,984	0	187,352	-60,982	0	0	0	81,930
30360134	0	0	-30	0	0	0	0	0
30860005	75,794	0	211,120	-75,792	0	0	0	126,360
70280026	0	0	227,630	0	0	0	0	0
30230105	0	0	15,000	0	-15,000	15,000	-15,000	0
120520024	73,616	0	0	0	0	35,508	0	0
30410015	0	243,670	0	0	0	0	0	0
30390117	0	545	0	0	0	-13,680	0	30,440



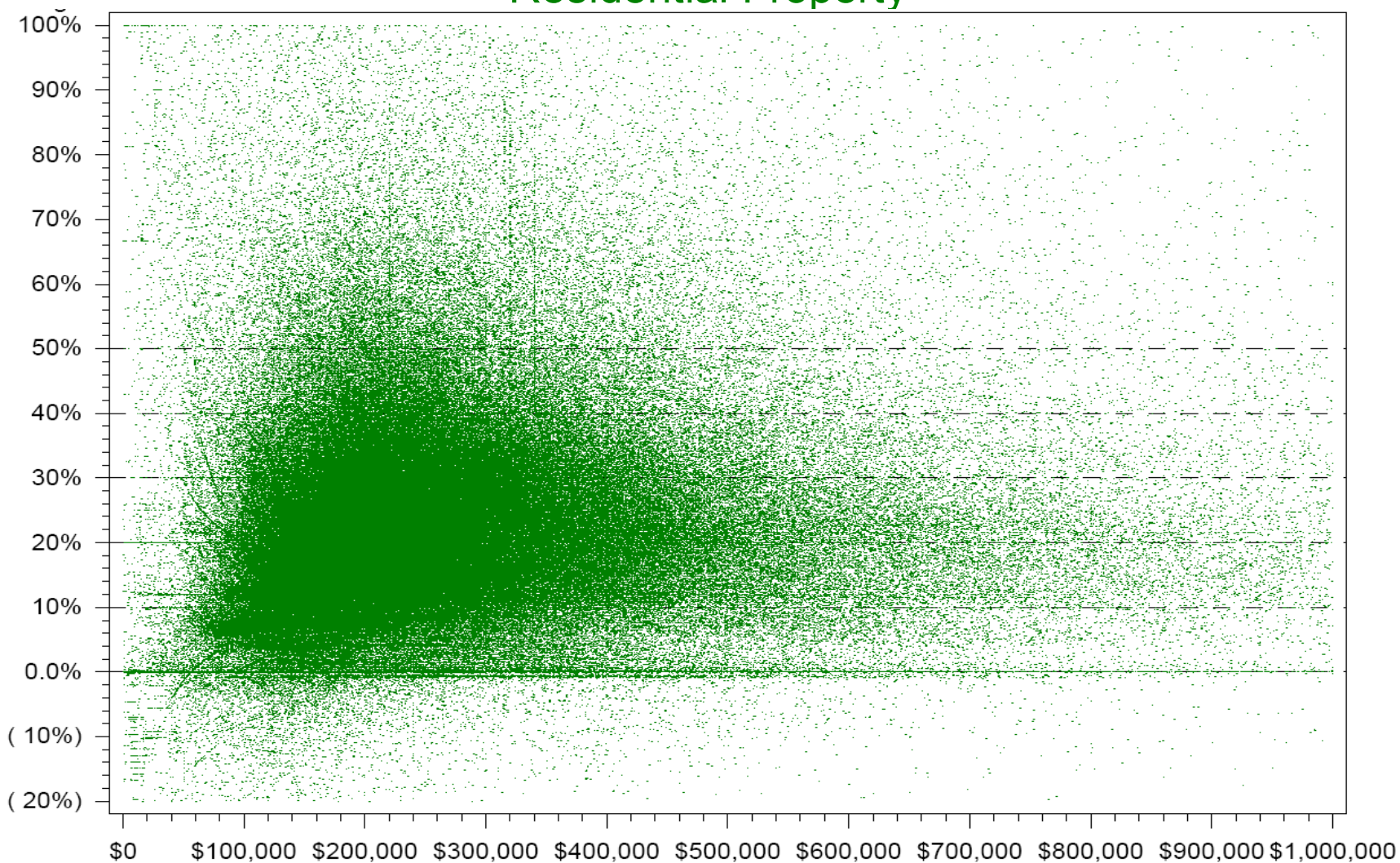
Statewide \$ Changes in Assessed Fair Market Value 2006-2007

Residential Property



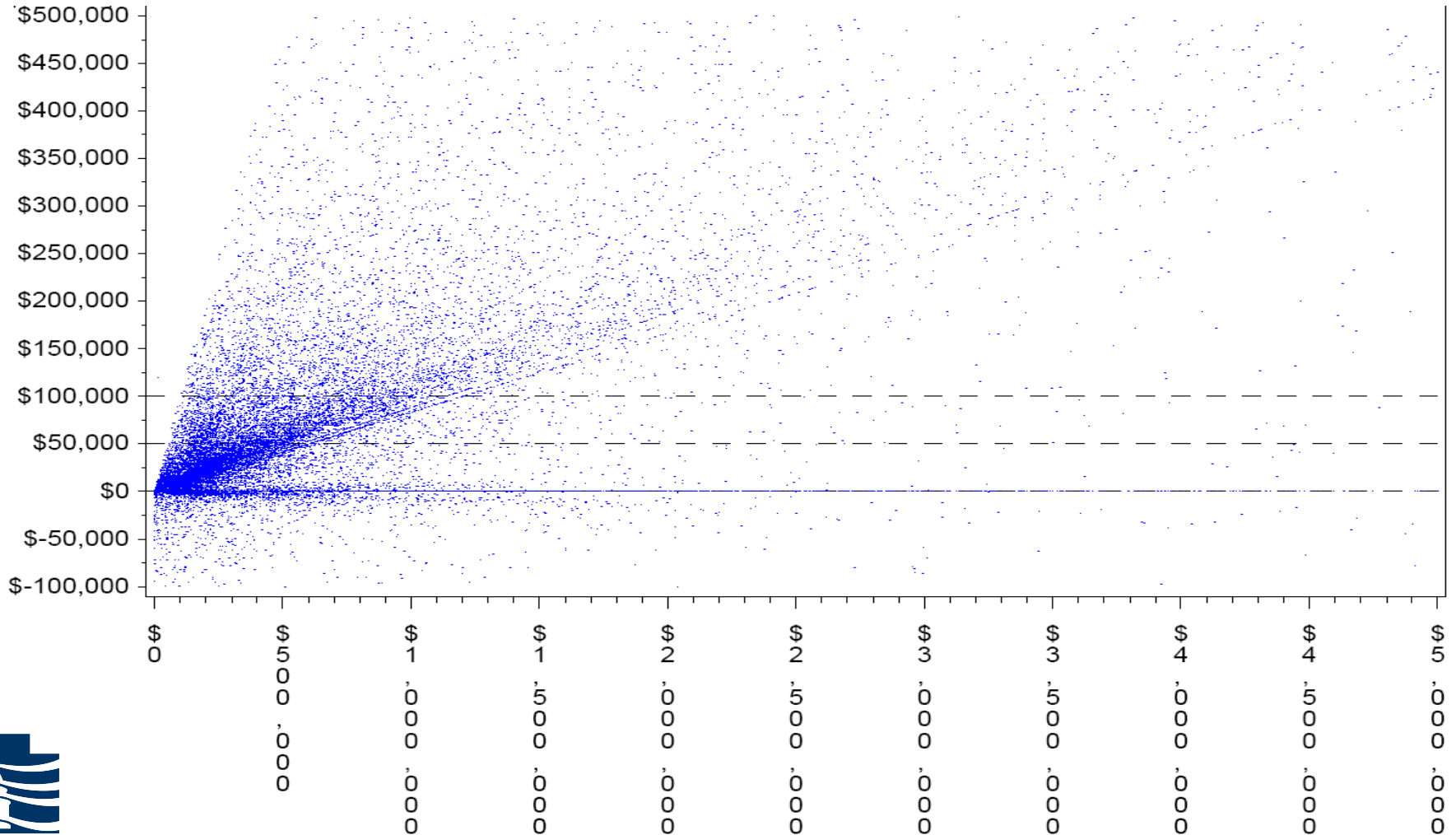
Statewide % Changes in Assessed Fair Market Value 2006-2007

Residential Property



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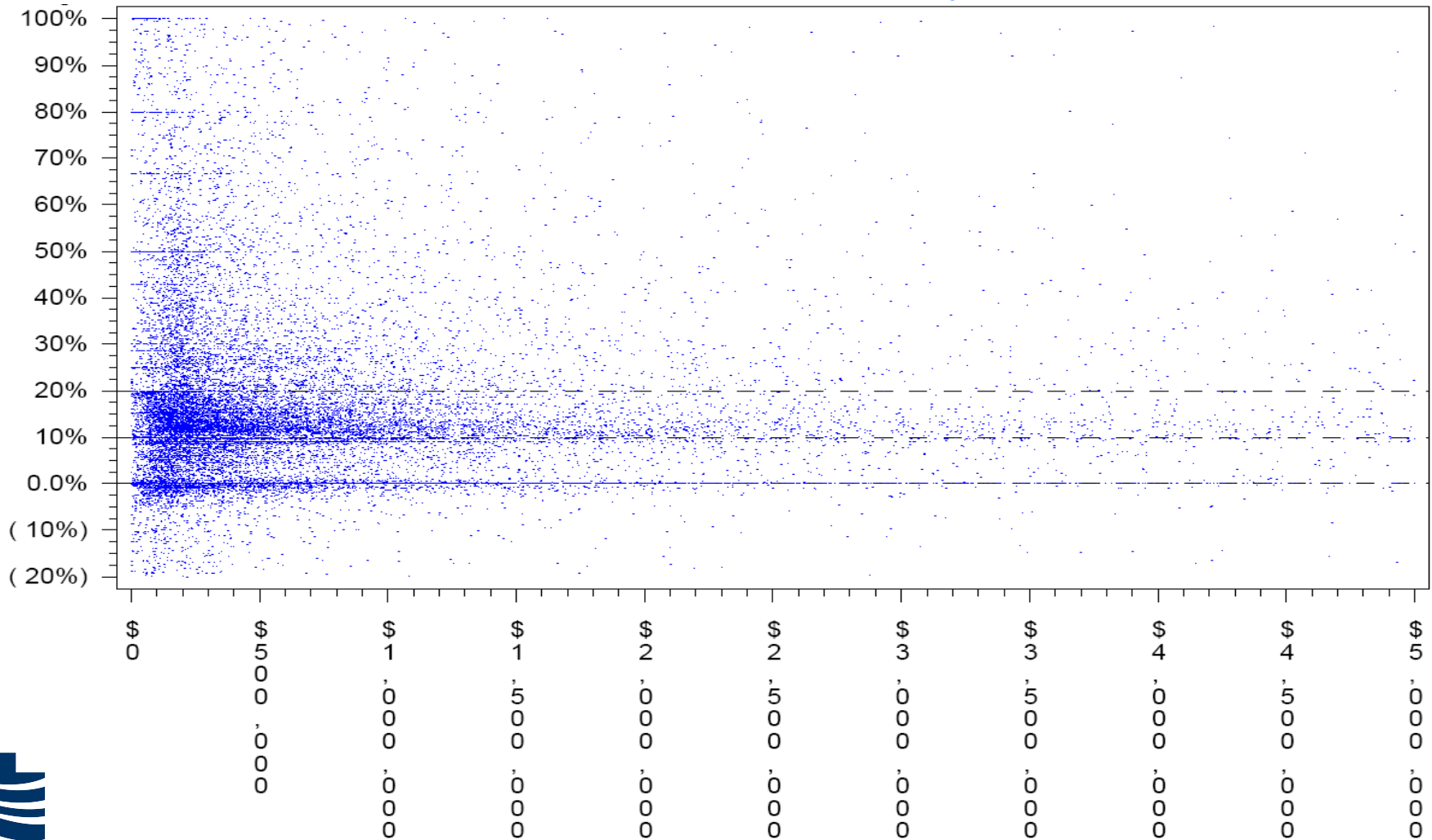
Commercial Property



2007 Parcel Fair Market Value

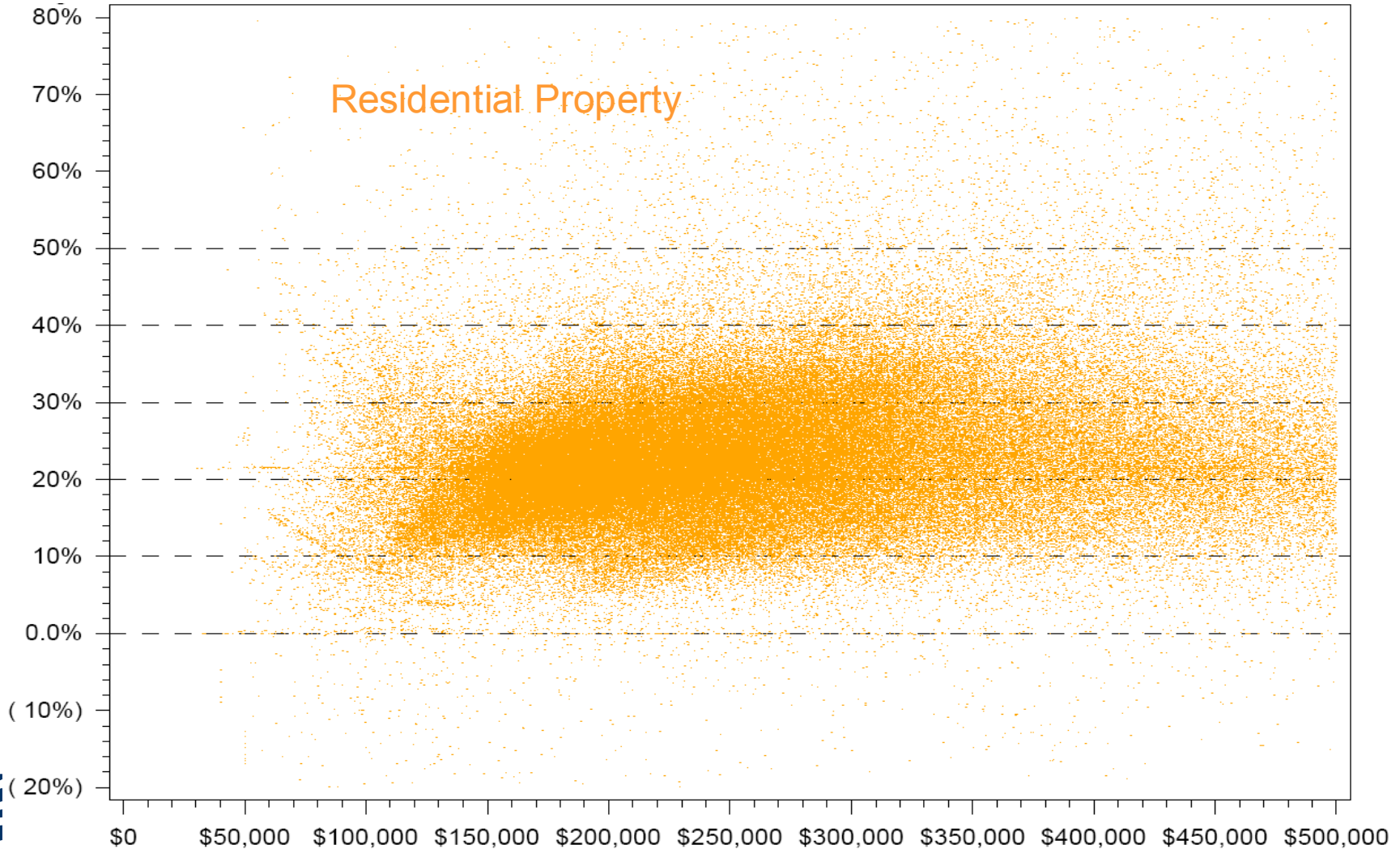
Statewide % Changes in Assessed Fair Market Value 2006-2007

Commercial Property



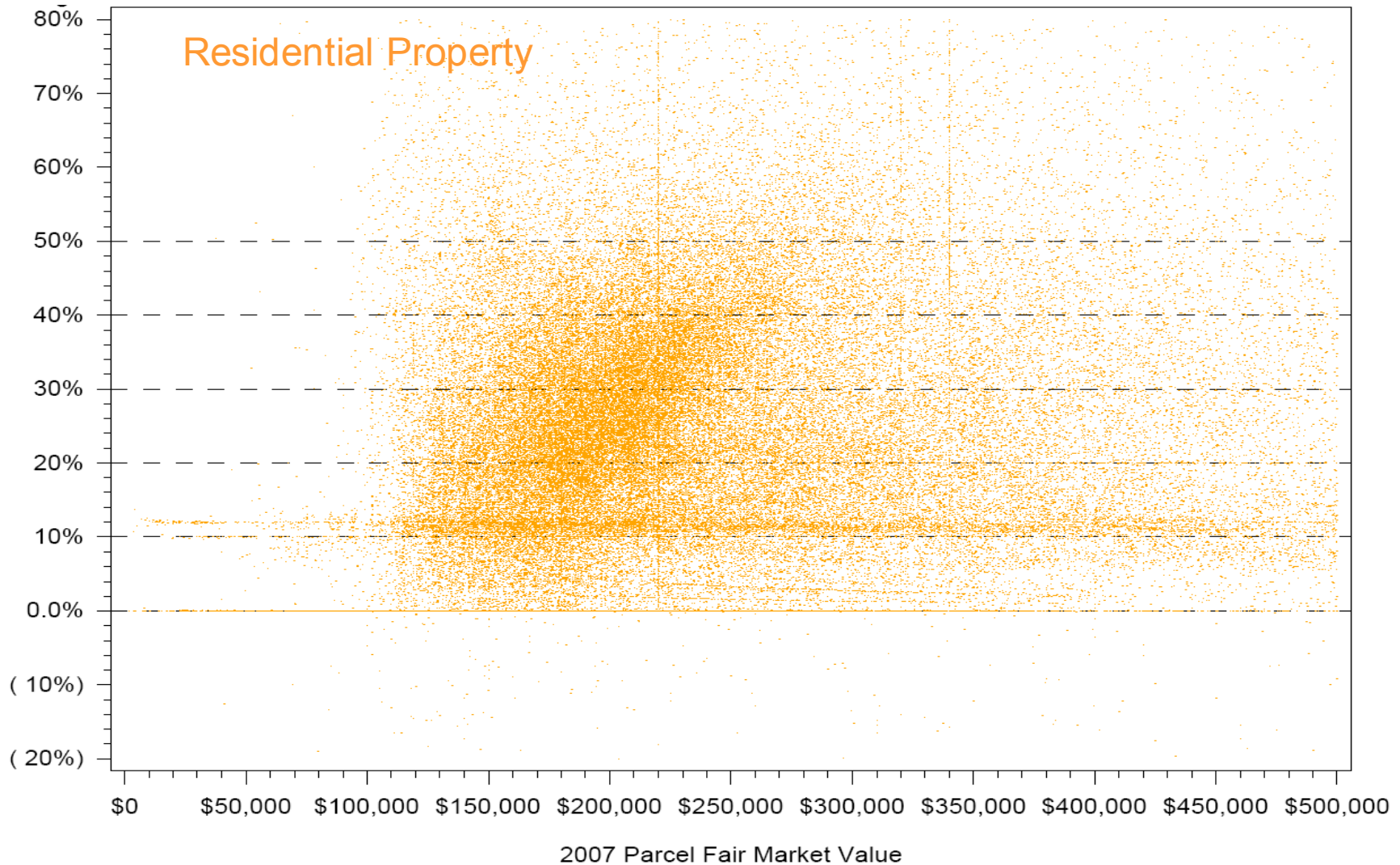
2007 Parcel Fair Market Value

Salt Lake County % Change in Assessed Fair Market Value 2006-2007

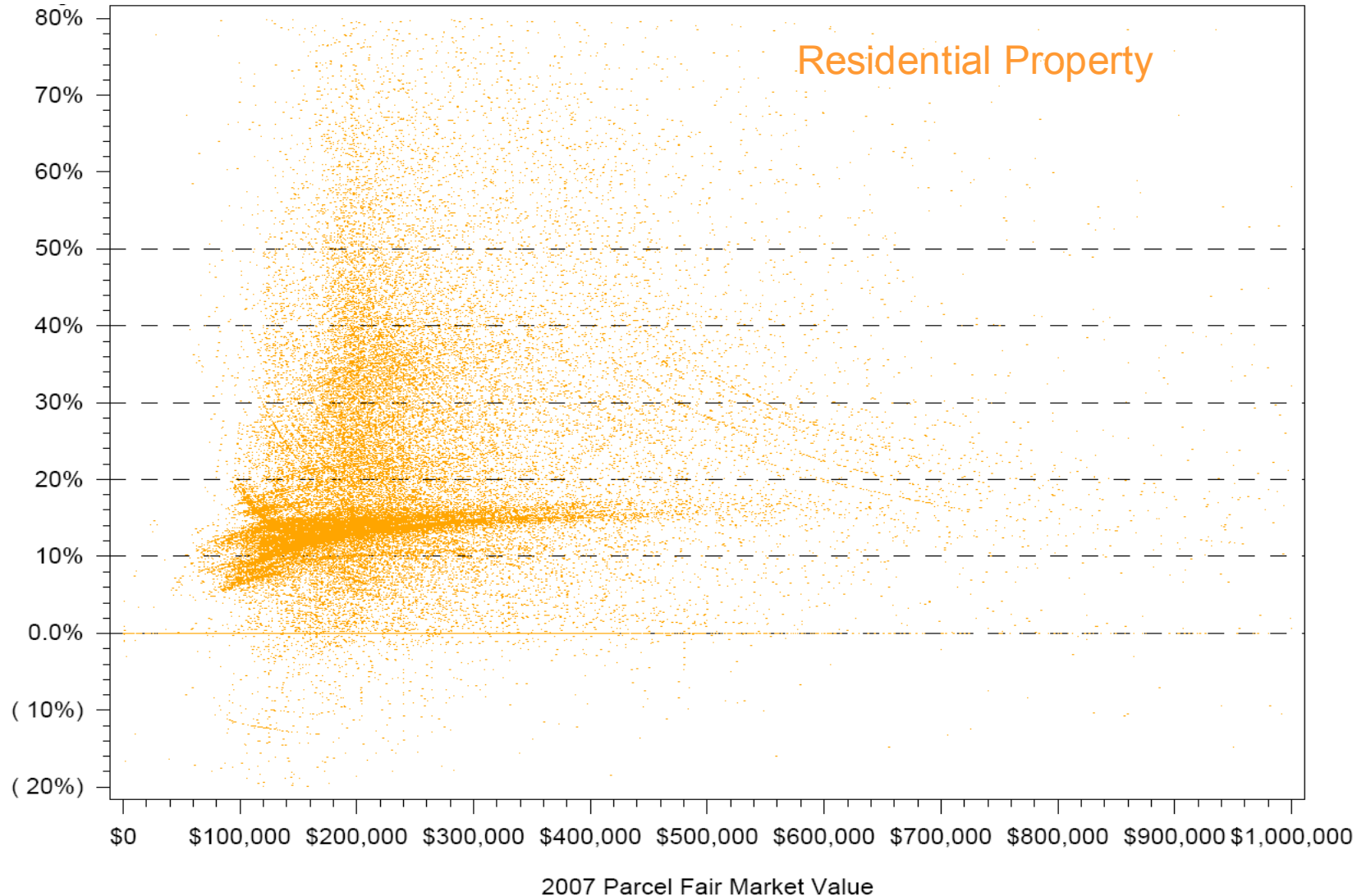


2007 Parcel Fair Market Value

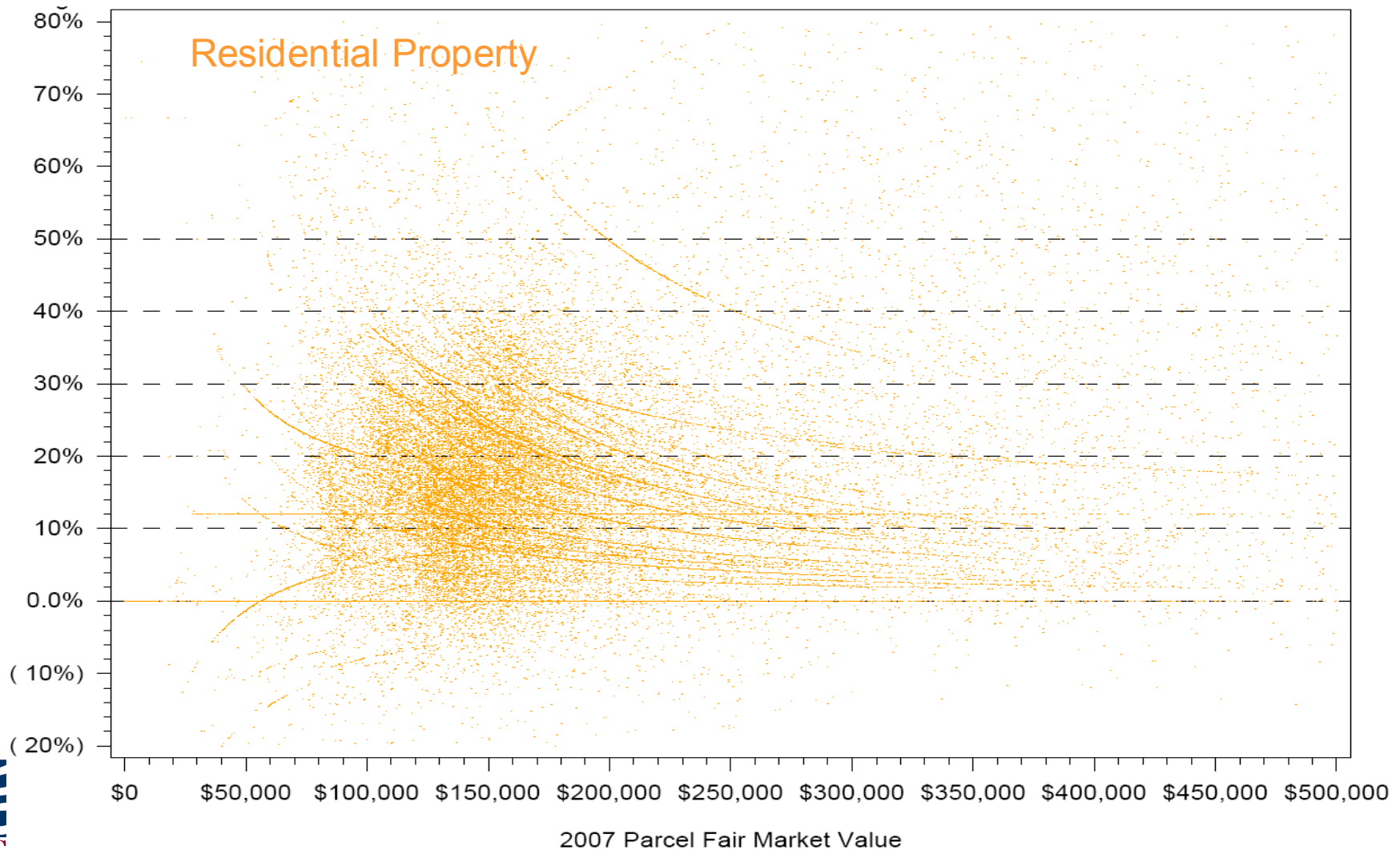
Utah County % Change in Assessed Fair Market Value 2006-2007



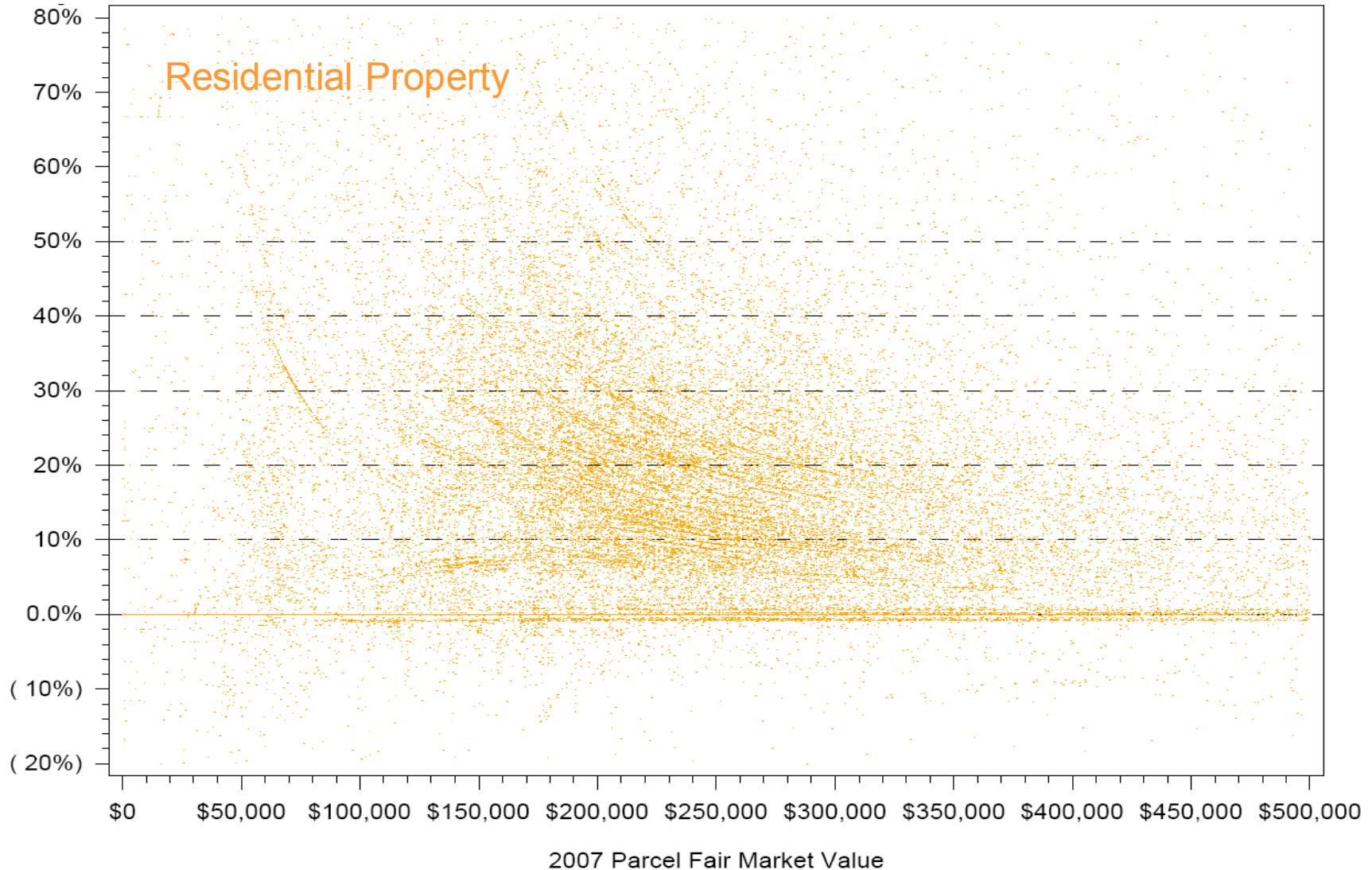
Davis County % Change in Assessed Fair Market Value 2006-2007



Weber County % Change in Assessed Fair Market Value 2006-2007



Washington County % Change in Assessed Fair Market Value 2006-2007

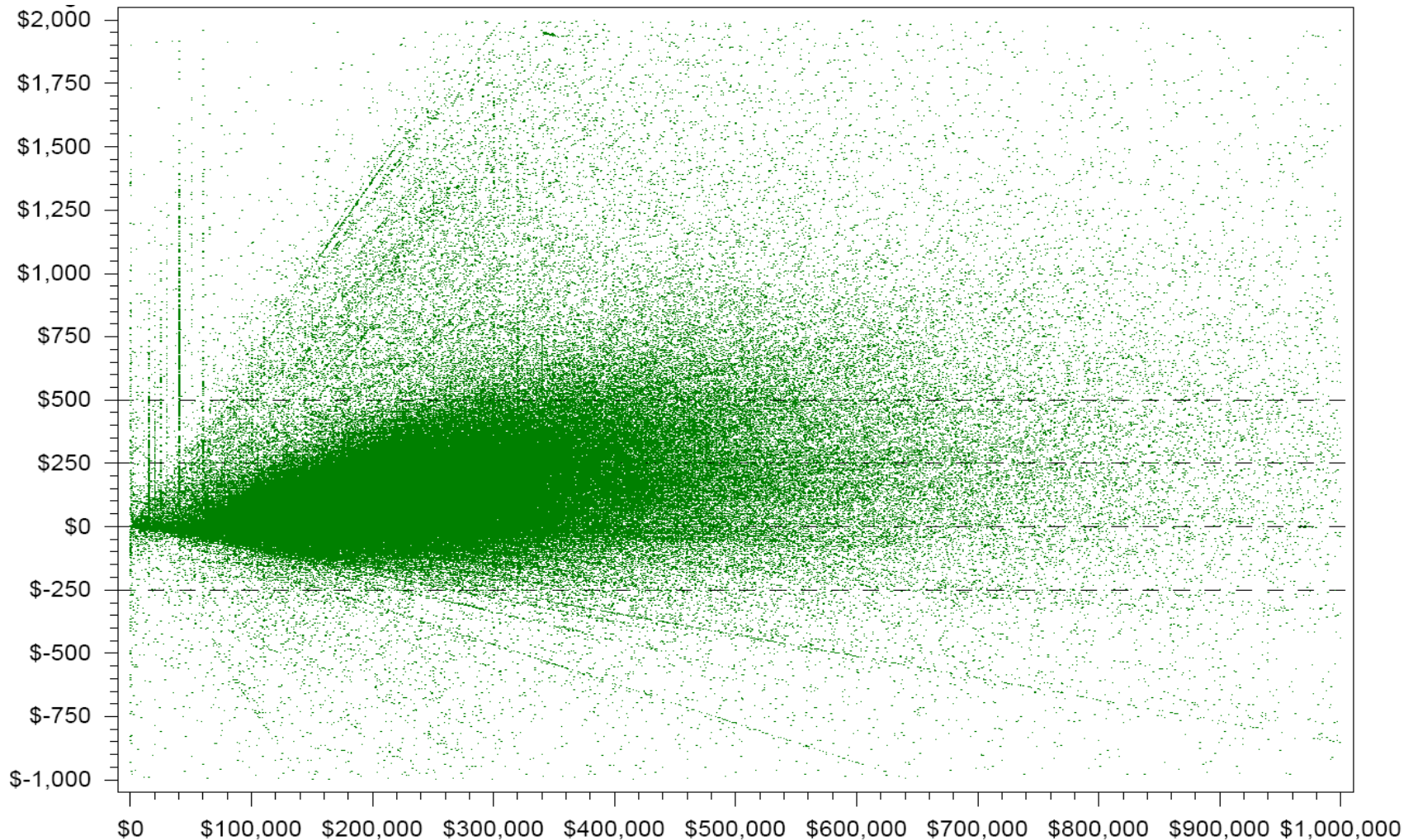


What Causes Changes in a Taxpayer's Property Tax Bill?

- **A taxing entity receives more property tax revenue**
 - **With** Truth-in-Taxation notice and hearing
 - Taxing entities impose a rate higher than the certified rate
 - **Without** Truth-in-Taxation notice and hearing
 - “New Growth”
 - Examples:
 - » Addition to an existing home
 - » New subdivision developed or commercial property constructed on vacant land
 - » New personal property purchased by a centrally-assessed business
 - Increase in levies outside the certified rate calculations
 - Examples:
 - » Voter-authorized debt service for bonded indebtedness
 - » School district voted leeway
- **A taxing entity receives the same property tax revenue, but a shift among taxpayers occurs**
 - A tax increase occurs if the taxpayer's increase in assessed valuation is greater than the average assessed valuation increase for other taxpayers within each corresponding taxing entity
 - A taxpayer's property tax will also go up even if the assessed valuation drops, if the assessed valuation reduction is less than the average assessed valuation reduction for all other taxpayers within each corresponding taxing entity
 - Similarly, a taxpayer's tax can go DOWN, even if the assessed valuation increases, as long as the taxpayer's assessed valuation increases less than the average valuation increase for all other taxpayers within each corresponding taxing entity

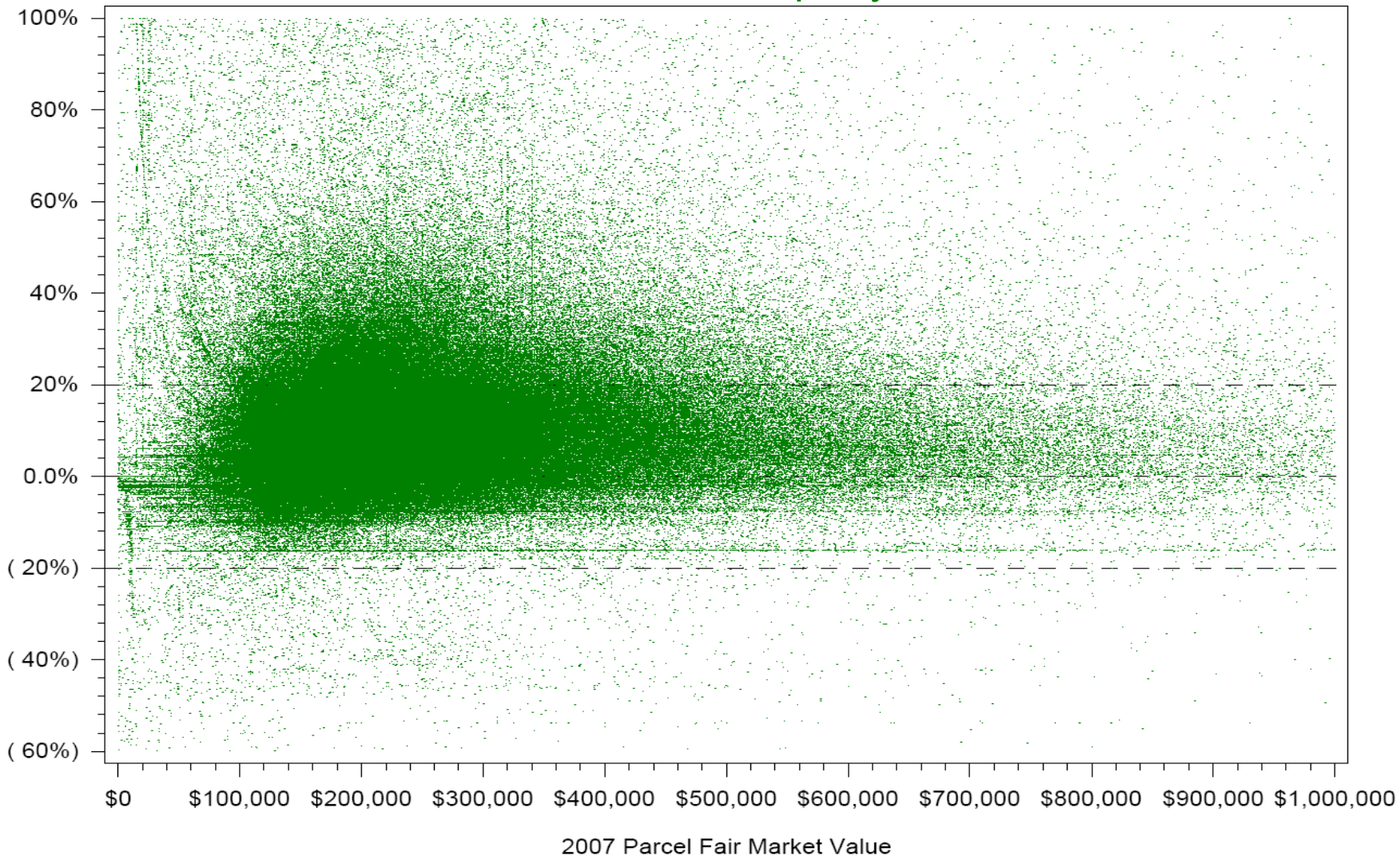
Statewide \$ Changes in Property Tax Charged 2006-2007

Residential Property



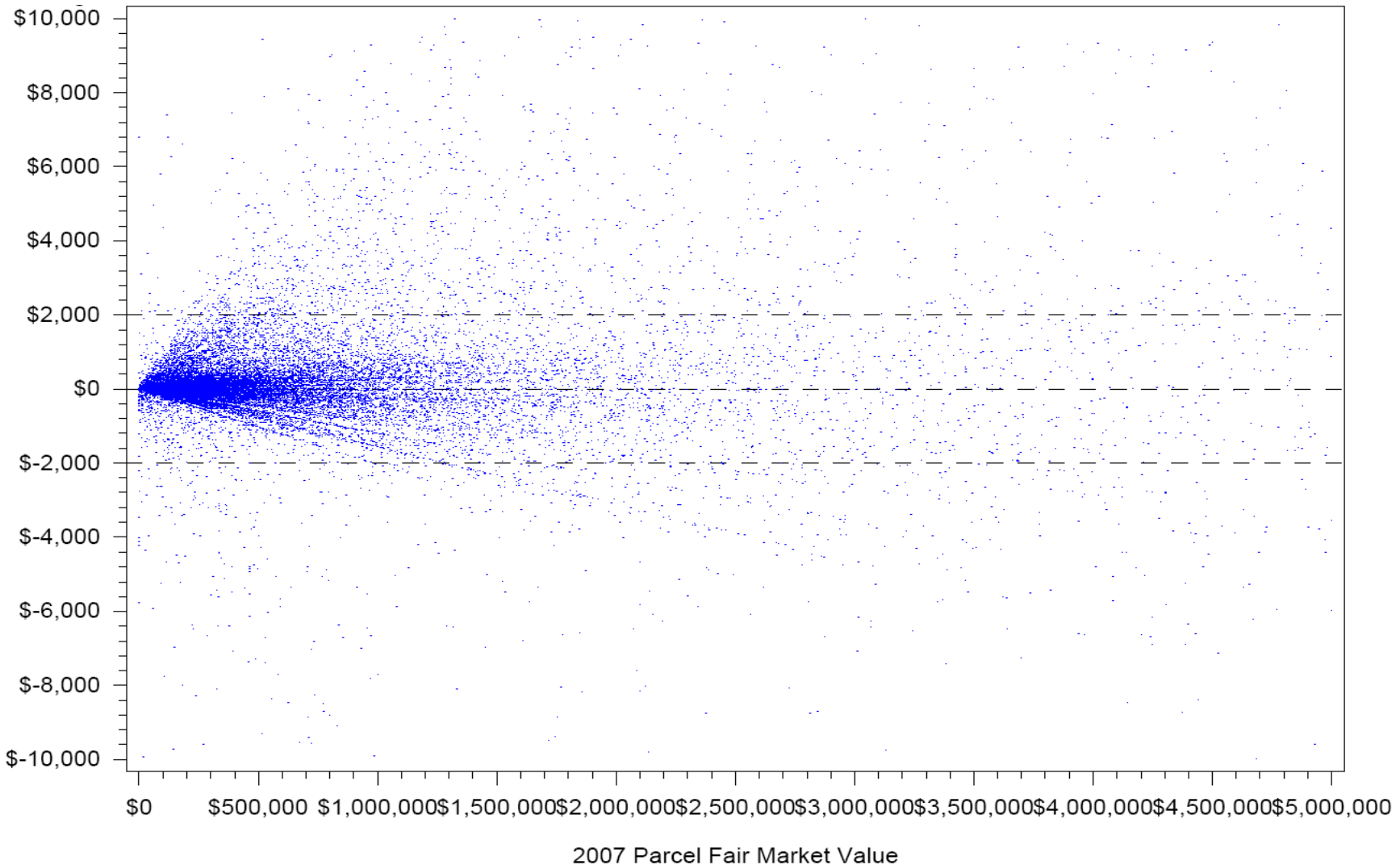
Statewide % Changes in Property Tax Charged 2006-2007

Residential Property



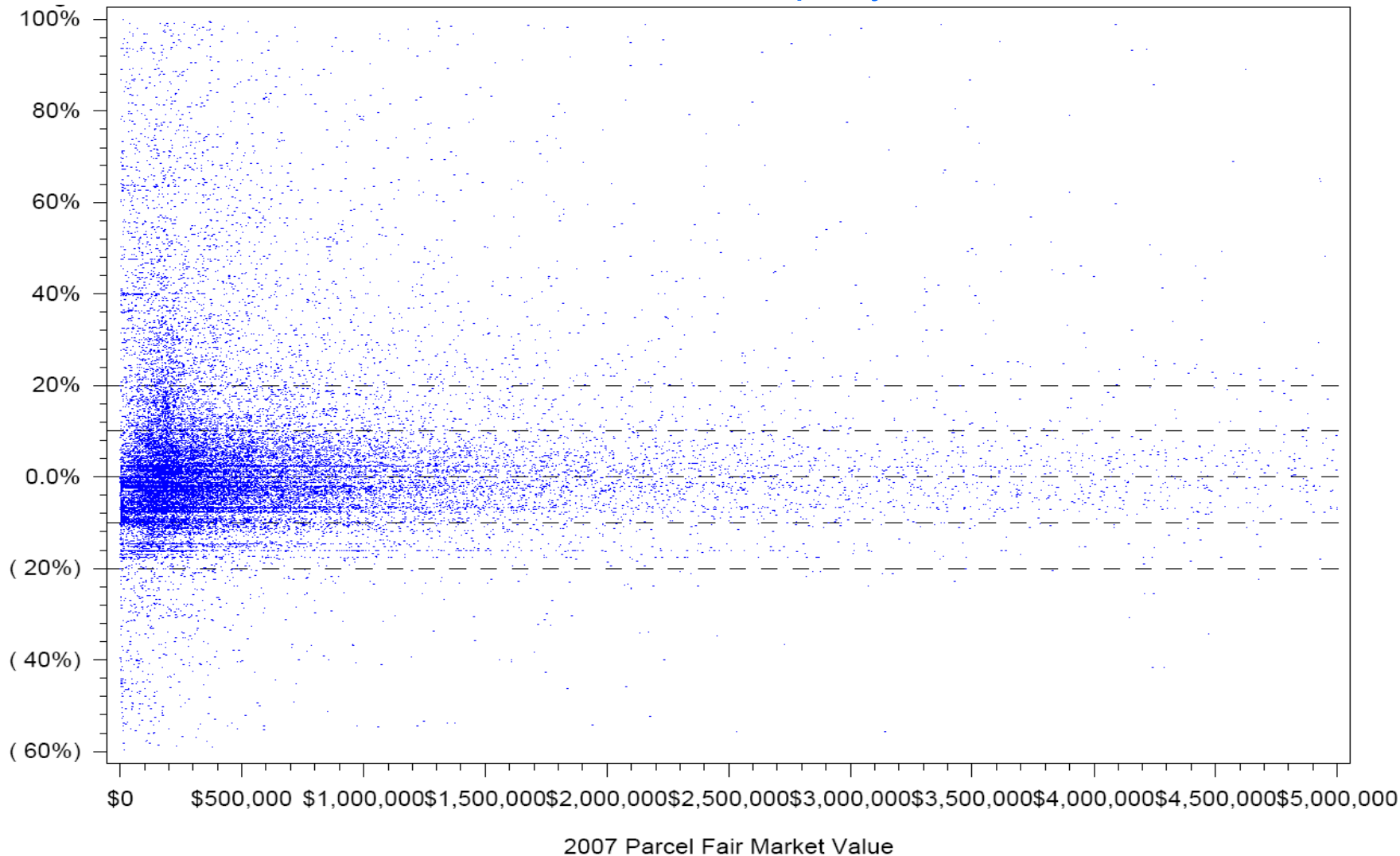
Statewide \$ Changes in Property Tax Charged 2006-2007

Commercial Property



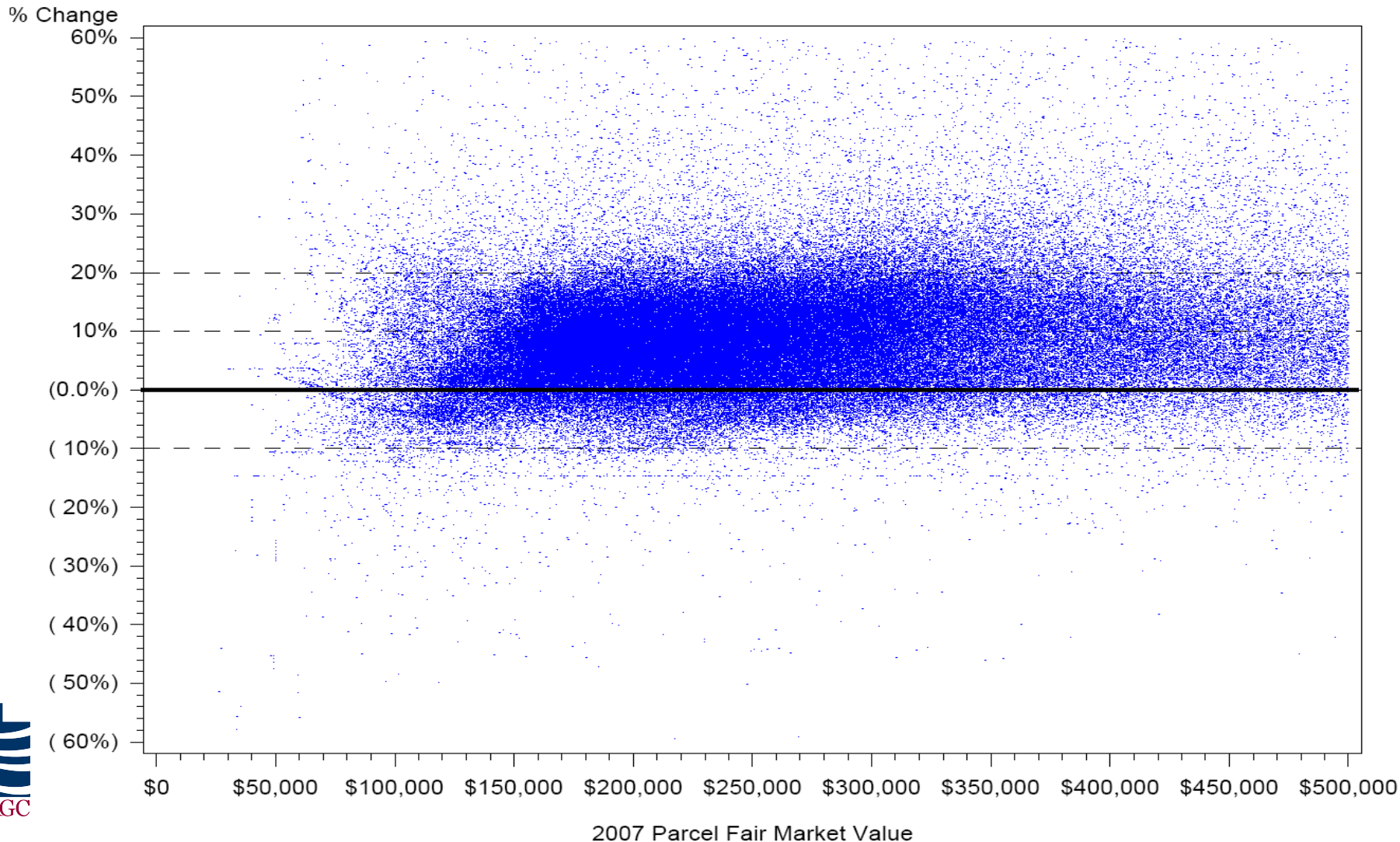
Statewide % Changes in Property Tax Charged 2006-2007

Commercial Property



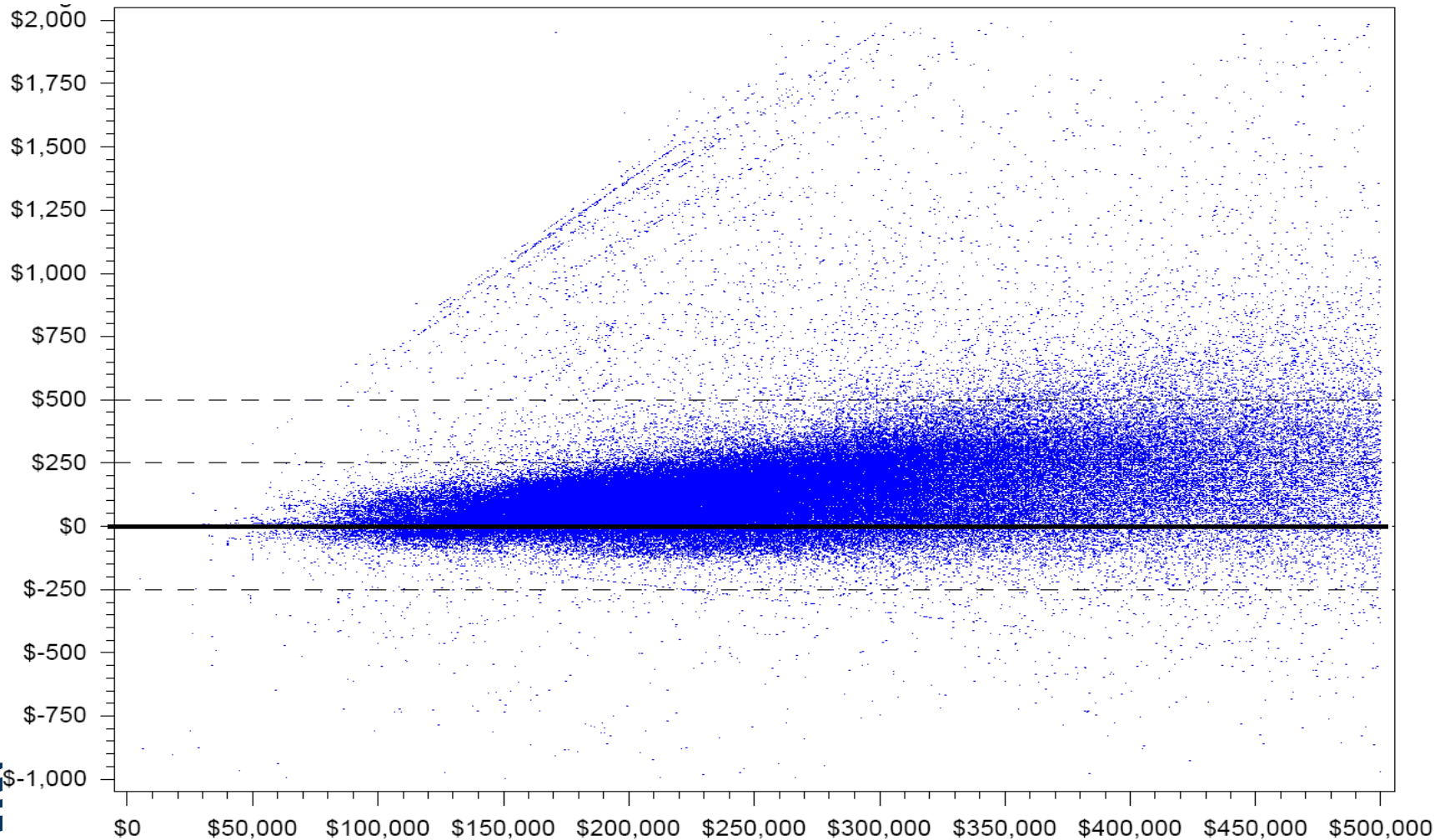
Salt Lake County Change in Tax

% Change 2006-2007 for Residential Properties



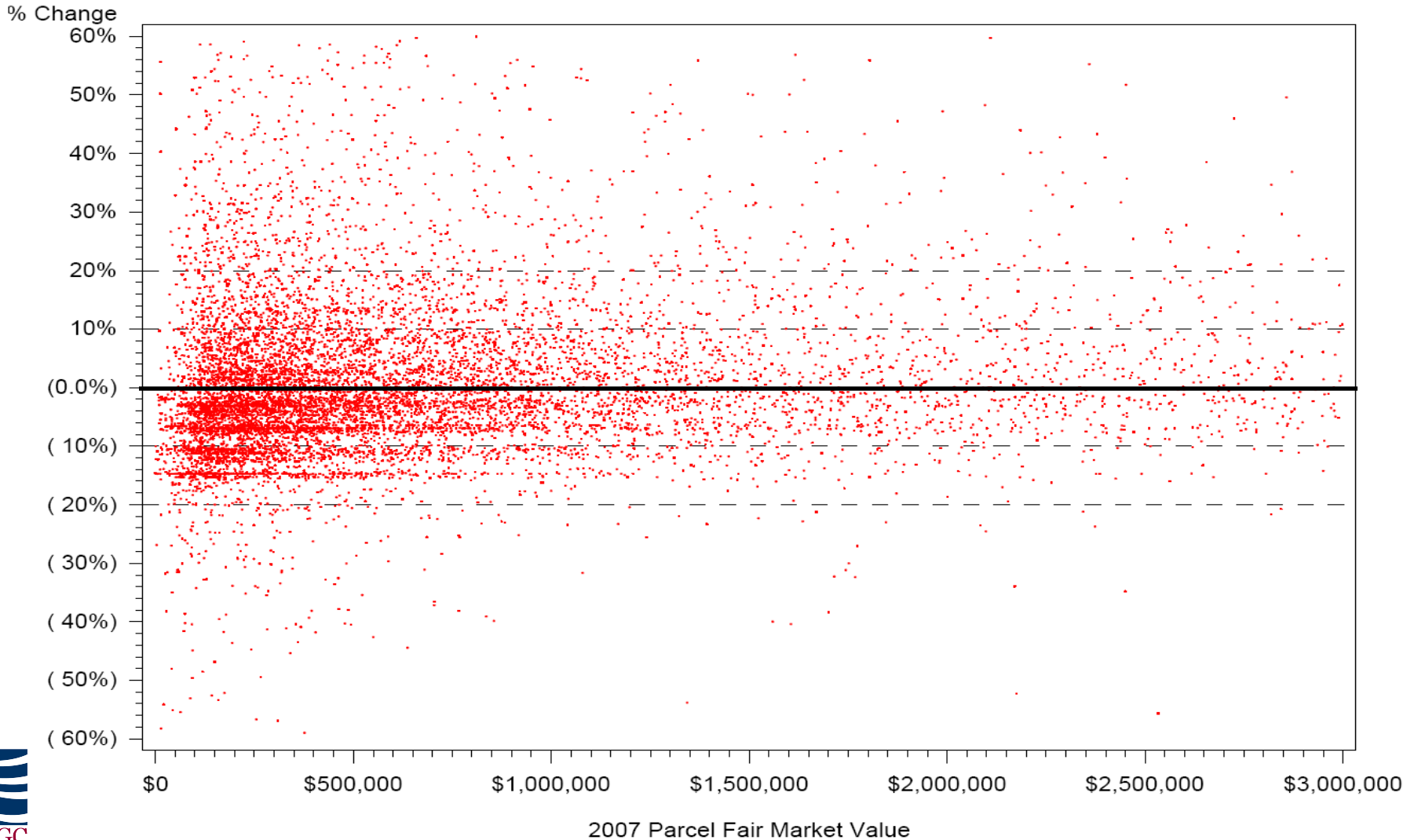
Salt Lake County Change in Tax

\$ Change 2006-2007 for Residential Properties



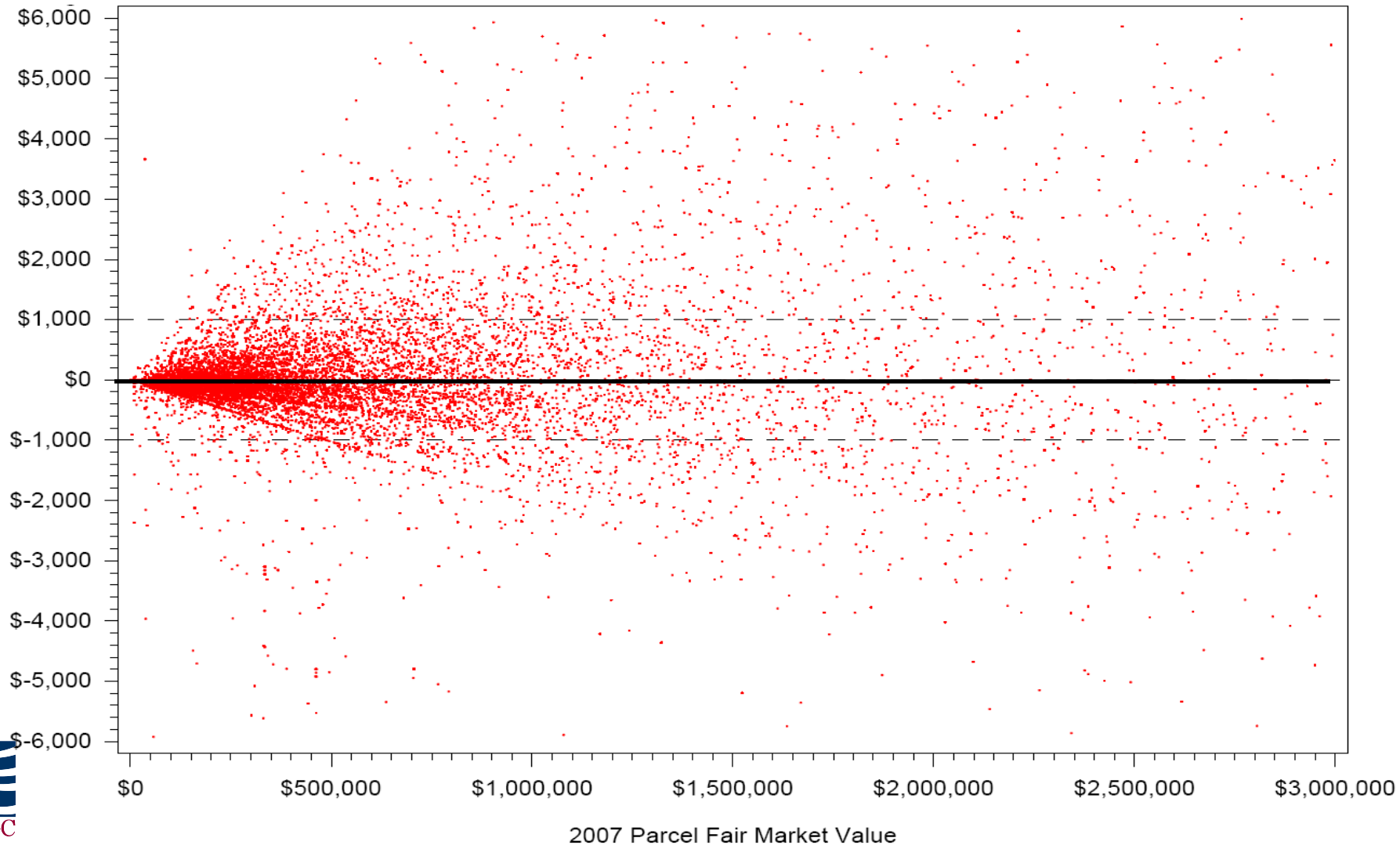
Salt Lake County Change in Tax

% Change 2006-2007 for Commercial Properties



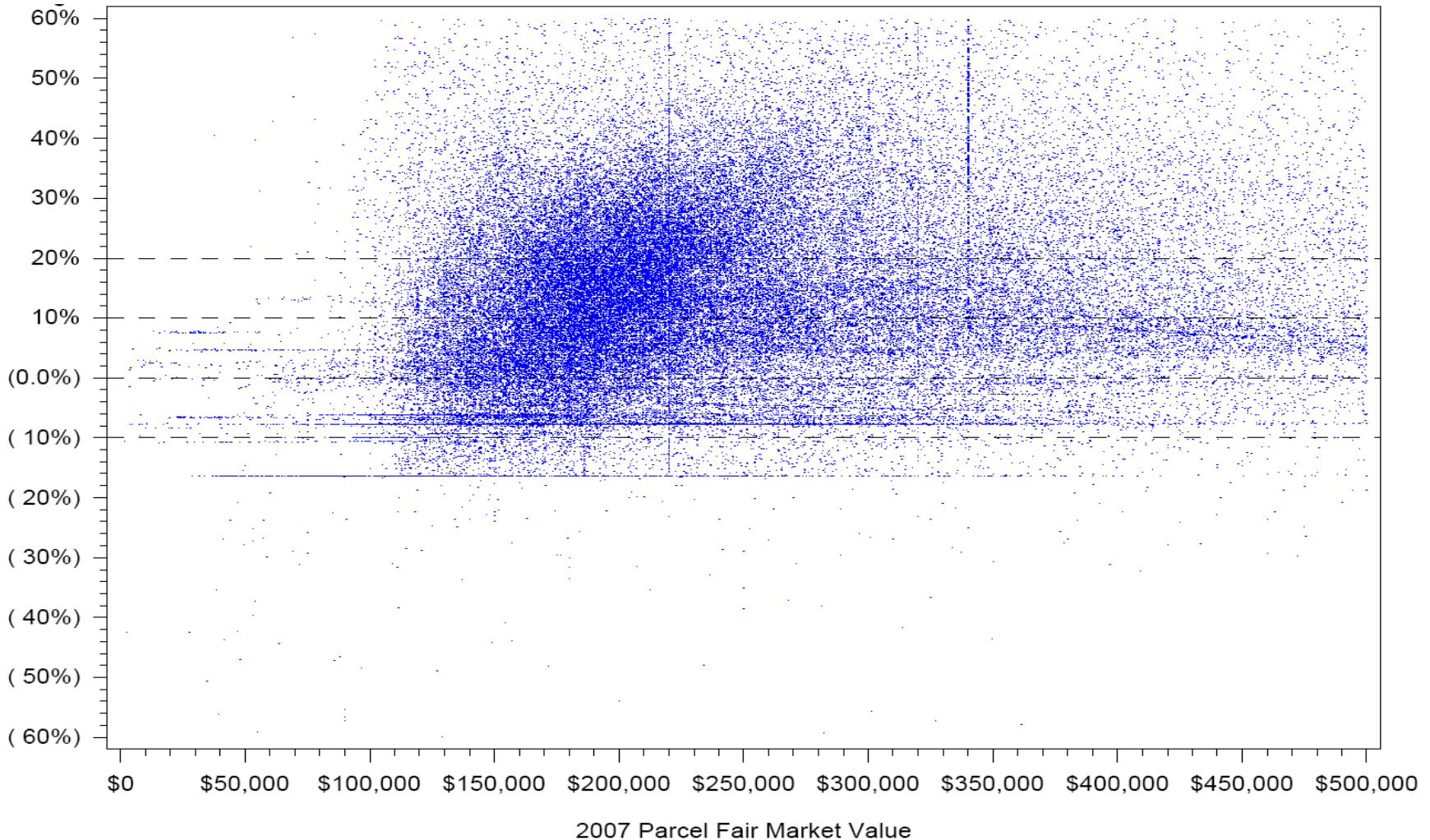
Salt Lake County Change in Tax

\$ Change 2006-2007 for Commercial Properties



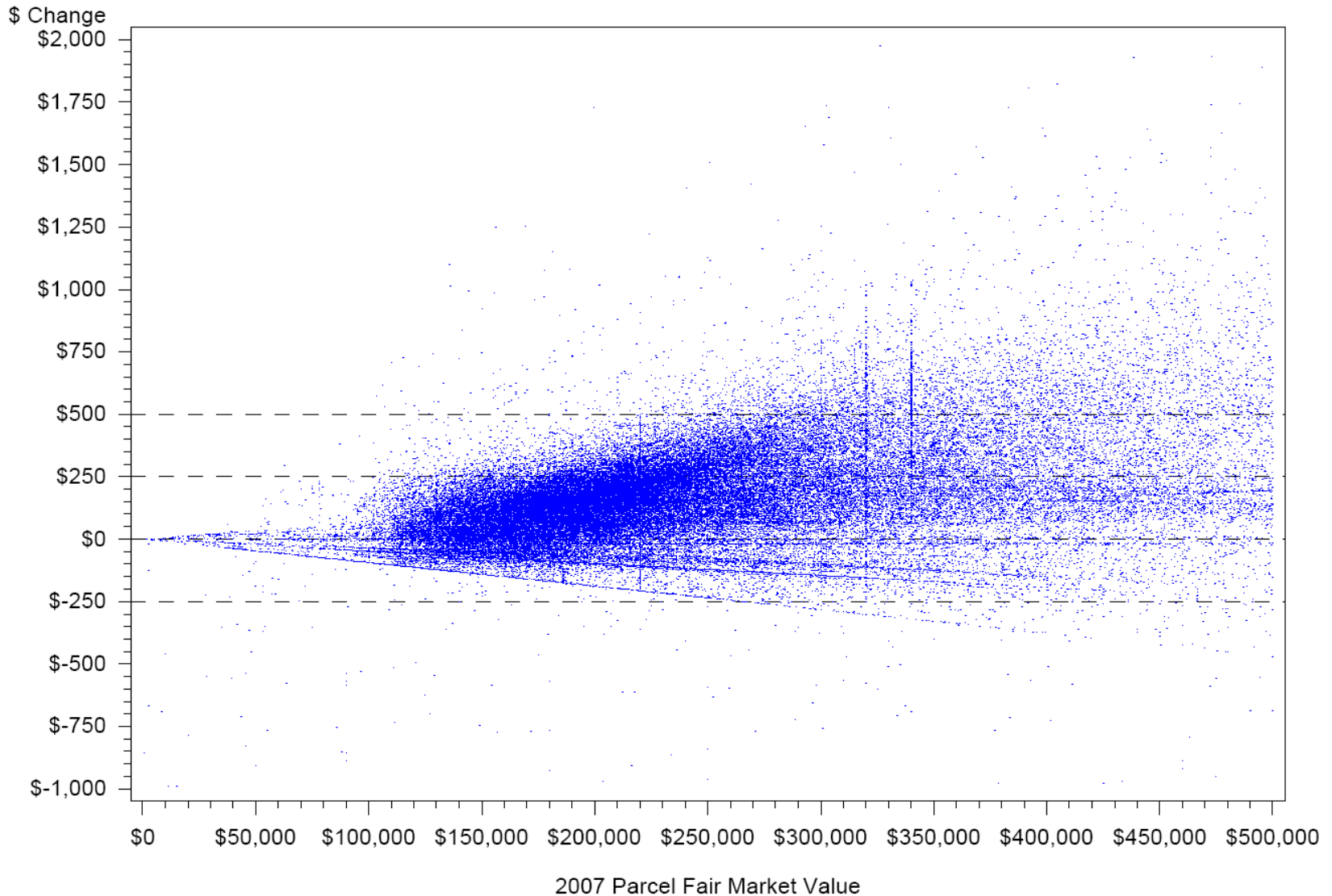
Utah County Change in Tax

% Change 2006-2007 for Residential Properties



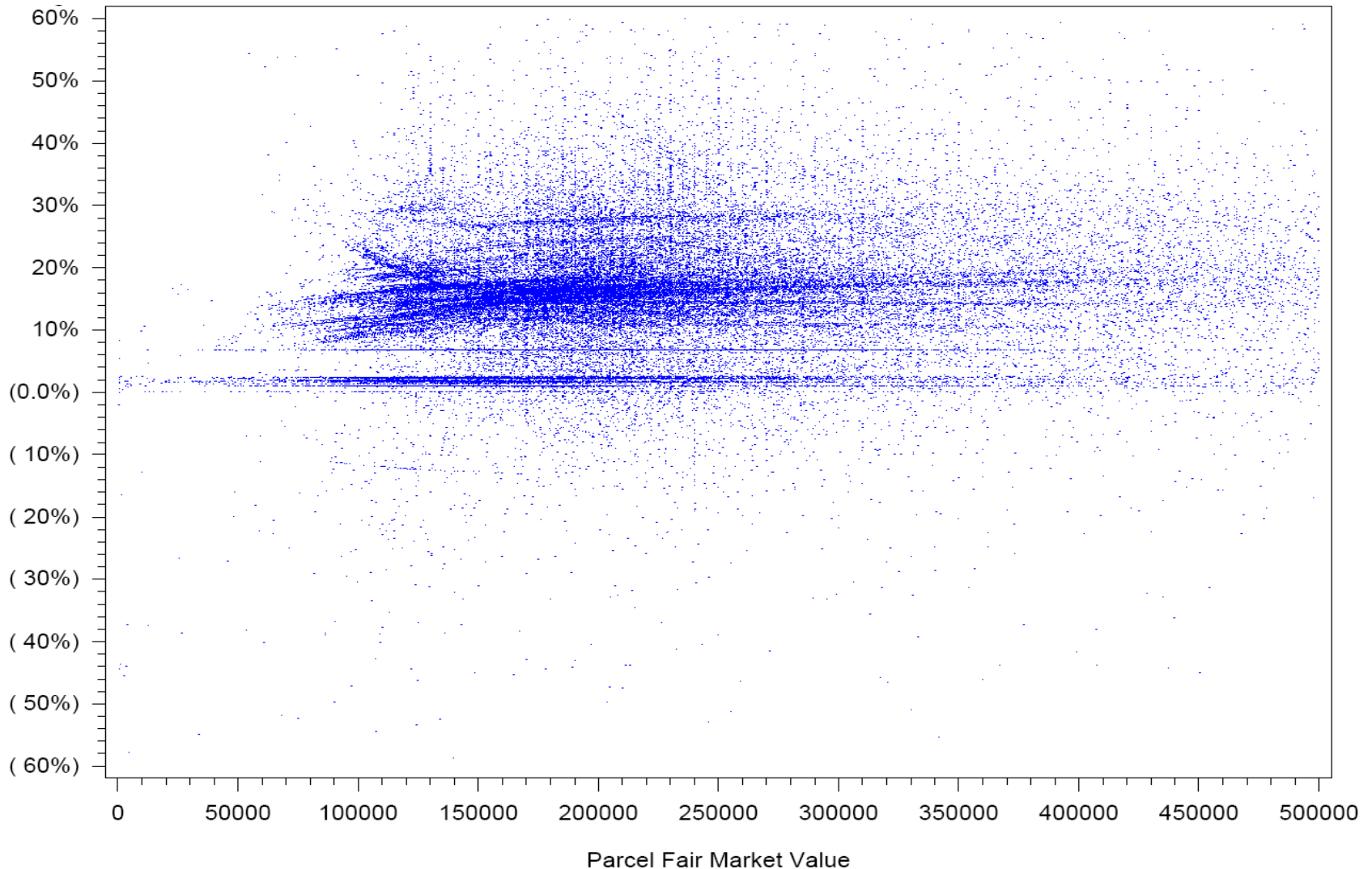
Utah County Change in Tax

\$ Change 2006-2007 for Residential Properties



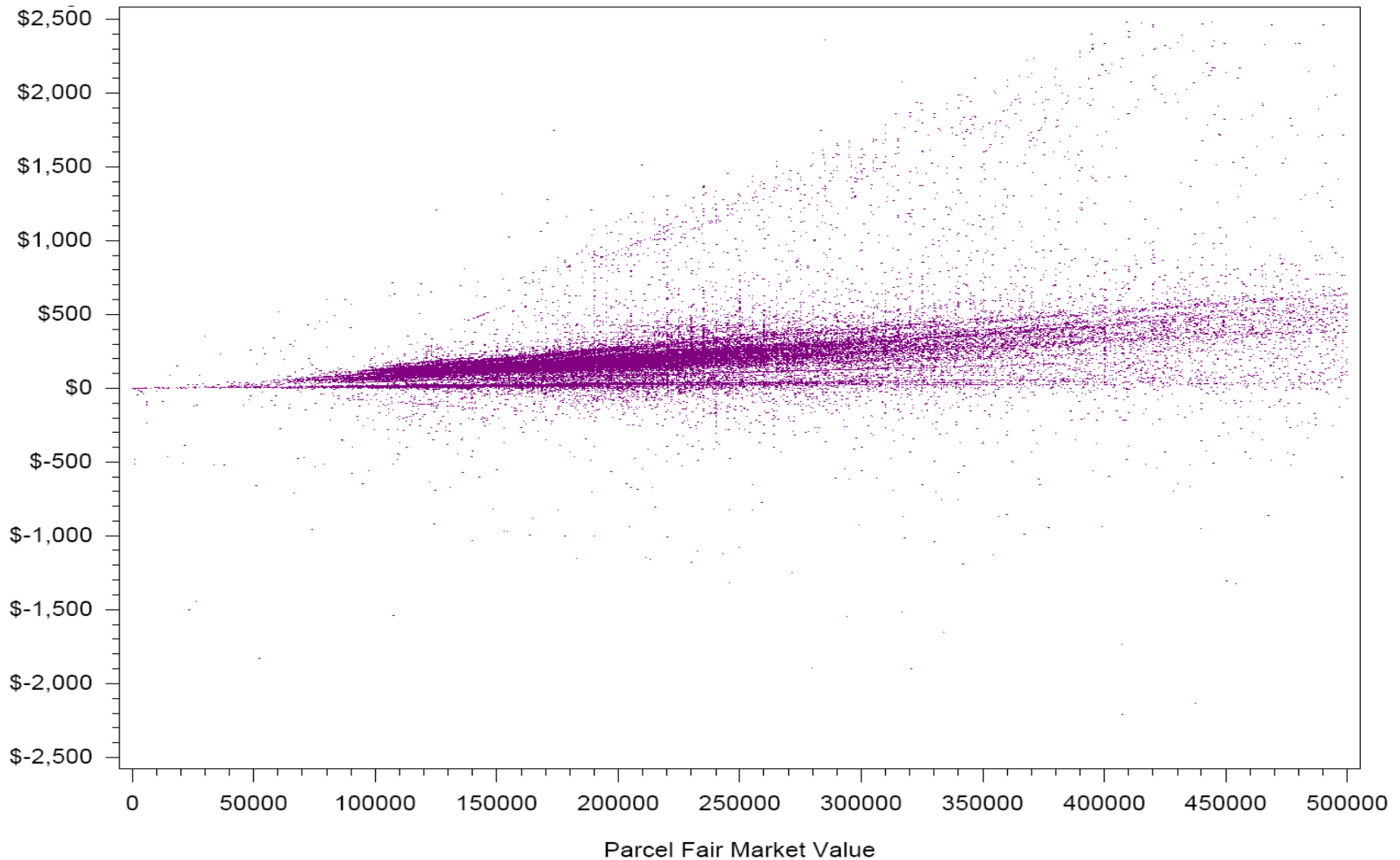
Davis County Change in Tax

% Change 2006-2007 for Residential Properties



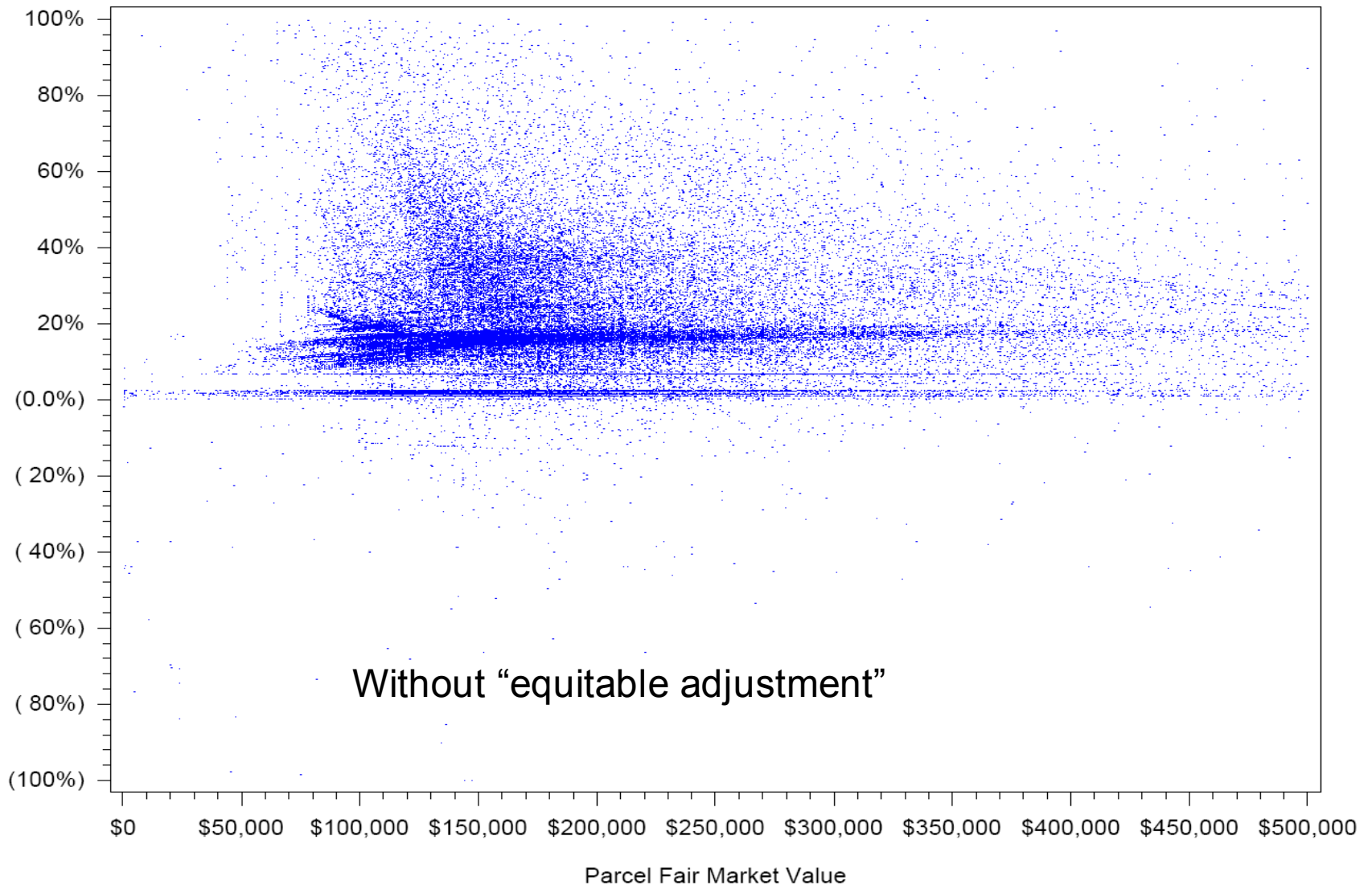
Davis County Change in Tax

\$ Change 2006-2007 for Residential Properties



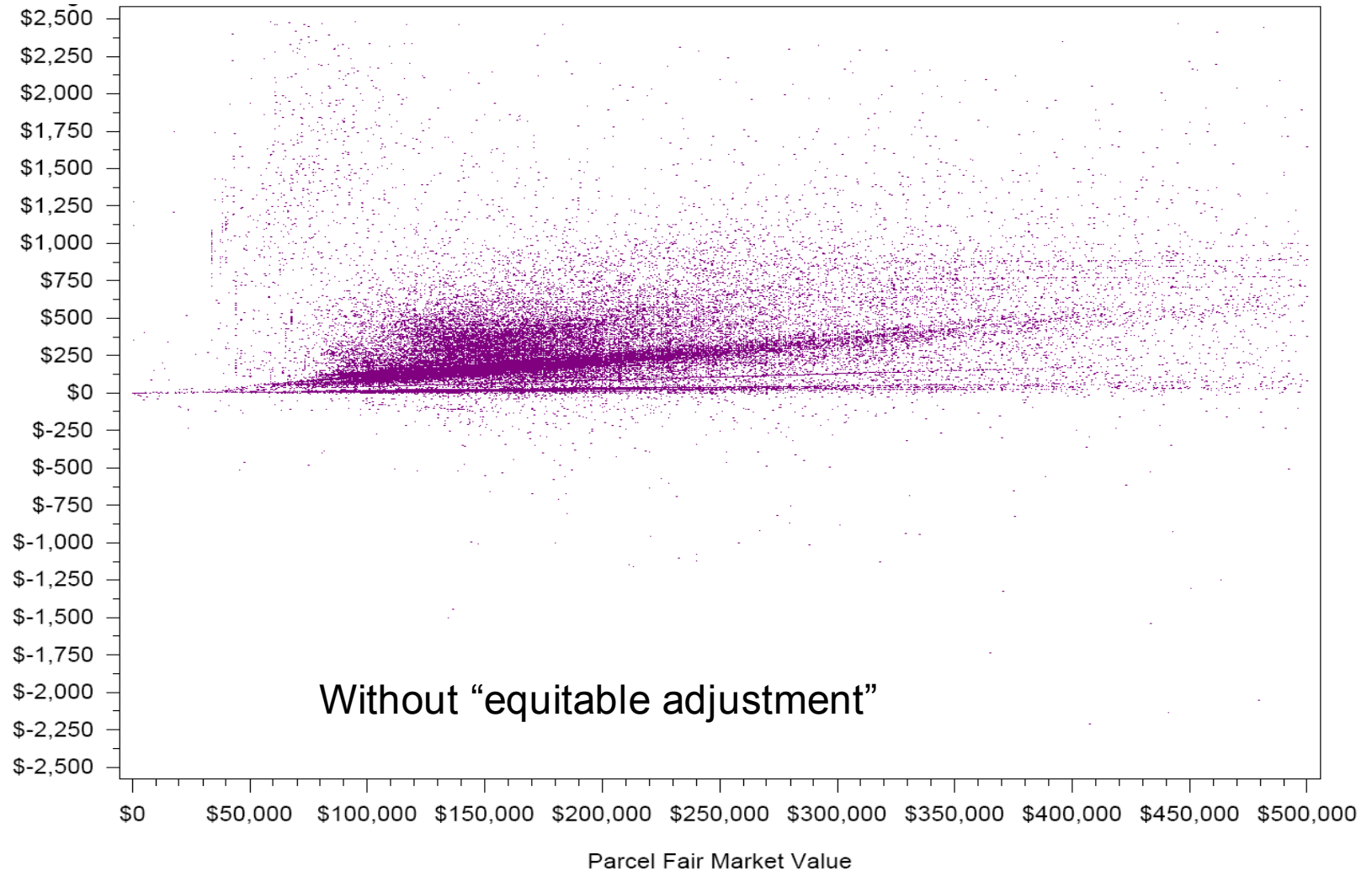
Davis County Change in Tax

% Change 2006-2007 for Residential Properties



Davis County Change in Tax

\$ Change 2006-2007 for Residential Properties



Please feel free to contact Committee staff
with any questions:

Phil Dean, Policy Analyst
Bryant Howe, Assistant Director
Rebecca Rockwell, Associate General Counsel
Angie Oakes, Associate General Counsel

(801) 538-1032

