

An Overview of Utah's Property Tax System

Prepared for:

Revenue and Taxation Interim Committee
Utah Legislature

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Overview

- Paying for water
- Water districts that levy a property tax
- General Rule for taxing property
- Property Tax Exemptions

Paying for Water

Selected Entities, 2014 Revenue



Additional Data Collection

- Requested data
 - TC: 2014 property tax rates and proposed revenue for all districts
 - UASD: List of districts that provide water services
- Merged data

Summary of Additional Data

- 133 districts that provide water
- 47% levied a property tax in 2014 (62 of 133)
- \$106 M in proposed property tax revenue
- .00053 average proposed tax rate

Notes on the Data

- Sewer districts not included unless they also provide water services
- Private entities not included
 - Provide water
 - Do not levy property taxes

Paying for Water



- Property tax is one revenue source used to pay for water
- Who pays property tax?
- **Do water users pay property tax?**

The Property Tax: Embedded in the Utah Constitution

The Utah Constitution places limits on the Legislature's authority relative to the property tax

General Rule

- All tangible property shall be:
 - Assessed at a uniform and equal rate in proportion to its fair market value; and
 - Taxed at a uniform and equal rate

The Property Tax: Embedded in the Utah Constitution

Property Tax Exemptions

1. Exemptions required by the Utah Constitution
2. Discretionary exemptions under the Utah Constitution

Key Property Tax Exemptions Required by the Utah Constitution

- Government owned property
- Property owned by a nonprofit entity if the property is used exclusively for religious, charitable, or educational purposes
- Certain burial places
- Farm equipment and machinery

Key Property Tax Exemptions Required by the Utah Constitution Continued . . .

- Water rights and related facilities used to irrigate land owned by the owner of the water rights or facilities
- Certain water rights, related facilities, and other related property owned by a nonprofit entity

Key Discretionary Exemptions under the Utah Constitution

- Agricultural land (“greenbelt” provisions)
- Livestock
- Intangible property (e.g. money, stocks, bonds)
- Property required to be registered (e.g. motor vehicles)
- Taxes of the poor (e.g. Circuit Breaker)
- Inventory
- Residential property (45% of value)

Key Discretionary Exemptions under the Utah Constitution Continued . . .

- Certain household furnishings, furniture, and equipment
- Tangible personal property that, if subject to property tax, would generate an inconsequential amount of revenue
- Veteran / military
- Property used to generate and deliver electrical power for pumping water to irrigate land

Please feel free to contact
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