

Property Tax Changes
2026 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Kay J. Christofferson
Senate Sponsor:

LONG TITLE

General Description:

This bill amends the processes by which a taxing entity may increase the taxing entity's property tax revenue.

Highlighted Provisions:

This bill:

- limits the total amount of additional property tax revenue a taxing entity may obtain through the truth-in-taxation process;
- requires a taxing entity to obtain voter approval to exceed the limit on total additional property tax revenue;
- provides the requirements for submitting a question to voters for approval and the effect of receiving voter approval;
- eliminates the hold harmless period for state guaranteed funding related to a reduction in a school district's certified tax rate; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

53F-2-601, as last amended by Laws of Utah 2025, Chapters 6, 165

59-2-919, as last amended by Laws of Utah 2025, First Special Session, Chapter 17

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **53F-2-601** is amended to read:

53F-2-601 . State guaranteed local levy increments -- Appropriation to increase number of guaranteed local levy increments -- No effect of change of minimum basic tax

rate -- Voted and board local levy funding balance -- Use of guaranteed local levy increment funds.

(1) As used in this section:

(a) "Board local levy" means a local levy described in Section 53F-8-302.

(b) "Capital local levy" means a local levy described in Section 53F-8-303.

~~[(b)]~~ (c) "Excess funds" means the difference between:

(i) the amount of state guarantee money a school district received in the 2025 fiscal year; and

(ii) the amount of state guarantee money a school district would receive based solely on the certified tax rate in effect for the 2025 fiscal year.

~~[(e) "Capital local levy" means a local levy described in Section 53F-8-303.]~~

(d) "Guaranteed local levy increment" means a local levy increment guaranteed by the state as described in Subsection (2).

(e) "Local levy increment" means .0001 per dollar of taxable value.

(f) "Voted local levy" means a local levy described in Section 53F-8-301.

(2)(a)(i) In accordance with Subsection 53F-2-205(6) and in addition to the revenue collected from the imposition of a voted local levy or a board local levy, the state shall guarantee that a school district receives, subject to Subsections (2)(b)(ii)(B) and (3)(a), for each guaranteed local levy increment, an amount sufficient to guarantee for a fiscal year beginning on or after July 1, 2018, \$43.10 per weighted pupil unit.

(ii) The number of guaranteed local levy increments under this Subsection (2) for a school district may not exceed 20 guaranteed local levy increments, regardless of whether the guaranteed local levy increments are from the imposition of a voted local levy, a board local levy, or a combination of the two.

(b)(i) Subject to future budget constraints, the Legislature shall annually appropriate money from the Local Levy Growth Account established in Section 53F-9-305 for purposes described in Subsection (2)(b)(ii).

(ii) The state board shall, for a fiscal year beginning on or after July 1, 2018, allocate funds appropriated under Subsection (2)(b)(i) and the amount described in Subsection (3)(c) in the following order of priority by increasing:

(A) by the amount described in Subsection (2)(a)(ii); and

(B) the guaranteed amount described in Subsection (2)(a)(i).

(3)(a) The guarantee described in Subsection (2)(a)(i) is indexed each year to the value

of the weighted pupil unit by making the value of the guarantee equal to .011962 times the value of the prior year's weighted pupil unit.

(b) The guarantee shall increase by .0005 times the value of the prior year's weighted pupil unit for each year subject to the Legislature appropriating funds for an increase in the guarantee.

(c) If the indexing and growth described in Subsections (3)(a) and (b) result in a cost to the state in a given fiscal year that is less than the amount the Legislature appropriated, the state board shall dedicate the difference to the allocation described in Subsection (2)(b)(ii).

~~[(4)(a) The amount of state guarantee money that a school district would otherwise be entitled to receive under this section may not be reduced for the sole reason that the school district's board local levy or voted local levy is reduced as a consequence of changes in the certified tax rate under Section 59-2-924 pursuant to changes in property valuation, if the school district applies the certified rate reduction proportionally to the district's voted local levy, board local levy, and capital local levy.]~~

~~[(b) Subsection (4)(a) applies for a period of one year following a change in the certified tax rate as described in Subsection (4)(a).]~~

~~[(c) Subsection (4)(a) does not apply if a school district:]~~

~~[(i) does not apply the certified rate reduction proportionally to the district's local levies in accordance with Subsection (4)(a); or]~~

~~[(ii) otherwise moves tax rate capacity from the board local levy or voted local levy to the capital local levy.]~~

~~[(5)] (4) The guarantee provided under this section does not apply to the portion of a voted local levy rate that exceeds the voted local levy rate that was in effect for the previous fiscal year, unless an increase in the voted local levy rate was authorized in an election conducted on or after July 1 of the previous fiscal year and before December 2 of the previous fiscal year.~~

~~[(6)] (5) A local school board of a school district that receives funds described in this section shall budget and expend the funds for public education purposes.~~

~~[(7)] (6)(a) Beginning with the 2026 fiscal year, the amount of state guarantee money that a school district receives under this section may reduce as a result of changes in the certified tax rate under Section 59-2-924 due to changes in property valuation.~~

(b) For a school district receiving state guarantee money in excess of the amount the

school district would receive based solely on the current certified tax rate, the excess funds:

(i) may not cause the amount the school district receives to exceed the total amount of state guarantee the school district received in the 2025 fiscal year; and

(ii) shall diminish over a three-year period as follows:

(A) in the 2026 fiscal year, the school district shall receive 100% of the excess funds received in the 2025 fiscal year;

(B) in the 2027 fiscal year, the school district shall receive 66% of the excess funds received in the 2025 fiscal year;

(C) in the 2028 fiscal year, the school district shall receive 33% of the excess funds received in the 2025 fiscal year; and

(D) in the 2029 fiscal year, the school district may not receive excess funds.

(c) The state board shall:

(i) calculate the amount of excess funds for each affected school district;

(ii) notify each affected school district of the phase-out schedule for the excess funds described in Subsection [~~(7)(b)~~] (6)(b); and

(iii) oversee the phase-out process described in this Subsection [~~(7)~~] (6).

Section 2. Section **59-2-919** is amended to read:

59-2-919 . Notice and public hearing requirements for certain tax increases --

Exceptions -- Audit -- Limitation on budget increase -- Voting exception.

(1) As used in this section:

(a) "Additional ad valorem tax revenue" means ad valorem property tax revenue generated by the portion of the tax rate that exceeds the taxing entity's certified tax rate.

(b) "Ad valorem tax revenue" means ad valorem property tax revenue not including revenue from:

(i) eligible new growth; or

(ii) personal property that is:

(A) assessed by a county assessor in accordance with Part 3, County Assessment; and

(B) semiconductor manufacturing equipment.

(c) "Base year" means a taxing entity's fiscal year that immediately precedes the fiscal year in which the taxing entity first adopted a budget below last year's property tax budgeted revenue.

- (d) "Base year budgeted revenue" means the property tax budgeted revenue, excluding eligible new growth, for the base year.
- (e) "Calendar year taxing entity" means a taxing entity that operates under a fiscal year that begins on January 1 and ends on December 31.
- (f) "County executive calendar year taxing entity" means a calendar year taxing entity that operates under the county executive-council form of government described in Section 17-62-203.
- (g) "Current calendar year" means the calendar year immediately preceding the calendar year for which a calendar year taxing entity seeks to levy a tax rate that exceeds the calendar year taxing entity's certified tax rate.
- (h) "Eligible new growth" means the same as that term is defined in Section 59-2-924.
- (i) "Fiscal year taxing entity" means a taxing entity that operates under a fiscal year that begins on July 1 and ends on June 30.
- ~~[(j)] "Meeting" means the same as that term is defined in Section 52-4-103.]~~
- ~~[(k)]~~ (j)(i) "Last year's property tax budgeted revenue" means:
- (A) except for when a taxing entity submits a question in accordance with Subsection (12), the revenue a taxing entity budgeted to be generated from a property tax levy for the previous fiscal year; and
- (B) when a taxing entity submits a question in accordance with Subsection (12), the revenue a taxing entity estimates to be generated and budgeted from a property tax levy for the fiscal year before the fiscal year for which the taxing entity submits a question.
- (ii) "Last year's property tax budgeted revenue" does not include:
- [(i)] (A) revenue received by a taxing entity from a debt service levy voted on by the public;
- [(ii)] (B) revenue generated by the combined basic rate as defined in Section 53F-2-301; or
- [(iii)] (C) revenue generated by the charter school levy described in Section 53F-2-703.
- ~~[(H)]~~ (k) "Meeting" means the same as that term is defined in Section 52-4-103.
- (l) "Truth-in-taxation exemption period" means a six-year period that begins with the base year.
- (2) Except as provided in Subsection (11), a taxing entity may not levy a tax rate that exceeds the taxing entity's certified tax rate unless the taxing entity meets:

167 (a) the requirements of this section that apply to the taxing entity; and

168 (b) all other requirements as may be required by law.

169 (3)(a) Subject to Subsection (3)(b) and except as provided in ~~[Subsection]~~ Subsections (5)
170 and (12), a calendar year taxing entity may levy a tax rate that exceeds the calendar
171 year taxing entity's certified tax rate if the calendar year taxing entity:

172 (i) 14 or more days before the date of the regular general election or municipal
173 general election held in the current calendar year, states at a public meeting:

174 (A) that the calendar year taxing entity intends to levy a tax rate that exceeds the
175 calendar year taxing entity's certified tax rate;

176 (B) the dollar amount of and purpose for additional ad valorem tax revenue that
177 would be generated by the proposed increase in the certified tax rate; and

178 (C) the approximate percentage increase in ad valorem tax revenue for the taxing
179 entity based on the proposed increase described in Subsection (3)(a)(i)(B);

180 (ii) provides notice for the public meeting described in Subsection (3)(a)(i) in
181 accordance with Title 52, Chapter 4, Open and Public Meetings Act, including
182 providing a separate item on the meeting agenda that notifies the public that the
183 calendar year taxing entity intends to make the statement described in Subsection
184 (3)(a)(i);

185 (iii) meets the advertisement requirements of Subsections (6) and (7) before the
186 calendar year taxing entity conducts the public hearing required by Subsection
187 (3)(a)(v);

188 (iv) provides notice by mail:

189 (A) seven or more days before the regular general election or municipal general
190 election held in the current calendar year; and

191 (B) as provided in Subsection (3)(c); and

192 (v) conducts a public hearing that is held:

193 (A) in accordance with Subsections (8) and (9); and

194 (B) in conjunction with the public hearing required by Section 17-63-304 or
195 17B-1-610.

196 (b)(i) For a county executive calendar year taxing entity, the statement described in
197 Subsection (3)(a)(i) shall be made by the:

198 (A) county council;

199 (B) county executive; or

200 (C) both the county council and county executive.

- (ii) If the county council makes the statement described in Subsection (3)(a)(i) or the county council states a dollar amount of additional ad valorem tax revenue that is greater than the amount of additional ad valorem tax revenue previously stated by the county executive in accordance with Subsection (3)(a)(i), the county executive calendar year taxing entity shall:
- (A) make the statement described in Subsection (3)(a)(i) 14 or more days before the county executive calendar year taxing entity conducts the public hearing under Subsection (3)(a)(v); and
 - (B) provide the notice required by Subsection (3)(a)(iv) 14 or more days before the county executive calendar year taxing entity conducts the public hearing required by Subsection (3)(a)(v).
- (c) The notice described in Subsection (3)(a)(iv):
- (i) shall be mailed to each owner of property:
 - (A) within the calendar year taxing entity; and
 - (B) listed on the assessment roll;
 - (ii) shall be printed on a separate form that:
 - (A) is developed by the commission;
 - (B) states at the top of the form, in bold upper-case type no smaller than 18 point "NOTICE OF PROPOSED TAX INCREASE"; and
 - (C) may be mailed with the notice required by Section 59-2-1317;
 - (iii) shall contain for each property described in Subsection (3)(c)(i):
 - (A) the value of the property for the current calendar year;
 - (B) the tax on the property for the current calendar year; and
 - (C) subject to Subsection (3)(d), for the calendar year for which the calendar year taxing entity seeks to levy a tax rate that exceeds the calendar year taxing entity's certified tax rate, the estimated tax on the property;
 - (iv) shall contain the following statement:

"[Insert name of taxing entity] is proposing a tax increase for [insert applicable calendar year]. This notice contains estimates of the tax on your property and the proposed tax increase on your property as a result of this tax increase. These estimates are calculated on the basis of [insert previous applicable calendar year] data. The actual tax on your property and proposed tax increase on your property may vary from this estimate.";
 - (v) shall state the dollar amount of additional ad valorem tax revenue that would be generated each year by the proposed increase in the certified tax rate;

- (vi) shall include a brief statement of the primary purpose for the proposed tax increase, including the taxing entity's intended use of additional ad valorem tax revenue described in Subsection (3)(c)(v);
- (vii) shall state the date, time, and place of the public hearing described in Subsection (3)(a)(v);
- (viii) shall state the Internet address for the taxing entity's public website;
- (ix) may contain other information approved by the commission; and
- (x) if sent in calendar year 2024, 2025, or 2026, shall contain:
- (A) notice that the taxpayer may request electronic notice as described in Subsection 17-71-302(1)(m); and
 - (B) instructions describing how to elect to receive a notice as described in Subsection 17-71-302(1)(m).
- (d) For purposes of Subsection (3)(c)(iii)(C), a calendar year taxing entity shall calculate the estimated tax on property on the basis of:
- (i) data for the current calendar year; and
 - (ii) the amount of additional ad valorem tax revenue stated in accordance with this section.
- (4) Except as provided in ~~[Subsection]~~ Subsections (5) and (12), a fiscal year taxing entity may levy a tax rate that exceeds the fiscal year taxing entity's certified tax rate if the fiscal year taxing entity:
- (a) provides notice by meeting the advertisement requirements of Subsections (6) and (7) before the fiscal year taxing entity conducts the public meeting at which the fiscal year taxing entity's annual budget is adopted; and
 - (b) conducts a public hearing in accordance with Subsections (8) and (9) before the fiscal year taxing entity's annual budget is adopted.
- (5)(a) A taxing entity is not required to meet the notice or public hearing requirements of Subsection (3) or (4) if the taxing entity is expressly exempted by law from complying with the requirements of this section.
- (b) A taxing entity is not required to meet the notice requirements of Subsection (3) or (4) if:
- (i) Section 53F-8-301 allows the taxing entity to levy a tax rate that exceeds that certified tax rate without having to comply with the notice provisions of this section; or
 - (ii) the taxing entity:

- (A) budgeted less than \$20,000 in ad valorem tax revenue for the previous fiscal year; and
- (B) sets a budget during the current fiscal year of less than \$20,000 of ad valorem tax revenue.

(6)(a) Before holding the public hearing described in Subsection (3)(a)(v) or (4)(b), a taxing entity proposing a tax rate increase under this section shall publish an advertisement regarding the proposed tax increase:

- (i) electronically in accordance with Section 45-1-101; and
- (ii) as a class A notice under Section 63G-30-102.

(b) The advertisement described in Subsection (6)(a) shall:

- (i) be published for at least 14 days before the day on which the taxing entity conducts the public hearing described in Subsection (3)(a)(v) or (4)(b); and
- (ii) substantially be in the following form and content:

"NOTICE OF PROPOSED TAX INCREASE

(NAME OF TAXING ENTITY)

The (name of the taxing entity) is proposing to increase its property tax revenue.

- The (name of the taxing entity) tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence would increase from \$_____ to \$_____, which is \$_____ per year.

- The (name of the taxing entity) tax on a (insert the value of a business having the same value as the average value of a residence in the taxing entity) business would increase from \$_____ to \$_____, which is \$_____ per year.

- If the proposed budget is approved, (name of the taxing entity) would receive an additional \$_____ in property tax revenue per year as a result of the tax increase.

- If the proposed budget is approved, (name of the taxing entity) would increase its property tax budgeted revenue by ____% above last year's property tax budgeted revenue excluding eligible new growth.

The (name of the taxing entity) invites all concerned citizens to a public hearing for the purpose of hearing comments regarding the proposed tax increase and to explain the reasons for the proposed tax increase. You have the option to attend or participate in the public hearing in person or online.

PUBLIC HEARING

Date/Time: (date) (time)

Location: (name of meeting place and address of meeting place)

Virtual Meeting Link: (Internet address for remote participation and live streaming options)

To obtain more information regarding the tax increase, citizens may contact the (name of the taxing entity) at (phone number of taxing entity) or visit (Internet address for the taxing entity's public website)."

(7) The commission:

(a) shall adopt rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, governing the joint use of one advertisement described in Subsection (6) by two or more taxing entities; and

(b) subject to Section 45-1-101, may authorize a taxing entity's use of a commission-approved direct notice to each taxpayer if:

(i) the direct notice is different and separate from the notice required under Section 59-2-919.1; and

(ii) the taxing entity petitions the commission for the use of a commission-approved direct notice.

(8)(a)(i) On or before June 1, a fiscal year taxing entity shall notify the commission and the county auditor of the date, time, and place of the public hearing described in Subsection (4)(b).

(ii) On or before October 1 of the current calendar year, a calendar year taxing entity shall notify the commission and the county auditor of the date, time, and place of the public hearing described in Subsection (3)(a)(v).

(b)(i) A public hearing described in Subsection (3)(a)(v) or (4)(b) shall be:

(A) open to the public;

(B) held at a meeting of the taxing entity with no items on the agenda other than discussion and action on the taxing entity's intent to levy a tax rate that exceeds the taxing entity's certified tax rate, the taxing entity's budget, a special district's or special service district's fee implementation or increase, or a combination of these items; and

(C) available for individuals to attend or participate either in person or remotely through electronic means.

(ii) The governing body of a taxing entity conducting a public hearing described in Subsection (3)(a)(v) or (4)(b) shall:

(A) state the dollar amount of additional ad valorem tax revenue that would be generated each year by the proposed increase in the certified tax rate;

- (B) explain the reasons for the proposed tax increase, including the taxing entity's intended use of additional ad valorem tax revenue described in Subsection (8)(b)(ii)(A);
- (C) if the county auditor compiles the list required by Section 59-2-919.2, present the list at the public hearing and make the list available on the taxing entity's public website; and
- (D) provide an interested party desiring to be heard an opportunity to present oral testimony within reasonable time limits and without unreasonable restriction on the number of individuals allowed to make public comment.
- (c)(i) Except as provided in Subsection (8)(c)(ii), a taxing entity may not schedule a public hearing described in Subsection (3)(a)(v) or (4)(b) at the same time as the public hearing of another overlapping taxing entity in the same county.
- (ii) The taxing entities in which the power to set tax levies is vested in the same governing board or authority may consolidate the public hearings described in Subsection (3)(a)(v) or (4)(b) into one public hearing.
- (d) The county auditor shall resolve any conflict in public hearing dates and times after consultation with each affected taxing entity.
- (e)(i) A taxing entity shall hold a public hearing described in Subsection (3)(a)(v) or (4)(b) beginning at or after 6 p.m.
- (ii) If a taxing entity holds a public meeting for the purpose of addressing general business of the taxing entity on the same date as a public hearing described in Subsection (3)(a)(v) or (4)(b), the public meeting addressing general business items shall conclude before the beginning of the public hearing described in Subsection (3)(a)(v) or (4)(b).
- (f)(i) Except as provided in Subsection (8)(f)(ii), a taxing entity may not hold the public hearing described in Subsection (3)(a)(v) or (4)(b) on the same date as another public hearing of the taxing entity.
- (ii) A taxing entity may hold the following hearings on the same date as a public hearing described in Subsection (3)(a)(v) or (4)(b):
- (A) a budget hearing;
- (B) if the taxing entity is a special district or a special service district, a fee hearing described in Section 17B-1-643;
- (C) if the taxing entity is a town, an enterprise fund hearing described in Section 10-5-107.5; or

- (D) if the taxing entity is a city, an enterprise fund hearing described in Section 10-6-135.5.
- (9)(a) If a taxing entity does not make a final decision on budgeting additional ad valorem tax revenue at a public hearing described in Subsection (3)(a)(v) or (4)(b), the taxing entity shall:
- (i) announce at that public hearing the scheduled time and place of the next public meeting at which the taxing entity will consider budgeting the additional ad valorem tax revenue; and
 - (ii) if the taxing entity is a fiscal year taxing entity, hold the public meeting described in Subsection (9)(a)(i) before September 1.
- (b) A calendar year taxing entity may not adopt a final budget that budgets an amount of additional ad valorem tax revenue that exceeds the largest amount of additional ad valorem tax revenue stated at a public meeting under Subsection (3)(a)(i).
- (c) A public hearing on levying a tax rate that exceeds a fiscal year taxing entity's certified tax rate may coincide with a public hearing on the fiscal year taxing entity's proposed annual budget.
- (10)(a) A county auditor may conduct an audit to verify a taxing entity's compliance with Subsection (8).
- (b) If the county auditor, after completing an audit, finds that a taxing entity has failed to meet the requirements of Subsection (8), the county auditor shall prepare and submit a report of the auditor's findings to the commission.
- (c) The commission may not certify a tax rate that exceeds a taxing entity's certified tax rate if, on or before September 15 of the year in which the taxing entity is required to hold the public hearing described in Subsection (3)(a)(v) or (4)(b), the commission determines that the taxing entity has failed to meet the requirements of Subsection (8).
- (11) For a fiscal year within a truth-in-taxation exemption period, a taxing entity may adopt a budget that is equal to or less than the base year budgeted revenue without complying with this section.
- (12)(a) A taxing entity may not adopt a final budget that budgets an amount of additional ad valorem tax revenue that exceeds 5% of last year's property tax budgeted revenue, excluding eligible new growth, without voter approval.
- (b)(i) By majority vote of all members of the legislative body, a taxing entity may submit a question to the voters of the taxing entity to authorize the taxing entity to collect an amount of additional ad valorem tax revenue that exceeds 5% of last

year's property tax budgeted revenue.

(ii) The question shall appear on a ballot for a general election that happens before the start of the fiscal year in which the taxing entity seeks to collect an amount of additional ad valorem tax revenue that exceeds 5% of last year's property tax budgeted revenue.

(iii) A taxing entity shall include the amount of additional ad valorem tax revenue in the ballot question.

(c)(i) A taxing entity may not increase the property tax budget by more than the amount listed in the question the taxing entity submits to the voters.

(ii) A taxing entity may increase the property tax budget by less than the amount listed in the question the taxing entity submits to the voters.

(d) A taxing entity that receives voter approval on a question to increase the taxing entity's additional ad valorem property tax revenue does not have to comply with the notice and public hearing requirements described in this section for the fiscal year for which the voters approved the increase.

Section 3. Effective Date.

This bill takes effect on July 1, 2026.