

Property tax in Utah

The shift toward residential properties

Utah Constitution

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

Utah Code

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

Property tax system components

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

Entity budgets

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

Taxable value

- Sum of the area assessed value
- Minus reductions or exemptions

Tax rate

- Ratio of budget to taxable value
- $\text{Tax Rate} = \text{Entity Budget} / \text{Taxable Value}$

Tax rate calculation

- Budget = \$7,400,000
- Taxable value = \$2,155,000,000
- $\$7,400,000 / \$2,155,000,000 = 0.003434$
- Tax Rate = 0.3434%

Individual property tax calculation

- Primary Residential Property
- Assessed Value = \$400,000
- Overall Tax Rate = 0.011 or 1.1%
- Residential Exemption = 45%

Individual property tax calculation

- $\$400,000 \times 0.45 = \$180,000$ (Residential Exemption)
- $\$400,000 - \$180,000 = \$220,000$ (Taxable Value)
- $\$220,000 \times 0.011 = \$2,420$

Revenue neutrality and tax shift

- Guaranteed same property tax revenue from prior year
- No windfall or loss of funds from market fluctuations
- New money allowed through new growth or T in T
- Note: Only revenue neutral to the entity

Revenue neutrality and tax shift illustrated

Year 1							
Budget	Tax Rate		House #	Taxable Value	Tax Rate	Tax Liability	% of Total
\$20,000	1.00%		1	\$250,000	1.00%	\$2,500	12.5%
			2	\$325,000	1.00%	\$3,250	16.3%
			3	\$375,000	1.00%	\$3,750	18.8%
			4	\$550,000	1.00%	\$5,500	27.5%
			5	\$500,000	1.00%	\$5,000	25.0%
			Total	\$2,000,000	1.00%	\$20,000	100.0%

Revenue neutrality and tax shift illustrated

Year 2							
Budget	Tax Rate		House #	Taxable Value	Tax Rate	Tax Liability	% of Total
\$20,000	0.87%		1	\$275,000	0.87%	\$2,391	12.0%
			2	\$375,000	0.87%	\$3,261	16.3%
			3	\$425,000	0.87%	\$3,696	18.5%
			4	\$600,000	0.87%	\$5,217	26.1%
			5	\$625,000	0.87%	\$5,435	27.2%
			Total	\$2,300,000	0.87%	\$20,000	100.0%

Revenue neutrality and tax shift illustrated

Year 2			
House #	Value Change	% Change	Tax Change
1	\$25,000	10.0%	\$(109)
2	\$50,000	15.4%	\$11
3	\$50,000	13.3%	\$(54)
4	\$50,000	9.1%	\$(283)
5	\$125,000	25.0%	\$435
Total	\$300,000	15.0%	-

Revenue neutrality and tax shift

- A property's tax liability fluctuates in part to the change in taxable value
- Value percent change greater than average = increase
- Value percent change less than average = decrease
- Note: across all taxable property types

Taxable value shift by buckets

- Three value categories aka buckets
- Real property, personal property, centrally assessed
- Real property dominates the state wide total
- Varies by county

Taxable value shift by buckets

- Period 2000-2021
- Real property share increased from 79% to 87%
- Personal property share decreased from 8% to 6%
- Centrally assessed share decreased from 13% to 8%

Taxable value shift by buckets

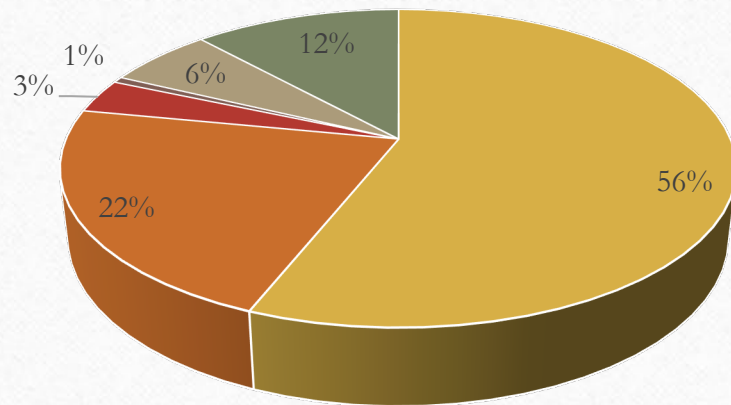
- 2022 Pre-Board of Equalization
- Real property increased to 89%
- Personal property decreased to 4%
- Centrally assessed decreased to 6%

Closer look @ Taxable value shift

	2011 Taxable Value	2011 % of Whole	2021 Taxable Value	2021 % of Whole
Residential Subtotal	\$106,776,091,438	56%	\$238,871,079,013	63%
Commercial/Industrial	\$41,904,550,351	22%	\$78,279,664,560	21%
Non FAA Vacant Land	\$6,596,404,430	3%	\$10,584,252,820	3%
FAA Land/Buildings	\$1,148,120,732	1%	\$1,448,683,194	0%
Personal	\$11,573,290,082	6%	\$20,445,611,623	5%
Centrally Assessed	\$22,493,002,264	12%	\$27,198,932,887	7%
Total	\$190,491,459,297	100%	\$376,828,224,097	100%

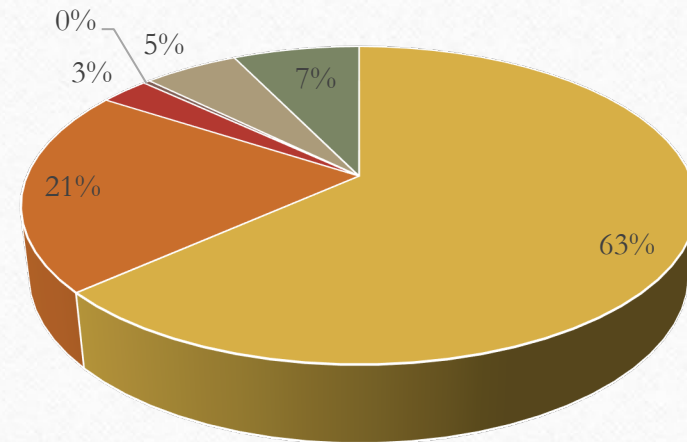
Closer look @ Taxable value shift

2011 Allocation



- Residential Subtotal
- Commercial/Industrial
- Non FAA Vac Land
- FAA Land/Buildings
- Personal
- Centrally Assessed

2021 Allocation

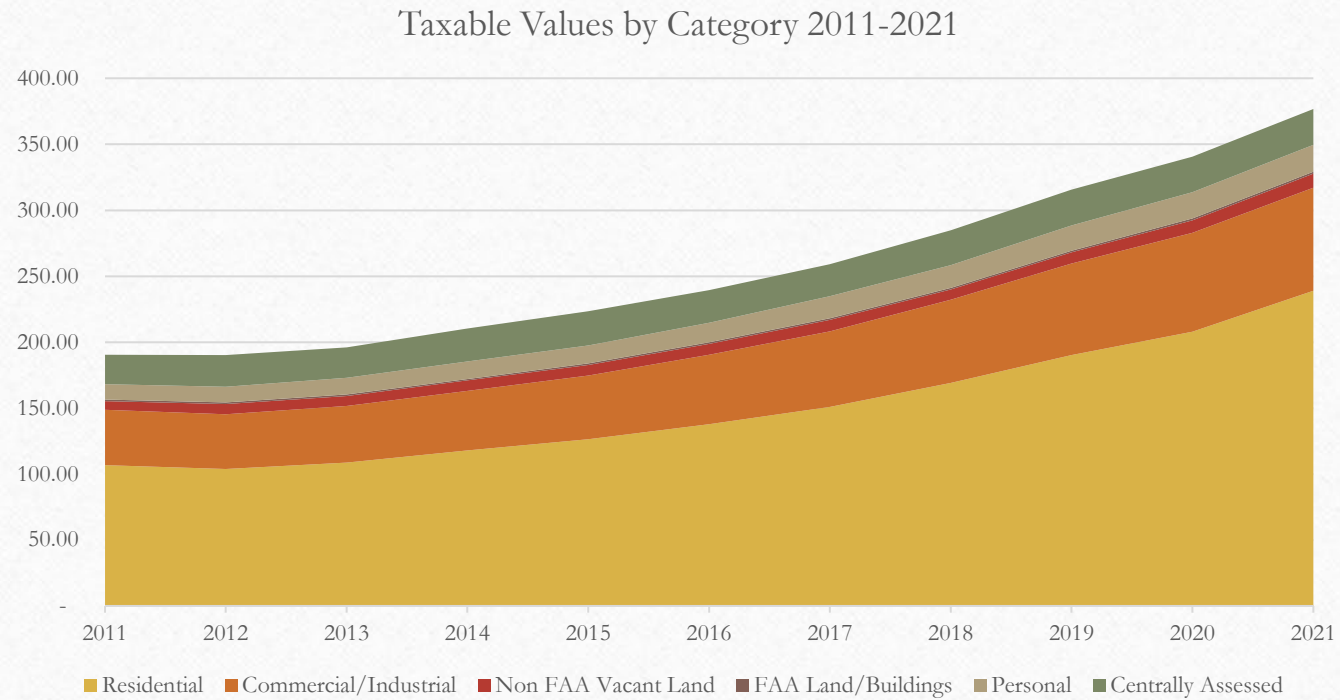


- Residential Subtotal
- Commercial/Industrial
- Non FAA Vac Land
- FAA Land/Buildings
- Personal
- Centrally Assessed

Closer look @ Taxable value shift

Change from 2011 - 2021	Value Change	Percent Change
Residential Subtotal	\$132,094,987,575	124%
Commercial/Industrial	\$36,375,114,209	87%
Non FAA Vacant Land	\$3,987,848,390	60%
FAA Land/Buildings	\$300,562,462	26%
Personal	\$8,872,321,541	77%
Centrally Assessed	\$4,705,930,623	21%
Total	\$186,336,764,800	98%

Taxable value shift by property bucket

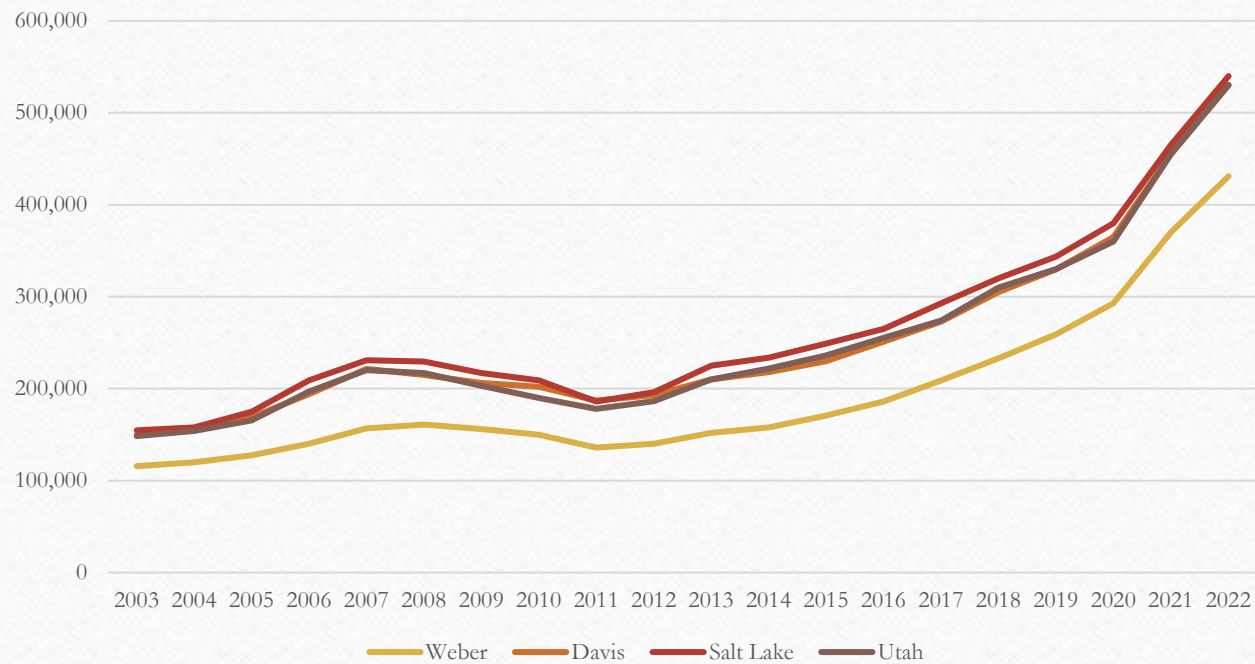


Residential median sale price increases

In 1,000s	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Weber	\$152	\$158	\$171	\$186	\$209	\$233	\$259	\$293	\$370	\$431
Davis	\$210	\$218	\$230	\$251	\$273	\$305	\$330	\$365	\$455	\$530
Salt Lake	\$225	\$234	\$249	\$265	\$293	\$320	\$344	\$380	\$465	\$540
Utah	\$210	\$222	\$236	\$255	\$274	\$310	\$330	\$360	\$455	\$530

Residential median sale price changes

Median Sale Price by Year 2003 - 2022



Summary

- Residential property values increased at a faster rate
- More residential properties = greater share of the whole
- Property values change at different rates
- Values changing at different rates create annual tax shifts