

A Performance Audit of

Local Authorities' Property Tax

And the Shifting Tax Burden

Office of the Legislative
Auditor General

Report to the UTAH LEGISLATURE



LEGISLATIVE AUDITOR GENERAL



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CFE

Leah Blevins, Manager, CIA

Lindsay Jaynes, Audit Supervisor

Enoch Paxton, Audit Staff

Mark Ahrens, Audit Intern

Office of the Legislative Auditor General

olag.utah.gov





Office of the Legislative Auditor General

Kade R. Minchey, Legislative Auditor General

W315 House Building State Capitol Complex | Salt Lake City, UT 84114 | Phone: 801.538.1033

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OCTOBER, 14, 2025

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report:

“A Performance Audit of Local Authorities’ Property Tax” [Report #2025-21].

An audit summary is found at the front of the report. The scope and objectives of the audit are included in the audit summary. In addition, each chapter has a corresponding chapter summary found at its beginning.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

Kade R. Minchey, CIA, CFE

Auditor General

kminchey@le.utah.gov





PERFORMANCE AUDIT

AUDIT REQUEST

The Legislative Audit Subcommittee and other legislators requested our office review local authority's property tax. This is in response to shifting dynamics in commercial and residential property taxes. Our efforts in this audit focused on the function of truth in taxation at the local level and on understanding the factors that have contributed to a public perception of increasing property taxes.

BACKGROUND

The state of Utah has a revenue-based tax system which creates a unique dynamic for local taxing entities and taxpayers. This report examines how factors like the basic levy tax rate freeze, increasing home values, and shifting tax burdens have influenced the system at large.

LOCAL AUTHORITIES PROPERTY TAX



KEY FINDINGS

- ✓ **1.1** Truth in taxation is keeping revenues in budget but there are some challenges
- ✓ **1.2** Taxing entities have concerns with some aspects of Truth in Taxation
- ✓ **2.1** The increase in home values influenced rising property taxes
- ✓ **2.2** The basic levy tax rate freeze resulted in unexpected increases in property tax revenue
- ✓ **2.3** The property tax burden is shifting to residential taxpayers
- ✓ **3.1** Other causes of increasing residential tax burden vary by county

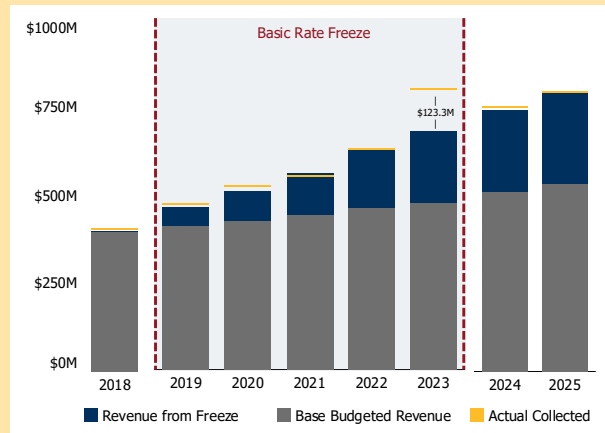


RECOMMENDATIONS

- ✓ **1.1** The Legislature should consider clarifying the meaning and intent of virtual participation.
- ✓ **3.1** The Legislature should consider whether statute concerning primary residential exemption eligibility would benefit from a statewide requirement.

The Basic Rate Freeze Brought in Additional Funds

The Basic Rate Freeze brought in more revenue than was expected in 2023. This was impacted by a large jump in property values in 2022 and 2023.



REPORT SUMMARY

Truth in Taxation is Keeping Revenues Within Budget But There Are Some Challenges

Utah's truth in taxation (TNT) system is keeping collections in line with budgets, with minor isolated discrepancies.

Inflation in Home Price Created Unexpected Increases in Residential Property Taxes Statewide

In recent years there has been a perfect storm influencing increasing taxes for homeowners. Increases in home prices is one contributing factor. Also, the basic levy tax rate freeze in 2018 produced additional unexpected revenue in fiscal year 2023.

Changes to Residential Tax Burden are Attributable to Different Causes Depending on the County

There are other factors that influenced rising property taxes from homeowners. Changes to the values of other property types can increase the tax burden on residential taxpayers. Ensuring primary residence exemptions are not being abused can help relieve the burden on primary residential homeowners.

Most Entities Collect Close to The Amount Budgeted

The X axis shows amount collected, and the Y axis shows percent deviation from the budget. In grey, you can see that most entities are within ten percent of their certified budget in either direction. A few outliers, in yellow, have over collected by a larger percentage than others, but this does not appear to be intentional or persistent.

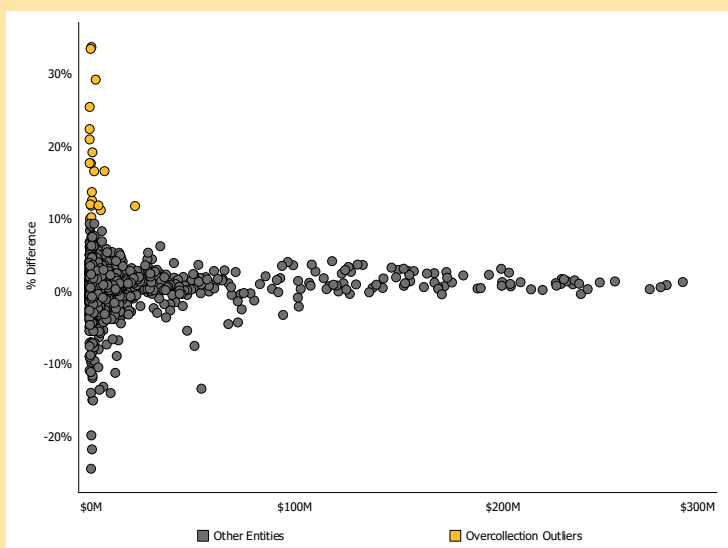


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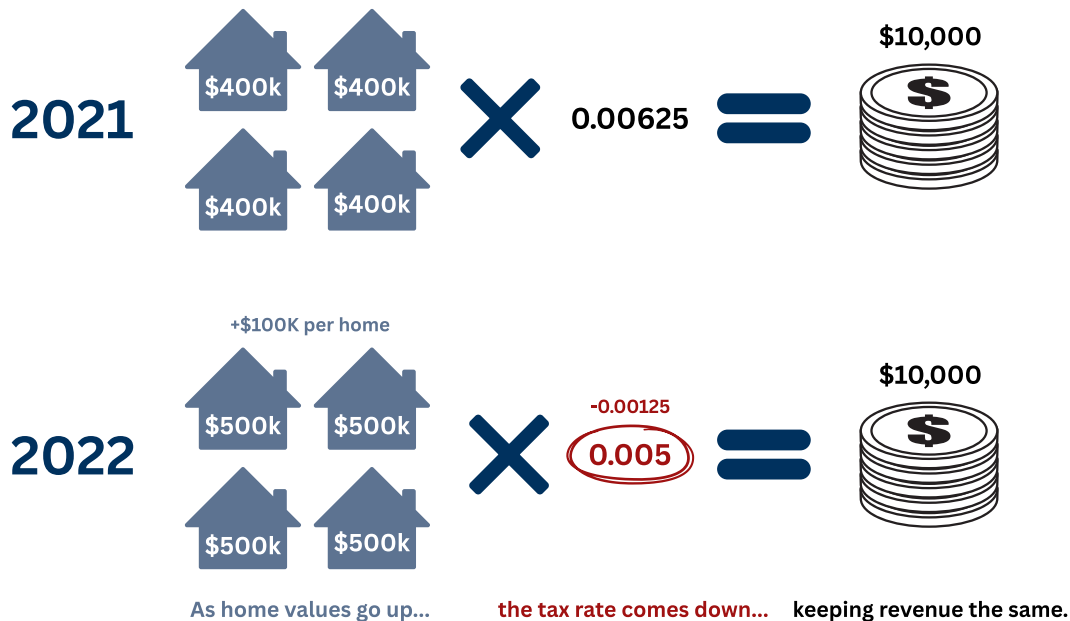
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Introduction

The state of Utah has a revenue-based property tax system.¹ This means that the law regulates the revenue a taxing entity brings in rather than directly controlling the property tax rate. In basic terms, as home values go up the tax rate goes down, keeping the revenue constant.² The graphic below illustrates this mechanism in practice. In this example, the home values go up from 2021 to 2022. As a result, the rate comes down to keep the revenue at \$10,000 dollars.



In general, this is how property tax revenue works. Statute stipulates that a taxing entity may not bring in a dollar more than the previous year without going through the truth in taxation (TNT) process, which will be explained in detail later.³ To keep revenues constant, county auditors calculate property tax rates each year to compensate for the change in home values. This calculated rate is referred to as the certified tax rate (CTR).

New growth is an exception to this rule. An entity may raise more revenue than the previous year without additional statutory requirements if the additional

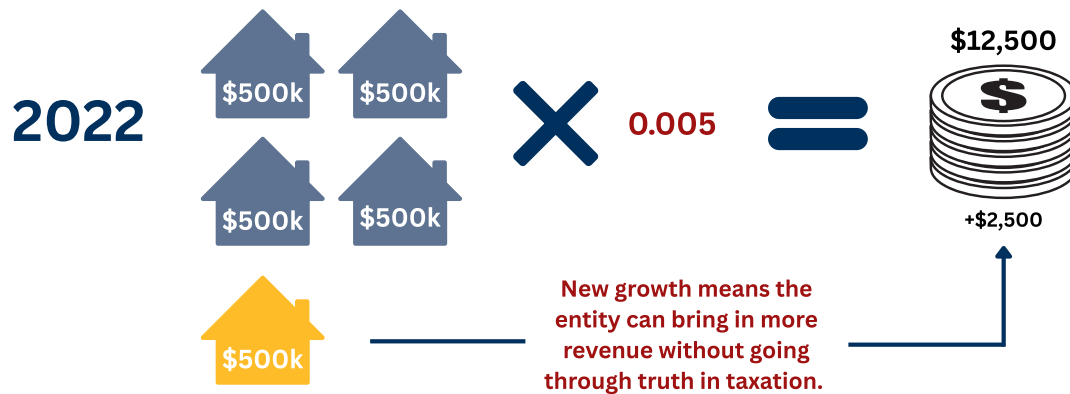
¹ Property taxes in Utah include both real property and personal property.

² There are a number of other factors that could influence the certified tax rate, including property appeals, collection rates, and new growth.

³ Truth in taxation is not a statutory term but is the commonly used terminology. Statute refers to this as a property tax increase, but for readability we use the common term in our report.



revenue comes from newly developed properties. To illustrate, contrast the following hypothetical scenario with the scenario above:



In this case, a taxing entity did bring in more revenue than in 2021 without going through TNT simply because an additional home was built in its jurisdiction. The tax rate was still calculated to keep the revenue from older developments constant. But through new growth, this taxing entity brings in \$2,500 more than they would otherwise collect.

To put it simply, if a taxing entity raises more revenue than the previous year, that entity either 1) had new growth significant enough to bring in additional revenue or 2) went through the truth in taxation process and approved a revenue increase.

To raise more revenue than the previous year, a taxing entity must adopt a rate higher than the CTR, which triggers the truth in taxation requirements. Truth in taxation requires the following of all taxing entities that wish to increase their revenue from the previous year:

- The entity must hold a public hearing that is separate from any other meeting, at which members of the public may comment.
- The entity must post a public notice of the time and place of said hearing.
- As of the 2025 General Legislative Session, the taxing entity must allow individuals to participate in the hearing virtually.
- The taxing entity's governing body must vote to approve the increase.

When a taxing entity meets the requirements above they are required to submit documentation to the Utah State Tax Commission's (USTC) Property Tax



Division (the Division).⁴ Moving forward, county auditors will play a role in verifying that requirements are met before submission to the Division. The information provided by taxing entities to the Division varies by entity.

This introduction has described the simple version of property tax in Utah, but there are many complicating factors which will be discussed later in this audit. In addition, a follow up to recommendations made in this office's 2024 audit on property tax can be found in Appendix A.

This Is the Second Property Tax Audit Completed by Our Office in Recent Years

Our office published a previous property tax audit in April 2024.⁵ This audit discussed some complications with the truth in taxation process. These included:

- Entities justifying their tax increase as “holding the rate” or decreasing the rate when they will collect additional revenue.
- Limited access to TNT hearings from constituents in a given jurisdiction.
- Outdated and cumbersome requirements for TNT advertisements.

Statute governing TNT received several updates in recent years, including changes based on audit recommendations. These changes largely went into effect in calendar year 2025.

As a result of our last audit, the Division received statutory authority to deny rate increases when entities did not meet all truth in taxation requirements. They found several cases of noncompliance for entities going through truth in taxation for fiscal year 2026 and consequently denied their tax increases. While the Division's administrative review is outside the scope of this audit, its findings are concerning.

⁴ The Property Tax Division is the arm of the Utah State Tax Commission that has been designated as the entity in charge of property taxes for the state. Throughout the report we will refer to them separately from Tax Commission as a whole.

⁵ *A performance audit of Utah's property tax system: A case for increased accountability and transparency* (Report #2024-05) https://pf.utleg.gov/olag/reports/audits/2024/2024-05/a3e044ba-c264-4d00-befc-8bc789304059/2024-05_RPT.pdf





BACKGROUND

In the state of Utah, a taxing entity cannot budget more than the previous year's revenue without demonstrating compliance with truth in taxation requirements. Budget and revenue data from the Property Tax Division of the Utah State Tax Commission has revealed discrepancies in a small number of instances. The situations we reviewed where more revenue was collected were primarily due to personal property tax collections.

FINDING 1.1

**Some Local Entities Have Room for
Improvement in Truth in Taxation**

NO RECOMMENDATION

FINDING 1.2

**There Are Concerns with
Truth in Taxation Implementation**

RECOMMENDATION 1.1

The Legislature should consider clarifying the meaning and intent of virtual participation.



CONCLUSION

Overall, Utah's truth in taxation system is working as intended: collections generally align with budgets, discrepancies are minor, and the Property Tax Division has recently denied some property tax increases due to truth in taxation noncompliance.





Chapter 1

Truth in Taxation Is Keeping Revenues Within Budget But There Are Some Challenges

Utah's truth in taxation (TNT) system is keeping collections in line with budgets in most cases. However, unexpected factors discussed later in this audit may have contributed to a public feeling of increasing property taxes. The main challenges with truth in taxation are structural: local entities often go years without TNT hearings and may implement sharp increases when they act. Between increases, inflation erodes purchasing power and some entities turn to alternative revenues. Additional issues include the compressed timeline of TNT, a vague statutory definition of new growth, and inconsistent interpretations of the virtual participation requirement in TNT hearings. Regarding the last concern, we recommend that the Legislature clarify the meaning and intent of virtual participation.

1.1 Some Local Entities Have Room for Improvement in Truth in Taxation

There are taxation discrepancies from year to year and among different types of taxing entities in property tax collections. Many of these discrepancies are reportedly attributable to data anomalies. In most cases, collections align closely with budgets.

Most Entities Are Not Bringing in Substantially More Property Tax Revenue Than They Are Budgeting But There Are Exceptions

In the state of Utah, a taxing entity cannot budget more than the previous year's budget, without going through truth in taxation (TNT). TNT requires entities to hold public hearings and provide specific documentation to the Property Tax Division (the Division). These controls diminish the ability of a taxing entity to intentionally collect more than is budgeted. Data from the Division on budgets and revenues can then reveal discrepancies between budgeted and actual revenues where they exist.⁶



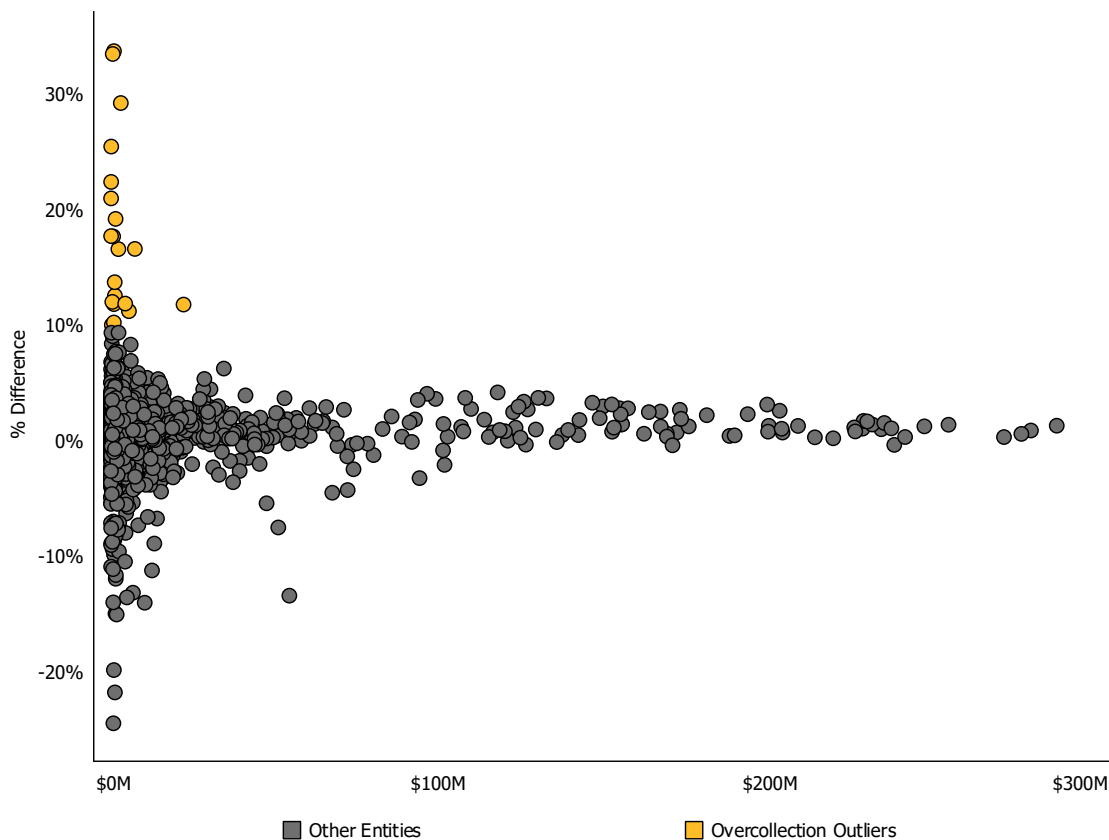
In the state of Utah, a taxing entity cannot budget more than the previous year's budget, without going through truth in taxation (TNT).

⁶ Utah's property tax system includes a tax collection of business personal property. The tax rate calculation uses the previous year's personal property tax budget. If personal property taxes are



To investigate possible discrepancies, we retrieved and reviewed budget and revenue data for every taxing entity in the state of Utah from 2016-2024. Our analysis of this data shows that most entities are bringing in close to the amount of revenue they budget. However, there are still outliers. Figure 1.1 displays entities by year of collection, with outliers in yellow, highlighting cases of overcollection.

Figure 1.1 Most Entities Collect Close to The Amount Budgeted. The x-axis shows amount collected, and the y-axis shows percent deviation from the budget. In grey, you can see that most entities are within 10 percent of their certified budget in either direction. A few outliers, in yellow, have over-collected by a larger percentage than others, but this usually occurs in entities with relatively lower budgets.



Source: Auditor generated based on Property Tax Division data.⁷

Taxation occurs at the local level meaning residents in an over-collecting entity can feel the effects. For this reason, we further review local outliers and discuss them in detail in the next section.

higher or lower than what was budgeted in the prior year, it will impact what is collected in the current year.

⁷ All data that we refer to as coming from the Property Tax Division, is data from individual counties that was compiled by the Division.



The System Appears to Be Effective in Most Cases But Errors Have Occurred in Property Tax Collection at the Local Level

In property tax collection, entities sometimes over- or under-collect, but these errors are most concerning when they are large and when they occur repeatedly. We find relatively few of these cases. However, a few noteworthy details have emerged from this analysis.

Personal Property Tax Collection Can Vary

Two local officials report that an increase in personal property collection exceeded what was budgeted.



There is No Pattern of Systematic Overcollection

There are rare instances of overcollection, and the Division reports that large outliers are attributable to data anomalies or data entry errors.

School Districts

School districts see the most overcollection of any entity type.



Source: Auditor generated.

To examine overcollection at the local level, we identified 17 outliers, out of approximately 2,000 entities over 9 years. We defined an outlier as an entity that collected more than \$750 thousand and more than 110 percent of their budget in a given year. The largest overcollection happened in a school district that



We identified 17 outliers that collected more than \$750 thousand and more than 10 percent over their budget.

collected \$2.4 million (12 percent of its budget) more than they budgeted. Staff of the Division and local officials in this county identify a solar project that collected more personal property revenue than expected as the reason for this increase.⁸ Additionally, one municipality in our data over-collected every year besides 2024, with three years rising above our outlier threshold. The Division reports that these large

overcollections were due to unexpected increases in personal property values in a community reinvestment agency. A third example of overcollection occurred in a special service district, reportedly also due to additional property value. These examples highlight the kinds of anomalies that can occur in property tax collections at the local level.

⁸ Personal property estimates are based on prior year budgeted revenue, so current year collections may differ from the estimates.



The examples provided indicate that it is possible for entities to collect more than they budget. However, in discussing the outliers with the Division, they are reportedly tracking overcollections. Overcollections do not appear to be intentional. In addition to errors at the local level, several other factors have worked together to increase the burden on residential taxpayers. Those will be discussed at length in Chapters 2 and 3 of this audit.

1.2 There Are Concerns with Truth in Taxation Implementation

Many entities wait for several years between TNT hearings, while others conduct them more regularly. However, waiting can result in substantial revenue increases when entities do act. In the meantime, entities often lose significant purchasing power because TNT does not account for inflation, or they might rely on alternative revenue sources. Other challenges in the TNT process include a rushed timeline, a vague statutory definition for new growth, and confusion about what it means to offer a virtual participation option in TNT hearings.

In addition, the Division found several cases of noncompliance for entities going through truth in taxation for fiscal year 2026 and consequently denied their tax increases. Their authority to deny tax increases was strengthened following the previous property tax audit published by our office. We believe that requiring the Division to hold entities accountable for meeting truth in taxation requirements provides a control against potential abuse.

Taxing Entities May Lose Substantial Purchasing Power by Avoiding TNT

Truth in taxation is designed to keep tax increases in check and interviews with local officials affirm that they are cautious and thoughtful about raising taxes. Consequently, some entities go for several years without raising additional revenue. When such an entity does choose to raise revenue, the increase can be substantial. Other entities opt for small, incremental changes to the revenue more frequently. The following statements from local officials summarize these two approaches to property tax:



Source: Auditor generated.

Some entities that pursue more frequent TNT increases describe the practice as ‘holding the rate.’ When an entity holds the rate constant, they functionally operate on a rate-based tax system rather than a revenue-based system. So, if property values go up but the rate stays the same the entity will bring in additional revenue. However, taxpayers may not understand that by doing this the taxing entity is bringing in more money than the previous year. Our concerns with this messaging are explained in detail in our 2024 property tax audit.⁹ In response, the Legislature amended statute to try to prevent entities from confusing taxpayers with “holding the rate” language.

Current TNT laws and rules are not designed to adjust for inflation, and the “one-punch” approach to TNT may result in a loss of purchasing power over the years. When increases are repeatedly delayed, the dollars collected do not go as far.

To avoid going through truth in taxation, taxing entities may choose not to rely on property tax and instead collect revenue through other means which are reportedly less controversial. For example, some entities may charge fees for

⁹ A performance audit of Utah’s property tax system: A case for increased accountability and transparency (Report #2024-05) https://pf.utleg.gov/olag/reports/audits/2024/2024-05/a3e044ba-c264-4d00-befc-8bc789304059/2024-05_RPT.pdf



services. However, because of statutory fee limits, this approach will only take an entity so far before they must go through TNT to raise additional revenue.¹⁰

Local Officials Have Concerns About Some Aspects of the Process

We interviewed 6 county assessors and local officials from 18 taxing entities as part of this audit. Officials in these interviews identified several statutory and administrative challenges and inconsistencies that may present risk in Utah's property tax system. We did not have time to thoroughly investigate each of these problems. However, we share them here because of (1) the number of taxing officials who expressed these concerns, (2) their relevance to the findings of our previous audit and recommendations, (3) their relevance to property tax generally. The major concerns are as follows:

Timeline

The timeline of truth in taxation poses unique challenges for fiscal-year taxing entities.



10 of the 18 officials we interviewed identified timing as a challenge for fiscal-year entities. Taxing entities are required to adopt or propose their rate by June 22nd.¹¹ Fiscal-year entities begin their budget year a little over a week later, on July 1st. This gives them minimal time to decide whether they will go through truth in taxation that year, or whether new growth revenue is sufficient for their needs. Because property tax in Utah is revenue based, taxing entities should be able to determine the need for TNT prior to receiving their certified tax rate. However, entities express concern over the short timeline for making budget-related decisions.



Virtual Participation

Virtual participation in TNT hearings is another area of confusion for local taxing entities.

Senate Bill 202 added the requirement allowing for virtual participation in TNT hearings.¹² In our interviews, we discovered that different entities have varying interpretations of this requirement, including:

- Reading livestream comments into the record from Zoom or YouTube
- Reading emailed comments into the record

¹⁰ Some entity types do have the option to collect revenue through other funding streams. We have seen this with the audit's sample cities.

¹¹ An entity would propose a rate if they intend to undergo a property tax increase.

¹² Senate Bill 202 from the 2025 General Legislative Session.



- Giving constituents the option to verbally contribute to the hearing through Zoom

The effect of this confusion is a misalignment from county to county in public opportunities to engage with the process.

New Growth

Interpretations of new growth could vary by county.



A taxing entity may bring in more revenue than the previous year without going through the TNT process, if that additional revenue comes from new growth.

Our conversations with local and state officials suggest that varying interpretations of new growth could impact the Division's ability to provide effective assessor oversight. Local entities report that they understand what new growth is not, but not what new growth is.

Our previous property tax audit recommended that the Division improve their auditing process for assessments and data quality. A consistent interpretation of new growth could provide clearer expectations for the Division to audit.¹³



Statewide Property Tax System

A Statewide Property Tax System could better equip the Division in their auditing and oversight duties.

Statute defines a statewide property tax system as “a computer assisted system for mass appraisal, equalization, collection, distribution, and administration related to property tax...” The current statewide system is limited to mass appraisal. Staff of the Division said that implementing a full statewide property tax system and improved geographic information system will better equip them to provide oversight. It could also result in a reliable parcel count. Additionally, staff from the Multi County Appraisal Trust (MCAT) report that the goal is to expand from a mass appraisal system to a full statewide property tax system. A closer examination of the current system is outside the scope of this audit. The Legislature could request an audit of the statewide mass appraisal system if needed.

¹³ The Division publishes a list of personal property classifications with a valuation schedule each year. A similar list could be made of new growth in the state to ensure that new growth is accurately categorized.



RECOMMENDATION 1.1

The Legislature should consider clarifying the meaning and intent of virtual participation.



BACKGROUND

In 2018 the Legislature froze the basic levy tax rate at 0.0016 for 5 years. At the same time, they added a component to the basic levy to maintain a 15 percent contribution from local funds. The rate was frozen for a period of five years, ending after the 2023 property tax collection.

FINDING 2.1

**The Increase in Home Values
Influenced Rising Property Taxes**

NO RECOMMENDATION

FINDING 2.2

**The Basic Levy Tax Rate Freeze
Resulted in Unexpected Increases in
Property Tax Revenue**

NO RECOMMENDATION

FINDING 2.3

**The Property Tax Burden is Shifting
to Residential Taxpayers**

NO RECOMMENDATION



CONCLUSION

Due to several factors that will be discussed in the chapter, the taxes collected from the basic rate were higher than anticipated in 2023. Additionally, the increase in the basic rate is a contributing factor to why constituents anecdotally report feeling that property taxes have increased dramatically.





Chapter 2

Inflation in Home Prices Created Unexpected Increases in Residential Property Taxes Statewide

The last five years saw several economic impacts that contributed to a type of perfect storm for increasing the amount of taxes homeowners pay. This chapter and Chapter 3 both address this storm. Inflationary pressures pushed home values up at an unexpected rate. This increase in home prices contributed to increased property taxes across the board. Also, the Legislature froze the basic levy tax rate in 2018 for five years. Because of the increasing home values, this rate freeze produced additional unexpected revenue in fiscal year 2023. Rapidly increasing home valuations also shifted the property tax burden to residential homeowners. This resulted in increased property tax bills for homeowners.

2.1 The Increase in Home Values Influenced Rising Property Taxes

From 2021 to 2022, Utah experienced large changes in the housing market. On top of Utah's already high growth rates, the pandemic caused people to move to Utah at an even higher rate. This, in turn, led to higher property values for new and existing owners. Because tax rates are set based on values, taxes on properties naturally increased as well.



On top of Utah's already high growth rates, the pandemic caused people to move to Utah at an even higher rate.

Unexpected Increases to Home Values Generated Unexpected Revenue

From 2015 to 2021 statewide primary residential taxable value went up an average of 11 percent each year. From 2021 to 2022, the appreciation rate more than tripled to 35 percent. During those two years there were unprecedented and unexpected forces that pressured the housing market in Utah. These forces simultaneously increased demand for homes while also suppressing the ability of the market to produce an adequate supply.

- Work-from-home changes sparked a surge of in-migration from other states to Utah.
- Record low interest rates and federal economic stimulus fueled higher demand for housing.



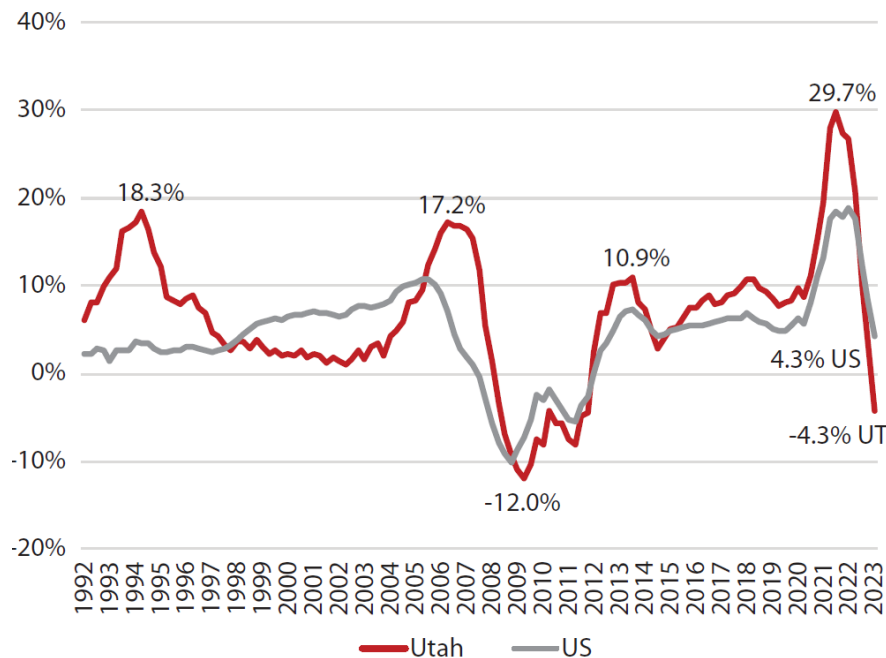
County assessors have the responsibility to assess homes at market value, and as the market pushed prices higher home valuations followed suit.

- Disrupted supply chains extended construction timelines and drove up costs.
- Inflation drove up the cost of construction materials and labor, significantly increasing the price of building a new home.

These factors brought the number of homes sold on the market to a post-Great Recession low, which pushed sale prices up to unprecedented levels. As a result, Utah

home prices increased dramatically, even compared to the national average. The year over year percent change reached nearly 30 percent in 2022.

Figure 2.1 The Percent Change in Utah's Housing Prices Peaked at Almost 30 Percent in Recent Years. This figure shows the year over year change in Utah's Housing Price Index as compared to the United States.



Source: Kem C. Gardner Institute.

These market dynamics, as illustrated in Figure 2.1, translated into rising home valuations. County assessors have the responsibility to assess homes at market value, and as the market pushed prices higher home valuations followed suit.



Increases in Home Prices Contributed to Rising Property Taxes for Homeowners

The property taxes due by a property owner are influenced by multiple factors.¹⁴ Property values and the tax rates levied by entities are two of those factors. We analyzed residential valuations and tax rate data in three of our sample counties. We found that in those counties, the median taxes paid would have decreased from 2015 to 2024 if all other factors, including property values, had not changed.¹⁵ However, property values did change over the ten-year time period. An analysis of more than 400,000 residential properties showed that the median increase on home value for these properties was 124 percent during that time. Ultimately, we found that tax rate increases due to truth in taxation are only partly responsible for increasing property taxes. Property home values and other factors that also contribute will be discussed in Chapters 2 and 3.



A lower median tax does not mean that entities are collecting the same or fewer revenue dollars in the last ten years.

A lower median tax does not mean that entities are collecting the same or fewer revenue dollars in the last ten years. Counties, and entities within those counties, are collecting more money than they did a decade ago. The table below shows the change in revenue distributed to entities within all six sample counties in 2016 and 2024.¹⁶

¹⁴ Property value, tax rates, valuation changes through granted appeals, and new growth can all influence how much a taxpayer owes in property taxes. Personal property, Public Infrastructure Districts, and Tax Increment Financing are other components of property taxes. Adjustments to these can impact taxes on real property.

¹⁵ The median taxes are based on a home priced at the 2024 median single-family home sales price for each of the respective counties.

¹⁶ The table shows the change in revenue as would be reported when undergoing a property tax increase and does not reflect for changing value of the revenue collected.



	2016 Collection	2024 Collection	Change in Revenue
Davis	\$227 million	\$432 million	\$155 million
Emery	\$26 million	\$33 million	\$7 million
Kane	\$14 million	\$22 million	\$8 million
Salt Lake	\$1.3 billion	\$1.9 billion	\$670 million
Utah	\$413 million	\$837 million	\$424 million
Weber	\$198 million	\$383 million	\$185 million

Source: Auditor generated based on Property Tax Division data.

These increases are substantial, with some counties' change in revenue being nearly as great as or greater than the revenue collected in 2016. Tax rates and revenues can adjust based on property valuations, the number and types of properties, and the number of taxing entities in a county. Ultimately, additional tax revenue means a greater tax burden for taxpayers. This is one of several reasons for increased property taxes.

2.2 The Basic Levy Tax Rate Freeze Resulted in Unexpected Increases in Property Tax Revenue

Freezing the basic levy tax rate generated an unexpected increase in property tax revenue for the 2023 fiscal year. Property taxpayers ended up paying more than forecasted due to unanticipated increases in property values. The Legislature sets this levy's revenue target, and then the rate is set based on what is needed to produce revenue equal to the target. In 2018, this rate was frozen at 0.0016 for a period of 5 years. The inflationary pressures seen in 2021 and 2022 pushed home valuations up, producing more revenue than was initially estimated.¹⁷ The Legislature also added an inflationary factor to the weighted



The inflationary pressures seen in 2021 and 2022 pushed home valuations up and produced additional unexpected revenue during the rate freeze.

¹⁷ See Appendix B for additional information about the basic rate freeze.



pupil unit (WPU) increase. Some taxing entities have asked that a similar inflationary factor be used when calculating property tax rates.

The Basic Levy Tax Rate Raised Significantly More than Anticipated

The basic levy tax rate is unique from other property taxes in Utah. It is essentially truth in taxation at the legislative, statewide level. Like other property taxes, the basic rate is revenue driven. This means that as property values increase, the rate floats down to reach the revenue target.¹⁸ The differences between most property taxes and the basic levy are that

- The same rate is charged across the state.
- All the revenue goes to public education.
- There is an inflationary measure built in.¹⁹
- The public meeting requirements occur during legislative session business.
- The funds raised in each school district are returned to that district.

In 2018, the Legislature changed the usual process, and set the basic rate, rather than the revenue target.²⁰ It froze the rate at 0.0016 for 5 years from fiscal years 2019 to 2023. The Legislature also added a provision to keep funding from the



The Legislature froze the Basic Rate at 0.0016 for 5 years from fiscal years 2019 to 2023.

state at 85 percent and 15 percent local, which influenced the basic rate. The state estimated that this would bring in an additional \$206 million in ongoing funding by fiscal year 2023.²¹ Instead, it raised \$326 million – almost 60 percent more than the originally forecasted amount. Outside of fiscal year 2023, these forecasts were very accurate, with

the difference between the collected basic rate revenue between -1 and +3 percent of budgeted revenue. Because of the unique combination of market forces, it would have been extraordinarily difficult to predict property valuation growth in fiscal year 2023 in advance. The intent was to increase the amount of money available for public education as property values naturally increased with time.

¹⁸ The exception was during the basic rate freeze from 2018 through 2022.

¹⁹ Inflation was accounted for in the public education base budget from 2021 to 2025. The public education budget and weighted pupil unit (WPU) value influence the basic rate revenue target. See Appendix B for a detailed explanation.

²⁰ House Bill 293, 2018 General Legislative Session

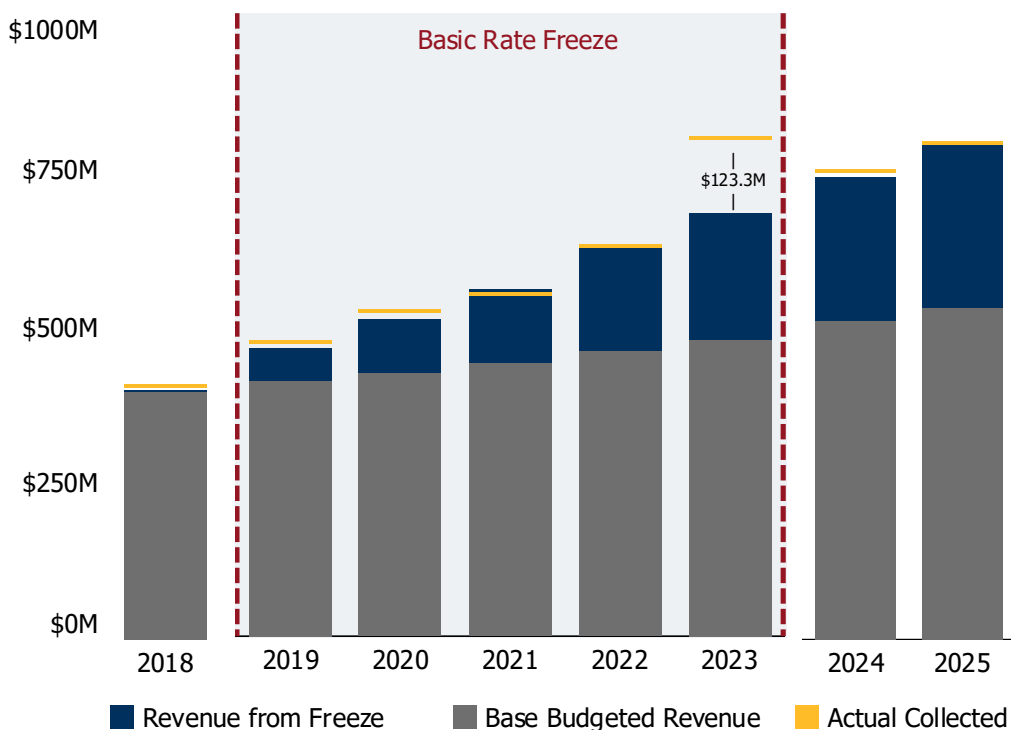
²¹ This estimation process is a collaborative one between the Office of the Legislative Fiscal Analyst, the Utah State Board of Education, and the Governor's Office of Planning and Budget.



Prior to fiscal year 2023, primary residential statewide taxable value appreciated at an average rate of 11 percent. The basic rate collected revenue was close to the budgeted revenue target. In fiscal year 2023, primary residential taxable value appreciated at 35 percent— more than triple the rate it had in the previous years. The basic rate levy collected 18 percent or \$123.3 million more than the final budgeted revenue target for that year. This revenue was unexpected and therefore not included in the next year’s statutory revenue target, making it a one-time occurrence.

This dramatic increase in taxable value happened during the last year of the Basic Rate Freeze, producing a one-time windfall of unexpected revenue. Figure 2.2 shows the revenue collected for the basic rate between 2018 and 2025.²²

Figure 2.2 State Basic Rate Levy Revenues Were Predicted Quite Accurately Until 2023. This figure shows the increase in additional revenue that came from the basic rate freeze.



Source: Auditor generated from multiple data sources.

*Note: The 'Revenue from Freeze' dollars come from two components that were added to statute during the 2018 General Legislative Session. See Appendix B for more details.

²² Fiscal year 2025 ended on June 30, 2025. Figure 2.1 represents preliminary collections data from the Division.



Figure 2.2 shows the total budgeted revenue target for the basic levy in the colored bars. The yellow line shows the actual revenue collected each fiscal year. Within the bars:

- The grey section shows revenue that would have been collected without the increase.
- The blue section of the bar shows additional revenue generated by freezing the basic rate.

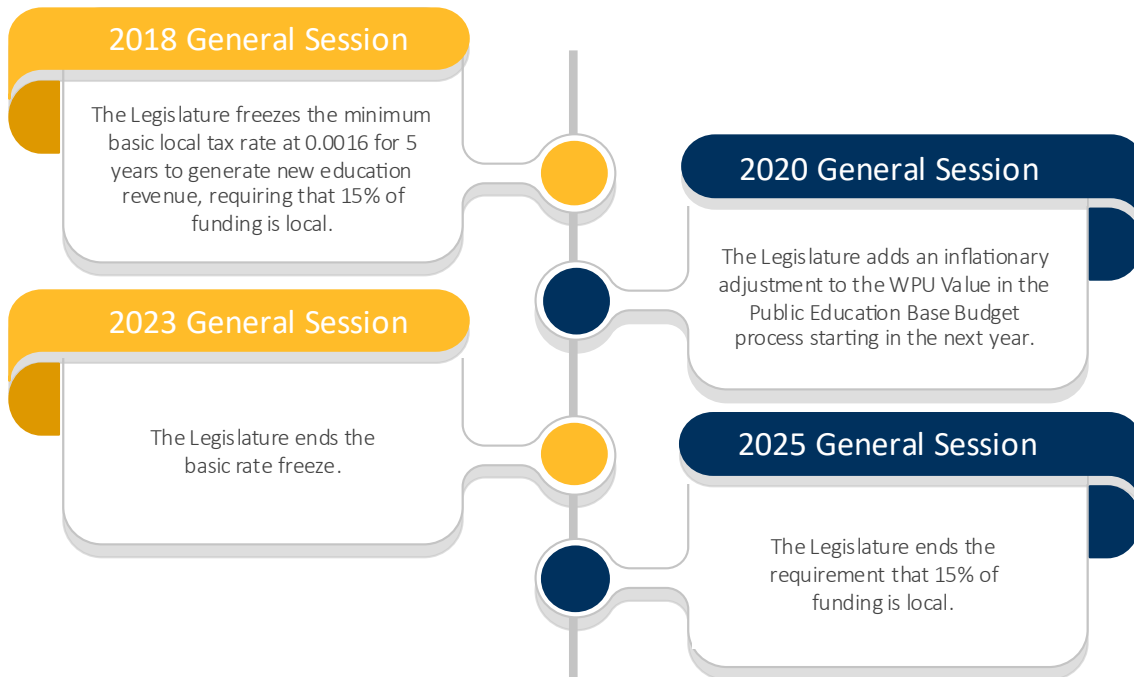
During the basic rate freeze the amount collected was close to the amount budgeted, with the exception of fiscal year 2023 when the amount collected was significantly higher.

Unlike Other Property Tax Types, the Legislature Accounts for Inflation in Setting the Public Education Budget

The Legislature also addressed increased funding for public education by incorporating an inflationary measure. During the 2020 General Legislative Session an inflationary adjustment was added to the WPU Value calculation.²³ *Utah Code* directs the Executive Appropriations Committee to consider the 5-year rolling average inflation rate when setting the WPU Value.²⁴

²³ House Bill 357, 2020 General Legislative Session

²⁴ *Utah Code* 53F-2-208



Source: Auditor generated.

For fiscal year 2023, the inflationary increase in the WPU was 2.6 percent. For fiscal year 2026 that rose to 4 percent. While the primary function of the provision maintaining the state education funding at 85 percent was successful, it had a secondary effect of accounting for, at least in part, inflationary pressures in the basic rate.

Currently, an inflationary adjustment is incorporated into the WPU base budget. The base budget is prepared in December prior to the general session and typically passes during the first days of the session. Subsequent education bills which increase funding above the base budget move through the normal legislative process.



While the primary function of the provision maintaining state education funding at 85 percent was successful, it had a secondary effect of accounting for, at least in part, inflationary pressures in the basic rate.

A Parallel Inflationary Structure Could Be Applied to the Property Tax Administration of Local Entities. The Legislature could authorize an automatic inflationary adjustment to be included in the certified tax rate prepared by the Property Tax Division (the Division). If an entity wanted revenue beyond the inflationary adjustment, it would remain subject to the full TNT process, preserving transparency and accountability.

This framework could improve the TNT process in a few ways:



Transparency	Accountability	Efficiency
Taxpayers would be able to distinguish between revenue increases due to inflation and those resulting from policy choices by elected or appointed officials.	Entities seeking additional revenue would need to justify increases beyond inflation.	Taxing entities could maintain service levels in the face of inflation without relying on less transparent mechanisms, such as fee increases.

Source: Auditor generated.

Other Western states such as Montana and Washington include some sort of inflationary measure to allow taxing entities to maintain purchasing power.

	Provides for an automatic inflationary increase in property taxes that is equal to $\frac{1}{2}$ the average inflation rate for the last 3 years	 MT
 WA	Allows taxing entities an automatic inflationary increase in property taxes by the calculated inflation rate or 1%, whichever is less.	

Source: Auditor generated.

During the audit, several taxing entities expressed concern about their ability to address inflationary pressures within the TNT process. The Legislature could consider whether an inflationary component would be appropriate to address changing values and increasing costs.

2.3 The Property Tax Burden Is Shifting to Residential Taxpayers



The burden on residential payers in each of the audit's sample counties has increased.

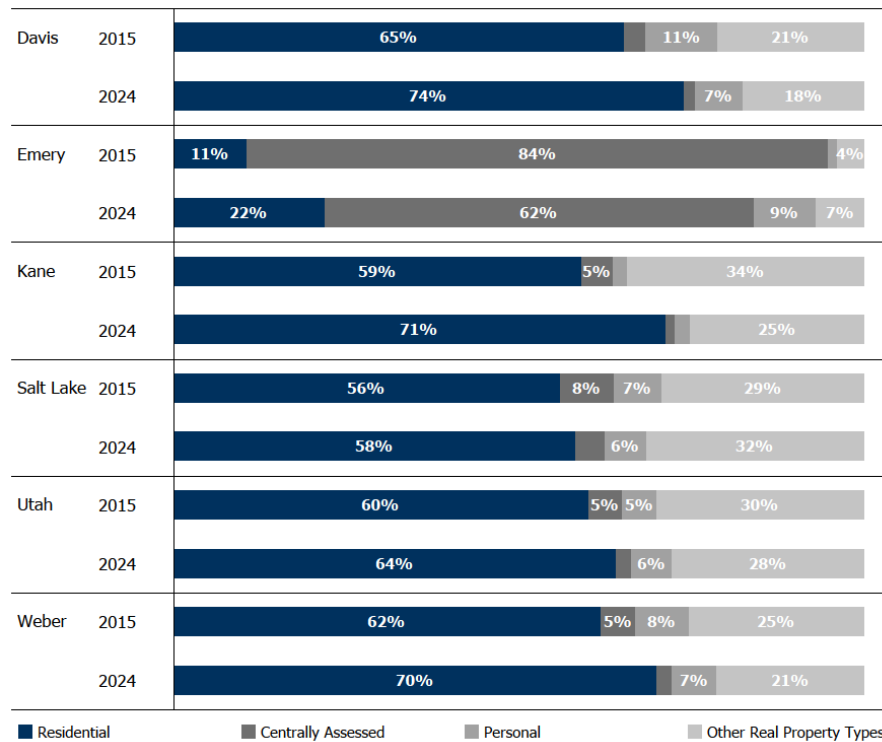
Residential taxpayers have increasingly borne the burden of tax revenues. Counties report taxable value and number of properties annually to the Division. This information is categorized into seven general property type categories, including residential.²⁵ Over the last 10 years, the percentage of the property tax paid by each group has shifted. The burden on residential payers in each of the audit's sample counties has increased.

²⁵ The categories are primary residential, other residential, commercial, greenbelt, agricultural (non-greenbelt), centrally assessed, and personal.



Figure 2.3 shows these percentages by property type for each of the audit's sample counties in 2015 and 2024.²⁶

Figure 2.3 The Audit's Sample Counties All Saw a Shift in Tax Burden to Residential Property Owners. Over the past 10 years, the sample counties saw increases in the percentage of taxable value held by residential properties to varying degrees.



Source: Auditor generated using Property Tax Division data.

*Note: The "Other Real Property Types" category contains taxable value for commercial and agricultural properties.

†Note: See Appendix C for the taxable value distribution by property type for all counties.

A previous property tax audit discussed how residential properties increased in value at a greater rate than commercial properties.²⁷ Due to residential properties increasing more than commercial ones, the former gained a greater percentage of the taxable value over time.

In one of the audit's sample counties, the median valuation increase for its commercial properties was 72 percent. In another county, the median increase matched the residential one at 124 percent. While both residential and commercial properties have had large increases in valuation in the past decade,

²⁶ 2024 values are preliminary as they were not yet finalized at the time the report was written.

²⁷ A performance audit of Utah's property tax system: A case for increased accountability and transparency (Report #2024-05) https://pf.utleg.gov/olag/reports/audits/2024/2024-05/a3e044ba-c264-4d00-befc-8bc789304059/2024-05_RPT.pdf



there has been variation even within the state's most populous counties when it comes to the extent that commercial values have increased. In counties where commercial increases have been smaller, more of the burden could have been borne by the residential properties that had greater increases.





BACKGROUND

Centrally assessed property value, assessed at the state level, peaked in 2022 with a statewide taxable value of almost \$30 billion. It has since dropped back down to approximately \$27 billion for 2024, an amount that is \$1 billion more than the statewide value in 2015. This change in value can be attributed to

- centrally assessed property values increasing at a slower rate than other property types
- appeals granted to some centrally assessed properties
- telecommunications properties are no longer being centrally assessed.

Even though telecommunications properties are still assessed through another property type, the change in taxable value in some counties has been substantial enough to shift the tax burden to homeowners. The distribution of primary residences compared to other residential properties, and the Tax Commission's increasing oversight of county assessors have also impacted the residential tax burden distribution in some counties.

FINDING 3.1 **Other Causes of Increasing Residential Tax Burden Can Vary by County**

RECOMMENDATION 3.1

The Legislature should consider whether statute concerning primary residential exemption eligibility would benefit from a statewide requirement.



CONCLUSION

A perfect storm of factors impacted the amount of property taxes paid by residential taxpayers in recent years. The factors are a mixture of policy decisions and county characteristics, and do not illustrate a specific problem.





Chapter 3

Changes to Residential Tax Burden Are Attributable to Different Causes Depending on the County

3.1 Other Causes of Increasing Residential Tax Burden Vary by County

In recent years, several factors have combined to create a storm of property tax increases for Utah residents. Besides revenue increases by taxing entities, a host of other factors have influenced rising property taxes. Unique county characteristics and policy decisions have also contributed to tax increases. We address these causes to inform the Legislature on areas we found that have impacted property taxes rather than to suggest a single all-encompassing explanation for the increases.

Each county and component of property tax is unique. There are multiple reasons that can influence the dollars a taxpayer pays to property taxes. Some of these factors were covered in Chapter 2. Additional factors are covered in the remainder of the chapter and include the distribution of primary and other residential homes, adjustments to centrally assessed property values, and increased oversight of counties by the Property Tax Division (the Division).



Secondary Homes

Counties with many secondary homes have seen less burden on primary property owners

Over the past ten years, the taxable value for the state's residential properties has



The taxable value for the state's residential properties has increased from approximately \$126 billion to \$375 billion.

increased from approximately \$126 billion to \$375 billion. In that same time, there were less than 200,000 new residential properties reported. For primary residences, the taxable value is lower than the market value. The following table identifies the main residence classifications used in the property tax system in Utah.

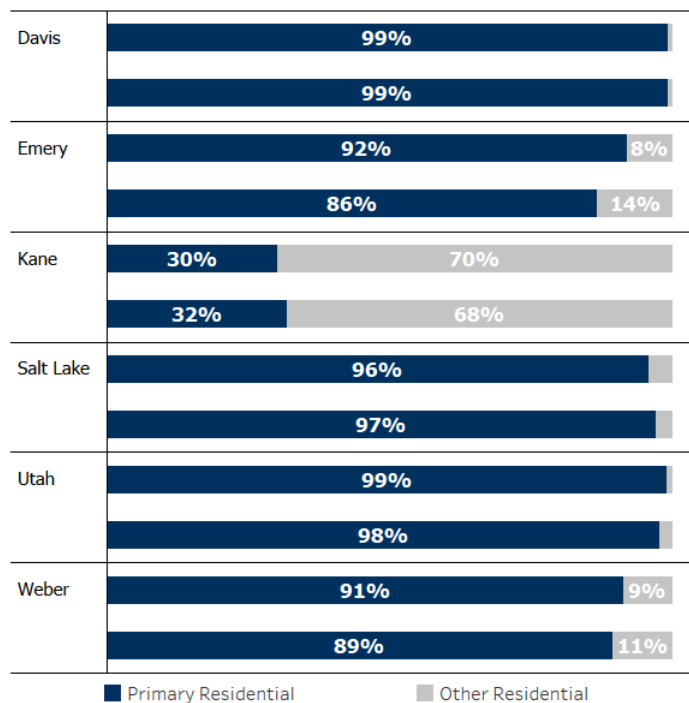


Residence Classification		Taxable Value
	Primary Residence A property that is used as the occupant's permanent residence for the calendar year.	55% Of market value.
	Part-Year Primary Residence A property that has been the occupant's permanent residence for 183 consecutive days in the same calendar year, but was not a primary residence as of January 1.	55% Of market value.
	Secondary Residence A residence not occupied by the owner or tenant for 183 consecutive days in the calendar year. This could include short-term rentals and condominium pools.	100% Of market value.

Source: Auditor generated based on statute.

The *Utah Constitution* permits counties to grant a 45 percent exemption on the property value of a primary residence. Most homes in Utah receive this residential exemption. However, some counties have a large percentage of residential taxable value for secondary homes. The tax burden on primary homeowners in these counties is less than in other counties. Figure 3.1 shows the breakdown of residential taxable value for the audit's sample counties.

Figure 3.1 The Audit's Sample Counties Vary in the Percentage of Secondary Residential Taxable Value. Over the past ten years, the distribution between primary and other residential properties in five of the sample counties has remained steady.



Source: Auditor generated using Property Tax Division data.

*Note: See Appendix D for the taxable value distribution by residential property type.



As seen in Figure 3.1, Kane is one of Utah's counties where more than half of the residential taxable value is from secondary residences. These properties, having no taxable exemption, help relieve the tax burden on residents.²⁸

Kane County does not provide an exemption in the same way as a majority of the state's counties. To manage the secondary residences, the county has an ordinance that identifies how a property owner qualifies for a primary residence exemption. A county official reports that this has helped provide oversight of the proper use of the primary residence exemption.

Given Kane county's high percentage of secondary homes, the county implemented a primary residential exemption ordinance. This requires homeowners to proactively submit an application to receive the 45 percent exemption. Counties with high percentages of primary residences are typically given the exemption automatically. A legislative concern expressed to us is that secondary homes (usually short-term rentals) are not being appropriately designated as such. This could impact the tax burden of primary homeowners.

Utah Code now permits counties to create an ordinance for a residence that did not receive a primary exemption in the prior year, if the ownership changes, or if there is reason to believe it is no longer a primary residence.²⁹ In contrast, Kane County's ordinance has promoted a more thorough process for determining primary residential exemptions. While the ordinance created by Kane County and the declaration included in statute is similar, we believe that Kane's adoption of this ordinance can limit abuse of the primary residential exemption. We recommend that the Legislature consider requiring counties to adopt an ordinance regarding primary residences where statute currently allows them to implement one.



We believe that Kane's adoption of this ordinance can limit abuse of the primary residential exemption.

RECOMMENDATION 3.1

The Legislature should consider whether statute concerning primary residential exemption eligibility would benefit from a statewide requirement.

²⁸ Kane also has a strong sales tax base, which is not necessarily the case in other counties.

²⁹ *Utah Code* 59-2-103.5



Centrally Assessed Properties

Values for centrally assessed properties have decreased

Between 2015 and 2024, appeals amounting to nearly 5 billion dollars less in taxable value have been granted to centrally assessed properties. We did not audit the appeals themselves as part of this audit, or whether they should have been granted. The focus of this section is how some centrally assessed values, adjusted due to granted appeals, have contributed to rising residential tax burden. As some centrally assessed properties have been granted lower values through the appeals process, revenues for taxing entities have stayed the same or increased. This resulted in local homeowners in some locations taking on more of the tax burden. In some counties this is more of a concern than others, making this largely a local issue.

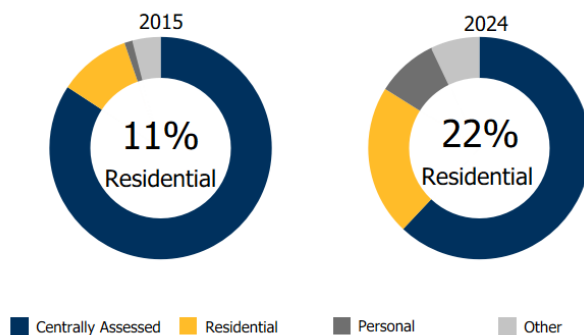
As an example, in 2022 the Office of the Commission granted a large appeal³⁰ to a centrally assessed taxpayer across multiple counties.³¹ This appeal resulted in adjusted property values amounting to approximately \$2 billion in taxable value over seven years.

In Emery County, that appeal contributed to \$263 million less in centrally assessed value—prompting taxing entities in the county to implement judgment levies to repay the centrally-assessed property owner.³² Following this adjustment in value, centrally assessed properties in the county went from holding 84 percent of the taxable value in 2015 down to 62 percent in 2024. In 2015 dollars alone, that is a difference of over \$400 million in centrally assessed property value.

³⁰ The appeal was granted following a decision made in district court. The appeal decision was made in line with the decision made in court. Appeals are an option available to all taxpayers if they believe their property is not being assessed at market value.

³¹ In the specific appeal mentioned in this paragraph, 25 of Utah's 29 counties took part. Emery is used as a specific example due to being one of the sample counties as part of this audit.

³² Other factors also contributed to the tax burden shift in this county, such as valuation increases on almost all property types and tax rate increases passed through truth in taxation.



Source: Auditor generated based on Property Tax Division data.

Due in part to the change in centrally assessed property values in the county, the tax burden shifted to residential taxpayers, both primary and secondary. The result was a doubling of the tax burden held by residential taxpayers in Emery County.

County Assessors
Tax Commission's oversight of counties has increased



To monitor the work of county assessors, the Division has recently provided additional oversight in multiple counties. With three different counties the following actions have already been taken:

- The Division issued a corrective action letter to the county assessor, which the county publicly acknowledged. The assessor lost in a bid for reelection.
- The Division issued two letters for corrective action to the county assessor. The Division is working with the county to make sure the expected changes are made within a set timeline.
- The Division issued a letter to the county assessor saying that their property valuations were not at market value. The letter set percentage increases that the assessor was required to adjust values for specific property types. That assessor adjusted the values accordingly to be compliant with statute.



The previous property tax audit put forth recommendations for the Division to be more involved in ensuring county assessors are doing their



According to the Division, all but two to four counties will be operational on the statewide appraisal system by the end of this calendar year.

job.³³ Staff report that the statewide appraisal system will help with these recommendations. This system is designed to handle mass appraisals, intending to help assessors with valuations. According to the Division, all but two to four counties should be operational on the statewide appraisal system by the end of this calendar year.

The Division also reports the number of properties whose value increased 150 percent or more with a dollar amount of at least \$50,000.³⁴ Counties are expected to verify these increases are accurate. At the time of report writing, only one report had been published on this topic. However, this increased oversight should help with fair valuations by assessors.

³³ *A performance audit of Utah's property tax system: A case for increased accountability and transparency* (Report #2024-05) https://pf.utleg.gov/olag/reports/audits/2024/2024-05/a3e044ba-c264-4d00-befc-8bc789304059/2024-05_RPT.pdf

³⁴ This report should be presented annually to the Revenue and Taxation Committee.



Complete List of Audit Recommendations





Complete List of Audit Recommendations

This report made the following two recommendations. The numbering convention assigned to each recommendation consists of its chapter followed by a period and recommendation number within that chapter.

Recommendation 1.1

The Legislature should consider clarifying the meaning and intent of virtual participation.

Recommendation 3.1

The Legislature should consider whether statute concerning primary residential exemption eligibility would benefit from a statewide requirement.





Appendices





A. A Performance Audit of Utah's Property Tax System Follow Up





We released *A Performance Audit of Utah’s Property Tax System: A Case for Increased Accountability and Transparency* (2024–05). Our office has completed the one-year follow-up. The audit contained a total of 21 recommendations. See the figure for their one-year implementation status.

Recommendations for Audit #2024-05	2025 Follow-up Status
Chapter 1 Recommendation 1: We recommend that the Legislature consider statutorily allowing the Utah State Tax Commission to adopt multi-tiered enforcement mechanisms for the Property Tax Division to use to ensure counties are in compliance with statute.	Implemented
Chapter 1 Recommendation 2: We recommend that the Property Tax Division consistently enforce the assessment requirements of Utah Code.	In Process
Chapter 1 Recommendation 3: We recommend that the Property Tax Division create and implement a strategic plan to effectively guide and oversee county entities in valuation and assessing procedures.	In Process
Chapter 1 Recommendation 4: We recommend that the Legislature consider requiring the Utah State Tax Commission to adopt a more robust auditing program for the assessment process and data integrity.	Implemented
Chapter 1 Recommendation 5: We recommend that the Legislature consider requiring the Property Tax Division to issue corrective actions against assessors not using approved mass appraisal valuation methods.	In Process
Chapter 1 Recommendation 6: We recommend that the Property Tax Division develop and implement a policy and data processes to identify missing parcels and whether those parcels have been valued at fair market value.	In Process
Chapter 1 Recommendation 7: We recommend that the Property Tax Division establish and implement standards to create and maintain a consistent parcel record to ensure consistency across the state.	In Process
Chapter 2 Recommendation 1: We recommend that the Legislature consider a policy that weighs the benefits of more complete and accurate property tax assessments through a disclosure requirement with a citizen’s right to privacy.	In Process



Recommendations	2025 Follow-up Status
Chapter 3 Recommendation 1: We recommend that the Legislature consider defining what property characteristics should be made available to property owners in annual property tax notices and on county websites.	Implemented
Chapter 3 Recommendation 2: We recommend that the Legislature consider whether to change statute to clarify requirements that allow property owners to access the information assessors use for property assessments.	In Process
Chapter 3 Recommendation 3: We recommend that the Legislature consider clarifying what payment and collection procedure information is required on valuation notices sent out in July and on tax bills sent out by November.	Implemented
Chapter 3 Recommendation 4: We recommend that, if the Legislature does not implement Recommendation 3.3, the Property Tax Division should monitor and hold counties accountable for the content currently required by statute on the property valuation notices.	Implemented
Chapter 3 Recommendation 5: We recommend that the Legislature consider creating in statute a template to be used by taxing entities that clearly communicates the intended use for the increased tax revenue raised by Truth in Taxation.	In Process
Chapter 3 Recommendation 6: We recommend that the Legislature consider amending <i>Utah Code</i> 59-2-919 to allow for the changing nature of printed newspapers.	Implemented
Chapter 3 Recommendation 7: We recommend that the Legislature consider weighing the balance between potential taxpayer confusion and allowing for more taxpayer participation by requiring taxing entities to include all affected ZIP codes when advertising Truth in Taxation meetings on the Utah Public Notice website.	In Process
Chapter 3 Recommendation 8: We recommend that the Legislature consider should consider requiring taxing entities to stream Truth in Taxation meetings to allow for more taxpayer participation.	Implemented
Chapter 4 Recommendation 1: We recommend that the Legislature consider requiring counties to provide clear information to taxpayers about the property tax appeals process.	Implemented



Recommendations	2025 Follow-up Status
Chapter 4 Recommendation 2: We recommend that the Legislature consider requiring counties to allow for electronic access to and submission of local appeals forms.	Implemented
Chapter 4 Recommendation 3: We recommend that the Legislature consider requiring counties to collect and monitor local appeal data.	Implemented
Chapter 4 Recommendation 4: We recommend that the Legislature consider requiring the Utah State Tax Commission to compile and publish an annual report of county appeals statistics.	Implemented
Chapter 4 Recommendation 5: We recommend that the Legislature consider requiring the Utah State Tax Commission to provide initial and continuing education for both county Boards of Equalization and local hearing officers.	Implemented





B. Education Funding Detail





How the Basic Rate is Calculated

The basic levy tax rate funds public education through the minimum school program. The Legislature sets a target for revenue to be collected for this program. The estimated tax rate that would result in the desired revenue amount is set each year in statute.³⁵ This rate is applied uniformly across the state and is administered by county officials. The funds raised in each school district are then returned to that district.³⁶ In cases where the collected revenue falls below the state's established funding level, the state covers the difference to ensure the district receives the full amount.³⁷

Like other property taxes, the basic rate is revenue driven. This means that as property values increase, the rate floats down to maintain the same revenue, as illustrated in the infographic on page 2 in the introduction of this report. The rate is determined by taking the revenue target and dividing it by the anticipated statewide taxable value.

Components of the Rate Freeze

In 2018, the Legislature set the basic rate, rather than the revenue target, to increase education funding.³⁸ This change increased local funding efforts in two ways: by freezing the tax rate for five years and by creating a new funding component designed to maintain the ratio of state and local funding called the Weighted Pupil Unit Value Tax Rate (WPU Value Rate). The state matched new local revenue from the WPU Value Rate and the basic rate freeze with appropriated funds for public education under other funding programs.³⁹

Normally, the basic rate would float down as the statewide taxable value increased. Freezing the rate at 0.0016 for 5 years would generate additional

³⁵ **Utah Code** specifies that the final tax rate needed to produce revenue equal to the target is certified by the consensus of Utah State Tax Commission (USTC), the Office of the Legislative Fiscal Analyst (LFA), and the Governor's Office of Planning and Budget (GOPB). **Utah Code** 53F-2-301 (1)(e).

³⁶ If the generated revenue exceeds the funding level established by the funding formula, the surplus revenue is sent to the state.

³⁷ To be eligible to participate in the minimum school program and receive state funding in this regard, a school district must impose the basic levy tax rate on property within their district. All school districts in the state participate in the minimum school program and impose this tax rate. **Utah Code** 53F-2-301 (5)(a).

³⁸ House Bill 293, 2018 General Legislative Session

³⁹ Appropriated funds equal to the amount generated from the WPU Value Rate and by freezing the minimum basic local rate and were deposited into the Minimum Basic Growth Account and the Teacher and Student Success Account, respectively. **Utah Code** 53F-2-301 (7).



revenue as property values increased. The State estimated that this would bring in an additional \$126 million in ongoing funding by fiscal year 2023. This additional revenue would be tracked in an account called the “Equity Pupil Tax Rate.” At the end of the rate freeze, the final revenue target for the Equity Pupil Tax Rate would become part of the next year’s base revenue target and the rate would be allowed to float down again.

The WPU Value Rate was designed to increase annually to maintain the balance between state and local funding, with the latter set to cover 15 percent of the WPU cost.⁴⁰ Previously, as the Legislature increased the WPU value the basic rate did not always increase in a commensurate manner.⁴¹ This resulted in fluctuating of proportions between state and local funds. Beginning with 2019, for every one percent that the Legislature increased the WPU, the revenue target for the WPU Value Rate would increase proportionally.⁴² The state estimated that an additional \$80.6 million in local revenue would need to be generated on top of the revenue from the rate freeze in fiscal year 2024. Unlike the freeze, this provision was not automatically repealed at the end of fiscal year 2023. Rather, the Public Education Appropriations Subcommittee was directed in statute to review this funding item and provide a recommendation for action to the Legislature. During the 2025 Legislative General Session, the Legislature ended the WPU Value Rate and will incorporate it into the basic rate revenue target for fiscal year 2027.

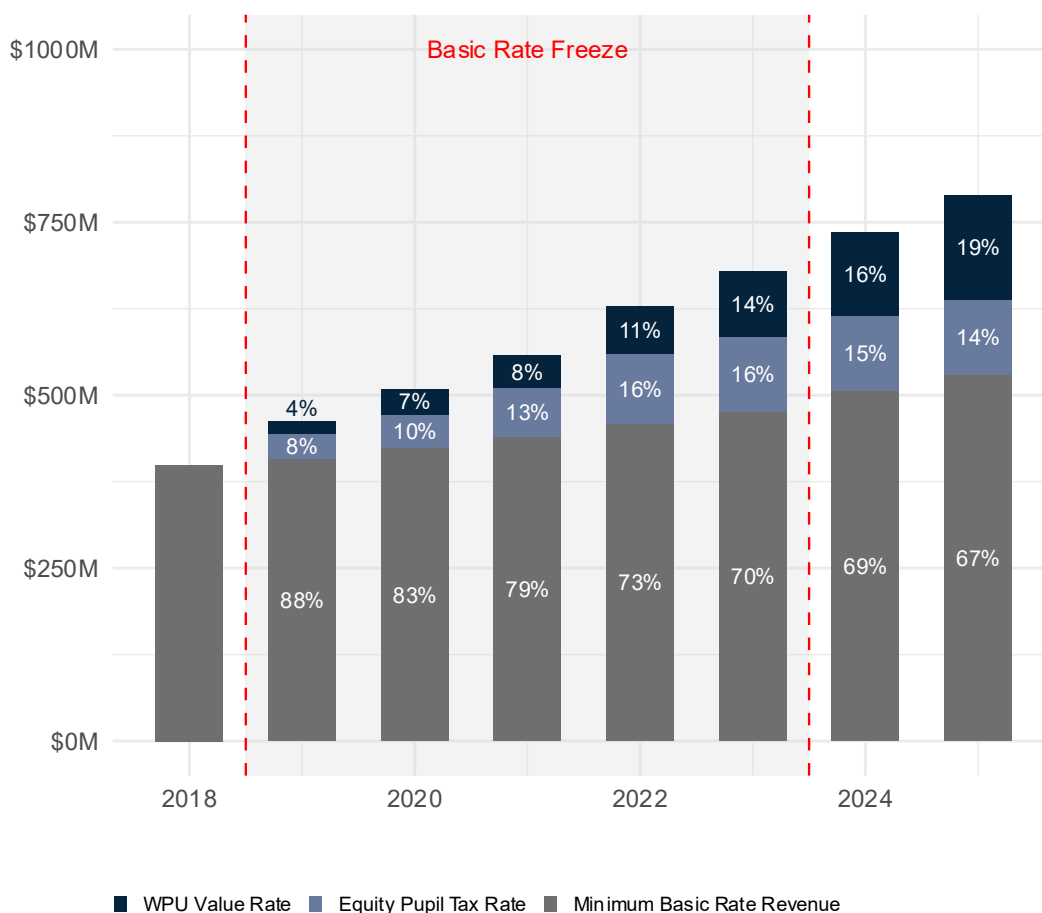
⁴⁰ This ratio of 85 percent state funding and 15 percent local funding is an aggregated statewide calculation. Individual school districts will differ in their specific ratio. The WPU Cost is calculated by multiplying the WPU Value by the number of WPUs for the whole state.

⁴¹ The WPU Value is a dollar amount set in the Public Education Budget each year and is key to the state’s education funding formula. There are many factors that go into determining this value.

⁴² Up to the first four percent of increase.



Figure B.1 The State Basic Rate Brought in More Than \$250 Million in Fiscal Year 2024 Compared to FY2018. This figure shows the additional revenue budgeted due to the basic rate freeze broken out by each component of the basic rate levy.



Source: Auditor generated from LFA data.

The WPU Value Rate financial estimates were done prior to the Legislature including an automatic inflationary increase in the WPU. The first year that the WPU value rate was included in the basic levy, revenue was estimated to be almost 19 million dollars. By FY 2024 the budgeted WPU value rate revenue target had risen to \$121.3 million.



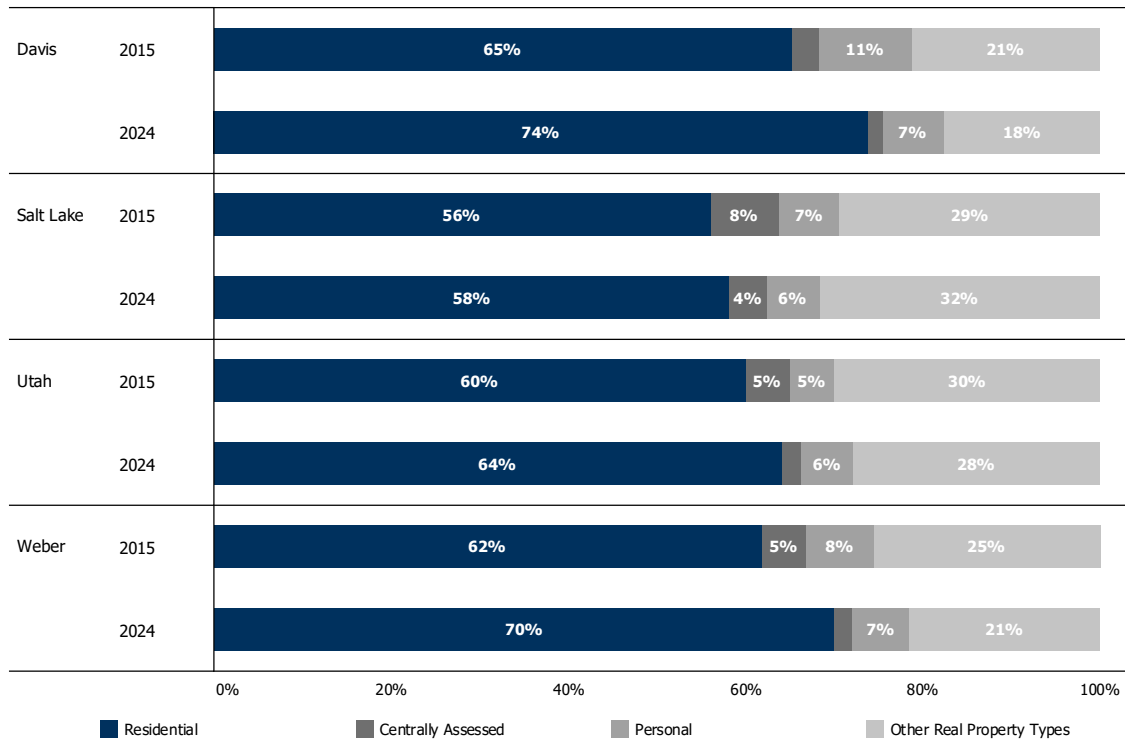


C. Taxable Value by Property Type for Each Utah County



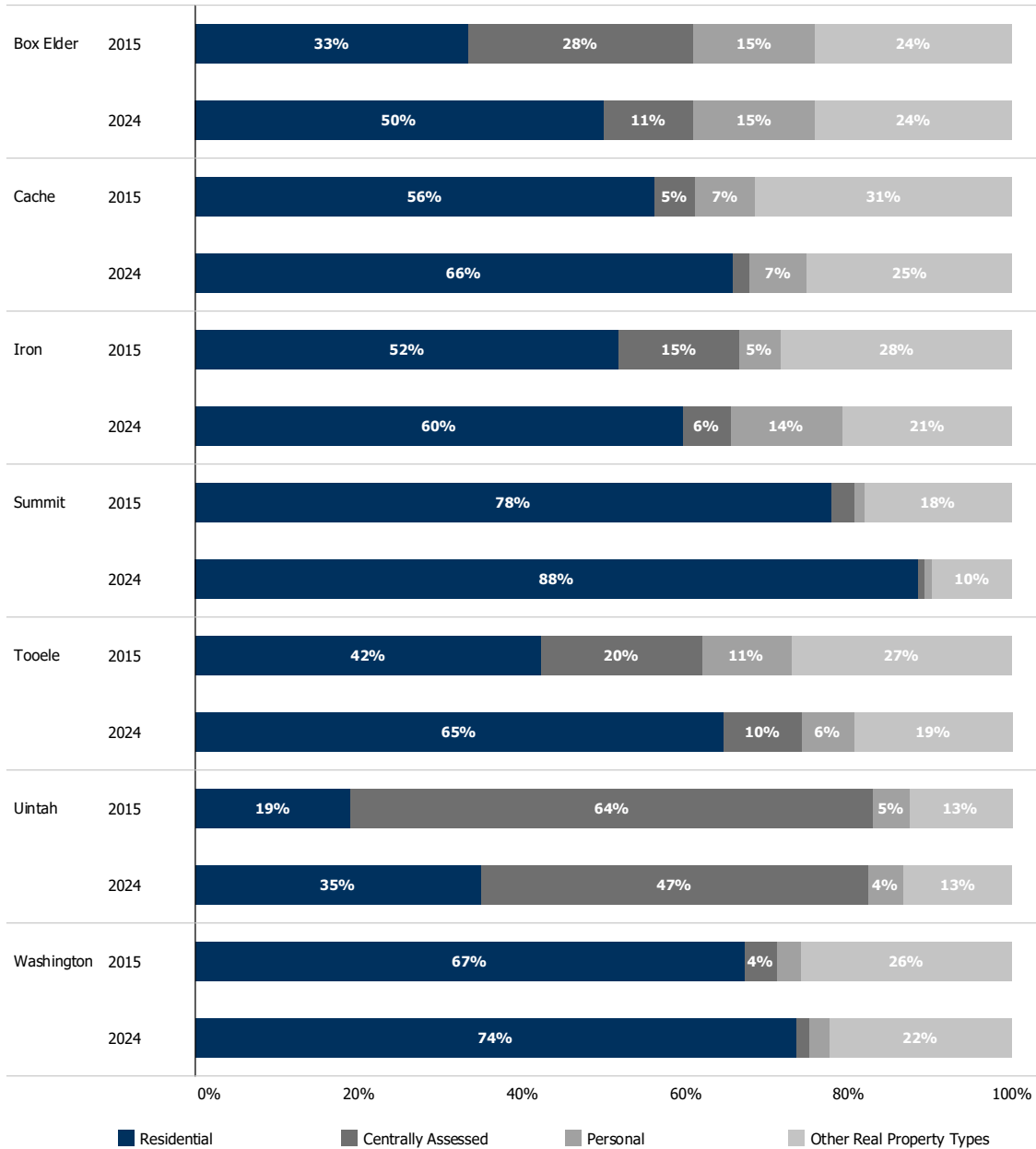


Class 1 and 2 Counties



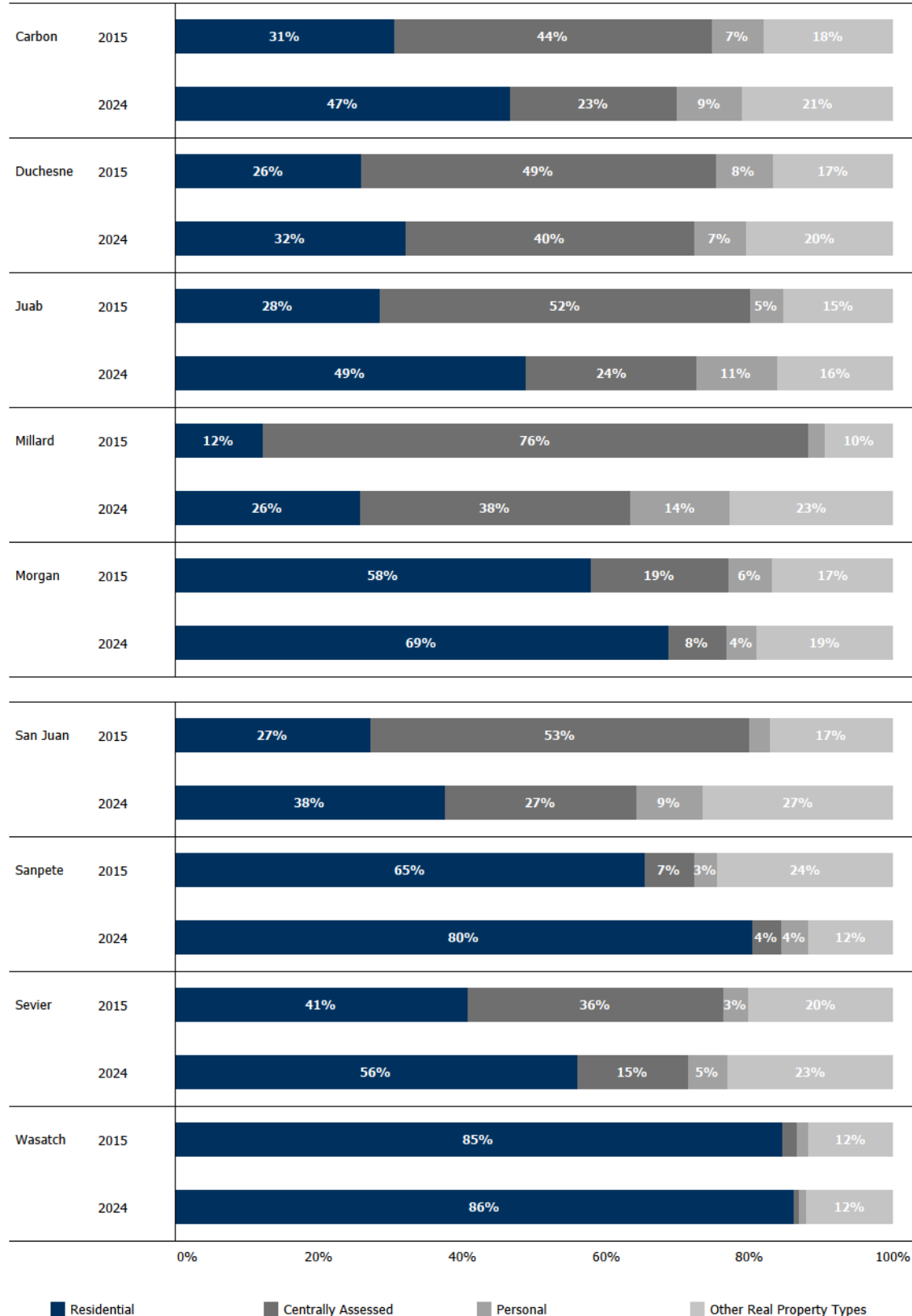


Class 3 Counties



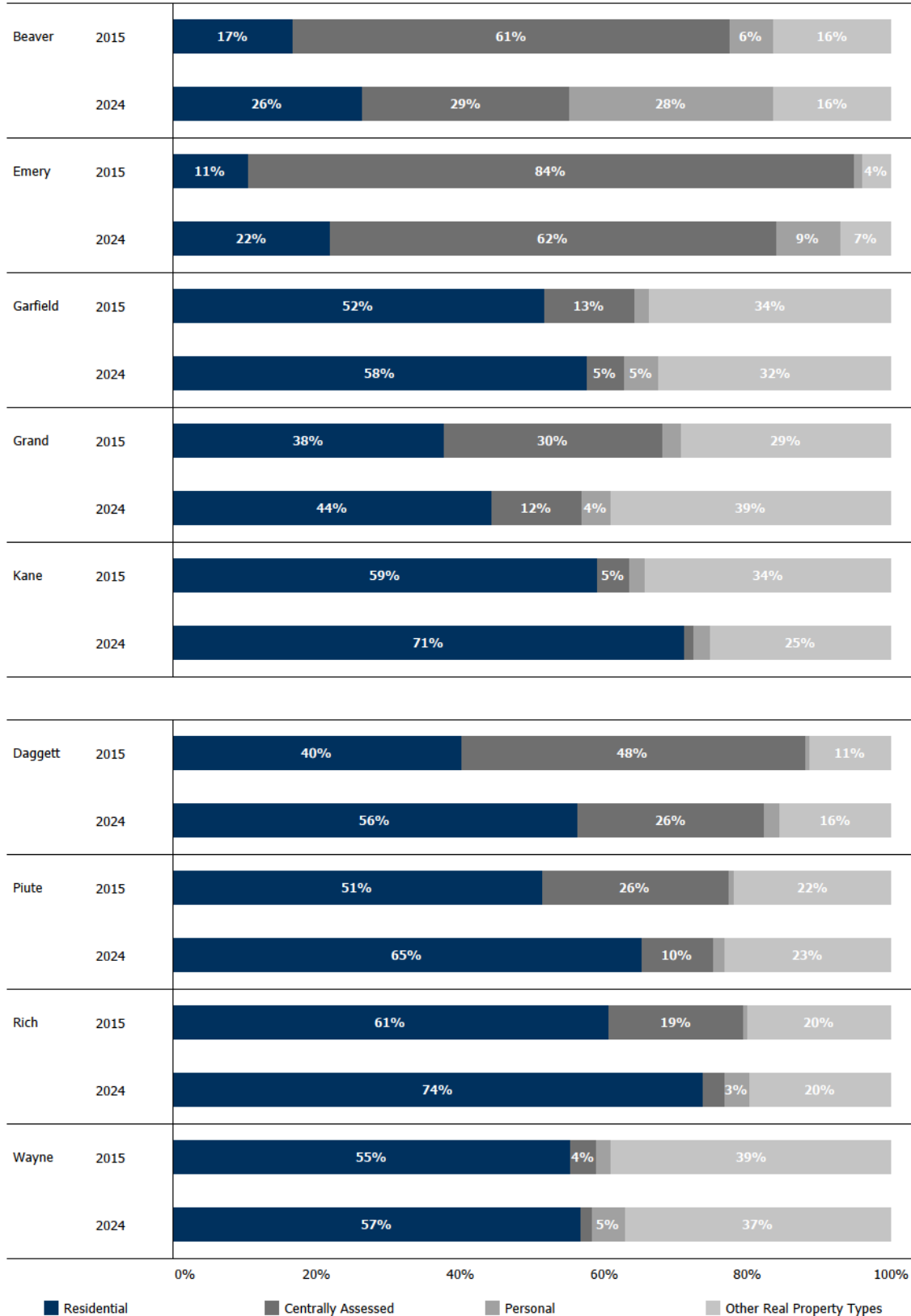


Class 4 Counties





Class 5 & 6 Counties



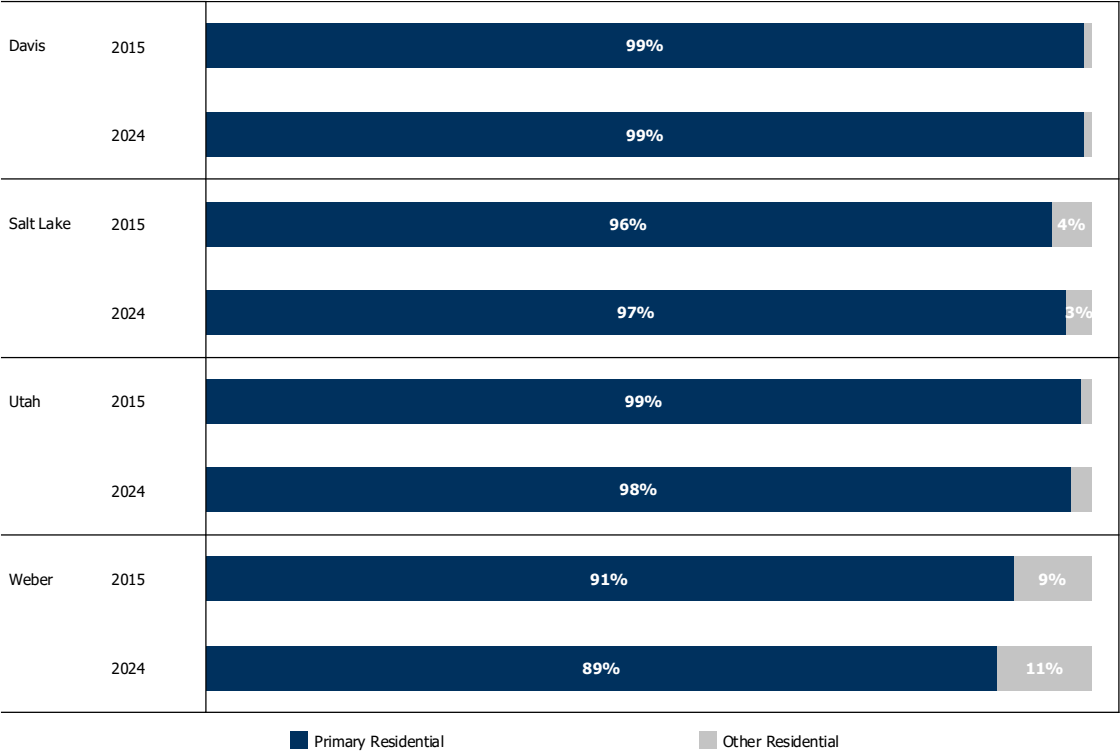


D. Residential Taxable Value Breakdown for Each Utah County



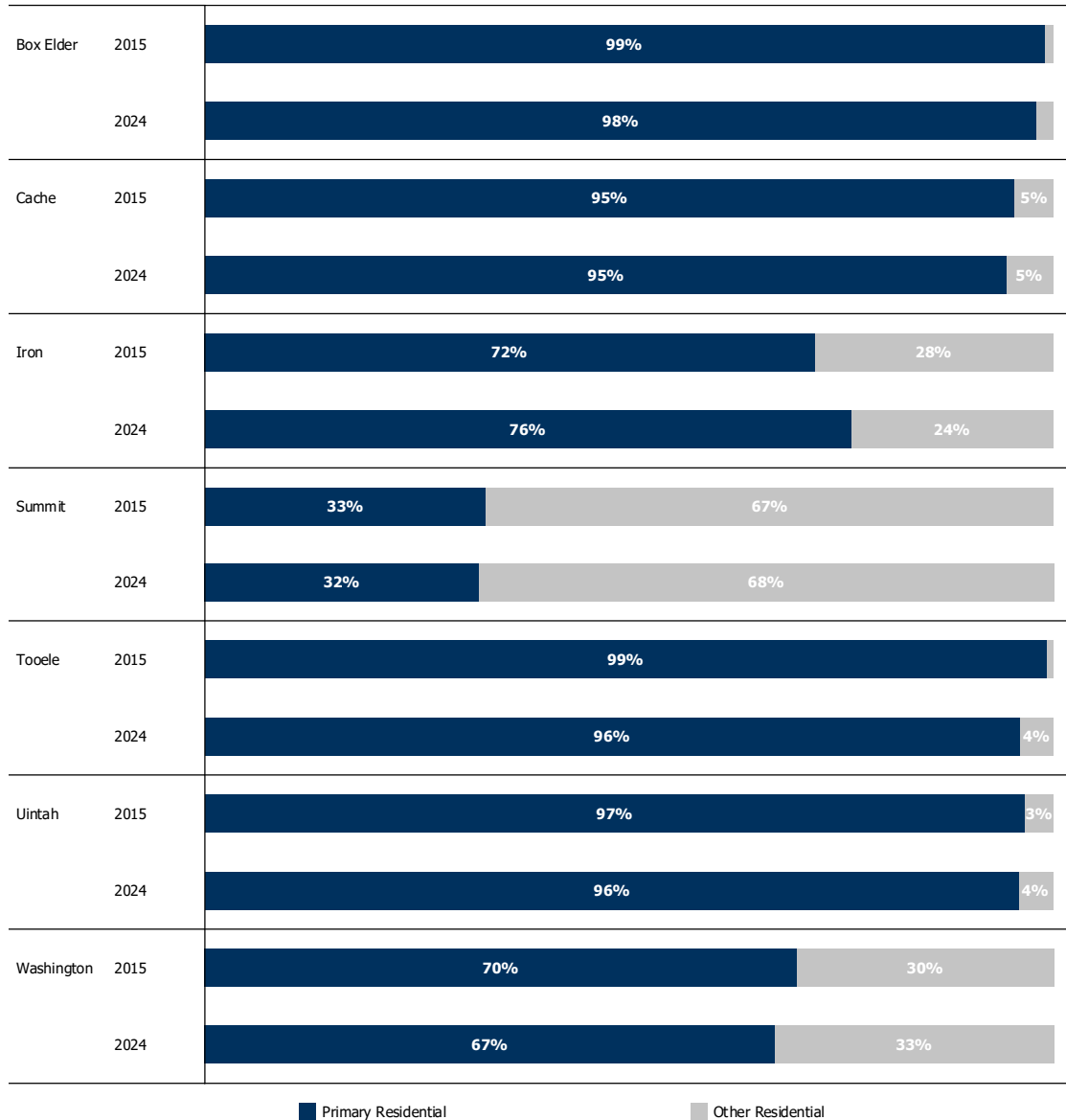


Class 1 and 2 Counties



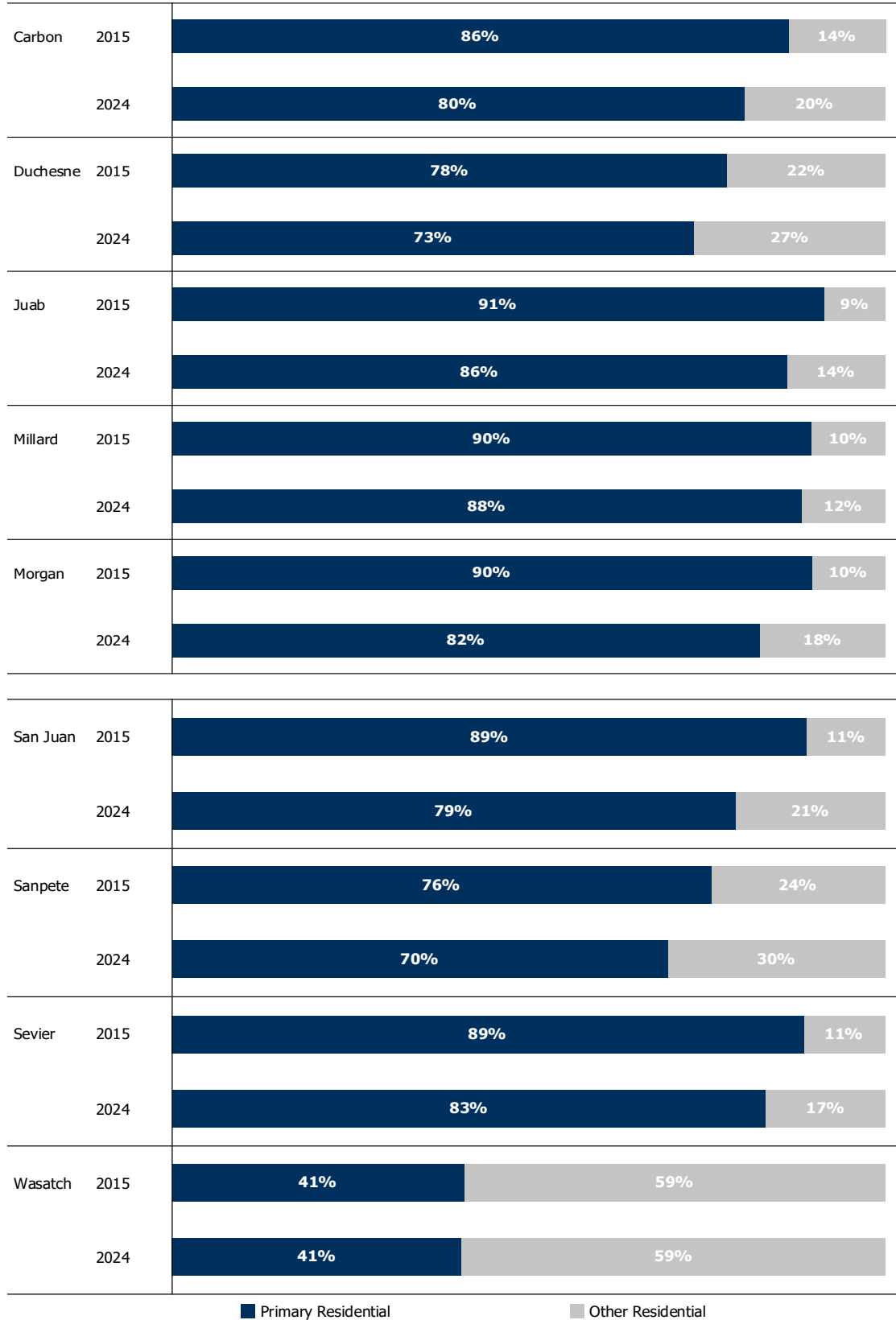


Class 3 Counties



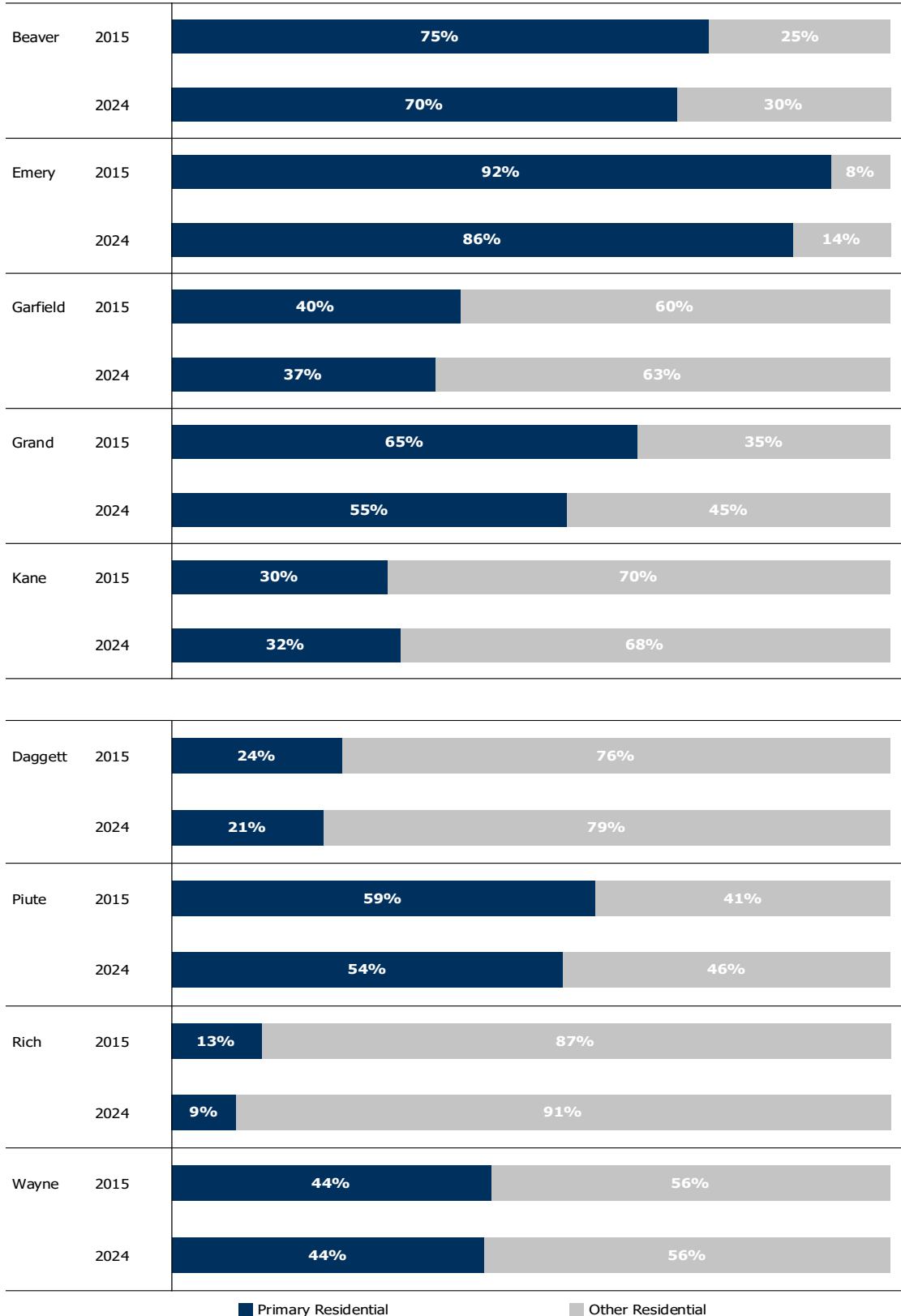


Class 4 Counties





Class 5 & 6 Counties





Agency Responses





State of Utah

SPENCER J. COX
Governor

DEIDRE M. HENDERSON
Lieutenant Governor

Utah State Tax Commission

JOHN L. VALENTINE
Commission Chair

REBECCA L. ROCKWELL
Commissioner

JENNIFER N. FRESQUES
Commissioner

JOHN T. DEEDS
Commissioner

DEANNA L. HERRING
Executive Director

October 6, 2025

Kade R. Minchey, CIA, CFE, Auditor General
Office of the Legislative Auditor General
Utah State Capitol Complex, Suite W315
Salt Lake City, UT 84114-5315

RE: Performance Audit of Local Authorities' Property Tax

Dear Mr. Minchey,

We appreciate the opportunity to participate in, review, and respond to the Performance Audit of the Local Authorities' Property Tax and the Shifting Tax Burden. The property tax system is complex, and we are grateful for your audit team's professionalism and dedication. Their collaborative approach, insightful questions, and strong data analysis were crucial in ensuring the accuracy of the final report.

We agree with and support the conclusions and recommendations within the performance audit, and we acknowledge that taxing entities have room for improvement in the Truth in Taxation process.

In addition to the audit's recommendations, the Property Tax Division proposes the following areas for legislative discussion and clarification within **Utah Code § 59-2-919**:

- The meaning and intent of virtual participation for public hearings.
- Whether the audit and non-compliance provisions in **Subsection (10)(a), (b), and (c)** should be expanded to apply to all of **§ 59-2-919**, not just **Subsection (8)**.

We also agree with the audit's finding that the definition of "new growth" is vague and applied inconsistently. We would like to see this term more clearly defined or even consider a replacement with a mechanism that provides an increase in revenue without having to rely on varied interpretations of new growth.

The Utah State Tax Commission and the Property Tax Division will fully support the Legislature as it considers the recommendations in this performance audit and are prepared to provide any assistance necessary to improve the property tax system.

Sincerely,



Jennifer Hansen

Senior Director Property & Miscellaneous Tax

Utah State Tax Commission – Mission: Promote Tax and Motor Vehicle Compliance

801-783-7653 jjhansen@utah.gov

October 2, 2025

Kade R. Minchey
Auditor General
Office of the Legislative Auditor General

Re: A Performance Audit of the Local Authorities Property Tax and the Shifting Tax Burden

Mr. Minchey,

We appreciate the work of you and your staff to evaluate and help improve the property tax system in the State of Utah. This audit is both important and timely, as the Utah Association of Counties (UAC) Executive Committee was recently (June 2024) appointed as Trustee of the Multicounty Appraisal Trust (MCAT). In this role UAC has assumed the responsibility of developing and implementing a statewide property tax system (SPTS) as required in U.C.A. 59-2-1606. We are grateful for the opportunity to provide a response to the audit as well and feedback to the Legislature regarding the proactive steps taken by UAC since June of 2024.

Chapter 1 of the audit highlights the need for improvement in the Truth in Taxation (TNT) process. UAC is actively transitioning the focus of MCAT from its former role in developing a computer-assisted mass appraisal (CAMA) system, as previously required by law, to its new mandate of implementing the SPTS. We look forward to continued collaboration with all stakeholders, and especially the Utah State Tax Commission (USTC), to improve their ability to provide timely and meaningful oversight to counties.

Chapters 2 and 3 of the audit are of critical importance as they highlight, through data and analysis, the ongoing shift of the property tax burden onto residential taxpayers. County officials across Utah have observed this trend firsthand for a variety of reasons, and they regularly engage with residents who express concern with the rising property tax bills, even when tax rates have decreased through the natural effects of TNT. These community interactions provide meaningful anecdotal validation of the audit's data-driven conclusions. UAC is eager to engage in discussions with all stakeholders to identify solutions to address and correct this shift that has occurred.

As noted earlier, UAC has recently assumed direct supervision of MCAT and the services it provides. In this short time, several significant organizational changes and service enhancements have occurred. They include:

- **Dissolution of County Support Services (CSS):** Formerly an independent nonprofit corporation providing software development services for a statewide CAMA system. This transition allowed UAC to assume full responsibility for developing not only the CAMA system, but also the SPTS.
- **Appointment of UAC Executive Committee as Trustee of MCAT:** Providing direct oversight and accountability for MCAT funds and program outcomes.

- **Enhanced Transparency:** Direct reporting of MCAT revenues and expenditures to the Transparent Utah website.
- **Creation and Deployment of Website Tools and Software:**
 - A public-facing website allowing citizens to appeal county property valuations online, as outlined and required by the Legislature in 2024.
 - The creation and deployment of a beta version of personal property software. The program will help to provide consistent and uniform assessment of personal property throughout the State. Two second-class counties served as beta testers and have fully implemented the software as of the audit.
- **Current Programs and Online Resources in Development:**
 - **Statewide Property Characteristic Website:** Providing citizens with easier access to the data used to determine assessed values. This project will be completed by December 31, 2025, as required by the Legislature in 2025.
 - **Commercial Appraisal Services:** This program saves taxpayer dollars by providing services to counties that lack expertise or resources to meet the demand for commercial appraisals in their county.
 - **Public Asset Mapping:** This tool will provide policy makers with data related to public owned real property that could be used for development in order to address the current housing crisis.
- **Restructuring of the MCAT Software Development Team:** Creating the organizational framework necessary to support development and implementation of the STPS.

In summary, UAC recognizes both the challenges and opportunities identified in this audit. As Trustee of MCAT, UAC has already implemented meaningful organizational reforms and system improvements designed to better support counties in fulfilling their responsibilities and to strengthen the property tax system statewide. We remain committed to ensuring transparency, accountability, and fairness for all taxpayers while advancing the development of the SPTS as required by statute.

We look forward to continued collaboration with the Utah State Tax Commission, the Legislature, and our county partners to implement solutions that address the audit's recommendations while enhancing fairness, consistency, and efficiency within Utah's property tax system.

Respectfully,



Brandy Grace
CEO, Utah Association of Counties



Curtis Koch
Director of MCAT Operations





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