



Office of the Legislative Fiscal Analyst

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Memorandum

To: Revenue and Taxation Interim Committee

From: Jared Gibbs, Staff Economist

Date: October 15, 2025

Re: Residential Exemption Estimates

The state constitution allows the legislature to exempt a certain percent of primary residential property from taxation as prescribed in statute [\(XIII §3\)](#). The maximum allowed is 45% and current statute sets the exemption at that value [\(59-2-103\)](#). In practice, this means that primary residential property owners are taxed on 55% of the market value of their homes.

In response to a request from the committee chairs, I have modeled how liability would change if the residential exemption were increased. The table below shows estimates for the change in aggregate statewide tax liability experienced by the various taxable property types for a residential exemption of 50% and 55%. Values are shown in millions of dollars.

	50% Exemption	55% Exemption
Primary Residential	-\$ 195.22	-\$ 326.5
Non-Primary Residential	\$ 171.45	\$ 205.12
Commercial	\$ 11.33	\$ 70.79
Agricultural	\$ 1.33	\$ 2.31
Unimproved	\$ 21.2	\$ 29.56
Personal Property	\$ 1.29	\$ 16.54
Centrally Assessed	\$ 11.37	\$ 34.95

* Values do not sum to zero in either scenario due to the 1-year lag in the tax rate applied to personal property.

Because these values are aggregated to the state level, they are not directly reflective of how liability would change for any given taxing entity or taxpayer. For example, a county whose tax base has a relatively small share of primary residential property would experience a shift in liability that is proportionally smaller than would be experienced by a comparable county with a larger share of primary residential property.