Heard in the Revenue and Taxation Interim Committee meeting on 11/19/25

Presentation for Utah Taxpayer's Bill of Rights

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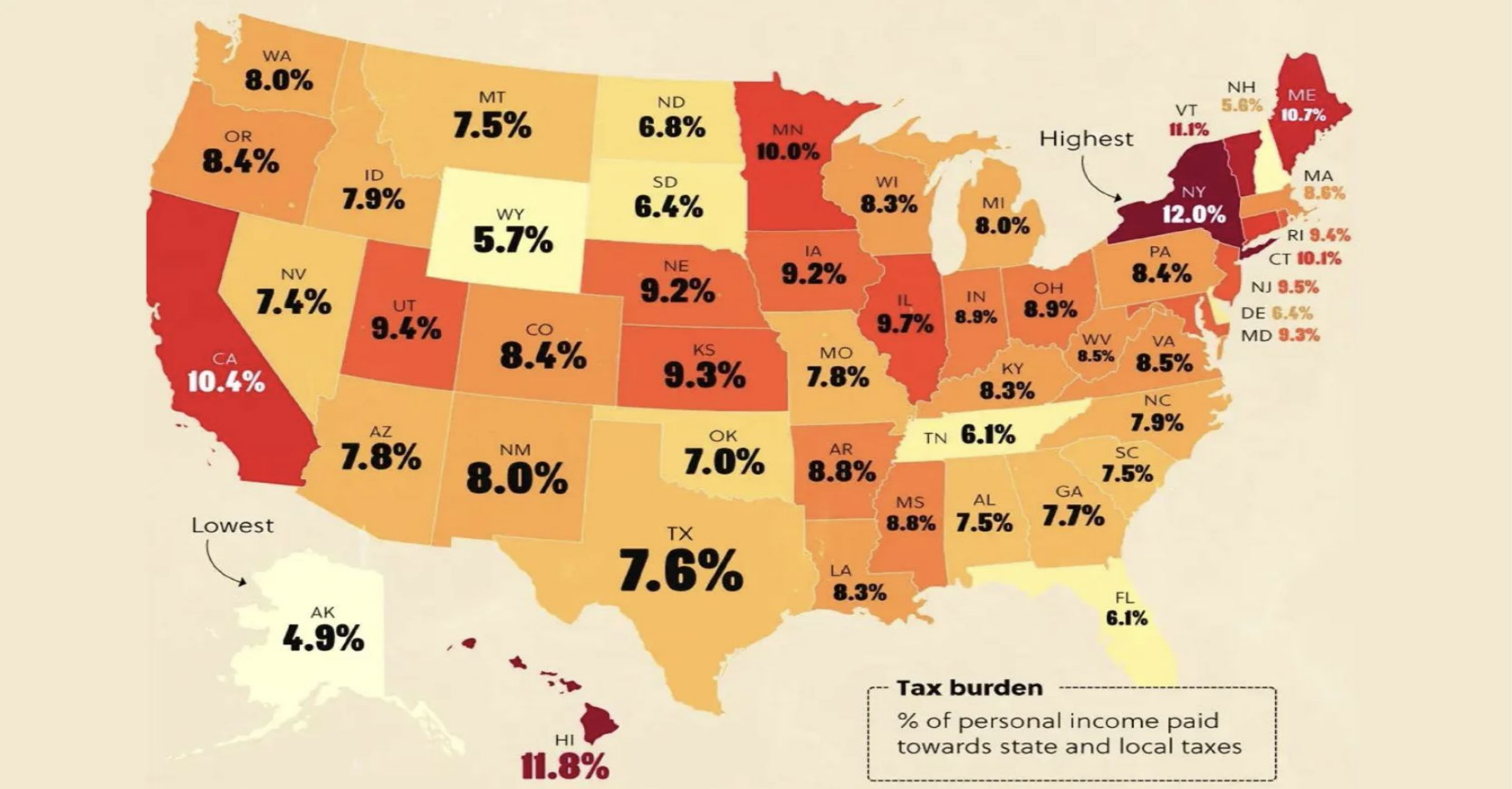
Revenue and Taxation Interim Committee
November 19, 2025

House Majority
State of Utah

What Is Taxpayer's Bill of Rights (TABOR)?

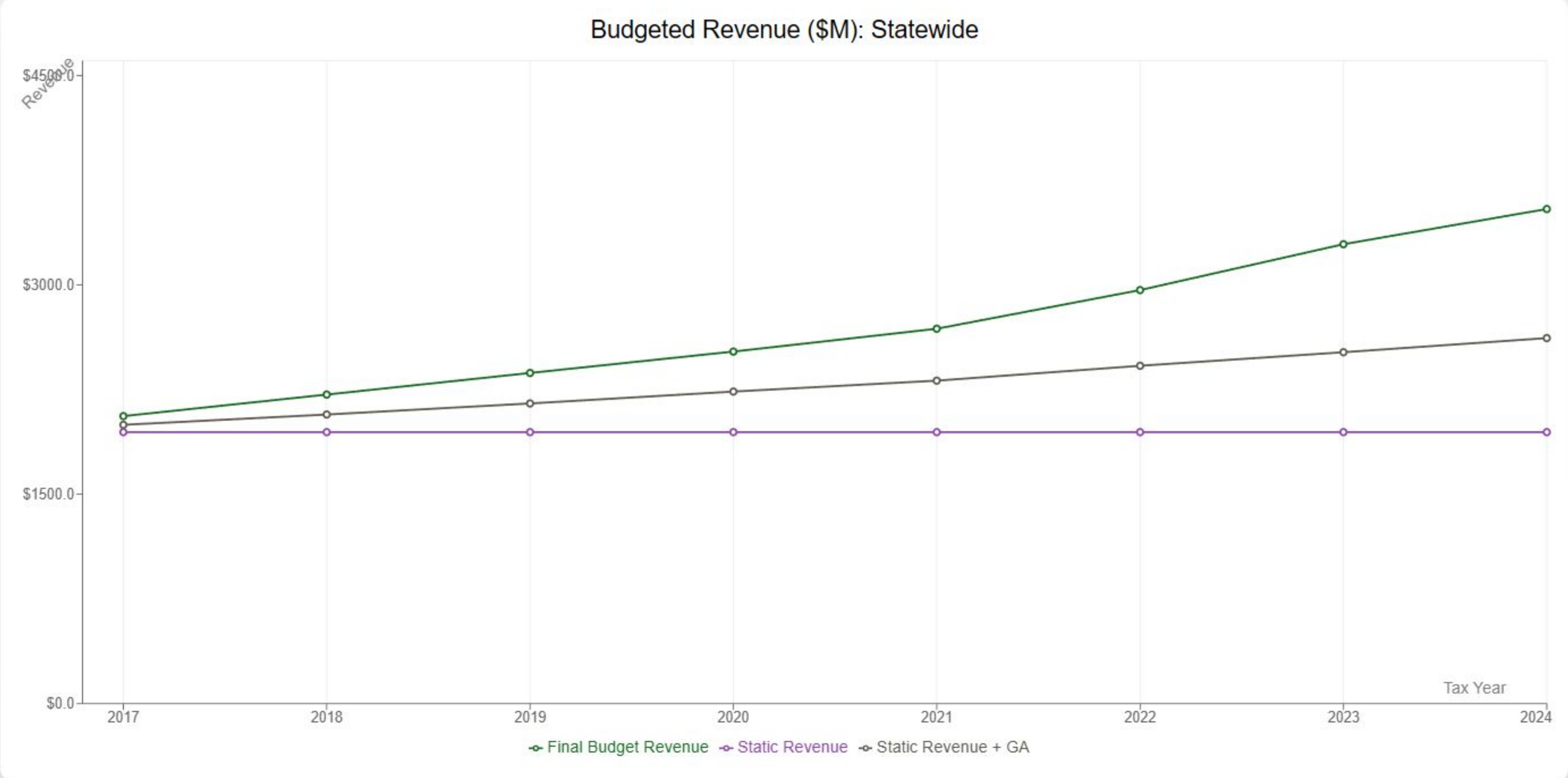
- Constitutional limit on revenue + spending growth tied to **inflation + population growth or other set percentage**.
- **Refund of surplus revenues** to taxpayers when revenue exceeds the cap.
- **Voter approval** required for new tax increases.
- Flexibility in how rebates are returned (credits, rate reductions, checks).

Utah is the highest taxed Red State in the country!

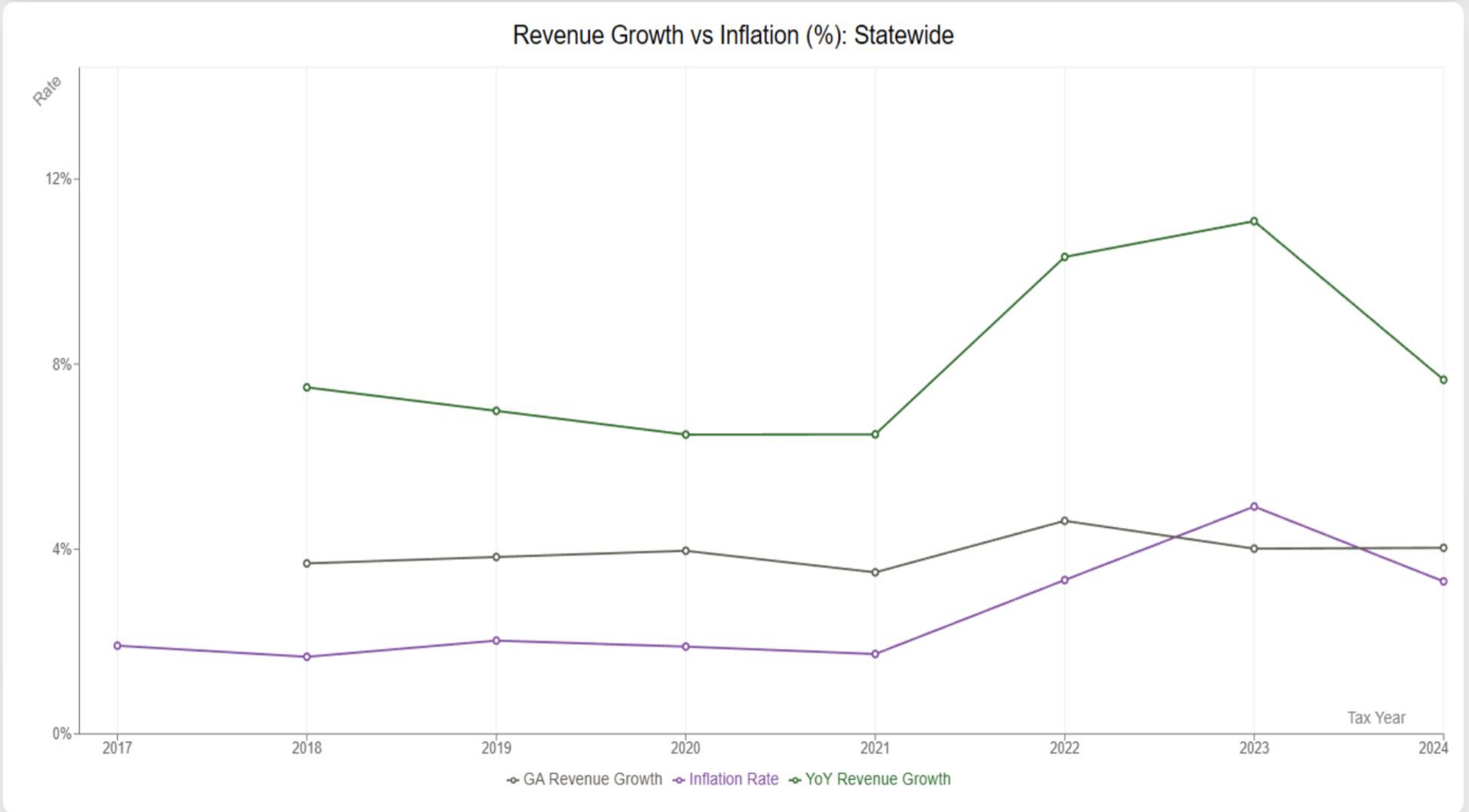


The current Truth in Taxation

- Utah’s “Truth in Taxation” ensures entities receive the same revenue as prior year (revenue neutrality). Revenue increases above prior year require public notice/hearing **excluding new growth** (i.e., new taxable value).
- The State Tax Commission and county assessors calculate an *Assessor-Calculated New Growth* value each year; new growth is handled separately in the certified tax-rate process

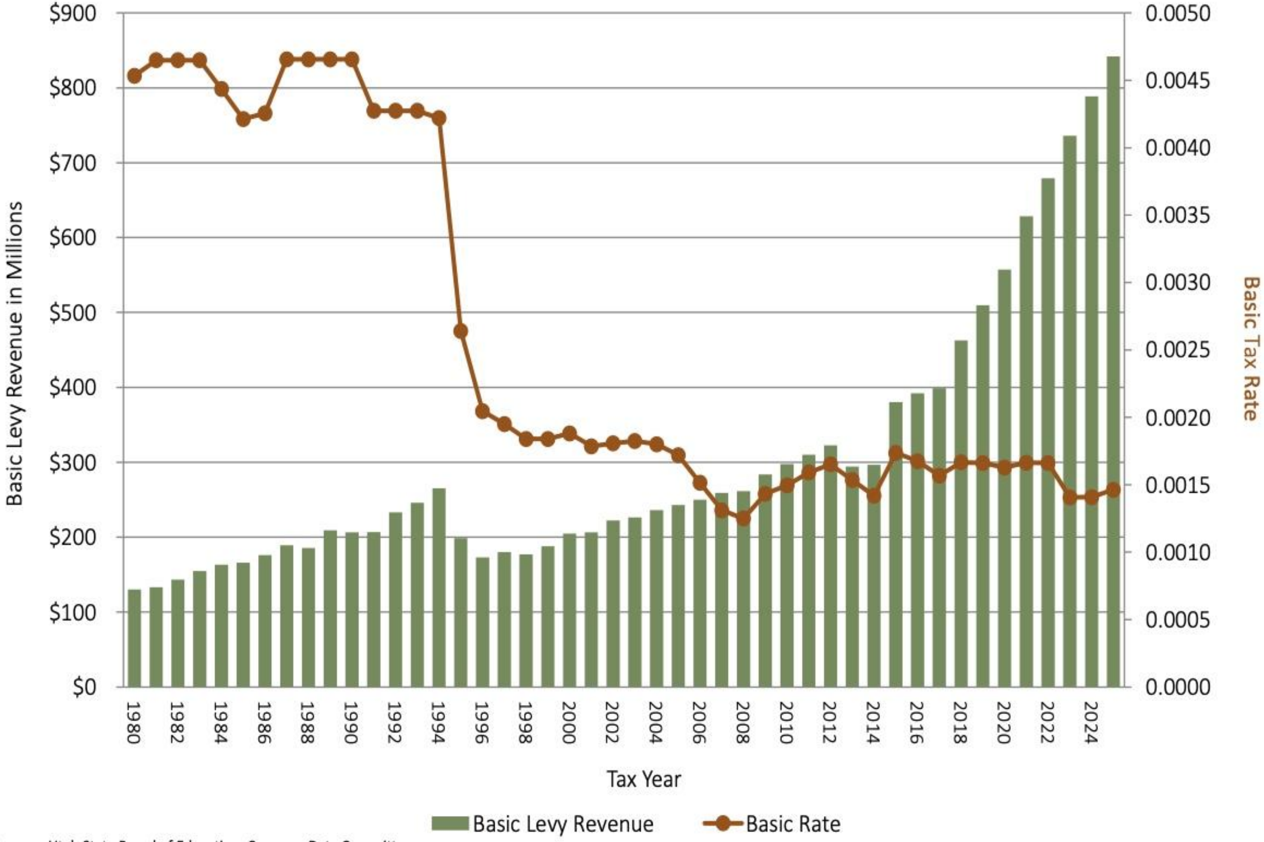


Budgeted Revenue ($M): Statewide
Revenue
$4500.0
$3000.0
$1500.0
$0.0
Tax Year
2017
2018
2019
2020
2021
2022
2023
2024
Final Budget Revenue
Static Revenue
Static Revenue + GA

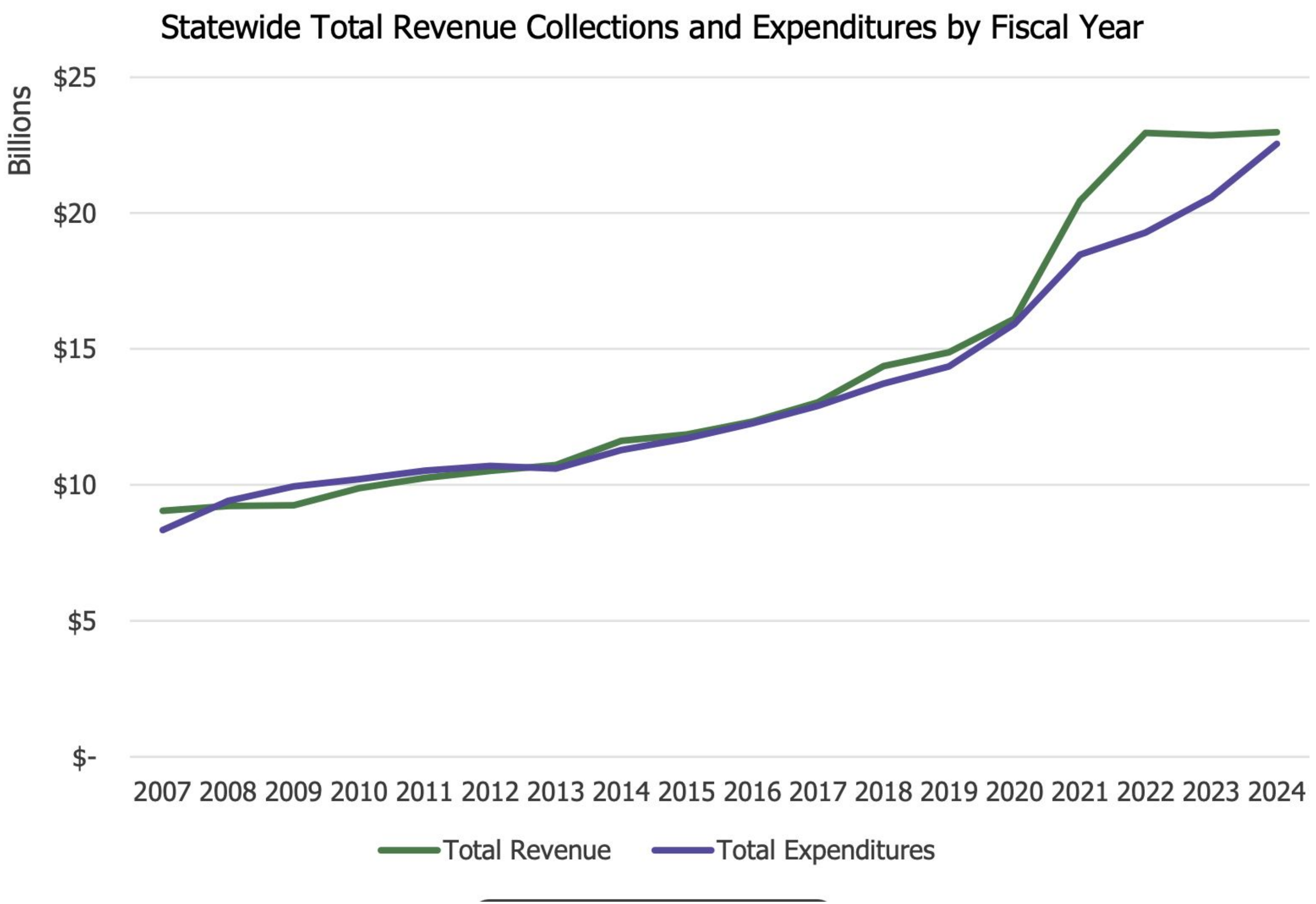


Revenue Growth vs Inflation (%): Statewide
Rate
12%
8%
4%
0%
2017
2018
2019
2020
2021
2022
2023
2024
Tax Year
GA Revenue Growth
Inflation Rate
YoY Revenue Growth

Minimum School Program - Basic Levy
Total Basic Levy Revenue & Tax Rate - Tax Years 1980-2025 Est.
Tax Year 2025 = Fiscal Year 2026



Sources: Utah State Board of Education, Common Data Committee
Section Prepared by: Office of the Legislative Fiscal Analyst.

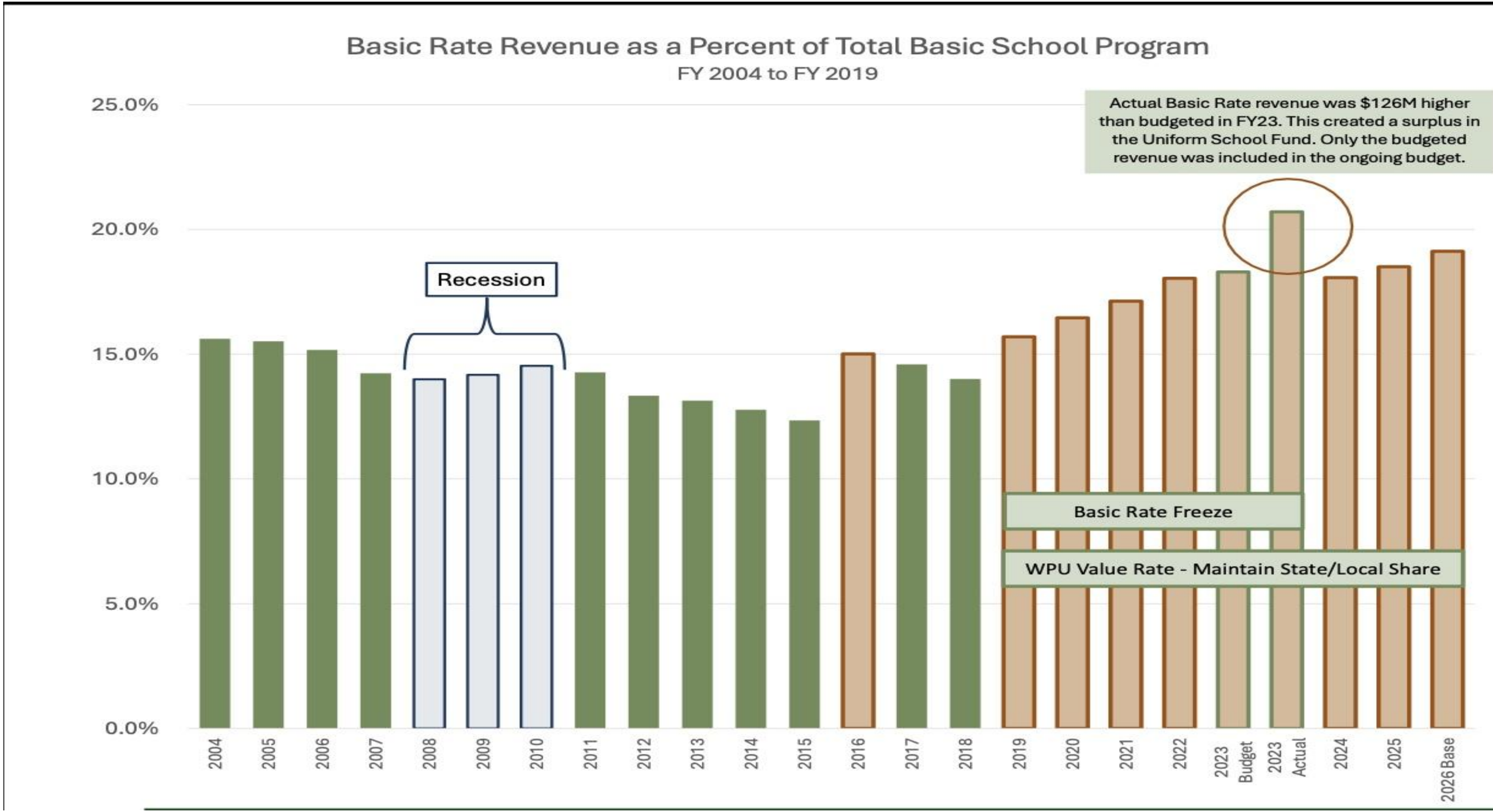

Statewide Total Revenue Collections and Expenditures by Fiscal Year
Billions
$25
$20
$15
$10
$5
$-
2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
Total Revenue
Total Expenditures

The numbers - Property Taxes 2014-2024

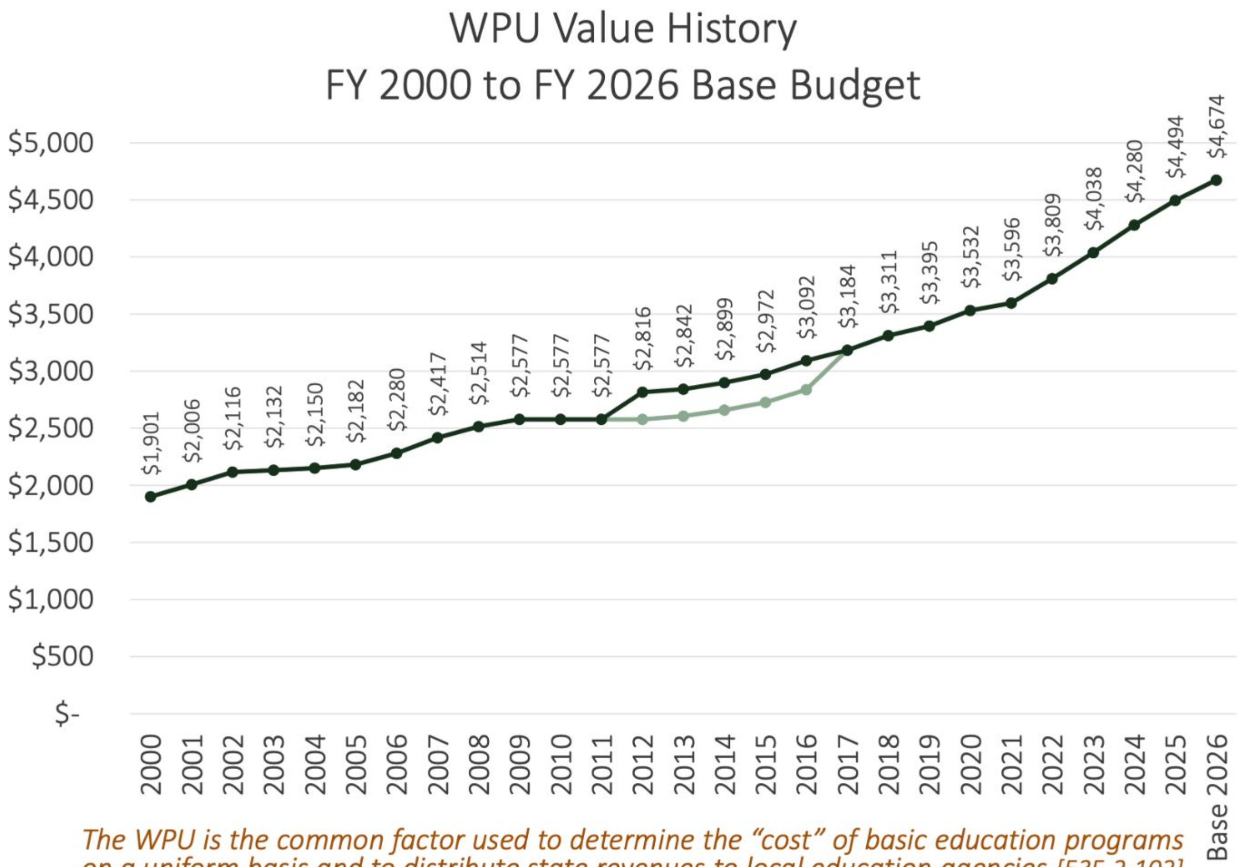
- **Taxes charged (statewide, excluding motor vehicle)**
  • 2014: **$2,950,878,693**.
  • 2024: **$5,339,393,155**.
- **Difference (2024 − 2014): $2,388,514,462** (this is the additional annual property-tax revenue in 2024 compared to 2014).
- **Allocated by 2024 revenue shares (approx.):**
  - Schools (≈58.80%): **+$1,404,446,504**.
  - Counties (≈14.70%): **+$351,111,626**.
  - Cities/Towns (≈13.52%): **+$322,927,155**.

Benefits of TABOR-Style Taxation

- **Fiscal Discipline & Predictability**
  - A cap tied to inflation + population ensures government doesn't grow unchecked.
  - Utah already has some structural discipline with Truth in Taxation, but a TABOR-style reform formalizes it and gives transparency and control back to the voters
- **Return to Taxpayers**
  - When revenues outpace the cap, the surplus is *not* just absorbed — it goes back to taxpayers.
  - Builds public trust: taxpayers see direct benefit.
- **Voter Control**
  - Major tax increases require voter approval.
  - That keeps tax policy more accountable.
- **Incentive for Efficiency**
  - With a cap, government must prioritize and spend smarter; big unchecked growth becomes harder.
- **Economic Signaling**
  - A TABOR-like limit can send a strong signal to businesses and residents that Utah is committed to fiscal sustainability, which may support long-term economic growth.



Basic Rate Revenue as a Percent of Total Basic School Program
FY 2004 to FY 2019
Actual Basic Rate revenue was $126M higher than budgeted in FY23. This created a surplus in the Uniform School Fund. Only the budgeted revenue was included in the ongoing budget.
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Recession
Basic Rate Freeze
WPU Value Rate - Maintain State/Local Share
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023 Budget
2023 Actual
2024
2025
2026 Base



The WPU is the common factor used to determine the "cost" of basic education programs on a uniform basis and to distribute state revenues to local education agencies [53F-2-102]

Basic School Program

WPU Value History

- Base Budget
  - Value = $4,674
  - 4% Increase
  - $178.6 Million
- Cost for Each Additional 1% Increase in Value
  - $43.6 Million
- WPU Value Has Not Decreased
  - Flat 2009-2013
  - 2012 Increase Due to Internal MSP Funding Shifts

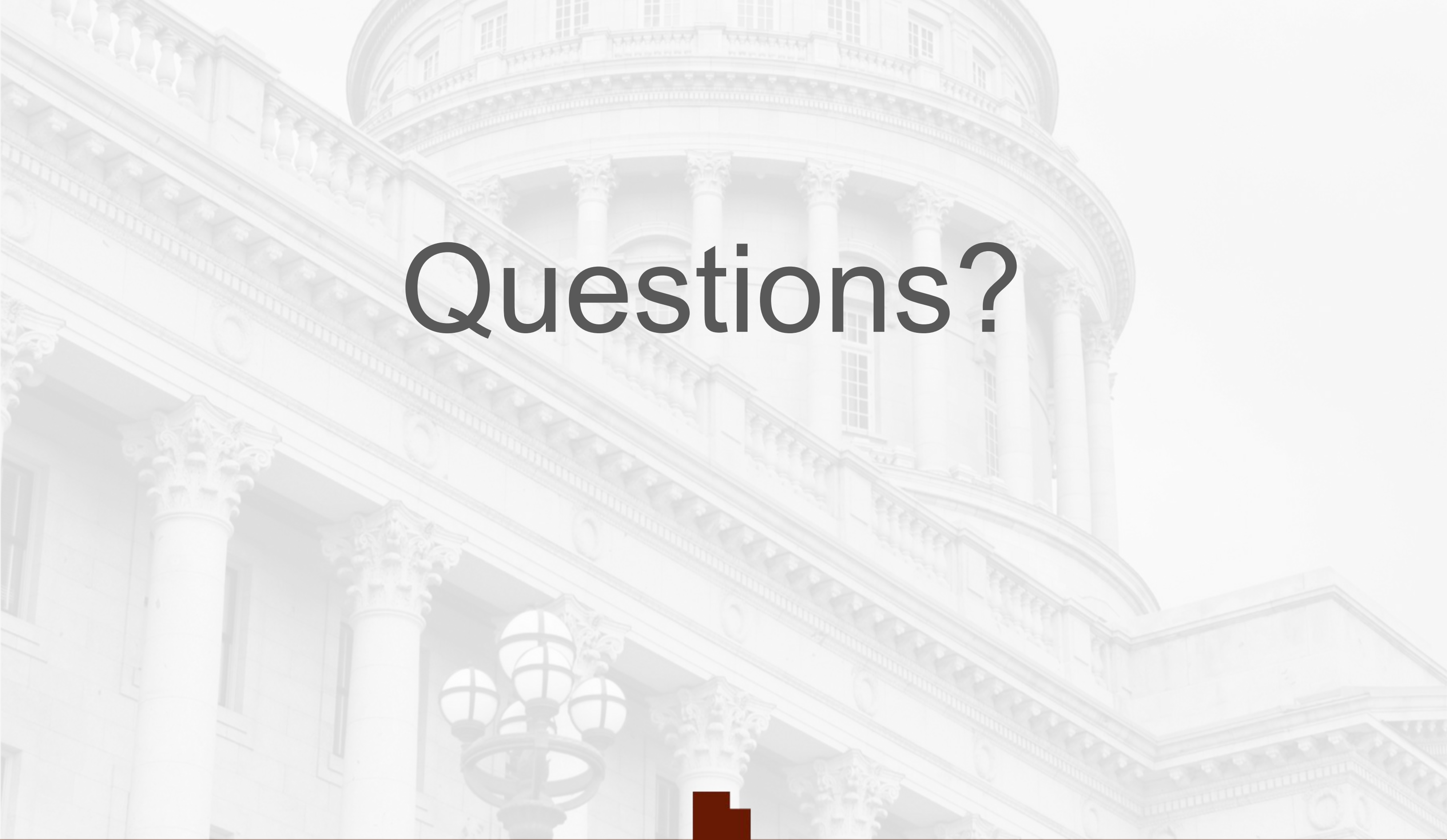
What if new-growth were folded into the base calculation?

- If growth were folded into the “original” base calculation (rather than tacked on top as a separate add-on), budgeting and the certified rate calculation would treat new taxable value as part of the base — this changes how much discretion a taxing entity has to call an “increase” that triggers Truth-in-Taxation notice/hearing.
- The headline: there’s been **~$2.39B** more annual property-tax revenue available now vs 2014; folding growth into the base will materially affect how much of that increase is treated as “automatic” vs “subject to truth-in-taxation procedures.”

Proposal: change the certified tax-rate calculation so that **growth (new taxable value)** is folded into the *original* base calculation instead of being “added on top” of the calculation.

Short takeaway: Using Utah State Tax Commission numbers, the statewide annual property-tax revenue collected in 2024 is **about $2.389 billion** higher than in 2014; allocating by the 2024 revenue shares, that increase corresponds roughly to:

- **Schools:** +$1.404 billion per year (approx.)
- **Counties:** +$351.1 million per year (approx.)
- **Cities/Towns:** +$322.9 million per year (approx.).



Questions?

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Appendix (links and sources)

- Utah Property Tax — Annual Statistical Reports (2014 annual report). Utah Property Taxes
- Utah Property Tax — Annual Statistical Reports (2024 annual report). Utah Property Taxes
- “New Growth Calculation” (State Tax Commission guidance). Utah Property Taxes
- TC-697 / Assessor Calculated New Growth (presentation / guidance). Utah Property Taxes
- Rate Detail Screen / tax rate calculation overview (presentation).