# Property Tax in Utah

Certified Tax Rates & Tax Rate Increases

# Property Tax in Utah-History

1. Oldest tax in Utah 1896 – same year Utah became a state.
2. Until the 1930s, Property tax was the main source of revenue for state and local governments.
3. 1931 – Utah State Tax Commission was created.
4. Great Depression- the state began reducing its reliance on property taxes in favor of income and sales tax.
5. 1944 a statewide appraisal project started- it took 12 years to complete.
6. 1969 106% revenue limitation was enacted to mitigate the tax impact of reappraisal.
7. 1985 revenue-based Truth in Taxation Law

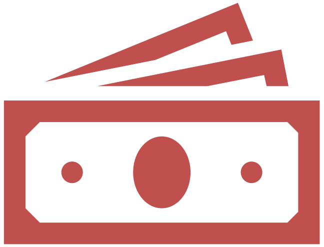
# Revenue Based

CALCULATE A TAX RATE EACH YEAR

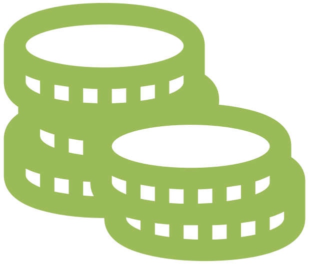
LAST YEAR'S BUDGETED REVENUE/CURRENT YEAR VALUE = TAX RATE

PUBLIC DISCLOSURE AND HEARINGS REQUIRED TO INCREASE THE TAX RATE TNT

# Valuation vs Tax Assement



Valuations and taxes paid have an inverse relationship



As valuations go up, taxes go down without an approved tax increase

Property
Tax
Revenues

- 58% to Schools
- 13% to City and Towns
- 17% County
- 12% Special Service Districts

# Property Types (Values)

## Real Property – assessed by local county assessor

- Primary, Secondary, Commercial, Greenbelt, vacant land

## Centrally Assessed – State Assessed

- Benchmark-must increase the value from the benchmark before you get new growth.

## Personal Property

- Starting in 2017 the change in value only effects the tax rate, not revenue.

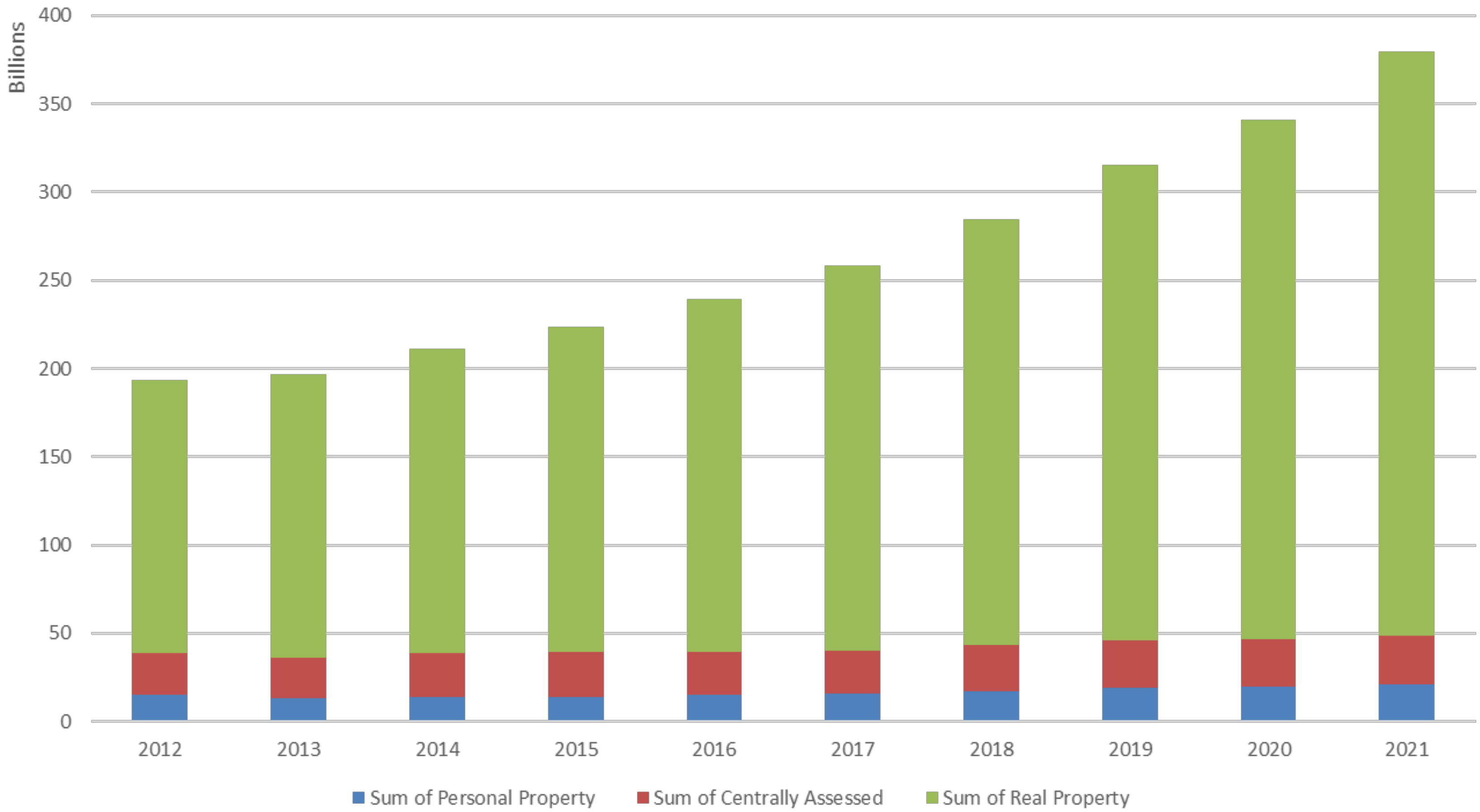
# Statewide Average Tax Type Distribution

REAL PROPERTY
89%

PERSONAL PROPERTY
5%

CENTRALLY ASSESSED
PROPERTY 6%

# Property Valuations By Type



# 2022 Real Property Values

$330 BILLION TO $436 BILLION

AVERAGE 24.25% INCREASE

COUNTY WITH HIGHEST CHANGE IN REAL?

30.56%

## The Property Type Mix Matters

Counties with the highest percentage of real property

Wasatch 98.15%

Summit 97.72%

Tooele is 85.04%

# New Growth?
# New Revenue???

- Real Property – Market Value increase or decrease rate
- Real Property – New value = new growth
- Centrally Assessed – Benchmark-hold harmless for telecoms
- No new money for Personal Property. Values increase or decrease rate. Values have increased slightly.
- Projects ending = New growth

# Certified Tax Rates

Means a tax rate that will provide the same ad valorem property revenues for a taxing entity as were budgeted by that taxing entity for the prior year.

$$\frac{\textbf{Prior Year Revenue}}{\textbf{Taxable Property Values}} = \textbf{Tax Rate}$$

# Truth in Taxation

**When you need <u>more revenue</u> than your Certified Tax Rate will generate.**

**59-2-919**

# Property Tax Rate Timeline

## (Fiscal Year Entities)

- June 8th Certified Tax Rate
- June 22nd Adopt proposed Tax Rate
- July 22nd Notice of Valuation
- Advertise for Hearing
- Hold Public Hearing on increase
- Before September 1st Adopt Final Tax Rate

# Proposed Tax Rates

Taxing entity shall adopt a final or **proposed tax rate.**

Entity shall adopt a tentative budget.

If an entity wants to increase the certified tax rate, the county auditor must be notified.

# Property Tax Rate History

| | Year | | | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Basic School Levy | 0.001666 | 0.001661 | 0.001628 | 0.001661 | 0.001652 | 0.001406 | 0.001408 |
| GO Bond Payments | 0.000711 | 0.000499 | 0.000557 | 0.000539 | 0.000512 | 0.00045 | 0.000442 |
| Capital Local Levy | 0.00241 | 0.001991 | 0.001804 | 0.001771 | 0.001528 | 0.001528 | 0.001279 |
| Voted Local Levy | 0.000578 | 0.0006 | 0.000568 | 0.0006 | 0.000518 | 0.000466 | 0.000472 |
| Board Local Levy | 0.002334 | 0.002392 | 0.002348 | 0.002202 | 0.001905 | 0.001905 | 0.00221 |
| Charter School Levy | 0.000076 | 0.000077 | 0.000069 | 0.000069 | 0.000054 | 0.00005 | 0.000049 |
| Combined Rate | 0.007775 | 0.00722 | 0.006974 | 0.006842 | 0.006169 | 0.005805 | 0.00586 |
| Percent Change | - | -7% | -3% | -2% | -10% | -6% | 1% |
| | | | | | | | |
| 7 Year Average Change | -4% | | | | | | |
| | | | | | | | |
| Culmative 7 Year Change | -25% | | | | | | |

# Property Value History

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Taxable Value | 32,798,391.00 | 33,284,328.00 | 35,079,823.00 | 37,394,617.00 | 29,543,672.00 | 42,794,916.00 | 44,052,071.00 |
| 7 Year Average Change | 5% | | | | | | |
| Culmative 7 Year Change | 34% | | | | | | |

# General Obligation Debt

Bond Debt Service as of 7/15/2024

| Date | Principal | Coupon | Interest | Total P+I | Fiscal Total |
|---|---|---|---|---|---|
| 01/15/2025 | - | - | 232,625.00 | 232,625.00 | - |
| 07/15/2025 | 2,840,000.00 | 5.000% | 232,625.00 | 3,072,625.00 | 3,305,250.00 |
| 01/15/2026 | - | - | 161,625.00 | 161,625.00 | - |
| 07/15/2026 | 2,985,000.00 | 3.000% | 161,625.00 | 3,146,625.00 | 3,308,250.00 |
| 01/15/2027 | - | - | 116,850.00 | 116,850.00 | - |
| 07/15/2027 | 3,045,000.00 | 3.000% | 116,850.00 | 3,161,850.00 | 3,278,700.00 |
| 01/15/2028 | - | - | 71,175.00 | 71,175.00 | - |
| 07/15/2028 | 3,150,000.00 | 3.000% | 71,175.00 | 3,221,175.00 | 3,292,350.00 |
| 01/15/2029 | - | - | 23,925.00 | 23,925.00 | - |
| 07/15/2029 | 1,595,000.00 | 3.000% | 23,925.00 | 1,618,925.00 | 1,642,850.00 |
| **Total** | **$13,615,000.00** | - | **$1,212,400.00** | **$14,827,400.00** | - |

# Questions?