

Utah's Growing Share of Nonprimary Residential Property Tax

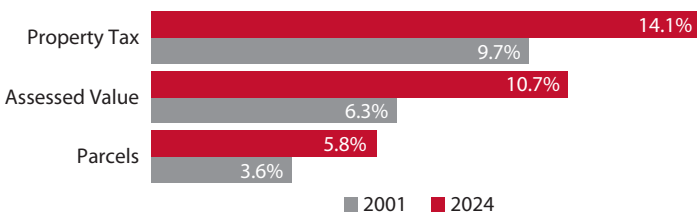
Nonprimary residential property includes vacation homes, cabins, and short-term lodging property. Unlike primary residential property which receives a 45% property tax exemption, nonprimary residential property remains taxable at its full market value.

This report's major highlights include the following:

- **Growing share** - Nonprimary residential property accounted for about 7% of Utah property taxes in 2024, growing from 4% in 2000.
- **Concentrated impacts** - Of the \$480.9 million in nonprimary residential property taxes in 2024, about two-thirds came from Summit (36%), Wasatch (17%), and Washington (14%) counties.
- **Declining tax rate** - In recent years, the effective property tax rate on nonprimary residential property dropped faster than the property tax rate on residential property, as nonprimary residential property tends to concentrate in higher market value areas with larger tax bases that generate sufficient revenue with lower property tax rates.

Recent residential property value growth contributed to a shift in Utah's property tax base toward residential properties. While Truth in Taxation moderated overall property tax revenue growth, within the broader residential growth trend, nonprimary residential property grew as a share of total residential parcels, assessed value, and property taxes (Figure 1). This trend stems from both the mechanics of Utah's property tax structure and varying rates of market value growth by property type. These shifts vary by region, as certain areas contain larger shares of nonprimary residential properties.

Figure 1: Nonprimary Residential Share of Total Residential, 2001 and 2024



Source: Utah State Tax Commission

Table 1: Primary and Nonprimary Residential Property Tax Comparison

	Primary Residential	Nonprimary Residential
Assessed Market Value	\$500,000	\$500,000
Statewide Average Property Tax Rate	0.009275	0.009275
Taxable Value	\$275,000	\$500,000
Property Tax	\$2,551	\$4,638

Note: Statewide average property tax rate represents the 2024 rate.

Source: Kem C. Gardner Policy Institute

Features of Utah's Property Tax System

Economists generally regard the property tax as the most economically efficient and reliable tax revenue source. Property taxes generate a significant share of local government revenues and provide taxing entities greater autonomy. Other features, including visibility, disconnection from an economic transaction, and connection to home ownership often contribute to taxpayer concerns.

Decades of policy efforts in Utah attempted to mitigate public concerns with residential property taxes, including a 45% primary residential exemption (the maximum allowed under the Utah Constitution). This 45% exemption reduces the taxable value of primary residences (both owner- and renter-occupied) and in turn increases the tax share borne by other types of property, including business property, vacant land, and nonprimary residential (including vacation homes and short-term rentals).

Utah's 45% primary residential exemption on uncapped value ranks among the most generous in the nation, particularly for high-value properties (Table 2). While several other states provide broad residential exemptions, these tend to be less substantial and generally apply only to owner-occupied homes. In addition, some states classify properties by type and create different treatment, such as imposing different tax rates.

Furthermore, Utah's Truth in Taxation system, enacted in 1985, keeps sharp increases in total property tax revenue in check by guaranteeing taxing entities the same nominal dollar amount of property tax revenue as the previous year, absent "new growth" (newly created property), unless the entity undergoes an advertisement and public hearing process.

Table 2: State Homestead Property Tax Exemptions or Credits for All Primary Residences, 2026

\$ Homestead Tax Credits %	
AR	Up to \$600
MS	Up to \$300, only one credit per person; does not apply to rental units
AZ	40% for School Primary Levy, up to \$600
IL	5% on state income tax return
OH	2.5%
WI	Varies based on state lottery revenue

\$ Homestead Value Exemptions %	
AL	\$4,000 (state), \$2,000 (local)
CA	\$7,000
FL	\$25,000 (all taxes), additional \$25,000 (excludes school taxes)
GA	\$2,000, plus local add ons
IL	Up to \$10,000
IA	\$4,850
IN	\$48,000
KS	\$75,000 school levy
LA	\$75,000 (excludes municipal taxes)
ME	\$25,000
NM	\$2,000
NY	\$30,000 (school)
OK	\$1,000
TX	\$140,000 (school; other exemptions vary by tax entity)
ID	50% (capped at \$125,000)
UT	45% (uncapped value exemption, applies to all primary residence values)
Other	
IN	Up to \$48,000, plus supplemental deduction of 37.5% (homes valued \$600,000 or less), 27.5% (homes valued more than \$600,000)
SC	Exempt from school taxes for operating costs
MI	Exempt from local school levy for operating purposes up to \$18 million
MN	40% of the first \$95,000 of market value, reduced by 9% of the value over \$95,000 and phases out completely at \$517,200 market value
MT	Tiered property tax rate (owner-occupied and long-term rental properties) beginning with a 0.76% rate on the first \$378,000 of market value and increasing in brackets up to 1.90% on value over \$1.5 million

Note: This table only includes states with homestead property relief to all primary residences. Many states (both those in this table and those not in this table) offer homestead property relief to specific populations (e.g. based on income, age, disability, or veteran status), or through other means. Certain exemptions apply to assessed value after broad-based assessment ratios. Source: Lincoln Institute of Land Policy, state websites

Tax Shifts Under Truth in Taxation

While Truth in Taxation keeps total revenues from automatically rising in tandem with increasing property values, it does not prevent property tax shifts by type of property or keep the tax distribution equal across tax areas. In recent years, rapid residential real estate value growth coupled with stable or declining nonresidential property valuations led to significant increases in the residential property tax share.

Growth in both parcel counts and value of residential properties impacted primary and nonprimary residential properties alike, meaning the burden shifted to both Utah residents and in- and out-of-state vacation or short-term-rental homeowners. Both the state’s primary residential exemption and Truth in Taxation played a role in how shifts in relative property values redistributed the tax burden over time.

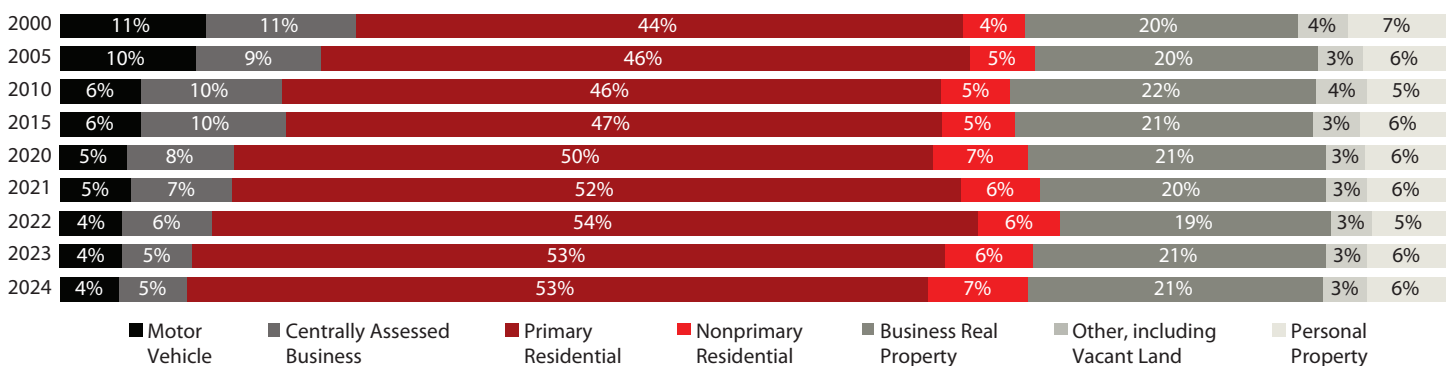
Economists often view property tax as a "benefit tax," meaning taxpayers receive benefits directly tied to the tax. These benefits tend to capitalize into property values. Costs and benefits vary by property type and location. For example, a vacation home that sits vacant for a majority of the year may impose fewer service costs compared to a primary residence or short-term rental with occupants that use services more, although typically all property types require some local services, such as roads and utility availability.

Property Tax Shifts Toward Residential Property

Residential properties now bear a larger portion of property taxes in Utah (Figure 2). From 2000 to 2024, the share of property taxes owed by residential property owners (both primary and nonprimary) grew from 48.2% to 59.8%, reflecting stronger growth in residential property value relative to other property types. Despite this shift, Utah's residential property tax remains comparatively low, ranking 48th nationally in 2024.¹

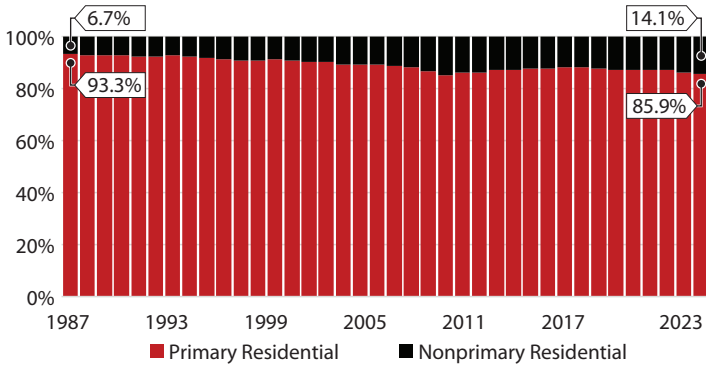
Declines in the shares of both centrally assessed business and motor vehicle property tax offset the increased residential share of property taxes. In addition, intangible property, generally excluded from the property tax base, may further reduce the business share of property tax as the value of intangibles grows.

Figure 2: Utah Property Tax Share by Property Type, 2000-2024 (Select Years)



Source: Utah State Tax Commission

Figure 3: Primary and Nonprimary Residential Share of Total Residential Property Taxes, 1987-2024



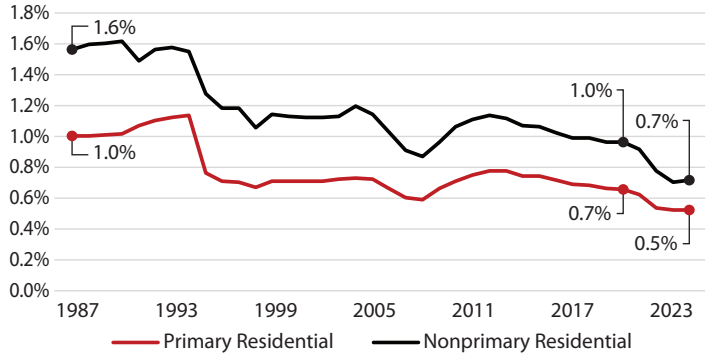
Source: Utah State Tax Commission

Centrally assessed properties include infrastructure primarily related to mining, utilities, pipelines, and railroads, which declined in significance as Utah’s economy diversified. Motor vehicle (fee-in-lieu) property tax does not adjust for inflation and ties directly to age of vehicles rather than value, contributing to declining real values and property tax share over time.

Nonprimary Residential Property Growth

Growth in nonprimary residential property taxes outpaced primary residential, meaning in recent decades the burden shifted more heavily to nonprimary residential property owners than primary. Nonprimary residential property tax as a share of total residential property taxes more than doubled from 6.7% in 1987 to 14.1% in 2024 (Figure 3). While real (inflation-adjusted) primary residential property tax grew at an annual average rate of 3.5%, real nonprimary residential property tax grew 5.8% in the same timeframe.

Figure 4: Primary and Nonprimary Residential Effective Property Tax Rates, 1987-2024



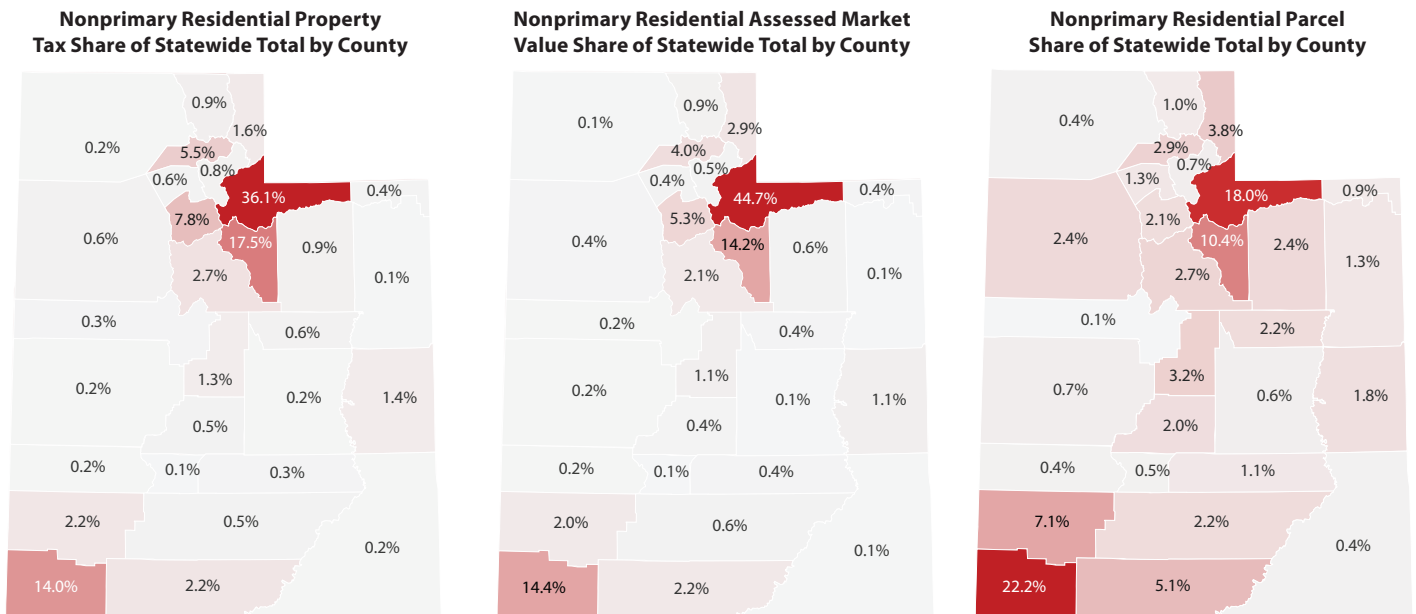
Note: The effective tax rate equals taxes charged divided by assessed market value.
Source: Utah State Tax Commission

Real nonprimary residential assessed value grew even faster, reaching an average annual rate of 8.0%, indicating that property valuations outpaced property tax growth.

Assessed values growing more rapidly than property tax indicates a declining effective tax rate, which equals total property tax divided by assessed value. Statewide effective tax rates declined for both primary and nonprimary residential properties due to Truth in Taxation. However, local differences in assessed value growth and variations in both local tax base compositions and local policy decisions to increase revenue led to the effective property tax rate falling more rapidly for nonprimary residential properties (Figure 4).

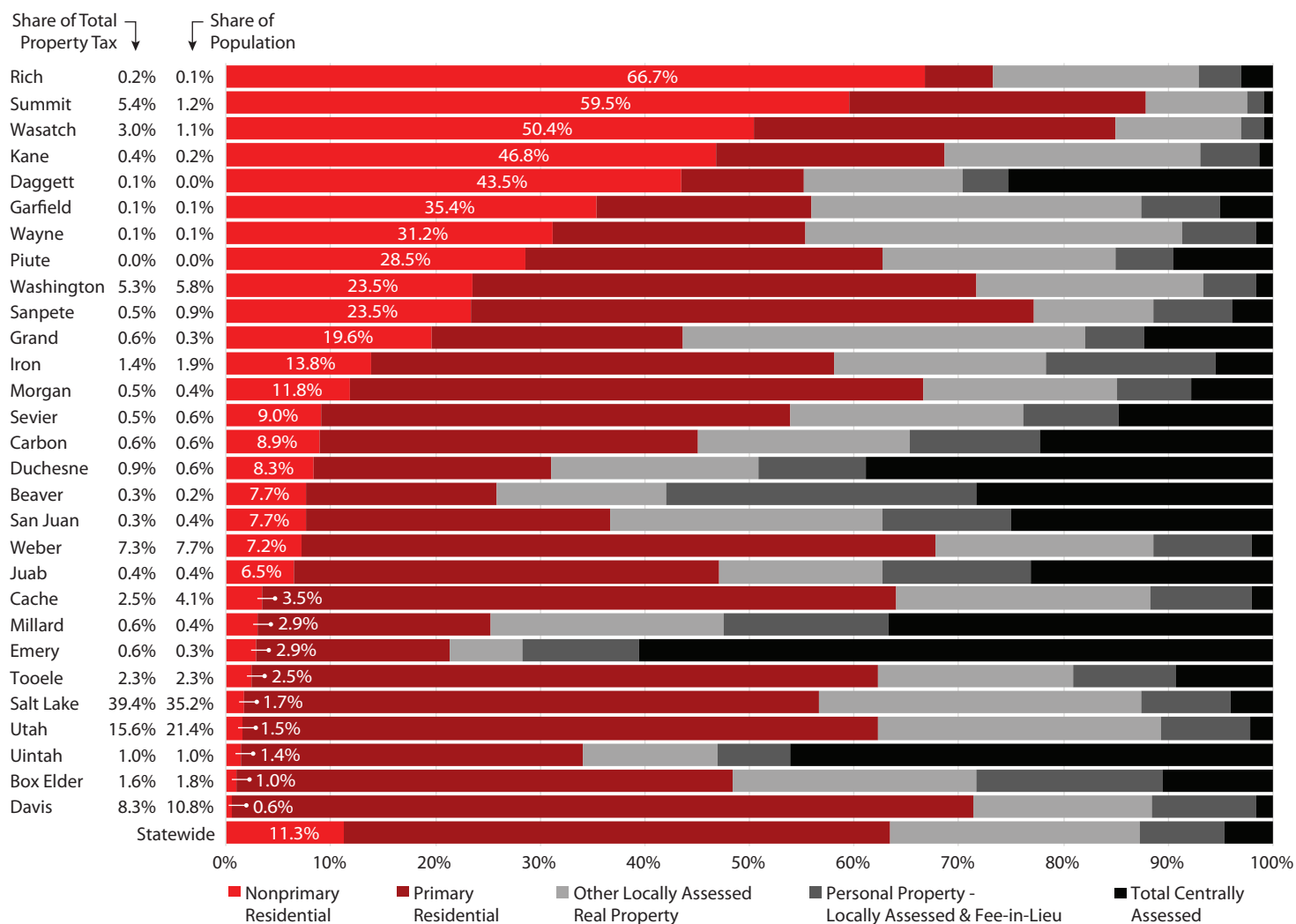
Nonprimary residential parcel counts increased at an annual average rate of 3.7% from 2001 to 2024, although parcel counts can be volatile year to year as property uses shift.

Figure 5: Regional Variations of Nonprimary Residential Property, 2024



Source: Utah State Tax Commission

Figure 6: Share of Property Tax Base by Major Property Type and County, 2024



Source: Utah State Tax Commission

Utah’s primary residential exemption plays some role in the shift towards nonprimary residential property—first enacted at 25% in 1982, it grew to the current 45% exemption by 1995 (the maximum currently allowed under the Utah Constitution). This increasing exemption caused property taxes to shift away from primary residential properties over that period. Additionally, due to the exemption and assuming equal rates of market value growth, each \$1.00 increase in residential property value corresponds with an additional \$0.55 in primary residential taxable value or a \$1.00 increase in nonprimary residential taxable value.

Regional Variation

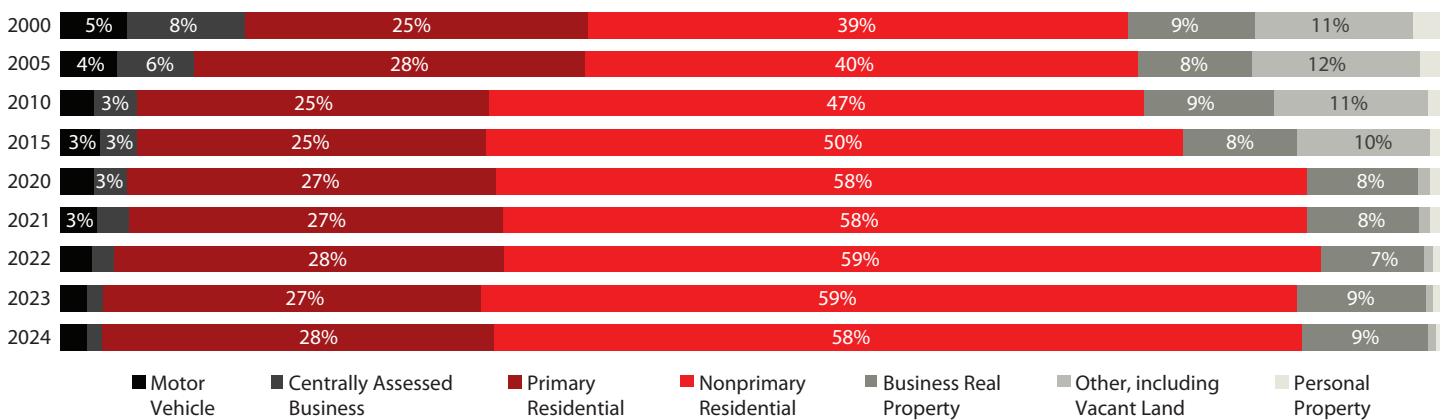
Three counties account for two-thirds of the \$480.9 million in nonprimary residential property taxes: Summit (36.1%), Wasatch (17.5%), and Washington (14.0%). While these counties make up nearly three-fourths of statewide nonprimary residential assessed value, their combined nonprimary residential parcel count equals half of the statewide total, indicating above-average nonprimary residential property values in these regions (Figure 5).

In general, taxing entities in areas with smaller tax bases tend to impose higher property tax rates relative to regions with larger tax bases. Regions with a large share of high-valued nonprimary residential properties benefit from a comparatively sizable tax base, leading to lower tax rates on average and the ability to export a portion of their property taxes to vacation homeowners who may live out of state or outside the county. Nonprimary residential property makes up more than half of the total property tax base in Rich, Summit, and Wasatch counties (Figure 6).

Summit County, for example, contains nearly 45% of the state’s nonprimary residential taxable value yet accounts for 36% of statewide nonprimary residential property taxes. The 2024 statewide average property tax rate equaled 0.009275; the tax rate among Summit County tax areas averaged 0.006803, more than a quarter lower than the statewide average.

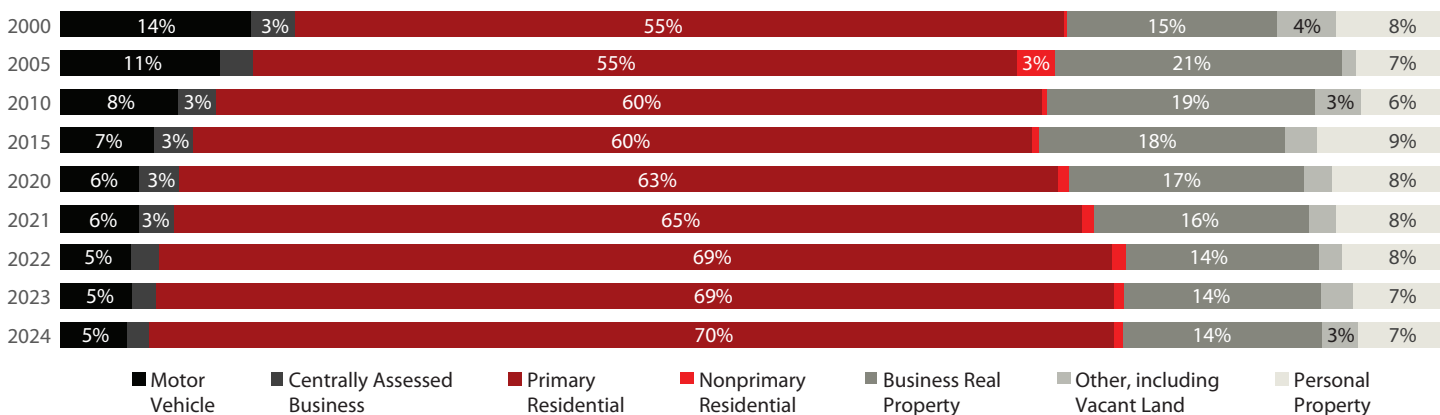
The shift to nonprimary residential and lower-than-average property tax rates imposed on most nonprimary residential properties highlights how Truth in Taxation interacts with unequal property value growth and varying tax bases – the

Figure 7: Summit County Property Tax Share by Property Type, 2000-2024 (Select Years)



Source: Utah State Tax Commission

Figure 8: Davis County Property Tax Share by Property Type, 2000-2024 (Select Years)



Source: Utah State Tax Commission

relative share of property taxes by property type changes over time and varies widely by region. A primary residential property in a tax area with a high concentration of nonprimary residential properties experienced a more muted property tax increase in recent years relative to a primary residential property in a region with fewer nonprimary residential properties.

For example, since 2000 Summit County’s primary residential property tax as a share of total property tax grew about three percentage points, while the nonprimary residential property tax share grew nearly 20 percentage points (Figure 7). Nonprimary residential property accounted for almost 60% of Summit County’s property tax in 2024.

In contrast, Davis County, which holds the highest share of primary residential properties in the state, experienced a larger property tax burden shift towards primary residential property owners, rising 15 percentage points from 55% to 70% (Figure 8).

Summary

Varying rates of growth among property types shift the property tax burden, with an increasing reliance on nonprimary residential properties statewide. Regional differences exist, with higher tourism areas seeing a heavier reliance on nonprimary residential property tax. Nonprimary residential properties tend to face comparatively lower property tax rates due to larger tax bases in these regions.

These trends highlight impacts of Utah’s primary residential exemption and underscore how the current Truth in Taxation system interacts with uneven property value growth. While it generally limits large year-over revenue increases within tax areas, it does not prevent longer-term shifts in tax burdens driven by changes in assessed values, which remain subject to the tax base composition and broader economic conditions.

Endnote

1. Tax Foundation. (2026, March 16). Property taxes by state and county. <https://taxfoundation.org/data/all/state/property-taxes-by-state-county/>

Authored by: Natalie Roney, Senior Public Finance Economist