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A Guide to Understanding Utah's Truth in Taxation System

Property tax, Utah's single largest local tax revenue source and third largest combined state and local tax revenue source, funds taxing entities including school districts, municipalities, counties, and special districts such as water or mosquito abatement districts. Each property in Utah sits within a tax area, with multiple taxing entities imposing separate rates.

Utah's property tax relies on a system known as "Truth in Taxation," which offers transparency to property owners and local autonomy and revenue stability to taxing entities. This system can also create surprises for individual taxpayers when individual property values grow at rates significantly different from the area average.

Utah's Truth in Taxation system guarantees local taxing entities the same nominal (not inflation-adjusted) dollar amount of total property tax revenue as the previous year. To increase the dollar amount of revenue besides revenue from "new growth" such as a new home or office building, Truth in Taxation requires a taxing entity to follow specified public notice and hearing requirements.

Utah's Truth in Taxation System

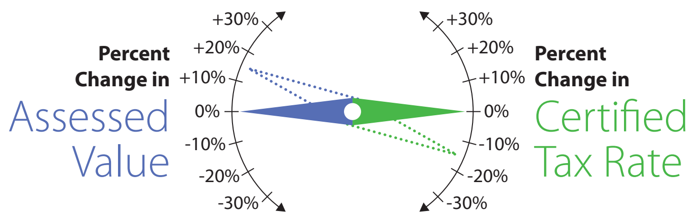
In general, rising property values among existing properties do not automatically increase property tax revenues in Utah because the tax rate automatically drops to offset that valuation increase. For instance, if a taxing entity's total assessed value (excluding new growth) doubles, Truth in Taxation requires an offsetting 50% tax rate reduction to generate the prior year's revenue amount (Figure 1).

Key Truth in Taxation Features

- **Revenue** – Stable local government revenues
- **Rates** – Declining tax rates over time
- **Notice** – Tax increases require public notification
- **Growth** – New property creates new revenue
- **Shifts** – Potential for tax burden shifts among taxpayers

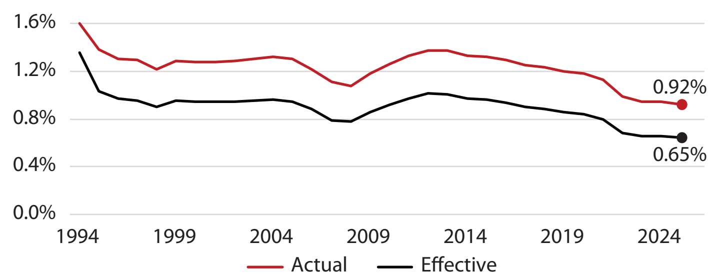
Figure 1: Utah's Truth in Taxation System

As assessed values shift, the certified tax rate adjusts to maintain the previous year's property tax revenue.



Source: Kem C. Gardner Policy Institute

Figure 2: Utah Statewide Average Property Tax Rates, 1994–2025



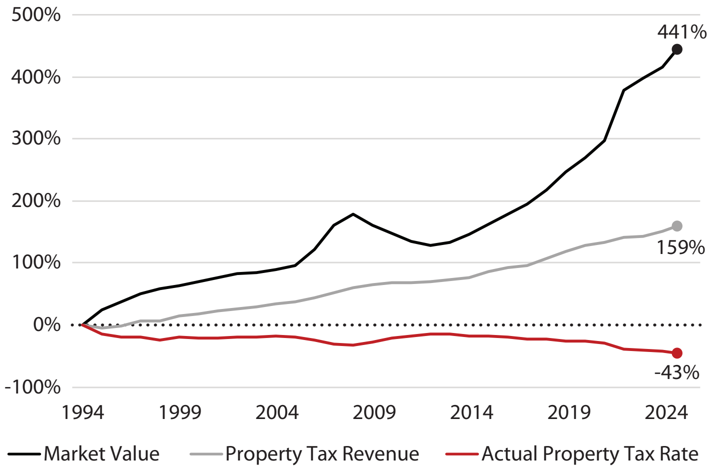
Source: Utah State Tax Commission

The Utah State Tax Commission calculates this rate, known as the "certified tax rate," annually for every local entity that imposes a property tax. This calculation excludes new growth, or newly created property. New growth properties enter the tax rolls and face the same tax rate as other properties, generating new revenue.

Taxing entities can impose a tax rate higher than the certified rate to collect additional revenue only after going through the "Truth in Taxation" process. This process includes issuing the parcel-specific and general public notice and holding a subsequent public hearing that allows taxpayers to provide input before the governing body adopts the tax rate. Any rate increase remains subject to statutory rate caps.

Under Utah's Truth in Taxation system, property tax rates have dropped by 42.7% since 1994 as property values increased (Figure 2). From 2020 to 2025, property tax rates fell by more than 20%.

Figure 3: Real Market Value, Real Property Tax Revenue, and Actual Property Tax Rate Cumulative Percent Change, 1994–2025



Note: Market value and property tax amounts inflation-adjusted to 2025 dollars.
Source: Utah State Tax Commission and U.S. Bureau of Labor Statistics

Potential Shifts for Individual Property Owners

If a taxing entity does not increase revenue through the Truth in Taxation process, a particular owner's property taxes will not necessarily stay constant. Rather, each owner's share of the property tax burden will shift based on their property's valuation change relative to other property values. In other words, property values do not drive total property tax revenues within an area because taxing entities set revenue amounts through the Truth in Taxation process. However, relative changes in property values distribute these property taxes among property owners.

Properties do not increase in market value at the same rate. This holds true within a state and even within a city or neighborhood. For example, in recent years, average taxable business property values increased slower than residential property values. This differential growth shifted a higher share of the tax burden to residential property owners, who now hold a larger share of total property values. Even with no new total revenue, some property owners experience tax increases while others experience tax decreases as values adjust.

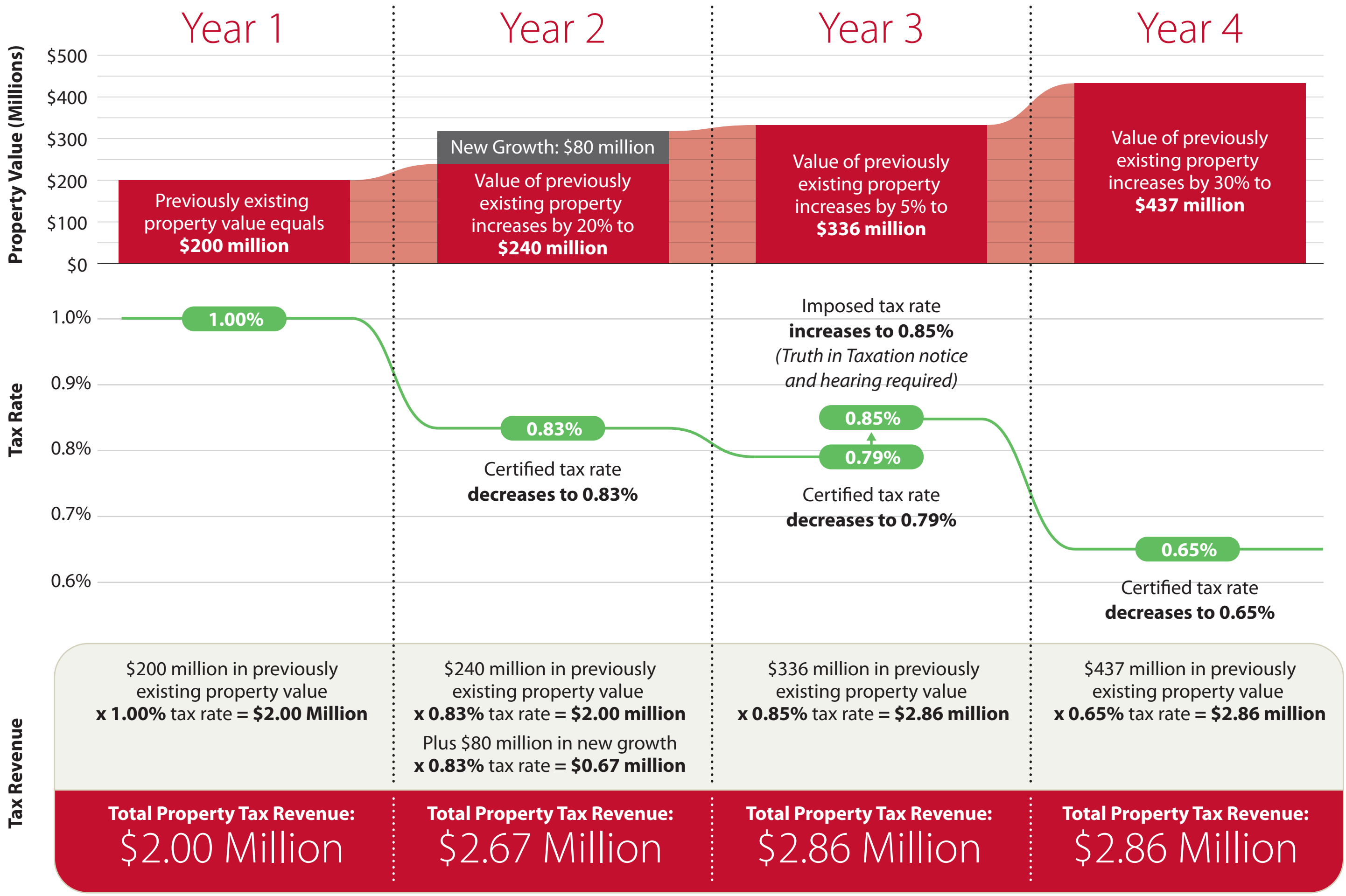
Utah's Truth in Taxation Process

1. **Certified Tax Rate Adjustment** – Property value changes (determined annually by fair market value reappraisals)[1] result in certified tax rate adjustments to hold revenue constant in nominal, or not inflation-adjusted, terms.
2. **New Revenue from New Growth** – Newly constructed properties (new growth) generate new revenue, facing the same tax rate as existing property.
3. **Truth in Taxation Required to Increase Revenue** – Taxing entities impose tax rates within statutory limits. To generate additional revenue beyond new growth, taxing entities must follow specified public notice and hearing processes to increase the tax rate (including a mailed notice to all property owners outlining the proposed increase and hearing location and time).
4. **Property Values Ultimately Distribute the Tax Burden** – When taxing entities set tax rates, assessed property values allocate the resulting tax burden among property owners. Valuation changes remain subject to assessment practices and broader economic trends.
5. **Final Public Notification** – Property owners receive preliminary and final property tax notices that include the property-specific market value and taxable value, along with the tax amount imposed by each taxing entity on the individual property.

Basic Features of Utah's Truth in Taxation System

1. **Revenue Stability** – Holding property tax revenue from existing property steady provides a degree of budgetary stability for taxing entities. In the case of property value declines, taxing entities maintain stable revenue.
2. **Protection from Automatic Aggregate Increases** – While individual taxpayer burdens will shift based on market conditions, rapid increases in valuations do not automatically result in increased total property taxes paid by property owners.
3. **Transparency** – Taxing entities must inform the public of their intent to increase total property tax revenue in the form of general and parcel-specific public notices and through a public hearing.
4. **Local Autonomy** – Taxing entities can increase tax revenue within statutory cap limits. Most taxing entities maintain the capacity to increase rates, particularly considering that rates generally decline in response to rising property values.
5. **No Automatic Inflation or Population Adjustment** – While providing general revenue stability, Truth in Taxation does not allow any automatic inflationary or population adjustments. Not adjusting for inflation can lead to revenue lurches, as taxing entities sometimes avoid any revenue increase until a funding crisis hits, then increase the rate significantly in a single year.

Figure 4: Example of Truth in Taxation Tax Rate Process



Source: Kem C. Gardner Policy Institute

Table 1: Potential Tax Burdens for Sample Taxpayers

Tax burdens shift even with no total revenue increase on previously existing property.

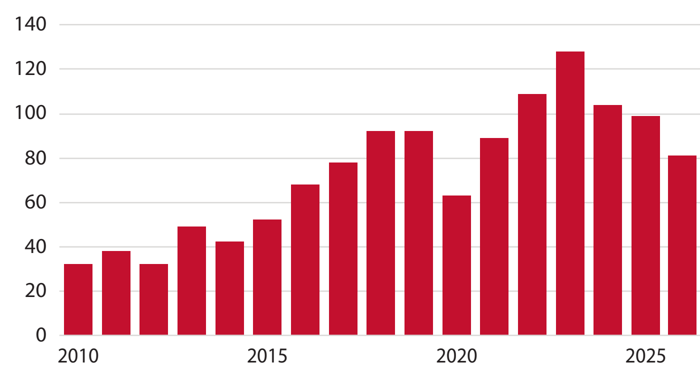
Example Taxpayers

	A	**B**	**C**	**D**	**E**
Taxable Value	$350,000	$1,500,000	$400,000	$250,000	$800,000
Taxes Paid	$3,500	$15,000	$4,000	$2,500	$8,000
Taxable Value	$400,000	$1,500,000	$800,000	$600,000	$750,000
Taxes Paid	$2,000	$7,500	$4,000	$3,000	$3,750
	Value increases, tax decreases	Value the same, tax decreases	Value increases, tax constant	Value increases, tax increases	Value decreases, tax decreases

Taxing entity boards establish tax revenue amounts. Assessed property values allocate the tax amounts among taxpayers.

Source: Kem C. Gardner Policy Institute

Figure 5: Number of Entities Holding Truth in Taxation Hearings, 2010–2026



Source: Utah State Tax Commission

Definitions

Property Tax Base – Total taxable value of property within a taxing entity's boundaries.

Certified Tax Rate – Property tax rate calculated each year to generate the same revenue as the previous year from existing property (excluding new growth). Calculated as (Previous Year Revenue) / (Current Year Property Tax Base – New Growth).

Truth in Taxation – Utah's property tax system that holds revenue constant from existing property each year (excluding new growth), unless a taxing entity completes the public notice and hearing process required by statute.

New Growth – New real property (such as construction of a new home or office building) entering the tax rolls. The certified tax rate calculation excludes the value of new growth, allowing taxing entities to collect additional property tax from new growth.

Taxing Entity – Governmental units levying property taxes. Includes school districts, municipalities, counties, and special districts (such as a water conservancy or sewer district).

Primary Residential Exemption – A 45% exemption from the fair market value of primary residences, whether owner-occupied or occupied by a long-term tenant. Excludes short-term rentals and vacation homes.

Tax Area – A geographic area in which all properties face the same combined property tax rate from a combination of taxing entities.

Additional resources available at the following links:

A Visual Guide to Tax Modernization: Understanding Property Taxes (Kem C. Gardner Policy Institute)

Property Tax Insights (Kem C. Gardner Policy Institute)

Utah's Property and Income Tax Puzzle: Filling in Missing Pieces (Tax Notes State)

Utah's Property Tax System, pages 32–38 (Office of the Legislative Auditor General)

Historical Overview of Utah's Property Tax (Utah State Tax Commission)

Utah Property Tax Calendar (Utah State Tax Commission)

Endnote

1. County assessors reappraise locally assessed real and personal property, including residential property, commercial property, vacant land, and business personal property. The Utah State Tax Commission reappraises centrally assessed property (primarily utilities and natural resource–related property).

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