

UTAH FOUNDATION Research Report

Report Number 644

July 2001

Property Taxes in Utah and the 50 States

Highlights

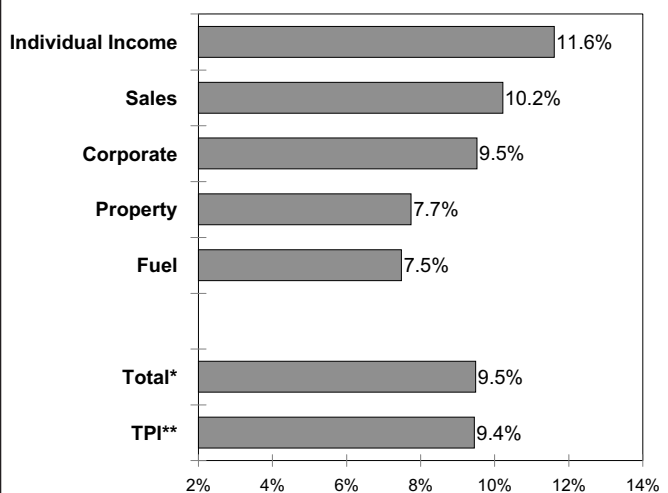
- The property tax is Utah's third largest tax, producing \$1.35 billion in collections.
- From FY 1970 to FY 2000, property tax revenue has grown slower than each of Utah's major taxes except motor fuel taxes. Property taxes grew by an annual average rate of 7.7 percent, while the overall annual 30-year growth rate for all major tax categories was 9.5 percent.
- A significant shift from property taxes to income taxes has occurred in the last 30 years. The property tax burden has declined from 4.2 percent of Utah total personal income to 2.6 percent.
- In the past 30 years, schools have reduced their reliance on property taxes and received increased support from the individual income tax.
- From 1980 to 1999, centrally assessed property (utilities and natural resources) fell from about 20 percent of all property tax collections, to 11.3 percent of collections.
- Whether one looks at homes, apartments, commercial or industrial property, Utah property taxes are low when compared to other states.
- Utah property taxes, when compared to the neighboring mountain states, are below average in 15 of the 18 combinations of property type and level of value covered in a national study.

Introduction

Recently, the Minnesota Taxpayers Association released an update to an extensive 50-state study comparing property taxes across the nation. The results of the study provide insights into Utah's

Figure 1

Average Annual Growth Rate for Utah's Five Major Taxes: FY 1970 to 2000



*Total of these five tax categories.

**TPI - Utah Total Personal Income average annual growth rate.

Source: Utah State Tax Commission and U.S. Bureau of Economic Analysis.

property tax burden relative to other states. Before focusing on the Utah-specific findings from the Minnesota Taxpayers Association report, a look at the changing nature of property tax collections in the recent past will provide a context for Utah's property tax burden.

Property Tax Trends in Utah

Currently, Utah's five major tax sources for funding state and local governments are: sales, individual income, property, motor fuel, and corporate taxes. In fiscal year (FY) 2000, sales taxes raised the most revenue at \$1.89 billion; the individual income tax was second with \$1.65 billion; and the property tax ranked third at \$1.35 billion (see **Table 1**). The motor fuel and corporate taxes are a distant fourth and fifth at

UTAH FOUNDATION is a private, nonprofit public service agency established to study and encourage the study of state and local government in Utah, and the relation of taxes and public expenditures to the Utah economy.

Table 1

Utah State and Local Tax Revenue from Major Tax Sources

Selected Fiscal Years: 1970-2000 (in thousands of dollars)

Fiscal Year	Property Taxes	Sales & Use Taxes	Individual Income Taxes	Fuel Taxes	Corporate Taxes	Total of Major Taxes
1970	\$144,474	\$102,045	\$61,335	\$36,047	\$11,839	\$355,739
1975	181,089	195,473	104,919	46,238	18,003	545,722
1980	341,389	399,877	265,327	70,921	40,377	1,117,892
1985	588,340	688,188	435,510	107,128	65,918	1,885,084
1990	761,108	870,457	647,593	161,567	103,865	2,544,591
1995	1,047,243	1,344,861	1,026,895	203,007	157,901	3,779,907
1996	1,027,673	1,476,588	1,139,080	214,067	176,781	4,034,189
1997	1,086,949	1,611,144	1,237,332	221,723	191,991	4,349,138
1998	1,206,466	1,652,415	1,377,583	290,086	196,186	4,722,735
1999	1,221,475	1,804,758	1,463,897	298,390	192,221	4,980,741
2000	\$1,351,779	\$1,890,677	\$1,654,949	\$314,164	\$181,139	\$5,392,708
AAGR* 1970 to 2000	7.74%	10.22%	11.61%	7.48%	9.52%	9.49%

Major Tax Revenue as a Percent of Utah Total Personal Income						
1970	4.21%	2.97%	1.79%	1.05%	0.35%	10.37%
1975	3.01%	3.25%	1.74%	0.77%	0.30%	9.06%
1980	2.91%	3.40%	2.26%	0.60%	0.34%	9.52%
1985	3.12%	3.65%	2.31%	0.57%	0.35%	10.00%
1990	3.06%	3.50%	2.60%	0.65%	0.42%	10.22%
1995	2.91%	3.74%	2.86%	0.57%	0.44%	10.52%
1996	2.65%	3.80%	2.93%	0.55%	0.46%	10.39%
1997	2.59%	3.83%	2.94%	0.53%	0.46%	10.35%
1998	2.67%	3.65%	3.04%	0.64%	0.43%	10.43%
1999	2.53%	3.74%	3.04%	0.62%	0.40%	10.33%
2000	2.63%	3.67%	3.21%	0.61%	0.35%	10.48%

Notes: Property taxes include fee-in-lieu of property taxes on cars, trucks, recreational vehicles, etc. Property taxes collected in November of each year are applied as fiscal year revenues for the fiscal year ending on June 30th of the next year.

Sales & use taxes include: state, local, county option, public transit, municipal highways, transient room, tourism facilities, restaurant, resort communities, rural hospitals, municipal energy, motor vehicle rental, town option, and the botanical, cultural, and zoological sales & use taxes.

Fuel taxes consist of the motor fuel, special fuel, and environmental surcharge fuel taxes.

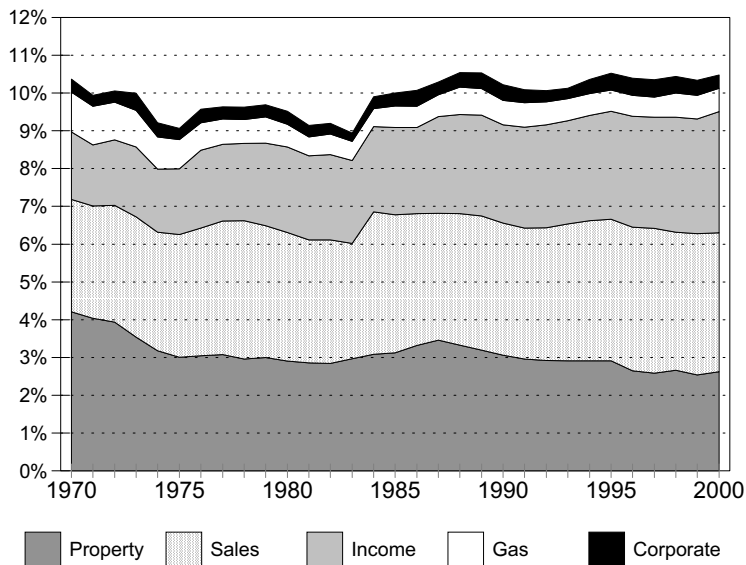
Corporate taxes include the corporate franchise (income) tax and the gross receipts taxes.

*AAGR - average annual growth rate for 30 years, FY 1970 to FY 2000. Over this 30 year period, Utah Total Personal Income grew on average 9.45 percent per year.

Source: Utah State Tax Commission and U.S. Bureau of Economic Analysis.

Figure 2

Utah's Five Major Taxes as a Percent of Total Personal Income: FY 1970 to 2000



Source: Utah State Tax Commission and U.S. Bureau of Economic Analysis.

\$314 million and \$181 million respectively.

From FY 1970 to FY 2000, property tax revenue has grown slower than each of the taxes except motor fuel taxes. Property taxes grew by an annual average rate of 7.7 percent, while the overall annual 30 year growth rate for all major tax categories was 9.5 percent (Table 1 and Figure 1).

A significant shift from property taxes to income taxes has occurred in the last 30 years. The property tax burden has declined from 4.2 percent of Utah total personal income¹ to 2.6 percent from FY 1970 to FY 2000 (see Figure 2). By comparison, sales and personal income taxes have increased as a percent of Utah personal income. The sales tax burden has increased from 3.0 percent to 3.7 percent of personal income. The income tax has increased in its burden from 1.8 percent to 3.2 percent of personal income.

Another shift has occurred in how the property tax is used. Figure 3 and Table 2 show how a smaller proportion of property taxes goes to Utah

¹ Total personal income is the best overall measurement of the size of Utah's economy. Total personal income is defined as all income received by, or on behalf of, all residents of an area. It includes wages, salaries, other labor income, proprietors' income, dividends, interest, rent, and transfer payments (such as Social Security payments).

school districts while a greater share goes to counties, cities, and special districts. In 1969, school districts received 63.5 percent of all property tax collections, by 1999 this figure stood at 53.5 percent.

This change in emphasis is reflected in increased percentages for counties, cities, and special districts. As noted earlier, while property taxes have become less significant relative to personal income, the individual income tax (which is dedicated to education in Utah) has become more significant. School districts have been able to reduce their reliance on property taxes because of the increased support of the individual income tax.

Figure 3

Property Taxes: Where Does the Money Go?

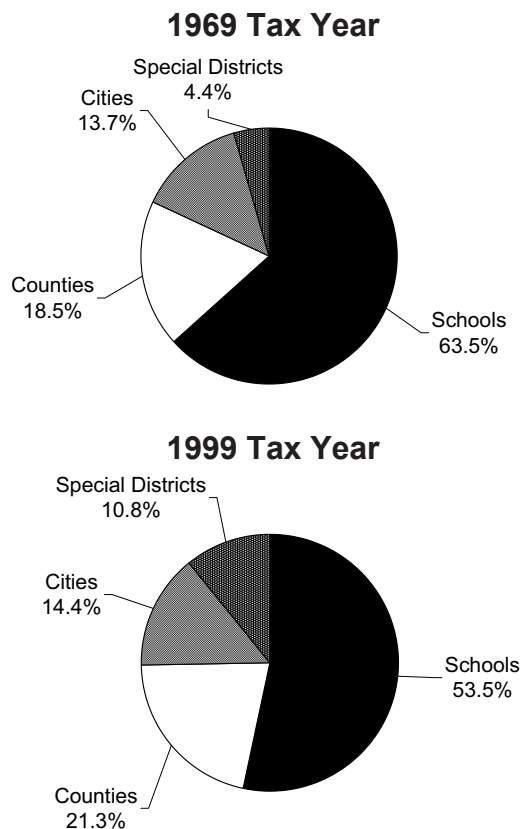


Table 2**Utah Property Taxes Charged by Taxing Entity***In Thousands of Dollars for Selected Years 1969 to 1999*

Calendar Year	Total	For School Purposes	For County Purposes	For Municipal Purposes	Special Districts
1969	\$144,474	\$91,542	\$26,709	\$19,734	\$6,285
1974	181,090	108,284	36,524	24,997	11,133
1979	341,390	200,375	70,081	39,373	31,398
1984	586,306	328,133	129,263	69,771	59,139
1989	761,403	405,451	182,637	93,156	80,159
1994	1,047,243	583,408	237,738	125,212	100,885
1995	1,027,673	534,892	250,697	133,489	108,594
1996	1,086,949	543,198	276,261	149,715	117,774
1997	1,206,466	607,665	304,103	164,275	130,423
1998	1,221,475	645,310	258,838	180,536	136,791
1999	\$1,351,779	\$722,655	\$288,193	\$195,203	\$145,728

Average Annual Percent Change Over Past Years to 1999

30 years	7.74%	7.13%	8.25%	7.94%	11.05%
10 years	5.91%	5.95%	4.67%	7.68%	6.16%
5 years	5.24%	4.37%	3.92%	9.29%	7.63%

Utah Property Taxes as a Percent of Total

1969	100.00%	63.36%	18.49%	13.66%	4.35%
1974	100.00%	59.80%	20.17%	13.80%	6.15%
1979	100.00%	58.69%	20.53%	11.53%	9.20%
1984	100.00%	55.97%	22.05%	11.90%	10.09%
1989	100.00%	53.25%	23.99%	12.23%	10.53%
1994	100.00%	55.71%	22.70%	11.96%	9.63%
1995	100.00%	52.05%	24.39%	12.99%	10.57%
1996	100.00%	49.97%	25.42%	13.77%	10.84%
1997	100.00%	50.37%	25.21%	13.62%	10.81%
1998	100.00%	52.83%	21.19%	14.78%	11.20%
1999	100.00%	53.46%	21.32%	14.44%	10.78%

Utah Property Taxes as a Percent of Utah Total Personal Income

1969	4.21%	2.67%	0.78%	0.58%	0.18%
1974	3.01%	1.80%	0.61%	0.42%	0.18%
1979	2.91%	1.71%	0.60%	0.34%	0.27%
1984	3.12%	1.74%	0.69%	0.37%	0.31%
1989	3.06%	1.63%	0.73%	0.37%	0.32%
1994	2.91%	1.62%	0.66%	0.35%	0.28%
1995	2.65%	1.38%	0.65%	0.34%	0.28%
1996	2.59%	1.29%	0.66%	0.36%	0.28%
1997	2.67%	1.34%	0.67%	0.36%	0.29%
1998	2.53%	1.34%	0.54%	0.37%	0.28%
1999	2.63%	1.40%	0.56%	0.38%	0.28%

Source: Utah State Tax Commission and U.S. Bureau of Economic Analysis.

Table 3

Utah Property Taxes Charged by Type of Property: 1980 to 1999

In Thousands of Dollars

Calendar Year	Locally Assessed				Centrally Assessed		Total
	Residential	Other Real	Motor Vehicles	Other Personal	Utilities	Natural Resources	
1980	\$183,902	\$76,845	\$22,213	\$28,347	\$37,290	\$30,768	\$379,365
1981	202,978	85,991	22,133	29,625	38,905	38,014	417,646
1982	219,419	94,858	28,738	36,350	43,905	48,126	471,396
1983	235,829	118,314	32,583	43,455	53,154	51,998	535,333
1984	266,945	124,846	34,784	48,018	56,311	55,403	586,307
1985	299,298	140,961	39,957	53,402	67,410	59,298	660,326
1986	280,245	173,386	50,810	58,400	74,537	64,579	701,957
1987	322,788	147,379	57,461	59,401	92,414	42,883	722,326
1988	316,715	145,467	62,060	57,794	103,339	50,595	735,970
1989	324,084	151,688	67,113	60,738	111,236	46,249	761,108
1990	328,727	158,942	72,293	66,840	117,955	50,384	795,141
1991	351,910	183,384	73,237	64,351	111,160	55,134	839,176
1992	381,441	191,976	81,541	71,922	126,195	46,700	899,775
1993	415,886	205,288	92,330	74,717	126,809	52,528	967,558
1994	455,275	222,547	105,709	82,727	135,990	44,997	1,047,245
1995	463,386	218,711	114,769	75,314	112,879	42,613	1,027,672
1996	492,761	236,072	129,532	78,212	111,338	39,407	1,087,322
1997	555,229	260,442	149,944	84,404	113,468	42,978	1,206,465
1998	566,563	270,849	146,030	91,699	100,318	45,984	1,221,443
1999	\$638,304	\$308,095	\$150,145	\$102,237	\$108,715	\$44,284	\$1,351,779
AAGR*	6.77%	7.58%	10.58%	6.98%	5.79%	1.94%	6.92%
1980-1999							

Utah Property Taxes by Type of Property as a Percent of Total

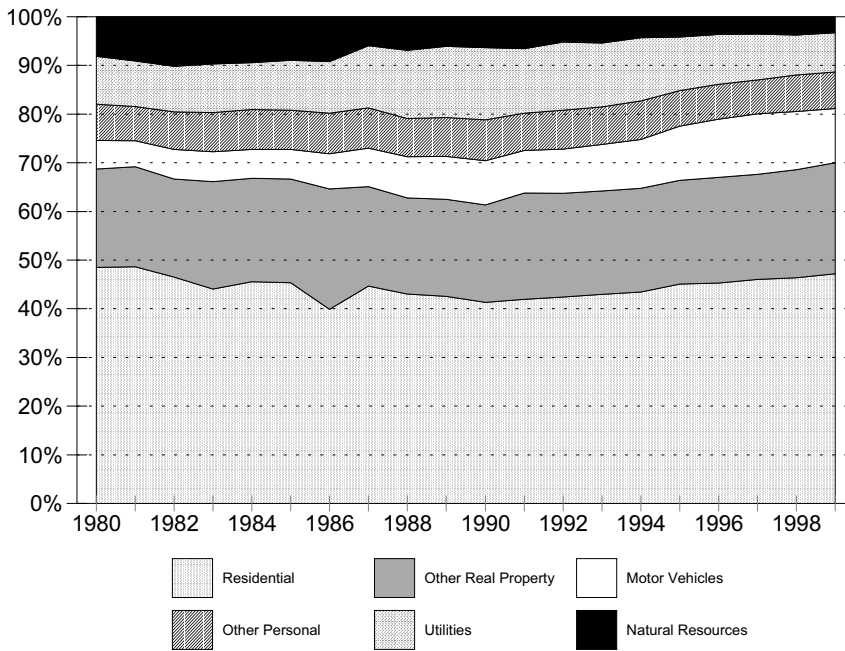
1980	48.5%	20.3%	5.9%	7.5%	9.8%	8.1%	100.0%
1981	48.6%	20.6%	5.3%	7.1%	9.3%	9.1%	100.0%
1982	46.5%	20.1%	6.1%	7.7%	9.3%	10.2%	100.0%
1983	44.1%	22.1%	6.1%	8.1%	9.9%	9.7%	100.0%
1984	45.5%	21.3%	5.9%	8.2%	9.6%	9.4%	100.0%
1985	45.3%	21.3%	6.1%	8.1%	10.2%	9.0%	100.0%
1986	39.9%	24.7%	7.2%	8.3%	10.6%	9.2%	100.0%
1987	44.7%	20.4%	8.0%	8.2%	12.8%	5.9%	100.0%
1988	43.0%	19.8%	8.4%	7.9%	14.0%	6.9%	100.0%
1989	42.6%	19.9%	8.8%	8.0%	14.6%	6.1%	100.0%
1990	41.3%	20.0%	9.1%	8.4%	14.8%	6.3%	100.0%
1991	41.9%	21.9%	8.7%	7.7%	13.2%	6.6%	100.0%
1992	42.4%	21.3%	9.1%	8.0%	14.0%	5.2%	100.0%
1993	43.0%	21.2%	9.5%	7.7%	13.1%	5.4%	100.0%
1994	43.5%	21.3%	10.1%	7.9%	13.0%	4.3%	100.0%
1995	45.1%	21.3%	11.2%	7.3%	11.0%	4.1%	100.0%
1996	45.3%	21.7%	11.9%	7.2%	10.2%	3.6%	100.0%
1997	46.0%	21.6%	12.4%	7.0%	9.4%	3.6%	100.0%
1998	46.4%	22.2%	12.0%	7.5%	8.2%	3.8%	100.0%
1999	47.2%	22.8%	11.1%	7.6%	8.0%	3.3%	100.0%

Source: Utah State Tax Commission.

Figure 4

Utah Property Taxes Charged by Class of Property

As a Percent of Total Property Taxes: 1980 to 1999



Source: Utah State Tax Commission.

Property Tax Charges by Type of Property

Table 3 and Figure 4 provide a 20-year history for property taxes charged by six classifications of property in Utah. During this 20-year period, there has been a shift away from centrally assessed property taxes to locally assessed property taxes. In the early 80's centrally assessed property (utilities and natural resources) accounted for about 20 percent of all property tax collections, by 1999 this had dropped to 11.3 percent. The State Tax Commission determines the taxable value of utilities, mines, quarries, airlines, and other centrally assessed properties, because their operations span multiple counties or because the Legislature believes they require special assessment methods. Centrally assessed natural resource properties (essentially mines, quarries, and oil and gas operations) paid about 9.3 percent of total Utah property taxes in the early 80's, by 1999 this figure had dropped to 3.3 percent.

50-State Tax Burden Comparison

The Minnesota Taxpayers Association (MTA) has published a detailed study of property taxes in all 50 states. The study examined four classes of property in two different regions of each state.

MTA analyzed property taxes in each state's largest urban metropolitan area and in a typical non-urban area. In each of these areas, four classes of property were analyzed: primary residential (or homesteads), commercial property, industrial property, and apartments.

The MTA analysis compares taxes payable in 2000 using hypothetical properties with a standard set of assumptions about their true market values, the split between real and personal property, and other necessary information². In addition to these categories, properties of different values were compared (see Table 4). Because of its extensiveness and breadth, the study provides a valuable analysis and comparison of property tax burdens throughout the United States.

This report discusses the four classes of property studied in the Minnesota report: primary residential, commercial, industrial, and apartments. Within each property classification, the report is divided into the two regions: largest urban and non-urban.

Primary Residential

For primary residential properties, two different market values were used: a lower value property with land and building of \$70,000 and fixtures of \$10,000, bringing the total value to \$80,000; and a higher valued property - land and building at \$150,000 with \$50,000 as fixtures, for a total value of \$200,000.

² The study is a survey of property taxes in which Minnesota's Taxpayers Association identified a property tax expert in each state, usually a state or county government employee, who worked with MTA analysts and assisted in calculating the tax, providing the background information on the expert's state property tax system, and in selecting the typical non-urban areas according to MTA criteria. Each state expert reviewed the data after it was compiled by MTA.

Table 4

50-State Property Tax Comparison Study

Characteristics of Properties Evaluated

PROPERTY TYPE	LOWER VALUED PROPERTY	MIDDLE VALUED PROPERTY	HIGHER VALUED PROPERTY
Residential	\$70,000 Land and Building \$10,000 Fixtures	\$150,000 Land and Building \$50,000 Fixtures	
Total	\$80,000	\$200,000	
Apartments	(Only one value used.)	\$600,000 Land and Building \$50,000 Fixtures	
Total		\$650,000	
Commercial	\$100,000 Land and Building \$20,000 Fixtures	\$1,000,000 Land and Building \$200,000 Fixtures	\$25 million Land and Building \$5 million Fixtures
Total	\$120,000	\$1,200,000	\$30 million
Industrial	\$100,000 Land and Building \$50,000 Machinery and Equipment \$40,000 Inventories \$10,000 Fixtures	\$1,000,000 Land and Building \$500,000 Machinery and Equipment \$400,000 Inventories \$100,000 Fixtures	\$25 million Land and Building \$12.5 million Machinery and Equipment \$10 million Inventories \$2.5 million Fixtures
Total	\$200,000	\$2,000,000	\$50 million

All property types were evaluated in two different areas: largest urban and non-urban.

Source: Minnesota Taxpayers Association, 50-State Property Tax Comparison Study, January 2001.

Largest Urban area

Utah’s largest metropolitan urban area, as defined by the federal government, is Salt Lake City/Ogden - encompassing Salt Lake, Davis, and Weber counties. In this region, property taxes on a primary residence with a value of \$80,000 amounted to \$544, or an **effective tax rate (ETR)**

of 0.681 percent. This placed Utah 40th in the nation compared to other states, with 54.5 percent of the national average tax. Refer to **Table 5** for a listing of the property taxes, ETRs, and state rankings among mountain states (consisting of Utah’s six contiguous neighbors plus Montana). **Table 5** provides this information for each of the 18 combinations of property type, geographic area, and level of value included in the Minnesota report.

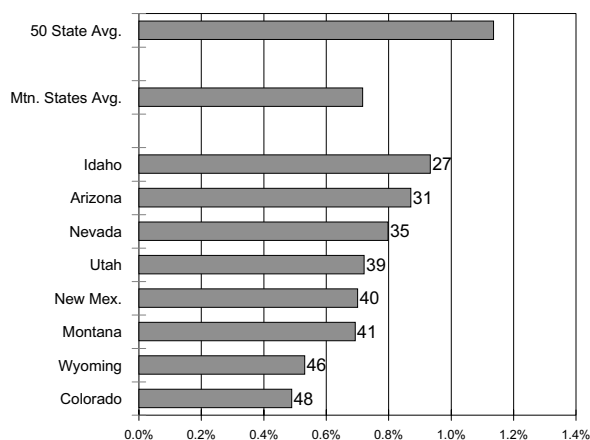
For the higher valued residential urban property with a value of \$200,000, Utah ranked 39th nationally at 63.5 percent of the national average. The ETR for this property was 0.721 percent, about equal to the mountain states average. **Figure 5** is a bar chart depicting the ETR for each of the mountain states, with the rank among the 50 states displayed at the end of each state bar. Also shown in **Figure 5** are the ETR averages for all 50 states and for the mountain states.

Non-urban Areas

For lower value property in non-urban areas, Utah’s property taxes were 39th in the nation. Utah property taxes for this class of property were 54.4 percent of the national average having an ETR of 0.612 percent. For the higher valued rural property,

Figure 5

Effective Tax Rate and State Rank
Urban Primary Residential Property Valued at \$200,000



Source: Minnesota Taxpayers Association, January 2001.

Table 5

Mountain States Property Tax Comparison

Property Taxes, Effective Tax Rates, and 50-State Rankings by Type of Area and Value For Property Taxes Payable in 2000

Type of Area Value (in thousands)	Primary Residential			Apartments			Commercial			Industrial								
	Urban		Rural	Urban		Rural	Urban		Rural	Urban		Rural						
	\$80	\$200	\$80	\$200	\$80	\$200	\$120	\$30,000	\$120	\$1,200	\$30,000	\$200	\$50,000	\$200	\$50,000			
Arizona	\$813	\$1,741	\$434	\$930	\$9,703	\$3,518	\$3,639	\$42,734	\$1,119,126	\$1,047	\$20,943	\$551,499	\$4,062	\$59,659	\$1,542,236	\$2,443	\$34,905	\$900,549
Colorado	456	977	512	1,097	4,374	5,089	2,270	22,704	567,595	2,638	26,377	659,425	3,051	30,510	762,762	3,517	35,169	879,234
Idaho	792	1,866	656	1,554	11,886	9,841	2,116	21,160	529,004	1,579	15,794	394,858	2,885	28,847	721,177	2,210	22,101	552,533
Montana	647	1,386	565	1,211	5,874	5,270	1,509	15,089	377,223	1,509	15,087	377,179	2,027	20,275	506,873	2,079	20,795	519,872
Nevada	745	1,597	812	1,739	6,682	7,269	1,299	12,989	324,722	1,394	14,619	348,554	1,742	17,424	435,606	1,863	18,634	465,853
New Mex.	616	1,399	402	914	6,288	4,675	1,449	14,495	362,364	909	9,091	227,264	2,002	20,016	500,407	1,255	12,554	313,840
Utah	544	1,442	490	1,453	5,142	4,654	1,709	17,086	427,139	1,551	15,515	387,870	2,280	22,798	569,959	2,069	20,686	517,160
Wyoming	\$495	\$1,062	\$432	\$926	\$4,459	\$3,890	\$849	\$8,493	\$212,325	\$741	\$7,410	\$185,250	\$1,371	\$13,708	\$342,700	\$1,196	\$11,960	\$299,000
Mtn. States Avg.	\$639	\$1,434	\$538	\$1,228	\$6,801	\$5,526	\$1,855	\$19,344	\$489,937	\$1,421	\$15,605	\$391,487	\$2,428	\$26,655	\$672,715	\$2,079	\$22,101	\$556,005
50 State Average	\$998	\$2,271	\$901	\$2,009	\$12,112	\$9,489	\$2,660	\$27,070	\$678,733	\$1,986	\$20,419	\$510,359	\$3,381	\$34,495	\$864,752	\$2,792	\$28,602	\$717,877
Effective Property Tax Rate in 2000	1.016%	0.871%	0.543%	0.465%	1.540%	0.558%	3.032%	3.561%	3.730%	0.873%	1.745%	1.838%	2.031%	2.983%	3.084%	1.222%	1.745%	1.801%
Arizona	0.570%	0.489%	0.640%	0.548%	0.694%	0.808%	1.892%	1.892%	1.892%	2.198%	2.198%	2.198%	1.526%	1.526%	1.526%	1.758%	1.758%	1.758%
Colorado	0.990%	0.933%	0.820%	0.777%	1.887%	1.562%	1.763%	1.763%	1.763%	1.316%	1.316%	1.316%	1.442%	1.442%	1.442%	1.105%	1.105%	1.105%
Idaho	0.809%	0.693%	0.706%	0.606%	0.932%	0.837%	1.257%	1.257%	1.257%	1.257%	1.257%	1.257%	1.014%	1.014%	1.014%	1.040%	1.040%	1.040%
Montana	0.931%	0.798%	1.015%	0.870%	1.061%	1.154%	1.082%	1.082%	1.082%	1.162%	1.162%	1.162%	0.871%	0.871%	0.871%	0.932%	0.932%	0.932%
Nevada	0.770%	0.700%	0.503%	0.457%	0.998%	0.742%	1.208%	1.208%	1.208%	0.758%	0.758%	0.758%	1.001%	1.001%	1.001%	0.628%	0.628%	0.628%
New Mex.	0.681%	0.721%	0.612%	0.726%	0.816%	0.739%	1.424%	1.424%	1.424%	1.293%	1.293%	1.293%	1.140%	1.140%	1.140%	1.034%	1.034%	1.034%
Utah	0.619%	0.531%	0.540%	0.463%	0.708%	0.618%	0.708%	0.708%	0.708%	0.618%	0.618%	0.618%	0.685%	0.685%	0.685%	0.598%	0.598%	0.598%
Wyoming	0.798%	0.717%	0.672%	0.614%	1.080%	0.877%	1.546%	1.612%	1.633%	1.184%	1.300%	1.305%	1.214%	1.333%	1.345%	1.040%	1.105%	1.112%
Mtn. States Avg.	1.248%	1.136%	1.126%	1.004%	1.922%	1.506%	2.217%	2.256%	2.262%	1.655%	1.702%	1.702%	1.694%	1.725%	1.730%	1.396%	1.430%	1.436%
50 State Average	27	31	44	45	28	49	10	6	6	42	22	17	17	4	3	23	13	11
Arizona	44	48	38	40	49	41	27	27	28	11	12	11	25	26	26	11	12	13
Colorado	28	27	32	30	23	22	32	33	32	31	34	33	31	31	31	25	26	26
Idaho	37	41	35	36	46	40	40	40	40	33	33	35	43	42	42	28	29	29
Montana	33	35	28	29	44	29	48	48	48	37	38	38	48	47	47	34	35	35
Nevada	38	40	46	47	45	44	42	42	42	46	46	46	44	43	43	47	47	47
New Mex.	40	39	39	34	47	45	38	38	38	32	35	34	38	38	38	29	30	30
Utah	42	46	45	46	48	48	50	50	50	49	49	49	49	49	49	48	48	48
Wyoming																		

Source: Minnesota Taxpayers Association, 50-State Property Tax Comparison Study, January 2001.

the ETR was 0.726 percent in Utah, ranking 34th or 72.3 percent of the national average.

Apartments

The apartment property in this comparison was valued at \$600,000 for land and building with \$50,000 for fixtures, bringing the total market value to \$650,000.

Largest Urban Area

Apartment property taxes in Utah ranked 47th in the nation. Utah taxes were only 42.5 percent of the national average. Among the eight mountain states, Utah ranked 6th with an ETR of 0.816 percent (see **Figure 6**).

Non-urban area

In non-urban areas, Utah apartment property taxes ranked 45th, with an ETR of 0.739 percent. Utah rural apartment property taxes were only 49.0 percent of the national average.

Commercial Property

Commercial property assumptions consist of two parts: 1) land and building, and 2) fixtures for each of three levels of value. For the lower valued property, the land and buildings amounted to \$100,000 with fixtures of \$20,000, for a total of \$120,000. For the middle valued property, land and buildings amounted to \$1,000,000 and fixtures \$200,000, for a total of \$1.2 million. Finally, for the highest valued property, land and buildings amounted to \$25 million and fixtures \$5 million, for a total of \$30 million.

Largest Urban Area

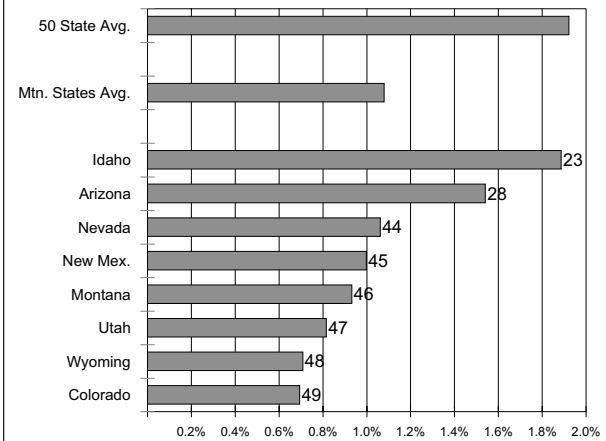
Utah ranks favorably in commercial property taxes having an urban ETR of 1.424 percent and ranking 38th among all states and 4th among the mountain states. The ETR and rankings are the same for each of the three levels of urban commercial property values. **Figure 7** displays the mountain states ETR and ranking for commercial property with a total value of \$1.2 million. For the commercial property at this value, Utah property taxes were 63.1 percent of the national average.

Non-urban Area

In non-urban areas, Utah commercial property taxes ranked higher than in urban Utah, though

Figure 6

Effective Tax Rate and State Rank Urban Apartment Property Valued at \$650,000

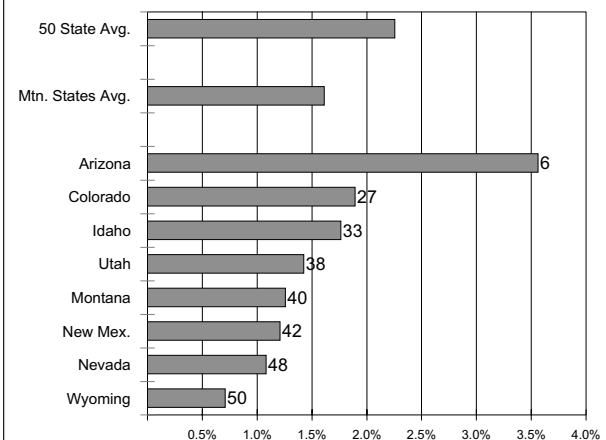


Source: Minnesota Taxpayers Association, January 2001.

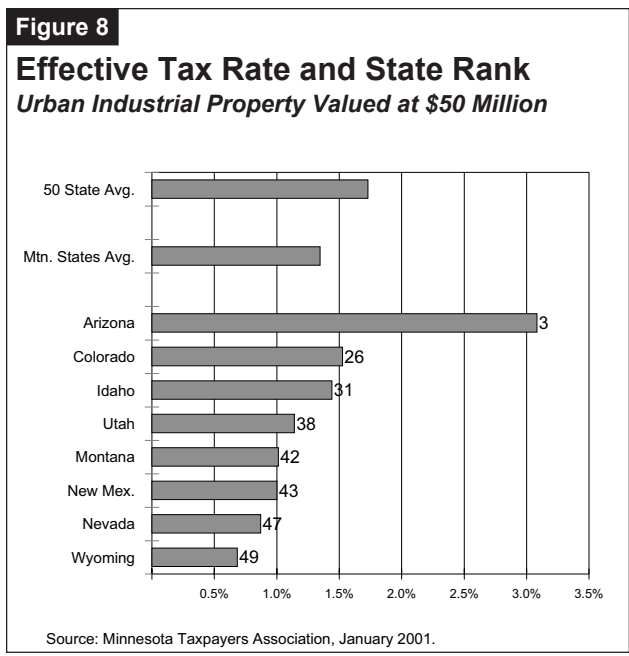
well below the national average. The national average tax for a \$120,000 property amounted to \$1,986 with an ETR of 1.655 percent. Utah's tax ranked 32nd at 78.1 percent of the national average. For the \$1.2 million valued property, Utah ranked 35th with taxes at 76.0 percent of the national average. At the \$30 million level, taxes were again 76.0 percent of the national average, with Utah ranking 34th. The ETR of 1.293 percent for commercial non-urban property taxes was the same at all three levels of value.

Figure 7

Effective Tax Rate and State Rank Urban Commercial Property Valued at \$1.2 Million



Source: Minnesota Taxpayers Association, January 2001.



Industrial Property

Industrial property values consisted of four parts: 1) land and building; 2) machinery and equipment; 3) inventories; and 4) fixtures. For the lower valued property, the land and buildings amounted to \$100,000, machinery and equipment \$50,000, inventories \$40,000 and fixtures \$10,000 for a total of \$200,000. The middle valued industrial property, land and buildings amounted to \$1,000,000, machinery and equipment \$500,000, inventories \$400,000 and fixtures \$100,000 for a total of \$2 million. For the higher valued industrial property, land and buildings were \$25 million, machinery and equipment \$12.5 million, inventories \$10 million and fixtures \$2.5 million for a total value of \$50 million.

Largest Urban Area

As with the other classes of property, Utah industrial property taxes ranked relatively low when compared to industrial property taxes in other states. Utah property taxes for lower valued property ranked 38th, 67.4 percent of the national average. For the middle and higher valued property, Utah also ranked 38th, at 66.1 percent and 65.9 percent of the national average. Among the mountain states, Utah ranked 4th for all three levels of value. The Utah ETR was the same regardless of level of value at 1.140 percent. **Figure 8** provides an illustration of the mountain states ETRs and rankings compared to the nation for urban industrial property valued at \$50 million.

Non-urban Areas

Utah's non-urban industrial property taxes were lower than Utah urban taxes but had higher ranks when compared to the other states. The Utah ETR was the same for each level of value at 1.034 percent. Utah non-urban industrial property valued at \$200,000 ranked 29th among the states at 74.1 percent of the national average. For both the middle value of \$2 million and higher value of \$50 million, Utah ranked 30th. Utah taxes were 72.3 percent of the national average for rural industrial property valued at \$2 million. For higher valued property, Utah taxes were 72.0 percent of the national average. Among the mountain states, Utah industrial taxes for non-urban areas ranked 5th.

Urban/Rural Utah Comparison

Figure 9 displays the ETRs for Utah's urban and non-urban areas by type of property. Generally, the ETR by type of property is a little less in non-urban Utah than the rates computed for urban properties. The one exception is for primary residential property valued at \$200,000, the ETRs are slightly higher for the non-urban property at 0.726 percent compared to 0.721 percent for the urban property.

ETRs are significantly lower for the 3 housing categories in **Figure 9** than for commercial or industrial property. This is due to the 45 percent exemption from assessed value granted to primary residences in Utah. Secondary residential, commercial, and industrial properties in Utah are taxed at 100 percent of their market value.

Conclusion

Whether one looks at homes, apartments, commercial, or industrial property, Utah property taxes are relatively low when compared to other states. Utah property taxes when compared to the neighboring mountain states are below average in 15 of the 18 combinations of property type and level of value covered by the Minnesota Taxpayers Association study.

Drawing conclusions about state to state comparisons of tax burdens is complicated by the unique economic and demographic characteristics of the various states. States differ significantly on their use of various types of taxes. Some states have high property taxes but have no sales taxes,

Table 6

**50-State Property Tax Comparison — Effective Tax Rates*
For Property Taxes Payable in 2000**

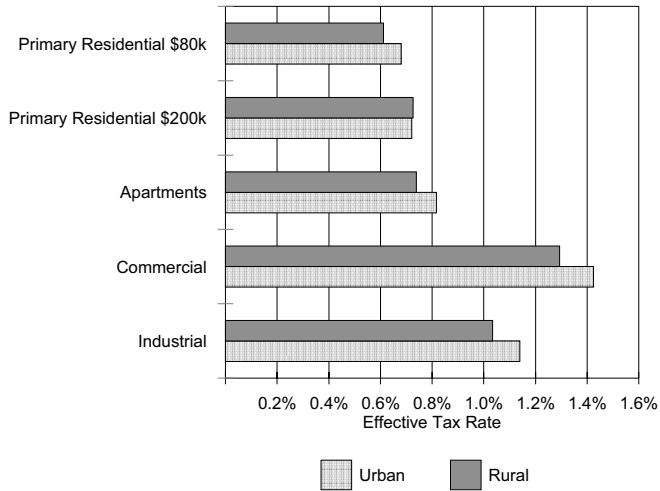
	Primary Residential			Apartments		Commercial			Industrial				
	Urban		Rural	Urban	Rural	Urban	\$120	\$30,000	\$120	Urban	\$50,000	Rural	
	\$80	\$200	\$80	\$650	\$650	\$120	\$1,200	\$30,000	\$120	\$2,000	\$50,000	\$2,000	\$50,000
Alabama	0.470%	0.444%	0.347%	1.284%	1.000%	1.297%	1.297%	1.297%	1.006%	1.056%	1.056%	0.814%	0.814%
Alaska	1.478%	1.266%	1.698%	1.656%	1.944%	1.576%	1.607%	1.607%	1.952%	1.350%	1.350%	1.976%	1.976%
Arizona	1.016%	0.871%	0.543%	1.540%	0.558%	3.030%	3.561%	3.730%	0.873%	2.031%	2.983%	3.084%	1.801%
Arkansas	1.016%	0.871%	0.566%	1.156%	0.656%	1.169%	1.169%	1.169%	0.677%	1.206%	1.206%	0.736%	0.736%
California	0.984%	0.894%	0.788%	1.250%	1.000%	1.250%	1.250%	1.250%	1.000%	1.000%	1.000%	0.800%	0.800%
Colorado	0.570%	0.489%	0.640%	0.694%	0.808%	1.892%	1.892%	1.892%	2.198%	1.526%	1.526%	1.758%	1.758%
Connecticut	1.744%	1.495%	1.655%	3.290%	2.545%	3.784%	3.784%	3.784%	2.243%	3.027%	3.027%	1.870%	1.870%
Delaware	0.394%	0.847%	0.603%	1.076%	0.657%	1.449%	1.449%	1.449%	0.582%	1.046%	0.869%	0.349%	0.349%
Florida	1.460%	1.639%	1.252%	2.656%	2.226%	2.685%	2.685%	2.685%	2.226%	2.118%	2.118%	1.781%	1.781%
Georgia	0.431%	0.670%	1.241%	1.174%	1.546%	1.191%	1.191%	1.191%	1.548%	1.240%	1.240%	1.553%	1.553%
Hawaii	0.123%	0.189%	0.186%	0.409%	0.975%	0.737%	0.737%	0.737%	0.707%	0.449%	0.449%	0.424%	0.424%
Idaho	0.990%	0.933%	0.820%	1.887%	1.562%	1.763%	1.763%	1.763%	1.316%	1.442%	1.442%	1.105%	1.105%
Illinois	2.514%	2.405%	2.047%	3.332%	2.228%	6.923%	6.923%	6.923%	1.950%	3.935%	3.935%	1.170%	1.170%
Indiana	1.281%	1.258%	1.072%	2.209%	1.788%	2.375%	2.375%	2.375%	1.925%	2.850%	2.850%	2.310%	2.310%
Iowa	1.634%	1.520%	1.159%	3.636%	2.060%	3.181%	3.181%	3.181%	1.802%	2.577%	2.577%	1.331%	1.331%
Iowa	0.862%	0.765%	1.839%	1.135%	2.327%	2.164%	2.164%	2.164%	4.897%	2.364%	2.364%	4.976%	4.976%
Kansas	1.282%	1.099%	1.033%	1.415%	0.487%	1.441%	1.441%	1.441%	0.827%	1.457%	1.457%	0.948%	0.948%
Kentucky	0.117%	0.623%	0.151%	1.531%	1.089%	2.277%	2.277%	2.277%	1.618%	2.330%	2.330%	1.650%	1.650%
Louisiana	1.890%	1.716%	1.040%	2.400%	1.320%	2.400%	2.400%	2.400%	1.320%	1.920%	1.920%	1.056%	1.056%
Maine	1.833%	1.571%	1.032%	2.472%	1.105%	2.891%	2.891%	2.891%	1.351%	1.443%	1.443%	0.657%	0.657%
Maryland	0.527%	0.737%	1.502%	1.252%	1.635%	3.201%	3.201%	3.201%	1.431%	1.711%	1.711%	0.858%	0.858%
Massachusetts	2.597%	2.226%	1.592%	3.688%	2.968%	3.868%	3.868%	3.868%	2.693%	3.095%	3.095%	2.181%	2.181%
Michigan	0.945%	1.055%	0.922%	2.884%	2.959%	2.726%	3.638%	3.808%	2.508%	1.635%	2.183%	2.285%	2.013%
Minnesota	0.926%	0.931%	0.732%	2.118%	1.770%	2.159%	2.159%	2.159%	1.770%	1.784%	1.784%	1.416%	1.416%
Mississippi	1.199%	1.028%	0.888%	1.421%	1.052%	2.731%	2.731%	2.731%	1.802%	1.266%	1.266%	1.443%	1.443%
Missouri	0.809%	0.693%	0.706%	0.932%	0.837%	1.257%	1.257%	1.257%	1.257%	1.014%	1.014%	1.040%	1.040%
Montana	1.568%	1.344%	1.542%	1.797%	1.769%	1.811%	1.792%	1.792%	1.784%	1.468%	1.468%	1.450%	1.450%
Nebraska	0.931%	0.798%	1.015%	1.061%	1.154%	1.082%	1.082%	1.082%	1.162%	0.871%	0.871%	0.932%	0.932%
Nevada	2.401%	2.058%	1.565%	2.613%	1.703%	2.618%	2.618%	2.618%	1.490%	1.372%	1.372%	0.894%	0.894%
New Hampshire	2.361%	2.024%	2.225%	2.570%	0.742%	3.387%	3.387%	3.387%	2.119%	2.032%	2.032%	1.272%	1.272%
New Jersey	0.770%	0.700%	0.503%	0.988%	0.457%	1.208%	1.208%	1.208%	0.758%	1.001%	1.001%	0.628%	0.628%
New Mexico	0.726%	0.622%	0.718%	4.037%	2.959%	3.419%	3.419%	3.419%	2.589%	2.051%	2.051%	1.553%	1.553%
North Carolina	0.987%	0.846%	0.660%	1.132%	0.566%	1.140%	1.140%	1.140%	0.825%	0.923%	0.923%	0.731%	0.731%
North Dakota	1.707%	1.463%	1.566%	2.093%	1.896%	1.831%	1.831%	1.831%	1.659%	1.099%	1.099%	0.995%	0.995%
Ohio	1.198%	1.027%	1.140%	1.688%	1.354%	1.484%	1.803%	1.671%	1.199%	1.486%	1.747%	1.464%	1.534%
Oklahoma	0.854%	0.790%	0.587%	1.139%	0.762%	1.181%	1.181%	1.181%	0.762%	1.300%	1.300%	0.762%	0.762%
Oregon	1.780%	1.526%	1.607%	2.034%	1.836%	2.034%	2.034%	2.034%	1.836%	1.627%	1.627%	1.469%	1.469%
Pennsylvania	2.291%	1.964%	1.287%	2.493%	1.401%	3.401%	3.401%	3.401%	1.226%	2.041%	2.041%	0.735%	0.735%
Rhode Island	2.091%	1.792%	2.069%	4.988%	1.132%	3.832%	4.400%	4.400%	2.848%	2.427%	2.427%	3.021%	3.021%
South Carolina	0.625%	0.570%	0.648%	1.265%	1.760%	1.512%	1.512%	1.512%	1.976%	2.084%	2.084%	2.841%	2.841%
South Dakota	1.563%	1.340%	1.859%	2.480%	1.594%	2.170%	2.170%	2.170%	2.453%	1.302%	1.302%	1.472%	1.472%
Tennessee	1.399%	1.199%	0.610%	2.536%	1.103%	2.478%	2.478%	2.478%	1.070%	1.901%	1.901%	0.809%	0.809%
Texas	2.329%	2.038%	1.816%	2.529%	2.467%	2.769%	2.769%	2.769%	2.591%	2.835%	2.835%	2.591%	2.591%
Utah	0.681%	0.721%	0.612%	0.816%	0.739%	1.424%	1.424%	1.424%	1.293%	1.140%	1.140%	1.034%	1.034%
Vermont	1.866%	1.600%	2.090%	2.031%	2.275%	2.559%	2.559%	2.559%	3.778%	2.048%	2.048%	4.412%	4.412%
Virginia	1.154%	0.989%	0.890%	1.393%	1.128%	1.774%	1.774%	1.774%	1.354%	1.109%	1.109%	0.947%	0.947%
Washington	0.957%	0.820%	1.090%	1.099%	1.247%	1.113%	1.113%	1.113%	1.251%	0.909%	0.909%	1.007%	1.007%
West Virginia	0.595%	0.510%	0.470%	1.829%	1.006%	1.822%	1.822%	1.822%	1.020%	1.803%	1.803%	1.057%	1.057%
Wisconsin	2.117%	1.906%	1.121%	2.657%	1.561%	2.680%	2.680%	2.680%	1.615%	1.466%	1.466%	0.869%	0.869%
Wyoming	0.619%	0.531%	0.540%	0.708%	0.618%	0.708%	0.708%	0.708%	0.618%	0.685%	0.685%	0.598%	0.598%
AVERAGE	1.248%	1.136%	1.126%	1.922%	1.506%	2.217%	2.256%	2.262%	1.655%	1.694%	1.725%	1.430%	1.436%

*The Effective Tax Rate (ETR) is the tax due divided by the total market value of the property.

Source: Minnesota Taxpayers Association, 50-State Property Tax Comparison Study, January 2001.

Figure 9

Utah Effective Tax Rates by Type of Property
Urban and Rural Property Comparison



Source: Minnesota Taxpayers Association, January 2001.

such as Oregon. Other states have very low or no personal income taxes because they have relatively unique revenue sources. For example, Nevada relies on gaming taxes, while Wyoming uses coal severance taxes as a relatively large proportion of its revenue base. Equally important in looking at tax policy is the demand side of the equation. Utah for example, has the highest percent of its population of school age in the nation. This places heavier demands on government than states with small school-age populations relative to total population. The geography and industrial make-up of a state also dictate different approaches to tax policy.