

# Taxation of Primary Residential Property

**REVISED**

1:19 pm, Jan 07, 2019



Utah State Tax Commission

Property Tax Division

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## General Information

Property taxes are one of the primary sources of funds for local governments, counties, school districts, cities, towns and special entities such as water and sewer districts. The following are examples of *local* services funded by your property taxes:

- fire and police protection
- libraries
- jails
- schools
- road repairs

The state and federal government do not receive any revenue from your property tax.

Property taxes are based upon the market value of your property. Market value reflects the value of your property as of January 1 of each year. The county assessor determines the market value and the taxable value of your property.

**Taxable value** is the value used to calculate taxes due on your property. A primary residence — both buildings and land (maximum one acre) — receives a 45 percent exemption from market value. For most other classes of real property, the taxable value is the same as the market value.

### Example:

Primary residence market value	\$100,000
Residential exemption 45%	- 45,000
Taxable value	\$ 55,000
(\$100,000 x .55 = \$55,000)	

## Cyclical Reappraisal

Utah law requires that county assessors annually update property values. Assessors are also required to complete a detailed review of property characteristics for each property at least once every five years. The Tax Commission may take corrective action if county assessment levels do not meet established standards.

## How is Residential Property Taxed?

The primary residence is any dwelling used as a full-time residence and can include up to one acre of land. Rental homes and apartments also qualify as primary residences. However, vacation homes, cabins, time-shares or other types of transitory housing do not qualify as primary residences.

Property taxes are not charged on home furnishings or furniture.

## Market vs Taxable Value

**Market value** is the price your property would sell for if it were offered for a reasonable amount of time on the open market. This assumes that both the buyer and seller are unrelated, well-informed and under no pressure to buy or sell the property.

## Tax Rates

Tax rates are set by the various entities with the legal power to levy property taxes. These governmental entities include counties, school districts, cities and towns, and special taxing districts such as water, sewer and cemetery districts.

The "Notice of Valuation and Tax Changes" and your "Tax Notice" indicate the amount you pay to each taxing entity. To calculate your taxes, multiply your taxable value by the tax rate.

### Example:

$$\text{Taxable Value} \times \text{Tax Rate} = \text{Tax Due}$$

$$\$55,000 \times .0125 = \$687.50$$

## Tax Relief

File applications for tax relief with the appropriate county by September 1 of each year.

Note: Applications for tax relief, excluding the veterans with a disability exemption, must be filed on an annual basis.

## Veterans with a Disability Exemption

Veterans with a disability and their surviving spouses and orphans are eligible for this exemption.

## Active or Reserve Armed Forces Exemption

Qualified active duty is defined to mean at least 200 days in a continuous 365-day period outside the state beginning in the prior year. Applications must be filed by Sept 1 the year after qualifying active duty service was completed. Total taxable value of the primary residential property is exempt.

## Blind Exemption

The exemption is available to the visually impaired and their surviving spouses and orphans. Utah law defines the qualifying vision impairments.

## Indigent Abatement/Deferral

The abatement is 50 percent of the total tax for the current year, or a maximum of \$1,015, whichever is less. The abatement applies only to the applicant's residence. To qualify, household income must be less than an amount specified by the legislature, and applicants must be 65 years of age or older. Applicants under 65 may qualify if they are disabled or can show circumstances of extreme hardship.

## Circuit Breaker

The circuit breaker tax credit applies to both homeowners and renters. To qualify, you must be at least 66 years of age or a widow or widower and your annual income cannot exceed an amount specified by the legislature.

## Appeals

A "Notice of Property Valuation and Tax Changes" is mailed to every property owner each summer. It shows market value and proposed changes in property tax rates. If you disagree with the market value of your property, you have 45 days to file an appeal with the county board of equalization. The board is comprised of the county legislative body (commissioners or council). Appeal instructions are provided on your "Notice of Property Valuation and Tax Changes."

Your appeal must address the issue of market value, not the tax rate. Evidence supporting your estimation of the market value must be included in the appeal. If you do not agree with the county's decision, you may appeal to the State Tax Commission. Appeals to the State Tax Commission must be filed with your county auditor, within 30 days after the final action of the county board of equalization.

## Delinquent Taxes

Taxes become delinquent if they are not paid by November 30 of each year. The penalty is 2.5 percent or \$10 (whichever is greater) for each parcel. The penalty will be reduced to the greater of 1 percent or \$10 if all delinquent taxes and the 1 percent (or \$10) are paid on or before January 31 of the following year. Unless taxes and penalty are paid before January 31 of the following year, the amount of taxes and penalty accrue interest from January 1 following the delinquency date.

## For More Information

Contact your **county assessor** if you have questions regarding:

- real/personal property values
- residential exemptions

Contact your **county auditor** if you have questions regarding:

- tax relief programs
- tax rates
- valuation appeals

Contact your **county recorder** if you have questions regarding:

- ownership
- mailing address
- legal description

Contact your **county treasurer** if you have questions regarding:

- delinquent taxes
- tax payments