



The Duty of the County Assessor is to assess:

**“All Tangible Property...
...at a uniform and equal rate in proportion to
its *fair market value*”**

Article XIII Section 2 of the Utah Constitution

What the Law Requires

§59-2-103

“All tangible taxable property located within the state shall be assessed and taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1...”

§59-2-301

“The County Assessor shall assess all property located within the county...”

§59-2-303.1

“...each county assessor shall annually update property values,...based on a systematic review of current market data. In addition, the Assessor shall complete a detailed review of property characteristics for each property at least once every five years.”

§59-2-1001.(2) “The county board of equalization shall adjust and equalize the valuation and assessment of.. real property...”

Market Value

is the common denominator shared by all types of property.

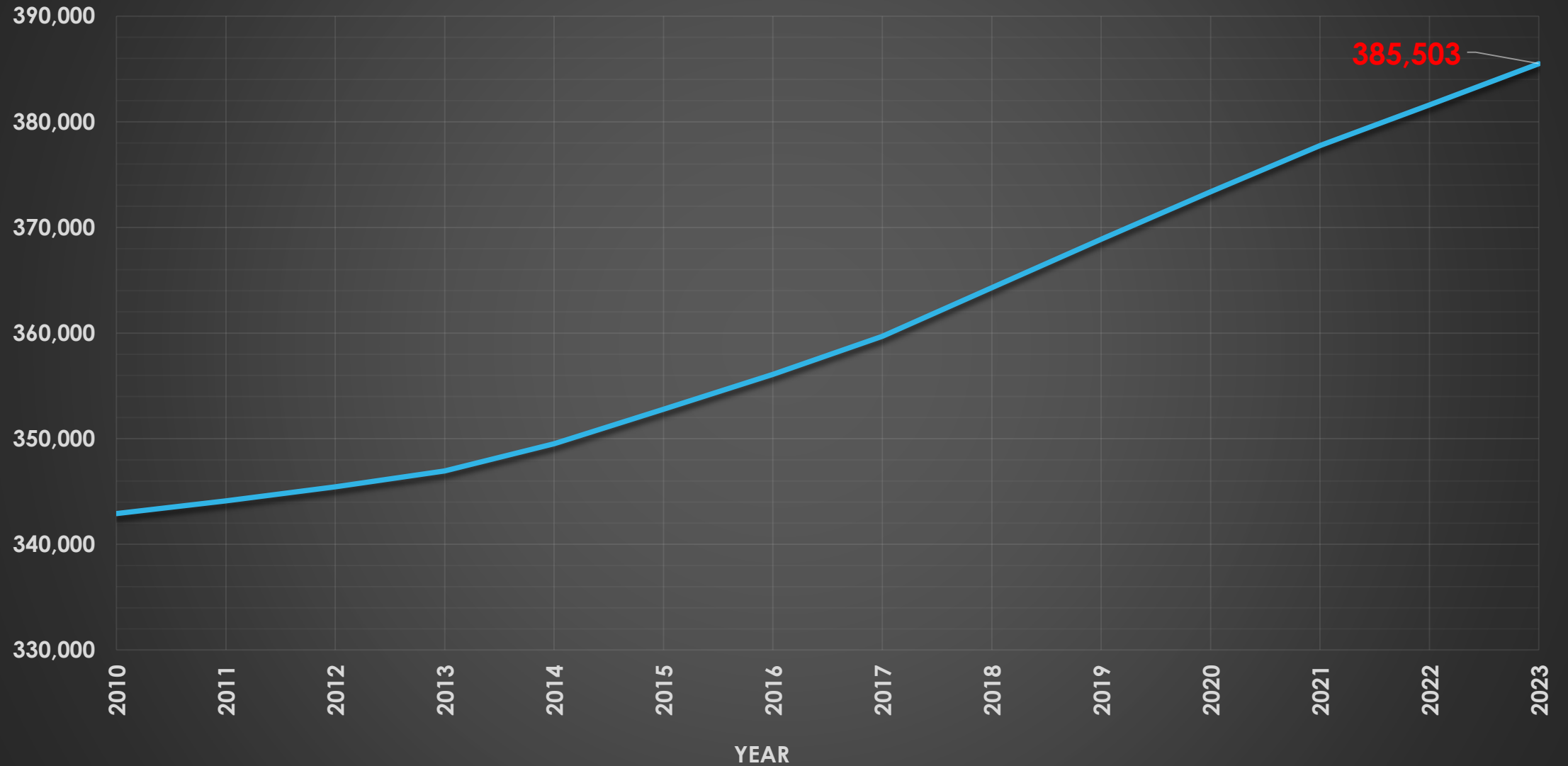


What is Market Value?

➡ **§59-2-102(12)**

➡ **“Fair market value” means the amount at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the relevant facts.**

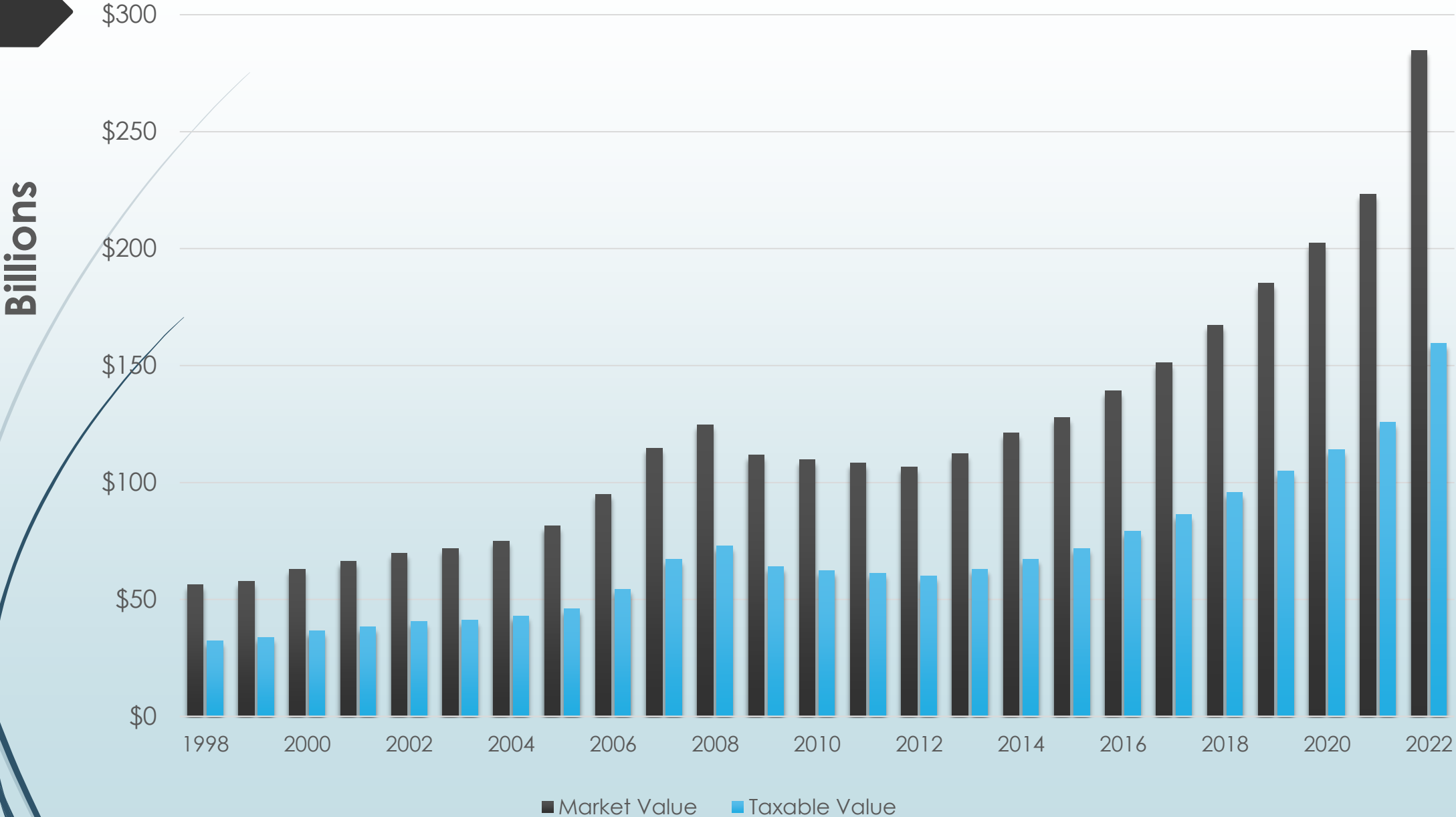
Real Property Parcel Count



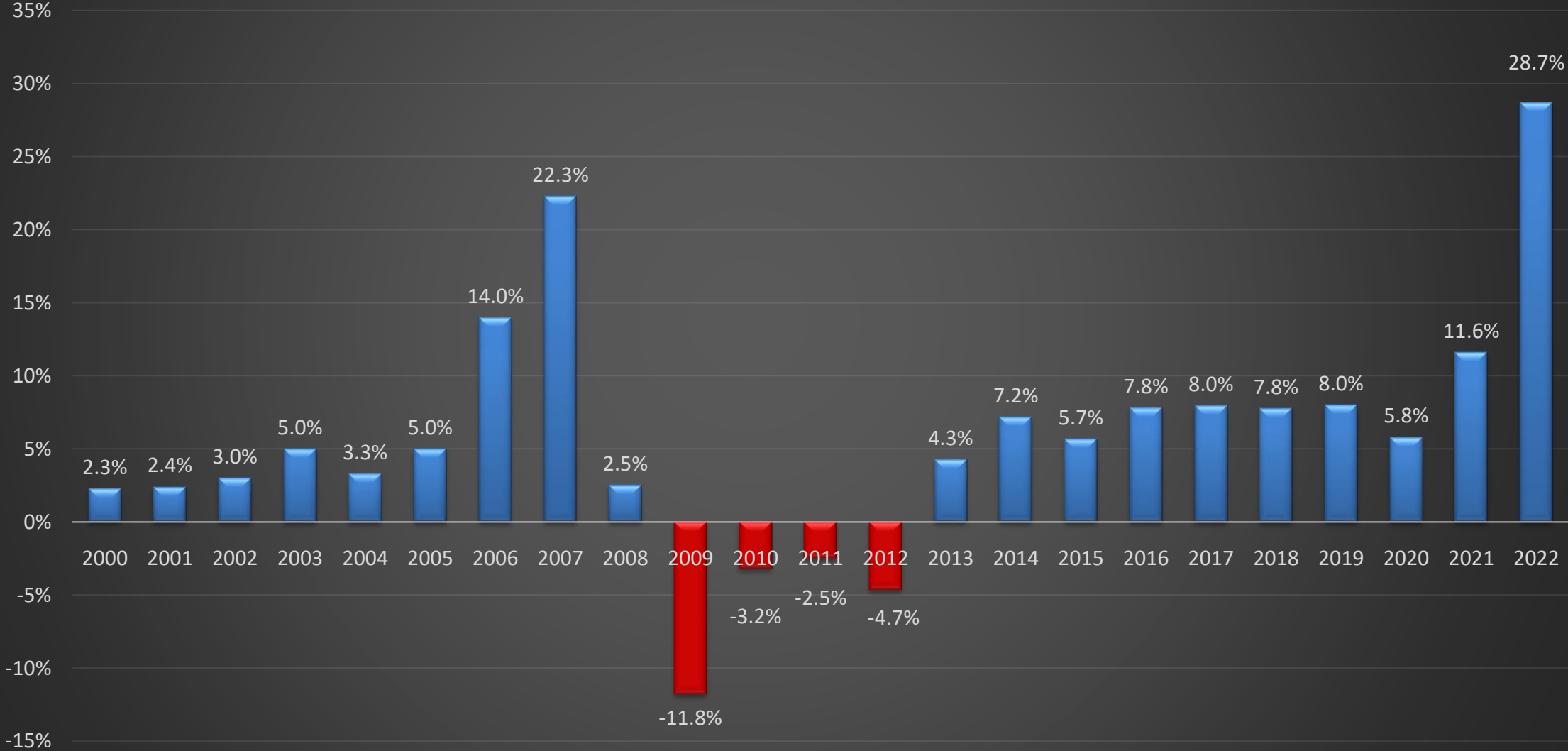
Historical Assessments of Salt Lake County

Year	Market Value	% Change	Taxable Value	% Change	Total Parcels
2005	\$81,415,103,315		\$46,131,197,631		318,895
2006	\$95,052,682,076	16.8%	\$54,400,703,421	17.9%	324,390
2007	\$114,762,473,990	20.7%	\$67,094,657,293	23.3%	331,177
2008	\$124,764,318,060	8.7%	\$72,861,235,725	8.6%	338,755
2009	\$111,655,225,500	-10.5%	\$63,938,904,145	-12.2%	341,755
2010	\$109,718,231,620	-1.7%	\$62,405,817,683	-2.4%	342,908
2011	\$108,302,676,020	-1.3%	\$61,295,708,455	-1.8%	344,122
2012	\$106,545,255,570	-1.6%	\$59,997,122,412	-2.1%	345,446
2013	\$112,187,613,160	5.3%	\$62,964,220,832	4.9%	346,961
2014	\$121,176,593,614	8.0%	\$67,304,452,911	6.9%	349,526
2015	\$127,657,719,100	5.3%	\$71,902,752,393	6.8%	352,783
2016	\$139,219,050,820	9.1%	\$79,233,595,595	10.2%	356,099
2017	\$151,097,618,960	8.5%	\$86,336,774,869	9.0%	359,705
2018	\$167,348,606,560	10.8%	\$95,653,137,333	10.8%	364,303
2019	\$185,265,989,900	10.7%	\$104,990,493,209	9.8%	368,879
2020	\$202,282,305,760	9.2%	\$114,161,520,466	8.7%	373,368
2021	\$223,350,213,070	10.4%	\$125,791,279,497	10.2%	377,747
2022	\$284,809,497,800	27.5%	\$159,491,174,634	26.8%	381,601

Total Market and Taxable Value



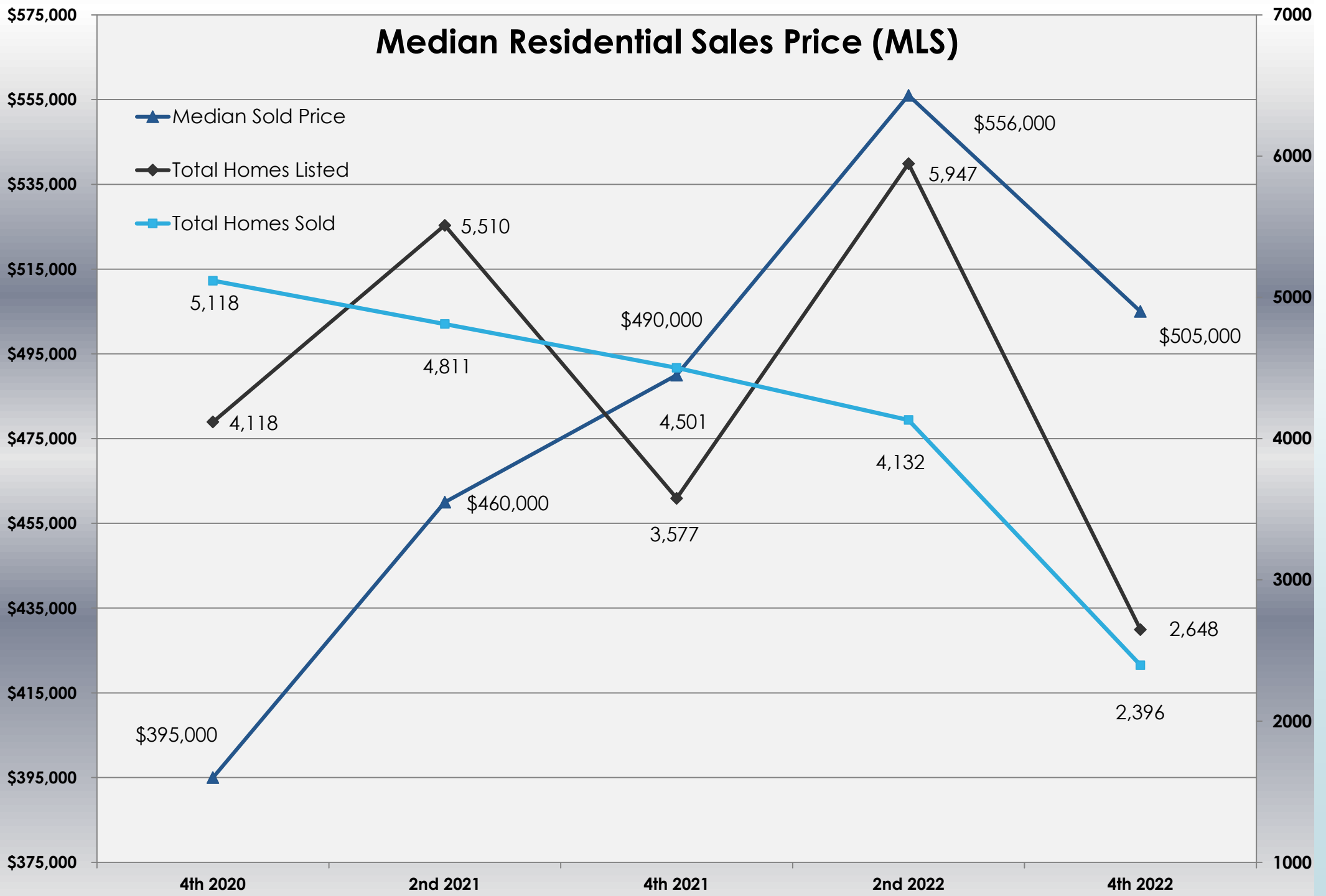
Percent Change in Market Value – County Wide (Residential)



On the Horizon for 2023

- ▶ **Residential and Commercial new construction will continue at current levels**
 - ▶ We added nearly 7,700 new residential or commercial buildings last year.
 - ▶ Each must be physically measured and entered into the appraisal system.
- ▶ **Parcel count will continue to increase**
 - ▶ Average increase of 4,300 parcels over the past three years
- ▶ **Residential sales volume has decreased significantly since June 2022**
 - ▶ Residential sale prices have been volatile
 - ▶ Median residential sale price
 - ▶ January 2022: \$490,000
 - ▶ June 2022: \$556,000
 - ▶ January 2023: \$505,000

Median Residential Sales Price (MLS)



Approaches to Value

Cost

- The combined cost of the land and improvements

Income

- Uses the income that properties generate to determine their market value
- Over 79% of commercial, industrial, or multi-family properties are valued using 10 commercial income models

Sales Comparison or Market Approach

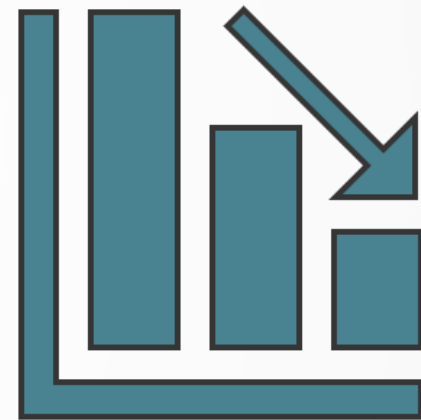
- Uses paired-sales analysis
- Mass appraisal technique called multiple regression analysis.
 - 11 different regression models for residential

Multiple Regression Analysis

- **Multiple regression is paired sales analysis on a much larger scale.**
- **In mass appraisal, analysis is performed on the known characteristics of sold properties.**
- **That analysis allows us to predict the values of unsold properties based upon their characteristics.**

Why Do It?

- The average cost for a residential fee appraisal in Salt Lake is \$450.
- There are nearly 320,000 improved residential properties in Salt Lake County.
- Cost for individual appraisals on all residential parcels would be \$144 million.
- The 2023 Salt Lake County Assessor's office budget is roughly \$16.8 million.



Performance Measures

Sales Ratio Study

Standards set by the State Tax Commission and the IAAO

- **Sales Ratio = Sale Price / Assessed Value**
 - Mean or Median ratio must fall between 95% and 105%
- **COD (Coefficient of Dispersion)**
 - Average deviation between sale price and assessed value
 - Residential property must have COD of < 15
 - Our typical COD < 6
 - Commercial & vacant land must have COD of < 20.
 - Our typical COD falls between 8-12

Performance Measures

► **STC Audit for Detailed Review**

- Sold and non-sold moved the same way

► **The Commission shall take corrective action if the commission determines that:**

- A county assessor has not satisfactorily followed the current mass appraisal standards, as provided by law;
- The sales-assessment ratio, coefficients of dispersion, or other statistical measures of appraisal performance related to the studies required by Section 59-2-704 are not within the standards provided by law

Performance Measures

► State Auditor

- STC is regulation and enforcement for all county assessors
- Audit of STC as oversight
- Measured value changes at the parcel level for 5 years
- Findings showed that STC enforcement of standards was inadequate in some counties
 - Salt Lake County was doing well and updating values annually as required

Appeals

Appeals are based on whether the value is “Fair Market Value”, **not tax increases and not value changes.**
(§59-2-1002)

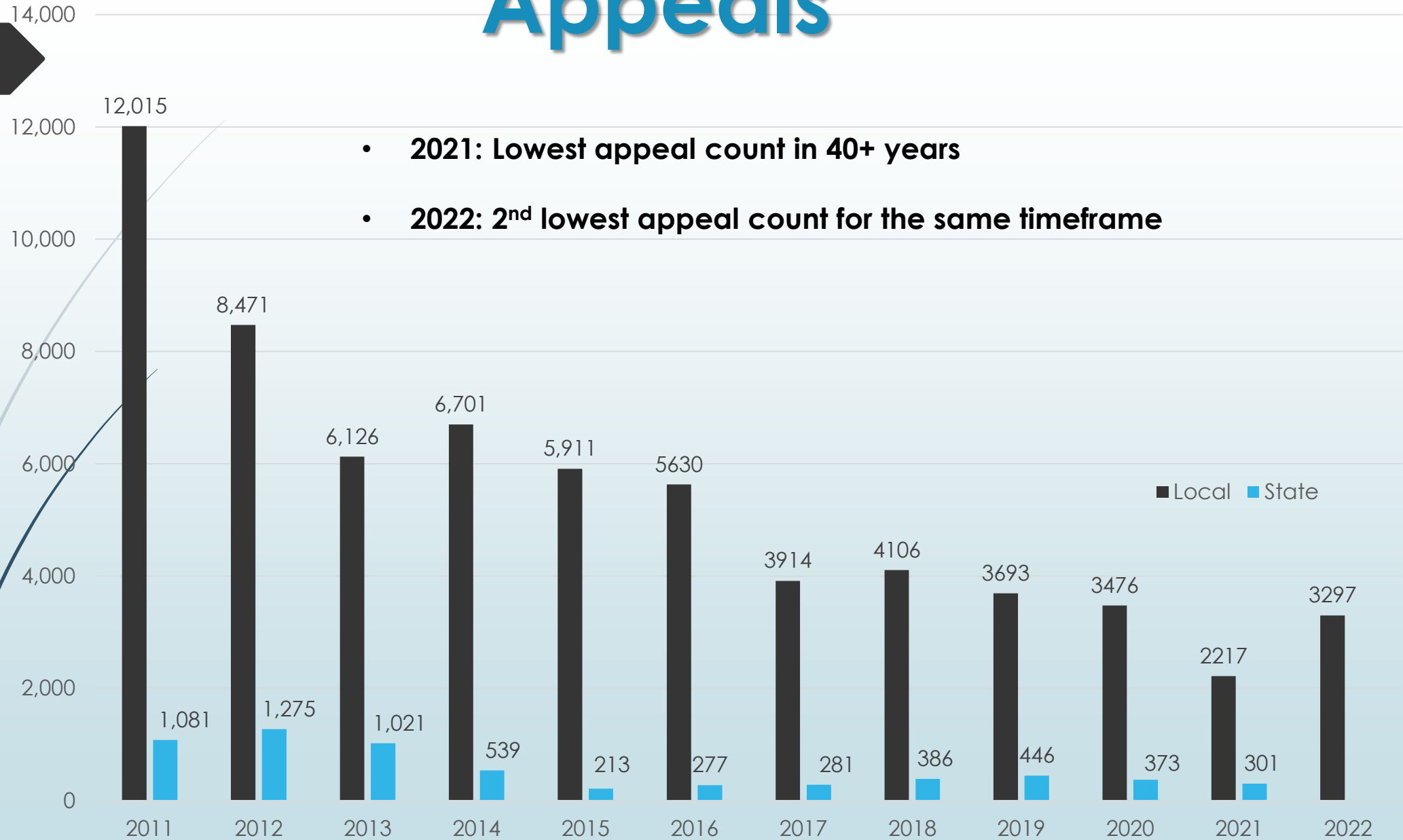
2022 Parcel Data

<https://www.slco.org/assessor>

Five Year Appeal Averages

Residential	0.38%
Residential Vacant Land	1.9%
Commercial & Industrial	6.4%
Commercial Vacant Land	5.1%
Apartments/Multi-Housing	3.0%
Overall	0.92%

Appeals



- **2021: Lowest appeal count in 40+ years**
- **2022: 2nd lowest appeal count for the same timeframe**

Defending Values on Critical Appeals

We are among the nation's leaders for mass appraisal, and at the cutting-edge of assessment valuation for residential and commercial properties.

Value defense on precedent setting appeals at all levels of the appeal process

- Tax Commission, Third District Court, Utah Supreme Court, US Federal Court

Highly Successful Commercial Valuation Defense Rate

- 2021 Local appeals
 - Council Tax Admin sustained our recommended value 94.3% of the time

TRUTH IN TAXATION

Truth in taxation prohibits units of local government from obtaining windfall revenues as a result of revaluation or equalization.

**§59-2-303.1 &
§59-2-102, 918, 924**



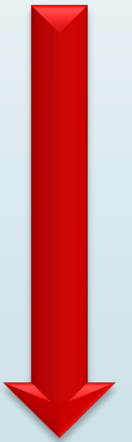
TRUTH IN TAXATION

Utah State property tax law requires that

when property *values* rise



property tax *rates* must fall.



REASONS WHY A PROPERTY OWNER'S TAXES MIGHT GO UP DESPITE TRUTH IN TAXATION:

- Variation in Market Values Within a Taxing Entity

Above the average CHANGE in value within Entity – *Taxes Increase*

Below the average CHANGE in value within Entity – *Taxes Decrease*



- State Assessed Shift (Utilities, Mines, Airlines, etc.)

- Taxpayer Voted Bond

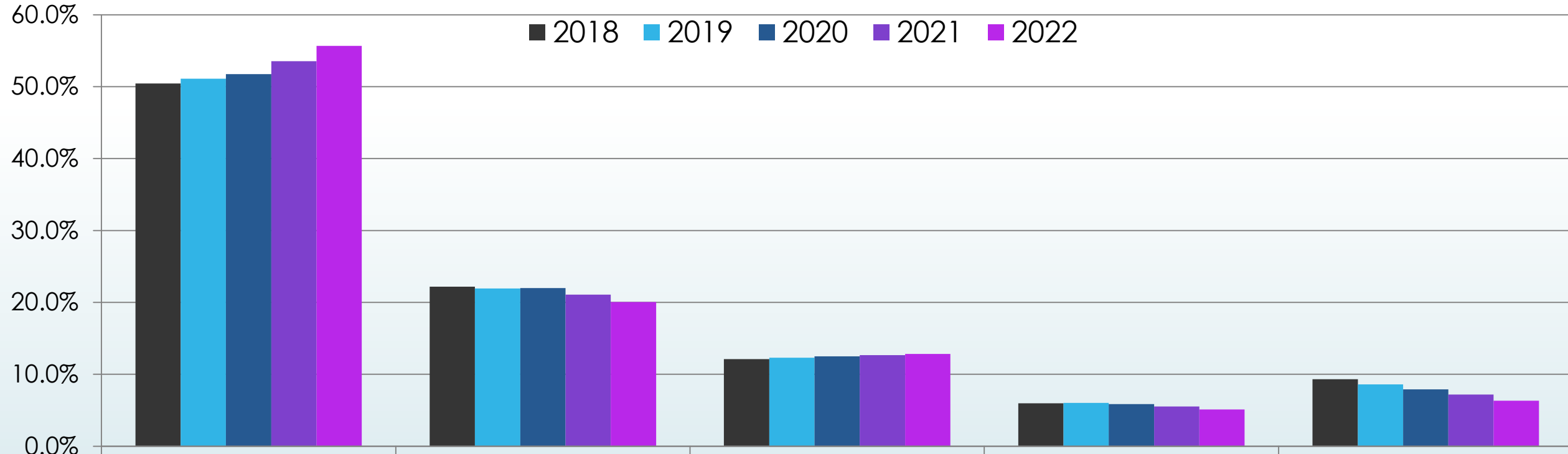
- Property Tax Increase Following Truth In Taxation Hearing

- Legislation, i.e., HB 293

The Property Tax Burden on Primary Residential is Increasing

The Property Tax Burden on State Assessed, Commercial, Personal

Property is Declining



	Primary Residential	Commercial	Secondary homes, FAA	Personal Property	Centrally Assessed
2018	50.4%	22.2%	12.1%	6.0%	9.3%
2019	51.1%	21.9%	12.3%	6.0%	8.6%
2020	51.7%	22.0%	12.5%	5.9%	7.9%
2021	53.6%	21.1%	12.7%	5.5%	7.2%
2022	55.7%	20.1%	12.8%	5.1%	6.3%

Business Personal Property Tax

- ▶ All property that is not real estate that is movable and is not permanently attached.
 - ▶ 2022 Total Taxable Value: \$9,031,327,752
 - ▶ 2022 Total Tax Collections: \$108,000,469
- ▶ 99.1% Percent Collected

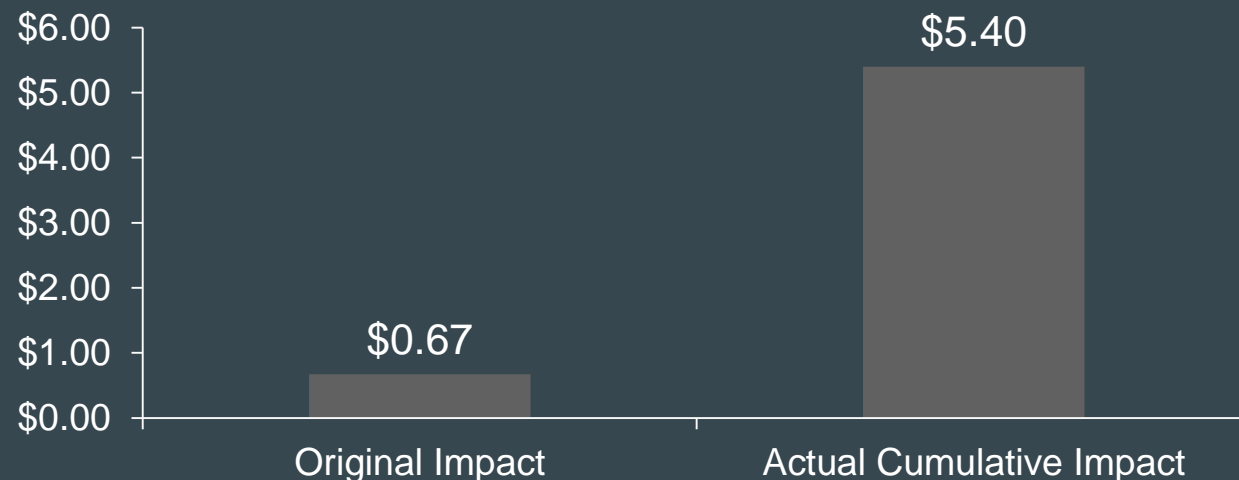
Constitutional Amendment 1 of 2006 - Personal Property Tax

H.B. 338 became law on January 1, 2007. Under HB 338, if the value of all of a business or individual taxpayer's personal property is \$3,500 or less, the taxpayer would not be required to pay tax on that property. **After 2007, the intent was to adjust the \$3,500 amount annually for inflation.**

Original Fiscal impact. The current annual amount of the shift that will occur under HB 338 is estimated to be about \$1.06 million statewide. That amount is less than one-tenth of one percent of the approximately \$1.6 billion in annual property taxes currently collected statewide, **or about \$0.67 cents per every \$1,000 in property taxes.**

Personal Property Exemption Threshold		
Original Amount	Inflation-Adjusted	Actual
\$3,500	\$4,819	\$27,000
Growth→	38%	671%

Change (or Shift) in Property Tax Attributable to Personal Property



The Certified Rate if Personal Property Tax Goes to Zero - Example

$$\text{Certified Tax Rate} = \frac{\text{Last Year's Budgeted Revenue (BR)}}{\text{Taxable Value}} = \frac{\text{BR}}{\text{Primary Residential} + \text{Commercial} + \text{Other Real} + \text{Personal Property} + \text{Natural Resources} + \text{Utilities}}$$

$$\text{Certified Tax Rate} = \frac{\text{Last Year's Budgeted Revenue (BR)}}{\text{Taxable Value}} = \frac{\$1}{\$100 + \$20 + \$5 + \$8 + \$3 + \$10} = 0.0068 = 0.68\%$$

$$\text{Certified Tax Rate} = \frac{\text{Last Year's Budgeted Revenue (BR)}}{\text{Taxable Value}} = \frac{\$1}{\$100 + \$20 + \$5 + \$0 + \$3 + \$10} = 0.0072 = 0.72\%$$

6% Tax Shift in Perpetuity

2022 Personal Property Audit Program



**Three auditors
performed a
total 666 audits**



**\$1.84 Million Escaped
Taxes Collected**



**\$1.39 Million Return
to Taxpayers**



**Discovered Over \$143.3 Million in
Escaped Taxable Value**



**Cost of Audit
Program: \$444,000**



PUMA Development

PUMA is a critical part of the Mainframe system replacement

- PUMA is the Assessor's Appraisal and Valuation System
 - Developed by MCAT (Multi-County Appraisal Trust)
 - Goals:
 - Statewide uniform assessments
 - Cost savings for property tax administration

- Target go-live scheduled July 2023
 - Implementation timeline dependent upon delivery of critical functionality
 - Comprehensive training is underway
 - Employee buy-in has been very successful