



Property Tax: Paying for Water

Overview

OFFICE OF LEGISLATIVE RESEARCH AND GENERAL COUNSEL

Revenue & Taxation Interim Committee

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Districts Providing Water Services

- **137 districts provide retail/wholesale water services**
- **43% levied a property tax**
- **0.000445% average rate**
- **0.000008% to 0.002591%**
- **\$167M in property tax revenue generated**

**Source: UASD & Utah Tax Commission
(2021 data)*



Paying for Water

- **Graph time permitting; still in progress; selected entities 2021; PT as percentage of total revenue**



Paying for Water

- **Reliable, consistent source of revenue that allows a districts to bond at lowest possible interest rates**
- **Bond financing funds new infrastructure to meet needs of economic and population growth**
- **Spreads costs of major water infrastructure over future generations of water users who will benefit from infrastructure**
- **May facilitate receipt of federal funds**



Property Tax Calculation

All tangible property shall be “assessed at a uniform and equal rate in proportion to its fair market value” and taxed “at a uniform and equal rate.”

Source: Utah Constitution, Article VIII, Section 2

Tax Commission establishes the ‘certified tax rate’

the rate that will yield each taxing entity the same revenue as the previous year

Taxing entity may propose to increase its property tax revenues

‘Truth in Taxation’ laws impose public notice and public hearing requirements



Property Tax Exemptions

Exemptions required by Utah Constitution:

- Government owned property
- Nonprofit owner property, if used exclusively for religious, Charitable or education purposes
- Certain water rights and related facilities used for irrigation
- Certain burial places
- Farm equipment and machinery

Exemptions permitted by Utah Constitution

- Residential property (45% of value)
- Veteran/military
- Agricultural land (greenbelt provisions)
- Indigent
- Livestock
- Inventory