



OFFICE OF THE  
**UTAH STATE AUDITOR**

**News Release**  
**For Immediate Release**

July 14, 2014

**Office Issues Analysis of Utah Property Tax System**  
**Showing Significant Calculation Errors Across the State**

*Report shows significant calculation error across the State, impacting baseline property taxes by an estimated \$100 million statewide since 2006*

**Salt Lake City, UTAH –**

The Office of the Utah State Auditor (Office) has recently completed an analysis of New Growth Within Utah's Property Tax System. The report identifies issues and mistakes in the current system that have led to the miscalculation of baseline property taxes totaling an estimated \$100 million statewide since 2006.

Utah's property tax system sets default tax rates to generate the same amount of property tax revenue for a government in a given year as was collected in the prior year for existing property. This process is commonly known as "Truth in Taxation." When property values increase, property tax rates decline and taxing entities collect the same revenue as the prior year using "the certified tax rate."

New Growth, commonly understood as the value of newly developed property, does not impact the calculation of the certified tax rate, but it is taxed using the same rate to compensate for the demands of newly developed properties. Unfortunately, as the Office report demonstrates, a sizeable error exists in the current Tax Commission formulas for accounting for the value of new property growth which have resulted in incorrect calculations of property taxes statewide.

The analysis was launched based on a request by Salt Lake City Mayor Ralph Becker and City Council Chair Charlie Luke who were concerned that the information used by the Tax Commission in setting the certified tax rate was understating the value of new growth in property in the City.

The Office will present the results of this report to the Utah Legislature's Revenue and Taxation Interim Committee:

When: Wednesday, July 16, 2014 at 9:00 a.m.

Where: Room 210, East Building (Capitol Complex).

The agenda can be found at <http://le.utah.gov/Interim/2014/html/00003699.htm>.

The full report is available on the Office's website at [auditor.utah.gov](http://auditor.utah.gov). Specifically, the report, "New Growth Within Utah's Property Tax System" is now available at <http://auditor.utah.gov/news/>.

**About the Office of the Utah State Auditor**

The Office of the Utah State Auditor provides Utah taxpayers and government officials with an independent assessment of financial operation, statutory compliance, and performance management for state and local government.

Specific activities of the Office include performing financial audits, conducting Federal funds compliance audits, providing local government oversight, conducting agency and program performance audits, performing fraud & compliance audits, and operating the State Auditor Hotline for citizens to report suspected financial issues or improprieties. These capabilities strengthen Utah State Government and help taxpayers have confidence in the integrity of Utah's government agencies.

The Utah State Auditor is a Constitutional Officer of the State of Utah, elected directly by the state's citizens every 4 years. The role of the Utah State Auditor is authorized in Article VII, Section 15 of the Utah Constitution.

Additional Information at [auditor.utah.gov](http://auditor.utah.gov)

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