# State of Utah Property Tax Assessments Statutes

## Basis for Property Tax Assessments – Market Value

The basis of Utah property tax, other than construction work in progress, is fair market value (Sec. 59-2-103, Utah Code Ann.). Fair market value means the amount at which property would change hands between a willing buyer and a willing seller, when neither are under any compulsion to buy or sell and both have reasonable knowledge of the relevant facts (Sec. 59-2-103, Utah Code Ann.). Construction work in progress is valued at full cash value as determined by specified methodology (Rule R884-24P-20, Utah Admin. Code). The Commission annually prepares valuation guides and schedules for county assessors to use in the assessment of personal property (Rule R884-24P-33, Utah Admin. Code). The method used to determine the fair market value of productive mining property is the discounted cash flow method (Rule R884-24P-7, Utah Admin. Code). The taxable value of underground oil or gas rights is 400% of the proceeds from the sale of oil or gas production from each property during the calendar year prior to the assessment date, less exempt federal, state, and Native American royalties and the windfall profits tax (Rule R884-24P-10, Utah Admin. Code.).

## Real Property Defined

Real property includes (1) the possession of, claim to, ownership of, or right to the possession of land, (2) mines, minerals, and quarries in and under the land, (3) timber growing on state or federal land, and all rights and privileges pertaining thereto, and (4) improvements (Sec. 59-2-102, Utah Code Ann.). Improvements include all buildings, structures, fixtures, fences, and improvements erected upon or affixed to the land, whether the title has been acquired to the land or not.

## Personal Property Defined

Personal property includes (1) all property not included in the definition of real property, (2) pipes laid in or affixed to land whether or not the ownership of the pipe is separate from the ownership of the underlying land, (3) bridges and ferries, (4) livestock, and (5) outdoor advertising structures (Sec. 59-2-102, Utah Code Ann.). Mobile and manufactured homes not qualifying as improvements to real property are taxed



as tangible personal property (Sec. 59-2-1503, Utah Code Ann.) unless the homeowner also owns the land upon which they are located or if they are an improvement to real property.

## Intangible Property Taxes

Intangible property is exempt from tax (Sec. 59-2-110(2)(g), Utah Code Ann.). Intangible property is property that is capable of private ownership separate from tangible property and includes moneys, credits, bonds, stocks, representative property, franchises, licenses, trade names, copyrights, and patents (Sec. 59-2-102, Utah Code Ann.). Specifically included in the definition of intangible property are the following: (Sec.59-2-1101(3)(g), Utah Code Ann; Sec. 59-2-102(20), Utah Code Ann.): — property that is capable of private ownership separate from tangible property (including moneys, credits, bonds, stocks, representative property, franchises, licenses, trade names, copyrights, and patents); — low-income housing credit; — a qualifying renewable energy tax credit; and— goodwill. The definition does not include intangible property such as copyrights and patents and certain locational attributes. Notably, the following locational attributes are excluded from the definition: zoning, location, view, geographical features, easements, covenants, proximity to raw materials and markets, and the condition of surrounding property. Additionally, attributes that add to the identification of a real property improvement such as the reputation of the architect of the improvement, the name assigned to the improvement, or the historical significance of the improvement are also excluded from the definition. Finally, any value attributed to the taxpayer's interrelation of existing tangible property working together as a unit is excluded (Sec.59-2-102(16), Utah Code Ann.). The Utah Supreme Court has ruled that although the Utah Constitution allowed intangible property to be taxed under the property tax law, it would only do so if the income from that property was not also taxed. Because the Legislature had chosen to tax the income from intangible property, it could not tax the intangible property itself. (T-Mobile v. Utah State Tax Commission, Supreme Court of Utah, Nos. 20090298,20090308, June 3, 2011, CCH UTAH TAX REPORTS, ¶ 400-719).