

COMMERCIAL PROPERTY DISCLOSURE
2024 Legislative Proposal

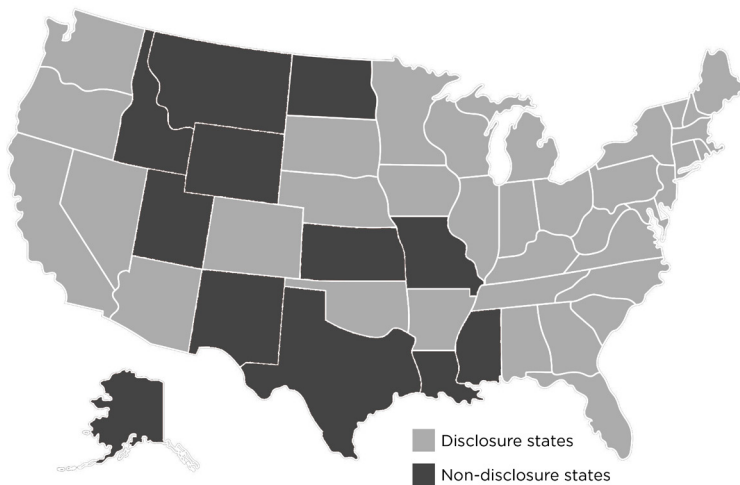
Property valuations are more accurate and taxes are more fair when assessors have good data. Assessing value for commercial properties is complicated and costly. Limited disclosure protects taxpayers and improves assessments.

HOW do assessors make assessments?

A: The Utah Constitution requires county assessors to appraise all property in their county at “fair market value,” meaning the value at which the property would sell on the open real estate market. The Constitution also requires assessors to use uniform valuation, meaning similar properties should have similar values. Values are based on the highest and best use, location, quality, size, and condition of the property. Assessors use many tools to determine the value of properties in their counties including maps, measurements, real estate sales information, building and construction permits, and aerial photography. Properties are frequently revalued.

WHY are commercial properties more difficult to assess?

A: Commercial appraisals are done on real properties used for commercial purposes, vacant land that is zoned for commercial or industrial use, and apartment complexes. Commercial property value is estimated using cost to replace or construct a similar property, sales price in the real estate market, and income generated by the property. Assessors frequently lack data in many or all of these categories.



WHAT makes Utah’s disclosure laws unique?

A: Utah is one of twelve non-disclosure states, meaning that real estate sales prices do not have to be publicly disclosed. Of the twelve non-disclosure states, four require disclosure to assessment officials, but the value is not recorded publicly. Some states have additional different requirements for commercial sales.

LEGISLATIVE PROPOSAL

- Require limited, non-public disclosure of commercial property sales to assessors.

