

# Property Tax Exemptions for Non-Profit Entities

## Utah State Constitution

Property "owned by a nonprofit entity used exclusively for religious, charitable, or educational purposes" is exempt from property tax.

Utah State Constitution, Article XIII, Section 3, Subsection (1)(f).

## Utah Code

Property "owned by a nonprofit entity which is used exclusively for religious, charitable, or educational purposes" is exempt from taxation.

Utah Code Section 59-2-1101(3)(d).

## Utah State Supreme Court

The Utah Supreme Court's examination of the property tax exemption for non-profit entities has focused on the issue of exclusive use. The Court has established criteria to determine whether an entity is using its property exclusively for charitable purposes. These factors are: "(1) whether the stated purpose of the entity is to

provide a significant service to others without immediate expectation of material reward; (2) whether the entity is supported, and to what extent, by donations and gifts; (3) whether the recipients of the 'charity' are required to pay for the assistance received, in whole or in part; (4) whether the income received from all sources (gifts, donations, and payment from recipients) produces a 'profit' to the entity in the sense that the income exceeds operating and long-term maintenance expenses; (5) whether the beneficiaries of the 'charity' are restricted or unrestricted and, if restricted, whether the restriction bears a reasonable relationship to the entity's charitable objectives; and (6) whether dividends or some other form of financial benefit, or assets upon dissolution, are available to private interests, and whether the entity is organized and operated so that any commercial activities are subordinate or incidental to charitable ones." *Utah County v. Intermountain Health Care Inc.*, 709 P.2d 265, 269-270 (1985).