

1 **PROPERTY TAXATION OF BUSINESS PERSONAL**

2 **PROPERTY**

3 2013 GENERAL SESSION

4 STATE OF UTAH

5

6 **LONG TITLE**

7 **General Description:**

8 This bill modifies a property tax exemption for business personal property.

9 **Highlighted Provisions:**

10 This bill:

- 11 ▶ increases a property tax exemption for business personal property;
- 12 ▶ repeals a consumer price index adjustment for purposes of the property tax
- 13 exemption for business personal property; and
- 14 ▶ makes technical and conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill takes effect on January 1, 2014.

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **59-2-1115 (Effective 01/01/13)**, as last amended by Laws of Utah 2012, Chapter 313

22

23 *Be it enacted by the Legislature of the state of Utah:*

24 Section 1. Section **59-2-1115 (Effective 01/01/13)** is amended to read:

25 **59-2-1115 (Effective 01/01/13). Exemption of certain tangible personal property.**

26 (1) For purposes of this section:

27 (a) (i) "Acquisition cost" means all costs required to put an item of tangible personal
28 property into service; and

29 (ii) includes:

30 (A) the purchase price for a new or used item;

31 (B) the cost of freight and shipping;

32 (C) the cost of installation, engineering, erection, or assembly; and

33 (D) sales and use taxes.

34 (b) (i) "Item of taxable tangible personal property" does not include an improvement to
35 real property or a part that will become an improvement.

36 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
37 commission may make rules defining the term "item of taxable tangible personal property."

38 (c) (i) "Taxable tangible personal property" means tangible personal property that is
39 subject to taxation under this chapter.

40 (ii) "Taxable tangible personal property" does not include:

41 (A) tangible personal property required by law to be registered with the state before it
42 is used:

43 (I) on a public highway;

44 (II) on a public waterway;

45 (III) on public land; or

46 (IV) in the air;

47 (B) a mobile home as defined in Section 41-1a-102; or

48 (C) a manufactured home as defined in Section 41-1a-102.

49 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if
50 the taxable tangible personal property has a total aggregate fair market value per county of
51 [~~\$3,500~~] \$10,000 or less.

52 (b) [~~Am~~] In addition to the exemption under Subsection (2)(a), an item of taxable
53 tangible personal property, except for an item of noncapitalized personal property as defined in
54 Section 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

55 (i) has an acquisition cost of \$1,000 or less;

56 (ii) has reached a percent good of 15% or less according to a personal property
57 schedule published by the commission pursuant to Section 59-2-107; and

58 (iii) is in a personal property schedule with a residual value of 15% or less.

59 [~~(3)(a) For calendar years beginning on or after January 1, 2008, the commission shall~~
60 ~~increase the dollar amount described in Subsection (2)(a):~~]

61 [~~(i) by a percentage equal to the percentage difference between the consumer price~~
62 ~~index for the preceding calendar year and the consumer price index for calendar year 2006;~~

63 and]

64 [~~(ii) up to the nearest \$100 increment.~~]

65 [~~(b) For purposes of this Subsection (3), the commission shall calculate the consumer~~
66 ~~price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.~~]

67 [~~(c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative~~
68 ~~percentage, the consumer price index increase for the year is zero.~~]

69 [~~(4)~~ (3) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
70 Act, the commission may make rules to administer this section and provide for uniform
71 implementation.

72 Section 2. **Effective date.**

73 This bill takes effect on January 1, 2014.