

STUDY ON RESIDENTIAL PROPERTY TAX AMENDMENTS

1998 GENERAL SESSION

STATE OF UTAH

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AN ACT RELATING TO REVENUE AND TAXATION; REQUIRING THE REVENUE AND TAXATION INTERIM COMMITTEE TO ADDRESS THE ISSUE OF WHETHER TO AMEND THE UTAH CONSTITUTION TO AUTHORIZE A PROPERTY TAX EXEMPTION FOR RESIDENTIAL PROPERTY OF NOT TO EXCEED A STATEWIDE AVERAGE OF 45%; REQUIRING THE REVENUE AND TAXATION INTERIM COMMITTEE TO PREPARE LEGISLATION IF IT DETERMINES TO AMEND THE UTAH CONSTITUTION; PRESCRIBING THE PROVISIONS TO BE CONTAINED IN THE LEGISLATION; AND AUTHORIZING THE REVENUE AND TAXATION INTERIM COMMITTEE TO REQUEST THE TAX REVIEW COMMISSION TO PROVIDE ASSISTANCE IN ADDRESSING THE ISSUE OF WHETHER TO AMEND THE UTAH CONSTITUTION AND IN PREPARING LEGISLATION.

This act enacts uncodified material.

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

Section 1. Revenue and Taxation Interim Committee study on constitutional amendment -- Preparation of legislation.

(1) The Revenue and Taxation Interim Committee shall, on or before the November 1998 interim meeting, address the issue of whether to amend Utah Constitution Article XIII, Section 2 to authorize a property tax exemption for residential property of not to exceed a statewide average of 45% of fair market value as provided by statute.

(2) If the Revenue and Taxation Interim Committee determines to amend Utah Constitution Article XIII, Section 2 as provided in Subsection (1), the Revenue and Taxation Interim Committee shall prepare legislation on or before the November 1998 interim meeting:

(a) amending Utah Constitution Article XIII, Section 2; and

(b) providing for the implementation of the constitutional amendment under Subsection (2)(a) by statute as provided in Subsection (3).

(3) Legislation providing for the implementation of the constitutional amendment under Subsection (2)(a) by statute may contain the following provisions:

(a) a provision that on January 1, 2001, for property tax purposes:

(i) all residential property in the state may be valued at fair market value; and

(ii) primary residences shall be subject to an exemption of 45% of fair market value as the Revenue and Taxation Interim Committee provides;

(b) a provision that if a person acquires residential property after January 1, 2001, the residential property may be valued:

(i) on the date the residential property is acquired; and

(ii) in an amount equal to:

(A) fair market value; or

(B) the percentage of fair market value the Revenue and Taxation Interim Committee determines to be necessary to achieve an exemption for residential property of not to exceed a statewide average of 45% of fair market value;

(c) a provision exempting from the valuation requirements under Subsection (3)(b) an acquisition of residential property by a person:

(i) living with a spouse in the residential property at the time of the spouse's death; and

(ii) who acquires the residential property as a result of the spouse's death;

(d) a provision that beginning on January 1, 2002, residential property may be adjusted for inflation or deflation on a statewide or regional basis, subject to limits on the amount of the adjustment established by the Revenue and Taxation Interim Committee to achieve an exemption for residential property of not to exceed a statewide average of 45% of fair market value;

(e) a provision authorizing an exemption for a person acquiring residential property for the first time in an amount equal to the portion of fair market value the Revenue and Taxation Interim Committee determines to be necessary to achieve an exemption for residential property of not to

exceed a statewide average of 45% of fair market value; and

(f) any other provisions the Revenue and Taxation Interim Committee determines to be necessary.

(4) The Revenue and Taxation Interim Committee may request the Tax Review Commission to provide assistance in:

(a) addressing the issue of whether to amend Utah Constitution Article XIII, Section 2; and

(b) preparing legislation as provided in Subsections (2) and (3).