

RESOLUTION AMENDING PROPERTY TAX

PROVISIONS

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Robert F. Montgomery

A JOINT RESOLUTION OF THE LEGISLATURE PROPOSING TO AMEND THE UTAH CONSTITUTION; REPEALING PROPERTY TAX PROVISIONS; MAKING TECHNICAL CORRECTIONS; AND PROVIDING AN EFFECTIVE DATE.

This resolution proposes to change the Utah Constitution as follows:

AMENDS:

ARTICLE XIII, SECTION 2

ARTICLE XIII, SECTION 11

ARTICLE XIII, SECTION 12

REPEALS:

ARTICLE XIII, SECTION 3

ARTICLE XIII, SECTION 14

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:

Section 1. It is proposed to amend Utah Constitution Article XIII, Section 2, to read:

Article XIII, Section 2. [Tangible property to be taxed -- Value ascertained -- Exemptions -- Remittance or abatement of taxes of poor -- Intangible property -- Legislature to provide annual tax for state.]

~~[(1) All tangible property in the state, not exempt under the laws of the United States, or under this Constitution, shall be taxed at a uniform and equal rate in proportion to its value, to be ascertained as provided by law.]~~

~~[(2) The following are property tax exemptions:]~~

~~[(a) the property of the state, school districts, and public libraries;]~~

1 ~~[(b) the property of counties, cities, towns, special districts, and all other political~~
2 ~~subdivisions of the state, except that to the extent and in the manner provided by the Legislature~~
3 ~~the property of a county, city, town, special district, or other political subdivision of the state~~
4 ~~located outside of its geographic boundaries as defined by law may be subject to the ad valorem~~
5 ~~property tax;]~~

6 ~~[(c) property owned by a nonprofit entity which is used exclusively for religious,~~
7 ~~charitable, or educational purposes;]~~

8 ~~[(d) places of burial not held or used for private or corporate benefit; and]~~

9 ~~[(e) farm equipment and farm machinery as defined by statute. This exemption shall be~~
10 ~~implemented over a period of time as provided by statute.]~~

11 ~~[(3) Tangible personal property present in Utah on January 1, held for sale or processing~~
12 ~~and which is shipped to final destination outside this state within twelve months may be deemed~~
13 ~~by law to have acquired no situs in Utah for purposes of ad valorem property taxation and may be~~
14 ~~exempted by law from such taxation, whether manufactured, processed or produced or otherwise~~
15 ~~originating within or without the state.]~~

16 ~~[(4) Tangible personal property present in Utah on January 1, held for sale in the ordinary~~
17 ~~course of business and which constitutes the inventory of any retailer, or wholesaler or~~
18 ~~manufacturer or farmer, or livestock raiser may be deemed for purposes of ad valorem property~~
19 ~~taxation to be exempted.]~~

20 ~~[(5) Water rights, ditches, canals, reservoirs, power plants, pumping plants, transmission~~
21 ~~lines, pipes and flumes owned and used by individuals or corporations for irrigating land within~~
22 ~~the state owned by such individuals or corporations, or the individual members thereof, shall be~~
23 ~~exempted from taxation to the extent that they shall be owned and used for such purposes.]~~

24 ~~[(6) Power plants, power transmission lines and other property used for generating and~~
25 ~~delivering electrical power, a portion of which is used for furnishing power for pumping water for~~
26 ~~irrigation purposes on lands in the state of Utah, may be exempted from taxation to the extent that~~
27 ~~such property is used for such purposes. These exemptions shall accrue to the benefit of the users~~
28 ~~of water so pumped under such regulations as the Legislature may prescribe.]~~

29 ~~[(7) The taxes of the poor may be remitted or abated at such times and in such manner as~~
30 ~~may be provided by law.]~~

31 ~~[(8) The Legislature may provide by law for the exemption from taxation: of not to exceed~~

1 45% of the fair market value of residential property as defined by law; and all household
2 furnishings, furniture, and equipment used exclusively by the owner thereof at his place of abode
3 in maintaining a home for himself and family.]

4 [~~(9) Property owned by disabled persons who were disabled in the line of duty during any
5 war, international conflict, or military training in the military service of the United States or of the
6 state of Utah and by the unmarried surviving spouses and minor orphans of such disabled persons
7 or of persons who during any war, international conflict, or military training in the military service
8 of the United States or the state of Utah were killed in action or died in the line of duty as a result
9 of such service may be exempted as the Legislature may provide.~~]

10 [~~(10) Intangible property may be exempted from taxation as property or it may be taxed
11 as property in such manner and to such extent as the Legislature may provide, but if taxed as
12 property the income therefrom shall not also be taxed. Provided that if intangible property is taxed
13 as property the rate thereof shall not exceed five mills on each dollar of valuation.~~]

14 [~~(H)] The Legislature shall provide by [law] statute for an annual tax sufficient, with
15 other sources of revenue, to defray the estimated ordinary expenses of the state for each fiscal year.
16 For the purpose of paying the state debt, if any [there be], the Legislature shall provide for levying
17 a tax annually, sufficient to pay the annual interest and to pay the principal of such debt[;] within
18 twenty years from the final passage of the law creating the debt.~~

19 Section 2. It is proposed to repeal Utah Constitution Article XIII, Section 3:

20 **Article XIII, Section 3. [Assessment and taxation of tangible property -- Livestock**
21 **-- Land used for agricultural purposes.]**

22 [~~(1) The Legislature shall provide by law a uniform and equal rate of assessment on all
23 tangible property in the state, according to its value in money, except as otherwise provided in
24 Section 2 of this Article. The Legislature shall prescribe by law such provisions as shall secure a
25 just valuation for taxation of such property, so that every person and corporation shall pay a tax
26 in proportion to the value of his, her, or its tangible property, provided that the Legislature may
27 determine the manner and extent of taxing livestock.~~]

28 [~~(2) Land used for agricultural purposes may, as the Legislature prescribes, be assessed
29 according to its value for agricultural use without regard to the value it may have for other
30 purposes.~~]

1 Section 3. It is proposed to amend Utah Constitution Article XIII, Section 11, to read:

2 **Article XIII, Section 11. [Creation of State Tax Commission -- Membership --**
3 **Governor to appoint -- Terms -- Duties -- County boards -- Duties.]**

4 (1) There shall be a State Tax Commission consisting of four members, not more than two
5 of whom shall belong to the same political party. The members of the Commission shall be
6 appointed by the Governor, by and with the consent of the Senate, for such terms of office as [may
7 be] provided by [law] statute. [~~The State Tax Commission shall administer and supervise the tax~~
8 ~~laws of the State. It shall assess mines and public utilities and adjust and equalize the valuation and~~
9 ~~assessment of property among the several counties. It shall have such other powers of original~~
10 ~~assessment as the Legislature may provide. Under such regulations in such cases and within such~~
11 ~~limitations as the Legislature may prescribe, it shall review proposed bond issues, revise the tax~~
12 ~~levies of local governmental units, and equalize the assessment and valuation of property within~~
13 ~~the counties. The duties imposed upon the State Board of Equalization by the Constitution and~~
14 ~~Laws of this State shall be performed by the State Tax Commission.]~~

15 (2) In each county of this State there shall be a County Board of Equalization consisting
16 of the Board of County Commissioners of [said] the county. [~~The County Boards of Equalization~~
17 ~~shall adjust and equalize the valuation and assessment of the real and personal property within~~
18 ~~their respective counties, subject to such regulation and control by the State Tax Commission as~~
19 ~~may be prescribed by law.]~~

20 (3) The State Tax Commission and the County Boards of Equalization shall each have
21 [such other] powers as [may be] prescribed by the Legislature.

22 Section 4. It is proposed to amend Utah Constitution Article XIII, Section 12, to read:

23 **Article XIII, Section 12. [Stamp, income, occupation, license, or franchise tax**
24 **permissible -- Reference to United States laws in imposition of income taxes -- Income or**
25 **intangible property taxes allocated to public education system and higher education system.]**

26 (1) Nothing in this Constitution shall be construed to prevent the Legislature from
27 providing a stamp tax, or a tax based on income, occupation, licenses, franchises, or other tax
28 provided by [law] statute. The Legislature may provide for deductions, exemptions, or offsets on
29 any tax based upon income, occupation, licenses, franchises, or other tax as provided by [law]
30 statute pursuant to this section.

31 (2) Notwithstanding any provision of this Constitution, the Legislature, in any [law] statute

1 imposing income taxes, may define the amount on, in respect to, or by which the taxes are imposed
2 or measured, by reference to any provision of the laws of the United States as the same may be or
3 become effective at any time or from time to time and may prescribe exemptions or modifications
4 to any such provision.

5 (3) All revenue received from taxes on income [~~or from taxes on intangible property~~] shall
6 be allocated to the support of the public education system and the higher education system as
7 defined in Article X, Section 2 of this Constitution.

8 Section 5. It is proposed to repeal Utah Constitution Article XIII, Section 14:

9 **Article XIII, Section 14. [Tangible personal property tax exemption.]**

10 [~~Aircraft, watercraft, motor vehicles, and other tangible personal property, not otherwise~~
11 ~~exempt under the laws of the United States or under this Constitution, may be exempted from~~
12 ~~taxation as property by the Legislature. In the exercise of the discretion granted under this section,~~
13 ~~however, the legislature may only exempt tangible personal property that is required by law to be~~
14 ~~registered with the state before it is used on a public highway, on a public waterway, on public~~
15 ~~land, or in the air. If the legislature exempts tangible personal property from taxation under this~~
16 ~~section, it shall provide for uniform statewide fees or uniform statewide rates of assessment or levy~~
17 ~~in lieu of the tax on such property. The value of any tangible personal property exempted from~~
18 ~~taxation, however, shall remain and be considered as part of the state tax base for the purpose of~~
19 ~~determining debt limitations as set forth in Article XIV of this Constitution. The proceeds from~~
20 ~~such a tax or fee are not subject to Sec. 13 of this Article and shall be distributed to the taxing~~
21 ~~districts in which the exempted property is located in the same proportion as the revenue collected~~
22 ~~from real property tax is distributed to such districts.]~~

23 Section 6. **Submittal to electors.**

24 The lieutenant governor is directed to submit this proposed amendment to the electors of
25 the state of Utah at the next general election in the manner provided by law.

26 Section 7. **Effective date.**

27 If approved by the electors of the state, the amendment proposed by this joint resolution
28 shall take effect on January 1, 2000.

Legislative Review Note
as of 11-25-97 3:33 PM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel