

**STUDY OF CERTAIN PROPERTY EXEMPT
FROM PROPERTY TAXES**

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: David Ure

This act requires the Utah Tax Review Commission to study certain property that is exempt from property taxes in accordance with the Utah Constitution, and prescribes the scope of the study. The act directs the Utah Tax Review Commission to report its findings and recommendations to the Revenue and Taxation Interim Committee. This act has an immediate effective date. This act is repealed on November 30, 2001.

This act enacts uncodified material.

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

Section 1. Tax Review Commission study of certain exempt property.

(1) As used in this section, "community recreation center" means a facility owned by a county, city, or town:

(a) at which members of the public may participate in recreational activities; and

(b) that consists of two or more of the following areas located inside the facility:

(i) a gymnasium;

(ii) a playing field;

(iii) a playing court;

(iv) a swimming pool;

(v) a track used for running or walking;

(vi) a weight room; or

(vii) an area similar to Subsections (1)(b)(i) through (vi).

(2) During the 2001 interim the Utah Tax Review Commission:

(a) shall study the following property that is exempt from property taxes in accordance with Utah Constitution Article XIII, Section 2:



28 (i) electrical power companies owned by cities or towns;
29 (ii) community recreation centers owned by counties, cities, or towns;
30 (iii) hospitals owned by nonprofit entities; and
31 (iv) nursing homes owned by nonprofit entities; and
32 (b) may study property other than the property described in Subsection (2)(a) that is owned
33 by an entity that:
34 (i) is exempt from property taxes in accordance with Utah Constitution Article XIII,
35 Section 2; and
36 (ii) competes for business with an entity that is subject to property taxes.
37 (3) For purposes of the study required by this section, the Utah Tax Review Commission
38 shall:
39 (a) review the cost of the exemptions described in Subsection (2);
40 (b) review the purpose and effectiveness of the exemptions described in Subsection (2);
41 (c) determine whether the exemptions described in Subsection (2) benefit the state;
42 (d) determine whether the exemptions described in Subsection (2) result in an unfair
43 competitive advantage to an owner of the exempt property described in Subsection (2) as
44 compared to an owner of taxable property that competes for business with the owner of the exempt
45 property;
46 (e) review the taxes imposed on entities subject to taxation that compete for business with
47 the entities described in Subsection (2) that are exempt from property taxes, including:
48 (i) sales and use taxes;
49 (ii) property taxes;
50 (iii) individual income taxes;
51 (iv) corporate franchise and income taxes; and
52 (v) taxes other than the taxes described in Subsections (2)(e)(i) through (iv);
53 (f) determine whether the exemptions for property described in Subsection (1) should be:
54 (i) continued;
55 (ii) modified; or
56 (iii) repealed; and
57 (g) if the Utah Tax Review Commission determines that an exemption for property
58 described in Subsection (2) should be repealed, determine the tax or combination of taxes that

59 should be imposed on the property described in Subsection (2).

60 (4) In conducting the study required by this section, the Utah Tax Review Commission
61 shall request testimony from:

62 (a) (i) one or more cities or towns that own an electrical power company; or

63 (ii) one or more counties, cities, or towns that own a community recreation center;

64 (b) one or more directors or officers of a:

65 (i) hospital owned by a nonprofit entity; or

66 (ii) nursing home owned by a nonprofit entity; and

67 (c) one or more owners, managers, or operators of an entity subject to taxation that
68 competes for business with an entity exempt from property taxes described in Subsection (2).

69 (5) The Utah Tax Review Commission shall report its findings and recommendations to
70 the Revenue and Taxation Interim Committee on or before the November 2001 interim meeting.

71 **Section 2. Effective date.**

72 If approved by two-thirds of all the members elected to each house, this act takes effect
73 upon approval by the governor, or the day following the constitutional time limit of Utah
74 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the
75 date of veto override.

76 **Section 3. Repeal date.**

77 This act is repealed on November 30, 2001.

Legislative Review Note
as of 2-7-01 1:37 PM

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

Office of Legislative Research and General Counsel