

PROPERTY TAX - VOTER APPROVAL

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: L. Steven Poulton

This act amends the Property Tax Act to require a taxing entity to obtain legislative body approval and voter approval to impose a tax rate that exceeds the certified tax rate, and provides exceptions to these requirements. The act deletes obsolete language and makes technical changes. This act has retrospective operation to January 1, 2001.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

17-34-3, as last amended by Chapter 199, Laws of Utah 2000

53A-19-102, as last amended by Chapter 79, Laws of Utah 1996

59-2-924, as last amended by Chapters 22, 61, 141 and 199, Laws of Utah 2000

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

Section 1. Section **17-34-3** is amended to read:

17-34-3. Taxes or service charges.

(1) (a) If a county furnishes the municipal-type services and functions described in Section 17-34-1 to areas of the county outside the limits of incorporated cities or towns, the entire cost of the services or functions so furnished shall be defrayed from funds that the county has derived from either:

(i) taxes which the county may lawfully levy or impose outside the limits of incorporated towns or cities;

(ii) service charges or fees the county may impose upon the persons benefited in any way by the services or functions; or

(iii) a combination of these sources.

(b) As the taxes or service charges or fees are levied and collected, they shall be placed in a special revenue fund of the county and shall be disbursed only for the rendering of the services



28 or functions established in Section 17-34-1 within the unincorporated areas of the county.

29 (2) For the purpose of levying taxes, service charges, or fees provided in this section, the
30 county legislative body may establish a district or districts in the unincorporated areas of the
31 county.

32 (3) Nothing contained in this chapter may be construed to authorize counties to impose
33 or levy taxes not otherwise allowed by law.

34 (4) (a) A county required under Subsection 17-34-1(3) to provide advanced life support
35 and paramedic services to the unincorporated area of the county and that previously paid for those
36 services through a countywide levy may increase its levy under Subsection (1)(a)(i) to generate in
37 the unincorporated area of the county the same amount of revenue as the county loses from that
38 area due to the required decrease in the countywide certified tax rate under Subsection
39 59-2-924(2)~~(h)~~ (f)(i).

40 (b) An increase in tax rate under Subsection (4)(a) is exempt from the notice and hearing
41 requirements of Sections 59-2-918 and 59-2-919.

42 Section 2. Section **53A-19-102** is amended to read:

43 **53A-19-102. Local school boards budget procedures.**

44 (1) Prior to June 22 of each year, each local school board shall adopt a budget and make
45 appropriations for the next fiscal year. If the tax rate in the proposed budget exceeds the certified
46 tax rate defined in Subsection 59-2-924(2), the board shall comply with the ~~[Tax Increase~~
47 ~~Disclosure Act]~~ requirements of Sections 59-2-918 and 59-2-919 in adopting the budget.

48 (2) Prior to the adoption of a budget containing a tax rate which does not exceed the
49 certified tax rate, the board shall hold a public hearing on the proposed budget. In addition to
50 complying with Title 52, Chapter 4, Open and Public Meetings, in regards to the hearing, the board
51 shall do the following:

52 (a) publish the required newspaper notice at least one week prior to the hearing; and

53 (b) file a copy of the proposed budget with the board's business administrator for public
54 inspection at least ten days prior to the hearing.

55 (3) The board shall file a copy of the adopted budget with the state auditor and the State
56 Board of Education.

57 Section 3. Section **59-2-924** is amended to read:

58 **59-2-924. Report of valuation of property to county auditor and commission --**

59 **Transmittal by auditor to governing bodies -- Certified tax rate -- Adoption of tentative**
60 **budget.**

61 (1) (a) Before June 1 of each year, the county assessor of each county shall deliver to the
62 county auditor and the commission the following statements:

63 (i) a statement containing the aggregate valuation of all taxable property in each taxing
64 entity; and

65 (ii) a statement containing the taxable value of any additional personal property estimated
66 by the county assessor to be subject to taxation in the current year.

67 (b) The county auditor shall, on or before June 8, transmit to the governing body of each
68 taxing entity:

69 (i) the statements described in Subsections (1)(a)(i) and (ii);

70 (ii) an estimate of the revenue from personal property;

71 (iii) the certified tax rate; and

72 (iv) all forms necessary to submit a tax levy request.

73 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad valorem
74 property tax revenues for a taxing entity as were collected by that taxing entity for the prior year.

75 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not include:

76 (A) collections from redemptions;

77 (B) interest; and

78 (C) penalties.

79 (iii) Except as provided in Subsection (2)(a)(iv), the certified tax rate shall be calculated
80 by dividing the ad valorem property tax revenues collected for the prior year by the taxing entity
81 by the taxable value established in accordance with Section 59-2-913.

82 (iv) The certified tax rates for the taxing entities described in this Subsection (2)(a)(iv)
83 shall be calculated as follows:

84 (A) except as provided in Subsection (2)(a)(iv)(B), for new taxing entities the certified tax
85 rate is zero;

86 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

87 (I) in a county of the first, second, or third class, the levy imposed for municipal-type
88 services under ~~Sections~~ Section 17-34-1 ~~and 17-36-9~~; and

89 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county

90 purposes and such other levies imposed solely for the municipal-type services identified in Section
91 17-34-1 and Subsection 17-36-3(22);

92 (C) for debt service voted on by the public, the certified tax rate shall be the actual levy
93 imposed by that section, except that the certified tax rates for the following levies shall be
94 calculated in accordance with Section 59-2-913 and this section:

95 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, [~~53A-17a-125;~~
96 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

97 (II) levies to pay for the costs of state legislative mandates or judicial or administrative
98 orders under Section 59-2-906.3.

99 (v) (A) A judgment levy imposed under Section 59-2-1328 or Section 59-2-1330 shall be
100 established at that rate which is sufficient to generate only the revenue required to satisfy one or
101 more eligible judgments, as defined in Section 59-2-102.

102 (B) The ad valorem property tax revenue generated by the judgment levy shall not be
103 considered in establishing the taxing entity's aggregate certified tax rate.

104 (b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use the
105 taxable value of property on the assessment roll.

106 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the assessment
107 roll does not include new growth as defined in Subsection (2)(b)(iii).

108 (iii) "New growth" means:

109 (A) the difference between the increase in taxable value of the taxing entity from the
110 previous calendar year to the current year; minus

111 (B) the amount of an increase in taxable value described in Subsection (2)(b)(iv).

112 (iv) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:

113 (A) the amount of increase to locally assessed real property taxable values resulting from
114 factoring, reappraisal, or any other adjustments; or

115 (B) the amount of an increase in the taxable value of property assessed by the commission
116 under Section 59-2-201 resulting from a change in the method of apportioning the taxable value
117 prescribed by:

118 (I) the Legislature;

119 (II) a court;

120 (III) the commission in an administrative rule; or

121 (IV) the commission in an administrative order.

122 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from uniform
123 fees on tangible personal property under Section 59-2-404, 59-2-405, or 59-2-405.1 as a result of
124 any county imposing a sales and use tax under Chapter 12, Part 11, County Option Sales and Use
125 Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

126 (d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under Chapter
127 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

128 (A) decreased on a one-time basis by the amount of the estimated sales tax revenue to be
129 distributed to the county under Subsection 59-12-1102(3); and

130 (B) increased by the amount necessary to offset the county's reduction in revenue from
131 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, or 59-2-405.1 as a
132 result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

133 (ii) The commission shall determine estimates of sales tax distributions for purposes of
134 Subsection (2)(d)(i).

135 (e) Beginning January 1, 1998, if a municipality has imposed an additional resort
136 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be
137 decreased on a one-time basis by the amount necessary to offset the first 12 months of estimated
138 revenue from the additional resort communities sales tax imposed under Section 59-12-402.

139 ~~[(f) For the calendar year beginning on January 1, 1999, and ending on December 31,
140 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the
141 adjustment in revenues from uniform fees on tangible personal property under Section 59-2-405.1
142 as a result of the adjustment in uniform fees on tangible personal property under Section
143 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.]~~

144 ~~[(g) For purposes of Subsections (2)(h) through (j):]~~

145 ~~[(i) "1998 actual collections" means the amount of revenues a taxing entity actually
146 collected for the calendar year beginning on January 1, 1998, under Section 59-2-405 for:]~~

147 ~~[(A) motor vehicles required to be registered with the state that weigh 12,000 pounds or
148 less; and]~~

149 ~~[(B) state-assessed commercial vehicles required to be registered with the state that weigh
150 12,000 pounds or less.]~~

151 ~~[(ii) "1999 actual collections" means the amount of revenues a taxing entity actually~~

152 collected for the calendar year beginning on January 1, 1999, under Section 59-2-405.1.]

153 [~~(h) For the calendar year beginning on January 1, 2000, the commission shall make the~~
154 following adjustments:]

155 [~~(i) the commission shall make the adjustment described in Subsection (2)(i)(i) if, for the~~
156 calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were greater
157 than the sum of:]

158 [~~(A) the taxing entity's 1999 actual collections; and]~~

159 [~~(B) any adjustments the commission made under Subsection (2)(f);]~~

160 [~~(ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for the~~
161 calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were greater
162 than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual collections were
163 less than the sum of:]

164 [~~(A) the taxing entity's 1999 actual collections; and]~~

165 [~~(B) any adjustments the commission made under Subsection (2)(f); and]~~

166 [~~(iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if, for~~
167 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were less
168 than the taxing entity's 1999 actual collections:]

169 [~~(i) (i) For purposes of Subsection (2)(h)(i), the commission shall increase a taxing entity's~~
170 certified tax rate under this section and a taxing entity's certified revenue levy under Section
171 59-2-906.1 by the amount necessary to offset the difference between:]

172 [~~(A) the taxing entity's 1998 actual collections; and]~~

173 [~~(B) the sum of:]~~

174 [~~(F) the taxing entity's 1999 actual collections; and]~~

175 [~~(H) any adjustments the commission made under Subsection (2)(f).]~~

176 [~~(ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing entity's~~
177 certified tax rate under this section and a taxing entity's certified revenue levy under Section
178 59-2-906.1 by the amount necessary to offset the difference between:]

179 [~~(A) the sum of:]~~

180 [~~(F) the taxing entity's 1999 actual collections; and]~~

181 [~~(H) any adjustments the commission made under Subsection (2)(f); and]~~

182 [~~(B) the taxing entity's 1998 actual collections.]~~

183 ~~[(iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing entity's~~
 184 ~~certified tax rate under this section and a taxing entity's certified revenue levy under Section~~
 185 ~~59-2-906.1 by the amount of any adjustments the commission made under Subsection (2)(f).]~~

186 ~~[(j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for~~
 187 ~~purposes of Subsections (2)(f) through (i), the commission may make rules establishing the method~~
 188 ~~for determining a taxing entity's 1998 actual collections and 1999 actual collections.]]~~

189 ~~[(k) (f) (i) (A) For fiscal year 2000, the certified tax rate of each county to which~~
 190 ~~Subsection 17-34-3(4)(a) applies shall be decreased by the amount necessary to reduce revenues~~
 191 ~~in that fiscal year by an amount equal to the difference between the amount the county budgeted~~
 192 ~~in its 2000 fiscal year budget for advanced life support and paramedic services countywide and the~~
 193 ~~amount the county spent during fiscal year 2000 for those services, excluding amounts spent from~~
 194 ~~a municipal services fund for those services.~~

195 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection
 196 17-34-3(4)(a) applies shall be decreased by the amount necessary to reduce revenues in that fiscal
 197 year by the amount that the county spent during fiscal year 2000 for advanced life support and
 198 paramedic services countywide, excluding amounts spent from a municipal services fund for those
 199 services.

200 (ii) (A) For fiscal year 2001, a city or town located within a county of the first class to
 201 which Subsection 17-34-3(4)(a) applies may increase its certified tax rate by the amount necessary
 202 to generate within the city or town the same amount of revenues as the county would collect from
 203 that city or town if the decrease under Subsection (2)~~[(k) (f)(i)]~~ (f)(i) did not occur.

204 (B) An increase under Subsection (2)~~[(k) (f)(ii)(A)]~~ (f)(ii)(A) is not subject to the notice and hearing
 205 requirements of Sections 59-2-918 and 59-2-919.

206 (3) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

207 (b) If the taxing entity intends to exceed the certified tax rate, ~~[it]~~ the taxing entity shall
 208 notify the county auditor of:

209 (i) ~~[its]~~ the taxing entity's intent to exceed the certified tax rate; and

210 (ii) the amount by which ~~[it]~~ the taxing entity proposes to exceed the certified tax rate.

211 (c) The county auditor shall notify all property owners of any intent to exceed the certified
 212 tax rate in accordance with ~~[Subsection 59-2-919(2)]~~ Section 59-2-919.

213 (4) (a) The taxable value for the base year under Subsection 17A-2-1247(2)(a) or

214 17A-2-1202(2), as the case may be, shall be reduced for any year to the extent necessary to provide
215 a redevelopment agency established under Title 17A, Chapter 2, Part 12, Utah Neighborhood
216 Development Act, with approximately the same amount of money the agency would have received
217 without a reduction in the county's certified tax rate if:

218 (i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or
219 (2)(d)(i);

220 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the
221 previous year; and

222 (iii) the decrease results in a reduction of the amount to be paid to the agency under
223 Section 17A-2-1247 or 17A-2-1247.5.

224 (b) The taxable value of the base year under Subsection 17A-2-1247(2)(a) or
225 17A-2-1202(2), as the case may be, shall be increased in any year to the extent necessary to
226 provide a redevelopment agency with approximately the same amount of money as the agency
227 would have received without an increase in the certified tax rate that year if:

228 (i) in that year the taxable value for the base year under Subsection 17A-2-1247(2) or
229 17A-2-1202(2) is reduced due to a decrease in the certified tax rate under Subsection (2)(c) or
230 (2)(d)(i); and

231 (ii) The certified tax rate of a city, school district, or special district increases independent
232 of the adjustment to the taxable value of the base year.

233 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i),
234 the amount of money allocated and, when collected, paid each year to a redevelopment agency
235 established under Title 17A, Chapter 2, Part 12, Utah Neighborhood Development Act, for the
236 payment of bonds or other contract indebtedness, but not for administrative costs, may not be less
237 than that amount would have been without a decrease in the certified tax rate under Subsection
238 (2)(c) or (2)(d)(i).

239 (5) (a) Except as provided in Subsection (5)(d), for calendar years beginning on or after
240 January 1, 2001, to impose a tax rate that exceeds the certified tax rate established in accordance
241 with this section, a taxing entity shall obtain approval to impose the tax rate from a majority of the:

242 (i) members of the taxing entity's legislative body; and

243 (ii) taxing entity's registered voters voting on the imposition of the tax as provided in
244 Subsection (5)(b).

245 (b) To obtain approval to impose a tax rate under Subsection (5)(b)(ii), a taxing entity
246 shall:

247 (i) hold an election on:

248 (A) the fourth Tuesday in June in even-numbered years; or

249 (B) the first Tuesday after the first Monday in August; and

250 (ii) conduct the election according to the procedures and requirements of Title 20A,
251 Election Code, governing the taxing entity's elections.

252 (c) A tax rate imposed by a taxing entity under this Subsection (5) may not exceed the
253 maximum levy permitted by law under Section 59-2-908.

254 (d) Notwithstanding Subsection (5)(a), the following taxing entities are not required to
255 meet the approval requirements of Subsection (5)(a) to impose a tax rate that exceeds the certified
256 tax rate as provided in this Subsection (5)(d):

257 (i) a school district if the Legislature increases the minimum basic tax rate in accordance
258 with Section 53A-17a-135;

259 (ii) a school district if the school district obtains approval on or after January 1, 2000 to
260 impose the tax rate in accordance with a statute other than this section requiring approval to
261 impose the tax rate from a majority of the:

262 (A) members of the taxing entity's legislative body; and

263 (B) taxing entity's registered voters voting on the imposition of the tax;

264 (iii) a taxing entity other than a school district if the taxing entity obtains approval on or
265 after January 1, 2001 to impose a tax rate in accordance with a statute other than this section
266 requiring approval to impose the tax rate from a majority of the:

267 (A) members of the taxing entity's legislative body; and

268 (B) taxing entity's registered voters voting on the imposition of the tax;

269 (iv) any taxing entity if in a calendar year the taxing entity imposes a tax rate that is less
270 than or equal to the tax rate that the taxing entity obtained approval to impose under Subsection
271 (5)(d)(ii) or (iii); or

272 (v) a county or municipality imposing a tax rate under Section 17A-2-1322 that exceeds
273 the certified tax rate calculated for a special service district established under Title 17A, Chapter
274 2, Part 13, Utah Special Service District Act, if on or after January 1, 2000, the county or
275 municipality obtains approval to impose the tax rate in accordance with Section 17A-2-1322.

276 Section 4. **Retrospective operation.**

277 This act has retrospective operation to January 1, 2001.

Legislative Review Note

as of 2-6-01 2:51 PM

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

Office of Legislative Research and General Counsel