

**LAND VALUE PROPERTY TAX STUDY**

2005 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Howard A. Stephenson**

House Sponsor: Wayne A. Harper

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**LONG TITLE**

**General Description:**

This bill directs the Utah Tax Review Commission to conduct a study relating to land value property tax systems during the 2005 interim.

**Highlighted Provisions:**

This bill:

- ▶ defines terms;
- ▶ directs the Utah Tax Review Commission to, during the 2005 interim, conduct a study of the desirability and feasibility of implementing a land value property tax system to be operated concurrent with the state's existing property tax system;
- ▶ describes the scope of the study described in the previous paragraph;
- ▶ describes the responsibilities of the Utah Tax Review Commission in relation to the study;
- ▶ provides for the creation of a subcommittee to assist in the study; and
- ▶ requires the Utah Tax Review Commission to make a final report on the study to the Revenue and Taxation Interim Committee before November 30, 2005.

**Monies Appropriated in this Bill:**

There is appropriated from the General Fund for fiscal year 2004-05 only:

- ▶ \$3,000 to the Senate to pay for the compensation and expenses of senators on a subcommittee appointed by the commission; and
- ▶ \$5,000 to the House of Representatives to pay for the compensation and expenses of representatives on a subcommittee appointed by the commission.

**Other Special Clauses:**

This bill is repealed on November 30, 2005.

**Uncodified Material Affected:**

ENACTS UNCODIFIED MATERIAL

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

**Section 1. Study by Utah Tax Review Commission – Duties – Creation of subcommittees.**

(1) As used in this bill:

(a) "commission" means the Utah Tax Review Commission created in Section 59-1-901;

and

(b) "land value property tax system" means a property tax system where a tax levy is imposed on the value of land and not improvements to the land.

(2) During the 2005 interim, the commission shall study the desirability and feasibility of implementing a land value property tax system to be operated concurrent with the state's existing property tax system.

(3) In conducting the study described in Subsection (2), the commission:

(a) shall study the following subjects relating to a land value property tax system:

(i) the experience of other states that administer land value property tax systems;

(ii) the desirability and feasibility of using revenues from a land value property tax system to fund highway construction;

(iii) the burden imposed on taxpayers, including the compliance burden;

(iv) the administrative issues for:

(A) county officials; and

(B) the Utah State Tax Commission;

(v) how a land value property tax system will:

(A) affect the existing property tax system;

(B) be operated and administered by county officials with assistance from the Utah State Tax Commission; and

(C) effect investment spending, including investment spending to improve unimproved land;

(vi) any proposed amendments to the Utah Constitution that may be necessary to implement a land value property tax system; and

(vii) any other issue that the commission considers appropriate;

(b) shall estimate the total taxable value under a land value property tax system for:

(i) the state; and

(ii) each political subdivision of the state;

(c) shall include a demonstration of the impact of a land value property tax system on:

(i) revenue; and

(ii) administration;

(d) may receive assistance from a person or organization with expertise in land value property tax theory and systems; and

(e) subject to Subsection (4), may establish a subcommittee to assist the commission in completing the study described in Subsection (2).

(4) For the subcommittee described in Subsection (3)(e), the commission shall:

(a) prescribe the subcommittee's duties; and

(b) appoint the members of the subcommittee, which may include one or more:

(i) members of the commission;

(ii) members of the Legislature;

(iii) members of the Utah State Tax Commission;

(iv) employees of the Utah State Tax Commission;

(v) taxpayers;

(vi) tax practitioners;

(vii) members of the public who have an interest or expertise in property tax;

(viii) representatives of political subdivisions that impose a property tax; and

(ix) county officials involved with the administration of the property tax system.

(5) The commission shall make a final report on the study described in Subsection (2).

including any proposed legislation, to the Revenue and Taxation Interim Committee before November 30, 2005.

**Section 2. Appropriation.**

There is appropriated from the General Fund for fiscal year 2004-05 only:

(1) \$3,000 to the Senate to pay for the compensation and expenses of senators on a subcommittee appointed by the commission; and

(2) \$5,000 to the House of Representatives to pay for the compensation and expenses of representatives on a subcommittee appointed by the commission.

**Section 3. Repeal date.**

This bill is repealed on November 30, 2005.