

Senator Curtis S. Bramble proposes the following substitute bill:

PROPERTY TAX TREATMENT OF TANGIBLE

PERSONAL PROPERTY

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends the Motor Vehicles title, the Property Tax Act, the Corporate Franchise and Income Taxes chapter, and the Individual Income Tax Act to address the property tax treatment of tangible personal property.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ addresses the uniform fees that are required to be received by a city library fund;
- ▶ imposes uniform statewide fees on certain tangible personal property required to be registered with the state;
- ▶ provides procedures for measuring the length of a vessel for purposes of imposing uniform statewide fees on vessels;
- ▶ provides for the collection of the uniform statewide fees;
- ▶ provides that the uniform statewide fees shall be imposed at the time of registration and renewal of registration;
- ▶ addresses the appeals process for personal property;
- ▶ provides that for purposes of the corporate franchise and income tax credits and individual income tax credits for renewable energy systems a residential unit does



- 26 not include property subject to the uniform statewide fees;
- 27 ▶ grants rulemaking authority to the State Tax Commission; and
- 28 ▶ makes technical changes.

29 **Monies Appropriated in this Bill:**

30 None

31 **Other Special Clauses:**

32 This bill takes effect on January 1, 2006.

33 **Utah Code Sections Affected:**

34 AMENDS:

- 35 **9-7-401**, as last amended by Chapter 13, Laws of Utah 1998
- 36 **41-1a-222**, as last amended by Chapter 322, Laws of Utah 1998
- 37 **59-2-405**, as last amended by Chapter 12, Laws of Utah 2001, First Special Session
- 38 **59-2-405.1**, as last amended by Chapter 12, Laws of Utah 2001, First Special Session
- 39 **59-2-406**, as last amended by Chapters 109 and 322, Laws of Utah 1998
- 40 **59-2-407**, as last amended by Chapter 207, Laws of Utah 1999
- 41 **59-2-924**, as last amended by Chapter 122, Laws of Utah 2003
- 42 **59-2-1005**, as last amended by Chapter 146, Laws of Utah 1994
- 43 **59-7-614**, as enacted by Chapter 6, Laws of Utah 2001, First Special Session
- 44 **59-10-134**, as enacted by Chapter 6, Laws of Utah 2001, First Special Session

45 ENACTS:

- 46 **59-2-405.2**, Utah Code Annotated 1953



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

49 Section 1. Section **9-7-401** is amended to read:

50 **9-7-401. Tax for establishment and maintenance of public library -- Library**
51 **fund.**

- 52 (1) A city governing body may establish and maintain a public library.
- 53 (2) For this purpose, cities may levy annually a tax not to exceed .001 of taxable value
- 54 of taxable property in the city. The tax is in addition to all taxes levied by cities and is not
- 55 limited by the levy limitation imposed on cities by law. However, if bonds are issued for
- 56 purchasing a site, or constructing or furnishing a building, then taxes sufficient for the payment

57 of the bonds and any interest may be levied.

58 (3) The taxes shall be levied and collected in the same manner as other general taxes of
59 the city and shall constitute a fund to be known as the city library fund.

60 (4) The city library fund shall receive a portion of:

61 (a) the uniform fee imposed by Section 59-2-404 in accordance with the procedures
62 established in Section 59-2-404;

63 (b) the statewide uniform fee [on tangible personal property] imposed by Section
64 59-2-405 in accordance with the procedures established in [Subsection] Section 59-2-405[(5)-];

65 (c) the statewide uniform fee imposed by Section 59-2-405.1 in accordance with the
66 procedures established in Section 59-2-405.1; and

67 (d) the uniform statewide fee imposed by Section 59-2-405.2 in accordance with the
68 procedures established in Section 59-2-405.2.

69 Section 2. Section **41-1a-222** is amended to read:

70 **41-1a-222. Application for multiyear registration -- Payment of taxes -- Penalties.**

71 (1) The owner of any intrastate fleet of commercial vehicles which is based in the state
72 may apply to the commission for registration in accordance with this section.

73 (a) The application shall be made on a form prescribed by the commission.

74 (b) Upon payment of required fees and meeting other requirements prescribed by the
75 commission, the division shall issue, to each vehicle for which application has been made, a
76 multiyear license plate and registration card.

77 (i) The license plate decal and the registration card shall bear an expiration date fixed
78 by the division and are valid until ownership of the vehicle to which they are issued is
79 transferred by the applicant or until the expiration date, whichever comes first.

80 (ii) An annual renewal application must be made by the owner if registration
81 identification has been issued on an annual installment fee basis and the required fees must be
82 paid on an annual basis.

83 (iii) License plates and registration cards issued pursuant to this section are valid for an
84 eight-year period, commencing with the year of initial application in this state.

85 (c) When application for registration or renewal is made on an installment payment
86 basis, the applicant shall submit acceptable evidence of a surety bond in a form, and with a
87 surety, approved by the commission and in an amount equal to the total annual fees required

88 for all vehicles registered to the applicant in accordance with this section.

89 (2) Each vehicle registered as part of a fleet of commercial vehicles must be titled in
90 the name of the fleet.

91 (3) Each owner who registers fleets pursuant to this section shall pay the taxes or in
92 lieu fees otherwise due pursuant to:

93 (a) Section 41-1a-206;

94 (b) Section 41-1a-207;

95 (c) Subsection 41-1a-301(11);

96 [~~(c)~~] (d) Section 59-2-405.1; or

97 [~~(d) Subsection 41-1a-301(11);~~]

98 (e) Section 59-2-405.2.

99 (4) An owner who fails to comply with the provisions of this section is subject to the
100 penalties in Section 41-1a-1301 and, if the commission so determines, will result in the loss of
101 the privileges granted in this section.

102 Section 3. Section **59-2-405** is amended to read:

103 **59-2-405. Uniform fee on tangible personal property required to be registered**
104 **with the state -- Distribution of revenues -- Appeals.**

105 (1) The property described in Subsection (2), except Subsections (2)(b)(ii) and (iii), is
106 exempt from ad valorem property taxes pursuant to Utah Constitution Article XIII, Section
107 [~~14~~] 2, Subsection (6).

108 (2) (a) Except as provided in Subsection (2)(b), there is levied as provided in this part a
109 statewide uniform fee in lieu of the ad valorem tax on:

110 (i) motor vehicles required to be registered with the state that weigh 12,001 pounds or
111 more;

112 (ii) motorcycles as defined in Section 41-1a-102 that are required to be registered with
113 the state;

114 (iii) watercraft required to be registered with the state;

115 (iv) recreational vehicles required to be registered with the state; and

116 (v) all other tangible personal property required to be registered with the state before it
117 is used on a public highway, on a public waterway, on public land, or in the air.

118 (b) The following tangible personal property is exempt from the statewide uniform fee

119 imposed by this section:

120 (i) aircraft;

121 (ii) vintage vehicles as defined in Section 41-21-1;

122 (iii) state-assessed commercial vehicles;

123 (iv) tangible personal property subject to a uniform fee imposed by:

124 (A) Section 59-2-405.1; or

125 (B) Section 59-2-405.2; and

126 (v) personal property that is exempt from state or county ad valorem property taxes

127 under the laws of this state or of the federal government.

128 (3) Beginning on January 1, 1999, the uniform fee is 1.5% of the fair market value of
129 the personal property, as established by the commission.

130 (4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is
131 brought into the state and is required to be registered in Utah shall, as a condition of
132 registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by
133 the state of origin have been paid for the current calendar year.

134 (5) (a) The revenues collected in each county from the uniform fee shall be distributed
135 by the county to each taxing entity in which the property described in Subsection (2) is located
136 in the same proportion in which revenue collected from ad valorem real property tax is
137 distributed.

138 (b) Each taxing entity shall distribute the revenues received under Subsection (5)(a) in
139 the same proportion in which revenue collected from ad valorem real property tax is
140 distributed.

141 (6) ~~[Appeals of the valuation of]~~ An appeal relating to the uniform fee imposed on the
142 tangible personal property described in Subsection (2) shall be filed pursuant to Section
143 59-2-1005.

144 Section 4. Section **59-2-405.1** is amended to read:

145 **59-2-405.1. Uniform fee on certain vehicles weighing 12,000 pounds or less --**
146 **Distribution of revenues.**

147 (1) The property described in Subsection (2), except Subsection (2)(b)(ii), is exempt
148 from ad valorem property taxes pursuant to Utah Constitution Article XIII, Section [14] 2,
149 Subsection (6).

150 (2) (a) Except as provided in Subsection (2)(b), there is levied as provided in this part a
151 statewide uniform fee in lieu of the ad valorem tax on:

152 (i) motor vehicles as defined in Section 41-1a-102 that:

153 (A) are required to be registered with the state; and

154 (B) weigh 12,000 pounds or less; and

155 (ii) state-assessed commercial vehicles required to be registered with the state that
156 weigh 12,000 pounds or less.

157 (b) The following tangible personal property is exempt from the statewide uniform fee
158 imposed by this section:

159 (i) aircraft;

160 (ii) vintage vehicles as defined in Section 41-21-1;

161 (iii) tangible personal property subject to ~~[the]~~ a uniform fee imposed by:

162 (A) Section 59-2-405; or

163 (B) Section 59-2-405.2; and

164 (iv) tangible personal property that is exempt from state or county ad valorem property
165 taxes under the laws of this state or of the federal government.

166 (3) (a) Except as provided in Subsection (3)(b), beginning on January 1, 1999, the
167 uniform fee for purposes of this section is as follows:

168 Age of Vehicle	Uniform Fee
169 12 or more years	\$10
170 9 or more years but less than 12 years	\$50
171 6 or more years but less than 9 years	\$80
172 3 or more years but less than 6 years	\$110
173 Less than 3 years	\$150

174 (b) Notwithstanding Subsection (3)(a), beginning on September 1, 2001, for a motor
175 vehicle issued a temporary sports event registration certificate in accordance with Section
176 41-3-306, the uniform fee for purposes of this section is \$5 for the event period specified on the
177 temporary sports event registration certificate regardless of the age of the motor vehicle.

178 (4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is
179 brought into the state and is required to be registered in Utah shall, as a condition of
180 registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by

181 the state of origin have been paid for the current calendar year.

182 (5) (a) The revenues collected in each county from the uniform fee shall be distributed
183 by the county to each taxing entity in which the property described in Subsection (2) is located
184 in the same proportion in which revenue collected from ad valorem real property tax is
185 distributed.

186 (b) Each taxing entity shall distribute the revenues received under Subsection (5)(a) in
187 the same proportion in which revenue collected from ad valorem real property tax is
188 distributed.

189 ~~[(6) Appeals of the valuation of the tangible personal property described in Subsection~~
190 ~~(2) shall be filed pursuant to Section 59-2-1005.]~~

191 Section 5. Section 59-2-405.2 is enacted to read:

192 **59-2-405.2. Definitions -- Uniform statewide fee on certain tangible personal**
193 **property -- Distribution of revenues -- Rulemaking authority.**

194 (1) As used in this section:

195 (a) (i) except as provided in Subsection (1)(a)(ii), "all-terrain vehicle" means a motor
196 vehicle that:

197 (A) is an:

198 (I) all-terrain type I vehicle as defined in Section 41-22-2; or

199 (II) all-terrain type II vehicle as defined in Section 41-22-2;

200 (B) is required to be registered in accordance with Title 41, Chapter 22, Off-Highway
201 Vehicles; and

202 (C) has:

203 (I) an engine with more than 100 cubic centimeters displacement;

204 (II) a motor that produces more than five horsepower; or

205 (III) an electric motor; and

206 (ii) notwithstanding Subsection (1)(a)(i), "all-terrain vehicle" does not include a
207 snowmobile;

208 (b) "camper" means a camper:

209 (i) as defined in Section 41-1a-102; and

210 (ii) that is required to be registered in accordance with Title 41, Chapter 1a, Part 2,
211 Registration;

212 (c) "dealer" is as defined in Section 41-1a-102;
213 (d) "motor vehicle" is as defined in Section 41-22-2;
214 (e) "other motorcycle" means a motor vehicle that;
215 (i) is:
216 (A) a motorcycle as defined in Section 41-1a-102; and
217 (B) designed primarily for use and operation over unimproved terrain;
218 (ii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,
219 Registration; and
220 (iii) has:
221 (A) an engine with more than 100 cubic centimeters displacement; or
222 (B) a motor that produces more than five horsepower;
223 (f) (i) "other trailer" means a portable vehicle without motive power that is primarily
224 used:
225 (A) to transport tangible personal property; and
226 (B) for a purpose other than a commercial purpose; and
227 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for
228 purposes of Subsection (1)(f)(i)(B), the commission may by rule define what constitutes a
229 purpose other than a commercial purpose;
230 (g) "outboard motor" is as defined in Section 41-1a-102;
231 (h) "personal watercraft" means a personal watercraft;
232 (i) as defined in Section 73-18-2; and
233 (ii) that is required to be registered in accordance with Title 73, Chapter 18, State
234 Boating Act;
235 (i) (i) "small motor vehicle " means a motor vehicle that:
236 (A) is required to be registered in accordance with Title 41, Motor Vehicles; and
237 (B) has:
238 (I) an engine with 100 or less cubic centimeters displacement; or
239 (II) a motor that produces five or less horsepower; and
240 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
241 commission may by rule develop a process for an owner of a motor vehicle to certify whether
242 the motor vehicle has:

- 243 (A) an engine with 100 or less cubic centimeters displacement; or
- 244 (B) a motor that produces five or less horsepower;
- 245 (j) "snowmobile" means a motor vehicle that:
- 246 (i) is a snowmobile as defined in Section 41-22-2;
- 247 (ii) is required to be registered in accordance with Title 41, Chapter 22, Off-Highway
- 248 Vehicles; and
- 249 (iii) has:
- 250 (A) an engine with more than 100 cubic centimeters displacement; or
- 251 (B) a motor that produces more than five horsepower;
- 252 (k) "street motorcycle" means a motor vehicle that:
- 253 (i) is:
- 254 (A) a motorcycle as defined in Section 41-1a-102; and
- 255 (B) designed primarily for use and operation on highways;
- 256 (ii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,
- 257 Registration; and
- 258 (iii) has:
- 259 (A) an engine with more than 100 cubic centimeters displacement; or
- 260 (B) a motor that produces more than five horsepower;
- 261 (l) "tent trailer" means a portable vehicle without motive power that:
- 262 (i) is constructed with collapsible side walls that:
- 263 (A) fold for towing by a motor vehicle; and
- 264 (B) unfold at a campsite;
- 265 (ii) is designed as a temporary dwelling for travel, recreational, or vacation use;
- 266 (iii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,
- 267 Registration; and
- 268 (iv) does not require a special highway movement permit when drawn by a
- 269 self-propelled motor vehicle;
- 270 (m) (i) except as provided in Subsection (1)(m)(ii), "travel trailer" means a travel
- 271 trailer:
- 272 (A) as defined in Section 41-1a-102; and
- 273 (B) that is required to be registered in accordance with Title 41, Chapter 1a, Part 2,

305	<u>9 or more years but less than 12 years</u>	<u>\$20</u>
306	<u>6 or more years but less than 9 years</u>	<u>\$30</u>
307	<u>3 or more years but less than 6 years</u>	<u>\$35</u>
308	<u>Less than 3 years</u>	<u>\$45</u>
309	<u>(b) for a camper or a tent trailer:</u>	
310	<u>Age of Camper or Tent Trailer</u>	<u>Uniform Statewide Fee</u>
311	<u>12 or more years</u>	<u>\$10</u>
312	<u>9 or more years but less than 12 years</u>	<u>\$25</u>
313	<u>6 or more years but less than 9 years</u>	<u>\$35</u>
314	<u>3 or more years but less than 6 years</u>	<u>\$50</u>
315	<u>Less than 3 years</u>	<u>\$70</u>
316	<u>(c) for an other trailer:</u>	
317	<u>Age of Other Trailer</u>	<u>Uniform Statewide Fee</u>
318	<u>12 or more years</u>	<u>\$10</u>
319	<u>9 or more years but less than 12 years</u>	<u>\$15</u>
320	<u>6 or more years but less than 9 years</u>	<u>\$20</u>
321	<u>3 or more years but less than 6 years</u>	<u>\$25</u>
322	<u>Less than 3 years</u>	<u>\$30</u>
323	<u>(d) for a personal watercraft:</u>	
324	<u>Age of Personal Watercraft</u>	<u>Uniform Statewide Fee</u>
325	<u>12 or more years</u>	<u>\$10</u>
326	<u>9 or more years but less than 12 years</u>	<u>\$25</u>
327	<u>6 or more years but less than 9 years</u>	<u>\$35</u>
328	<u>3 or more years but less than 6 years</u>	<u>\$45</u>
329	<u>Less than 3 years</u>	<u>\$55</u>
330	<u>(e) for a small motor vehicle:</u>	
331	<u>Age of Small Motor Vehicle</u>	<u>Uniform Statewide Fee</u>
332	<u>6 or more years</u>	<u>\$10</u>
333	<u>3 or more years but less than 6 years</u>	<u>\$15</u>
334	<u>Less than 3 years</u>	<u>\$25</u>
335	<u>(f) for a street motorcycle:</u>	

336	<u>Age of Street Motorcycle</u>	<u>Uniform Statewide Fee</u>
337	<u>12 or more years</u>	<u>\$10</u>
338	<u>9 or more years but less than 12 years</u>	<u>\$35</u>
339	<u>6 or more years but less than 9 years</u>	<u>\$50</u>
340	<u>3 or more years but less than 6 years</u>	<u>\$70</u>
341	<u>Less than 3 years</u>	<u>\$95</u>

342 (g) for a travel trailer:

343	<u>Age of Travel Trailer</u>	<u>Uniform Statewide Fee</u>
344	<u>12 or more years</u>	<u>\$20</u>
345	<u>9 or more years but less than 12 years</u>	<u>\$65</u>
346	<u>6 or more years but less than 9 years</u>	<u>\$90</u>
347	<u>3 or more years but less than 6 years</u>	<u>\$135</u>
348	<u>Less than 3 years</u>	<u>\$175</u>

349 (h) for a vessel that is less than 15 feet in length, \$10 regardless of the age of the
 350 vessel;

351 (i) for a vessel that is 15 feet or more in length but less than 19 feet in length:

352	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
353	<u>12 or more years</u>	<u>\$25</u>
354	<u>9 or more years but less than 12 years</u>	<u>\$65</u>
355	<u>6 or more years but less than 9 years</u>	<u>\$80</u>
356	<u>3 or more years but less than 6 years</u>	<u>\$110</u>
357	<u>Less than 3 years</u>	<u>\$150</u>

358 (j) for a vessel that is 19 feet or more in length but less than 23 feet in length:

359	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
360	<u>12 or more years</u>	<u>\$50</u>
361	<u>9 or more years but less than 12 years</u>	<u>\$120</u>
362	<u>6 or more years but less than 9 years</u>	<u>\$175</u>
363	<u>3 or more years but less than 6 years</u>	<u>\$220</u>
364	<u>Less than 3 years</u>	<u>\$275</u>

365 (k) for a vessel that is 23 feet or more in length but less than 27 feet in length:

366	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
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367	<u>12 or more years</u>	<u>\$100</u>
368	<u>9 or more years but less than 12 years</u>	<u>\$180</u>
369	<u>6 or more years but less than 9 years</u>	<u>\$240</u>
370	<u>3 or more years but less than 6 years</u>	<u>\$310</u>
371	<u>Less than 3 years</u>	<u>\$400</u>

372 (1) for a vessel that is 27 feet or more in length but less than 31 feet in length:

373	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
374	<u>12 or more years</u>	<u>\$120</u>
375	<u>9 or more years but less than 12 years</u>	<u>\$250</u>
376	<u>6 or more years but less than 9 years</u>	<u>\$350</u>
377	<u>3 or more years but less than 6 years</u>	<u>\$500</u>
378	<u>Less than 3 years</u>	<u>\$700</u>

379 (4) Notwithstanding Section 59-2-407, tangible personal property subject to the
 380 uniform statewide fees imposed by this section that is brought into the state shall, as a
 381 condition of registration, be subject to the uniform statewide fees unless all property taxes or
 382 uniform fees imposed by the state of origin have been paid for the current calendar year.

383 (5) (a) The revenues collected in each county from the uniform statewide fees imposed
 384 by this section shall be distributed by the county to each taxing entity in which each item of
 385 tangible personal property subject to the uniform statewide fees is located in the same
 386 proportion in which revenues collected from the ad valorem property tax are distributed.

387 (b) Each taxing entity described in Subsection (5)(a) that receives revenues from the
 388 uniform statewide fees imposed by this section shall distribute the revenues in the same
 389 proportion in which revenues collected from the ad valorem property tax are distributed.

390 (6) (a) For purposes of the uniform statewide fee imposed by this section, the length of
 391 a vessel shall be determined as provided in this Subsection (6).

392 (b) (i) Except as provided in Subsection (6)(b)(ii), the length of a vessel shall be
 393 measured as follows:

394 (A) the length of a vessel shall be measured in a straight line; and

395 (B) the length of a vessel is equal to the distance between the bow of the vessel and the
 396 stern of the vessel.

397 (ii) Notwithstanding Subsection (6)(b)(i), the length of a vessel may not include the

398 length of:

399 (A) a swim deck;

400 (B) a ladder;

401 (C) an outboard motor; or

402 (D) an appurtenance or attachment similar to Subsections (6)(b)(ii)(A) through (C) as
403 determined by the commission by rule.

404 (iii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
405 the commission may by rule define what constitutes an appurtenance or attachment similar to
406 Subsections (6)(b)(ii)(A) through (C).

407 (c) The length of a vessel:

408 (i) (A) for a new vessel, is the length:

409 (I) listed on the manufacturer's statement of origin if the length of the vessel measured
410 under Subsection (6)(b) is equal to the length of the vessel listed on the manufacturer's
411 statement of origin; or

412 (II) listed on a form submitted to the commission by a dealer in accordance with
413 Subsection (6)(d) if the length of the vessel measured under Subsection (6)(b) is not equal to
414 the length of the vessel listed on the manufacturer's statement of origin; or

415 (B) for a vessel other than a new vessel, is the length:

416 (I) corresponding to the model number if the length of the vessel measured under
417 Subsection (6)(b) is equal to the length of the vessel determined by reference to the model
418 number; or

419 (II) listed on a form submitted to the commission by an owner of the vessel in
420 accordance with Subsection (6)(d) if the length of the vessel measured under Subsection (6)(b)
421 is not equal to the length of the vessel determined by reference to the model number;

422 (ii) (A) is determined at the time of the:

423 (I) first registration as defined in Section 41-1a-102 that occurs on or after January 1,
424 2006; or

425 (II) first renewal of registration that occurs on or after January 1, 2006; and

426 (B) may be determined after the time described in Subsection (6)(c)(ii)(A) only if the
427 commission requests that a dealer or an owner submit a form to the commission in accordance
428 with Subsection (6)(d); and

- 429 (iii) is subject to appeal in accordance with Subsection (7).
- 430 (d) (i) A form under Subsection (6)(c) shall:
- 431 (A) be developed by the commission;
- 432 (B) be provided by the commission to:
- 433 (I) a dealer; or
- 434 (II) an owner of a vessel;
- 435 (C) provide for the reporting of the length of a vessel;
- 436 (D) be submitted to the commission at the time the length of the vessel is determined in
- 437 accordance with Subsection (6)(c)(ii);
- 438 (E) be signed by:
- 439 (I) if the form is submitted by a dealer, that dealer; or
- 440 (II) if the form is submitted by an owner of the vessel, an owner of the vessel; and
- 441 (F) include a certification that the information set forth in the form is true.
- 442 (ii) A certification made under Subsection (6)(d)(i)(F) is considered as if made under
- 443 oath and subject to the same penalties as provided by law for perjury.
- 444 (iii) (A) A dealer or an owner that submits a form to the commission under Subsection
- 445 (6)(c) is considered to have given the dealer's or owner's consent to an audit or review by:
- 446 (I) the commission;
- 447 (II) the county assessor; or
- 448 (III) the commission and the county assessor.
- 449 (B) The consent described in Subsection (6)(d)(iii)(A) is a condition to the acceptance
- 450 of any form.
- 451 Section 6. Section **59-2-406** is amended to read:
- 452 **59-2-406. Collection of uniform fees and other motor vehicle fees.**
- 453 (1) (a) For the purposes of efficiency in the collection of the uniform fee required by
- 454 this section, the commission shall enter into a contract for the collection of the uniform fees
- 455 required under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2 and certain fees required
- 456 by Title 41, Motor Vehicles.
- 457 (b) The contract required by this section shall, at the county's option, provide for one of
- 458 the following collection agreements:
- 459 (i) the collection by the commission of:

460 (A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and
461 59-2-405.2; and

462 (B) all [~~Title 41~~] fees listed in Subsection (1)(c); or

463 (ii) the collection by the county of:

464 (A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and
465 59-2-405.2; and

466 (B) all [~~Title 41~~] fees listed in Subsection (1)(c).

467 (c) [~~The Title 41~~] For purposes of Subsections (1)(b)(i)(B) and (1)(b)(ii)(B), the fees
468 that are subject to the contractual agreement required by this section are the following fees
469 imposed by Title 41, Motor Vehicles:

470 (i) registration fees for vehicles, mobile homes, manufactured homes, boats, and
471 off-highway vehicles, with the exception of fleet and proportional registration;

472 (ii) title fees for vehicles, mobile homes, manufactured homes, boats, and off-highway
473 vehicles;

474 (iii) plate fees for vehicles;

475 (iv) permit fees; and

476 (v) impound fees.

477 (d) A county may change the election it makes pursuant to Subsection (1)(b) by
478 providing written notice of the change to the commission at least 18 months before the change
479 shall take effect.

480 (2) The contract shall provide that the party contracting to perform services shall:

481 (a) be responsible for the collection of:

482 (i) the uniform fees under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2; and

483 (ii) [~~the applicable Title 41~~] any fees described in Subsection (1)(c) as agreed to in the
484 contract;

485 (b) utilize the documents and forms, guidelines, practices, and procedures that meet the
486 contract specifications;

487 (c) meet the performance standards and comply with applicable training requirements
488 specified in the rules made under Subsection (8)(a); and

489 (d) be subject to a penalty of 1/2 the difference between the reimbursement fee
490 specified under Subsection (3) and the reimbursement fee for fiscal year 1997-98 if

491 performance is below the performance standards specified in the rules made under Subsection
492 (8)(a).

493 (3) (a) The commission shall recommend a reimbursement fee for collecting the fees as
494 provided in Subsection (2)(a), except that the commission may not collect a reimbursement fee
495 on a state-assessed commercial vehicle described in Subsection 59-2-405.1(2)(a)(ii).

496 (b) The reimbursement fee shall be based on two dollars per standard unit for the first
497 5,000 standard units in each county and one dollar per standard unit for all other standard units
498 and shall be annually adjusted by the commission beginning July 1, 1999.

499 (c) The adjustment shall be equal to any increase in the Consumer Price Index for all
500 urban consumers, prepared by the United States Bureau of Labor Statistics, during the
501 preceding calendar year.

502 (d) The reimbursement fees under this Subsection (3) shall be appropriated by the
503 Legislature.

504 (4) All counties that elect to collect the uniform ~~[fee]~~ fees described in Subsection
505 (1)(b)(ii)(A) and any other ~~[Title 41]~~ fees described in Subsection (1)(c) as provided by
506 contract shall be subject to similar contractual terms.

507 (5) The party performing the collection services by contract shall use appropriate
508 automated systems software and equipment compatible with the system used by the other
509 contracting party in order to ensure the integrity of the current motor vehicle data base and
510 county tax systems, or successor data bases and systems.

511 (6) If the county elects not to collect the uniform ~~[fee]~~ fees described in Subsection
512 (1)(b)(ii)(A) and the ~~[Title 41]~~ fees described in Subsection (1)(c):

513 (a) the commission shall:

514 (i) collect the uniform ~~[fee]~~ fees described in Subsection (1)(b)(ii)(A) and ~~[Title 41]~~ the
515 fees described in Subsection (1)(c) in each county or regional center as negotiated by the
516 counties with the commission in accordance with the requirements of this section; and

517 (ii) provide information to the county in a format and media consistent with the
518 county's requirements; and

519 (b) the county shall pay the commission a reimbursement fee as provided in Subsection
520 (3).

521 (7) This section shall not limit the authority given to the county in Section 59-2-1302.

522 (8) (a) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
523 the commission shall make rules specifying the performance standards and applicable training
524 requirements for all contracts required by this section.

525 (b) Beginning on July 1, 1998, each new contract entered into under this section shall
526 be subject to the rules made under Subsection (8)(a).

527 Section 7. Section **59-2-407** is amended to read:

528 **59-2-407. Administration of uniform fees.**

529 (1) (a) Except as provided in Subsection 59-2-405(4), the uniform fee authorized in
530 Sections 59-2-404 and 59-2-405 shall be assessed at the same time and in the same manner as
531 ad valorem personal property taxes under Chapter 2, Part 13, Collection of Taxes, except that
532 in listing personal property subject to the uniform fee with real property as permitted by
533 Section 59-2-1302, the assessor or, if this duty has been reassigned in an ordinance under
534 Section 17-16-5.5, the treasurer shall list only the amount of the uniform fee due, and not the
535 taxable value of the property subject to the uniform fee.

536 (b) Except as provided in Subsection [~~59-2-405~~] 59-2-405.1(4), the uniform fee
537 [~~authorized in~~] imposed by Section 59-2-405.1 shall be assessed at the time of:

538 (i) registration as defined in Section 41-1a-102; and

539 (ii) renewal of registration.

540 (c) Except as provided in Subsection 59-2-405.2(4), the uniform statewide fee imposed
541 by Section 59-2-405.2 shall be assessed at the time of:

542 (i) registration as defined in Section 41-1a-102; and

543 (ii) renewal of registration.

544 (2) The remedies for nonpayment of the uniform fees authorized by Sections 59-2-404,
545 59-2-405, [~~and~~] 59-2-405.1, and 59-2-405.2 shall be the same as those provided in Chapter 2,
546 Part 13, Collection of Taxes, for nonpayment of ad valorem personal property taxes.

547 Section 8. Section **59-2-924** is amended to read:

548 **59-2-924. Report of valuation of property to county auditor and commission --**
549 **Transmittal by auditor to governing bodies -- Certified tax rate -- Rulemaking authority**
550 **-- Adoption of tentative budget.**

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

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

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

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

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

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

561 (iii) the certified tax rate; and

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

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

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

568 (A) collections from redemptions;

569 (B) interest; and

570 (C) penalties.

571 (iii) Except as provided in Subsection (2)(a)(v), the certified tax rate shall be calculated
572 by dividing the ad valorem property tax revenues budgeted for the prior year by the taxing
573 entity by the taxable value established in accordance with Section 59-2-913.

574 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
575 Act, the commission shall make rules determining the calculation of ad valorem property tax
576 revenues budgeted by a taxing entity.

577 (B) For purposes of Subsection (2)(a)(iv)(A), ad valorem property tax revenues
578 budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax
579 revenues are calculated for purposes of Section 59-2-913.

580 (v) The certified tax rates for the taxing entities described in this Subsection (2)(a)(v)
581 shall be calculated as follows:

582 (A) except as provided in Subsection (2)(a)(v)(B), for new taxing entities the certified
583 tax rate is zero;

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

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

587 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
588 purposes and such other levies imposed solely for the municipal-type services identified in
589 Section 17-34-1 and Subsection 17-36-3(22);

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

593 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
594 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

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

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

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

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

606 (iii) "New growth" means:

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

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

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

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

613 (B) the amount of an increase in the taxable value of property assessed by the
614 commission under Section 59-2-201 resulting from a change in the method of apportioning the

615 taxable value prescribed by:

616 (I) the Legislature;

617 (II) a court;

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

619 (IV) the commission in an administrative order.

620 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
621 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, [or] 59-2-405.1,
622 or 59-2-405.2 as a result of any county imposing a sales and use tax under Chapter 12, Part 11,
623 County Option Sales and Use Tax, the taxing entity shall decrease its certified tax rate to offset
624 the increased revenues.

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

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

629 (B) increased by the amount necessary to offset the county's reduction in revenue from
630 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, [or] 59-2-405.1,
631 or 59-2-405.2 as a result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

632 (ii) The commission shall determine estimates of sales and use tax distributions for
633 purposes of Subsection (2)(d)(i).

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

639 (f) For the calendar year beginning on January 1, 1999, and ending on December 31,
640 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the
641 adjustment in revenues from uniform fees on tangible personal property under Section
642 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under
643 Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session .

644 (g) For purposes of Subsections (2)(h) through (j):

645 (i) "1998 actual collections" means the amount of revenues a taxing entity actually

646 collected for the calendar year beginning on January 1, 1998 , under Section 59-2-405 for:

647 (A) motor vehicles required to be registered with the state that weigh 12,000 pounds or
648 less; and

649 (B) state-assessed commercial vehicles required to be registered with the state that
650 weigh 12,000 pounds or less.

651 (ii) "1999 actual collections" means the amount of revenues a taxing entity actually
652 collected for the calendar year beginning on January 1, 1999 , under Section 59-2-405.1 .

653 (h) For the calendar year beginning on January 1, 2000 , the commission shall make the
654 following adjustments:

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

658 (A) the taxing entity's 1999 actual collections; and

659 (B) any adjustments the commission made under Subsection (2)(f);

660 (ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for
661 the calendar year beginning on January 1, 1999 , a taxing entity's 1998 actual collections were
662 greater than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual
663 collections were less than the sum of:

664 (A) the taxing entity's 1999 actual collections; and

665 (B) any adjustments the commission made under Subsection (2)(f); and

666 (iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if, for
667 the calendar year beginning on January 1, 1999 , a taxing entity's 1998 actual collections were
668 less than the taxing entity's 1999 actual collections.

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

672 (A) the taxing entity's 1998 actual collections; and

673 (B) the sum of:

674 (I) the taxing entity's 1999 actual collections; and

675 (II) any adjustments the commission made under Subsection (2)(f).

676 (ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing

677 entity's certified tax rate under this section and a taxing entity's certified revenue levy under
678 Section 59-2-906.1 by the amount necessary to offset the difference between:

679 (A) the sum of:

680 (I) the taxing entity's 1999 actual collections; and

681 (II) any adjustments the commission made under Subsection (2)(f); and

682 (B) the taxing entity's 1998 actual collections.

683 (iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing
684 entity's certified tax rate under this section and a taxing entity's certified revenue levy under
685 Section 59-2-906.1 by the amount of any adjustments the commission made under Subsection
686 (2)(f).

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

690 (k) (i) (A) For fiscal year 2000, the certified tax rate of each county required under
691 Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the
692 unincorporated area of the county shall be decreased by the amount necessary to reduce
693 revenues in that fiscal year by an amount equal to the difference between the amount the county
694 budgeted in its 2000 fiscal year budget for advanced life support and paramedic services
695 countywide and the amount the county spent during fiscal year 2000 for those services,
696 excluding amounts spent from a municipal services fund for those services.

697 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection
698 (2)(k)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal
699 year by the amount that the county spent during fiscal year 2000 for advanced life support and
700 paramedic services countywide, excluding amounts spent from a municipal services fund for
701 those services.

702 (ii) (A) A city or town located within a county of the first class to which Subsection
703 (2)(k)(i) applies may increase its certified tax rate by the amount necessary to generate within
704 the city or town the same amount of revenues as the county would collect from that city or
705 town if the decrease under Subsection (2)(k)(i) did not occur.

706 (B) An increase under Subsection (2)(k)(ii)(A), whether occurring in a single fiscal
707 year or spread over multiple fiscal years, is not subject to the notice and hearing requirements

708 of Sections 59-2-918 and 59-2-919.

709 (l) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to
710 provide detective investigative services to the unincorporated area of the county shall be
711 decreased:

712 (A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year
713 by at least \$4,400,000; and

714 (B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year
715 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in
716 revenues under Subsection (2)(l)(i)(A).

717 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a
718 county to which Subsection (2)(l)(i) applies may increase its certified tax rate to generate
719 within the city or town the same amount of revenue as the county would have collected during
720 county fiscal year 2001 from within the city or town except for Subsection (2)(l)(i)(A).

721 (II) Beginning with municipal fiscal year 2003, a city or town located within a county
722 to which Subsection (2)(l)(i) applies may increase its certified tax rate to generate within the
723 city or town the same amount of revenue as the county would have collected during county
724 fiscal year 2002 from within the city or town except for Subsection (2)(l)(i)(B).

725 (B) (I) Except as provided in Subsection (2)(l)(ii)(B)(II), an increase in the city or
726 town's certified tax rate under Subsection (2)(l)(ii)(A), whether occurring in a single fiscal year
727 or spread over multiple fiscal years, is subject to the notice and hearing requirements of
728 Sections 59-2-918 and 59-2-919.

729 (II) For an increase under this Subsection (2)(l)(ii) that generates revenue that does not
730 exceed the same amount of revenue as the county would have collected except for Subsection
731 (2)(l)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the city or town:

732 (Aa) publishes a notice that meets the size, type, placement, and frequency
733 requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed
734 by the county to one imposed by the city or town, and explains how the revenues from the tax
735 increase will be used; and

736 (Bb) holds a public hearing on the tax shift that may be held in conjunction with the
737 city or town's regular budget hearing.

738 (m) (i) This Subsection (2)(m) applies to each county that:

739 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
740 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
741 17A-2-1304(1)(a)(x); and

742 (B) levies a property tax on behalf of the special service district under Section
743 17A-2-1322.

744 (ii) (A) The certified tax rate of each county to which this Subsection (2)(m) applies
745 shall be decreased by the amount necessary to reduce county revenues by the same amount of
746 revenues that will be generated by the property tax imposed on behalf of the special service
747 district.

748 (B) Each decrease under Subsection (2)(m)(ii)(A) shall occur contemporaneously with
749 the levy on behalf of the special service district under Section 17A-2-1322.

750 (n) (i) As used in this Subsection (2)(n):

751 (A) "Annexing county" means a county whose unincorporated area is included within a
752 fire district by annexation.

753 (B) "Annexing municipality" means a municipality whose area is included within a fire
754 district by annexation.

755 (C) "Equalized fire protection tax rate" means the tax rate that results from:

756 (I) calculating, for each participating county and each participating municipality, the
757 property tax revenue necessary to cover all of the costs associated with providing fire
758 protection, paramedic, and emergency services:

759 (Aa) for a participating county, in the unincorporated area of the county; and

760 (Bb) for a participating municipality, in the municipality; and

761 (II) adding all the amounts calculated under Subsection (2)(n)(i)(C)(I) for all
762 participating counties and all participating municipalities and then dividing that sum by the
763 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

764 (Aa) for participating counties, in the unincorporated area of all participating counties;
765 and

766 (Bb) for participating municipalities, in all the participating municipalities.

767 (D) "Fire district" means a county service area under Title 17A, Chapter 2, Part 4,
768 County Service Area Act, in the creation of which an election was not required under
769 Subsection 17B-2-214(3)(c).

770 (E) "Fire protection tax rate" means:

771 (I) for an annexing county, the property tax rate that, when applied to taxable property
772 in the unincorporated area of the county, generates enough property tax revenue to cover all the
773 costs associated with providing fire protection, paramedic, and emergency services in the
774 unincorporated area of the county; and

775 (II) for an annexing municipality, the property tax rate that generates enough property
776 tax revenue in the municipality to cover all the costs associated with providing fire protection,
777 paramedic, and emergency services in the municipality.

778 (F) "Participating county" means a county whose unincorporated area is included
779 within a fire district at the time of the creation of the fire district.

780 (G) "Participating municipality" means a municipality whose area is included within a
781 fire district at the time of the creation of the fire district.

782 (ii) In the first year following creation of a fire district, the certified tax rate of each
783 participating county and each participating municipality shall be decreased by the amount of
784 the equalized fire protection tax rate.

785 (iii) In the first year following annexation to a fire district, the certified tax rate of each
786 annexing county and each annexing municipality shall be decreased by the fire protection tax
787 rate.

788 (iv) Each tax levied under this section by a fire district shall be considered to be levied
789 by:

790 (A) each participating county and each annexing county for purposes of the county's
791 tax limitation under Section 59-2-908; and

792 (B) each participating municipality and each annexing municipality for purposes of the
793 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a
794 city.

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

796 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
797 auditor of:

798 (i) its intent to exceed the certified tax rate; and

799 (ii) the amount by which it proposes to exceed the certified tax rate.

800 (c) The county auditor shall notify all property owners of any intent to exceed the

801 certified tax rate in accordance with Subsection 59-2-919(2).

802 (4) (a) The taxable value for the base year under Subsection 17B-4-102(4) shall be
803 reduced for any year to the extent necessary to provide a redevelopment agency established
804 under Title 17B, Chapter 4, Redevelopment Agencies Act, with approximately the same
805 amount of money the agency would have received without a reduction in the county's certified
806 tax rate if:

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

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

811 (iii) the decrease results in a reduction of the amount to be paid to the agency under
812 Section 17B-4-1003 or 17B-4-1004.

813 (b) The base taxable value under Subsection 17B-4-102(4) shall be increased in any
814 year to the extent necessary to provide a redevelopment agency with approximately the same
815 amount of money as the agency would have received without an increase in the certified tax
816 rate that year if:

817 (i) in that year the base taxable value under Subsection 17B-4-102(4) is reduced due to
818 a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and

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

821 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or
822 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a
823 redevelopment agency established under Title 17B, Chapter 4, Redevelopment Agencies Act,
824 for the payment of bonds or other contract indebtedness, but not for administrative costs, may
825 not be less than that amount would have been without a decrease in the certified tax rate under
826 Subsection (2)(c) or (2)(d)(i).

827 Section 9. Section **59-2-1005** is amended to read:

828 **59-2-1005. Procedures for appeal of personal property valuation -- Time for**
829 **appeal -- Hearing -- Decision -- Appeal to commission.**

830 (1) [The] For personal property assessed by a county assessor in accordance with
831 Section 59-2-301, the county legislative body shall include with the signed statement required

832 by Section 59-2-306 a notice of procedures for an appeal ~~[of any]~~ relating to the value of the
833 personal property [valuation with each tax notice].

834 (2) (a) If personal property is subject to a fee in lieu of tax or the uniform tax under
835 Article XIII, Sec. ~~[14]~~ 2, Utah Constitution, and the fee or tax is based upon the value of the
836 property, the basis of the value may be appealed to the commission.

837 ~~[(2) Any]~~ (b) For the personal property described in Subsection (2)(a), a taxpayer
838 ~~[dissatisfied with the taxable value of the taxpayer's personal property]~~ may make an appeal
839 relating to the value of the personal property by filing an application with the county legislative
840 body no later than 30 days after the mailing of the tax notice.

841 (3) (a) After giving reasonable notice, the county legislative body shall hear ~~[the]~~ an
842 appeal filed in accordance with Subsection (2) and render a written decision.

843 (b) The written decision described in Subsection (3)(a) shall be rendered no later than
844 60 days after receipt of the appeal.

845 (4) If any taxpayer is dissatisfied with ~~[the]~~ a decision ~~[of]~~ rendered in accordance with
846 Subsection (3) by the county legislative body, the taxpayer may file an appeal with the
847 commission ~~[as established]~~ in accordance with Section 59-2-1006.

848 (5) For personal property assessed by the commission in accordance with Section
849 59-2-201, a taxpayer may make an appeal relating to the personal property in accordance with
850 Section 59-2-1007.

851 Section 10. Section **59-7-614** is amended to read:

852 **59-7-614. Renewable energy systems tax credit -- Definitions -- Limitations --**
853 **State tax credit in addition to allowable federal credits -- Certification -- Rulemaking**
854 **authority -- Reimbursement of Uniform School Fund.**

855 (1) As used in this section:

856 (a) "Active solar system":

857 (i) means a system of equipment capable of collecting and converting incident solar
858 radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy
859 by a separate apparatus to storage or to the point of use; and

860 (ii) includes water heating, space heating or cooling, and electrical or mechanical
861 energy generation.

862 (b) "Biomass system" means any system of apparatus and equipment capable of

863 converting organic plant, wood, or waste products into electrical and thermal energy and
864 transferring these forms of energy by a separate apparatus to the point of use or storage.

865 (c) "Business entity" means any sole proprietorship, estate, trust, partnership,
866 association, corporation, cooperative, or other entity under which business is conducted or
867 transacted.

868 (d) "Commercial energy system" means any active solar, passive solar, wind,
869 hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial
870 enterprise.

871 (e) "Commercial enterprise" means a business entity whose purpose is to produce
872 electrical, mechanical, or thermal energy for sale from a commercial energy system.

873 (f) (i) "Commercial unit" means any building or structure which a business entity uses
874 to transact its business except as provided in Subsection (1)(f)(ii); and

875 (ii) (A) in the case of an active solar system used for agricultural water pumping or a
876 wind system, each individual energy generating device shall be a commercial unit; and

877 (B) if an energy system is the building or structure which a business entity uses to
878 transact its business, a commercial unit is the complete energy system itself.

879 (g) "Hydroenergy system" means a system of apparatus and equipment capable of
880 intercepting and converting kinetic water energy into electrical or mechanical energy and
881 transferring this form of energy by separate apparatus to the point of use or storage.

882 (h) "Individual taxpayer" means any person who is a taxpayer as defined in Section
883 59-10-103 and an individual as defined in Section 59-10-103.

884 (i) "Office of Energy and Resource Planning" means the Office of Energy and
885 Resource Planning, Department of Natural Resources.

886 (j) "Passive solar system":

887 (i) means a direct thermal system which utilizes the structure of a building and its
888 operable components to provide for collection, storage, and distribution of heating or cooling
889 during the appropriate times of the year by utilizing the climate resources available at the site;
890 and

891 (ii) includes those portions and components of a building that are expressly designed
892 and required for the collection, storage, and distribution of solar energy.

893 (k) "Residential energy system" means any active solar, passive solar, wind, or

894 hydroenergy system used to supply energy to or for any residential unit.

895 (l) "Residential unit" means any house, condominium, apartment, or similar dwelling
896 unit which serves as a dwelling for a person, group of persons, or a family but does not include
897 property subject to [~~the fees in lieu of the ad valorem tax~~] a fee under:

898 (i) Section 59-2-404;

899 (ii) Section 59-2-405; [~~or~~]

900 (iii) Section 59-2-405.1; or

901 (iv) Section 59-2-405.2.

902 (m) "Wind system" means a system of apparatus and equipment capable of intercepting
903 and converting wind energy into mechanical or electrical energy and transferring these forms of
904 energy by a separate apparatus to the point of use or storage.

905 (2) (a) (i) For taxable years beginning on or after January 1, 2001, but beginning on or
906 before December 31, 2006, a business entity that purchases and completes or participates in the
907 financing of a residential energy system to supply all or part of the energy required for a
908 residential unit owned or used by the business entity and situated in Utah is entitled to a tax
909 credit as provided in this Subsection (2)(a).

910 (ii) (A) A business entity is entitled to a tax credit equal to 25% of the costs of a
911 residential energy system installed with respect to each residential unit it owns or uses,
912 including installation costs, against any tax due under this chapter for the taxable year in which
913 the energy system is completed and placed in service.

914 (B) The total amount of the credit under this Subsection (2)(a) may not exceed \$2,000
915 per residential unit.

916 (C) The credit under this Subsection (2)(a) is allowed for any residential energy system
917 completed and placed in service on or after January 1, 2001, but on or before December 31,
918 2006.

919 (iii) If a business entity sells a residential unit to an individual taxpayer prior to making
920 a claim for the tax credit under this Subsection (2)(a), the business entity may:

921 (A) assign its right to this tax credit to the individual taxpayer; and

922 (B) if the business entity assigns its right to the tax credit to an individual taxpayer
923 under Subsection (2)(a)(iii)(A), the individual taxpayer may claim the tax credit as if the
924 individual taxpayer had completed or participated in the costs of the residential energy system

925 under Section 59-10-134.

926 (b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or
927 before December 31, 2006, a business entity that purchases or participates in the financing of a
928 commercial energy system is entitled to a tax credit as provided in this Subsection (2)(b) if:

929 (A) the commercial energy system supplies all or part of the energy required by
930 commercial units owned or used by the business entity; or

931 (B) the business entity sells all or part of the energy produced by the commercial
932 energy system as a commercial enterprise.

933 (ii) (A) A business entity is entitled to a tax credit equal to 10% of the costs of any
934 commercial energy system installed, including installation costs, against any tax due under this
935 chapter for the taxable year in which the commercial energy system is completed and placed in
936 service.

937 (B) The total amount of the credit under this Subsection (2)(b) may not exceed \$50,000
938 per commercial unit.

939 (C) The credit under this Subsection (2)(b) is allowed for any commercial energy
940 system completed and placed in service on or after January 1, 2001, but on or before December
941 31, 2006.

942 (iii) A business entity that leases a commercial energy system installed on a
943 commercial unit is eligible for the tax credit under this Subsection (2)(b) if the lessee can
944 confirm that the lessor irrevocably elects not to claim the credit.

945 (iv) Only the principal recovery portion of the lease payments, which is the cost
946 incurred by a business entity in acquiring a commercial energy system, excluding interest
947 charges and maintenance expenses, is eligible for the tax credit under this Subsection (2)(b).

948 (v) A business entity that leases a commercial energy system is eligible to use the tax
949 credit under this Subsection (2)(b) for a period no greater than seven years from the initiation
950 of the lease.

951 (c) (i) A tax credit under this section may be claimed for the taxable year in which the
952 energy system is completed and placed in service.

953 (ii) Additional energy systems or parts of energy systems may be claimed for
954 subsequent years.

955 (iii) If the amount of a tax credit under this section exceeds a business entity's tax

956 liability under this chapter for a taxable year, the amount of the credit exceeding the liability
957 may be carried over for a period which does not exceed the next four taxable years.

958 (3) (a) The tax credits provided for under Subsection (2) are in addition to any tax
959 credits provided under the laws or rules and regulations of the United States.

960 (b) (i) The Office of Energy and Resource Planning may promulgate standards for
961 residential and commercial energy systems that cover the safety, reliability, efficiency, leasing,
962 and technical feasibility of the systems to ensure that the systems eligible for the tax credit use
963 the state's renewable and nonrenewable energy resources in an appropriate and economic
964 manner.

965 (ii) A tax credit may not be taken under Subsection (2) until the Office of Energy and
966 Resource Planning has certified that the energy system has been completely installed and is a
967 viable system for saving or production of energy from renewable resources.

968 (c) The Office of Energy and Resource Planning and the commission are authorized to
969 promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
970 Act, which are necessary to implement this section.

971 (d) The Uniform School Fund shall be reimbursed by transfers from the General Fund
972 for any credits taken under this section.

973 Section 11. Section **59-10-134** is amended to read:

974 **59-10-134. Renewable energy systems tax credit -- Definitions -- Individual tax**
975 **credit -- Limitations -- Business tax credit -- Limitations -- State tax credit in addition to**
976 **allowable federal credits -- Certification -- Rulemaking authority -- Reimbursement of**
977 **Uniform School Fund.**

978 (1) As used in this part:

979 (a) "Active solar system":

980 (i) means a system of equipment capable of collecting and converting incident solar
981 radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy
982 by a separate apparatus to storage or to the point of use; and

983 (ii) includes water heating, space heating or cooling, and electrical or mechanical
984 energy generation.

985 (b) "Biomass system" means any system of apparatus and equipment capable of
986 converting organic plant, wood, or waste products into electrical and thermal energy and

987 transferring these forms of energy by a separate apparatus to the point of use or storage.

988 (c) "Business entity" means any sole proprietorship, estate, trust, partnership,
989 association, corporation, cooperative, or other entity under which business is conducted or
990 transacted.

991 (d) "Commercial energy system" means any active solar, passive solar, wind,
992 hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial
993 enterprise.

994 (e) "Commercial enterprise" means a business entity whose purpose is to produce
995 electrical, mechanical, or thermal energy for sale from a commercial energy system.

996 (f) (i) "Commercial unit" means any building or structure which a business entity uses
997 to transact its business, except as provided in Subsection (1)(f)(ii); and

998 (ii) (A) in the case of an active solar system used for agricultural water pumping or a
999 wind system, each individual energy generating device shall be a commercial unit; and

1000 (B) if an energy system is the building or structure which a business entity uses to
1001 transact its business, a commercial unit is the complete energy system itself.

1002 (g) "Hydroenergy system" means a system of apparatus and equipment capable of
1003 intercepting and converting kinetic water energy into electrical or mechanical energy and
1004 transferring this form of energy by separate apparatus to the point of use or storage.

1005 (h) "Individual taxpayer" means any person who is a taxpayer as defined in Section
1006 59-10-103 and an individual as defined in Section 59-10-103.

1007 (i) "Office of Energy and Resource Planning" means the Office of Energy and
1008 Resource Planning, Department of Natural Resources.

1009 (j) "Passive solar system":

1010 (i) means a direct thermal system which utilizes the structure of a building and its
1011 operable components to provide for collection, storage, and distribution of heating or cooling
1012 during the appropriate times of the year by utilizing the climate resources available at the site;
1013 and

1014 (ii) includes those portions and components of a building that are expressly designed
1015 and required for the collection, storage, and distribution of solar energy.

1016 (k) "Residential energy system" means any active solar, passive solar, wind, or
1017 hydroenergy system used to supply energy to or for any residential unit.

1018 (l) "Residential unit" means any house, condominium, apartment, or similar dwelling
1019 unit which serves as a dwelling for a person, group of persons, or a family but does not include
1020 property subject to [~~the fees in lieu of the ad valorem tax~~] a fee under:

- 1021 (i) Section 59-2-404;
- 1022 (ii) Section 59-2-405; [~~or~~]
- 1023 (iii) Section 59-2-405.1; or
- 1024 (iv) Section 59-2-405.2.

1025 (m) "Wind system" means a system of apparatus and equipment capable of intercepting
1026 and converting wind energy into mechanical or electrical energy and transferring these forms of
1027 energy by a separate apparatus to the point of use or storage.

1028 (2) For taxable years beginning on or after January 1, 2001, but beginning on or before
1029 December 31, 2006, any individual taxpayer may claim a tax credit as provided in this section
1030 if:

1031 (a) the individual taxpayer purchases and completes or participates in the financing of a
1032 residential energy system to supply all or part of the energy for the individual taxpayer's
1033 residential unit in the state; or

1034 (b) (i) a business entity sells a residential unit to an individual taxpayer prior to making
1035 a claim for a tax credit under Subsection (6) or Section 59-7-614; and

1036 (ii) the business entity assigns its right to the tax credit to the individual taxpayer as
1037 provided in Subsection (6)(c) or Subsection 59-7-614(2)(a)(iii).

1038 (3) (a) An individual taxpayer meeting the requirements of Subsection (2) is entitled to
1039 a tax credit equal to 25% of the costs of the energy system, including installation costs, against
1040 any income tax liability of the individual taxpayer under this chapter for the taxable year in
1041 which the residential energy system is completed and placed in service.

1042 (b) The total amount of the credit under this section may not exceed \$2,000 per
1043 residential unit.

1044 (c) The credit under this section is allowed for any residential energy system completed
1045 and placed in service on or after January 1, 2001, but on or before December 31, 2006.

1046 (4) (a) The tax credit provided for in this section shall be claimed in the return for the
1047 taxable year in which the energy system is completed and placed in service.

1048 (b) Additional residential energy systems or parts of residential energy systems may be

1049 similarly claimed in returns for subsequent taxable years as long as the total amount claimed
1050 does not exceed \$2,000 per residential unit.

1051 (c) If the amount of the tax credit under this section exceeds the income tax liability of
1052 the individual taxpayer for that taxable year, then the amount not used may be carried over for
1053 a period which does not exceed the next four taxable years.

1054 (5) (a) Individual taxpayers who lease a residential energy system installed on a
1055 residential unit are eligible for the residential energy tax credits if the lessee can confirm that
1056 the lessor irrevocably elects not to claim the state tax credit.

1057 (b) Only the principal recovery portion of the lease payments, which is the cost
1058 incurred by the taxpayer in acquiring the residential energy system excluding interest charges
1059 and maintenance expenses, is eligible for the tax credits.

1060 (c) Individual taxpayers who lease residential energy systems are eligible to use the tax
1061 credits for a period no greater than seven years from the initiation of the lease.

1062 (6) (a) A business entity that purchases and completes or participates in the financing
1063 of a residential energy system to supply all or part of the energy required for a residential unit
1064 owned or used by the business entity and situated in Utah is entitled to a tax credit as provided
1065 in this Subsection (6).

1066 (b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or
1067 before December 31, 2006, a business entity is entitled to a tax credit equal to 25% of the costs
1068 of a residential energy system installed with respect to each residential unit it owns or uses,
1069 including installation costs, against any tax due under this chapter for the taxable year in which
1070 the energy system is completed and placed in service.

1071 (ii) The total amount of the credit under this Subsection (6) may not exceed \$2,000 per
1072 residential unit.

1073 (iii) The credit under this Subsection (6) is allowed for any residential energy system
1074 completed and placed in service on or after January 1, 2001, but on or before December 31,
1075 2006.

1076 (c) If a business entity sells a residential unit to an individual taxpayer prior to making
1077 a claim for the tax credit under this Subsection (6), the business entity may:

1078 (i) assign its right to this tax credit to the individual taxpayer; and

1079 (ii) if the business entity assigns its right to the tax credit to an individual taxpayer

1080 under Subsection (6)(c)(i), the individual taxpayer may claim the tax credit as if the individual
1081 taxpayer had completed or participated in the costs of the residential energy system under this
1082 section.

1083 (7) (a) A business entity that purchases or participates in the financing of a commercial
1084 energy system is entitled to a tax credit as provided in this Subsection (7) if:

1085 (i) the commercial energy system supplies all or part of the energy required by
1086 commercial units owned or used by the business entity; or

1087 (ii) the business entity sells all or part of the energy produced by the commercial
1088 energy system as a commercial enterprise.

1089 (b) (i) A business entity is entitled to a tax credit equal to 10% of the costs of any
1090 commercial energy system installed, including installation costs, against any tax due under this
1091 chapter for the taxable year in which the commercial energy system is completed and placed in
1092 service.

1093 (ii) The total amount of the credit under this Subsection (7) may not exceed \$50,000
1094 per commercial unit.

1095 (iii) The credit under this Subsection (7) is allowed for any commercial energy system
1096 completed and placed in service on or after January 1, 2001, but on or before December 31,
1097 2006.

1098 (c) A business entity that leases a commercial energy system installed on a commercial
1099 unit is eligible for the tax credit under this Subsection (7) if the lessee can confirm that the
1100 lessor irrevocably elects not to claim the credit.

1101 (d) Only the principal recovery portion of the lease payments, which is the cost
1102 incurred by a business entity in acquiring a commercial energy system, excluding interest
1103 charges and maintenance expenses, is eligible for the tax credit under this Subsection (7).

1104 (e) A business entity that leases a commercial energy system is eligible to use the tax
1105 credit under this Subsection (7) for a period no greater than seven years from the initiation of
1106 the lease.

1107 (8) (a) A tax credit under this section may be claimed for the taxable year in which the
1108 energy system is completed and placed in service.

1109 (b) Additional energy systems or parts of energy systems may be claimed for
1110 subsequent years.

1111 (c) If the amount of a tax credit under this section exceeds a business entity's tax
1112 liability under this chapter for a taxable year, the amount of the credit exceeding the liability
1113 may be carried over for a period which does not exceed the next four taxable years.

1114 (9) The tax credits provided for under this section are in addition to any tax credits
1115 provided under the laws or rules and regulations of the United States.

1116 (10) (a) The Office of Energy and Resource Planning may promulgate standards for
1117 residential and commercial energy systems that cover the safety, reliability, efficiency, leasing,
1118 and technical feasibility of the systems to ensure that the systems eligible for the tax credit use
1119 the state's renewable and nonrenewable energy resources in an appropriate and economic
1120 manner.

1121 (b) A tax credit may not be taken under this section until the Office of Energy and
1122 Resource Planning has certified that the energy system has been completely installed and is a
1123 viable system for saving or production of energy from renewable resources.

1124 (11) The Office of Energy and Resource Planning and the commission are authorized
1125 to promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
1126 Act, which are necessary to implement this section.

1127 (12) The Uniform School Fund shall be reimbursed by transfers from the General Fund
1128 for any credits taken under this section.

1129 Section 12. **Effective date.**

1130 This bill takes effect on January 1, 2006.

State Impact

Passage of this bill should be revenue neutral for the locals. There will be an increase to the Uniform School Fund of approximately \$176,000 annually, starting with FY 2007, because the property listed in the bill will no longer be deductible for income tax purposes.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	\$0	\$176,000
TOTAL	\$0	\$0	\$0	\$176,000

Individual and Business Impact

Individuals who have personal property identified in the bill will no longer be able to deduct it from income tax returns. Also, there would probably be some minor individual adjustments in the amount of fees paid.

Office of the Legislative Fiscal Analyst