

CERTIFIED TAX RATE AMENDMENTS

2009 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Fred R Hunsaker

Senate Sponsor: Wayne L. Niederhauser

LONG TITLE

General Description:

This bill amends provisions in the Property Tax Act relating to the calculation of a taxing entity's certified tax rate.

Highlighted Provisions:

This bill:

- ▶ includes the revenue a taxing entity collects from redemptions as "ad valorem property tax revenues" for purposes of calculating the taxing entity's certified tax rate;
- ▶ requires a taxing entity's ad valorem property tax revenues budgeted for the prior year to be decreased by the average annual amount of revenue collected from redemptions during the prior five-year period for purposes of calculating a taxing entity's certified tax rate;
- ▶ exempts a taxing entity from the notice and hearing requirements of "Truth in Taxation" for a certain amount of budgeted revenue equal to the taxing entity's five-year average of redemptions from collections;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2010.

Utah Code Sections Affected:

30 AMENDS:

31 **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330,
32 360, and 382

33

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

35 Section 1. Section **59-2-924** is amended to read:

36 **59-2-924. Report of valuation of property to county auditor and commission --**
37 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of**
38 **certified tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

41 (a) a statement containing the aggregate valuation of all taxable real property assessed
42 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity;
43 and

44 (b) a statement containing the taxable value of all personal property assessed by a
45 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

46 (2) The county auditor shall, on or before June 8, transmit to the governing body of
47 each taxing entity:

48 (a) the statements described in Subsections (1)(a) and (b);

49 (b) an estimate of the revenue from personal property;

50 (c) the certified tax rate; and

51 (d) all forms necessary to submit a tax levy request.

52 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
53 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
54 year.

55 (b) For purposes of this Subsection (3):

56 (i) "Ad valorem property tax revenues" do not include:

57 [~~(A) collections from redemptions;~~]

58 ~~[(B)]~~ (A) interest;

59 ~~[(C)]~~ (B) penalties; and

60 ~~[(D)]~~ (C) revenue received by a taxing entity from personal property that is:

61 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

62 (II) semiconductor manufacturing equipment.

63 (ii) "Aggregate taxable value of all property taxed" means:

64 (A) the aggregate taxable value of all real property assessed by a county assessor in

65 accordance with Part 3, County Assessment, for the current year;

66 (B) the aggregate taxable year end value of all personal property assessed by a county

67 assessor in accordance with Part 3, County Assessment, for the prior year; and

68 (C) the aggregate taxable value of all real and personal property assessed by the

69 commission in accordance with Part 2, Assessment of Property, for the current year.

70 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be

71 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the

72 taxing entity by the amount calculated under Subsection (3)(c)(ii).

73 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall

74 calculate an amount as follows:

75 (A) calculate for the taxing entity the difference between:

76 (I) the aggregate taxable value of all property taxed; and

77 (II) any redevelopment adjustments for the current calendar year;

78 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an

79 amount determined by increasing or decreasing the amount calculated under Subsection

80 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for

81 the equalization period for the three calendar years immediately preceding the current calendar

82 year;

83 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the

84 product of:

85 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

86 (II) the percentage of property taxes collected for the five calendar years immediately
87 preceding the current calendar year; and

88 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
89 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
90 any new growth as defined in this section:

91 (I) within the taxing entity; and

92 (II) for the following calendar year:

93 (Aa) for new growth from real property assessed by a county assessor in accordance
94 with Part 3, County Assessment and all property assessed by the commission in accordance
95 with Section 59-2-201, the current calendar year; and

96 (Bb) for new growth from personal property assessed by a county assessor in
97 accordance with Part 3, County Assessment, the prior calendar year.

98 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
99 property taxed:

100 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in
101 Subsection (3)(b)(ii);

102 (B) does not include the total taxable value of personal property contained on the tax
103 rolls of the taxing entity that is:

104 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

105 (II) semiconductor manufacturing equipment; and

106 (C) for personal property assessed by a county assessor in accordance with Part 3,
107 County Assessment, the taxable value of personal property is the year end value of the
108 personal property contained on the prior year's tax rolls of the entity.

109 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
110 January 1, 2007, the value of taxable property does not include the value of personal property
111 that is:

112 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
113 County Assessment; and

114 (B) semiconductor manufacturing equipment.

115 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or
116 after January 1, 2007, the percentage of property taxes collected does not include property
117 taxes collected from personal property that is:

118 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
119 County Assessment; and

120 (B) semiconductor manufacturing equipment.

121 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
122 January 1, 2009, the value of taxable property does not include the value of personal property
123 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County
124 Assessment.

125 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
126 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
127 year.

128 (viii) (A) For purposes of Subsection (3)(c)(i), for a calendar year beginning on or
129 after January 1, 2010, a taxing entity's ad valorem property tax revenues budgeted for the prior
130 year shall be decreased by an amount of revenue equal to the five-year average of the most
131 recent prior five years of redemptions as reported on the county treasurer's final annual
132 settlement required under Subsection 59-2-1365(2).

133 (B) For the calendar year beginning on January 1, 2010 and ending on December 31,
134 2010, a taxing entity is exempt from the public notice and hearing requirements of Sections
135 59-2-918 and 59-2-919 if the taxing entity budgets an increased amount of ad valorem
136 property tax revenue equal to or less than the taxing entity's five-year average of the most
137 recent prior five years of redemptions as reported on the county treasurer's final annual
138 settlement required under Subsection 59-2-1365(2).

139 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
140 the commission shall make rules determining the calculation of ad valorem property tax
141 revenues budgeted by a taxing entity.

142 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted
143 by a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
144 calculated for purposes of Section 59-2-913.

145 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e)
146 shall be calculated as follows:

147 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
148 rate is zero;

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

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

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

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

158 (A) school leeways provided for under Sections 11-2-7, 53A-16-110, [~~53A-17a-125,~~
159 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145~~], and~~
160 ~~53A-21-103~~]; and

161 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
162 orders under Section 59-2-1604.

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

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

168 (g) The ad valorem property tax revenue generated by the capital outlay levy described
169 in Section 53A-16-107 within a taxing entity in a county of the first class:

170 (i) may not be considered in establishing the school district's aggregate certified tax
171 rate; and

172 (ii) shall be included by the commission in establishing a certified tax rate for that
173 capital outlay levy determined in accordance with the calculation described in Subsection
174 59-2-913(3).

175 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall
176 use:

177 (i) the taxable value of real property assessed by a county assessor contained on the
178 assessment roll;

179 (ii) the taxable value of real and personal property assessed by the commission; and

180 (iii) the taxable year end value of personal property assessed by a county assessor
181 contained on the prior year's assessment roll.

182 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
183 assessment roll does not include new growth as defined in Subsection (4)(c).

184 (c) "New growth" means:

185 (i) the difference between the increase in taxable value of the following property of the
186 taxing entity from the previous calendar year to the current year:

187 (A) real property assessed by a county assessor in accordance with Part 3, County
188 Assessment; and

189 (B) property assessed by the commission under Section 59-2-201; plus

190 (ii) the difference between the increase in taxable year end value of personal property
191 of the taxing entity from the year prior to the previous calendar year to the previous calendar
192 year; minus

193 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

194 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the
195 taxing entity does not include the taxable value of personal property that is:

196 (i) contained on the tax rolls of the taxing entity if that property is assessed by a
197 county assessor in accordance with Part 3, County Assessment; and

- 198 (ii) semiconductor manufacturing equipment.
- 199 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:
- 200 (i) the amount of increase to locally assessed real property taxable values resulting
- 201 from factoring, reappraisal, or any other adjustments; or
- 202 (ii) the amount of an increase in the taxable value of property assessed by the
- 203 commission under Section 59-2-201 resulting from a change in the method of apportioning the
- 204 taxable value prescribed by:
- 205 (A) the Legislature;
- 206 (B) a court;
- 207 (C) the commission in an administrative rule; or
- 208 (D) the commission in an administrative order.
- 209 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
- 210 property on the prior year's assessment roll does not include:
- 211 (i) new growth as defined in Subsection (4)(c); or
- 212 (ii) the total taxable year end value of personal property contained on the prior year's
- 213 tax rolls of the taxing entity that is:
- 214 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 215 (B) semiconductor manufacturing equipment.
- 216 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.
- 217 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
- 218 auditor of:
- 219 (i) its intent to exceed the certified tax rate; and
- 220 (ii) the amount by which it proposes to exceed the certified tax rate.
- 221 (c) The county auditor shall notify all property owners of any intent to exceed the
- 222 certified tax rate in accordance with Subsection 59-2-919(3).

223 **Section 2. Effective date.**

224 This bill takes effect on January 1, 2010.