

**Senator Curtis S. Bramble** proposes the following substitute bill:

**CERTIFIED TAX RATE AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Fred R Hunsaker**

Senate Sponsor: Wayne L. Niederhauser

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**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:**



26 None

27 **Other Special Clauses:**

28 This bill takes effect on January 1, 2010.

29 **Utah Code Sections Affected:**

30 AMENDS:

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

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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 certified**  
38 **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; and

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

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

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

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

49 (c) the certified tax rate; and

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

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

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

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

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

57           ~~[(B)]~~ (A) interest;

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

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

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

61           (II) semiconductor manufacturing equipment.

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

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

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

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

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

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

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

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

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

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

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

73 calculate an amount as follows:

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

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

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

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

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

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

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

81 year;

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

83 product of:

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

85           (II) the percentage of property taxes collected for the five calendar years immediately

86 preceding the current calendar year; and

87           (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an

88 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)  
89 any new growth as defined in this section:

90 (I) within the taxing entity; and

91 (II) for the following calendar year:

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

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

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

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

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

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

104 (II) semiconductor manufacturing equipment; and

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

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

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

113 (B) semiconductor manufacturing equipment.

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

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

119 (B) semiconductor manufacturing equipment.

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

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

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

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

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

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

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

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

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

149 (A) in a county of the first, second, or third class, the levy imposed for municipal-type

150 services under Sections 17-34-1 and 17-36-9; and

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

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

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

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

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

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

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

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

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

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

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

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

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

180 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the

181 assessment roll does not include new growth as defined in Subsection (4)(c).

182 (c) "New growth" means:

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

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

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

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

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

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

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

196 (ii) semiconductor manufacturing equipment.

197 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

198 (i) the amount of increase to locally assessed real property taxable values resulting  
199 from factoring, reappraisal, or any other adjustments; or

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

203 (A) the Legislature;

204 (B) a court;

205 (C) the commission in an administrative rule; or

206 (D) the commission in an administrative order.

207 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal  
208 property on the prior year's assessment roll does not include:

209 (i) new growth as defined in Subsection (4)(c); or

210 (ii) the total taxable year end value of personal property contained on the prior year's  
211 tax rolls of the taxing entity that is:

- 212 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 213 (B) semiconductor manufacturing equipment.
- 214 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.
- 215 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
- 216 auditor of:
  - 217 (i) its intent to exceed the certified tax rate; and
  - 218 (ii) the amount by which it proposes to exceed the certified tax rate.
- 219 (c) The county auditor shall notify all property owners of any intent to exceed the
- 220 certified tax rate in accordance with Subsection 59-2-919(3).
- 221 **Section 2. Effective date.**
- 222 This bill takes effect on January 1, 2010.

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**H.B. 23 2nd Sub. (Gray) - Certified Tax Rate Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill could result in a shift in property taxes between taxpayers of approximately \$58 million in FY 2010. Local governments could choose to go through truth in taxation after the first year to minimize losses. As the certified rate adjusts individuals and businesses could see either increases or reductions in property taxes owed.

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