

PROPERTY TAX REVISIONS

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: Patrick Painter

LONG TITLE

General Description:

This bill enacts a provision relating to property taxes.

Highlighted Provisions:

This bill:

- ▶ authorizes the State Tax Commission to enter into agreements with commercial or industrial taxpayers providing for equal property tax payments if specified conditions are met;

- ▶ authorizes the commission to revise, accelerate, or cancel equal payment agreements for specified reasons;

- ▶ requires the State Tax Commission to promulgate rules to ensure that payments under an equal payment contract do not affect the certified tax rate calculation; and

- ▶ requires the State Tax Commission to report annually to the Legislature's Revenue and Taxation Interim Committee and the Committee to review annually the effects of equal payment agreements.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

ENACTS:

59-2-1308.5, Utah Code Annotated 1953

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

31 Section 1. Section **59-2-1308.5** is enacted to read:

32 **59-2-1308.5. Equal payment agreements.**

33 (1) (a) The commission may enter into an agreement with a commercial or industrial
34 taxpayer to provide for equal, or approximately equal, property tax payments over a reasonable
35 period of years, not to exceed 20 years, if:

36 (i) the payment schedule is based on an accepted valuation methodology that
37 reasonably estimates the property's anticipated fair market value over the period of the
38 proposed equal payments;

39 (ii) the agreement includes a provision making the initial equal payment schedule
40 subject to an annual adjustment, as necessary, to account for differences between the property's
41 fair market value as of the annual lien date and the property's fair market value that formed the
42 basis of the initial equal payment schedule;

43 (iii) the commission, the taxpayer, and each affected taxing entity approve the
44 agreement; and

45 (iv) the total amount the taxpayer pays under the agreement is no less than the amount
46 the taxpayer would have paid in the absence of the agreement.

47 (b) A taxing entity may not approve an agreement under this section on behalf of
48 another taxing entity.

49 (2) (a) Subject to Subsection (2)(b), a tax lien under this chapter against the taxpayer's
50 property is not affected by a payment pursuant to an agreement under this section to the extent
51 of the difference between the amount the taxpayer would have been required to pay in the
52 absence of the agreement and the amount of the payment under the agreement.

53 (b) For purposes of enforcing a tax lien under this chapter, a taxpayer's failure to pay
54 the full amount of taxes that the taxpayer would have been required to pay in the absence of an
55 agreement under this section does not constitute a failure to pay the full amount of taxes owing;

56 (i) if the taxpayer pays the full amount of the payment owing under the agreement; and

57 (ii) unless the taxpayer:

- 58 (A) files for bankruptcy;
- 59 (B) transfers ownership of the property that is the subject of the property taxes; or
- 60 (C) has a change in ownership and the new owner does not assume all responsibility
- 61 and liability under the agreement.

62 (3) (a) The commission may revise, accelerate, or cancel an equal payment agreement
63 under this section to the same extent and for the same reasons that the commission may revise,
64 accelerate, or cancel an installment agreement under Section 59-1-1004.

65 (b) The commission shall give the taxpayer reasonable notice of its intent to revise or
66 cancel an equal payment agreement under this section.

67 (4) The commission shall promulgate rules to ensure that tax revenue derived from
68 payments pursuant to an agreement under this section do not affect the calculation of the
69 certified tax rate under Section 59-2-924.

70 (5) (a) The commission shall annually provide to the Revenue and Taxation Interim
71 Committee an assessment of the effects of equal payment agreements under this section.

72 (b) The Revenue and Taxation Interim Committee shall annually review and assess the
73 effects of equal payment agreements under this section.