

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

**PROPERTY TAX EXEMPTION AMENDMENTS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: Patrick Painter

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**LONG TITLE**

**General Description:**

This bill modifies a provision related to property tax exemptions.

**Highlighted Provisions:**

This bill:

- ▶ specifies that, for purposes of a property tax exemption for property used exclusively for educational purposes, "educational purposes" includes the physical or mental teaching, training, or conditioning of competitive athletes;
- ▶ provides that a charter school is considered to be a school district for purposes of a property tax exemption for property of a school district; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for a taxable year beginning on or after January 1, 2008.

**Utah Code Sections Affected:**

AMENDS:

**59-2-1101**, as last amended by Laws of Utah 2007, Chapter 329



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

Section 1. Section **59-2-1101** is amended to read:

**59-2-1101. Exemption of certain property -- Proportional payments for certain property -- County legislative body authority to adopt rules or ordinances.**

(1) ~~[For purposes of]~~ As used in this section:

(a) "Educational purposes" includes:

(i) the physical or mental teaching, training, or conditioning of competitive athletes;

and

(ii) an activity in support of or incidental to the teaching, training, or conditioning described in Subsection (1)(a)(i).

~~[(a)]~~ (b) "Exclusive use exemption" means a property tax exemption under Subsection (3)(d), for property owned by a nonprofit entity that is used exclusively for religious, charitable, or educational purposes[;].

~~[(b)]~~ (c) "Government exemption" means a property tax exemption provided under Subsection (3)(a), (b), or (c)[; ~~and~~].

~~[(c)]~~ (d) "Tax relief" means an exemption, deferral, or abatement that is authorized by this part.

(2) (a) Except as provided in Subsection (2)(b) or (c), tax relief may be allowed only if the claimant is the owner of the property as of January 1 of the year the exemption is claimed.

(b) Notwithstanding Subsection (2)(a), a claimant shall collect and pay a proportional tax based upon the length of time that the property was not owned by the claimant if:

(i) the claimant is a federal, state, or political subdivision entity described in Subsection (3)(a), (b), or (c); or

(ii) pursuant to Subsection (3)(d):

(A) the claimant is a nonprofit entity; and

(B) the property is used exclusively for religious, charitable, or educational purposes.

(c) Notwithstanding Subsection (2)(a), a claimant may be allowed a veteran's exemption in accordance with Sections 59-2-1104 and 59-2-1105 regardless of whether the claimant is the owner of the property as of January 1 of the year the exemption is claimed if the claimant is:

- 57 (i) the unmarried surviving spouse of:
- 58 (A) a deceased disabled veteran as defined in Section 59-2-1104; or
- 59 (B) a veteran who was killed in action or died in the line of duty as defined in Section
- 60 59-2-1104; or
- 61 (ii) a minor orphan of:
- 62 (A) a deceased disabled veteran as defined in Section 59-2-1104; or
- 63 (B) a veteran who was killed in action or died in the line of duty as defined in Section
- 64 59-2-1104.
- 65 (3) (a) The following property is exempt from taxation:
- 66 ~~[(a)]~~ (i) property exempt under the laws of the United States;
- 67 ~~[(b)]~~ (ii) property of:
- 68 ~~[(i)]~~ (A) the state;
- 69 ~~[(ii)]~~ (B) school districts; and
- 70 ~~[(iii)]~~ (C) public libraries;
- 71 ~~[(c)]~~ (iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act,
- 72 property of:
- 73 ~~[(i)]~~ (A) counties;
- 74 ~~[(ii)]~~ (B) cities;
- 75 ~~[(iii)]~~ (C) towns;
- 76 ~~[(iv)]~~ (D) local districts;
- 77 ~~[(v)]~~ (E) special service districts; and
- 78 ~~[(vi)]~~ (F) all other political subdivisions of the state;
- 79 ~~[(d)]~~ (iv) property owned by a nonprofit entity which is used exclusively for religious,
- 80 charitable, or educational purposes;
- 81 ~~[(e)]~~ (v) places of burial not held or used for private or corporate benefit;
- 82 ~~[(f)]~~ (vi) farm equipment and machinery;
- 83 ~~[(g)]~~ (vii) intangible property; and
- 84 ~~[(h)]~~ (viii) the ownership interest of an out-of-state public agency, as defined in Section
- 85 11-13-103:
- 86 ~~[(i)]~~ (A) if that ownership interest is in property providing additional project capacity,
- 87 as defined in Section 11-13-103; and

88            [(†)] (B) on which a fee in lieu of ad valorem property tax is payable under Section  
89 11-13-302.

90            (b) For purposes of a property tax exemption for property of school districts under  
91 Subsection (3)(a)(ii)(B), a charter school under Title 53A, Chapter 1, Part 5, Charter Schools,  
92 is considered to be a school district.

93            (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or  
94 a government exemption ceases to qualify for the exemption because of a change in the  
95 ownership of the property:

96            (a) the new owner of the property shall pay a proportional tax based upon the period of  
97 time:

98            (i) beginning on the day that the new owner acquired the property; and

99            (ii) ending on the last day of the calendar year during which the new owner acquired  
100 the property; and

101            (b) the new owner of the property and the person from whom the new owner acquires  
102 the property shall notify the county assessor, in writing, of the change in ownership of the  
103 property within 30 days from the day that the new owner acquires the property.

104            (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection  
105 (4)(a):

106            (a) is subject to any exclusive use exemption or government exemption that the  
107 property is entitled to under the new ownership of the property; and

108            (b) applies only to property that is acquired after December 31, 2005.

109            (6) A county legislative body may adopt rules or ordinances to:

110            (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation  
111 provided in this part; and

112            (b) designate one or more persons to perform the functions given the county under this  
113 part.

114            **Section 2. Retrospective operation.**

115            This bill has retrospective operation for a taxable year beginning on or after January 1,  
116 2008.

# FISCAL NOTE

S.B. 125 1st Sub. (Green)

SHORT TITLE: **Property Tax Exemption Amendments**

SPONSOR: **Bramble, C.**

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget.

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

By increasing the number of exemptions, local governments may experience an increase in Board of Equalization filings. Due to truth in taxation, there is a shift among property types, with revenue to local governments being unaffected.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Nonprofit entities involved in the physical and mental training of competitive athletes could experience a decrease in tax liability of up to \$300,000; land owned by charter schools before construction of the building could experience a decrease in tax liability by a minimum of \$150,000 and up to \$11,000,000. Individuals and businesses not involved in the mentioned activities experience a tax liability increase. Depending upon the location of the taxpayer, for an individual owning a \$250,000 home, the tax increase ranges from \$0 to \$3 per year; for a business owning \$1,000,000 in taxable real property, the tax increase is from \$0 to \$23.