

1 **PROPERTY TAXATION OF BUSINESS PERSONAL**

2 **PROPERTY**

3 2012 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Patrick Painter**

6 Senate Sponsor: Curtis S. Bramble

7

8 **LONG TITLE**

9 **Committee Note:**

10 The Revenue and Taxation Interim Committee recommended this bill.

11 **General Description:**

12 This bill adjusts a property tax exemption for business personal property.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ increases and expands a property tax exemption for business personal property; and
- 16 ▶ makes technical and conforming changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill takes effect on January 1, 2013.

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **59-2-1115**, as last amended by Laws of Utah 2008, Chapters 61 and 382

24

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

26 Section 1. Section **59-2-1115** is amended to read:

27 **59-2-1115. Exemption of certain tangible personal property.**



28 (1) For purposes of this section:

29 (a) (i) "Acquisition cost" means all costs required to put an item of tangible personal
30 property into service; and

31 (ii) includes:

32 (A) the purchase price for a new or used item;

33 (B) the cost of freight and shipping;

34 (C) the cost of installation, engineering, erection, or assembly; and

35 (D) sales and use taxes.

36 (b) (i) "Item of taxable tangible personal property" does not include an improvement to
37 real property or a part that will become an improvement.

38 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
39 commission may make rules defining the term "item of taxable tangible personal property."

40 (c) (i) "Taxable tangible personal property" means tangible personal property that is
41 subject to taxation under this chapter.

42 (ii) "Taxable tangible personal property" does not include:

43 (A) tangible personal property required by law to be registered with the state before it
44 is used:

45 (I) on a public highway;

46 (II) on a public waterway;

47 (III) on public land; or

48 (IV) in the air;

49 (B) a mobile home as defined in Section 41-1a-102; or

50 (C) a manufactured home as defined in Section 41-1a-102.

51 (2) (a) The first \$25,000 of taxable tangible personal property of a taxpayer is exempt
52 from taxation [~~if the taxable tangible personal property has a total aggregate fair market value~~
53 ~~per county of \$3,500 or less~~].

54 (b) [~~And~~] In addition to the exemption under Subsection (2)(a), an item of taxable
55 tangible personal property is exempt from taxation if the item of taxable tangible personal
56 property:

57 (i) has an acquisition cost of \$1,000 or less;

58 (ii) has reached a percent good of 15% or less according to a personal property

59 schedule:

60 (A) published by the commission pursuant to Section 59-2-107; or

61 (B) for an item of personal property that is designated as expensed personal property in
62 accordance with Section 59-2-108, described in Section 59-2-108; and

63 (iii) is in a personal property schedule with a residual value of 15% or less.

64 (3) (a) For calendar years beginning on or after January 1, [~~2008~~] 2014, the
65 commission shall increase the dollar amount described in Subsection (2)(a):

66 (i) by a percentage equal to the percentage difference between the consumer price
67 index for the preceding calendar year and the consumer price index for calendar year [~~2006~~]
68 2012; and

69 (ii) up to the nearest \$100 increment.

70 (b) For purposes of this Subsection(3), the commission shall calculate the consumer
71 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

72 (c) If the percentage difference under Subsection(3)(a)(i) is zero or a negative
73 percentage, the consumer price index increase for the year is zero.

74 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
75 commission may make rules to administer this section and provide for uniform
76 implementation.

77 Section 2. **Effective date.**

78 This bill takes effect on January 1, 2013.

Legislative Review Note
as of 11-17-11 1:56 PM

Office of Legislative Research and General Counsel