

PROPERTY TAX RATE AMENDMENTS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Benjamin M. McAdams

House Sponsor: Gregory H. Hughes

LONG TITLE

General Description:

This bill changes the calculation of a property tax certified tax rate when delinquent property taxes are paid.

Highlighted Provisions:

This bill:

- ▶ changes the calculation of a property tax certified tax rate when delinquent property taxes are paid; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides for retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-924, as last amended by Laws of Utah 2011, Chapter 371

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

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

59-2-924. Report of valuation of property to county auditor and commission --

Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified tax rate -- Rulemaking authority -- Adoption of tentative budget.

(1) Before June 1 of each year, the county assessor of each county shall deliver to the

30 county auditor and the commission the following statements:

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

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

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

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

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

39 (c) the certified tax rate; and

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

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

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

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

46 (A) interest;

47 (B) penalties; and

48 (C) revenue received by a taxing entity from personal property that is:

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

50 (II) semiconductor manufacturing equipment.

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

52 (A) the aggregate taxable value of all real property assessed by a county assessor in
53 accordance with Part 3, County Assessment, for the current year;

54 (B) the aggregate taxable year end value of all personal property assessed by a county
55 assessor in accordance with Part 3, County Assessment, for the prior year; and

56 (C) the aggregate taxable value of all real and personal property assessed by the
57 commission in accordance with Part 2, Assessment of Property, for the current year.

58 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
59 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
60 taxing entity by the amount calculated under Subsection (3)(c)(ii).

61 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
62 calculate an amount as follows:

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

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

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

66 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an
67 amount determined by increasing or decreasing the amount calculated under Subsection
68 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
69 equalization period for the three calendar years immediately preceding the current calendar
70 year;

71 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
72 product of:

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

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

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

79 (I) within the taxing entity; and

80 (II) for the following calendar year:

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

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

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

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

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

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

93 (II) semiconductor manufacturing equipment; and

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

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

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

102 (B) semiconductor manufacturing equipment.

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

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

108 (B) semiconductor manufacturing equipment.

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

113 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,

114 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
115 year.

116 (viii) (A) ~~[(H) For]~~ Except as provided in Subsections (3)(c)(ix) and (x), for purposes of
117 Subsection (3)(c)(i), [for a calendar year beginning on or after January 1, 2010,] a taxing
118 entity's ad valorem property tax revenues budgeted for the prior year shall be decreased by an
119 amount of revenue equal to the five-year average of the most recent prior five years of
120 redemptions adjusted by the five-year average redemption calculated for the prior year as
121 reported on the county treasurer's final annual settlement required under Subsection
122 59-2-1365(2).

123 ~~[(H)]~~ (B) A decrease under Subsection (3)(c)(viii)(A)~~[(H)]~~ does not apply to the
124 multicounty assessing and collecting levy authorized in Subsection 59-2-1602(2)(a), the
125 certified revenue levy, or the minimum basic tax rate established in Section 53A-17a-135.

126 ~~[(B) For the calendar year beginning on January 1, 2010 and ending on December 31,~~
127 ~~2010, a taxing entity is exempt from the notice and public hearing provisions of Section~~
128 ~~59-2-919 if the taxing entity budgets an increased amount of ad valorem property tax revenue~~
129 ~~equal to or less than the taxing entity's five-year average of the most recent prior five years of~~
130 ~~redemptions as reported on the county treasurer's final annual settlement required under~~
131 ~~Subsection 59-2-1365(2).]~~

132 (ix) As used in Subsection (3)(c)(x):

133 (A) "One-fourth of qualifying redemptions excess amount" means a qualifying
134 redemptions excess amount divided by four.

135 (B) "Qualifying redemptions" means that, for a calendar year, a taxing entity's total
136 amount of redemptions is greater than three times the five-year average of the most recent prior
137 five years of redemptions calculated for the prior year under Subsection (3)(c)(viii)(A).

138 (C) "Qualifying redemptions base amount" means an amount equal to three times the
139 five-year average of the most recent prior five years of redemptions for a taxing entity, as
140 reported on the county treasurer's final annual settlement required under Subsection
141 59-2-1365(2).

142 (D) "Qualifying redemptions excess amount" means the amount by which a taxing
143 entity's qualifying redemptions for a calendar year exceed the qualifying redemptions base
144 amount for that calendar year.

145 (x) (A) If, for a calendar year, a taxing entity has qualifying redemptions, the
146 redemption amount for purposes of calculating the five-year redemption average required by
147 Subsection (3)(c)(viii)(A) is as provided in Subsections (3)(c)(x)(B) and (C).

148 (B) For the initial calendar year a taxing entity has qualifying redemptions, the taxing
149 entity's redemption amount for that calendar year is the qualifying redemptions base amount.

150 (C) For each of the four calendar years after the calendar year described in Subsection
151 (3)(c)(x)(B), one-fourth of the qualifying redemptions excess amount shall be added to the
152 redemption amount.

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

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

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

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

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

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

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

169 (iii) for debt service voted on by the public, the certified tax rate shall be the actual

170 levy imposed by that section, except that the certified tax rates for the following levies shall be
171 calculated in accordance with Section 59-2-913 and this section:

172 (A) school levies provided for under Sections 53A-16-113, 53A-17a-133, and
173 53A-17a-164; and

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

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

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

181 (g) The ad valorem property tax revenue generated by the capital local levy described
182 in Section 53A-16-113 within a taxing entity in a county of the first class:

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

185 (ii) shall be included by the commission in establishing a certified tax rate for that
186 capital outlay levy determined in accordance with the calculation described in Subsection
187 59-2-913(3).

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

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

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

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

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

196 (c) "New growth" means:

197 (i) the difference between the increase in taxable value of the following property of the

198 taxing entity from the previous calendar year to the current year:

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

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

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

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

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

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

210 (ii) semiconductor manufacturing equipment.

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

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

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

217 (A) the Legislature;

218 (B) a court;

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

220 (D) the commission in an administrative order.

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

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

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

- 226 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 227 (B) semiconductor manufacturing equipment.
- 228 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.
- 229 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
- 230 auditor of:
 - 231 (i) its intent to exceed the certified tax rate; and
 - 232 (ii) the amount by which it proposes to exceed the certified tax rate.
 - 233 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
 - 234 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.

235 **Section 2. Retrospective operation.**

236 This bill has retrospective operation to January 1, 2012.