

1                                   **PERSONAL PROPERTY TAXATION REVISIONS**

2   2013 GENERAL SESSION

3   STATE OF UTAH

4   **Chief Sponsor: Gage Froerer**

5   Senate Sponsor: Wayne A. Harper

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7 **LONG TITLE**

8 **General Description:**

9           This bill addresses the property taxation of personal property.

10 **Highlighted Provisions:**

11           This bill:

- 12           ▶ applies the primary residential exemption to household furnishings, furniture, and
- 13 equipment used exclusively within a rental primary residential property;
- 14           ▶ increases a property tax exemption for personal property;
- 15           ▶ repeals a consumer price index adjustment for purposes of the property tax
- 16 exemption for personal property;
- 17           ▶ provides that a signed statement submitted to a county assessor may only contain
- 18 certain information under certain circumstances;
- 19           ▶ addresses property tax exemption, abatement, and deferral provisions relative to the
- 20 primary residential exemption; and
- 21           ▶ makes technical and conforming changes.

22 **Money Appropriated in this Bill:**

23           None

24 **Other Special Clauses:**

25           This bill ~~H→ [has retrospective operation to]~~ **takes effect on** ~~←H~~ January 1,

25a ~~H→ [2013]~~ **2014** ~~←H~~ .

26 **Utah Code Sections Affected:**

27 **AMENDS:**



307 (29) "Public utility," for purposes of this chapter, means the operating property of a  
 308 railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline  
 309 company, electrical corporation, telephone corporation, sewerage corporation, or heat  
 310 corporation where the company performs the service for, or delivers the commodity to, the  
 311 public generally or companies serving the public generally, or in the case of a gas corporation  
 312 or an electrical corporation, where the gas or electricity is sold or furnished to any member or  
 313 consumers within the state for domestic, commercial, or industrial use. Public utility also  
 314 means the operating property of any entity or person defined under Section 54-2-1 except water  
 315 corporations.

316 (30) (a) Subject to Subsection (30)(b), "qualifying exempt primary residential rental  
 317 personal property" means household furnishings, furniture, and equipment that:

318 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;

318a **H→ (ii) are owned by the owner of the dwelling unit that is the primary residence**  
 318b **of a tenant ; ←H**

319 and

320 **H→ [(iii)] (iii) ←H** after applying the residential exemption described in Section 59-2-103,  
 320a are exempt  
 321 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

322 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 323 commission may by rule define the term "dwelling unit" for purposes of this Subsection (30)  
 324 and Subsection (32).

325 ~~[(30)]~~ (31) "Real estate" or "real property" includes:

326 (a) the possession of, claim to, ownership of, or right to the possession of land;

327 (b) all mines, minerals, and quarries in and under the land, all timber belonging to  
 328 individuals or corporations growing or being on the lands of this state or the United States, and  
 329 all rights and privileges appertaining to these; and

330 (c) improvements.

331 ~~[(31)]~~ (32) (a) Subject to Subsection (32)(b), "residential property," for the purposes of  
 332 the reductions and adjustments under this chapter, means any property used for residential  
 333 purposes as a primary residence. [H]

334 (b) Subject to Subsection (32)(c), "residential property":

335 (i) except as provided in Subsection (32)(b)(ii), includes household furnishings,  
 336 furniture, and equipment if the household furnishings, furniture, and equipment are H→ :

336a (A) ←H used

337 exclusively within a dwelling unit that is the primary residence of a tenant; and

337a **H→ (B) owned by the owner of the dwelling unit that is the primary residence**  
 337b **of a tenant; and ←H**

338 (ii) does not include property used for transient residential use ~~H→ [or condominiums used~~  
 339 ~~in rental pools] ←H~~ .

340 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 341 commission may by rule define the term "dwelling unit" for purposes of Subsection (30) and  
 342 this Subsection (32).

343 [~~32~~] (33) (a) "State-assessed commercial vehicle" means:

344 (i) any commercial vehicle, trailer, or semitrailer which operates interstate or intrastate  
 345 to transport passengers, freight, merchandise, or other property for hire; or

346 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and  
 347 transports the vehicle owner's goods or property in furtherance of the owner's commercial  
 348 enterprise.

349 (b) "State-assessed commercial vehicle" does not include vehicles used for hire which  
 350 are specified in Subsection (8)(c) as county-assessed commercial vehicles.

351 [~~33~~] (34) "Taxable value" means fair market value less any applicable reduction  
 352 allowed for residential property under Section 59-2-103.

353 [~~34~~] (35) "Tax area" means a geographic area created by the overlapping boundaries  
 354 of one or more taxing entities.

355 [~~35~~] (36) "Taxing entity" means any county, city, town, school district, special taxing  
 356 district, local district under Title 17B, Limited Purpose Local Government Entities - Local  
 357 Districts, or other political subdivision of the state with the authority to levy a tax on property.

358 [~~36~~] (37) "Tax roll" means a permanent record of the taxes charged on property, as  
 359 extended on the assessment roll and may be maintained on the same record or records as the  
 360 assessment roll or may be maintained on a separate record properly indexed to the assessment  
 361 roll. It includes tax books, tax lists, and other similar materials.

362 Section 2. Section **59-2-103.5** is amended to read:

363 **59-2-103.5. Procedures to obtain an exemption for residential property --**  
 364 **Procedure if property owner or property no longer qualifies to receive a residential**  
 365 **exemption.**

366 (1) Subject to the other provisions of this section, a county legislative body may by  
 367 ordinance require that in order for residential property to be allowed a residential exemption in  
 368 accordance with Section 59-2-103, an owner of the residential property shall file with the

400 (b) The commission shall make the form described in Subsection (4)(a) available to  
401 counties.

402 (5) Except as provided in Subsection (6), if a property owner no longer qualifies to  
403 receive a residential exemption authorized under Section 59-2-103 for that property owner's  
404 primary residence, the property owner shall:

405 (a) file a written statement with the county board of equalization of the county in which  
406 the property is located:

407 (i) on a form provided by the county board of equalization; and

408 (ii) notifying the county board of equalization that the property owner no longer  
409 qualifies to receive a residential exemption authorized under Section 59-2-103 for that property  
410 owner's primary residence; and

411 (b) declare on the property owner's individual income tax return under Chapter 10,  
412 Individual Income Tax Act, for the taxable year for which the property owner no longer  
413 qualifies to receive a residential exemption authorized under Section 59-2-103 for that property  
414 owner's primary residence, that the property owner no longer qualifies to receive a residential  
415 exemption authorized under Section 59-2-103 for that property owner's primary residence.

416 (6) A property owner is not required to file a written statement or make the declaration  
417 described in Subsection (5) if the property owner:

418 (a) changes primary residences;

419 (b) qualified to receive a residential exemption authorized under Section 59-2-103 for  
420 the residence that was the property owner's former primary residence; and

421 (c) qualifies to receive a residential exemption authorized under Section 59-2-103 for  
422 the residence that is the property owner's current primary residence.

423 (7) (a) Subsections (2) through (6) do not apply to qualifying exempt primary  
424 residential rental personal property.

425 (b) ~~H~~→ (i) For the first calendar year in which a taxpayer qualifies for an exemption  
425a described in Subsection (2), a county assessor may require a taxpayer to file a signed statement  
425b described in Section 59-2-306.

425c (ii) [For] Notwithstanding Section 59-2-306, for ~~←H~~ a calendar year ~~H~~→ after the  
425d calendar year described in Subsection (7)(b)(i) ~~←H~~ in which a taxpayer qualifies for an  
425e exemption described in

426 Subsection 59-2-1115(2) for qualifying exempt primary residential rental personal property, a  
427 signed statement described in Section 59-2-306 with respect to the qualifying exempt primary  
428 residential rental personal property may only require the taxpayer to certify, under penalty of  
429 perjury, that the taxpayer qualifies for the exemption under Subsection 59-2-1115(2).

430 Section 3. Section **59-2-1105** is amended to read:

710 (III) on public land; or

711 (IV) in the air;

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

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

714 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if  
715 the taxable tangible personal property has a total aggregate ~~[fair-market]~~ taxable value per  
716 county of ~~[\$3,500]~~ \$10,000 or less.

717 (b) ~~[An]~~ In addition to the exemption under Subsection (2)(a), an item of taxable  
718 tangible personal property, except for an item of noncapitalized personal property as defined in  
719 Section 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

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

721 (ii) has reached a percent good of 15% or less according to a personal property  
722 schedule published by the commission pursuant to Section 59-2-107; and

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

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

726 ~~[(i) by a percentage equal to the percentage difference between the consumer price  
727 index for the preceding calendar year and the consumer price index for calendar year 2006;  
728 and]~~

729 ~~[(ii) up to the nearest \$100 increment.]~~

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

732 ~~[(c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative  
733 percentage, the consumer price index increase for the year is zero.]~~

734 **(3) ~~H~~→ (a) For the first calendar year in which a taxpayer qualifies for an exemption**  
734a **described in Subsection (2), a county assessor may require a taxpayer to file a signed statement**  
734b **described in Section 59-2-306.**

734c **(b) ~~←H~~ Notwithstanding Section 59-2-306 and subject to Subsection (4), for a calendar**  
735 **year in which a taxpayer qualifies for an exemption described in Subsection (2) ~~H~~→ after the**  
735a **calendar year described in Subsection (3)(a) ~~←H~~ , a signed**  
736 **statement described in Section 59-2-306 with respect to the taxable tangible personal property**  
737 **that is exempt under Subsection (2) may only require the taxpayer to certify, under penalty of**  
738 **perjury, that the taxpayer qualifies for the exemption under Subsection (2).**

739 **(4) A signed statement with respect to qualifying exempt primary residential rental**  
740 **personal property is as provided in Section 59-2-103.5.**

741            [~~(4)~~] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
742 Act, the commission may make rules to administer this section and provide for uniform  
743 implementation.

744            Section 7. ~~H~~→ [~~Retrospective operation.~~] Effective date. ←~~H~~

745            This bill ~~H~~→ [~~has retrospective operation to~~] takes effect on ←~~H~~ January 1,  
745a ~~H~~→ [~~2013~~] 2014 ←~~H~~ .

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Legislative Review Note  
as of 1-9-13 2:44 PM

Office of Legislative Research and General Counsel