

**Senator Wayne A. Harper** proposes the following substitute bill:

**PROPERTY TAXATION REVISIONS**

2013 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Gage Froerer**

Senate Sponsor: Wayne A. Harper

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**LONG TITLE**

**General Description:**

This bill addresses the taxation of real and personal property.

**Highlighted Provisions:**

This bill:

- ▶ applies the primary residential exemption to household furnishings, furniture, and equipment used exclusively within a rental primary residential property;
- ▶ increases a property tax exemption for personal property;
- ▶ provides that a signed statement submitted to a county assessor may only contain certain information under certain circumstances;
- ▶ addresses provisions relative to the primary residential exemption; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect on January 1, 2014.

**Utah Code Sections Affected:**

AMENDS:

**59-2-102**, as last amended by Laws of Utah 2012, Chapter 240



- 26           **59-2-103.5**, as last amended by Laws of Utah 2011, Chapter 410
- 27           **59-2-1105**, as last amended by Laws of Utah 2012, Chapter 92
- 28           **59-2-1108**, as last amended by Laws of Utah 2007, Chapter 306
- 29           **59-2-1109**, as last amended by Laws of Utah 2011, Chapter 366
- 30           **59-2-1115**, as last amended by Laws of Utah 2012, Chapter 313



31  
32 *Be it enacted by the Legislature of the state of Utah:*

33           Section 1. Section **59-2-102** is amended to read:

34           **59-2-102. Definitions.**

35           As used in this chapter and title:

36           (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of  
37 engaging in dispensing activities directly affecting agriculture or horticulture with an  
38 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or  
39 rotorcraft's use for agricultural and pest control purposes.

40           (2) "Air charter service" means an air carrier operation which requires the customer to  
41 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled  
42 trip.

43           (3) "Air contract service" means an air carrier operation available only to customers  
44 who engage the services of the carrier through a contractual agreement and excess capacity on  
45 any trip and is not available to the public at large.

46           (4) "Aircraft" is as defined in Section 72-10-102.

47           (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:

48           (i) operates:

49           (A) on an interstate route; and

50           (B) on a scheduled basis; and

51           (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a  
52 regularly scheduled route.

53           (b) "Airline" does not include an:

54           (i) air charter service; or

55           (ii) air contract service.

56           (6) "Assessment roll" means a permanent record of the assessment of property as

57 assessed by the county assessor and the commission and may be maintained manually or as a  
58 computerized file as a consolidated record or as multiple records by type, classification, or  
59 categories.

60 (7) (a) "Certified revenue levy" means a property tax levy that provides an amount of  
61 ad valorem property tax revenue equal to the sum of:

62 (i) the amount of ad valorem property tax revenue to be generated statewide in the  
63 previous year from imposing a school minimum basic tax rate, as specified in Subsection  
64 53A-17a-135(1)(a), or multicounty assessing and collecting levy, as specified in Section  
65 59-2-1602; and

66 (ii) the product of:

67 (A) new growth, as defined in:

68 (I) Section 59-2-924; and

69 (II) rules of the commission; and

70 (B) the school minimum basic tax rate or multicounty assessing and collecting levy  
71 certified by the commission for the previous year.

72 (b) For purposes of this Subsection (7), "ad valorem property tax revenue" does not  
73 include property tax revenue received by a taxing entity from personal property that is:

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

75 (ii) semiconductor manufacturing equipment.

76 (c) For purposes of calculating the certified revenue levy described in this Subsection  
77 (7), the commission shall use:

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

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

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

83 (8) "County-assessed commercial vehicle" means:

84 (a) any commercial vehicle, trailer, or semitrailer which is not apportioned under  
85 Section 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or  
86 property in furtherance of the owner's commercial enterprise;

87 (b) any passenger vehicle owned by a business and used by its employees for

88 transportation as a company car or vanpool vehicle; and

89 (c) vehicles which are:

90 (i) especially constructed for towing or wrecking, and which are not otherwise used to  
91 transport goods, merchandise, or people for compensation;

92 (ii) used or licensed as taxicabs or limousines;

93 (iii) used as rental passenger cars, travel trailers, or motor homes;

94 (iv) used or licensed in this state for use as ambulances or hearses;

95 (v) especially designed and used for garbage and rubbish collection; or

96 (vi) used exclusively to transport students or their instructors to or from any private,  
97 public, or religious school or school activities.

98 (9) (a) Except as provided in Subsection (9)(b), for purposes of Section 59-2-801,  
99 "designated tax area" means a tax area created by the overlapping boundaries of only the  
100 following taxing entities:

101 (i) a county; and

102 (ii) a school district.

103 (b) Notwithstanding Subsection (9)(a), "designated tax area" includes a tax area created  
104 by the overlapping boundaries of:

105 (i) the taxing entities described in Subsection (9)(a); and

106 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)  
107 and the boundaries of the city or town are identical; or

108 (B) a special service district if the boundaries of the school district under Subsection  
109 (9)(a) are located entirely within the special service district.

110 (10) "Eligible judgment" means a final and unappealable judgment or order under  
111 Section 59-2-1330:

112 (a) that became a final and unappealable judgment or order no more than 14 months  
113 prior to the day on which the notice required by Section 59-2-919.1 is required to be mailed;  
114 and

115 (b) for which a taxing entity's share of the final and unappealable judgment or order is  
116 greater than or equal to the lesser of:

117 (i) \$5,000; or

118 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the

119 previous fiscal year.

120 (11) (a) "Escaped property" means any property, whether personal, land, or any  
121 improvements to the property, subject to taxation and is:

122 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed  
123 to the wrong taxpayer by the assessing authority;

124 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to  
125 comply with the reporting requirements of this chapter; or

126 (iii) undervalued because of errors made by the assessing authority based upon  
127 incomplete or erroneous information furnished by the taxpayer.

128 (b) Property which is undervalued because of the use of a different valuation  
129 methodology or because of a different application of the same valuation methodology is not  
130 "escaped property."

131 (12) "Fair market value" means the amount at which property would change hands  
132 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell  
133 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair  
134 market value" shall be determined using the current zoning laws applicable to the property in  
135 question, except in cases where there is a reasonable probability of a change in the zoning laws  
136 affecting that property in the tax year in question and the change would have an appreciable  
137 influence upon the value.

138 (13) "Farm machinery and equipment," for purposes of the exemption provided under  
139 Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities, feed  
140 handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters, tillage  
141 tools, scales, combines, spreaders, sprayers, haying equipment, and any other machinery or  
142 equipment used primarily for agricultural purposes; but does not include vehicles required to be  
143 registered with the Motor Vehicle Division or vehicles or other equipment used for business  
144 purposes other than farming.

145 (14) "Geothermal fluid" means water in any form at temperatures greater than 120  
146 degrees centigrade naturally present in a geothermal system.

147 (15) "Geothermal resource" means:

148 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;

149 and

150 (b) the energy, in whatever form, including pressure, present in, resulting from, created  
151 by, or which may be extracted from that natural heat, directly or through a material medium.

152 (16) (a) "Goodwill" means:

153 (i) acquired goodwill that is reported as goodwill on the books and records:

154 (A) of a taxpayer; and

155 (B) that are maintained for financial reporting purposes; or

156 (ii) the ability of a business to:

157 (A) generate income:

158 (I) that exceeds a normal rate of return on assets; and

159 (II) resulting from a factor described in Subsection (16)(b); or

160 (B) obtain an economic or competitive advantage resulting from a factor described in  
161 Subsection (16)(b).

162 (b) The following factors apply to Subsection (16)(a)(ii):

163 (i) superior management skills;

164 (ii) reputation;

165 (iii) customer relationships;

166 (iv) patronage; or

167 (v) a factor similar to Subsections (16)(b)(i) through (iv).

168 (c) "Goodwill" does not include:

169 (i) the intangible property described in Subsection (20)(a) or (b);

170 (ii) locational attributes of real property, including:

171 (A) zoning;

172 (B) location;

173 (C) view;

174 (D) a geographic feature;

175 (E) an easement;

176 (F) a covenant;

177 (G) proximity to raw materials;

178 (H) the condition of surrounding property; or

179 (I) proximity to markets;

180 (iii) value attributable to the identification of an improvement to real property,

181 including:

182 (A) reputation of the designer, builder, or architect of the improvement;

183 (B) a name given to, or associated with, the improvement; or

184 (C) the historic significance of an improvement; or

185 (iv) the enhancement or assemblage value specifically attributable to the interrelation  
186 of the existing tangible property in place working together as a unit.

187 (17) "Governing body" means:

188 (a) for a county, city, or town, the legislative body of the county, city, or town;

189 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -  
190 Local Districts, the local district's board of trustees;

191 (c) for a school district, the local board of education; or

192 (d) for a special service district under Title 17D, Chapter 1, Special Service District

193 Act:

194 (i) the legislative body of the county or municipality that created the special service  
195 district, to the extent that the county or municipal legislative body has not delegated authority  
196 to an administrative control board established under Section 17D-1-301; or

197 (ii) the administrative control board, to the extent that the county or municipal  
198 legislative body has delegated authority to an administrative control board established under  
199 Section 17D-1-301.

200 (18) (a) For purposes of Section 59-2-103:

201 (i) "household" means the association of persons who live in the same dwelling,  
202 sharing its furnishings, facilities, accommodations, and expenses; and

203 (ii) "household" includes married individuals, who are not legally separated, that have  
204 established domiciles at separate locations within the state.

205 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
206 commission may make rules defining the term "domicile."

207 (19) (a) Except as provided in Subsection (19)(c), "improvement" means a building,  
208 structure, fixture, fence, or other item that is permanently attached to land, regardless of  
209 whether the title has been acquired to the land, if:

210 (i) (A) attachment to land is essential to the operation or use of the item; and

211 (B) the manner of attachment to land suggests that the item will remain attached to the

212 land in the same place over the useful life of the item; or  
213 (ii) removal of the item would:  
214 (A) cause substantial damage to the item; or  
215 (B) require substantial alteration or repair of a structure to which the item is attached.  
216 (b) "Improvement" includes:  
217 (i) an accessory to an item described in Subsection (19)(a) if the accessory is:  
218 (A) essential to the operation of the item described in Subsection (19)(a); and  
219 (B) installed solely to serve the operation of the item described in Subsection (19)(a);  
220 and  
221 (ii) an item described in Subsection (19)(a) that:  
222 (A) is temporarily detached from the land for repairs; and  
223 (B) remains located on the land.  
224 (c) Notwithstanding Subsections (19)(a) and (b), "improvement" does not include:  
225 (i) an item considered to be personal property pursuant to rules made in accordance  
226 with Section 59-2-107;  
227 (ii) a moveable item that is attached to land:  
228 (A) for stability only; or  
229 (B) for an obvious temporary purpose;  
230 (iii) (A) manufacturing equipment and machinery; or  
231 (B) essential accessories to manufacturing equipment and machinery;  
232 (iv) an item attached to the land in a manner that facilitates removal without substantial  
233 damage to:  
234 (A) the land; or  
235 (B) the item; or  
236 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that  
237 transportable factory-built housing unit is considered to be personal property under Section  
238 59-2-1503.  
239 (20) "Intangible property" means:  
240 (a) property that is capable of private ownership separate from tangible property,  
241 including:  
242 (i) money;



- 243 (ii) credits;
- 244 (iii) bonds;
- 245 (iv) stocks;
- 246 (v) representative property;
- 247 (vi) franchises;
- 248 (vii) licenses;
- 249 (viii) trade names;
- 250 (ix) copyrights; and
- 251 (x) patents;
- 252 (b) a low-income housing tax credit;
- 253 (c) goodwill; or
- 254 (d) a renewable energy tax credit or incentive, including:
  - 255 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue
  - 256 Code;
  - 257 (ii) a federal energy credit for qualified renewable electricity production facilities under
  - 258 Section 48, Internal Revenue Code;
  - 259 (iii) a federal grant for a renewable energy property under American Recovery and
  - 260 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and
  - 261 (iv) a tax credit under Subsection 59-7-614(2)(c).
- 262 (21) "Low-income housing tax credit" means:
  - 263 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
  - 264 or
  - 265 (b) a low-income housing tax credit under:
    - 266 (i) Section 59-7-607; or
    - 267 (ii) Section 59-10-1010.
- 268 (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.
- 269 (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
- 270 valuable mineral.
- 271 (24) "Mining" means the process of producing, extracting, leaching, evaporating, or
- 272 otherwise removing a mineral from a mine.
- 273 (25) (a) "Mobile flight equipment" means tangible personal property that is:

- 274 (i) owned or operated by an:
- 275 (A) air charter service;
- 276 (B) air contract service; or
- 277 (C) airline; and
- 278 (ii) (A) capable of flight;
- 279 (B) attached to an aircraft that is capable of flight; or
- 280 (C) contained in an aircraft that is capable of flight if the tangible personal property is
- 281 intended to be used:
- 282 (I) during multiple flights;
- 283 (II) during a takeoff, flight, or landing; and
- 284 (III) as a service provided by an air charter service, air contract service, or airline.
- 285 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
- 286 engine that is rotated:
- 287 (A) at regular intervals; and
- 288 (B) with an engine that is attached to the aircraft.
- 289 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 290 commission may make rules defining the term "regular intervals."
- 291 (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,
- 292 sand, rock, gravel, and all carboniferous materials.
- 293 (27) "Personal property" includes:
- 294 (a) every class of property as defined in Subsection (28) which is the subject of
- 295 ownership and not included within the meaning of the terms "real estate" and "improvements";
- 296 (b) gas and water mains and pipes laid in roads, streets, or alleys;
- 297 (c) bridges and ferries;
- 298 (d) livestock which, for the purposes of the exemption provided under Section
- 299 59-2-1112, means all domestic animals, honeybees, poultry, fur-bearing animals, and fish; and
- 300 (e) outdoor advertising structures as defined in Section 72-7-502.
- 301 (28) (a) "Property" means property that is subject to assessment and taxation according
- 302 to its value.
- 303 (b) "Property" does not include intangible property as defined in this section.
- 304 (29) "Public utility," for purposes of this chapter, means the operating property of a

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

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

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

316 ~~§~~→ [and] ←~~§~~

317 (ii) are owned by the owner of the dwelling unit that is the primary residence of a  
 318 tenant; ~~§~~→ and ←~~§~~

319 (iii) after applying the residential exemption described in Section 59-2-103, are exempt  
 320 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

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

324 ~~[(30)]~~ (31) "Real estate" or "real property" includes:

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

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

329 (c) improvements.

330 ~~[(31)]~~ (32) (a) Subject to Subsection (32)(b), "residential property," for the purposes of  
 331 the reductions and adjustments under this chapter, means any property used for residential  
 332 purposes as a primary residence. [It]

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

334 (i) except as provided in Subsection (32)(b)(ii), includes household furnishings,

335 furniture, and equipment if the household furnishings, furniture, and equipment are:

336 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;  
337 and

338 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;  
339 and

340 (ii) does not include property used for transient residential use [or condominiums used  
341 in rental pools].

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

345 [~~32~~] (33) (a) "State-assessed commercial vehicle" means:

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

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

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

353 [~~33~~] (34) "Taxable value" means fair market value less any applicable reduction  
354 allowed for residential property under Section 59-2-103.

355 [~~34~~] (35) "Tax area" means a geographic area created by the overlapping boundaries  
356 of one or more taxing entities.

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

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

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

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

367 **exemption.**

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

- 372 (a) on a form prescribed by the commission by rule;
- 373 (b) signed by all of the owners of the residential property;
- 374 (c) certifying that the residential property is residential property; and
- 375 (d) containing other information as required by the commission by rule.

376 (2) (a) Subject to Section 59-2-103 and except as provided in Subsection (3), a county  
377 board of equalization shall allow an owner described in Subsection (1) a residential exemption  
378 for the residential property described in Subsection (1) if:

- 379 (i) the county legislative body enacts the ordinance described in Subsection (1); and
- 380 (ii) the county board of equalization determines that the requirements of Subsection (1)  
381 are met.

382 (b) A county board of equalization may require an owner of the residential property  
383 described in Subsection (1) to file the statement described in Subsection (1) only if:

- 384 (i) that residential property was ineligible for the residential exemption authorized  
385 under Section 59-2-103 during the calendar year immediately preceding the calendar year for  
386 which the owner is seeking to claim the residential exemption for that residential property;
- 387 (ii) an ownership interest in that residential property changes; or
- 388 (iii) the county board of equalization determines that there is reason to believe that that  
389 residential property no longer qualifies for the residential exemption in accordance with  
390 Section 59-2-103.

391 (3) Notwithstanding Subsection (2)(a), if a county legislative body does not enact a  
392 ordinance requiring an owner to file a statement in accordance with this section, the county  
393 board of equalization:

- 394 (a) may not require an owner to file a statement for residential property to be eligible  
395 for a residential exemption in accordance with Section 59-2-103; and
- 396 (b) shall allow a residential exemption for residential property in accordance with  
397 Section 59-2-103.

398 (4) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
399 the commission shall make rules providing:

400 (i) the form for the statement described in Subsection (1); and

401 (ii) the contents of the form for the statement described in Subsection (1).

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

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

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

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

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

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

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

420 (a) changes primary residences;

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

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

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

427 (b) (i) For the first calendar year in which a taxpayer qualifies for an exemption  
428 described in Subsection (2), a county assessor may require the taxpayer to file a signed

429 statement described in Section 59-2-306.

430 (ii) Notwithstanding Section 59-2-306, for a calendar year after the calendar year  
431 described in Subsection (7)(b)(i) in which a taxpayer qualifies for an exemption described in  
432 Subsection 59-2-1115(2) for qualifying exempt primary residential rental personal property, a  
433 signed statement described in Section 59-2-306 with respect to the qualifying exempt primary  
434 residential rental personal property may only require the taxpayer to certify, under penalty of  
435 perjury, that the taxpayer qualifies for the exemption under Subsection 59-2-1115(2).

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

437 **59-2-1105. Application for United States Armed Forces exemption -- Rulemaking**  
438 **authority -- Statement -- County authority to make refunds.**

439 (1) (a) Except as provided in Subsection 59-2-1101(2)(c), an exemption under Section  
440 59-2-1104 may be allowed only if the interest of the claimant is on record on January 1 of the  
441 year the exemption is claimed.

442 (b) If the claimant has an interest in real property under a contract, the exemption under  
443 Section 59-2-1104 may be allowed if it is proved to the satisfaction of the county that the  
444 claimant is:

445 (i) the purchaser under the contract; and

446 (ii) obligated to pay the taxes on the property beginning January 1 of the year the  
447 exemption is claimed.

448 (c) If the claimant is the grantor of a trust holding title to real or tangible personal  
449 property on which an exemption under Section 59-2-1104 is claimed, the claimant may claim  
450 the portion of the exemption under Section 59-2-1104 and be treated as the owner of that  
451 portion of the property held in trust for which the claimant proves to the satisfaction of the  
452 county that:

453 (i) title to the portion of the trust will revert in the claimant upon the exercise of a  
454 power:

455 (A) by:

456 (I) the claimant as grantor of the trust;

457 (II) a nonadverse party; or

458 (III) both the claimant and a nonadverse party; and

459 (B) regardless of whether the power is a power:

460 (I) to revoke;  
461 (II) to terminate;  
462 (III) to alter;  
463 (IV) to amend; or  
464 (V) to appoint;  
465 (ii) the claimant is obligated to pay the taxes on that portion of the trust property  
466 beginning January 1 of the year the claimant claims the exemption; and  
467 (iii) the claimant meets the requirements under this part for the exemption.  
468 (2) (a) (i) A claimant applying for an exemption under Section 59-2-1104 shall file an  
469 application:  
470 (A) with the county in which that claimant resides; and  
471 (B) except as provided in Subsection (2)(b) or (e), on or before September 1 of the year  
472 in which that claimant is applying for the exemption in accordance with this section.  
473 (ii) A county shall provide a claimant who files an application for an exemption in  
474 accordance with this section with a receipt:  
475 (A) stating that the county received the claimant's application; and  
476 (B) no later than 30 days after the day on which the claimant filed the application in  
477 accordance with this section.  
478 (b) Notwithstanding Subsection (2)(a)(i)(B) or (2)(e):  
479 (i) subject to Subsection (2)(b)(iv), for a claimant who applies for an exemption under  
480 Section 59-2-1104 on or after January 1, 2004, a county shall extend the deadline for filing the  
481 application required by Subsection (2)(a) to September 1 of the year after the year the claimant  
482 would otherwise be required to file the application under Subsection (2)(a)(i)(B) if:  
483 (A) on or after January 1, 2004, a military entity issues a written decision that the:  
484 (I) veteran has a disability; or  
485 (II) deceased veteran with a disability with respect to whom the claimant applies for a  
486 veteran's exemption had a disability at the time the deceased veteran with a disability died; and  
487 (B) the date the written decision described in Subsection (2)(b)(i)(A) takes effect is in  
488 any year prior to the current calendar year;  
489 (ii) subject to Subsections (2)(b)(iv) and (2)(d), for a claimant who applies for an  
490 exemption under Section 59-2-1104 on or after January 1, 2004, a county shall allow the



491 claimant to amend the application required by Subsection (2)(a) on or before September 1 of  
492 the year after the year the claimant filed the application under Subsection (2)(a)(i)(B) if:

493 (A) on or after January 1, 2004, a military entity issues a written decision that the  
494 percentage of disability has changed for the:

495 (I) veteran with a disability; or

496 (II) deceased veteran with a disability with respect to whom the claimant applies for the  
497 exemption; and

498 (B) the date the written decision described in Subsection (2)(b)(ii)(A) takes effect is in  
499 any year prior to the current calendar year;

500 (iii) subject to Subsections (2)(b)(iv) and (2)(d), for a claimant who applies for an  
501 exemption under Section 59-2-1104 on or after January 1, 2004, a county shall extend the  
502 deadline for filing the application required by Subsection (2)(a) to September 1 of the year after  
503 the year the claimant would otherwise be required to file the application under Subsection  
504 (2)(a)(i)(B) if the county legislative body determines that:

505 (A) the claimant or a member of the claimant's immediate family had an illness or  
506 injury that prevented the claimant from filing the application on or before the deadline for  
507 filing the application established in Subsection (2)(a)(i)(B);

508 (B) a member of the claimant's immediate family died during the calendar year the  
509 claimant was required to file the application under Subsection (2)(a)(i)(B);

510 (C) the claimant was not physically present in the state for a time period of at least six  
511 consecutive months during the calendar year the claimant was required to file the application  
512 under Subsection (2)(a)(i)(B); or

513 (D) the failure of the claimant to file the application on or before the deadline for filing  
514 the application established in Subsection (2)(a)(i)(B):

515 (I) would be against equity or good conscience; and

516 (II) was beyond the reasonable control of the claimant; and

517 (iv) a county may extend the deadline for filing an application or amending an  
518 application under this Subsection (2) until December 31 if the county finds that good cause  
519 exists to extend the deadline.

520 (c) The following shall accompany the initial application for an exemption under  
521 Section 59-2-1104:

- 522 (i) a copy of the veteran's certificate of discharge from military service; or  
523 (ii) other satisfactory evidence of eligible military service, including orders for  
524 qualifying active duty military service, if applicable.
- 525 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
526 commission may by rule:
- 527 (i) establish procedures and requirements for amending an application under  
528 Subsection (2)(b)(ii);
- 529 (ii) for purposes of Subsection (2)(b)(iii), define the terms:
- 530 (A) "immediate family"; or  
531 (B) "physically present"; or
- 532 (iii) for purposes of Subsection (2)(b)(iii), prescribe the circumstances under which the  
533 failure of a claimant to file an application on or before the deadline for filing the application  
534 established in Subsection (2)(a)(i)(B):
- 535 (A) would be against equity or good conscience; and  
536 (B) is beyond the reasonable control of a claimant.
- 537 (e) Except as provided in Subsection (2)(g), if a claimant has on file with the county  
538 the application described in Subsection (2)(a), the county may not require the claimant to file  
539 another application described in Subsection (2)(a) unless:
- 540 (i) the claimant applies all or a portion of an exemption under Section 59-2-1104 to any  
541 tangible personal property;
- 542 (ii) the percentage of disability has changed for the:
- 543 (A) veteran with a disability; or  
544 (B) deceased veteran with a disability with respect to whom a claimant applies for a  
545 veteran's exemption under this section;
- 546 (iii) the veteran with a disability dies;
- 547 (iv) the claimant's ownership interest in the claimant's primary residence changes;
- 548 (v) the claimant's occupancy of the primary residence for which the claimant claims an  
549 exemption under Section 59-2-1104 changes; or
- 550 (vi) the claimant who files an application for an exemption under Section 59-2-1104  
551 with respect to a deceased veteran with a disability or veteran who was killed in action or died  
552 in the line of duty is a person other than the claimant who filed the application described in

553 Subsection (2)(a) for the exemption:

554 (A) for the calendar year immediately preceding the current calendar year; and

555 (B) with respect to that deceased veteran with a disability or veteran who was killed in  
556 action or died in the line of duty.

557 (f) The county may verify that the real property that is residential property for which  
558 the claimant claims an exemption under Section 59-2-1104 is the claimant's primary residence.

559 (g) A member of an active component of the United States Armed Forces or reserve  
560 component of the United States Armed Forces who performed qualifying active duty military  
561 service shall:

562 (i) file the application described in Subsection (2)(a) in the year after the year during  
563 which the member completes the qualifying active duty military service; and

564 (ii) if the member meets the requirements of Section 59-2-1104 and this section to  
565 receive an exemption under Section 59-2-1104, claim one exemption only in the year the  
566 member files the application described in Subsection (2)(g)(i).

567 (3) (a) (i) Subject to Subsection (3)(a)(ii), a claimant except for a claimant described in  
568 Subsection (2)(g) who files an application for an exemption under Section 59-2-1104 shall  
569 have on file with the county a statement:

570 (A) issued by a military entity; and

571 (B) listing the percentage of disability for the veteran with a disability or deceased  
572 veteran with a disability with respect to whom a claimant applies for the exemption.

573 (ii) If a claimant except for a claimant described in Subsection (2)(g) has on file with  
574 the county the statement described in Subsection (3)(a)(i), the county may not require the  
575 claimant to file another statement described in Subsection (3)(a)(i) unless:

576 (A) the claimant who files an application under this section for an exemption under  
577 Section 59-2-1104 with respect to a deceased veteran with a disability or veteran who was  
578 killed in action or died in the line of duty is a person other than the claimant who filed the  
579 statement described in Subsection (3)(a)(i) for the exemption:

580 (I) for the calendar year immediately preceding the current calendar year; and

581 (II) with respect to that deceased veteran with a disability or veteran who was killed in  
582 action or died in the line of duty; or

583 (B) the percentage of disability has changed for a:

584 (I) veteran with a disability; or  
585 (II) deceased veteran with a disability with respect to whom the claimant applies for an  
586 exemption under Section 59-2-1104.

587 (b) For a claimant filing an application in accordance with Subsection (2)(b)(i), the  
588 claimant shall include with the application required by Subsection (2) a statement issued by a  
589 military entity listing the date the written decision described in Subsection (2)(b)(i)(A) takes  
590 effect.

591 (c) For a claimant amending an application in accordance with Subsection (2)(b)(ii),  
592 the claimant shall provide to the county a statement issued by a military entity listing the date  
593 the written decision described in Subsection (2)(b)(ii)(A) takes effect.

594 (4) (a) For purposes of this Subsection (4):

595 (i) "Property taxes due" means the taxes due on a claimant's property:

596 (A) for which an exemption under Section 59-2-1104 is granted by a county; and

597 (B) for the calendar year for which the exemption is granted.

598 (ii) "Property taxes paid" is an amount equal to the sum of:

599 (A) the amount of the property taxes the claimant paid for the calendar year for which  
600 the claimant is applying for an exemption under Section 59-2-1104; and

601 (B) the exemption the county granted for the calendar year described in Subsection  
602 (4)(a)(ii)(A).

603 (b) A county granting an exemption under Section 59-2-1104 to a claimant shall refund  
604 to that claimant an amount equal to the amount by which the claimant's property taxes paid  
605 exceed the claimant's property taxes due, if that amount is \$1 or more.

606 Section 4. Section **59-2-1108** is amended to read:

607 **59-2-1108. Indigent persons -- Deferral of taxes -- Interest rate -- Treatment of**  
608 **deferred taxes.**

609 (1) (a) The county may, after giving notice, defer any tax levied on real property that is  
610 residential property, subject to the conditions of Section 59-2-1109.

611 (b) If the owner of the property described in Subsection (1)(a) is poor, the property may  
612 not be subjected to a tax sale during the period of deferment.

613 (2) (a) Taxes deferred by the county accumulate with interest as a lien against the  
614 property until the property is sold or otherwise disposed of.

615 (b) Deferred taxes under this section:  
616 (i) bear interest at an interest rate equal to the lesser of:  
617 (A) 6%; or  
618 (B) the federal funds rate target:  
619 (I) established by the Federal Open Markets Committee; and  
620 (II) that exists on the January 1 immediately preceding the day on which the taxes are  
621 deferred; and  
622 (ii) have the same status as a lien under Sections 59-2-1301 and 59-2-1325.

623 (3) Deferral may be granted by the county at any time if:  
624 (a) the holder of any mortgage or trust deed outstanding on the property gives written  
625 approval of the application; and  
626 (b) the applicant is not the owner of income producing assets that could be liquidated  
627 to pay the tax.  
628 (4) Any assets transferred to relatives in the prior three-year period shall be considered  
629 by the county in making the county's determination.

630 Section 5. Section **59-2-1109** is amended to read:

631 **59-2-1109. Indigent persons -- Deferral or abatement -- Application -- County**  
632 **authority to make refunds.**

633 (1) A person under the age of 65 years is not eligible for a deferral or abatement  
634 provided for poor people under Sections 59-2-1107 and 59-2-1108 unless:  
635 (a) the county finds that extreme hardship would prevail if the grants were not made; or  
636 (b) the person has a disability.  
637 (2) (a) An application for the deferral or abatement shall be filed on or before  
638 September 1 with the county in which the property is located.  
639 (b) The application shall include a signed statement setting forth the eligibility of the  
640 applicant for the deferral or abatement.  
641 (c) Both husband and wife shall sign the application if the husband and wife seek a  
642 deferral or abatement on a residence:  
643 (i) in which they both reside; and  
644 (ii) which they own as joint tenants.  
645 (d) A county may extend the deadline for filing under Subsection (2)(a) until December

646 31 if the county finds that good cause exists to extend the deadline.

647 (3) (a) For purposes of this Subsection (3):

648 (i) "Property taxes due" means the taxes due on a person's property:

649 (A) for which an abatement is granted by a county under Section 59-2-1107; and

650 (B) for the calendar year for which the abatement is granted.

651 (ii) "Property taxes paid" is an amount equal to the sum of:

652 (A) the amount of the property taxes the person paid for the taxable year for which the  
653 person is applying for the abatement; and

654 (B) the amount of the abatement the county grants under Section 59-2-1107.

655 (b) A county granting an abatement to a person under Section 59-2-1107 shall refund  
656 to that person an amount equal to the amount by which the person's property taxes paid exceed  
657 the person's property taxes due, if that amount is \$1 or more.

658 (4) For purposes of this section:

659 (a) a poor person is any person:

660 (i) whose total household income as defined in Section 59-2-1202 is less than the  
661 maximum household income certified to a homeowner's credit under Subsection 59-2-1208(1);

662 (ii) who resides for not less than 10 months of each year in the residence for which the  
663 tax relief, deferral, or abatement is requested; and

664 (iii) who is unable to meet the tax assessed on the person's real property that is  
665 residential property as the tax becomes due; and

666 (b) "residence" includes a mobile home as defined under Section 70D-2-401.

667 (5) If the claimant is the grantor of a trust holding title to real or tangible personal  
668 property on which an abatement or deferral is claimed, the claimant may claim the portion of  
669 the abatement or deferral under Section 59-2-1107 or 59-2-1108 and be treated as the owner of  
670 that portion of the property held in trust for which the claimant proves to the satisfaction of the  
671 county that:

672 (a) title to the portion of the trust will revert in the claimant upon the exercise of a  
673 power:

674 (i) by:

675 (A) the claimant as grantor of the trust;

676 (B) a nonadverse party; or

- 677 (C) both the claimant and a nonadverse party; and
- 678 (ii) regardless of whether the power is a power:
  - 679 (A) to revoke;
  - 680 (B) to terminate;
  - 681 (C) to alter;
  - 682 (D) to amend; or
  - 683 (E) to appoint;
- 684 (b) the claimant is obligated to pay the taxes on that portion of the trust property
- 685 beginning January 1 of the year the claimant claims the abatement or deferral; and
- 686 (c) the claimant meets the requirements under this part for the abatement or deferral.
- 687 (6) The commission shall adopt rules to implement this section.
- 688 (7) Any poor person may qualify for:
  - 689 (a) the deferral of taxes under Section 59-2-1108;
  - 690 (b) if the person meets the requisites of this section, for the abatement of taxes under
  - 691 Section 59-2-1107; or
  - 692 (c) both:
    - 693 (i) the deferral described in Subsection (7)(a); and
    - 694 (ii) the abatement described in Subsection (7)(b).
- 695 Section 6. Section **59-2-1115** is amended to read:
- 696 **59-2-1115. Exemption of certain tangible personal property.**
- 697 (1) For purposes of this section:
  - 698 (a) (i) "Acquisition cost" means all costs required to put an item of tangible personal
  - 699 property into service; and
  - 700 (ii) includes:
    - 701 (A) the purchase price for a new or used item;
    - 702 (B) the cost of freight and shipping;
    - 703 (C) the cost of installation, engineering, erection, or assembly; and
    - 704 (D) sales and use taxes.
  - 705 (b) (i) "Item of taxable tangible personal property" does not include an improvement to
  - 706 real property or a part that will become an improvement.
  - 707 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

708 commission may make rules defining the term "item of taxable tangible personal property."

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

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

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

714 (I) on a public highway;

715 (II) on a public waterway;

716 (III) on public land; or

717 (IV) in the air;

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

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

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

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

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

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

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

730 (3) (a) For calendar years beginning on or after January 1, [~~2008~~] 2015, the  
731 commission shall increase the dollar amount described in Subsection (2)(a):

732 (i) by a percentage equal to the percentage difference between the consumer price  
733 index for the preceding calendar year and the consumer price index for calendar year [~~2006~~]  
734 2013; and

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

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

738 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative



739 percentage, the consumer price index increase for the year is zero.

740 (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption  
741 described in Subsection (2), a county assessor may require the taxpayer to file a signed  
742 statement described in Section 59-2-306.

743 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar  
744 year in which a taxpayer qualifies for an exemption described in Subsection (2) after the  
745 calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306  
746 with respect to the taxable tangible personal property that is exempt under Subsection (2) may  
747 only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for the  
748 exemption under Subsection (2).

749 (5) A signed statement with respect to qualifying exempt primary residential rental  
750 personal property is as provided in Section 59-2-103.5.

751 [~~4~~] (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
752 Act, the commission may make rules to administer this section and provide for uniform  
753 implementation.

754 Section 7. **Effective date.**

755 This bill takes effect on January 1, 2014.