

Representative John G. Mathis proposes the following substitute bill:

PROPERTY TAX MODIFICATIONS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John G. Mathis

Senate Sponsor: Kevin T. Van Tassell

LONG TITLE

General Description:

This bill makes changes to Farmland Assessment Act provisions.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ removes the Farmland Assessment Act rollback tax requirement under certain conditions related to a mineral rights owner exercising the right to extract minerals;
- ▶ amends Farmland Assessment Act qualification provisions when a mineral rights owner exercises the right to extract minerals; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation to January 1, 2013.

Utah Code Sections Affected:

AMENDS:

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

59-2-503, as last amended by Laws of Utah 2010, Chapter 29



26 **59-2-506**, as last amended by Laws of Utah 2003, Chapter 208

27

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

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

30 **59-2-102. Definitions.**

31 As used in this chapter and title:

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

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

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

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

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

44 (i) operates:

45 (A) on an interstate route; and

46 (B) on a scheduled basis; and

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

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

50 (i) air charter service; or

51 (ii) air contract service.

52 (6) "Assessment roll" means a permanent record of the assessment of property as
53 assessed by the county assessor and the commission and may be maintained manually or as a
54 computerized file as a consolidated record or as multiple records by type, classification, or
55 categories.

56 (7) (a) "Certified revenue levy" means a property tax levy that provides an amount of

57 ad valorem property tax revenue equal to the sum of:

58 (i) the amount of ad valorem property tax revenue to be generated statewide in the
59 previous year from imposing a school minimum basic tax rate, as specified in Subsection
60 53A-17a-135(1)(a), or multicounty assessing and collecting levy, as specified in Section
61 59-2-1602; and

62 (ii) the product of:

63 (A) new growth, as defined in:

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

65 (II) rules of the commission; and

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

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

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

71 (ii) semiconductor manufacturing equipment.

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

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

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

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

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

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

83 (b) any passenger vehicle owned by a business and used by its employees for
84 transportation as a company car or vanpool vehicle; and

85 (c) vehicles [~~which~~] that are:

86 (i) especially constructed for towing or wrecking, and [~~which~~] that are not otherwise
87 used to transport goods, merchandise, or people for compensation;

- 88 (ii) used or licensed as taxicabs or limousines;
- 89 (iii) used as rental passenger cars, travel trailers, or motor homes;
- 90 (iv) used or licensed in this state for use as ambulances or hearses;
- 91 (v) especially designed and used for garbage and rubbish collection; or
- 92 (vi) used exclusively to transport students or their instructors to or from any private,
- 93 public, or religious school or school activities.

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

- 97 (i) a county; and
- 98 (ii) a school district.

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

- 101 (i) the taxing entities described in Subsection (9)(a); and
- 102 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
103 and the boundaries of the city or town are identical; or
- 104 (B) a special service district if the boundaries of the school district under Subsection
105 (9)(a) are located entirely within the special service district.

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

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

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

- 113 (i) \$5,000; or
- 114 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
115 previous fiscal year.

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

- 118 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed

119 to the wrong taxpayer by the assessing authority;

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

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

124 (b) Property [~~which~~ that] is undervalued because of the use of a different valuation
125 methodology or because of a different application of the same valuation methodology is not
126 "escaped property."

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

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

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

143 (15) "Geothermal resource" means:

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

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

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

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

- 150 (A) of a taxpayer; and
- 151 (B) that are maintained for financial reporting purposes; or
- 152 (ii) the ability of a business to:
 - 153 (A) generate income:
 - 154 (I) that exceeds a normal rate of return on assets; and
 - 155 (II) resulting from a factor described in Subsection (16)(b); or
 - 156 (B) obtain an economic or competitive advantage resulting from a factor described in
 - 157 Subsection (16)(b).
 - 158 (b) The following factors apply to Subsection (16)(a)(ii):
 - 159 (i) superior management skills;
 - 160 (ii) reputation;
 - 161 (iii) customer relationships;
 - 162 (iv) patronage; or
 - 163 (v) a factor similar to Subsections (16)(b)(i) through (iv).
 - 164 (c) "Goodwill" does not include:
 - 165 (i) the intangible property described in Subsection (20)(a) or (b);
 - 166 (ii) locational attributes of real property, including:
 - 167 (A) zoning;
 - 168 (B) location;
 - 169 (C) view;
 - 170 (D) a geographic feature;
 - 171 (E) an easement;
 - 172 (F) a covenant;
 - 173 (G) proximity to raw materials;
 - 174 (H) the condition of surrounding property; or
 - 175 (I) proximity to markets;
 - 176 (iii) value attributable to the identification of an improvement to real property,
 - 177 including:
 - 178 (A) reputation of the designer, builder, or architect of the improvement;
 - 179 (B) a name given to, or associated with, the improvement; or
 - 180 (C) the historic significance of an improvement; or

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

183 (17) "Governing body" means:

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

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

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

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

189 Act:

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

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

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

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

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

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

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

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

207 (B) the manner of attachment to land suggests that the item will remain attached to the
208 land in the same place over the useful life of the item; or

209 (ii) removal of the item would:

210 (A) cause substantial damage to the item; or

211 (B) require substantial alteration or repair of a structure to which the item is attached.

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

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

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

305 or an electrical corporation, where the gas or electricity is sold or furnished to any member or
 306 consumers within the state for domestic, commercial, or industrial use. Public utility also
 307 means the operating property of any entity or person defined under Section 54-2-1 except water
 308 corporations.

309 (30) "Real estate" or "real property" includes:

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

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

314 (c) improvements.

314a **H→ (31) "Relationship with an owner of the property's land surface rights" means a**
 314b **relationship described in Subsection 267(b), Internal Revenue Code:**

314c **(a) except that notwithstanding Subsection 267(b), Internal Revenue Code,**
 314d **the term [1%] 25% shall be substituted for the term 50% in Subsection 267(b),**
 314e **Internal Revenue Code; and**

314f **(b) using the ownership rules of Subsection 267(c), Internal Revenue Code, for**
 314g **determining the ownership of stock.**

315 ~~[(31)] (32) ←H~~ "Residential property," for the purposes of the reductions and adjustments under
 316 this chapter, means any property used for residential purposes as a primary residence. It does
 317 not include property used for transient residential use or condominiums used in rental pools.

318 **H→ [(32)] (33) ←H** "Split estate mineral rights owner" means a person who:

319 (a) has a legal right to extract a mineral from property;

320 (b) does not hold more than a **H→ [1%] 25% ←H** interest in:

321 (i) the **S→ [property's] ←S** land surface rights **S→ of the property where the wellhead is**
 321a **located ←S** ; or

322 (ii) an entity with an ownership interest in the **S→ [property's] ←S** land surface rights
 322a **S→ of the property where the wellhead is located ←S** ;

323 (c) is not an entity in which the owner of the **S→ [property's] ←S** land surface rights
 323a **S→ of the property where the wellhead is located ←S** holds more
 324 than a **H→ [1%] 25% ←H** interest; and

325 (d) does not have a relationship with an owner of the **S→ [property's] ←S** land surface
 325a rights **S→ of the property where the wellhead is located ←S** **H→ [that**
 326 **is a relationship described in Subsection 267(b), Internal Revenue Code, except that the term**
 327 **1% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code]** **←H** .

328 ~~[(32)] H→ [(33)] (34) ←H~~ (a) "State-assessed commercial vehicle" means:

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

331 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and
 332 transports the vehicle owner's goods or property in furtherance of the owner's commercial

333 enterprise.

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

336 [~~(33)~~] ~~H~~→ [~~(34)~~] (35) ←~~H~~ "Taxable value" means fair market value less any applicable
 336a reduction
 337 allowed for residential property under Section 59-2-103.

338 [~~(34)~~] ~~H~~→ [~~(35)~~] (36) ←~~H~~ "Tax area" means a geographic area created by the overlapping
 338a boundaries
 339 of one or more taxing entities.

340 [~~(35)~~] ~~H~~→ [~~(36)~~] (37) ←~~H~~ "Taxing entity" means any county, city, town, school district,
 340a special taxing
 341 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
 342 Districts, or other political subdivision of the state with the authority to levy a tax on property.

343 [~~(36)~~] ~~H~~→ [~~(37)~~] (38) ←~~H~~ "Tax roll" means a permanent record of the taxes charged on
 343a property, as
 344 extended on the assessment roll and may be maintained on the same record or records as the
 345 assessment roll or may be maintained on a separate record properly indexed to the assessment
 346 roll. It includes tax books, tax lists, and other similar materials.

347 Section 2. Section **59-2-503** is amended to read:

348 **59-2-503. Qualifications for agricultural use assessment.**

349 (1) For general property tax purposes, land may be assessed on the basis of the value
 350 that the land has for agricultural use if the land:

351 (a) is not less than five contiguous acres in area, except that land may be assessed on
 352 the basis of the value that the land has for agricultural use:

353 (i) if:

354 (A) the land is devoted to agricultural use in conjunction with other eligible acreage;
 355 and

356 (B) the land and the other eligible acreage described in Subsection (1)(a)(i)(A) have
 357 identical legal ownership; or

358 (ii) as provided under Subsection (4); and

359 (b) except as provided in Subsection (5) or (6):

360 (i) is actively devoted to agricultural use; and

361 (ii) has been actively devoted to agricultural use for at least two successive years
 362 immediately preceding the tax year for which the land is being assessed under this part.

363 (2) In determining whether land is actively devoted to agricultural use, production per

364 acre for a given county or area and a given type of land shall be determined by using the first
365 applicable of the following:
366 (a) production levels reported in the current publication of the Utah Agricultural

367 Statistics;

368 (b) current crop budgets developed and published by Utah State University; and
369 (c) other acceptable standards of agricultural production designated by the commission
370 by rule adopted in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
371 Act.

372 (3) Land may be assessed on the basis of the land's agricultural value if the land:

373 (a) is subject to the privilege tax imposed by Section 59-4-101;

374 (b) is owned by the state or any of the state's political subdivisions; and

375 (c) meets the requirements of Subsection (1).

376 (4) Notwithstanding Subsection (1)(a), the commission or a county board of
377 equalization may grant a waiver of the acreage limitation for land upon:

378 (a) appeal by the owner; and

379 (b) submission of proof that:

380 (i) 80% or more of the owner's, purchaser's, or lessee's income is derived from
381 agricultural products produced on the property in question; or

382 (ii) (A) the failure to meet the acreage requirement arose solely as a result of an
383 acquisition by a governmental entity by:

384 (I) eminent domain; or

385 (II) the threat or imminence of an eminent domain proceeding;

386 (B) the land is actively devoted to agricultural use; and

387 (C) no change occurs in the ownership of the land.

388 (5) (a) [~~Notwithstanding Subsection (1)(b), the~~] The commission or a county board of
389 equalization may grant a waiver of the requirement that the land is actively devoted to
390 agricultural use for the tax year for which the land is being assessed under this part upon:

391 (i) appeal by the owner; and

392 (ii) submission of proof that:

393 (A) the land was assessed on the basis of agricultural use for at least two years
394 immediately preceding that tax year; and

395 (B) the failure to meet the agricultural production requirements for that tax year was
396 due to no fault or act of the owner, purchaser, or lessee.

397 (b) As used in Subsection (5)(a), "fault" does not include:

398 (i) intentional planting of crops or trees which, because of the maturation period, do
399 not give the owner, purchaser, or lessee a reasonable opportunity to satisfy the production
400 levels required for land actively devoted to agricultural use; or

401 (ii) implementation of a bona fide range improvement program, crop rotation program,
402 or other similar accepted cultural practices which do not give the owner, purchaser, or lessee a
403 reasonable opportunity to satisfy the production levels required for land actively devoted to
404 agricultural use.

405 (6) Land that otherwise qualifies for assessment under this part qualifies for assessment
406 under this part in the first year the land resumes being actively devoted to agricultural use if:

407 (a) the land becomes ineligible for assessment under this part only as a result of a split
408 estate mineral rights owner exercising the right to extract a mineral; and

409 (b) the land qualified for assessment under this part in the year immediately preceding
410 the year the land became ineligible for assessment under this part only as a result of a split
411 estate mineral rights owner exercising the right to extract a mineral.

412 [~~(6)~~] (7) Land that otherwise qualifies under Subsection (1) to be assessed on the basis
413 of the value that the land has for agricultural use does not lose that qualification by becoming
414 subject to a forest stewardship plan developed under Section 65A-8a-106 under which the land
415 is subject to a temporary period of limited use or nonuse.

416 Section 3. Section **59-2-506** is amended to read:

417 **59-2-506. Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --**
418 **Interest -- Notice -- Collection -- Distribution -- Appeal to county board of equalization.**

419 (1) Except as provided in this section, Section 59-2-506.5, or Section 59-2-511, if land
420 is withdrawn from this part, the land is subject to a rollback tax imposed in accordance with
421 this section.

422 (2) (a) An owner shall notify the county assessor that land is withdrawn from this part
423 within 120 days after the day on which the land is withdrawn from this part.

424 (b) An owner that fails to notify the county assessor under Subsection (2)(a) that land is
425 withdrawn from this part is subject to a penalty equal to the greater of:

426 (i) \$10; or

427 (ii) 2% of the rollback tax due for the last year of the rollback period.

428 (3) (a) The county assessor shall determine the amount of the rollback tax by

429 computing the difference for the rollback period described in Subsection (3)(b) between:

430 (i) the tax paid while the land was assessed under this part; and

431 (ii) the tax that would have been paid had the property not been assessed under this

432 part.

433 (b) For purposes of this section, the rollback period is a time period that:

434 (i) begins on the later of:

435 (A) the date the land is first assessed under this part; or

436 (B) five years preceding the day on which the county assessor mails the notice required

437 by Subsection (5); and

438 (ii) ends the day on which the county assessor mails the notice required by Subsection

439 (5).

440 (4) (a) The county treasurer shall:

441 (i) collect the rollback tax; and

442 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax lien

443 on the property has been satisfied by:

444 (A) preparing a document that certifies that the rollback tax lien on the property has

445 been satisfied; and

446 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county recorder

447 for recordation.

448 (b) The rollback tax collected under this section shall:

449 (i) be paid into the county treasury; and

450 (ii) be paid by the county treasurer to the various taxing entities pro rata in accordance

451 with the property tax levies for the current year.

452 (5) (a) The county assessor shall mail to an owner of the land that is subject to a

453 rollback tax a notice that:

454 (i) the land is withdrawn from this part;

455 (ii) the land is subject to a rollback tax under this section; and

456 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax within

457 30 days after the day on which the county assessor mails the notice.

458 (b) (i) The rollback tax is due and payable on the day the county assessor mails the

459 notice required by Subsection (5)(a).

460 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land that
461 is withdrawn from this part does not pay the rollback tax within 30 days after the day on which
462 the county assessor mails the notice required by Subsection (5)(a).

463 (6) (a) Subject to Subsection (6)(b), the following are a lien on the land assessed under
464 this part:

465 (i) the rollback tax; and

466 (ii) interest imposed in accordance with Subsection (7).

467 (b) The lien described in Subsection (6)(a) shall:

468 (i) arise upon the imposition of the rollback tax under this section;

469 (ii) end on the day on which the rollback tax and interest imposed in accordance with
470 Subsection (7) are paid in full; and

471 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

472 (7) (a) A delinquent rollback tax under this section shall accrue interest:

473 (i) from the date of delinquency until paid; and

474 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
475 of the year in which the delinquency occurs.

476 (b) A rollback tax that is delinquent on September 1 of any year shall be included on
477 the notice required by Section 59-2-1317, along with interest calculated on that delinquent
478 amount through November 30 of the year in which the notice under Section 59-2-1317 is
479 mailed.

480 (8) (a) Land that becomes ineligible for assessment under this part only as a result of an
481 amendment to this part is not subject to the rollback tax if the owner of the land notifies the
482 county assessor that the land is withdrawn from this part in accordance with Subsection (2).

483 (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of
484 an event other than an amendment to this part, whether voluntary or involuntary, is subject to
485 the rollback tax.

486 (9) Except as provided in Section 59-2-511, land that becomes exempt from taxation
487 under Utah Constitution Article XIII, Section 3, is not subject to the rollback tax if the land
488 meets the requirements of Section 59-2-503 to be assessed under this part.

489 (10) Land that becomes ineligible for assessment under this part only as a result of a
490 split estate mineral rights owner exercising the right to extract a mineral is not subject to the

491 rollback tax:

492 (a) (i) for the portion of the land required by a split estate mineral rights owner to
 493 extract a mineral if, after the split estate mineral rights owner exercises the right to extract a
 494 mineral, the ~~H~~→ **portion of the** ~~←H~~ property ~~H~~→ **that remains in agricultural production** ~~←H~~
 494a still meets the acreage requirements of Section 59-2-503 for assessment
 495 under this part; or

496 (ii) for the entire acreage that would otherwise qualify for assessment under this part if,
 497 after the split estate mineral rights owner exercises the right to extract a mineral, the ~~H~~→ [property]
 497a **entire acreage that would otherwise qualify for assessment under this part** ~~←H~~
 498 no longer meets the acreage requirements of Section 59-2-503 for assessment under this part
 499 only due to the extraction of the mineral by the split estate mineral rights owner; and

500 (b) for the period of time that the property described in Subsection (10)(a) is ineligible
 501 for assessment under this part due to the extraction of a mineral by the split estate mineral
 502 rights owner.

503 ~~[(10)] (11) (a) Subject to Subsection ~~[(10)] (11)(b)~~, an owner of land may appeal to the~~
 504 county board of equalization:

505 (i) a decision by a county assessor to withdraw land from assessment under this part; or
 506 (ii) the imposition of a rollback tax under this section.

507 (b) An owner shall file an appeal under Subsection ~~[(10)] (11)(a)~~ no later than 45 days
 508 after the day on which the county assessor mails the notice required by Subsection (5).

509 **Section 4. Retrospective operation.**

510 This bill has retrospective operation to January 1, 2013.