

**Representative Jim Nielson** proposes the following substitute bill:

**TANGIBLE PERSONAL PROPERTY TAX  
EXEMPTION AMENDMENTS**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jim Nielson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill addresses a property tax exemption for certain tangible personal property.

**Highlighted Provisions:**

This bill:

- ▶ exempts certain tangible personal property from property taxes;
- ▶ addresses State Tax Commission rulemaking authority;
- ▶ requires the Revenue and Taxation Interim Committee to study certain issues related to the exemption for certain tangible personal property; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides effective dates.

**Utah Code Sections Affected:**

AMENDS:

**59-2-1115**, as last amended by Laws of Utah 2013, Chapters 19 and 147

REPEALS:



26 **59-2-108**, as last amended by Laws of Utah 2013, Chapter 248

27 **Uncodified Material Affected:**

28 ENACTS UNCODIFIED MATERIAL



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

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

32 **59-2-1115. Exemption of certain tangible personal property.**

33 [~~(1) For purposes of this section:~~]

34 [~~(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal~~  
35 ~~property into service; and]~~

36 [~~(ii) includes:~~]

37 [~~(A) the purchase price for a new or used item;]~~

38 [~~(B) the cost of freight and shipping;]~~

39 [~~(C) the cost of installation, engineering, erection, or assembly; and]~~

40 [~~(D) sales and use taxes.]~~

41 [~~(b) (i) "Item of taxable tangible personal property" does not include an improvement~~  
42 ~~to real property or a part that will become an improvement.]~~

43 [~~(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
44 ~~the commission may make rules defining the term "item of taxable tangible personal~~  
45 ~~property."]~~

46 [~~(c) (i) "Taxable tangible personal property" means tangible personal property that is~~  
47 ~~subject to taxation under this chapter.]~~

48 [~~(ii) "Taxable tangible personal property" does not include:~~]

49 [~~(A) tangible personal property required by law to be registered with the state before it~~  
50 ~~is used:]~~

51 [~~(f) on a public highway;]~~

52 [~~(H) on a public waterway;]~~

53 [~~(III) on public land; or]~~

54 [~~(IV) in the air;]~~

55 [~~(B) a mobile home as defined in Section **41-1a-102**; or]~~

56 [~~(C) a manufactured home as defined in Section **41-1a-102**.]~~

57 As used in this section:

58 (1) (a) "Qualifying tangible personal property" means tangible personal property that:

59 (i) is not household furnishings, furniture, or equipment used exclusively by the owner  
60 of that property in maintaining the owner's home; and

61 (ii) is not exempt from property tax under Utah Constitution, Article XIII, Section 2,  
62 Subsection (6).

63 (b) "Qualifying tangible personal property" does not include:

64 (i) an improvement to real property or a part that will become an improvement to real  
65 property;

66 (ii) a manufactured home as defined in Section [41-1a-102](#) that is permanently affixed  
67 to real property; or

68 (iii) a mobile home as defined in Section [41-1a-102](#) that is permanently affixed to real  
69 property.

70 ~~(2) [(a) The taxable]~~ An item of qualifying tangible personal property ~~[of a taxpayer]~~ is  
71 exempt from taxation if the ~~[taxable]~~ item of qualifying tangible personal property has a ~~[total~~  
72 ~~aggregate taxable value per county of]~~ fair market value of less than \$10,000 [or less].

73 ~~[(b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible~~  
74 ~~personal property, except for an item of noncapitalized personal property as defined in Section~~  
75 ~~[59-2-108](#), is exempt from taxation if the item of taxable tangible personal property:]~~

76 ~~[(i) has an acquisition cost of \$1,000 or less;]~~

77 ~~[(ii) has reached a percent good of 15% or less according to a personal property~~  
78 ~~schedule published by the commission pursuant to Section [59-2-107](#); and]~~

79 ~~[(iii) is in a personal property schedule with a residual value of 15% or less.]~~

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

82 ~~[(i) by a percentage equal to the percentage difference between the consumer price~~  
83 ~~index for the preceding calendar year and the consumer price index for calendar year 2013;~~  
84 ~~and]~~

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

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

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

90 [(4)] (3) (a) For the first calendar year in which a taxpayer qualifies for an exemption  
91 described in Subsection (2), a county assessor may require the taxpayer to file a signed  
92 statement described in Section 59-2-306.

93 (b) Notwithstanding Section 59-2-306 and subject to Subsection [(5)] (4), for a  
94 calendar year in which a taxpayer qualifies for an exemption described in Subsection (2) after  
95 the calendar year described in Subsection [(4)] (3)(a), a signed statement described in Section  
96 59-2-306 with respect to the [taxable] qualifying tangible personal property that is exempt  
97 under Subsection (2) may only require the taxpayer to certify, under penalty of perjury, that the  
98 taxpayer qualifies for the exemption under Subsection (2).

99 [(5)] (4) A signed statement with respect to qualifying exempt primary residential  
100 rental personal property is as provided in Section 59-2-103.5.

101 [(6)] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
102 Act, the commission may make rules:

103 (a) defining the term "item of qualifying tangible personal property"; and

104 (b) to administer this section and provide for uniform implementation.

105 Section 2. **Repealer.**

106 This bill repeals:

107 Section 59-2-108, **Election for assessment and taxation of noncapitalized personal**  
108 **property according to a schedule.**

109 Section 3. **Revenue and Taxation Interim Committee study.**

110 During the 2014 interim, the Revenue and Taxation Interim Committee shall study how  
111 to apply the exemption provided in Section 59-2-1115 to property assessed by the State Tax  
112 Commission, including property that operates as a unit across county lines.

113 Section 4. **Effective date -- Contingent effective date.**

114 (1) Except as provided in Subsection (2), Uncodified Section 3, Revenue and Taxation  
115 Interim Committee study, takes effect on May 13, 2014.

116 (2) This bill takes effect on January 1, 2015, if the amendment to the Utah Constitution  
117 proposed by H.J.R. 2, Joint Resolution on Tangible Personal Property Tax Exemption, 2014  
118 General Session, passes the Legislature and is approved by a majority of those voting on it at

119 the next regular general election.