

**PROPOSAL TO AMEND UTAH CONSTITUTION -
PROPERTY TAX EXEMPTIONS**

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel Hemmert

House Sponsor: Adam Robertson

LONG TITLE

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify a provision relating to property tax exemptions.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ allow real property that the state or a local government entity leases from a private owner to be exempt from property tax, as provided by statute.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides a contingent effective date of January 1, 2019, for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 3

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:

Section 1. It is proposed to amend Utah Constitution, Article XIII, Section 3, to read:

Article XIII, Section 3. [Property tax exemptions.]



- 28 (1) The following are exempt from property tax:
- 29 (a) property owned by the State;
- 30 (b) property owned by a public library;
- 31 (c) property owned by a school district;
- 32 (d) property owned by a political subdivision of the State, other than a school district,
- 33 and located within the political subdivision;
- 34 (e) property owned by a political subdivision of the State, other than a school district,
- 35 and located outside the political subdivision unless the Legislature by statute authorizes the
- 36 property tax on that property;
- 37 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
- 38 educational purposes;
- 39 (g) places of burial not held or used for private or corporate benefit;
- 40 (h) farm equipment and farm machinery as defined by statute;
- 41 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power
- 42 plants, and transmission lines to the extent owned and used by an individual or corporation to
- 43 irrigate land that is:
- 44 (i) within the State; and
- 45 (ii) owned by the individual or corporation, or by an individual member of the
- 46 corporation; and
- 47 (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide
- 48 domestic water, as defined by statute, or provide water to a public water supplier:
- 49 (A) water rights; and
- 50 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by
- 51 statute, other water infrastructure;
- 52 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection
- 53 (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or
- 54 pipe; and
- 55 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under
- 56 Subsection (1)(j)(i)(B) if the land is:
- 57 (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or
- 58 pipe; and

59 (B) reasonably necessary for the maintenance or for otherwise supporting the operation
60 of the reservoir, ditch, canal, or pipe.

61 (2) (a) The Legislature may by statute exempt the following from property tax:

62 (i) tangible personal property constituting inventory present in the State on January 1
63 and held for sale in the ordinary course of business;

64 (ii) tangible personal property present in the State on January 1 and held for sale or
65 processing and shipped to a final destination outside the State within 12 months;

66 (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver
67 electrical power for pumping water to irrigate lands in the State;

68 (iv) up to 45% of the fair market value of residential property, as defined by statute;

69 (v) household furnishings, furniture, and equipment used exclusively by the owner of
70 that property in maintaining the owner's home; and

71 (vi) tangible personal property that, if subject to property tax, would generate an
72 inconsequential amount of revenue.

73 (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users
74 of pumped water as provided by statute.

75 (3) The following may be exempted from property tax as provided by statute:

76 (a) property owned by a disabled person who, during military training or a military
77 conflict, was disabled in the line of duty in the military service of the United States or the State;

78 (b) property owned by the unmarried surviving spouse or the minor orphan of a person
79 who:

80 (i) is described in Subsection (3)(a); or

81 (ii) during military training or a military conflict, was killed in action or died in the line
82 of duty in the military service of the United States or the State; ~~and~~

83 (c) real property owned by a person in the military or the person's spouse, or both, and
84 used as the person's primary residence, if the person serves under an order to federal active duty
85 out of state for at least 200 days in a calendar year or 200 consecutive days[-]; and

86 (d) real property that the State or a local government entity, as defined by statute, leases
87 from a private owner.

88 (4) The Legislature may by statute provide for the remission or abatement of the taxes
89 of the poor.

90 Section 2. **Submittal to voters.**

91 The lieutenant governor is directed to submit this proposed amendment to the voters of
92 the state at the next regular general election in the manner provided by law.

93 Section 3. **Contingent effective date.**

94 If the amendment proposed by this joint resolution is approved by a majority of those
95 voting on it at the next regular general election, the amendment shall take effect on January 1,
96 2019.

Legislative Review Note
Office of Legislative Research and General Counsel