

CERTIFIED TAX RATE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

LONG TITLE

General Description:

This bill modifies the calculation of the certified property tax rate.

Highlighted Provisions:

This bill:

- ▶ modifies the calculation of the certified property tax rate by adjusting eligible new growth to account for collection rates over the previous five years; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-913, as last amended by Laws of Utah 2016, Chapters 350 and 367

59-2-924, as last amended by Laws of Utah 2017, Chapter 390

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

Section 1. Section **59-2-913** is amended to read:

59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of statement -- Filing with county auditor -- Transmittal to commission -- Calculations for establishing tax levies -- Format of statement.

(1) As used in this section, "budgeted property tax revenues" does not include property tax revenue received by a taxing entity from personal property that is:

- (a) assessed by a county assessor in accordance with Part 3, County Assessment; and
- (b) semiconductor manufacturing equipment.

(2) (a) The legislative body of each taxing entity shall file a statement as provided in this section with the county auditor of the county in which the taxing entity is located.

33 (b) The auditor shall annually transmit the statement to the commission:
 34 (i) before June 22; or
 35 (ii) with the approval of the commission, on a subsequent date prior to the date
 36 required by Section 59-2-1317 for the county treasurer to provide the notice under Section
 37 59-2-1317.

38 (c) The statement shall contain the amount and purpose of each levy fixed by the
 39 legislative body of the taxing entity.

40 (3) For purposes of establishing the levy set for each of a taxing entity's applicable
 41 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing
 42 the budgeted property tax revenues, specified in a budget that has been adopted and approved
 43 prior to setting the levy, by the amount calculated under Subsections 59-2-924 (4)(b)(i) through
 44 [~~(iii)~~] (iv).

45 (4) The format of the statement under this section shall:

46 (a) be determined by the commission; and

47 (b) cite any applicable statutory provisions that:

48 (i) require a specific levy; or

49 (ii) limit the property tax levy for any taxing entity.

50 (5) The commission may require certification that the information submitted on a
 51 statement under this section is true and correct.

52 Section 2. Section **59-2-924** is amended to read:

53 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
 54 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
 55 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
 56 **commission.**

57 (1) As used in this section:

58 (a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with
 59 this chapter.

60 (ii) "Ad valorem property tax revenue" does not include:

61 (A) interest;

62 (B) penalties;

63 (C) collections from redemptions; or

64 (D) revenue received by a taxing entity from personal property that is semiconductor
65 manufacturing equipment assessed by a county assessor in accordance with Part 3, County
66 Assessment.

67 (b) (i) "Aggregate taxable value of all property taxed" means:

68 (A) the aggregate taxable value of all real property a county assessor assesses in
69 accordance with Part 3, County Assessment, for the current year;

70 (B) the aggregate taxable value of all real and personal property the commission
71 assesses in accordance with Part 2, Assessment of Property, for the current year; and

72 (C) the aggregate year end taxable value of all personal property a county assessor
73 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls
74 of the taxing entity.

75 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year
76 end taxable value of personal property that is:

77 (A) semiconductor manufacturing equipment assessed by a county assessor in
78 accordance with Part 3, County Assessment; and

79 (B) contained on the prior year's tax rolls of the taxing entity.

80 (c) "Centrally assessed benchmark value" means an amount equal to the highest year
81 end taxable value of real and personal property the commission assesses in accordance with
82 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
83 2015, adjusted for taxable value attributable to:

84 (i) an annexation to a taxing entity; or

85 (ii) an incorrect allocation of taxable value of real or personal property the commission
86 assesses in accordance with Part 2, Assessment of Property.

87 (d) (i) "Centrally assessed new growth" means the greater of:

88 (A) zero; or

89 (B) the amount calculated by subtracting the centrally assessed benchmark value
90 adjusted for prior year end incremental value from the taxable value of real and personal
91 property the commission assesses in accordance with Part 2, Assessment of Property, for the
92 current year, adjusted for current year incremental value.

93 (ii) "Centrally assessed new growth" does not include a change in value as a result of a
94 change in the method of apportioning the value prescribed by the Legislature, a court, or the

95 commission in an administrative rule or administrative order.

96 (e) "Certified tax rate" means a tax rate that will provide the same ad valorem property
97 tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

98 (f) "Eligible new growth" means the greater of:

99 (i) zero; or

100 (ii) the sum of:

101 (A) locally assessed new growth;

102 (B) centrally assessed new growth; and

103 (C) project area new growth.

104 (g) "Incremental value" means the same as that term is defined in Section 17C-1-102.

105 (h) (i) "Locally assessed new growth" means the greater of:

106 (A) zero; or

107 (B) the amount calculated by subtracting the year end taxable value of real property the
108 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
109 adjusted for prior year end incremental value from the taxable value of real property the county
110 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
111 for current year incremental value.

112 (ii) "Locally assessed new growth" does not include a change in:

113 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or
114 another adjustment;

115 (B) assessed value based on whether a property is allowed a residential exemption for a
116 primary residence under Section 59-2-103;

117 (C) assessed value based on whether a property is assessed under Part 5, Farmland
118 Assessment Act; or

119 (D) assessed value based on whether a property is assessed under Part 17, Urban
120 Farming Assessment Act.

121 (i) "Project area" means the same as that term is defined in Section 17C-1-102.

122 (j) "Project area new growth" means an amount equal to the incremental value that is
123 no longer provided to an agency as tax increment.

124 (2) Before June 1 of each year, the county assessor of each county shall deliver to the
125 county auditor and the commission the following statements:

126 (a) a statement containing the aggregate valuation of all taxable real property a county
127 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

128 (b) a statement containing the taxable value of all personal property a county assessor
129 assesses in accordance with Part 3, County Assessment, from the prior year end values.

130 (3) The county auditor shall, on or before June 8, transmit to the governing body of
131 each taxing entity:

132 (a) the statements described in Subsections (2)(a) and (b);

133 (b) an estimate of the revenue from personal property;

134 (c) the certified tax rate; and

135 (d) all forms necessary to submit a tax levy request.

136 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be
137 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the
138 prior year by the amount calculated under Subsection (4)(b).

139 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
140 calculate an amount as follows:

141 (i) calculate for the taxing entity the difference between:

142 (A) the aggregate taxable value of all property taxed; and

143 (B) any adjustments for current year incremental value;

144 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
145 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
146 average of the percentage net change in the value of taxable property for the equalization
147 period for the three calendar years immediately preceding the current calendar year;

148 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
149 of:

150 (A) the amount calculated under Subsection (4)(b)(ii); and

151 (B) the percentage of property taxes collected for the five calendar years immediately
152 preceding the current calendar year; and

153 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
154 determined by:

155 (A) multiplying the percentage of property taxes collected for the five calendar years
156 immediately preceding the current calendar year by eligible new growth; and

157 (B) subtracting ~~[eligible new growth]~~ the amount calculated under Subsection
158 (4)(b)(iv)(A) from the amount calculated under Subsection (4)(b)(iii).

159 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
160 calculated as follows:

161 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax
162 rate is zero;

163 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

164 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
165 services under Sections 17-34-1 and 17-36-9; and

166 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
167 purposes and such other levies imposed solely for the municipal-type services identified in
168 Section 17-34-1 and Subsection 17-36-3(22); and

169 (c) for debt service voted on by the public, the certified tax rate is the actual levy
170 imposed by that section, except that a certified tax rate for the following levies shall be
171 calculated in accordance with Section 59-2-913 and this section:

172 (i) a school levy provided for under Section 53A-16-113, 53A-17a-133, or
173 53A-17a-164; and

174 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative
175 orders under Section 59-2-1602.

176 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be
177 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more
178 eligible judgments.

179 (b) The ad valorem property tax revenue generated by a judgment levy described in
180 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
181 rate.

182 (7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

183 (i) the taxable value of real property:

184 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

185 (B) contained on the assessment roll;

186 (ii) the year end taxable value of personal property:

187 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

- 188 (B) contained on the prior year's assessment roll; and
- 189 (iii) the taxable value of real and personal property the commission assesses in
190 accordance with Part 2, Assessment of Property.
- 191 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
192 growth.
- 193 (8) (a) On or before June 22, a taxing entity shall annually adopt a tentative budget.
- 194 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall
195 notify the county auditor of:
- 196 (i) the taxing entity's intent to exceed the certified tax rate; and
- 197 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.
- 198 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
199 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.
- 200 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
201 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
202 Committee if:
- 203 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
204 taxable value of the real and personal property the commission assesses in accordance with
205 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental
206 value; and
- 207 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end
208 taxable value of the real and personal property of a taxpayer the commission assesses in
209 accordance with Part 2, Assessment of Property, for the previous year.
- 210 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
211 subtracting the taxable value of real and personal property the commission assesses in
212 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
213 incremental value, from the year end taxable value of the real and personal property the
214 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
215 adjusted for prior year end incremental value.
- 216 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
217 subtracting the total taxable value of real and personal property of a taxpayer the commission
218 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total

219 year end taxable value of the real and personal property of a taxpayer the commission assesses
220 in accordance with Part 2, Assessment of Property, for the previous year.

221 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet
222 the requirement under Subsection (9)(a)(ii).

Legislative Review Note
Office of Legislative Research and General Counsel