

Daniel McCay proposes the following substitute bill:

Property Tax Modifications

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Steve Eliason

LONG TITLE

General Description:

This bill modifies the Property Tax Act.

Highlighted Provisions:

This bill:

- allows a taxing entity that reduces the taxing entity's budget below the previous year's budgeted revenue to increase, for a period of five years, the budget up to the base year

- budget without complying with the truth in taxation notice and public hearing requirements;

- repeals the requirement for a portion of revenue generated by the statewide multicounty assessing and collecting levy to be set aside for county distributions through the Property Tax Valuation Fund and redirects the set aside amount to the Multicounty Appraisal Trust; and

- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-919 (Effective 05/07/25) (Applies beginning 01/01/25), as last amended by Laws of Utah 2024, Chapter 246

59-2-1602 (Effective 01/01/26), as last amended by Laws of Utah 2022, Chapters 239, 451

63I-1-259 (Effective 05/07/25), as last amended by Laws of Utah 2024, Third Special Session, Chapter 5

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

Section 1. Section **59-2-919** is amended to read:

59-2-919 (Effective 05/07/25) (Applies beginning 01/01/25). Notice and public hearing requirements for certain tax increases -- Exceptions -- Audit.

(1) As used in this section:

(a) "Additional ad valorem tax revenue" means ad valorem property tax revenue generated by the portion of the tax rate that exceeds the taxing entity's certified tax rate.

(b) "Ad valorem tax revenue" means ad valorem property tax revenue not including revenue from:

(i) eligible new growth~~[-as defined in Section 59-2-924]~~; or

(ii) personal property that is:

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

and

(B) semiconductor manufacturing equipment.

(c) "Base year" means a taxing entity's fiscal year that immediately precedes the fiscal year in which the taxing entity first adopted a budget below last year's property tax budgeted revenue.

(d) "Base year budgeted revenue" means the property tax budgeted revenue, excluding eligible new growth, for the base year.

~~[(e)]~~ (e) "Calendar year taxing entity" means a taxing entity that operates under a fiscal year that begins on January 1 and ends on December 31.

~~[(f)]~~ (f) "County executive calendar year taxing entity" means a calendar year taxing entity that operates under the county executive-council form of government described in Section 17-52a-203.

~~[(g)]~~ (g) "Current calendar year" means the calendar year immediately preceding the calendar year for which a calendar year taxing entity seeks to levy a tax rate that exceeds the calendar year taxing entity's certified tax rate.

(h) "Eligible new growth" means the same as that term is defined in Section 59-2-924.

~~[(f)]~~ (i) "Fiscal year taxing entity" means a taxing entity that operates under a fiscal year that begins on July 1 and ends on June 30.

~~[(g)]~~ (j) "Last year's property tax budgeted revenue" does not include:

(i) revenue received by a taxing entity from a debt service levy voted on by the public;

- (ii) revenue generated by the combined basic rate as defined in Section 53F-2-301; or
- (iii) revenue generated by the charter school levy described in Section 53F-2-703.

(k) "Truth-in-taxation exemption period" means a six-year period that begins with the base year.

(2) [A] Except as provided in Subsection (11), a taxing entity may not levy a tax rate that exceeds the taxing entity's certified tax rate unless the taxing entity meets:

- (a) the requirements of this section that apply to the taxing entity; and
- (b) all other requirements as may be required by law.

(3)(a) Subject to Subsection (3)(b) and except as provided in Subsection (5), a calendar year taxing entity may levy a tax rate that exceeds the calendar year taxing entity's certified tax rate if the calendar year taxing entity:

- (i) 14 or more days before the date of the regular general election or municipal general election held in the current calendar year, states at a public meeting:
 - (A) that the calendar year taxing entity intends to levy a tax rate that exceeds the calendar year taxing entity's certified tax rate;
 - (B) the dollar amount of and purpose for additional ad valorem tax revenue that would be generated by the proposed increase in the certified tax rate; and
 - (C) the approximate percentage increase in ad valorem tax revenue for the taxing entity based on the proposed increase described in Subsection (3)(a)(i)(B);

- (ii) provides notice for the public meeting described in Subsection (3)(a)(i) in accordance with Title 52, Chapter 4, Open and Public Meetings Act, including providing a separate item on the meeting agenda that notifies the public that the calendar year taxing entity intends to make the statement described in Subsection (3)(a)(i);

- (iii) meets the advertisement requirements of Subsections (6) and (7) before the calendar year taxing entity conducts the public hearing required by Subsection (3)(a)(v);

- (iv) provides notice by mail:

- (A) seven or more days before the regular general election or municipal general election held in the current calendar year; and

- (B) as provided in Subsection (3)(c); and

- (v) conducts a public hearing that is held:

- (A) in accordance with Subsections (8) and (9); and

- (B) in conjunction with the public hearing required by Section 17-36-13 or

- 17B-1-610.
- (b)(i) For a county executive calendar year taxing entity, the statement described in Subsection (3)(a)(i) shall be made by the:
- (A) county council;
 - (B) county executive; or
 - (C) both the county council and county executive.
- (ii) If the county council makes the statement described in Subsection (3)(a)(i) or the county council states a dollar amount of additional ad valorem tax revenue that is greater than the amount of additional ad valorem tax revenue previously stated by the county executive in accordance with Subsection (3)(a)(i), the county executive calendar year taxing entity shall:
- (A) make the statement described in Subsection (3)(a)(i) 14 or more days before the county executive calendar year taxing entity conducts the public hearing under Subsection (3)(a)(v); and
 - (B) provide the notice required by Subsection (3)(a)(iv) 14 or more days before the county executive calendar year taxing entity conducts the public hearing required by Subsection (3)(a)(v).
- (c) The notice described in Subsection (3)(a)(iv):
- (i) shall be mailed to each owner of property:
 - (A) within the calendar year taxing entity; and
 - (B) listed on the assessment roll;
 - (ii) shall be printed on a separate form that:
 - (A) is developed by the commission;
 - (B) states at the top of the form, in bold upper-case type no smaller than 18 point "NOTICE OF PROPOSED TAX INCREASE"; and
 - (C) may be mailed with the notice required by Section 59-2-1317;
 - (iii) shall contain for each property described in Subsection (3)(c)(i):
 - (A) the value of the property for the current calendar year;
 - (B) the tax on the property for the current calendar year; and
 - (C) subject to Subsection (3)(d), for the calendar year for which the calendar year taxing entity seeks to levy a tax rate that exceeds the calendar year taxing entity's certified tax rate, the estimated tax on the property;
 - (iv) shall contain the following statement:

"[Insert name of taxing entity] is proposing a tax increase for [insert applicable calendar

year]. This notice contains estimates of the tax on your property and the proposed tax increase on your property as a result of this tax increase. These estimates are calculated on the basis of [insert previous applicable calendar year] data. The actual tax on your property and proposed tax increase on your property may vary from this estimate.";

(v) shall state the dollar amount of additional ad valorem tax revenue that would be generated each year by the proposed increase in the certified tax rate;

(vi) shall include a brief statement of the primary purpose for the proposed tax increase, including the taxing entity's intended use of additional ad valorem tax revenue described in Subsection (3)(c)(v);

(vii) shall state the date, time, and place of the public hearing described in Subsection (3)(a)(v);

(viii) shall state the Internet address for the taxing entity's public website;

(ix) may contain other information approved by the commission; and

(x) if sent in calendar year 2024, 2025, or 2026, shall contain:

(A) notice that the taxpayer may request electronic notice as described in Subsection 17-21-6(1)(m); and

(B) instructions describing how to elect to receive a notice as described in Subsection 17-21-6(1)(m).

(d) For purposes of Subsection (3)(c)(iii)(C), a calendar year taxing entity shall calculate the estimated tax on property on the basis of:

(i) data for the current calendar year; and

(ii) the amount of additional ad valorem tax revenue stated in accordance with this section.

(4) Except as provided in Subsection (5), a fiscal year taxing entity may levy a tax rate that exceeds the fiscal year taxing entity's certified tax rate if the fiscal year taxing entity:

(a) provides notice by meeting the advertisement requirements of Subsections (6) and (7) before the fiscal year taxing entity conducts the public meeting at which the fiscal year taxing entity's annual budget is adopted; and

(b) conducts a public hearing in accordance with Subsections (8) and (9) before the fiscal year taxing entity's annual budget is adopted.

(5)(a) A taxing entity is not required to meet the notice or public hearing requirements of Subsection (3) or (4) if the taxing entity is expressly exempted by law from complying with the requirements of this section.

(b) A taxing entity is not required to meet the notice requirements of Subsection (3) or

(4) if:

(i) Section 53F-8-301 allows the taxing entity to levy a tax rate that exceeds that certified tax rate without having to comply with the notice provisions of this section; or

(ii) the taxing entity:

(A) budgeted less than \$20,000 in ad valorem tax revenue for the previous fiscal year; and

(B) sets a budget during the current fiscal year of less than \$20,000 of ad valorem tax revenue.

(6)(a) Subject to Subsections (6)(d) and (7)(b), the advertisement described in this section shall be published:

(i) subject to Section 45-1-101, in a newspaper or combination of newspapers of general circulation in the taxing entity;

(ii) electronically in accordance with Section 45-1-101; and

(iii) for the taxing entity, as a class A notice under Section 63G-30-102, for at least 14 days before the day on which the taxing entity conducts the public hearing described in Subsection (3)(a)(v) or (4)(b).

(b) The advertisement described in Subsection (6)(a)(i) shall:

(i) be no less than 1/4 page in size;

(ii) use type no smaller than 18 point; and

(iii) be surrounded by a 1/4-inch border.

(c) The advertisement described in Subsection (6)(a)(i) may not be placed in that portion of the newspaper where legal notices and classified advertisements appear.

(d) It is the intent of the Legislature that:

(i) whenever possible, the advertisement described in Subsection (6)(a)(i) appear in a newspaper that is published at least one day per week; and

(ii) the newspaper or combination of newspapers selected:

(A) be of general interest and readership in the taxing entity; and

(B) not be of limited subject matter.

(e)(i) The advertisement described in Subsection (6)(a)(i) shall:

(A) except as provided in Subsection (6)(f), be run once each week for the two weeks before a taxing entity conducts a public hearing described under Subsection (3)(a)(v) or (4)(b);

(B) state that the taxing entity will meet on a certain day, time, and place fixed in

- the advertisement, which shall be seven or more days after the day the first advertisement is published, for the purpose of hearing comments regarding any proposed increase and to explain the reasons for the proposed increase; and
- (C) state the Internet address for the taxing entity's public website.
- (ii) The advertisement described in Subsection (6)(a)(ii) shall:
- (A) be published two weeks before a taxing entity conducts a public hearing described in Subsection (3)(a)(v) or (4)(b);
- (B) state that the taxing entity will meet on a certain day, time, and place fixed in the advertisement, which shall be seven or more days after the day the first advertisement is published, for the purpose of hearing comments regarding any proposed increase and to explain the reasons for the proposed increase; and
- (C) state the Internet address for the taxing entity's public website.
- (f) If a fiscal year taxing entity's public hearing information is published by the county auditor in accordance with Section 59-2-919.2, the fiscal year taxing entity is not subject to the requirement to run the advertisement twice, as required by Subsection (6)(e)(i), but shall run the advertisement once during the week before the fiscal year taxing entity conducts a public hearing at which the taxing entity's annual budget is discussed.
- (g) For purposes of Subsection (3)(a)(iii) or (4)(a), the form and content of an advertisement shall be substantially as follows:
- "NOTICE OF PROPOSED TAX INCREASE
(NAME OF TAXING ENTITY)
- The (name of the taxing entity) is proposing to increase its property tax revenue.
- The (name of the taxing entity) tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence would increase from \$_____ to \$_____, which is \$_____ per year.
 - The (name of the taxing entity) tax on a (insert the value of a business having the same value as the average value of a residence in the taxing entity) business would increase from \$_____ to \$_____, which is \$_____ per year.
 - If the proposed budget is approved, (name of the taxing entity) would receive an additional \$_____ in property tax revenue per year as a result of the tax increase.
 - If the proposed budget is approved, (name of the taxing entity) would increase its property tax budgeted revenue by ____% above last year's property tax budgeted revenue excluding eligible new growth.

The (name of the taxing entity) invites all concerned citizens to a public hearing for the purpose of hearing comments regarding the proposed tax increase and to explain the reasons for the proposed tax increase.

PUBLIC HEARING

Date/Time: (date) (time)

Location: (name of meeting place and address of meeting place)

To obtain more information regarding the tax increase, citizens may contact the (name of the taxing entity) at (phone number of taxing entity) or visit (Internet address for the taxing entity's public website)."

(7) The commission:

(a) shall adopt rules in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, governing the joint use of one advertisement described in Subsection (6) by two or more taxing entities; and

(b) subject to Section 45-1-101, may authorize:

(i) the use of a weekly newspaper:

(A) in a county having both daily and weekly newspapers if the weekly newspaper would provide equal or greater notice to the taxpayer; and

(B) if the county petitions the commission for the use of the weekly newspaper; or

(ii) the use by a taxing entity of a commission approved direct notice to each taxpayer if:

(A) the cost of the advertisement would cause undue hardship;

(B) the direct notice is different and separate from that provided for in Section 59-2-919.1; and

(C) the taxing entity petitions the commission for the use of a commission approved direct notice.

(8)(a)(i) A fiscal year taxing entity shall, on or before June 1, notify the commission and the county auditor of the date, time, and place of the public hearing described in Subsection (4)(b).

(ii) A calendar year taxing entity shall, on or before October 1 of the current calendar year, notify the commission and the county auditor of the date, time, and place of the public hearing described in Subsection (3)(a)(v).

(b)(i) A public hearing described in Subsection (3)(a)(v) or (4)(b) shall be:

(A) open to the public; and

(B) held at a meeting of the taxing entity with no items on the agenda other than

- 268 discussion and action on the taxing entity's intent to levy a tax rate that exceeds
269 the taxing entity's certified tax rate, the taxing entity's budget, a special
270 district's or special service district's fee implementation or increase, or a
271 combination of these items.
- 272 (ii) The governing body of a taxing entity conducting a public hearing described in
273 Subsection (3)(a)(v) or (4)(b) shall:
- 274 (A) state the dollar amount of additional ad valorem tax revenue that would be
275 generated each year by the proposed increase in the certified tax rate;
- 276 (B) explain the reasons for the proposed tax increase, including the taxing entity's
277 intended use of additional ad valorem tax revenue described in Subsection
278 (8)(b)(ii)(A);
- 279 (C) if the county auditor compiles the list required by Section 59-2-919.2, present
280 the list at the public hearing and make the list available on the taxing entity's
281 public website; and
- 282 (D) provide an interested party desiring to be heard an opportunity to present oral
283 testimony within reasonable time limits and without unreasonable restriction
284 on the number of individuals allowed to make public comment.
- 285 (c)(i) Except as provided in Subsection (8)(c)(ii), a taxing entity may not schedule a
286 public hearing described in Subsection (3)(a)(v) or (4)(b) at the same time as the
287 public hearing of another overlapping taxing entity in the same county.
- 288 (ii) The taxing entities in which the power to set tax levies is vested in the same
289 governing board or authority may consolidate the public hearings described in
290 Subsection (3)(a)(v) or (4)(b) into one public hearing.
- 291 (d) The county auditor shall resolve any conflict in public hearing dates and times after
292 consultation with each affected taxing entity.
- 293 (e)(i) A taxing entity shall hold a public hearing described in Subsection (3)(a)(v) or
294 (4)(b) beginning at or after 6 p.m.
- 295 (ii) If a taxing entity holds a public meeting for the purpose of addressing general
296 business of the taxing entity on the same date as a public hearing described in
297 Subsection (3)(a)(v) or (4)(b), the public meeting addressing general business
298 items shall conclude before the beginning of the public hearing described in
299 Subsection (3)(a)(v) or (4)(b).
- 300 (f)(i) Except as provided in Subsection (8)(f)(ii), a taxing entity may not hold the
301 public hearing described in Subsection (3)(a)(v) or (4)(b) on the same date as

another public hearing of the taxing entity.

(ii) A taxing entity may hold the following hearings on the same date as a public hearing described in Subsection (3)(a)(v) or (4)(b):

(A) a budget hearing;

(B) if the taxing entity is a special district or a special service district, a fee hearing described in Section 17B-1-643;

(C) if the taxing entity is a town, an enterprise fund hearing described in Section 10-5-107.5; or

(D) if the taxing entity is a city, an enterprise fund hearing described in Section 10-6-135.5.

(9)(a) If a taxing entity does not make a final decision on budgeting additional ad valorem tax revenue at a public hearing described in Subsection (3)(a)(v) or (4)(b), the taxing entity shall:

(i) announce at that public hearing the scheduled time and place of the next public meeting at which the taxing entity will consider budgeting the additional ad valorem tax revenue; and

(ii) if the taxing entity is a fiscal year taxing entity, hold the public meeting described in Subsection (9)(a)(i) before September 1.

(b) A calendar year taxing entity may not adopt a final budget that budgets an amount of additional ad valorem tax revenue that exceeds the largest amount of additional ad valorem tax revenue stated at a public meeting under Subsection (3)(a)(i).

(c) A public hearing on levying a tax rate that exceeds a fiscal year taxing entity's certified tax rate may coincide with a public hearing on the fiscal year taxing entity's proposed annual budget.

(10)(a) A county auditor may conduct an audit to verify a taxing entity's compliance with Subsection (8).

(b) If the county auditor, after completing an audit, finds that a taxing entity has failed to meet the requirements of Subsection (8), the county auditor shall prepare and submit a report of the auditor's findings to the commission.

(c) The commission may not certify a tax rate that exceeds a taxing entity's certified tax rate if, on or before September 15 of the year in which the taxing entity is required to hold the public hearing described in Subsection (3)(a)(v) or (4)(b), the commission determines that the taxing entity has failed to meet the requirements of Subsection (8).

(11) For a fiscal year within a truth-in-taxation exemption period, a taxing entity may adopt

a budget that is equal to or less than the base year budgeted revenue without complying with this section.

Section 2. Section **59-2-1602** is amended to read:

59-2-1602 (Effective 01/01/26). Property Tax Valuation Fund -- Statewide levy -- Additional county levy.

(1)(a) There is created a custodial fund known as the "Property Tax Valuation Fund."

(b) The fund consists of:

(i) deposits made and penalties received under Subsection (3); and

(ii) interest on money deposited into the fund.

(c) Deposits, penalties, and interest described in Subsection (1)(b) shall be disbursed and used as provided in Section 59-2-1603.

(2)(a) Each county shall annually impose a multicounty assessing and collecting levy as provided in this Subsection (2).

(b) The tax rate of the multicounty assessing and collecting levy is[:]

~~[(i) for a calendar year beginning on or after January 1, 2022, and before January 1, 2025, .000015; and]~~

~~[(ii) for a calendar year beginning on or after January 1, 2025,]~~ the certified revenue levy.

(c) The state treasurer shall allocate all revenue collected from the multicounty assessing and collecting levy ~~[as follows:]~~ to the Multicounty Appraisal Trust.

~~[(i) 18% of the revenue collected shall be deposited into the Property Tax Valuation Fund, up to \$500,000 annually; and]~~

~~[(ii) after the deposit described in Subsection (2)(c)(i), all remaining revenue collected from the multicounty assessing and collecting levy shall be deposited into the Multicounty Appraisal Trust.]~~

(3)(a) The multicounty assessing and collecting levy imposed under Subsection (2) shall be separately stated on the tax notice as a multicounty assessing and collecting levy.

(b) The multicounty assessing and collecting levy is:

(i) exempt from Sections 17C-1-403 through 17C-1-406;

(ii) in addition to and exempt from the maximum levies allowable under Section 59-2-908; and

(iii) exempt from the notice and public hearing requirements of Section 59-2-919.

(c)(i) Each county shall transmit quarterly to the state treasurer the revenue collected from the multicounty assessing and collecting levy.

(ii) The revenue transmitted under Subsection (3)(c)(i) shall be transmitted no later than the tenth day of the month following the end of the quarter in which the revenue is collected.

(iii) If revenue transmitted under Subsection (3)(c)(i) is transmitted after the tenth day of the month following the end of the quarter in which the revenue is collected, the county shall pay an interest penalty at the rate of 10% each year until the revenue is transmitted.

(d) The state treasurer shall allocate the penalties received under this Subsection (3) in the same manner as revenue is allocated under Subsection (2)(c).

(4)(a) A county may levy a county additional property tax in accordance with this Subsection (4).

(b) The county additional property tax:

(i) shall be separately stated on the tax notice as a county assessing and collecting levy;

(ii) may not be incorporated into the rate of any other levy;

(iii) is exempt from Sections 17C-1-403 through 17C-1-406; and

(iv) is in addition to and exempt from the maximum levies allowable under Section 59-2-908.

(c) Revenue collected from the county additional property tax shall be used to:

(i) promote the accurate valuation and uniform assessment levels of property as required by Section 59-2-103;

(ii) promote the efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes;

(iii) fund state mandated actions to meet legislative mandates or judicial or administrative orders that relate to promoting:

(A) the accurate valuation of property; and

(B) the establishment and maintenance of uniform assessment levels within and among counties; and

(iv) establish reappraisal programs that:

(A) are adopted by a resolution or ordinance of the county legislative body; and

(B) conform to rules the commission makes in accordance with Title 63G,

Chapter 3, Utah Administrative Rulemaking Act.

Section 3. Section **63I-1-259** is amended to read:

63I-1-259 (Effective 05/07/25). Repeal dates: Title 59.

404 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to
405 inform the Department of Workforce Services whether an individual claimed a federal
406 earned income tax credit, is repealed July 1, 2029.

407 (2) Section 59-2-1603, Allocation of money in the Property Tax Valuation Fund -- Use of
408 funds, is repealed July 1, 2030.

409 [~~(2)~~] (3) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is
410 repealed July 1, 2029.

411 [~~(3)~~] (4) Section 59-9-102.5, Offset for occupational health and safety related donations, is
412 repealed December 31, 2030.

413 [~~(4)~~] (5) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is
414 repealed July 1, 2029.

415 Section 4. **Effective Date.**

416 (1) Except as provided in Subsection (2), this bill takes effect May 7, 2025.

417 (2) The actions affecting Section 59-2-1602 (Effective 01/01/26) take effect on January 1,
418 2026.

419 Section 5. **Retrospective operation.**

420 The actions affecting Section 59-2-919 have retrospective operation to January 1, 2025.