

**PROPERTY TAX RESTRICTION**

1998 GENERAL SESSION

STATE OF UTAH

**Sponsor: L. Steven Poulton**

AN ACT RELATING TO THE PROPERTY TAX ACT; REINSTATING THE REQUIREMENT THAT A TAXING ENTITY OBTAIN VOTER APPROVAL BEFORE IMPOSING A TAX RATE THAT EXCEEDS THE CERTIFIED TAX RATE; MAKING TECHNICAL CHANGES; AND PROVIDING AN EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**59-2-924**, as last amended by Chapter 2, Laws of Utah 1997, Second Special Session

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

Section 1. Section **59-2-924** is amended to read:

**59-2-924. Report of valuation of property to county auditor and commission -- Transmittal by auditor to governing bodies -- Certified tax rate -- Adoption of tentative budget.**

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

(i) a statement containing the aggregate valuation of all taxable property in each taxing entity; and

(ii) a statement containing the taxable value of any additional personal property estimated by the county assessor to be subject to taxation in the current year.

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

(i) the statements described in Subsections (1)(a)(i) and (ii);

(ii) an estimate of the revenue from personal property;

(iii) the certified tax rate; and

1 (iv) all forms necessary to submit a tax levy request.

2 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad valorem  
3 property tax revenues for a taxing entity as were collected by that taxing entity for the prior year.

4 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not include:

5 (A) collections from redemptions;

6 (B) interest; and

7 (C) penalties.

8 (iii) Except as provided in Subsection (2)(a)(iv), the certified tax rate shall be calculated  
9 by dividing the ad valorem property tax revenues collected for the prior year by the taxing entity  
10 by the taxable value established in accordance with Section 59-2-913.

11 (iv) The certified tax rates for the taxing entities described in this Subsection (2)(a)(iv)  
12 shall be calculated as follows:

13 (A) except as provided in Subsection (2)(a)(iv)(B), for new taxing entities the certified tax  
14 rate is zero;

15 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

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

18 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county  
19 purposes and such other levies imposed solely for the municipal-type services identified in Section  
20 17-34-2 and Subsection 17-36-3(22);

21 (C) for debt service voted on by the public, the certified tax rate shall be the actual levy  
22 imposed by that section, except that the certified tax rates for the following levies shall be  
23 calculated in accordance with Section 59-2-913 and this section:

24 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,  
25 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

26 (II) levies to pay for the costs of state legislative mandates or judicial or administrative  
27 orders under Section 59-2-906.3.

28 (b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use the  
29 taxable value of property on the assessment roll.

30 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the assessment  
31 roll does not include new growth as defined in Subsection (2)(b)(iii).

1 (iii) "New growth" means:

2 (A) the difference between the increase in taxable value of the taxing entity from the  
3 previous calendar year to the current year; minus

4 (B) the amount of increase to locally assessed real property taxable values resulting from  
5 factoring, reappraisal, or any other adjustments.

6 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from uniform  
7 fees on tangible personal property under Section 59-2-404 or 59-2-405 as a result of any county  
8 imposing a sales and use tax under Title 59, Chapter 12, Part 11, County Option Sales and Use  
9 Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

10 (d) (i) Beginning July 1, 1997, if a county has imposed a sales and use tax under Title 59,  
11 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

12 (A) decreased on a one-time basis by the amount of the estimated sales tax revenue to be  
13 distributed to the county under Subsection 59-12-1102(3); and

14 (B) increased by the amount necessary to offset the county's reduction in revenue from  
15 uniform fees on tangible personal property under Section 59-2-404 or 59-2-405 as a result of the  
16 decrease in the certified tax rate under Subsection (2)(d)(i)(A).

17 (ii) The commission shall determine estimates of sales tax distributions for purposes of  
18 Subsection (2)(d)(i).

19 (e) For the calendar year beginning on January 1, 1998, and ending December 31, 1998,  
20 a taxing entity's certified tax rate shall be increased by the amount necessary to offset the decrease  
21 in revenues from uniform fees on tangible personal property under Section 59-2-405 as a result  
22 of the decrease in uniform fees on tangible personal property under Section 59-2-405 enacted by  
23 the Legislature during the 1997 Annual General Session.

24 (f) Beginning January 1, 1998, if a municipality has imposed an additional resort  
25 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be  
26 decreased on a one-time basis by the amount necessary to offset the first 12 months of estimated  
27 revenue from the additional resort communities sales tax imposed under Section 59-12-402.

28 (3) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

29 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county  
30 auditor of:

31 (i) its intent to exceed the certified tax rate; and

1 (ii) the amount by which it proposes to exceed the certified tax rate.

2 (c) The county auditor shall notify all property owners of any intent to exceed the certified  
3 tax rate in accordance with Subsection 59-2-919(2).

4 (4) (a) The taxable value for the base year under Subsection 17A-2-1247(2)(a) or  
5 17A-2-1202(2), as the case may be, shall be reduced for any year to the extent necessary to provide  
6 a redevelopment agency established under Title 17A, Chapter 2, Part 12, Utah Neighborhood  
7 [Redevelopment Agencies] Development Act, with approximately the same amount of money the  
8 agency would have received without a reduction in the county's certified tax rate if:

9 (i) in that year there is a decrease in the certified tax rate under Subsection (2)(c) or  
10 (2)(d)(i);

11 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the  
12 previous year; and

13 (iii) the decrease results in a reduction of the amount to be paid to the agency under  
14 Section 17A-2-1247 or 17A-2-1247.5.

15 (b) The taxable value of the base year under Subsection 17A-2-1247(2)(a) or  
16 17A-2-1202(2), as the case may be, shall be increased in any year to the extent necessary to  
17 provide a redevelopment agency with approximately the same amount of money as the agency  
18 would have received without an increase in the certified tax rate that year if:

19 (i) in that year the taxable value for the base year under Subsection 17A-2-1247(2) or  
20 17A-2-1202(2) is reduced due to a decrease in the certified tax rate under Subsection (2)(c) or  
21 (2)(d)(i); and

22 (ii) The certified tax rate of a city, school district, or special district increases independent  
23 of the adjustment to the taxable value of the base year.

24 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i),  
25 the amount of money allocated and, when collected, paid each year to a redevelopment agency  
26 established under Title 17A, Chapter 2, Part 12, Neighborhood Redevelopment Agencies, for the  
27 payment of bonds or other contract indebtedness, but not for administrative costs, may not be less  
28 than that amount would have been without a decrease in the certified tax rate under Subsection  
29 (2)(c) or (2)(d)(i).

30 (5) (a) For the calendar year beginning on January 1, 1998, and ending December 31,  
31 1998, to impose a tax rate that exceeds the certified tax rate established in Subsection (2), a taxing

1 entity shall obtain approval for the tax increase by a majority vote of the:

2 (i) governing body; and

3 (ii) people as provided in Subsection (5)(b).

4 (b) To obtain voter approval for a tax increase under Subsection (5)(a), a taxing entity

5 shall:

6 (i) hold an election on the fourth Tuesday in June; and

7 (ii) conduct the election according to the procedures and requirements of Title 20A,

8 Election Code, governing local elections.

9 (c) A tax rate imposed by a taxing entity under this Subsection (5) may not exceed the

10 maximum levy permitted by law under Section 59-2-908.

11 **Section 2. Effective date.**

12 This act takes effect on January 1, 1999.

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**Legislative Review Note**  
**as of 12-8-97 12:41 PM**

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**