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**RESOLUTION AMENDING INTANGIBLE
PROPERTY TAX PROVISIONS**

1998 GENERAL SESSION

STATE OF UTAH

Sponsor: Lyle W. Hillyard

A JOINT RESOLUTION OF THE LEGISLATURE PROPOSING TO AMEND THE UTAH
CONSTITUTION; AMENDING THE TAX ARTICLE TO REPEAL CERTAIN
INTANGIBLE PROPERTY TAX PROVISIONS; AND PROVIDING AN EFFECTIVE
DATE.

This resolution proposes to change the Utah Constitution as follows:

AMENDS:

ARTICLE XIII, SECTION 2

ARTICLE XIII, SECTION 12

*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 2, to read:

**Article XIII, Section 2. [Tangible property to be taxed -- Value ascertained --
Exemptions -- Remittance or abatement of taxes of poor -- Intangible property -- Legislature
to provide annual tax for state.]**

(1) All tangible property in the state, not exempt under the laws of the United States, or
under this Constitution, shall be taxed at a uniform and equal rate in proportion to its value, to be
ascertained as provided by law.

(2) The following are property tax exemptions:

(a) the property of the state, school districts, and public libraries;

(b) the property of counties, cities, towns, special districts, and all other political
subdivisions of the state, except that to the extent and in the manner provided by the Legislature
the property of a county, city, town, special district, or other political subdivision of the state

1 located outside of its geographic boundaries as defined by law may be subject to the ad valorem
2 property tax;

3 (c) property owned by a nonprofit entity which is used exclusively for religious, charitable,
4 or educational purposes;

5 (d) places of burial not held or used for private or corporate benefit; and

6 (e) farm equipment and farm machinery as defined by statute. This exemption shall be
7 implemented over a period of time as provided by statute.

8 (3) Tangible personal property present in Utah on January 1, held for sale or processing
9 and which is shipped to final destination outside this state within twelve months may be deemed
10 by law to have acquired no situs in Utah for purposes of ad valorem property taxation and may be
11 exempted by law from such taxation, whether manufactured, processed or produced or otherwise
12 originating within or without the state.

13 (4) Tangible personal property present in Utah on January 1, held for sale in the ordinary
14 course of business and which constitutes the inventory of any retailer, or wholesaler or
15 manufacturer or farmer, or livestock raiser may be deemed for purposes of ad valorem property
16 taxation to be exempted.

17 (5) Water rights, ditches, canals, reservoirs, power plants, pumping plants, transmission
18 lines, pipes and flumes owned and used by individuals or corporations for irrigating land within
19 the state owned by such individuals or corporations, or the individual members thereof, shall be
20 exempted from taxation to the extent that they shall be owned and used for such purposes.

21 (6) Power plants, power transmission lines and other property used for generating and
22 delivering electrical power, a portion of which is used for furnishing power for pumping water for
23 irrigation purposes on lands in the state of Utah, may be exempted from taxation to the extent that
24 such property is used for such purposes. These exemptions shall accrue to the benefit of the users
25 of water so pumped under such regulations as the Legislature may prescribe.

26 (7) The taxes of the poor may be remitted or abated at such times and in such manner as
27 may be provided by law.

28 (8) The Legislature may provide by law for the exemption from taxation: of not to exceed
29 45% of the fair market value of residential property as defined by law; and all household
30 furnishings, furniture, and equipment used exclusively by the owner thereof at his place of abode
31 in maintaining a home for himself and family.

1 (9) Property owned by disabled persons who were disabled in the line of duty during any
2 war, international conflict, or military training in the military service of the United States or of the
3 state of Utah and by the unmarried surviving spouses and minor orphans of such disabled persons
4 or of persons who during any war, international conflict, or military training in the military service
5 of the United States or the state of Utah were killed in action or died in the line of duty as a result
6 of such service may be exempted as the Legislature may provide.

7 (10) Intangible property may be exempted from taxation as property or it may be taxed as
8 property in [such] the manner and to [such] the extent [as] that the Legislature [~~may provide, but~~
9 ~~if taxed as property the income therefrom shall not also be taxed. Provided that if intangible~~
10 ~~property is taxed as property the rate thereof shall not exceed five mills on each dollar of~~
11 ~~valuation] provides by statute.~~

12 (11) The Legislature shall provide by law for an annual tax sufficient, with other sources
13 of revenue, to defray the estimated ordinary expenses of the state for each fiscal year. For the
14 purpose of paying the state debt, if any there be, the Legislature shall provide for levying a tax
15 annually, sufficient to pay the annual interest and to pay the principal of such debt, within twenty
16 years from the final passage of the law creating the debt.

17 Section 2. It is proposed to amend Utah Constitution Article XIII, Section 12, to read:

18 **Article XIII, Section 12. [Stamp, income, occupation, license or franchise tax**
19 **permissible -- Reference to United States laws in imposition of income taxes -- Income or**
20 **intangible property taxes allocated to public education system and higher education system.]**

21 (1) Nothing in this Constitution shall be construed to prevent the Legislature from
22 providing a stamp tax, or a tax based on income, occupation, licenses, franchises, or other tax
23 provided by law. The Legislature may provide for deductions, exemptions, or offsets on any tax
24 based upon income, occupation, licenses, franchises, or other tax as provided by law pursuant to
25 this section.

26 (2) Notwithstanding any provision of this Constitution, the Legislature, in any law
27 imposing income taxes, may define the amount on, in respect to, or by which the taxes are imposed
28 or measured, by reference to any provision of the laws of the United States as the same may be or
29 become effective at any time or from time to time and may prescribe exemptions or modifications
30 to any such provision.

31 (3) All revenue received from taxes on income [~~or from taxes on intangible property~~] shall

1 be allocated to the support of the public education system and the higher education system as
2 defined in Article X, Section 2 of this Constitution.

3 Section 3. **Submittal to electors.**

4 The lieutenant governor is directed to submit this proposed amendment to the electors of
5 the state of Utah at the next general election in the manner provided by law.

6 Section 4. **Effective date.**

7 If approved by the electors of the state, the amendment proposed by this joint resolution
8 shall take effect on January 1, 1999.

Legislative Review Note

as of 2-2-98 3:15 PM

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

Office of Legislative Research and General Counsel