

PROPERTY TAX - CALCULATION OF NEW GROWTH

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: John L. Valentine

AN ACT RELATING TO THE PROPERTY TAX ACT; MODIFYING THE CALCULATION OF NEW GROWTH TO SUBTRACT CERTAIN INCREASES IN THE TAXABLE VALUE OF PROPERTY ASSESSED BY THE STATE TAX COMMISSION; MAKING TECHNICAL CHANGES; AND PROVIDING FOR RETROSPECTIVE OPERATION.

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

AMENDS:

59-2-924, as last amended by Chapter 353, Laws of Utah 1999

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;

- 28 (iii) the certified tax rate; and
- 29 (iv) all forms necessary to submit a tax levy request.
- 30 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad valorem
- 31 property tax revenues for a taxing entity as were collected by that taxing entity for the prior year.
- 32 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not include:
- 33 (A) collections from redemptions;
- 34 (B) interest; and
- 35 (C) penalties.
- 36 (iii) Except as provided in Subsection (2)(a)(iv), the certified tax rate shall be calculated
- 37 by dividing the ad valorem property tax revenues collected for the prior year by the taxing entity
- 38 by the taxable value established in accordance with Section 59-2-913.
- 39 (iv) The certified tax rates for the taxing entities described in this Subsection (2)(a)(iv)
- 40 shall be calculated as follows:
- 41 (A) except as provided in Subsection (2)(a)(iv)(B), for new taxing entities the certified tax
- 42 rate is zero;
- 43 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:
- 44 (I) in a county of the first, second, or third class, the levy imposed for municipal-type
- 45 services under Sections 17-34-1 and 17-36-9; and
- 46 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
- 47 purposes and such other levies imposed solely for the municipal-type services identified in Section
- 48 17-34-2 and Subsection 17-36-3(22);
- 49 (C) for debt service voted on by the public, the certified tax rate shall be the actual levy
- 50 imposed by that section, except that the certified tax rates for the following levies shall be
- 51 calculated in accordance with Section 59-2-913 and this section:
- 52 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
- 53 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and
- 54 (II) levies to pay for the costs of state legislative mandates or judicial or administrative
- 55 orders under Section 59-2-906.3.
- 56 (v) A judgment levy imposed under Section 59-2-1328 or Section 59-2-1330 shall be
- 57 established at that rate which is sufficient to generate only the revenue required to satisfy the
- 58 known, unpaid judgments. The ad valorem property tax revenue generated by the judgment levy

59 shall not be considered in establishing the taxing entity's aggregate certified tax rate.

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

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

64 (iii) "New growth" means:

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

67 (B) the amount of an increase in taxable value described in Subsection (2)(b)(iv).

68 (iv) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:

69 [~~(B)~~] (A) the amount of increase to locally assessed real property taxable values resulting
70 from factoring, reappraisal, or any other adjustments[-]; or

71 (B) the amount of an increase in the taxable value of property assessed by the commission
72 under Section 59-2-201 resulting from a change in the method of apportioning the taxable value
73 prescribed by:

74 (I) the Legislature;

75 (II) a court;

76 (III) the commission in an administrative rule; or

77 (IV) the commission in an administrative order.

78 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from uniform
79 fees on tangible personal property under Section 59-2-404, 59-2-405, or 59-2-405.1 as a result of
80 any county imposing a sales and use tax under Title 59, Chapter 12, Part 11, County Option Sales
81 and Use Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

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

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

86 (B) increased by the amount necessary to offset the county's reduction in revenue from
87 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, or 59-2-405.1 as a
88 result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

89 (ii) The commission shall determine estimates of sales tax distributions for purposes of

90 Subsection (2)(d)(i).

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

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

100 (g) For the calendar year beginning on January 1, 1999, and ending on December 31, 1999,
101 a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the adjustment
102 in revenues from uniform fees on tangible personal property under Section 59-2-405.1 as a result
103 of the adjustment in uniform fees on tangible personal property under Section 59-2-405.1 enacted
104 by the Legislature during the 1998 Annual General Session.

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

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

- 108 (i) its intent to exceed the certified tax rate; and
- 109 (ii) the amount by which it proposes to exceed the certified tax rate.

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

112 (4) (a) The taxable value for the base year under Subsection 17A-2-1247(2)(a) or
113 17A-2-1202(2), as the case may be, shall be reduced for any year to the extent necessary to provide
114 a redevelopment agency established under Title 17A, Chapter 2, Part 12, Utah Neighborhood
115 Development Act, with approximately the same amount of money the agency would have received
116 without a reduction in the county's certified tax rate if:

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

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

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

123 (b) The taxable value of the base year under Subsection 17A-2-1247(2)(a) or
124 17A-2-1202(2), as the case may be, shall be increased in any year to the extent necessary to
125 provide a redevelopment agency with approximately the same amount of money as the agency
126 would have received without an increase in the certified tax rate that year if:

127 (i) in that year the taxable value for the base year under Subsection 17A-2-1247(2) or
128 17A-2-1202(2) is reduced due to a decrease in the certified tax rate under Subsection (2)(c) or
129 (2)(d)(i); and

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

132 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i),
133 the amount of money allocated and, when collected, paid each year to a redevelopment agency
134 established under Title 17A, Chapter 2, Part 12, Utah Neighborhood Development Act, for the
135 payment of bonds or other contract indebtedness, but not for administrative costs, may not be less
136 than that amount would have been without a decrease in the certified tax rate under Subsection
137 (2)(c) or (2)(d)(i).

138 (5) (a) Except as provided in Subsections (5)(d) through (f), for the calendar year
139 beginning on January 1, 1998, and ending December 31, 1998, to impose a tax rate that exceeds
140 the certified tax rate established in Subsection (2), a taxing entity shall obtain approval for the tax
141 increase by a majority vote of the:

142 (i) governing body; and

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

144 (b) To obtain voter approval for a tax increase under Subsection (5)(a), a taxing entity
145 shall:

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

147 (ii) conduct the election according to the procedures and requirements of Title 20A,
148 Election Code, governing local elections.

149 (c) A tax rate imposed by a taxing entity under this Subsection (5) may not exceed the
150 maximum levy permitted by law under Section 59-2-908.

151 (d) Notwithstanding Subsection (5)(a), a school district is not required to obtain voter

152 approval under this Subsection (5) to impose a tax rate that exceeds the certified tax rate:

153 (i) under Section 53A-17a-135, if the Legislature increases the minimum basic tax rate
154 under Section 53A-17a-135;

155 (ii) under Section 53A-21-103;

156 (iii) under Section 53A-16-111;

157 (iv) if, on or after January 1, 1997, but on or before December 31, 1997, the school district
158 obtained voter approval to impose the tax rate; or

159 (v) if, on or after January 1, 1998, the school district obtains voter approval to impose the
160 tax rate under a statutory provision, other than the provisions of this section, requiring voter
161 approval to impose the tax rate.

162 (e) Notwithstanding Subsection (5)(a), a municipality is not required to obtain voter
163 approval under this Subsection (5) to impose a tax rate that exceeds the certified tax rate if:

164 (i) the municipality meets the requirements of Sections 59-2-918 and 59-2-919; and

165 (ii) in adopting the resolution required under Section 59-2-919, the municipal legislative
166 body obtains approval to impose the tax rate by two-thirds of all members of the municipal
167 legislative body.

168 (f) Notwithstanding Subsection (5)(a), a county or municipality is not required to obtain
169 voter approval under this Subsection (5) to impose a tax rate under Section 17A-2-1322 that
170 exceeds the certified tax rate calculated for a special service district established under Title 17A,
171 Chapter 2, Part 13, Utah Special Service District Act, if the county or municipality obtained voter
172 approval to impose a tax on property within the special service district:

173 (i) under Section 17A-2-1322; and

174 (ii) on or after June 1, 1996.

175 **Section 2. Retrospective operation.**

176 This act has retrospective operation to January 1, 2000.

Legislative Review Note
as of 12-10-99 1:53 PM

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

Office of Legislative Research and General Counsel

12-17-99 9:47 AM

S.B. 82

Committee Note

The Revenue and Taxation Interim Committee recommended this bill.