

Senator Pete Suazo proposes to substitute the following bill:

PROPERTY TAX - FARMLAND ASSESSMENT

ACT AMENDMENTS

2000 GENERAL SESSION

STATE OF UTAH

Sponsor: Pete Suazo

AN ACT RELATING TO REVENUE AND TAXATION; AMENDING THE QUALIFICATIONS FOR ASSESSMENT AS AGRICULTURAL LAND; AMENDING THE REQUIREMENTS FOR ACQUISITION OF PROPERTY BY A GOVERNMENTAL ENTITY; AND MAKING TECHNICAL CHANGES.

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

AMENDS:

59-2-503, as last amended by Chapter 235, Laws of Utah 1992

59-2-511, as last amended by Chapter 359, Laws of Utah 1999

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

Section 1. Section **59-2-503** is amended to read:

59-2-503. Qualifications for agricultural use valuation.

(1) For general property tax purposes, land may be assessed based on the value which the land has for agricultural use if the land:

(a) is not less than five contiguous acres in area, except where devoted to agricultural use in conjunction with other eligible acreage or as provided under Subsection (4);

(b) is actively devoted to agricultural use; and

(c) has been actively devoted to agricultural use for at least two successive years immediately preceding the tax year in issue.

(2) (a) For the purpose of Subsection (1), "actively devoted to agricultural use" means that the land produces in excess of 50% of the average agricultural production per acre for the given

26 type of land and the given county or area.

27 (b) For the purpose of determining production levels for a given county or area and a given
28 type of land the first applicable of the following established authorities shall be used:

29 (i) production levels reported in the current publication of the Utah Agricultural Statistics;

30 (ii) current crop budgets developed and published by Utah State University; and

31 (iii) other acceptable standards of agricultural production designated by the commission
32 by rule adopted in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

33 (3) Land may also be assessed based on its agricultural value if the land is:

34 (a) subject to the privilege tax imposed by Section 59-4-101;

35 (b) owned by the state or any of its political subdivisions; and

36 (c) meets the requirements of Subsection (1).

37 (4) The commission may grant a waiver of the acreage limitation upon appeal by the owner
38 and submission of proof that:

39 (a) 80% or more of the owner's, purchaser's, or lessee's income is derived from agricultural
40 products produced on the property in question[-]; or

41 (b) (i) the failure to meet the acreage requirement arose solely as a result of an acquisition
42 by a governmental entity by eminent domain or the threat or imminence of an eminent domain
43 proceeding;

44 (ii) the land is actively devoted to agricultural use as defined in Subsection (2); and

45 (iii) no change occurs in the ownership of the land.

46 (5) The commission may grant a waiver of the agricultural production requirements for
47 the tax year in issue upon appeal by the owner and submission of proof that:

48 (a) the land was valued on the basis of agricultural use for at least two years immediately
49 preceding that tax year; and

50 (b) the failure to meet the agricultural production requirements for that tax year was due
51 to no fault or act of the owner, purchaser, or lessee.

52 (6) As used in Subsection (5)(b), "fault" does not include any of the following:

53 (a) intentional planting of crops or trees which, because of the maturation period do not
54 give the owner, purchaser, or lessee a reasonable opportunity to satisfy the production level
55 requirement; or

56 (b) implementation of a bona-fide range improvement program, crop rotation program, or

57 other similar accepted cultural practices which do not give the owner, purchaser, or lessee a
58 reasonable opportunity to satisfy the production level requirement.

59 Section 2. Section **59-2-511** is amended to read:

60 **59-2-511. Acquisition of property by governmental entity -- Requirements.**

61 (1) For purposes of this section, "governmental entity" means:

62 (a) the United States;

63 (b) the state;

64 (c) a political subdivision of the state, including:

65 (i) a county;

66 (ii) a city;

67 (iii) a town;

68 (iv) a school district; or

69 (v) a special district; or

70 (d) an entity created by the state or the United States, including:

71 (i) an agency;

72 (ii) a board;

73 (iii) a bureau;

74 (iv) a commission;

75 (v) a committee;

76 (vi) a department;

77 (vii) a division;

78 (viii) an institution;

79 (ix) an instrumentality; or

80 (x) an office.

81 (2) (a) Except as provided in Subsections (3) and (4), property acquired by a governmental
82 entity is subject to the rollback tax imposed by this part if:

83 (i) prior to the governmental entity acquiring the property, the property is:

84 (A) valued under this part;

85 (B) assessed under this part; and

86 (C) taxed under this part; and

87 (ii) after the governmental entity acquires the property, the property is not actively devoted

88 to agricultural use.

89 (b) If property is subject to the rollback tax under Subsection (2)(a):

90 (i) the owner of record shall pay the rollback tax imposed by this part before title may pass;

91 and

92 (ii) prior to the governmental entity acquiring the property, the governmental entity shall:

93 (A) provide notice of the sale to the county assessor of the county in which the property

94 is located; and

95 (B) receive a clearance from the county assessor of the county in which the property is

96 located stating that:

97 (I) rollback taxes have been paid; or

98 (II) the property is not subject to rollback taxes imposed by this part.

99 (c) A person dedicating a public right-of-way to a governmental entity shall pay the

100 rollback tax imposed by this part if:

101 (i) a portion of the public right-of-way is located within a subdivision as defined in Section

102 10-9-103; or

103 (ii) in exchange for the dedication, the person dedicating the public right-of-way receives:

104 (A) money; or

105 (B) other consideration.

106 (3) (a) Except as provided in Subsection (4), property acquired by a governmental entity

107 is not subject to the rollback tax imposed by this part, but is subject to a one-time in lieu fee

108 payment as provided in Subsection (3)(b), if:

109 (i) the governmental entity acquires the property by eminent domain;

110 (ii) (A) the property is under the threat or imminence of eminent domain proceedings; and

111 (B) the governmental entity provides written notice of the proceedings to the owner of

112 record; or

113 (iii) the property is donated to the governmental entity.

114 (b) (i) If a governmental entity acquires property under Subsection (3)(a)(iii), the

115 governmental entity shall make a one-time in lieu fee payment:

116 (A) to the county assessor of the county in which the property is located; and

117 (B) in an amount equal to the amount of rollback tax calculated under Section 59-2-506.

118 (ii) If a governmental entity acquires property under Subsection (3)(a)(i) or (3)(a)(ii), the

119 governmental entity shall make a one-time in lieu fee payment:

120 (A) to the county assessor of the county in which the property is located; and

121 (B) (I) if the land remaining after the acquisition is five acres or more when used in
122 conjunction with other qualifying acreage, then in an amount equal to the rollback tax under

123 Section 59-2-506 on the land acquired by the governmental entity; or

124 (II) if the land remaining after the acquisition is less than five acres when used in
125 conjunction with other qualifying acreage, then in an amount equal to the rollback tax under

126 Section 59-2-506 on the land acquired by the governmental entity and the remaining,

127 non-qualifying land.

128 [(ii)] (c) A county receiving an in lieu fee payment under Subsection (3)(b)[(i)] shall
129 distribute the revenues generated by the payment:

130 [(A)] (i) to the taxing entities in which the property is located; and

131 [(B)] (ii) in the same proportion as the revenue from real property taxes is distributed.

132 (4) Except as provided in Section 59-2-506, if a governmental entity acquires property and
133 converts the property into a conservation easement under Section 59-2-506:

134 (a) the property is not subject to the rollback tax imposed by this part; and

135 (b) the governmental entity acquiring the property is not required to make an in lieu fee
136 payment under Subsection (3)(b).