

1 **RESOLUTION TO EXPAND THE GOVERNMENT**

2 **PROPERTY TAX EXEMPTION**

3 2002 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: David Clark**

6 **This joint resolution of the Legislature proposes to amend the Utah Constitution to add a**
7 **property tax exemption for property not owned but under the control of the state or a**
8 **political subdivision. This joint resolution directs the lieutenant governor to submit the**
9 **proposal to voters and provides an effective date.**

10 This resolution proposes to change the Utah Constitution as follows:

11 AMENDS:

12 **ARTICLE XIII, SECTION 2**

13 *Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of*
14 *the two houses voting in favor thereof:*

15 Section 1. It is proposed to amend Utah Constitution Article XIII, Section 2, to read:

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

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

22 (2) The following are property tax exemptions:

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

24 (b) the property of counties, cities, towns, special districts, and all other political
25 subdivisions of the state, except that to the extent and in the manner provided by the Legislature
26 the property of a county, city, town, special district, or other political subdivision of the state
27 located outside of its geographic boundaries as defined by law may be subject to the ad valorem



28 property tax;

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

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

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

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

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

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

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

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

54 (8) The Legislature may provide by law for the exemption from taxation: of not to exceed
55 45% of the fair market value of residential property as defined by law; and all household
56 furnishings, furniture, and equipment used exclusively by the owner thereof at his place of abode
57 in maintaining a home for himself and family.

58 (9) Property owned by disabled persons who were disabled in the line of duty during any

59 war, international conflict, or military training in the military service of the United States or of the
60 state of Utah and by the unmarried surviving spouses and minor orphans of such disabled persons
61 or of persons who during any war, international conflict, or military training in the military service
62 of the United States or the state of Utah were killed in action or died in the line of duty as a result
63 of such service may be exempted as the Legislature may provide.

64 (10) Intangible property may be exempted from taxation as property or it may be taxed as
65 property in such manner and to such extent as the Legislature may provide, but if taxed as property
66 the income therefrom shall not also be taxed. Provided that if intangible property is taxed as
67 property the rate thereof shall not exceed five mills on each dollar of valuation.

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

73 (12) Property that is not owned but is used, controlled, and possessed by the state or a
74 political subdivision of the state may be exempted from property tax as provided by statute.

75 Section 2. **Submittal to voters.**

76 The lieutenant governor is directed to submit this proposed amendment to the voters of the
77 state at the next regular general election in the manner provided by law.

78 Section 3. **Effective date.**

79 If the amendment proposed by this joint resolution is approved by a majority of those
80 voting on it at the next regular general election, the amendment shall take effect on January 1,
81 2003.

Legislative Review Note
as of 2-26-02 12:30 PM

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

Office of Legislative Research and General Counsel