

**JOINT RESOLUTION AMENDING REVENUE  
AND TAXATION ARTICLE - EXEMPTIONS**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: Michael G. Waddoups**

**This joint resolution proposes to amend the Utah Constitution to modify an exception to a property tax exemption for property of political subdivisions. The joint resolution eliminates an exception for property outside the boundaries of the political subdivision and replaces it with an exception for property used in an undertaking that is in competition with the private sector. The joint resolution directs the lieutenant governor to submit this proposal to voters and provides an effective date.**

This resolution proposes to change the Utah Constitution as follows:

AMENDS:

**ARTICLE XIII, SECTION 2**

*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~~]



28 statute the property of a county, city, town, special district, or other political subdivision of the  
29 state [~~located outside of its geographic boundaries as defined by law~~] used in an undertaking that  
30 is in competition with the private sector, as defined by statute, may be subject to the ad valorem  
31 property tax;

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

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

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

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

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

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

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

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

57 (8) The Legislature may provide by law for the exemption from taxation: of not to exceed  
58 45% of the fair market value of residential property as defined by law; and all household

59 furnishings, furniture, and equipment used exclusively by the owner thereof at his place of abode  
60 in maintaining a home for himself and family.

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

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

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

76 Section 2. **Submittal to voters.**

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

79 Section 3. **Effective date.**

80 If the amendment proposed by this joint resolution is approved by a majority of those  
81 voting on it at the next regular general election, the amendment shall take effect on January 1,  
82 2003.

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**Legislative Review Note**  
**as of 10-11-01 8:08 AM**

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

**Office of Legislative Research and General Counsel**