

**PROPERTY TAX - CALCULATION OF  
CERTIFIED TAX RATE**

2003 GENERAL SESSION

STATE OF UTAH

**Sponsor: Ann W. Hardy**

**This act modifies the Property Tax Act to modify the calculation of the certified tax rate. The act grants rulemaking authority to the State Tax Commission to prescribe a portion of the calculation of the certified tax rate. This act makes technical changes. The act takes effect on January 1, 2004.**

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

AMENDS:

**53A-19-105**, as last amended by Chapter 309, Laws of Utah 1997

**59-2-924**, as last amended by Chapters 133, 195 and 258, Laws of Utah 2001

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

Section 1. Section **53A-19-105** is amended to read:

**53A-19-105. School district interfund transfers.**

(1) A school district shall spend revenues only within the fund for which they were originally authorized, levied, collected, or appropriated.

(2) Except as otherwise provided in this section, school district interfund transfers of residual equity are prohibited.

(3) The State Board of Education may authorize school district interfund transfers of residual equity when a district states its intent to create a new fund or expand, contract, or liquidate an existing fund.

(4) The State Board of Education may also authorize school district interfund transfers of residual equity for a financially distressed district if the board determines the following:

(a) the district has a significant deficit in its maintenance and operations fund caused by circumstances not subject to the administrative decisions of the district;



28 (b) the deficit cannot be reasonably reduced under Section 53A-19-104; and  
 29 (c) without the transfer, the school district will not be capable of meeting statewide  
 30 educational standards adopted by the State Board of Education.

31 (5) The board shall develop standards for defining and aiding financially distressed  
 32 school districts under this section in accordance with Title 63, Chapter 46a, Utah  
 33 Administrative Rulemaking Act.

34 (6) (a) All debt service levies not subject to certified tax rate hearings shall be recorded  
 35 and reported in the debt service fund.

36 (b) Debt service levies under Subsection 59-2-924(2)(a)[~~(iv)~~](v)(C) that are not subject  
 37 to the certified tax rate hearing requirements of Sections 59-2-918 and 59-2-919 may not be  
 38 used for any purpose other than retiring general obligation debt.

39 (c) Amounts from these levies remaining in the debt service fund at the end of a fiscal  
 40 year shall be used in subsequent years for general obligation debt retirement.

41 (d) Any amounts left in the debt service fund after all general obligation debt has been  
 42 retired may be transferred to the capital projects fund upon completion of the budgetary hearing  
 43 process required under Section 53A-19-102.

44 Section 2. Section **59-2-924** is amended to read:

45 **59-2-924. Report of valuation of property to county auditor and commission --**  
 46 **Transmittal by auditor to governing bodies -- Certified tax rate -- Adoption of tentative**  
 47 **budget.**

48 (1) (a) Before June 1 of each year, the county assessor of each county shall deliver to  
 49 the county auditor and the commission the following statements:

50 (i) a statement containing the aggregate valuation of all taxable property in each taxing  
 51 entity; and

52 (ii) a statement containing the taxable value of any additional personal property  
 53 estimated by the county assessor to be subject to taxation in the current year.

54 (b) The county auditor shall, on or before June 8, transmit to the governing body of  
 55 each taxing entity:

56 (i) the statements described in Subsections (1)(a)(i) and (ii);

57 (ii) an estimate of the revenue from personal property;

58 (iii) the certified tax rate; and

59 (iv) all forms necessary to submit a tax levy request.

60 (2) (a) (i) The "certified tax rate" means a tax rate that will provide the same ad valorem  
61 property tax revenues for a taxing entity as were ~~collected~~ budgeted by that taxing entity for  
62 the prior year.

63 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not  
64 include:

65 (A) collections from redemptions;

66 (B) interest; and

67 (C) penalties.

68 (iii) Except as provided in Subsection (2)(a)~~(iv)~~(v), the certified tax rate shall be  
69 calculated by dividing the ad valorem property tax revenues ~~collected~~ budgeted for the prior  
70 year by the taxing entity by the taxable value established in accordance with Section 59-2-913.

71 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking  
72 Act, the commission shall make rules determining the calculation of ad valorem property tax  
73 revenues budgeted by a taxing entity.

74 (B) For purposes of Subsection (2)(a)(iv)(A), ad valorem property tax revenues  
75 budgeted by a taxing entity shall be calculated in the same manner as budgeted property tax  
76 revenues are calculated for purposes of Section 59-2-913.

77 ~~(iv)~~ (v) The certified tax rates for the taxing entities described in this Subsection  
78 (2)(a)~~(iv)~~(v) shall be calculated as follows:

79 (A) except as provided in Subsection (2)(a)~~(iv)~~(v)(B), for new taxing entities the  
80 certified tax rate is zero;

81 (B) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

82 (I) in a county of the first, second, or third class, the levy imposed for municipal-type  
83 services under Sections 17-34-1 and 17-36-9; and

84 (II) in a county of the fourth, fifth, or sixth class, the levy imposed for general county  
85 purposes and such other levies imposed solely for the municipal-type services identified in  
86 Section 17-34-1 and Subsection 17-36-3(22);

87 (C) for debt service voted on by the public, the certified tax rate shall be the actual levy  
88 imposed by that section, except that the certified tax rates for the following levies shall be  
89 calculated in accordance with Section 59-2-913 and this section:

90 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,  
91 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

92 (II) levies to pay for the costs of state legislative mandates or judicial or administrative  
93 orders under Section 59-2-906.3.

94 [~~(v)~~] (vi) (A) A judgment levy imposed under Section 59-2-1328 or Section 59-2-1330  
95 shall be established at that rate which is sufficient to generate only the revenue required to  
96 satisfy one or more eligible judgments, as defined in Section 59-2-102.

97 (B) The ad valorem property tax revenue generated by the judgment levy shall not be  
98 considered in establishing the taxing entity's aggregate certified tax rate.

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

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

103 (iii) "New growth" means:

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

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

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

108 (A) the amount of increase to locally assessed real property taxable values resulting  
109 from factoring, reappraisal, or any other adjustments; or

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

113 (I) the Legislature;

114 (II) a court;

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

116 (IV) the commission in an administrative order.

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

121 revenues.

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

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

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

129 (ii) The commission shall determine estimates of sales and use tax distributions for  
130 purposes of Subsection (2)(d)(i).

131 (e) Beginning January 1, 1998, if a municipality has imposed an additional resort  
132 communities sales tax under Section 59-12-402, the municipality's certified tax rate shall be  
133 decreased on a one-time basis by the amount necessary to offset the first 12 months of  
134 estimated revenue from the additional resort communities sales and use tax imposed under  
135 Section 59-12-402.

136 (f) For the calendar year beginning on January 1, 1999, and ending on December 31,  
137 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the  
138 adjustment in revenues from uniform fees on tangible personal property under Section  
139 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under  
140 Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.

141 (g) For purposes of Subsections (2)(h) through (j):

142 (i) "1998 actual collections" means the amount of revenues a taxing entity actually  
143 collected for the calendar year beginning on January 1, 1998, under Section 59-2-405 for:

144 (A) motor vehicles required to be registered with the state that weigh 12,000 pounds or  
145 less; and

146 (B) state-assessed commercial vehicles required to be registered with the state that  
147 weigh 12,000 pounds or less.

148 (ii) "1999 actual collections" means the amount of revenues a taxing entity actually  
149 collected for the calendar year beginning on January 1, 1999, under Section 59-2-405.1.

150 (h) For the calendar year beginning on January 1, 2000, the commission shall make the  
151 following adjustments:

152 (i) the commission shall make the adjustment described in Subsection (2)(i)(i) if, for  
153 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were  
154 greater than the sum of:

- 155 (A) the taxing entity's 1999 actual collections; and
- 156 (B) any adjustments the commission made under Subsection (2)(f);

157 (ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for  
158 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were  
159 greater than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual  
160 collections were less than the sum of:

- 161 (A) the taxing entity's 1999 actual collections; and
- 162 (B) any adjustments the commission made under Subsection (2)(f); and

163 (iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if, for  
164 the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were  
165 less than the taxing entity's 1999 actual collections.

166 (i) (i) For purposes of Subsection (2)(h)(i), the commission shall increase a taxing  
167 entity's certified tax rate under this section and a taxing entity's certified revenue levy under  
168 Section 59-2-906.1 by the amount necessary to offset the difference between:

- 169 (A) the taxing entity's 1998 actual collections; and
- 170 (B) the sum of:
  - 171 (I) the taxing entity's 1999 actual collections; and
  - 172 (II) any adjustments the commission made under Subsection (2)(f).

173 (ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing  
174 entity's certified tax rate under this section and a taxing entity's certified revenue levy under  
175 Section 59-2-906.1 by the amount necessary to offset the difference between:

- 176 (A) the sum of:
  - 177 (I) the taxing entity's 1999 actual collections; and
  - 178 (II) any adjustments the commission made under Subsection (2)(f); and
- 179 (B) the taxing entity's 1998 actual collections.

180 (iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing  
181 entity's certified tax rate under this section and a taxing entity's certified revenue levy under  
182 Section 59-2-906.1 by the amount of any adjustments the commission made under Subsection

183 (2)(f).

184 (j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for  
185 purposes of Subsections (2)(f) through (i), the commission may make rules establishing the  
186 method for determining a taxing entity's 1998 actual collections and 1999 actual collections.

187 (k) (i) (A) For fiscal year 2000, the certified tax rate of each county required under  
188 Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the  
189 unincorporated area of the county shall be decreased by the amount necessary to reduce  
190 revenues in that fiscal year by an amount equal to the difference between the amount the county  
191 budgeted in its 2000 fiscal year budget for advanced life support and paramedic services  
192 countywide and the amount the county spent during fiscal year 2000 for those services,  
193 excluding amounts spent from a municipal services fund for those services.

194 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection  
195 (2)(k)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that fiscal  
196 year by the amount that the county spent during fiscal year 2000 for advanced life support and  
197 paramedic services countywide, excluding amounts spent from a municipal services fund for  
198 those services.

199 (ii) (A) A city or town located within a county of the first class to which Subsection  
200 (2)(k)(i) applies may increase its certified tax rate by the amount necessary to generate within  
201 the city or town the same amount of revenues as the county would collect from that city or  
202 town if the decrease under Subsection (2)(k)(i) did not occur.

203 (B) An increase under Subsection (2)(k)(ii)(A), whether occurring in a single fiscal  
204 year or spread over multiple fiscal years, is not subject to the notice and hearing requirements  
205 of Sections 59-2-918 and 59-2-919.

206 (l) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to  
207 provide detective investigative services to the unincorporated area of the county shall be  
208 decreased:

209 (A) in fiscal year 2001 by the amount necessary to reduce revenues in that fiscal year  
210 by at least \$4,400,000; and

211 (B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year  
212 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in  
213 revenues under Subsection (2)(l)(i)(A).

214 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a  
215 county to which Subsection (2)(1)(i) applies may increase its certified tax rate to generate  
216 within the city or town the same amount of revenue as the county would have collected during  
217 county fiscal year 2001 from within the city or town except for Subsection (2)(1)(i)(A).

218 (II) Beginning with municipal fiscal year 2003, a city or town located within a county  
219 to which Subsection (2)(1)(i) applies may increase its certified tax rate to generate within the  
220 city or town the same amount of revenue as the county would have collected during county  
221 fiscal year 2002 from within the city or town except for Subsection (2)(1)(i)(B).

222 (B) (I) Except as provided in Subsection (2)(1)(ii)(B)(II), an increase in the city or  
223 town's certified tax rate under Subsection (2)(1)(ii)(A), whether occurring in a single fiscal year  
224 or spread over multiple fiscal years, is subject to the notice and hearing requirements of  
225 Sections 59-2-918 and 59-2-919.

226 (II) For an increase under this Subsection (2)(1)(ii) that generates revenue that does not  
227 exceed the same amount of revenue as the county would have collected except for Subsection  
228 (2)(1)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if the city or town:

229 (aa) publishes a notice that meets the size, type, placement, and frequency requirements  
230 of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed by the county  
231 to one imposed by the city or town, and explains how the revenues from the tax increase will  
232 be used; and

233 (bb) holds a public hearing on the tax shift that may be held in conjunction with the  
234 city or town's regular budget hearing.

235 (m) (i) This Subsection (2)(m) applies to each county that:

236 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part  
237 13, Utah Special Service District Act, to provide jail service, as provided in Subsection  
238 17A-2-1304(1)(a)(x); and

239 (B) levies a property tax on behalf of the special service district under Section  
240 17A-2-1322.

241 (ii) (A) The certified tax rate of each county to which this Subsection (2)(m) applies  
242 shall be decreased by the amount necessary to reduce county revenues by the same amount of  
243 revenues that will be generated by the property tax imposed on behalf of the special service  
244 district.

245 (B) Each decrease under Subsection (2)(m)(ii)(A) shall occur contemporaneously with  
246 the levy on behalf of the special service district under Section 17A-2-1322.

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

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

250 (i) its intent to exceed the certified tax rate; and

251 (ii) the amount by which it proposes to exceed the certified tax rate.

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

254 (4) (a) The taxable value for the base year under Subsection 17B-4-102(4) shall be  
255 reduced for any year to the extent necessary to provide a redevelopment agency established  
256 under Title 17B, Chapter 4, Redevelopment Agencies Act, with approximately the same  
257 amount of money the agency would have received without a reduction in the county's certified  
258 tax rate if:

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

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

263 (iii) the decrease results in a reduction of the amount to be paid to the agency under  
264 Section 17B-4-1003 or 17B-4-1004.

265 (b) The ~~[taxable value of the]~~ base ~~[year]~~ taxable value under Subsection ~~[17B-4-101]~~  
266 17B-4-102(4) shall be increased in any year to the extent necessary to provide a redevelopment  
267 agency with approximately the same amount of money as the agency would have received  
268 without an increase in the certified tax rate that year if:

269 (i) in that year the ~~[taxable value for the]~~ base ~~[year]~~ taxable value under Subsection  
270 ~~[17B-4-101]~~ 17B-4-102(4) is reduced due to a decrease in the certified tax rate under  
271 Subsection (2)(c) or (2)(d)(i); and

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

274 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or  
275 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a

276 redevelopment agency established under Title 17B, Chapter 4, Redevelopment Agencies Act,  
277 for the payment of bonds or other contract indebtedness, but not for administrative costs, may  
278 not be less than that amount would have been without a decrease in the certified tax rate under  
279 Subsection (2)(c) or (2)(d)(i).

280           Section 3. **Effective date.**

281           This act takes effect on January 1, 2004.

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**Legislative Review Note**  
**as of 1-24-03 7:31 AM**

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note****Property Tax - Calculation of Certified Tax Rate***03-Feb-03***Bill Number HB0116***10:46 AM*

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**State Impact**

No significant fiscal impact.

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**Individual and Business Impact**No significant fiscal impact.

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**Office of the Legislative Fiscal Analyst**