Enrolled Copy **H.B. 53**

TAX TREATMENT OF PERSONAL PROPERTY

2005 GENERAL SESSION

STATE OF UTAH

Sponsor: LaWanna Lou Shurtliff

LONG TITLE

General Description:

This bill amends the Motor Vehicles Act, the Property Tax Act, the Corporate Franchise and Income Taxes chapter, and the Individual Income Tax Act to address the property tax treatment of motor homes.

Highlighted Provisions:

This bill:

- defines terms;
- specifies the uniform fees that are received by a city library fund;
- reduces uniform statewide fees on motor homes required to be registered with the state to a rate of:
  - 1.25% of the value of a motor home, beginning January 1, 2006; and
  - 1% of the value of a motor home, beginning January 1, 2008;
- provides for the collection of uniform statewide fees;
- provides that the uniform statewide fees on motor homes shall be assessed at the same time and in the same manner as ad valorem personal property taxes;
- addresses the appeals process for personal property;
- provides that for purposes of the corporate franchise and income tax credits and individual income tax credits for renewable energy systems, a residential unit does not include motor homes subject to uniform statewide fees;
- grants rulemaking authority to the State Tax Commission; and
- makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2006.

Utah Code Sections Affected:

AMENDS:

9-7-401, as last amended by Chapter 13, Laws of Utah 1998

41-1a-222, as last amended by Chapter 322, Laws of Utah 1998

59-2-405, as last amended by Chapter 12, Laws of Utah 2001, First Special Session

59-2-405.1, as last amended by Chapter 12, Laws of Utah 2001, First Special Session

59-2-406, as last amended by Chapters 109 and 322, Laws of Utah 1998

59-2-407, as last amended by Chapter 207, Laws of Utah 1999

59-2-924, as last amended by Chapter 122, Laws of Utah 2003

59-2-1005, as last amended by Chapter 146, Laws of Utah 1994

59-7-614, as enacted by Chapter 6, Laws of Utah 2001, First Special Session

59-10-134, as enacted by Chapter 6, Laws of Utah 2001, First Special Session

ENACTS:

59-2-405.2, Utah Code Annotated 1953

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

Section 1. Section **9-7-401** is amended to read:

9-7-401. Tax for establishment and maintenance of public library -- City library fund.

(1) A city governing body may establish and maintain a public library.

(2) For this purpose, cities may levy annually a tax not to exceed .001 of taxable value of taxable property in the city. The tax is in addition to all taxes levied by cities and is not limited by the levy limitation imposed on cities by law. However, if bonds are issued for purchasing a site, or constructing or furnishing a building, then taxes sufficient for the payment of the bonds and any interest may be levied.

(3) The taxes described in Subsection (2) shall:

(a) be levied and collected in the same manner as other general taxes of the city; and [~~shall~~]

(b) constitute a fund to be known as the city library fund.

(4) The city library fund shall receive a portion of:

(a) the uniform fee imposed by Section 59-2-404 in accordance with the procedures established in Section 59-2-404;

(b) the statewide uniform fee [~~on tangible personal property~~] imposed by Section 59-2-405 in accordance with the procedures established in Subsection 59-2-405(5)[~~.~~];

(c) the statewide uniform fee imposed by Section 59-2-405.1 in accordance with the procedures established in Section 59-2-405.1; and

(d) the uniform statewide fee imposed by Section 59-2-405.2 in accordance with the procedures established in Section 59-2-405.2.

Section 2. Section **41-1a-222** is amended to read:

41-1a-222. Application for multiyear registration -- Payment of taxes -- Penalties.

(1) The owner of any intrastate fleet of commercial vehicles which is based in the state may apply to the commission for registration in accordance with this section.

(a) The application shall be made on a form prescribed by the commission.

(b) Upon payment of required fees and meeting other requirements prescribed by the commission, the division shall issue, to each vehicle for which application has been made, a multiyear license plate and registration card.

(i) The license plate decal and the registration card shall bear an expiration date fixed by the division and are valid until ownership of the vehicle to which they are issued is transferred by the applicant or until the expiration date, whichever comes first.

(ii) An annual renewal application must be made by the owner if registration identification has been issued on an annual installment fee basis and the required fees must be paid on an annual basis.

(iii) License plates and registration cards issued pursuant to this section are valid for an eight-year period, commencing with the year of initial application in this state.

(c) When application for registration or renewal is made on an installment payment basis, the applicant shall submit acceptable evidence of a surety bond in a form, and with a surety, approved by the commission and in an amount equal to the total annual fees required for all vehicles registered to the applicant in accordance with this section.

(2) Each vehicle registered as part of a fleet of commercial vehicles must be titled in the name of the fleet.

(3) Each owner who registers fleets pursuant to this section shall pay the taxes or in lieu fees otherwise due pursuant to:

(a) Section 41-1a-206;

(b) Section 41-1a-207;

(c) Subsection 41-1a-301(11);

[~~(c)~~] (d) Section 59-2-405.1; or

[~~(d) Subsection 41-1a-301(11).~~]

(e) Section 59-2-405.2.

(4) An owner who fails to comply with the provisions of this section is subject to the penalties in Section 41-1a-1301 and, if the commission so determines, will result in the loss of the privileges granted in this section.

Section 3. Section **59-2-405** is amended to read:

59-2-405. Uniform fee on tangible personal property required to be registered with the state -- Distribution of revenues -- Appeals.

(1) The property described in Subsection (2), except Subsections (2)(b)(ii) and (iii), is exempt from ad valorem property taxes pursuant to Utah Constitution Article XIII, Section [~~14~~] 2, Subsection (6).

(2) (a) Except as provided in Subsection (2)(b), there is levied as provided in this part a statewide uniform fee in lieu of the ad valorem tax on:

(i) motor vehicles required to be registered with the state that weigh 12,001 pounds or more;

(ii) motorcycles as defined in Section 41-1a-102 that are required to be registered with

the state;

(iii) watercraft required to be registered with the state;

(iv) recreational vehicles required to be registered with the state; and

(v) all other tangible personal property required to be registered with the state before it is used on a public highway, on a public waterway, on public land, or in the air.

(b) The following tangible personal property is exempt from the statewide uniform fee imposed by this section:

(i) aircraft;

(ii) vintage vehicles as defined in Section 41-21-1;

(iii) state-assessed commercial vehicles;

(iv) tangible personal property subject to a uniform fee imposed by:

(A) Section 59-2-405.1; [~~and~~] or

(B) Section 59-2-405.2; and

(v) personal property that is exempt from state or county ad valorem property taxes under the laws of this state or of the federal government.

(3) Beginning on January 1, 1999, the uniform fee is 1.5% of the fair market value of the personal property, as established by the commission.

(4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is brought into the state and is required to be registered in Utah shall, as a condition of registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by the state of origin have been paid for the current calendar year.

(5) (a) The revenues collected in each county from the uniform fee shall be distributed by the county to each taxing entity in which the property described in Subsection (2) is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

(b) Each taxing entity shall distribute the revenues received under Subsection (5)(a) in the same proportion in which revenue collected from ad valorem real property tax is distributed.

(6) [~~Appeals of the valuation of~~] An appeal relating to the uniform fee imposed on the tangible personal property described in Subsection (2) shall be filed pursuant to Section

59-2-1005.

Section 4. Section **59-2-405.1** is amended to read:

59-2-405.1. Uniform fee on certain vehicles weighing 12,000 pounds or less -- Distribution of revenues -- Appeals.

(1) The property described in Subsection (2), except Subsection (2)(b)(ii), is exempt from ad valorem property taxes pursuant to Utah Constitution Article XIII, Section [~~14~~] 2, Subsection (6).

(2) (a) Except as provided in Subsection (2)(b), there is levied as provided in this part a statewide uniform fee in lieu of the ad valorem tax on:

(i) motor vehicles as defined in Section 41-1a-102 that:

(A) are required to be registered with the state; and

(B) weigh 12,000 pounds or less; and

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

(b) The following tangible personal property is exempt from the statewide uniform fee imposed by this section:

(i) aircraft;

(ii) vintage vehicles as defined in Section 41-21-1;

(iii) tangible personal property subject to [~~the~~] a uniform fee imposed by:

(A) Section 59-2-405; [~~and~~] or

(B) Section 59-2-405.2; and

(iv) tangible personal property that is exempt from state or county ad valorem property taxes under the laws of this state or of the federal government.

(3)(a) Except as provided in Subsection (3)(b), beginning on January 1, 1999, the uniform fee for purposes of this section is as follows:

Age of Vehicle	Uniform Fee
12 or more years	$10
9 or more years but less than 12 years	$50

6 or more years but less than 9 years	$80
3 or more years but less than 6 years	$110
Less than 3 years	$150

(b) Notwithstanding Subsection (3)(a), beginning on September 1, 2001, for a motor vehicle issued a temporary sports event registration certificate in accordance with Section 41-3-306, the uniform fee for purposes of this section is $5 for the event period specified on the temporary sports event registration certificate regardless of the age of the motor vehicle.

(4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is brought into the state and is required to be registered in Utah shall, as a condition of registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by the state of origin have been paid for the current calendar year.

(5) (a) The revenues collected in each county from the uniform fee shall be distributed by the county to each taxing entity in which the property described in Subsection (2) is located in the same proportion in which revenue collected from ad valorem real property tax is distributed.

(b) Each taxing entity shall distribute the revenues received under Subsection (5)(a) in the same proportion in which revenue collected from ad valorem real property tax is distributed.

[~~(6) Appeals of the valuation of the tangible personal property described in Subsection (2) shall be filed pursuant to Section 59-2-1005.~~]

Section 5. Section **59-2-405.2** is enacted to read:

59-2-405.2. Uniform statewide fee on motor homes -- Distribution of revenues.

(1) For purposes of this section, "motor home" means:

(a) a motor home, as defined in Section 13-14-102, that is required to be registered with the state; or

(b) a self-propelled vehicle that is:

(i) modified for primary use as a temporary dwelling for travel, recreational, or vacation use; and

(ii) required to be registered with the state.

(2) In accordance with Utah Constitution Article XIII, Section 2, Subsection (6),

beginning on January 1, 2006, a motor home is:

(a) exempt from the tax imposed by Section 59-2-103; and

(b) in lieu of the tax imposed by Section 59-2-103, subject to a uniform statewide fee as provided in Subsection (3).

(3) The uniform statewide fee described in Subsection (2)(b) is:

(a) beginning on January 1, 2006, and ending December 31, 2007, 1.25% of the fair market value of the motor home, as established by the commission; and

(b) beginning on January 1, 2008, 1% of the fair market value of the motor home, as established by the commission.

(4) Notwithstanding Section 59-2-407, a motor home subject to the uniform statewide fee imposed by this section that is brought into the state shall, as a condition of registration, be subject to the uniform statewide fee unless all property taxes or uniform fees imposed by the state of origin have been paid for the current calendar year.

(5) (a) Each county shall distribute the revenue collected by the county from the uniform statewide fee imposed by this section to each taxing entity in which each motor home subject to the uniform statewide fee is located in the same proportion in which revenue collected from the ad valorem property tax is distributed.

(b) Each taxing entity described in Subsection (5)(a) that receives revenue from the uniform statewide fee imposed by this section shall distribute the revenue in the same proportion in which revenue collected from the ad valorem property tax is distributed.

(6) An appeal relating to the uniform statewide fee imposed on a motor home by this section shall be filed pursuant to Section 59-2-1005.

Section 6. Section **59-2-406** is amended to read:

59-2-406. Collection of uniform fees and other motor vehicle fees.

(1) (a) For the purposes of efficiency in the collection of the uniform fee required by this section, the commission shall enter into a contract for the collection of the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2, and certain fees required by Title 41, Motor Vehicles.

(b) The contract required by this section shall, at the county's option, provide for one of the following collection agreements:

(i) the collection by the commission of:

(A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2; and

(B) all [~~Title 41~~] fees listed in Subsection (1)(c); or

(ii) the collection by the county of:

(A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2; and

(B) all [~~Title 41~~] fees listed in Subsection (1)(c).

(c) [~~The Title 41~~] For purposes of Subsections (1)(b)(i)(B) and (1)(b)(ii)(B), the fees that are subject to the contractual agreement required by this section are the following fees imposed by Title 41, Motor Vehicles:

(i) registration fees for vehicles, mobile homes, manufactured homes, boats, and off-highway vehicles, with the exception of fleet and proportional registration;

(ii) title fees for vehicles, mobile homes, manufactured homes, boats, and off-highway vehicles;

(iii) plate fees for vehicles;

(iv) permit fees; and

(v) impound fees.

(d) A county may change the election it makes pursuant to Subsection (1)(b) by providing written notice of the change to the commission at least 18 months before the change shall take effect.

(2) The contract shall provide that the party contracting to perform services shall:

(a) be responsible for the collection of:

(i) the uniform fees under Sections 59-2-405 [~~and~~], 59-2-405.1, and 59-2-405.2; and

(ii) [~~the applicable Title 41~~] any fees described in Subsection (1)(c) as agreed to in the contract;

(b) utilize the documents and forms, guidelines, practices, and procedures that meet the contract specifications;

(c) meet the performance standards and comply with applicable training requirements specified in the rules made under Subsection (8)(a); and

(d) be subject to a penalty of 1/2 the difference between the reimbursement fee specified under Subsection (3) and the reimbursement fee for fiscal year 1997-98 if performance is below the performance standards specified in the rules made under Subsection (8)(a).

(3) (a) The commission shall recommend a reimbursement fee for collecting the fees as provided in Subsection (2)(a), except that the commission may not collect a reimbursement fee on a state-assessed commercial vehicle described in Subsection 59-2-405.1(2)(a)(ii).

(b) The reimbursement fee shall be based on two dollars per standard unit for the first 5,000 standard units in each county and one dollar per standard unit for all other standard units and shall be annually adjusted by the commission beginning July 1, 1999.

(c) The adjustment shall be equal to any increase in the Consumer Price Index for all urban consumers, prepared by the United States Bureau of Labor Statistics, during the preceding calendar year.

(d) The reimbursement fees under this Subsection (3) shall be appropriated by the Legislature.

(4) All counties that elect to collect the uniform [~~fee~~] fees described in Subsection (1)(b)(ii)(A) and any other [~~Title 41~~] fees described in Subsection (1)(c) as provided by contract shall be subject to similar contractual terms.

(5) The party performing the collection services by contract shall use appropriate automated systems software and equipment compatible with the system used by the other contracting party in order to ensure the integrity of the current motor vehicle data base and county tax systems, or successor data bases and systems.

(6) If the county elects not to collect the uniform [~~fee and the Title 41~~] fees described in Subsection (1)(b)(ii)(A) and the fees described in Subsection (1)(c):

(a) the commission shall:

(i) collect the uniform [~~fee and Title 41~~] fees described in Subsection (1)(b)(ii)(A) and the fees described in Subsection (1)(c) in each county or regional center as negotiated by the counties with the commission in accordance with the requirements of this section; and

(ii) provide information to the county in a format and media consistent with the county's requirements; and

(b) the county shall pay the commission a reimbursement fee as provided in Subsection (3).

(7) This section shall not limit the authority given to the county in Section 59-2-1302.

(8) (a) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the commission shall make rules specifying the performance standards and applicable training requirements for all contracts required by this section.

(b) Beginning on July 1, 1998, each new contract entered into under this section shall be subject to the rules made under Subsection (8)(a).

Section 7. Section **59-2-407** is amended to read:

59-2-407. Administration of uniform fees.

(1) (a) Except as provided in Subsection 59-2-405(4) or 59-2-405.2(4), the uniform fee authorized in Sections 59-2-404 [~~and~~], 59-2-405, and 59-2-405.2 shall be assessed at the same time and in the same manner as ad valorem personal property taxes under Chapter 2, Part 13, Collection of Taxes, except that in listing personal property subject to the uniform fee with real property as permitted by Section 59-2-1302, the assessor or, if this duty has been reassigned in an ordinance under Section 17-16-5.5, the treasurer shall list only the amount of the uniform fee due, and not the taxable value of the property subject to the uniform fee.

(b) Except as provided in Subsection [~~59-2-405~~] 59-2-405.1(4), the uniform fee [~~authorized in~~] imposed by Section 59-2-405.1 shall be assessed at the time of:

(i) registration as defined in Section 41-1a-102; and

(ii) renewal of registration.

(2) The remedies for nonpayment of the uniform fees authorized by Sections 59-2-404, 59-2-405, [~~and~~] 59-2-405.1, and 59-2-405.2 shall be the same as those provided in Chapter 2,

Part 13, Collection of Taxes, for nonpayment of ad valorem personal property taxes.

Section 8. 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 -- Rulemaking authority -- 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;

(iii) the certified tax rate; and

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

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

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

(A) collections from redemptions;

(B) interest; and

(C) penalties.

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

(iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,

the commission shall make rules determining the calculation of ad valorem property tax revenues budgeted by a taxing entity.

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

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

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

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

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

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

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

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

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

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

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

(b) (i) For the purpose of calculating the certified tax rate, the county auditor shall use the

taxable value of property on the assessment roll.

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

(iii) "New growth" means:

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

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

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

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

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

(I) the Legislature;

(II) a court;

(III) the commission in an administrative rule; or

(IV) the commission in an administrative order.

(c) Beginning January 1, 1997, if a taxing entity receives increased revenues from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, [~~or~~] 59-2-405.1, or 59-2-405.2 as a result of any county imposing a sales and use tax under Chapter 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax rate to offset the increased revenues.

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

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

(B) increased by the amount necessary to offset the county’s reduction in revenue from uniform fees on tangible personal property under Section 59-2-404, 59-2-405, [~~or~~] 59-2-405.1, or

59-2-405.2 as a result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

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

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

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

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

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

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

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

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

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

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

(A) the taxing entity's 1999 actual collections; and

(B) any adjustments the commission made under Subsection (2)(f);

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

(A) the taxing entity's 1999 actual collections; and

(B) any adjustments the commission made under Subsection (2)(f); and

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

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

(A) the taxing entity's 1998 actual collections; and

(B) the sum of:

(I) the taxing entity's 1999 actual collections; and

(II) any adjustments the commission made under Subsection (2)(f).

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

(A) the sum of:

(I) the taxing entity's 1999 actual collections; and

(II) any adjustments the commission made under Subsection (2)(f); and

(B) the taxing entity's 1998 actual collections.

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

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

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

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

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

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

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

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

(B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year by

an amount equal to the difference between $9,258,412 and the amount of the reduction in revenues under Subsection (2)(l)(i)(A).

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

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

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

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

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

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

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

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

(B) levies a property tax on behalf of the special service district under Section

17A-2-1322.

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

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

(n) (i) As used in this Subsection (2)(n):

(A) "Annexing county" means a county whose unincorporated area is included within a fire district by annexation.

(B) "Annexing municipality" means a municipality whose area is included within a fire district by annexation.

(C) "Equalized fire protection tax rate" means the tax rate that results from:

(I) calculating, for each participating county and each participating municipality, the property tax revenue necessary to cover all of the costs associated with providing fire protection, paramedic, and emergency services:

(Aa) for a participating county, in the unincorporated area of the county; and

(Bb) for a participating municipality, in the municipality; and

(II) adding all the amounts calculated under Subsection (2)(n)(i)(C)(I) for all participating counties and all participating municipalities and then dividing that sum by the aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

(Aa) for participating counties, in the unincorporated area of all participating counties; and

(Bb) for participating municipalities, in all the participating municipalities.

(D) "Fire district" means a county service area under Title 17A, Chapter 2, Part 4, County Service Area Act, in the creation of which an election was not required under Subsection 17B-2-214(3)(c).

(E) "Fire protection tax rate" means:

(I) for an annexing county, the property tax rate that, when applied to taxable property in

the unincorporated area of the county, generates enough property tax revenue to cover all the costs associated with providing fire protection, paramedic, and emergency services in the unincorporated area of the county; and

(II) for an annexing municipality, the property tax rate that generates enough property tax revenue in the municipality to cover all the costs associated with providing fire protection, paramedic, and emergency services in the municipality.

(F) "Participating county" means a county whose unincorporated area is included within a fire district at the time of the creation of the fire district.

(G) "Participating municipality" means a municipality whose area is included within a fire district at the time of the creation of the fire district.

(ii) In the first year following creation of a fire district, the certified tax rate of each participating county and each participating municipality shall be decreased by the amount of the equalized fire protection tax rate.

(iii) In the first year following annexation to a fire district, the certified tax rate of each annexing county and each annexing municipality shall be decreased by the fire protection tax rate.

(iv) Each tax levied under this section by a fire district shall be considered to be levied by:

(A) each participating county and each annexing county for purposes of the county's tax limitation under Section 59-2-908; and

(B) each participating municipality and each annexing municipality for purposes of the municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a city.

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

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

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

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

(c) The county auditor shall notify all property owners of any intent to exceed the

certified tax rate in accordance with Subsection 59-2-919(2).

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

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

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

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

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

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

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

(c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i), the amount of money allocated and, when collected, paid each year to a redevelopment agency established under Title 17B, Chapter 4, Redevelopment Agencies Act, for the payment of bonds or other contract indebtedness, but not for administrative costs, may not be less than that amount would have been without a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i).

Section 9. Section **59-2-1005** is amended to read:

59-2-1005. Procedures for appeal of personal property valuation -- Time for appeal -- Hearing -- Decision -- Appeal to commission.

(1) [~~The~~] For personal property assessed by a county assessor in accordance with Section 59-2-301, the county legislative body shall include with the signed statement required by Section 59-2-306, a notice of procedures for an appeal [~~of any~~] relating to the value of the personal property [~~valuation with each tax notice~~]. If personal property is subject to a fee in lieu of tax or the uniform tax under Article XIII, Sec. [~~14~~] 2, Utah Constitution, and the fee or tax is based upon the value of the property, the basis of the value may be appealed to the commission.

(2) [~~Any~~] For the personal property described in Subsection (1), a taxpayer [~~dissatisfied with the taxable value of the taxpayer's personal property~~] may make an appeal relating to the value of the personal property by filing an application with the county legislative body no later than 30 days after the mailing of the tax notice.

(3) (a) After giving reasonable notice, the county legislative body shall hear [~~the~~] an appeal filed in accordance with Subsection (2) and render a written decision.

(b) The written decision described in Subsection (3)(a) shall be rendered no later than 60 days after receipt of the appeal.

(4) If any taxpayer is dissatisfied with [~~the~~] a decision [~~of~~] rendered in accordance with Subsection (3) by the county legislative body, the taxpayer may file an appeal with the commission [~~as established~~] in accordance with Section 59-2-1006.

(5) For personal property assessed by the commission in accordance with Section 59-2-201, a taxpayer may make an appeal relating to the personal property in accordance with Section 59-2-1007.

Section 10. Section **59-7-614** is amended to read:

59-7-614. Renewable energy systems tax credit -- Definitions -- Limitations -- State tax credit in addition to allowable federal credits -- Certification -- Rulemaking authority -- Reimbursement of Uniform School Fund.

(1) As used in this section:

(a) "Active solar system":

(i) means a system of equipment capable of collecting and converting incident solar radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy by

a separate apparatus to storage or to the point of use; and

(ii) includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Biomass system" means any system of apparatus and equipment capable of converting organic plant, wood, or waste products into electrical and thermal energy and transferring these forms of energy by a separate apparatus to the point of use or storage.

(c) "Business entity" means any sole proprietorship, estate, trust, partnership, association, corporation, cooperative, or other entity under which business is conducted or transacted.

(d) "Commercial energy system" means any active solar, passive solar, wind, hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial enterprise.

(e) "Commercial enterprise" means a business entity whose purpose is to produce electrical, mechanical, or thermal energy for sale from a commercial energy system.

(f) (i) "Commercial unit" means any building or structure which a business entity uses to transact its business except as provided in Subsection (1)(f)(ii); and

(ii) (A) in the case of an active solar system used for agricultural water pumping or a wind system, each individual energy generating device shall be a commercial unit; and

(B) if an energy system is the building or structure which a business entity uses to transact its business, a commercial unit is the complete energy system itself.

(g) "Hydroenergy system" means a system of apparatus and equipment capable of intercepting and converting kinetic water energy into electrical or mechanical energy and transferring this form of energy by separate apparatus to the point of use or storage.

(h) "Individual taxpayer" means any person who is a taxpayer as defined in Section 59-10-103 and an individual as defined in Section 59-10-103.

(i) "Office of Energy and Resource Planning" means the Office of Energy and Resource Planning, Department of Natural Resources.

(j) "Passive solar system":

(i) means a direct thermal system which utilizes the structure of a building and its

operable components to provide for collection, storage, and distribution of heating or cooling during the appropriate times of the year by utilizing the climate resources available at the site; and

(ii) includes those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy.

(k) "Residential energy system" means any active solar, passive solar, wind, or hydroenergy system used to supply energy to or for any residential unit.

(l) "Residential unit" means any house, condominium, apartment, or similar dwelling unit which serves as a dwelling for a person, group of persons, or a family but does not include property subject to [~~the fees in lieu of the ad valorem tax~~] a fee under:

(i) Section 59-2-404;

(ii) Section 59-2-405; [~~or~~]

(iii) Section 59-2-405.1[~~.~~]; or

(iv) Section 59-2-405.2.

(m) "Wind system" means a system of apparatus and equipment capable of intercepting and converting wind energy into mechanical or electrical energy and transferring these forms of energy by a separate apparatus to the point of use or storage.

(2) (a) (i) For taxable years beginning on or after January 1, 2001, but beginning on or before December 31, 2006, a business entity that purchases and completes or participates in the financing of a residential energy system to supply all or part of the energy required for a residential unit owned or used by the business entity and situated in Utah is entitled to a tax credit as provided in this Subsection (2)(a).

(ii) (A) A business entity is entitled to a tax credit equal to 25% of the costs of a residential energy system installed with respect to each residential unit it owns or uses, including installation costs, against any tax due under this chapter for the taxable year in which the energy system is completed and placed in service.

(B) The total amount of the credit under this Subsection (2)(a) may not exceed $2,000 per residential unit.

(C) The credit under this Subsection (2)(a) is allowed for any residential energy system completed and placed in service on or after January 1, 2001, but on or before December 31, 2006.

(iii) If a business entity sells a residential unit to an individual taxpayer prior to making a claim for the tax credit under this Subsection (2)(a), the business entity may:

(A) assign its right to this tax credit to the individual taxpayer; and

(B) if the business entity assigns its right to the tax credit to an individual taxpayer under Subsection (2)(a)(iii)(A), the individual taxpayer may claim the tax credit as if the individual taxpayer had completed or participated in the costs of the residential energy system under Section 59-10-134.

(b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or before December 31, 2006, a business entity that purchases or participates in the financing of a commercial energy system is entitled to a tax credit as provided in this Subsection (2)(b) if:

(A) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the business entity; or

(B) the business entity sells all or part of the energy produced by the commercial energy system as a commercial enterprise.

(ii) (A) A business entity is entitled to a tax credit equal to 10% of the costs of any commercial energy system installed, including installation costs, against any tax due under this chapter for the taxable year in which the commercial energy system is completed and placed in service.

(B) The total amount of the credit under this Subsection (2)(b) may not exceed $50,000 per commercial unit.

(C) The credit under this Subsection (2)(b) is allowed for any commercial energy system completed and placed in service on or after January 1, 2001, but on or before December 31, 2006.

(iii) A business entity that leases a commercial energy system installed on a commercial unit is eligible for the tax credit under this Subsection (2)(b) if the lessee can confirm that the

lessor irrevocably elects not to claim the credit.

(iv) Only the principal recovery portion of the lease payments, which is the cost incurred by a business entity in acquiring a commercial energy system, excluding interest charges and maintenance expenses, is eligible for the tax credit under this Subsection (2)(b).

(v) A business entity that leases a commercial energy system is eligible to use the tax credit under this Subsection (2)(b) for a period no greater than seven years from the initiation of the lease.

(c) (i) A tax credit under this section may be claimed for the taxable year in which the energy system is completed and placed in service.

(ii) Additional energy systems or parts of energy systems may be claimed for subsequent years.

(iii) If the amount of a tax credit under this section exceeds a business entity's tax liability under this chapter for a taxable year, the amount of the credit exceeding the liability may be carried over for a period which does not exceed the next four taxable years.

(3) (a) The tax credits provided for under Subsection (2) are in addition to any tax credits provided under the laws or rules and regulations of the United States.

(b) (i) The Office of Energy and Resource Planning may promulgate standards for residential and commercial energy systems that cover the safety, reliability, efficiency, leasing, and technical feasibility of the systems to ensure that the systems eligible for the tax credit use the state's renewable and nonrenewable energy resources in an appropriate and economic manner.

(ii) A tax credit may not be taken under Subsection (2) until the Office of Energy and Resource Planning has certified that the energy system has been completely installed and is a viable system for saving or production of energy from renewable resources.

(c) The Office of Energy and Resource Planning and the commission are authorized to promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, which are necessary to implement this section.

(d) The Uniform School Fund shall be reimbursed by transfers from the General Fund for any credits taken under this section.

Section 11. Section **59-10-134** is amended to read:

59-10-134. Renewable energy systems tax credit -- Definitions -- Individual tax credit -- Limitations -- Business tax credit -- Limitations -- State tax credit in addition to allowable federal credits -- Certification -- Rulemaking authority -- Reimbursement of Uniform School Fund.

(1) As used in this part:

(a) "Active solar system":

(i) means a system of equipment capable of collecting and converting incident solar radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy by a separate apparatus to storage or to the point of use; and

(ii) includes water heating, space heating or cooling, and electrical or mechanical energy generation.

(b) "Biomass system" means any system of apparatus and equipment capable of converting organic plant, wood, or waste products into electrical and thermal energy and transferring these forms of energy by a separate apparatus to the point of use or storage.

(c) "Business entity" means any sole proprietorship, estate, trust, partnership, association, corporation, cooperative, or other entity under which business is conducted or transacted.

(d) "Commercial energy system" means any active solar, passive solar, wind, hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial enterprise.

(e) "Commercial enterprise" means a business entity whose purpose is to produce electrical, mechanical, or thermal energy for sale from a commercial energy system.

(f) (i) "Commercial unit" means any building or structure which a business entity uses to transact its business, except as provided in Subsection (1)(f)(ii); and

(ii) (A) in the case of an active solar system used for agricultural water pumping or a wind system, each individual energy generating device shall be a commercial unit; and

(B) if an energy system is the building or structure which a business entity uses to transact its business, a commercial unit is the complete energy system itself.

(g) "Hydroenergy system" means a system of apparatus and equipment capable of intercepting and converting kinetic water energy into electrical or mechanical energy and transferring this form of energy by separate apparatus to the point of use or storage.

(h) "Individual taxpayer" means any person who is a taxpayer as defined in Section 59-10-103 and an individual as defined in Section 59-10-103.

(i) "Office of Energy and Resource Planning" means the Office of Energy and Resource Planning, Department of Natural Resources.

(j) "Passive solar system":

(i) means a direct thermal system which utilizes the structure of a building and its operable components to provide for collection, storage, and distribution of heating or cooling during the appropriate times of the year by utilizing the climate resources available at the site; and

(ii) includes those portions and components of a building that are expressly designed and required for the collection, storage, and distribution of solar energy.

(k) "Residential energy system" means any active solar, passive solar, wind, or hydroenergy system used to supply energy to or for any residential unit.

(l) "Residential unit" means any house, condominium, apartment, or similar dwelling unit which serves as a dwelling for a person, group of persons, or a family but does not include property subject to [~~the fees in lieu of the ad valorem tax~~] a fee under:

(i) Section 59-2-404;

(ii) Section 59-2-405; [~~or~~]

(iii) Section 59-2-405.1[~~.~~]; or

(iv) Section 59-2-405.2.

(m) "Wind system" means a system of apparatus and equipment capable of intercepting and converting wind energy into mechanical or electrical energy and transferring these forms of energy by a separate apparatus to the point of use or storage.

(2) For taxable years beginning on or after January 1, 2001, but beginning on or before December 31, 2006, any individual taxpayer may claim a tax credit as provided in this section if:

(a) the individual taxpayer purchases and completes or participates in the financing of a residential energy system to supply all or part of the energy for the individual taxpayer's residential unit in the state; or

(b) (i) a business entity sells a residential unit to an individual taxpayer prior to making a claim for a tax credit under Subsection (6) or Section 59-7-614; and

(ii) the business entity assigns its right to the tax credit to the individual taxpayer as provided in Subsection (6)(c) or Subsection 59-7-614(2)(a)(iii).

(3) (a) An individual taxpayer meeting the requirements of Subsection (2) is entitled to a tax credit equal to 25% of the costs of the energy system, including installation costs, against any income tax liability of the individual taxpayer under this chapter for the taxable year in which the residential energy system is completed and placed in service.

(b) The total amount of the credit under this section may not exceed $2,000 per residential unit.

(c) The credit under this section is allowed for any residential energy system completed and placed in service on or after January 1, 2001, but on or before December 31, 2006.

(4) (a) The tax credit provided for in this section shall be claimed in the return for the taxable year in which the energy system is completed and placed in service.

(b) Additional residential energy systems or parts of residential energy systems may be similarly claimed in returns for subsequent taxable years as long as the total amount claimed does not exceed $2,000 per residential unit.

(c) If the amount of the tax credit under this section exceeds the income tax liability of the individual taxpayer for that taxable year, then the amount not used may be carried over for a period which does not exceed the next four taxable years.

(5) (a) Individual taxpayers who lease a residential energy system installed on a residential unit are eligible for the residential energy tax credits if the lessee can confirm that the lessor irrevocably elects not to claim the state tax credit.

(b) Only the principal recovery portion of the lease payments, which is the cost incurred by the taxpayer in acquiring the residential energy system excluding interest charges and

maintenance expenses, is eligible for the tax credits.

(c) Individual taxpayers who lease residential energy systems are eligible to use the tax credits for a period no greater than seven years from the initiation of the lease.

(6) (a) A business entity that purchases and completes or participates in the financing of a residential energy system to supply all or part of the energy required for a residential unit owned or used by the business entity and situated in Utah is entitled to a tax credit as provided in this Subsection (6).

(b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or before December 31, 2006, a business entity is entitled to a tax credit equal to 25% of the costs of a residential energy system installed with respect to each residential unit it owns or uses, including installation costs, against any tax due under this chapter for the taxable year in which the energy system is completed and placed in service.

(ii) The total amount of the credit under this Subsection (6) may not exceed $2,000 per residential unit.

(iii) The credit under this Subsection (6) is allowed for any residential energy system completed and placed in service on or after January 1, 2001, but on or before December 31, 2006.

(c) If a business entity sells a residential unit to an individual taxpayer prior to making a claim for the tax credit under this Subsection (6), the business entity may:

(i) assign its right to this tax credit to the individual taxpayer; and

(ii) if the business entity assigns its right to the tax credit to an individual taxpayer under Subsection (6)(c)(i), the individual taxpayer may claim the tax credit as if the individual taxpayer had completed or participated in the costs of the residential energy system under this section.

(7) (a) A business entity that purchases or participates in the financing of a commercial energy system is entitled to a tax credit as provided in this Subsection (7) if:

(i) the commercial energy system supplies all or part of the energy required by commercial units owned or used by the business entity; or

(ii) the business entity sells all or part of the energy produced by the commercial energy

system as a commercial enterprise.

(b) (i) A business entity is entitled to a tax credit equal to 10% of the costs of any commercial energy system installed, including installation costs, against any tax due under this chapter for the taxable year in which the commercial energy system is completed and placed in service.

(ii) The total amount of the credit under this Subsection (7) may not exceed $50,000 per commercial unit.

(iii) The credit under this Subsection (7) is allowed for any commercial energy system completed and placed in service on or after January 1, 2001, but on or before December 31, 2006.

(c) A business entity that leases a commercial energy system installed on a commercial unit is eligible for the tax credit under this Subsection (7) if the lessee can confirm that the lessor irrevocably elects not to claim the credit.

(d) Only the principal recovery portion of the lease payments, which is the cost incurred by a business entity in acquiring a commercial energy system, excluding interest charges and maintenance expenses, is eligible for the tax credit under this Subsection (7).

(e) A business entity that leases a commercial energy system is eligible to use the tax credit under this Subsection (7) for a period no greater than seven years from the initiation of the lease.

(8) (a) A tax credit under this section may be claimed for the taxable year in which the energy system is completed and placed in service.

(b) Additional energy systems or parts of energy systems may be claimed for subsequent years.

(c) If the amount of a tax credit under this section exceeds a business entity's tax liability under this chapter for a taxable year, the amount of the credit exceeding the liability may be carried over for a period which does not exceed the next four taxable years.

(9) The tax credits provided for under this section are in addition to any tax credits provided under the laws or rules and regulations of the United States.

(10) (a) The Office of Energy and Resource Planning may promulgate standards for residential and commercial energy systems that cover the safety, reliability, efficiency, leasing, and technical feasibility of the systems to ensure that the systems eligible for the tax credit use the state's renewable and nonrenewable energy resources in an appropriate and economic manner.

(b) A tax credit may not be taken under this section until the Office of Energy and Resource Planning has certified that the energy system has been completely installed and is a viable system for saving or production of energy from renewable resources.

(11) The Office of Energy and Resource Planning and the commission are authorized to promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, which are necessary to implement this section.

(12) The Uniform School Fund shall be reimbursed by transfers from the General Fund for any credits taken under this section.

Section 12. **Effective date.**

This bill takes effect on January 1, 2006.