

1 **PROPERTY TAX TREATMENT OF TANGIBLE**

2 **PERSONAL PROPERTY**

3 2005 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: Curtis S. Bramble**

7 **LONG TITLE**

8 **General Description:**

9 This bill amends the Motor Vehicles title, the Property Tax Act, the Corporate
10 Franchise and Income Taxes chapter, and the Individual Income Tax Act to address the
11 property tax treatment of tangible personal property.

12 **Highlighted Provisions:**

- 13 This bill:
- 14 ▶ defines terms;
 - 15 ▶ addresses the uniform fees that are required to be received by a city library fund;
 - 16 ▶ imposes uniform statewide fees on certain tangible personal property required to be
17 registered with the state;
 - 18 ▶ provides procedures for measuring the length of a vessel for purposes of imposing
19 uniform statewide fees on vessels;
 - 20 ▶ provides for the collection of the uniform statewide fees;
 - 21 ▶ provides that the uniform statewide fees shall be imposed at the time of registration
22 and renewal of registration;
 - 23 ▶ requires certain adjustments to be made to a taxing entity's certified tax rate and the
24 certified revenue levy;
 - 25 ▶ addresses the appeals process for personal property;
 - 26 ▶ provides that for purposes of the corporate franchise and income tax credits and
27 individual income tax credits for renewable energy systems a residential unit does



- 28 not include property subject to the uniform statewide fees;
- 29 ▶ grants rulemaking authority to the State Tax Commission; and
- 30 ▶ makes technical changes.

31 **Monies Appropriated in this Bill:**

32 None

33 **Other Special Clauses:**

34 This bill takes effect on January 1, 2006.

35 **Utah Code Sections Affected:**

36 AMENDS:

- 37 **9-7-401**, as last amended by Chapter 13, Laws of Utah 1998
- 38 **41-1a-222**, as last amended by Chapter 322, Laws of Utah 1998
- 39 **59-2-405**, as last amended by Chapter 12, Laws of Utah 2001, First Special Session
- 40 **59-2-405.1**, as last amended by Chapter 12, Laws of Utah 2001, First Special Session
- 41 **59-2-406**, as last amended by Chapters 109 and 322, Laws of Utah 1998
- 42 **59-2-407**, as last amended by Chapter 207, Laws of Utah 1999
- 43 **59-2-906.1**, as last amended by Chapter 320, Laws of Utah 2003
- 44 **59-2-924**, as last amended by Chapter 122, Laws of Utah 2003
- 45 **59-2-1005**, as last amended by Chapter 146, Laws of Utah 1994
- 46 **59-7-614**, as enacted by Chapter 6, Laws of Utah 2001, First Special Session
- 47 **59-10-134**, as enacted by Chapter 6, Laws of Utah 2001, First Special Session

48 ENACTS:

- 49 **59-2-405.2**, Utah Code Annotated 1953

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

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

53 **9-7-401. Tax for establishment and maintenance of public library -- Library**
54 **fund.**

- 55 (1) A city governing body may establish and maintain a public library.
- 56 (2) For this purpose, cities may levy annually a tax not to exceed .001 of taxable value
- 57 of taxable property in the city. The tax is in addition to all taxes levied by cities and is not
- 58 limited by the levy limitation imposed on cities by law. However, if bonds are issued for

59 purchasing a site, or constructing or furnishing a building, then taxes sufficient for the payment
60 of the bonds and any interest may be levied.

61 (3) The taxes shall be levied and collected in the same manner as other general taxes of
62 the city and shall constitute a fund to be known as the city library fund.

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

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

66 (b) the statewide uniform fee [on tangible personal property] imposed by Section
67 59-2-405 in accordance with the procedures established in [Subsection] Section 59-2-405[(5)-];

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

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

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

73 **41-1a-222. Application for multiyear registration -- Payment of taxes -- Penalties.**

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

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

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

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

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

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

88 (c) When application for registration or renewal is made on an installment payment
89 basis, the applicant shall submit acceptable evidence of a surety bond in a form, and with a

90 surety, approved by the commission and in an amount equal to the total annual fees required
91 for all vehicles registered to the applicant in accordance with this section.

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

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

96 (a) Section 41-1a-206;

97 (b) Section 41-1a-207;

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

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

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

101 (e) Section 59-2-405.2.

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

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

106 **59-2-405. Uniform fee on tangible personal property required to be registered**
107 **with the state -- Distribution of revenues -- Appeals.**

108 (1) The property described in Subsection (2), except Subsections (2)(b)(ii) and (iii), is
109 exempt from ad valorem property taxes pursuant to Utah Constitution Article XIII, Section
110 [~~14~~] 2, Subsection (6).

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

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

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

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

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

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

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

123 (i) aircraft;

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

125 (iii) state-assessed commercial vehicles;

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

127 (A) Section 59-2-405.1; or

128 (B) Section 59-2-405.2; and

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

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

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

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

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

144 (6) ~~§ [Appeals of the valuation of]~~ **AN APPEAL RELATING TO THE UNIFORM FEE IMPOSED**

144a **ON** § the tangible personal property described in Subsection

145 (2) shall be filed pursuant to Section 59-2-1005.

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

147 **59-2-405.1. Uniform fee on certain vehicles weighing 12,000 pounds or less --**

148 **Distribution of revenues** ~~§ [--Appeals]~~ § .

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

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

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

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

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

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

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

161 (i) aircraft;

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

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

164 (A) Section 59-2-405; or

165 (B) Section 59-2-405.2; and

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

168 (3) (a) Except as provided in Subsection (3)(b), beginning on January 1, 1999, the
169 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

176 (b) Notwithstanding Subsection (3)(a), beginning on September 1, 2001, for a motor
177 vehicle issued a temporary sports event registration certificate in accordance with Section
178 41-3-306, the uniform fee for purposes of this section is \$5 for the event period specified on the
179 temporary sports event registration certificate regardless of the age of the motor vehicle.

180 (4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is
181 brought into the state and is required to be registered in Utah shall, as a condition of
182 registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by

183 the state of origin have been paid for the current calendar year.

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

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

191 ~~§ [(6)] § [Appeals of the valuation of] § [An appeal relating to the uniform fee imposed on~~
191a ~~the~~
192 ~~tangible personal property described in Subsection (2) shall be filed pursuant to Section~~
193 ~~59-2-1005.] §~~

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

195 **59-2-405.2. Definitions -- Uniform statewide fee on certain tangible personal**
196 **property -- Distribution of revenues -- Rulemaking authority.**

197 (1) As used in this section:

198 (a) (i) except as provided in Subsection (1)(a)(ii), "all-terrain vehicle" means a motor
199 vehicle that:

200 (A) is an:

201 (I) all-terrain type I vehicle as defined in Section 41-22-2; or

202 (II) all-terrain type II vehicle as defined in Section 41-22-2;

203 (B) is required to be registered in accordance with Title 41, Chapter 22, Off-Highway
204 Vehicles; and

205 (C) has:

206 (I) an engine with more than 100 cubic centimeters displacement;

207 (II) a motor that produces more than five horsepower; or

208 (III) an electric motor; and

209 (ii) notwithstanding Subsection (1)(a)(i), "all-terrain vehicle" does not include a
210 snowmobile;

211 (b) "camper" means a camper:

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

213 (ii) that is required to be registered in accordance with Title 41, Chapter 1a, Part 2,

214 Registration;

215 (c) "dealer" is as defined in Section 41-1a-102;

216 (d) "motor vehicle" is as defined in Section 41-22-2;

217 (e) "other motorcycle" means a motor vehicle that;

218 (i) is:

219 (A) a motorcycle as defined in Section 41-1a-102; and

220 (B) designed primarily for use and operation over unimproved terrain;

221 (ii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,

222 Registration; and

223 (iii) has:

224 (A) an engine with more than 100 cubic centimeters displacement; or

225 (B) a motor that produces more than five horsepower;

226 (f) (i) "other trailer" means a portable vehicle without motive power that is primarily
227 used:

228 (A) to transport tangible personal property; and

229 (B) for a purpose other than a commercial purpose; and

230 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for
231 purposes of Subsection (1)(f)(i)(B), the commission may by rule define what constitutes a
232 purpose other than a commercial purpose;

233 (g) "outboard motor" is as defined in Section 41-1a-102;

234 (h) "personal watercraft" means a personal watercraft:

235 (i) as defined in Section 73-18-2; and

236 (ii) that is required to be registered in accordance with Title 73, Chapter 18, State

237 Boating Act;

238 (i) (i) "small motor vehicle " means a motor vehicle that:

239 (A) is required to be registered in accordance with Title 41, Motor Vehicles; and

240 (B) has:

241 (I) an engine with 100 or less cubic centimeters displacement; or

242 (II) a motor that produces five or less horsepower; and

243 (ii) in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
244 commission may by rule develop a process for an owner of a motor vehicle to certify whether

245 the motor vehicle has:

246 (A) an engine with 100 or less cubic centimeters displacement; or

247 (B) a motor that produces five or less horsepower;

248 (j) "snowmobile" means a motor vehicle that:

249 (i) is a snowmobile as defined in Section 41-22-2;

250 (ii) is required to be registered in accordance with Title 41, Chapter 22, Off-Highway

251 Vehicles; and

252 (iii) has:

253 (A) an engine with more than 100 cubic centimeters displacement; or

254 (B) a motor that produces more than five horsepower;

255 (k) "street motorcycle" means a motor vehicle that:

256 (i) is:

257 (A) a motorcycle as defined in Section 41-1a-102; and

258 (B) designed primarily for use and operation on highways;

259 (ii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,

260 Registration; and

261 (iii) has:

262 (A) an engine with more than 100 cubic centimeters displacement; or

263 (B) a motor that produces more than five horsepower;

264 (l) "tent trailer" means a portable vehicle without motive power that:

265 (i) is constructed with collapsible side walls that:

266 (A) fold for towing by a motor vehicle; and

267 (B) unfold at a campsite;

268 (ii) is designed as a temporary dwelling for travel, recreational, or vacation use;

269 (iii) is required to be registered in accordance with Title 41, Chapter 1a, Part 2,

270 Registration; and

271 (iv) does not require a special highway movement permit when drawn by a

272 self-propelled motor vehicle;

273 (m) (i) except as provided in Subsection (1)(m)(ii), "travel trailer" means a travel

274 trailer:

275 (A) as defined in Section 41-1a-102; and

276 (B) that is required to be registered in accordance with Title 41, Chapter 1a, Part 2,
277 Registration; and

278 (ii) notwithstanding Subsection (1)(m)(i), "travel trailer" does not include:

279 (A) a camper; or

280 (B) a tent trailer; and

281 (n) "vessel" means a vessel:

282 (i) as defined in Section 73-18-2, including an outboard motor of the vessel; and

283 (ii) that is required to be registered in accordance with Title 73, Chapter 18, State

284 Boating Act.

285 (2) (a) In accordance with Utah Constitution Article XIII, Section 2, Subsection (6),
286 beginning on January 1, 2006, the tangible personal property described in Subsection (2)(b) is:

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

288 (ii) in lieu of the tax imposed by Section 59-2-103, subject to uniform statewide fees as
289 provided in this section.

290 (b) The following tangible personal property applies to Subsection (2)(a) if that
291 tangible personal property is required to be registered with the state:

292 (i) an all-terrain vehicle;

293 (ii) a camper;

294 (iii) an other motorcycle;

295 (iv) an other trailer;

296 (v) a personal watercraft;

297 (vi) a small motor vehicle;

298 (vii) a snowmobile;

299 (viii) a street motorcycle;

300 (ix) a tent trailer;

301 (x) a travel trailer; and

302 (xi) a vessel if that vessel is less than 31 feet in length as determined under Subsection

303 (6).

304 (3) For purposes of this section, the uniform statewide fees are:

305 (a) for an all-terrain vehicle, an other motorcycle, or a snowmobile:

306 Age of All-Terrain Vehicle, Other Motorcycle, or Snowmobile Uniform Statewide Fee

307	<u>12 or more years</u>	<u>\$10</u>
308	<u>9 or more years but less than 12 years</u>	<u>\$20</u>
309	<u>6 or more years but less than 9 years</u>	<u>\$30</u>
310	<u>3 or more years but less than 6 years</u>	<u>\$35</u>
311	<u>Less than 3 years</u>	<u>\$45</u>
312	<u>(b) for a camper or a tent trailer:</u>	
313	<u>Age of Camper or Tent Trailer</u>	<u>Uniform Statewide Fee</u>
314	<u>12 or more years</u>	<u>\$10</u>
315	<u>9 or more years but less than 12 years</u>	<u>\$25</u>
316	<u>6 or more years but less than 9 years</u>	<u>\$35</u>
317	<u>3 or more years but less than 6 years</u>	<u>\$50</u>
318	<u>Less than 3 years</u>	<u>\$70</u>
319	<u>(c) for an other trailer:</u>	
320	<u>Age of Other Trailer</u>	<u>Uniform Statewide Fee</u>
321	<u>12 or more years</u>	<u>\$10</u>
322	<u>9 or more years but less than 12 years</u>	<u>\$15</u>
323	<u>6 or more years but less than 9 years</u>	<u>\$20</u>
324	<u>3 or more years but less than 6 years</u>	<u>\$25</u>
325	<u>Less than 3 years</u>	<u>\$30</u>
326	<u>(d) for a personal watercraft:</u>	
327	<u>Age of Personal Watercraft</u>	<u>Uniform Statewide Fee</u>
328	<u>12 or more years</u>	<u>\$10</u>
329	<u>9 or more years but less than 12 years</u>	<u>\$25</u>
330	<u>6 or more years but less than 9 years</u>	<u>\$35</u>
331	<u>3 or more years but less than 6 years</u>	<u>\$45</u>
332	<u>Less than 3 years</u>	<u>\$55</u>
333	<u>(e) for a small motor vehicle:</u>	
334	<u>Age of Small Motor Vehicle</u>	<u>Uniform Statewide Fee</u>
335	<u>6 or more years</u>	<u>\$10</u>
336	<u>3 or more years but less than 6 years</u>	<u>\$15</u>
337	<u>Less than 3 years</u>	<u>\$25</u>

338 (f) for a street motorcycle:

<u>Age of Street Motorcycle</u>	<u>Uniform Statewide Fee</u>
340 <u>12 or more years</u>	<u>\$10</u>
341 <u>9 or more years but less than 12 years</u>	<u>\$35</u>
342 <u>6 or more years but less than 9 years</u>	<u>\$50</u>
343 <u>3 or more years but less than 6 years</u>	<u>\$70</u>
344 <u>Less than 3 years</u>	<u>\$95</u>

345 (g) for a travel trailer:

<u>Age of Travel Trailer</u>	<u>Uniform Statewide Fee</u>
347 <u>12 or more years</u>	<u>\$20</u>
348 <u>9 or more years but less than 12 years</u>	<u>\$65</u>
349 <u>6 or more years but less than 9 years</u>	<u>\$90</u>
350 <u>3 or more years but less than 6 years</u>	<u>\$135</u>
351 <u>Less than 3 years</u>	<u>\$175</u>

352 (h) for a vessel that is less than 15 feet in length, \$10 regardless of the age of the
 353 vessel;

354 (i) for a vessel that is 15 feet or more in length but less than 19 feet in length:

<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
356 <u>12 or more years</u>	<u>\$25</u>
357 <u>9 or more years but less than 12 years</u>	<u>\$65</u>
358 <u>6 or more years but less than 9 years</u>	<u>\$80</u>
359 <u>3 or more years but less than 6 years</u>	<u>\$110</u>
360 <u>Less than 3 years</u>	<u>\$150</u>

361 (j) for a vessel that is 19 feet or more in length but less than 23 feet in length:

<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
363 <u>12 or more years</u>	<u>\$50</u>
364 <u>9 or more years but less than 12 years</u>	<u>\$120</u>
365 <u>6 or more years but less than 9 years</u>	<u>\$175</u>
366 <u>3 or more years but less than 6 years</u>	<u>\$220</u>
367 <u>Less than 3 years</u>	<u>\$275</u>

368 (k) for a vessel that is 23 feet or more in length but less than 27 feet in length:

369	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
370	<u>12 or more years</u>	<u>\$100</u>
371	<u>9 or more years but less than 12 years</u>	<u>\$180</u>
372	<u>6 or more years but less than 9 years</u>	<u>\$240</u>
373	<u>3 or more years but less than 6 years</u>	<u>\$310</u>
374	<u>Less than 3 years</u>	<u>\$400</u>

375 (l) for a vessel that is 27 feet or more in length but less than 31 feet in length:

376	<u>Age of Vessel</u>	<u>Uniform Statewide Fee</u>
377	<u>12 or more years</u>	<u>\$120</u>
378	<u>9 or more years but less than 12 years</u>	<u>\$250</u>
379	<u>6 or more years but less than 9 years</u>	<u>\$350</u>
380	<u>3 or more years but less than 6 years</u>	<u>\$500</u>
381	<u>Less than 3 years</u>	<u>\$700</u>

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

386 (5) (a) The revenues collected in each county from the uniform statewide fees imposed
 387 by this section shall be distributed by the county to each taxing entity in which each item of
 388 tangible personal property subject to the uniform statewide fees is located in the same
 389 proportion in which revenues collected from the ad valorem property tax are distributed.

390 (b) Each taxing entity described in Subsection (5)(a) that receives revenues from the
 391 uniform statewide fees imposed by this section shall distribute the revenues in the same
 392 proportion in which revenues collected from the ad valorem property tax are distributed.

393 (6) (a) For purposes of the uniform statewide fee imposed by this section, the length of
 394 a vessel shall be determined as provided in this Subsection (6).

395 (b) (i) Except as provided in Subsection (6)(b)(ii), the length of a vessel shall be
 396 measured as follows:

397 (A) the length of a vessel shall be measured in a straight line; and

398 (B) the length of a vessel is equal to the distance between the bow of the vessel and the
 399 stern of the vessel.

400 (ii) Notwithstanding Subsection (6)(b)(i), the length of a vessel may not include the
401 length of:
402 (A) a swim deck;
403 (B) a ladder;
404 (C) an outboard motor; or
405 (D) an appurtenance or attachment similar to Subsections (6)(b)(ii)(A) through (C) as
406 determined by the commission by rule.
407 (iii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
408 the commission may by rule define what constitutes an appurtenance or attachment similar to
409 Subsections (6)(b)(ii)(A) through (C).
410 (c) The length of a vessel:
411 (i) (A) for a new vessel, is the length:
412 (I) listed on the manufacturer's statement of origin if the length of the vessel measured
413 under Subsection (6)(b) is equal to the length of the vessel listed on the manufacturer's
414 statement of origin; or
415 (II) listed on a form submitted to the commission by a dealer in accordance with
416 Subsection (6)(d) if the length of the vessel measured under Subsection (6)(b) is not equal to
417 the length of the vessel listed on the manufacturer's statement of origin; or
418 (B) for a vessel other than a new vessel, is the length:
419 (I) corresponding to the model number if the length of the vessel measured under
420 Subsection (6)(b) is equal to the length of the vessel determined by reference to the model
421 number; or
422 (II) listed on a form submitted to the commission by an owner of the vessel in
423 accordance with Subsection (6)(d) if the length of the vessel measured under Subsection (6)(b)
424 is not equal to the length of the vessel determined by reference to the model number;
425 (ii) (A) is determined at the time of the:
426 (I) first registration as defined in Section 41-1a-102 that occurs on or after January 1,
427 2006; or
428 (II) first renewal of registration that occurs on or after January 1, 2006; and
429 (B) may be determined after the time described in Subsection (6)(c)(ii)(A) only if the
430 commission requests that a dealer or an owner submit a form to the commission in accordance

431 with Subsection (6)(d); and
 432 (iii) is subject to appeal in accordance with Subsection (7).
 433 (d) (i) A form under Subsection (6)(c) shall:
 434 (A) be developed by the commission;
 435 (B) be provided by the commission to:
 436 (I) a dealer; or
 437 (II) an owner of a vessel;
 438 (C) provide for the reporting of the length of a vessel;
 439 (D) be submitted to the commission at the time the length of the vessel is determined in
 440 accordance with Subsection (6)(c)(ii);
 441 (E) be signed by:
 442 (I) if the form is submitted by a dealer, that dealer; or
 443 (II) if the form is submitted by an owner of the vessel, an owner of the vessel; and
 444 (F) include a certification that the information set forth in the form is true.
 445 (ii) A certification made under Subsection (6)(d)(i)(F) is considered as if made under
 446 oath and subject to the same penalties as provided by law for perjury.
 447 (iii) (A) A dealer or an owner that submits a form to the commission under Subsection
 448 (6)(c) is considered to have given the dealer's or owner's consent to an audit or review by:
 449 (I) the commission;
 450 (II) the county assessor; or
 451 (III) the commission and the county assessor.
 452 (B) The consent described in Subsection (6)(d)(iii)(A) is a condition to the acceptance
 453 of any form.

454 **§ [(7) An appeal relating to the uniform statewide fees imposed on the tangible personal**
 455 **property described in Subsection (2) shall be filed pursuant to Section 59-2-1005.] §**

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

457 **59-2-406. Collection of uniform fees and other motor vehicle fees.**

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

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

464 (i) the collection by the commission of:

465 (A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and
466 59-2-405.2; and

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

468 (ii) the collection by the county of:

469 (A) the uniform fees required under Sections 59-2-405 [~~and~~], 59-2-405.1, and
470 59-2-405.2; and

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

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

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

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

479 (iii) plate fees for vehicles;

480 (iv) permit fees; and

481 (v) impound fees.

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

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

486 (a) be responsible for the collection of:

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

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

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

492 (c) meet the performance standards and comply with applicable training requirements

493 specified in the rules made under Subsection (8)(a); and

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

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

501 (b) The reimbursement fee shall be based on two dollars per standard unit for the first
502 5,000 standard units in each county and one dollar per standard unit for all other standard units
503 and shall be annually adjusted by the commission beginning July 1, 1999.

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

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

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

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

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

518 (a) the commission shall:

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

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

524 (b) the county shall pay the commission a reimbursement fee as provided in Subsection
525 (3).

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

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

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

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

533 **59-2-407. Administration of uniform fees.**

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

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

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

544 (ii) renewal of registration.

545 (c) Except as provided in Subsection 59-2-405.2(4), the uniform statewide fee imposed
546 by Section 59-2-405.2 shall be assessed at the time of:

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

548 (ii) renewal of registration.

549 (2) The remedies for nonpayment of the uniform fees authorized by Sections 59-2-404,
550 59-2-405, [~~and~~] 59-2-405.1, and 59-2-405.2 shall be the same as those provided in Chapter 2,
551 Part 13, Collection of Taxes, for nonpayment of ad valorem personal property taxes.

552 Section 8. Section **59-2-906.1** is amended to read:

553 **59-2-906.1. Property Tax Valuation Agency Fund -- Creation -- Statewide levy --**
554 **Additional county levy permitted.**

555 (1) (a) There is created the Property Tax Valuation Agency Fund, to be funded by a
556 multicounty assessing and collecting levy not to exceed .0003 as provided in Subsection (2).

557 (b) The multicounty assessing and collecting levy under Subsection (1)(a) shall be
558 imposed annually by each county in the state.

559 (c) The purpose of the multicounty assessing and collecting levy created under
560 Subsection (1)(a) and the disbursement formulas established in Section 59-2-906.2 is to
561 promote the accurate valuation of property, the establishment and maintenance of uniform
562 assessment levels within and among counties, and the efficient administration of the property
563 tax system, including the costs of assessment, collection, and distribution of property taxes.

564 (d) Income derived from the investment of money in the fund created in this
565 Subsection (1) shall be deposited in and become part of the fund.

566 (2) (a) Except as authorized in Subsection (2)(b), beginning in fiscal year 1996-97 to
567 fund the Property Tax Valuation Agency Fund the Legislature shall authorize the amount of the
568 multicounty assessing and collecting levy, except that the multicounty assessing and collecting
569 levy may not exceed the certified revenue levy as defined in Section 59-2-102.

570 (b) If the Legislature authorizes a multicounty assessing and collecting levy that
571 exceeds the certified revenue levy, it is subject to the notice requirements of Section 59-2-926.

572 [~~(c) For the calendar year beginning on January 1, 1998, and ending December 31,~~
573 ~~1998, the certified revenue levy shall be increased by the amount necessary to offset the~~
574 ~~decrease in revenues from uniform fees on tangible personal property under Section 59-2-405~~
575 ~~as a result of the decrease in uniform fees on tangible personal property under Section 59-2-405~~
576 ~~enacted by the Legislature during the 1997 Annual General Session.]~~

577 [~~(d)~~] (c) For the calendar year beginning on January 1, [1999] 2006, [and ending on
578 December 31, 1999;] the certified revenue levy shall be adjusted by the amount necessary to
579 offset [the adjustment in revenues from uniform fees on tangible personal property under
580 Section 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property
581 under Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session]
582 any changes in revenues as a result of the enactment of Section 59-2-405.2.

583 (d) For the calendar year beginning on January 1, 2007, the certified revenue levy
584 under this section is subject to any adjustments required by Section 59-2-924.

585 (3) (a) The multicounty assessing and collecting levy authorized by the Legislature

586 under Subsection (2) shall be separately stated on the tax notice as a multicounty assessing and
587 collecting levy.

588 (b) The multicounty assessing and collecting levy authorized by the Legislature under
589 Subsection (2) is:

590 (i) exempt from the redevelopment provisions of Sections 17B-4-1003 and
591 17B-4-1004;

592 (ii) in addition to and exempt from the maximum levies allowable under Section
593 59-2-908; and

594 (iii) exempt from the notice requirements of Sections 59-2-918 and 59-2-919.

595 (c) Each county shall transmit quarterly to the state treasurer the portion of the .0003
596 multicounty assessing and collecting levy which is above the amount to which that county is
597 entitled to under Section 59-2-906.2.

598 (i) The revenue shall be transmitted no later than the tenth day of the month following
599 the end of the quarter in which the revenue is collected.

600 (ii) If revenue is transmitted after the tenth day of the month following the end of the
601 quarter in which the revenue is collected, the county shall pay an interest penalty at the rate of
602 10% each year until the revenue is transmitted.

603 (d) The state treasurer shall deposit the revenue from the multicounty assessing and
604 collecting levy, any interest accrued from that levy, and any penalties received under
605 Subsection (3)(c) in the Property Tax Valuation Agency Fund.

606 (4) Each county may levy an additional property tax up to .0002 per dollar of taxable
607 value of taxable property as reported by each county. This levy shall be stated on the tax notice
608 as a county assessing and collecting levy.

609 (a) The purpose of the levy established in this Subsection (4) is to promote the accurate
610 valuation of property, the establishment and maintenance of uniform assessment levels within
611 and among counties, and the efficient administration of the property tax system, including the
612 costs of assessment, collection, and distribution of property taxes.

613 (b) Any levy established in Subsection (4)(a) is:

614 (i) exempt from the redevelopment provisions of Sections 17B-4-1003 and
615 17B-4-1004;

616 (ii) in addition to and exempt from the maximum levies allowable under Section

617 59-2-908; and

618 (iii) is subject to the notice requirements of Sections 59-2-918 and 59-2-919.

619 Section 9. Section **59-2-924** is amended to read:

620 **59-2-924. Report of valuation of property to county auditor and commission --**
621 **Transmittal by auditor to governing bodies -- Certified tax rate -- Rulemaking authority**
622 **-- Adoption of tentative budget.**

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

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

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

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

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

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

633 (iii) the certified tax rate; and

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

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

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

640 (A) collections from redemptions;

641 (B) interest; and

642 (C) penalties.

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

646 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
647 Act, the commission shall make rules determining the calculation of ad valorem property tax

648 revenues budgeted by a taxing entity.

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

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

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

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

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

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

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

665 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
666 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

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

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

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

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

678 (iii) "New growth" means:

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

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

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

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

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

688 (I) the Legislature;

689 (II) a court;

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

691 (IV) the commission in an administrative order.

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

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

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

701 (B) increased by the amount necessary to offset the county's reduction in revenue from
702 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, [or] 59-2-405.1,
703 or 59-2-405.2 as a result of the decrease in the certified tax rate under Subsection (2)(d)(i)(A).

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

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

710 Section 59-12-402.

711 (f) For the calendar year beginning on January 1, [~~1999~~] 2006, [~~and ending on~~
712 ~~December 31, 1999,~~] a taxing entity's certified tax rate shall be adjusted by the amount
713 necessary to offset [~~the adjustment~~] any changes in the taxing entity's revenues [~~from uniform~~
714 ~~fees on tangible personal property under Section 59-2-405.1~~] as a result of the [~~adjustment in~~
715 ~~uniform fees on tangible personal property under Section 59-2-405.1 enacted by the Legislature~~
716 ~~during the 1998 Annual General Session~~] enactment of Section 59-2-405.2.

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

718 (i) "[~~1998~~] 2005 actual collections" means the amount of revenues a taxing entity
719 actually collected for the calendar year beginning on January 1, [~~1998~~] 2005, under Section
720 59-2-405 for[~~:-~~] the tangible personal property described in Section 59-2-405.2.

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

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

725 (ii) "[~~1999~~] 2006 actual collections" means the amount of revenues a taxing entity
726 actually collected for the calendar year beginning on January 1, [~~1999~~] 2006, under Section
727 [~~59-2-405.1~~] 59-2-405.2.

728 (h) For the calendar year beginning on January 1, [~~2000~~] 2007, the commission shall
729 make the following adjustments:

730 (i) the commission shall make the adjustment described in Subsection (2)(i)(i) if, for
731 the calendar year beginning on January 1, [~~1999~~] 2006, a taxing entity's [~~1998~~] 2005 actual
732 collections were greater than the sum of:

733 (A) the taxing entity's [~~1999~~] 2006 actual collections; and

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

735 (ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for
736 the calendar year beginning on January 1, [~~1999~~] 2006, a taxing entity's [~~1998~~] 2005 actual
737 collections were greater than the taxing entity's [~~1999~~] 2006 actual collections, but the taxing
738 entity's [~~1998~~] 2005 actual collections were less than the sum of:

739 (A) the taxing entity's [~~1999~~] 2006 actual collections; and

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

741 (iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if, for
742 the calendar year beginning on January 1, [~~1999~~] 2006, a taxing entity's [~~1998~~] 2005 actual
743 collections were less than the taxing entity's [~~1999~~] 2006 actual collections.

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

747 (A) the taxing entity's [~~1998~~] 2005 actual collections; and

748 (B) the sum of:

749 (I) the taxing entity's [~~1999~~] 2006 actual collections; and

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

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

754 (A) the sum of:

755 (I) the taxing entity's [~~1999~~] 2006 actual collections; and

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

757 (B) the taxing entity's [~~1998~~] 2005 actual collections.

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

762 (j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for
763 purposes of Subsections (2)(f) through (i), the commission may make rules establishing the
764 method for determining a taxing entity's [~~1998~~] 2005 actual collections and [~~1999~~] 2006 actual
765 collections.

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

772 excluding amounts spent from a municipal services fund for those services.

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

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

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

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

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

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

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

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

801 (B) (I) Except as provided in Subsection (2)(l)(ii)(B)(II), an increase in the city or
802 town's certified tax rate under Subsection (2)(l)(ii)(A), whether occurring in a single fiscal year

803 or spread over multiple fiscal years, is subject to the notice and hearing requirements of
804 Sections 59-2-918 and 59-2-919.

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

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

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

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

815 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
816 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
817 17A-2-1304(1)(a)(x); and

818 (B) levies a property tax on behalf of the special service district under Section
819 17A-2-1322.

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

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

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

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

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

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

832 (I) calculating, for each participating county and each participating municipality, the
833 property tax revenue necessary to cover all of the costs associated with providing fire

834 protection, paramedic, and emergency services:

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

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

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

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

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

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

846 (E) "Fire protection tax rate" means:

847 (I) for an annexing county, the property tax rate that, when applied to taxable property
848 in the unincorporated area of the county, generates enough property tax revenue to cover all the
849 costs associated with providing fire protection, paramedic, and emergency services in the
850 unincorporated area of the county; and

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

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

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

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

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

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

865 by:

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

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

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

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

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

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

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

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

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

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

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

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

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

895 (ii) The certified tax rate of a city, school district, or special district increases

896 independent of the adjustment to the taxable value of the base year.

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

903 Section 10. Section **59-2-1005** is amended to read:

904 **59-2-1005. Procedures for appeal of personal property valuation -- Time for**
905 **appeal -- Hearing -- Decision -- Appeal to commission.**

906 (1) ~~[The]~~ For personal property assessed by a county assessor in accordance with
907 Section 59-2-301, the county legislative body shall include with the signed statement required
908 by Section 59-2-306 a notice of procedures for an appeal [of any] relating to the § VALUE OF THE §
908a personal
909 property [valuation with each tax notice].

909a **§ ~~[+]~~ (2)(a) If personal property is subject to a fee in lieu of tax**

910 or the uniform tax under Article XIII, Sec. ~~[14]~~, 2 Utah Constitution, and the fee or tax is based
911 upon the value of the property, the basis of the value may be appealed to the commission. ~~[+]~~

**912 ~~[(2)]~~ ~~[Any]~~ (b) § For the personal property described in Subsection § ~~[(1)]~~ (2)(a) § . a
912a taxpayer ~~[dissatisfied~~**

913 with the taxable value of the taxpayer's personal property] may make an appeal relating to the §
913a VALUE OF THE §

914 personal property by filing an application with the county legislative body no later than 30 days
915 after the mailing of the tax notice.

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

918 (b) The written decision described in Subsection (3)(a) shall be rendered no later than
919 60 days after receipt of the appeal.

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

923 (5) For personal property assessed by the commission in accordance with Section
924 59-2-201, a taxpayer may make an appeal relating to the personal property in accordance with
925 Section 59-2-1007.

926 Section 11. Section **59-7-614** is amended to read:

927 **59-7-614. Renewable energy systems tax credit -- Definitions -- Limitations --**
928 **State tax credit in addition to allowable federal credits -- Certification -- Rulemaking**
929 **authority -- Reimbursement of Uniform School Fund.**

930 (1) As used in this section:

931 (a) "Active solar system":

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

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

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

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

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

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

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

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

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

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

957 (h) "Individual taxpayer" means any person who is a taxpayer as defined in Section

958 59-10-103 and an individual as defined in Section 59-10-103.

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

961 (j) "Passive solar system":

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

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

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

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

973 (i) Section 59-2-404;

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

975 (iii) Section 59-2-405.1; or

976 (iv) Section 59-2-405.2.

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

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

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

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

991 (C) The credit under this Subsection (2)(a) is allowed for any residential energy system
992 completed and placed in service on or after January 1, 2001, but on or before December 31,
993 2006.

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

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

997 (B) if the business entity assigns its right to the tax credit to an individual taxpayer
998 under Subsection (2)(a)(iii)(A), the individual taxpayer may claim the tax credit as if the
999 individual taxpayer had completed or participated in the costs of the residential energy system
1000 under Section 59-10-134.

1001 (b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or
1002 before December 31, 2006, a business entity that purchases or participates in the financing of a
1003 commercial energy system is entitled to a tax credit as provided in this Subsection (2)(b) if:

1004 (A) the commercial energy system supplies all or part of the energy required by
1005 commercial units owned or used by the business entity; or

1006 (B) the business entity sells all or part of the energy produced by the commercial
1007 energy system as a commercial enterprise.

1008 (ii) (A) A business entity is entitled to a tax credit equal to 10% of the costs of any
1009 commercial energy system installed, including installation costs, against any tax due under this
1010 chapter for the taxable year in which the commercial energy system is completed and placed in
1011 service.

1012 (B) The total amount of the credit under this Subsection (2)(b) may not exceed \$50,000
1013 per commercial unit.

1014 (C) The credit under this Subsection (2)(b) is allowed for any commercial energy
1015 system completed and placed in service on or after January 1, 2001, but on or before December
1016 31, 2006.

1017 (iii) A business entity that leases a commercial energy system installed on a
1018 commercial unit is eligible for the tax credit under this Subsection (2)(b) if the lessee can
1019 confirm that the lessor irrevocably elects not to claim the credit.

1020 (iv) Only the principal recovery portion of the lease payments, which is the cost
1021 incurred by a business entity in acquiring a commercial energy system, excluding interest
1022 charges and maintenance expenses, is eligible for the tax credit under this Subsection (2)(b).

1023 (v) A business entity that leases a commercial energy system is eligible to use the tax
1024 credit under this Subsection (2)(b) for a period no greater than seven years from the initiation
1025 of the lease.

1026 (c) (i) A tax credit under this section may be claimed for the taxable year in which the
1027 energy system is completed and placed in service.

1028 (ii) Additional energy systems or parts of energy systems may be claimed for
1029 subsequent years.

1030 (iii) If the amount of a tax credit under this section exceeds a business entity's tax
1031 liability under this chapter for a taxable year, the amount of the credit exceeding the liability
1032 may be carried over for a period which does not exceed the next four taxable years.

1033 (3) (a) The tax credits provided for under Subsection (2) are in addition to any tax
1034 credits provided under the laws or rules and regulations of the United States.

1035 (b) (i) The Office of Energy and Resource Planning may promulgate standards for
1036 residential and commercial energy systems that cover the safety, reliability, efficiency, leasing,
1037 and technical feasibility of the systems to ensure that the systems eligible for the tax credit use
1038 the state's renewable and nonrenewable energy resources in an appropriate and economic
1039 manner.

1040 (ii) A tax credit may not be taken under Subsection (2) until the Office of Energy and
1041 Resource Planning has certified that the energy system has been completely installed and is a
1042 viable system for saving or production of energy from renewable resources.

1043 (c) The Office of Energy and Resource Planning and the commission are authorized to
1044 promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
1045 Act, which are necessary to implement this section.

1046 (d) The Uniform School Fund shall be reimbursed by transfers from the General Fund
1047 for any credits taken under this section.

1048 Section 12. Section **59-10-134** is amended to read:

1049 **59-10-134. Renewable energy systems tax credit -- Definitions -- Individual tax**
1050 **credit -- Limitations -- Business tax credit -- Limitations -- State tax credit in addition to**

1051 **allowable federal credits -- Certification -- Rulemaking authority -- Reimbursement of**
1052 **Uniform School Fund.**

1053 (1) As used in this part:

1054 (a) "Active solar system":

1055 (i) means a system of equipment capable of collecting and converting incident solar
1056 radiation into thermal, mechanical, or electrical energy, and transferring these forms of energy
1057 by a separate apparatus to storage or to the point of use; and

1058 (ii) includes water heating, space heating or cooling, and electrical or mechanical
1059 energy generation.

1060 (b) "Biomass system" means any system of apparatus and equipment capable of
1061 converting organic plant, wood, or waste products into electrical and thermal energy and
1062 transferring these forms of energy by a separate apparatus to the point of use or storage.

1063 (c) "Business entity" means any sole proprietorship, estate, trust, partnership,
1064 association, corporation, cooperative, or other entity under which business is conducted or
1065 transacted.

1066 (d) "Commercial energy system" means any active solar, passive solar, wind,
1067 hydroenergy, or biomass system used to supply energy to a commercial unit or as a commercial
1068 enterprise.

1069 (e) "Commercial enterprise" means a business entity whose purpose is to produce
1070 electrical, mechanical, or thermal energy for sale from a commercial energy system.

1071 (f) (i) "Commercial unit" means any building or structure which a business entity uses
1072 to transact its business, except as provided in Subsection (1)(f)(ii); and

1073 (ii) (A) in the case of an active solar system used for agricultural water pumping or a
1074 wind system, each individual energy generating device shall be a commercial unit; and

1075 (B) if an energy system is the building or structure which a business entity uses to
1076 transact its business, a commercial unit is the complete energy system itself.

1077 (g) "Hydroenergy system" means a system of apparatus and equipment capable of
1078 intercepting and converting kinetic water energy into electrical or mechanical energy and
1079 transferring this form of energy by separate apparatus to the point of use or storage.

1080 (h) "Individual taxpayer" means any person who is a taxpayer as defined in Section
1081 59-10-103 and an individual as defined in Section 59-10-103.

- 1082 (i) "Office of Energy and Resource Planning" means the Office of Energy and
1083 Resource Planning, Department of Natural Resources.
- 1084 (j) "Passive solar system":
- 1085 (i) means a direct thermal system which utilizes the structure of a building and its
1086 operable components to provide for collection, storage, and distribution of heating or cooling
1087 during the appropriate times of the year by utilizing the climate resources available at the site;
1088 and
- 1089 (ii) includes those portions and components of a building that are expressly designed
1090 and required for the collection, storage, and distribution of solar energy.
- 1091 (k) "Residential energy system" means any active solar, passive solar, wind, or
1092 hydroenergy system used to supply energy to or for any residential unit.
- 1093 (l) "Residential unit" means any house, condominium, apartment, or similar dwelling
1094 unit which serves as a dwelling for a person, group of persons, or a family but does not include
1095 property subject to [~~the fees in lieu of the ad valorem tax~~] a fee under:
- 1096 (i) Section 59-2-404;
- 1097 (ii) Section 59-2-405; [~~or~~]
- 1098 (iii) Section 59-2-405.1; or
- 1099 (iv) Section 59-2-405.2.
- 1100 (m) "Wind system" means a system of apparatus and equipment capable of intercepting
1101 and converting wind energy into mechanical or electrical energy and transferring these forms of
1102 energy by a separate apparatus to the point of use or storage.
- 1103 (2) For taxable years beginning on or after January 1, 2001, but beginning on or before
1104 December 31, 2006, any individual taxpayer may claim a tax credit as provided in this section
1105 if:
- 1106 (a) the individual taxpayer purchases and completes or participates in the financing of a
1107 residential energy system to supply all or part of the energy for the individual taxpayer's
1108 residential unit in the state; or
- 1109 (b) (i) a business entity sells a residential unit to an individual taxpayer prior to making
1110 a claim for a tax credit under Subsection (6) or Section 59-7-614; and
- 1111 (ii) the business entity assigns its right to the tax credit to the individual taxpayer as
1112 provided in Subsection (6)(c) or Subsection 59-7-614(2)(a)(iii).

1113 (3) (a) An individual taxpayer meeting the requirements of Subsection (2) is entitled to
1114 a tax credit equal to 25% of the costs of the energy system, including installation costs, against
1115 any income tax liability of the individual taxpayer under this chapter for the taxable year in
1116 which the residential energy system is completed and placed in service.

1117 (b) The total amount of the credit under this section may not exceed \$2,000 per
1118 residential unit.

1119 (c) The credit under this section is allowed for any residential energy system completed
1120 and placed in service on or after January 1, 2001, but on or before December 31, 2006.

1121 (4) (a) The tax credit provided for in this section shall be claimed in the return for the
1122 taxable year in which the energy system is completed and placed in service.

1123 (b) Additional residential energy systems or parts of residential energy systems may be
1124 similarly claimed in returns for subsequent taxable years as long as the total amount claimed
1125 does not exceed \$2,000 per residential unit.

1126 (c) If the amount of the tax credit under this section exceeds the income tax liability of
1127 the individual taxpayer for that taxable year, then the amount not used may be carried over for
1128 a period which does not exceed the next four taxable years.

1129 (5) (a) Individual taxpayers who lease a residential energy system installed on a
1130 residential unit are eligible for the residential energy tax credits if the lessee can confirm that
1131 the lessor irrevocably elects not to claim the state tax credit.

1132 (b) Only the principal recovery portion of the lease payments, which is the cost
1133 incurred by the taxpayer in acquiring the residential energy system excluding interest charges
1134 and maintenance expenses, is eligible for the tax credits.

1135 (c) Individual taxpayers who lease residential energy systems are eligible to use the tax
1136 credits for a period no greater than seven years from the initiation of the lease.

1137 (6) (a) A business entity that purchases and completes or participates in the financing
1138 of a residential energy system to supply all or part of the energy required for a residential unit
1139 owned or used by the business entity and situated in Utah is entitled to a tax credit as provided
1140 in this Subsection (6).

1141 (b) (i) For taxable years beginning on or after January 1, 2001, but beginning on or
1142 before December 31, 2006, a business entity is entitled to a tax credit equal to 25% of the costs
1143 of a residential energy system installed with respect to each residential unit it owns or uses,

1144 including installation costs, against any tax due under this chapter for the taxable year in which
1145 the energy system is completed and placed in service.

1146 (ii) The total amount of the credit under this Subsection (6) may not exceed \$2,000 per
1147 residential unit.

1148 (iii) The credit under this Subsection (6) is allowed for any residential energy system
1149 completed and placed in service on or after January 1, 2001, but on or before December 31,
1150 2006.

1151 (c) If a business entity sells a residential unit to an individual taxpayer prior to making
1152 a claim for the tax credit under this Subsection (6), the business entity may:

1153 (i) assign its right to this tax credit to the individual taxpayer; and

1154 (ii) if the business entity assigns its right to the tax credit to an individual taxpayer
1155 under Subsection (6)(c)(i), the individual taxpayer may claim the tax credit as if the individual
1156 taxpayer had completed or participated in the costs of the residential energy system under this
1157 section.

1158 (7) (a) A business entity that purchases or participates in the financing of a commercial
1159 energy system is entitled to a tax credit as provided in this Subsection (7) if:

1160 (i) the commercial energy system supplies all or part of the energy required by
1161 commercial units owned or used by the business entity; or

1162 (ii) the business entity sells all or part of the energy produced by the commercial
1163 energy system as a commercial enterprise.

1164 (b) (i) A business entity is entitled to a tax credit equal to 10% of the costs of any
1165 commercial energy system installed, including installation costs, against any tax due under this
1166 chapter for the taxable year in which the commercial energy system is completed and placed in
1167 service.

1168 (ii) The total amount of the credit under this Subsection (7) may not exceed \$50,000
1169 per commercial unit.

1170 (iii) The credit under this Subsection (7) is allowed for any commercial energy system
1171 completed and placed in service on or after January 1, 2001, but on or before December 31,
1172 2006.

1173 (c) A business entity that leases a commercial energy system installed on a commercial
1174 unit is eligible for the tax credit under this Subsection (7) if the lessee can confirm that the

1175 lessor irrevocably elects not to claim the credit.

1176 (d) Only the principal recovery portion of the lease payments, which is the cost
1177 incurred by a business entity in acquiring a commercial energy system, excluding interest
1178 charges and maintenance expenses, is eligible for the tax credit under this Subsection (7).

1179 (e) A business entity that leases a commercial energy system is eligible to use the tax
1180 credit under this Subsection (7) for a period no greater than seven years from the initiation of
1181 the lease.

1182 (8) (a) A tax credit under this section may be claimed for the taxable year in which the
1183 energy system is completed and placed in service.

1184 (b) Additional energy systems or parts of energy systems may be claimed for
1185 subsequent years.

1186 (c) If the amount of a tax credit under this section exceeds a business entity's tax
1187 liability under this chapter for a taxable year, the amount of the credit exceeding the liability
1188 may be carried over for a period which does not exceed the next four taxable years.

1189 (9) The tax credits provided for under this section are in addition to any tax credits
1190 provided under the laws or rules and regulations of the United States.

1191 (10) (a) The Office of Energy and Resource Planning may promulgate standards for
1192 residential and commercial energy systems that cover the safety, reliability, efficiency, leasing,
1193 and technical feasibility of the systems to ensure that the systems eligible for the tax credit use
1194 the state's renewable and nonrenewable energy resources in an appropriate and economic
1195 manner.

1196 (b) A tax credit may not be taken under this section until the Office of Energy and
1197 Resource Planning has certified that the energy system has been completely installed and is a
1198 viable system for saving or production of energy from renewable resources.

1199 (11) The Office of Energy and Resource Planning and the commission are authorized
1200 to promulgate rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
1201 Act, which are necessary to implement this section.

1202 (12) The Uniform School Fund shall be reimbursed by transfers from the General Fund
1203 for any credits taken under this section.

1204 **Section 13. Effective date.**

1205 This bill takes effect on January 1, 2006.

Legislative Review Note
as of 12-7-04 8:41 AM

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

Office of Legislative Research and General Counsel

Interim Committee Note
as of 12-09-04 12:01 PM

The Revenue and Taxation Interim Committee recommended this bill.

State Impact

Passage of this bill should be revenue neutral for the locals. There will be an increase to the Uniform School Fund of approximately \$176,000 annually, starting with FY 2007, because the property listed in the bill will no longer be deductible for income tax purposes.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
Uniform School Fund	\$0	\$0	\$0	\$176,000
TOTAL	\$0	\$0	\$0	\$176,000

Individual and Business Impact

Individuals who have personal property identified in the bill will no longer be able to deduct it from income tax returns. Also, there would probably be some minor individual adjustments in the amount of fees paid.

Office of the Legislative Fiscal Analyst