

**AMENDMENTS TO THE PROPERTY TAX
VALUATION AGENCY FUND ASSESSING AND
COLLECTING LEVY**

2005 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Howard A. Stephenson

House Sponsor: Craig A. Frank

LONG TITLE

General Description:

This bill amends provisions of the Property Tax Act relating to the Property Tax Valuation Agency Fund and the multicounty assessing and collecting levy from which the fund is derived.

Highlighted Provisions:

This bill:

- ▶ reduces the maximum rate of the multicounty assessing and collecting levy that funds the Property Tax Valuation Agency Fund from .0003 to .0002;
- ▶ provides that a county may not receive funds from the Property Tax Valuation Agency Fund unless the county levies an additional property tax of at least .0003 per dollar of the taxable value of taxable property reported by the county;
- ▶ provides that the levy of an additional property tax referred to previously is:
 - for the 2005 calendar year, exempt from the notice and hearing requirements of Sections 59-2-918 and 59-2-919; and
 - beginning on January 1, 2006, subject to the notice and hearing requirements of Sections 59-2-918 and 59-2-919;
- ▶ places limitations on the amounts that may be:
 - collected from counties for the Property Tax Valuation Agency Fund; and
 - distributed to counties from the Property Tax Valuation Agency Fund;
- ▶ provides that a county tax levied to fund legislative or state mandated actions, or

judicial or administrative orders, may be included on the tax notice with the county assessing and collecting levy as part of the countywide aggregate tax rate; and

- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-906.1, as last amended by Chapter 320, Laws of Utah 2003

59-2-906.2, as enacted by Chapter 243, Laws of Utah 1993

59-2-906.3, as last amended by Chapter 291, Laws of Utah 2002

59-2-906.4, as enacted by Chapter 243, Laws of Utah 1993

59-2-918, as last amended by Chapter 127, Laws of Utah 1999

59-2-919, as last amended by Chapter 127, Laws of Utah 1999

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

Section 1. Section **59-2-906.1** is amended to read:

59-2-906.1. Property Tax Valuation Agency Fund -- Creation -- Statewide levy --

Additional county levy permitted.

(1) (a) There is created the Property Tax Valuation Agency Fund, to be funded by a multicounty assessing and collecting levy not to exceed [~~.0003~~] .0002 as provided in Subsection (2).

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

(c) The purpose of the multicounty assessing and collecting levy created under Subsection (1)(a) and the disbursement formulas established in Section 59-2-906.2 is to promote the:

(i) accurate valuation of property~~[, the]~~;

(ii) establishment and maintenance of uniform assessment levels within and among counties~~;~~; and ~~[the]~~

(iii) efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes.

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

(2) (a) ~~[Except as authorized in]~~ Subject to Subsection (2)(b), ~~[beginning in fiscal year 1996-97]~~ in order to fund the Property Tax Valuation Agency Fund, the Legislature shall authorize the amount of the multicounty assessing and collecting levy~~[, except that the]~~.

(b) The multicounty assessing and collecting levy may not exceed the certified revenue levy as defined in Section 59-2-102~~[,]~~, unless:

~~[(b) If]~~ (i) the Legislature authorizes a multicounty assessing and collecting levy that exceeds the certified revenue levy~~[, it is subject to]~~; and

(ii) the state complies with the notice requirements of Section 59-2-926.

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

~~[(d) For the calendar year beginning on January 1, 1999, and ending on December 31, 1999, the certified revenue levy 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.]~~

(3) (a) The multicounty assessing and collecting levy authorized by the Legislature under Subsection (2) shall be separately stated on the tax notice as a multicounty assessing and collecting levy.

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

- (i) exempt from the redevelopment provisions of Sections 17B-4-1003 and 17B-4-1004;
- (ii) in addition to and exempt from the maximum levies allowable under Section 59-2-908; and
- (iii) exempt from the notice requirements of Sections 59-2-918 and 59-2-919.

(c) (i) Each county shall transmit quarterly to the state treasurer the portion of the ~~[-.0003]~~ .0002 multicounty assessing and collecting levy which is above the amount to which that county is entitled to under Section 59-2-906.2.

~~[(†)]~~ (ii) The revenue transmitted under Subsection (3)(c)(i) shall be transmitted no later than the tenth day of the month following the end of the quarter in which the revenue is collected.

~~[(†)]~~ (iii) If revenue transmitted under Subsection (3)(c)(i) is transmitted after the tenth day of the month following the end of the quarter in which the revenue is collected, the county shall pay an interest penalty at the rate of 10% each year until the revenue is transmitted.

(d) The state treasurer shall deposit in the Property Tax Valuation Agency Fund the:

- (i) revenue from the multicounty assessing and collecting levy~~[-, any]~~;
- (ii) interest accrued from that levy~~[-];~~ and ~~[any]~~
- (iii) penalties received under Subsection (3)(c)(iii) ~~[in the Property Tax Valuation Agency Fund]~~.

(4) (a) ~~[Each county may levy]~~ A county may not receive funds from the Property Tax Valuation Agency Fund unless the county levies an additional property tax ~~[up to .0002]~~ of at least .0003 per dollar of taxable value of taxable property as reported by each county. ~~[This]~~

(b) The levy described in Subsection (4)(a) shall be stated on the tax notice as a county assessing and collecting levy.

~~[(†)]~~ (c) The purpose of the levy established in this Subsection (4) is to promote the:

- (i) accurate valuation of property~~[-, the]~~;
- (ii) establishment and maintenance of uniform assessment levels within and among counties~~[-];~~ and ~~[the]~~

(iii) efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes.

~~[(b) Any]~~ (d) A levy established in Subsection (4)(a) is:

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

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

(iii) ~~[is subject to]~~ for the calendar year beginning on January 1, 2005, and ending on December 31, 2005, exempt from the notice and hearing requirements of Sections 59-2-918 and 59-2-919[-]; and

(iv) beginning on January 1, 2006, subject to the notice and hearing requirements of Sections 59-2-918 and 59-2-919.

Section 2. Section **59-2-906.2** is amended to read:

**59-2-906.2. Disbursement of monies in the Property Tax Valuation Agency Fund --
Use of funds.**

(1) Beginning January 1, 1994, the state auditor shall authorize disbursement of money from the Property Tax Valuation Agency Fund to each county as follows:

(a) subject to Subsection (6), each county of the first class shall receive a disbursement of 94.5% of the funds transmitted to the Property Tax Valuation Agency Fund by such counties; and

(b) subject to Subsection (7), money derived from funds transmitted by counties of the second through sixth class and any remaining monies not distributed under Subsection (1)(a) shall be disbursed pro rata to counties of the second through sixth class based upon the number of adjusted parcel units in each county as determined in Subsection (2).

(2) (a) The number of adjusted parcel units in a county shall be determined by multiplying the sum of the following by the county parcel factor:

(i) the number of residential parcels multiplied by 2;

(ii) the number of commercial parcels multiplied by 4; and

(iii) the number of all other parcels multiplied by 1.

(b) For purposes of this subsection, the county parcel factor is:

- (i) 0.9 for counties of the second class;
- (ii) 1.0 for counties of the third class;
- (iii) 1.05 for counties of the fourth class;
- (iv) 1.15 for counties of the fifth class; and
- (v) 1.3 for counties of the sixth class.

(3) Money in the Property Tax Valuation Agency Fund on the 10th day of the month following the end of the quarter in which the revenue is collected shall, upon authorization by the state auditor, be transmitted by the state treasurer according to the disbursement formula determined under Subsection (2) no later than five working days after the 10th day of the month following the end of the quarter in which the revenue is collected.

(4) If money in the Property Tax Valuation Agency Fund on the 10th day of the month following the end of the quarter in which the revenue is collected is not transmitted to a county within five working days of the 10th day of that month, except as provided for in Subsection (3), income from the investment of that money shall be:

- (a) deposited in and become part of the Property Tax Valuation Agency Fund; and
- (b) disbursed to the county in the next quarter.

(5) A county shall use money disbursed from the Property Tax Valuation Agency Fund for:

- (a) establishing and maintaining accurate property valuations and uniform assessment levels as required by Section 59-2-103; and
- (b) improving the efficiency of the property tax system.

(6) (a) For purposes of this Subsection (6), "retained funds" means the difference between:

(i) the funds transmitted by a county of the first class to the Property Tax Valuation Agency Fund under Subsection (1)(a); and

(ii) the disbursement described in Subsection (1)(a).

(b) Notwithstanding Subsection (1)(a), if the retained funds are:

(i) less than \$250,000, the disbursement described in Subsection (1)(a) shall be reduced

by the difference between:

(A) \$250,000; and

(B) the retained funds; and

(ii) more than \$500,000, the disbursement described in Subsection (1)(a) shall be

increased by the difference between:

(A) the retained funds; and

(B) \$500,000.

(7) Notwithstanding Subsection (1)(b):

(a) if the amount transmitted under Subsection (1)(b) by a county of the second class is:

(i) less than \$100,000, the amount disbursed under Subsection (1)(b) to a county of the

second class shall be reduced by the difference between:

(A) \$100,000; and

(B) the amount transmitted under Subsection (1)(b) by a county of the second class; and

(ii) more than \$250,000, the amount disbursed under Subsection (1)(b) to a county of the

second class shall be increased by the difference between:

(A) the amount transmitted under Subsection (1)(b) by a county of the second class; and

(B) \$250,000;

(b) if the amount transmitted under Subsection (1)(b) by a county of the third class is more than \$250,000, the amount disbursed under Subsection (1)(b) to a county of the third class shall be increased by the difference between:

(i) the amount transmitted under Subsection (1)(b) by a county of the third class; and

(ii) \$250,000;

(c) if the amount transmitted under Subsection (1)(b) by a county of the fourth class is more than \$100,000, the amount disbursed under Subsection (1)(b) to a county of the fourth class shall be increased by the difference between:

(i) the amount transmitted under Subsection (1)(b) by a county of the fourth class; and

(ii) \$100,000; and

(d) the amount disbursed under Subsection (1)(b) to a county of the fifth or sixth class

shall not be less than the amount transmitted under Subsection (1)(b) by a county of the fifth or sixth class.

Section 3. Section **59-2-906.3** is amended to read:

59-2-906.3. Additional levies by counties.

(1) ~~(a)~~ [~~Beginning January 1, 1994, a~~] A county may levy an additional tax to fund state mandated actions to meet legislative mandates or judicial or administrative orders which relate to promoting the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the administration of the property tax system.

~~(b)~~ An additional rate levied under [~~this~~] Subsection (1)~~(a)~~:

~~(a)~~ (i) shall be stated on the tax notice~~[-and]~~;

(ii) may be included on the tax notice with the county assessing and collecting levy authorized under Subsection 59-2-906.1(4) as part of the countywide aggregate tax rate;

~~(b)~~ (iii) may not be included in determining the maximum allowable levy for the county or other taxing entities; and

~~(c)~~ (iv) is subject to the notice requirements of Sections 59-2-918 and 59-2-919.

(2) ~~(a)~~ [~~Beginning January 1, 1994, a~~] A county may levy an additional tax for reappraisal programs that:

(i) are formally adopted by the county legislative body; and [~~which~~]

(ii) conform to tax commission rules.

~~(b)~~ An additional rate levied under [~~this~~] Subsection (2)~~(a)~~:

~~(a)~~ (i) shall be stated on the tax notice~~[-and]~~;

(ii) may be included on the tax notice with the county assessing and collecting levy authorized under Subsection 59-2-906.1(4) as part of the countywide aggregate tax rate;

~~(b)~~ (iii) may not be included in determining the maximum allowable levy for the county or other taxing entities; and

~~(c)~~ (iv) is subject to the notice requirements of Sections 59-2-918 and 59-2-919.

Section 4. Section **59-2-906.4** is amended to read:

59-2-906.4. Accounting records for levies.

Each county shall separately budget and account for the use of any monies received or expended under a levy imposed under Section 59-2-906.1, 59-2-906.2, or 59-2-906.3.

Section 5. Section **59-2-918** is amended to read:

59-2-918. Advertisement of proposed tax increase -- Notice -- Contents.

(1) (a) Except as provided in Subsection (1)(b), a taxing entity may not budget an increased amount of ad valorem tax revenue exclusive of revenue from new growth as defined in Subsection 59-2-924(2) unless it advertises its intention to do so at the same time that it advertises its intention to fix its budget for the forthcoming fiscal year.

(b) Notwithstanding Subsection (1)(a), a taxing entity is not required to meet the advertisement requirements of this section if the taxing entity:

(i) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal year[.];
or

(ii) is expressly exempted by law from complying with the requirements of this section.

(2) (a) For taxing entities operating under a July 1 through June 30 fiscal year, the advertisement required by this section may be combined with the advertisement required by Section 59-2-919.

(b) For taxing entities operating under a January 1 through December 31 fiscal year, the advertisement required by this section shall meet the size, type, placement, and frequency requirements established under Section 59-2-919.

(3) The form of the advertisement required by this section shall meet the size, type, placement, and frequency requirements established under Section 59-2-919 and shall be substantially as follows:

"NOTICE OF PROPOSED TAX INCREASE

The (name of the taxing entity) is proposing to increase its property tax revenue. As a result of the proposed increase, the tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence will be \$_____, and the tax on a business having the same value as the average value of a residence in the taxing entity will be_____. Without the proposed increase, the tax on a (insert the average value of a

residence in the taxing entity rounded to the nearest thousand dollars) residence would be \$_____, and the tax on a business having the same value as the average value of a residence in the taxing entity would be_____.

This would be an increase of _____%, which is \$_____ per year (\$_____ per month) on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence or \$_____ per year on a business having the same value as the average value of a residence in the taxing entity. With new growth, this property tax increase, and other factors, (name of taxing entity) will increase its property tax revenue from \$_____ collected last year to \$_____ collected this year which is a revenue increase of _____%.

All concerned citizens are invited to a public hearing on the tax increase to be held on (date and time) at (meeting place)."

(4) If a final decision regarding the budgeting of an increased amount of ad valorem tax revenue is not made at the public hearing described in Subsection (3), the taxing entity shall announce at the public hearing the scheduled time and place for consideration and adoption of the proposed budget increase.

(5) (a) Each taxing entity operating under the January 1 through December 31 fiscal year shall by March 1 notify the county of the date, time, and place of the public hearing at which the budget for the following fiscal year will be considered.

(b) The county shall include the information described in Subsection (5)(a) with the tax notice.

(6) A taxing entity shall hold a public hearing under this section beginning at or after 6 p.m.

Section 6. Section **59-2-919** is amended to read:

59-2-919. Resolution proposing tax increases -- Notice -- Contents of notice of proposed tax increase -- Personal mailed notice in addition to advertisement -- Contents of personal mailed notice -- Hearing -- Dates.

A tax rate in excess of the certified tax rate may not be levied until a resolution has been approved by the taxing entity in accordance with the following procedure:

(1) (a) (i) The taxing entity shall advertise its intent to exceed the certified tax rate in a newspaper or combination of newspapers of general circulation in the taxing entity.

(ii) Notwithstanding Subsection (1)(a)(i), a taxing entity is not required to meet the advertisement requirements of this section if the taxing entity:

(A) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal year[-];

or

(B) is expressly exempted by law from complying with the requirements of this section.

(b) The advertisement described in this section shall:

(i) be no less than 1/4 page in size [~~and the type used shall be~~];

(ii) use type no smaller than 18 point[-]; and

(iii) be surrounded by a 1/4-inch border.

(c) The advertisement described in this section may not be placed in that portion of the newspaper where legal notices and classified advertisements appear.

(d) It is [~~legislative~~] the intent of the Legislature that[-];

(i) whenever possible, the advertisement described in this section appear in a newspaper that is published at least one day per week[-]; and

~~[(e) It is further the intent of the Legislature that]~~

(ii) the newspaper or combination of newspapers selected:

(A) be of general interest and readership in the taxing entity[-]; and

(B) not be of limited subject matter.

~~[(f)]~~ (e) The advertisement described in this section shall:

(i) be run once each week for the two weeks preceding the adoption of the final budget[-]; and

~~[(g) The advertisement shall]~~

(ii) state that the taxing entity will meet on a certain day, time, and place fixed in the advertisement, which shall be not less than seven days after the day the first advertisement is published, for the purpose of hearing comments regarding any proposed increase and to explain the reasons for the proposed increase.

~~[(h)]~~ (f) The meeting on the proposed increase may coincide with the hearing on the proposed budget of the taxing entity.

(2) The form and content of the notice shall be substantially as follows:

"NOTICE OF PROPOSED TAX INCREASE

The (name of the taxing entity) is proposing to increase its property tax revenue. As a result of the proposed increase, the tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence will be \$_____, and the tax on a business having the same value as the average value of a residence in the taxing entity will be \$_____. Without the proposed increase the tax on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence would be \$_____, and the tax on a business having the same value as the average value of a residence in the taxing entity would be \$_____..

The (insert year) proposed tax rate is _____. Without the proposed increase, the rate would be _____. This would be an increase of _____%, which is \$_____ per year (\$_____ per month) on a (insert the average value of a residence in the taxing entity rounded to the nearest thousand dollars) residence or \$_____ per year on a business having the same value as the average value of a residence in the taxing entity. With new growth, this property tax increase, and other factors, (name of taxing entity) will increase its property tax revenue from \$_____ collected last year to \$_____ collected this year which is a revenue increase of _____%.

All concerned citizens are invited to a public hearing on the tax increase to be held on (date and time) at (meeting place)."

(3) The commission:

(a) shall adopt rules governing the joint use of one advertisement under this section or Section 59-2-918 by two or more taxing entities; and

(b) may, upon petition by any taxing entity, authorize either:

~~[(a)]~~ (i) the use of weekly newspapers in counties having both daily and weekly newspapers where the weekly newspaper would provide equal or greater notice to the taxpayer; or

- ~~[(b)]~~ (ii) the use of a commission-approved direct notice to each taxpayer if the:
 - (A) cost of the advertisement would cause undue hardship; and ~~[the]~~
 - (B) direct notice is different and separate from that provided for in Subsection (4).

(4) (a) In addition to providing the notice required by Subsections (1) and (2), the county auditor, on or before July 22 of each year, shall notify, by mail, each owner of real estate as defined in Section 59-2-102 who is listed on the assessment roll.

(b) The notice described in Subsection (4)(a) shall:

~~[(a)]~~ (i) be sent to all owners of real property by mail not less than ten days before the day on which:

~~[(i)]~~ (A) the county board of equalization meets; and

~~[(ii)]~~ (B) the taxing entity holds a public hearing on the proposed increase in the certified tax rate;

~~[(b) the notice shall]~~

(ii) be printed on a form that is:

~~[(i)]~~ (A) approved by the commission; and

~~[(ii)]~~ (B) uniform in content in all counties in the state; and

~~[(c)]~~ (iii) contain for each property:

~~[(i)]~~ (A) the value of the property;

~~[(ii)]~~ (B) the date the county board of equalization will meet to hear complaints on the valuation;

~~[(iii)]~~ (C) itemized tax information for all taxing entities, including a separate statement for the minimum school levy under Section 53A-17a-135 stating:

~~[(A)]~~ (I) the dollar amount the taxpayer would have paid based on last year's rate; and

~~[(B)]~~ (II) the amount of the taxpayer's liability under the current rate;

~~[(iv)]~~ (D) the tax impact on the property;

~~[(v)]~~ (E) the time and place of the required public hearing for each entity;

~~[(vi)]~~ (F) property tax information pertaining to:

(I) taxpayer relief[;];

(II) options for payment of taxes~~[,];~~ and

(III) collection procedures;

~~[(vii) other]~~ (G) information specifically authorized to be included on the notice under Title 59, Chapter 2, Property Tax Act; and

~~[(viii)]~~ (H) other property tax information approved by the commission.

(5) (a) The taxing entity, after holding a hearing as provided in this section, may adopt a resolution levying a tax rate in excess of the certified tax rate.

(b) If a resolution adopting a tax rate is not adopted on the day of the public hearing, the scheduled time and place for consideration and adoption of the resolution shall be announced at the public hearing.

(c) If a resolution adopting a tax rate is to be considered at a day and time that is more than two weeks after the public hearing described in Subsection (4)~~[(c)(v)]~~(b)(iii)(E), a taxing entity, other than a taxing entity described in Subsection (1)(a)(ii), shall advertise the date of the proposed adoption of the resolution in the same manner as provided under Subsections (1) and (2).

(6) (a) All hearings described in this section shall be open to the public.

(b) The governing body of a taxing entity conducting a hearing shall permit all interested parties desiring to be heard an opportunity to present oral testimony within reasonable time limits.

(7) (a) Each taxing entity shall notify the county legislative body by March 1 of each year of the date, time, and place ~~[of its]~~ a public hearing is held by the taxing entity pursuant to this section.

(b) A taxing entity may not schedule ~~[its]~~ a hearing described in this section at the same time as another overlapping taxing entity in the same county, but all taxing entities in which the power to set tax levies is vested in the same governing board or authority may consolidate the required hearings into one hearing.

(c) The county legislative body shall resolve any conflicts in hearing dates and times after consultation with each affected taxing entity.

(8) A taxing entity shall hold a public hearing under this section beginning at or after 6 p.m.