

1 **REQUIREMENT OF PROPERTY TAX**
2 **INCREASE ADVERTISEMENT**

3 2006 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Gregory H. Hughes**

6 Senate Sponsor: Howard A. Stephenson

7
8 **LONG TITLE**

9 **General Description:**

10 This bill amends the Property Tax Act to modify the notification requirements for
11 taxing entities levying a tax rate in excess of the certified tax rate.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ amends the Property Tax Act to modify the notification requirements for taxing
- 15 entities levying a tax rate in excess of the certified tax rate; and
- 16 ▶ makes technical changes.

17 **Monies Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill takes effect on January 1, 2007.

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **59-2-918**, as last amended by Chapter 11, Laws of Utah 2005, First Special Session

24 **59-2-919**, as last amended by Chapter 11, Laws of Utah 2005, First Special Session

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

27 Section 1. Section **59-2-918** is amended to read:



28 **59-2-918. Advertisement of proposed tax increase -- Notice -- Contents.**

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

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

35 (i) the taxing entity:

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

37 or

38 (B) is expressly exempted by law from complying with the requirements of this
39 section; or

40 (ii) the increased amount of ad valorem tax revenue results from a tax rate increase that
41 is exempted under Subsection 59-2-919(1)(a)(ii)(B) from the advertisement and hearing
42 requirements of Section 59-2-919.

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

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

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

52 "NOTICE OF PROPOSED TAX INCREASE

53 (NAME OF TAXING ENTITY)

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

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

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

68 ● If the proposed budget is approved, this would be an increase of _____% above
69 the (name of the taxing entity) property tax ~~H~~→ **budgeted** ←~~H~~ revenue for the prior year.

70 ● The (name of the taxing entity) tax on a (insert the average value of a residence
71 in the taxing entity rounded to the nearest thousand dollars) residence would
72 increase from \$_____ to \$_____, which is \$_____ per year.

73 ● The (name of the taxing entity) tax on a (insert the value of a business having
74 the same value as the average value of a residence in the taxing entity) business
75 would increase from \$_____ to \$_____, which is \$_____ per year.

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

78 PUBLIC HEARING

79 Date/Time: (date) (time)

80 Location: (name of meeting place and address of meeting place)

81 To obtain more information regarding the tax increase, citizens may contact the (name
82 of the taxing entity) at (phone number of taxing entity)."

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

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

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

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

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

95 **59-2-919. Resolution proposing tax increases -- Notice -- Contents of notice of**
96 **proposed tax increase -- Personal mailed notice in addition to advertisement -- Contents**
97 **of personal mailed notice -- Hearing -- Dates.**

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

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

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

104 (A) the taxing entity:

105 (I) collected less than \$15,000 in ad valorem tax revenues for the previous fiscal year;

106 or

107 (II) is expressly exempted by law from complying with the requirements of this
108 section; or

109 (B) (I) the taxing entity is a party to an interlocal agreement under Title 11, Chapter 13,
110 Interlocal Cooperation Act, that creates an interlocal entity to provide fire protection,
111 emergency, and emergency medical services;

112 (II) the tax rate increase is approved by the taxing entity's voters at an election held for
113 that purpose on or before December 31, 2010;

114 (III) the purpose of the tax rate increase is to pay for fire protection, emergency, and
115 emergency medical services provided by the interlocal entity; and

116 (IV) at least 30 days before its annual budget hearing, the taxing entity:

117 (Aa) adopts a resolution certifying that the taxing entity will dedicate all revenue from
118 the tax rate increase exclusively to pay for fire protection, emergency, and emergency medical
119 services provided by the interlocal entity and that the amount of other revenues, independent of
120 the revenue generated from the tax rate increase, that the taxing entity spends for fire

121 protection, emergency, and emergency medical services each year after the tax rate increase
122 will not decrease below the amount spent by the taxing entity during the year immediately
123 before the tax rate increase without a corresponding decrease in the taxing entity's property tax
124 revenues used in calculating the taxing entity's certified tax rate; and

125 (Bb) sends a copy of the resolution to the commission.

126 (iii) The exception under Subsection (1)(a)(ii)(B) from the advertisement and hearing
127 requirements of this section does not apply to an increase in a taxing entity's tax rate that occurs
128 after December 31, 2010, even if the tax rate increase is approved by the taxing entity's voters
129 before that date.

130 (b) The advertisement described in this section shall:

131 (i) be no less than 1/4 page in size;

132 (ii) use type no smaller than 18 point; and

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

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

136 (d) It is the intent of the Legislature that:

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

139 (ii) the newspaper or combination of newspapers selected:

140 (A) be of general interest and readership in the taxing entity; and

141 (B) not be of limited subject matter.

142 (e) The advertisement described in this section shall:

143 (i) be run once each week for the two weeks preceding the adoption of the final budget;

144 and

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

149 (f) The meeting on the proposed increase may coincide with the hearing on the
150 proposed budget of the taxing entity.

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

152 "NOTICE OF PROPOSED TAX INCREASE
153 (NAME OF TAXING ENTITY)

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

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

170 ● If the proposed budget is approved, this would be an increase of _____% above
171 the (name of the taxing entity) property tax ~~H~~→ **budgeted** ←~~H~~ revenue for the prior year.

172 ● The (name of the taxing entity) tax on a (insert the average value of a residence
173 in the taxing entity rounded to the nearest thousand dollars) residence would
174 increase from \$ _____ to \$ _____, which is \$ _____ per year.

175 ● The (name of the taxing entity) tax on a (insert the value of a business having
176 the same value as the average value of a residence in the taxing entity) business
177 would increase from \$ _____ to \$ _____, which is \$ _____ per year.

178 (Name of taxing entity) property tax revenue from new growth and other sources will
179 increase from \$ _____ to \$ _____.

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

182 PUBLIC HEARING

183 Date/Time: (date) (time)
184 Location: (name of meeting place and address of meeting place)
185 To obtain more information regarding the tax increase, citizens may contact the (name
186 of the taxing entity) at (phone number of taxing entity)."

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

190 (b) may, upon petition by any taxing entity, authorize either:
191 (i) the use of weekly newspapers in counties having both daily and weekly newspapers
192 where the weekly newspaper would provide equal or greater notice to the taxpayer; or

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

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

199 (b) The notice described in Subsection (4)(a) shall:
200 (i) be sent to all owners of real property by mail not less than ten days before the day
201 on which:

202 (A) the county board of equalization meets; and
203 (B) the taxing entity holds a public hearing on the proposed increase in the certified tax
204 rate;

205 (ii) be printed on a form that is:
206 (A) approved by the commission; and
207 (B) uniform in content in all counties in the state; and

208 (iii) contain for each property:
209 (A) the value of the property;
210 (B) the date the county board of equalization will meet to hear complaints on the

211 valuation;
212 (C) itemized tax information for all taxing entities, including a separate statement for
213 the minimum school levy under Section 53A-17a-135 stating:

214 (I) the dollar amount the taxpayer would have paid based on last year's rate; and

215 (II) the amount of the taxpayer's liability under the current rate;

216 (D) the tax impact on the property;

217 (E) the time and place of the required public hearing for each entity;

218 (F) property tax information pertaining to:

219 (I) taxpayer relief;

220 (II) options for payment of taxes; and

221 (III) collection procedures;

222 (G) information specifically authorized to be included on the notice under Title 59,

223 Chapter 2, Property Tax Act; and

224 (H) other property tax information approved by the commission.

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

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

230 (c) If a resolution adopting a tax rate is to be considered at a day and time that is more
231 than two weeks after the public hearing described in Subsection (4)(b)(iii)(E), a taxing entity,
232 other than a taxing entity described in Subsection (1)(a)(ii), shall advertise the date of the
233 proposed adoption of the resolution in the same manner as provided under Subsections (1) and
234 (2).

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

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

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

242 (b) A taxing entity may not schedule a hearing described in this section at the same
243 time as another overlapping taxing entity in the same county, but all taxing entities in which the
244 power to set tax levies is vested in the same governing board or authority may consolidate the

245 required hearings into one hearing.

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

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

250 Section 3. **Effective date.**

251 This bill takes effect on January 1, 2007.

Legislative Review Note
as of 1-11-06 4:16 PM

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 01-12-06 1:42 PM

The Revenue and Taxation Interim Committee recommended this bill.

Fiscal Note
Bill Number HB0256

Requirement of Property Tax Increase Advertisement

14-Jan-06

4:47 PM

State Impact

No fiscal impact.

Individual and Business Impact

No fiscal impact.

Office of the Legislative Fiscal Analyst