

PROPERTY TAX REVISIONS

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Merlynn T. Newbold

Senate Sponsor: Darin G. Peterson

LONG TITLE

General Description:

This bill amends the Property Tax Act.

Highlighted Provisions:

This bill:

- ▶ moves language relating to the calculation of property tax rates; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-913, as last amended by Chapter 68, Laws of Utah 2004

59-2-924, as last amended by Chapters 217 and 244, Laws of Utah 2005

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

Section 1. Section **59-2-913** is amended to read:

59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of statement -- Filing with county auditor -- Transmittal to commission -- Calculations for establishing tax levies -- Format of statement.

(1) As used in this section:

(a) "percentage net change in the value of taxable property for the equalization period"

30 means the percentage net change between the taxable value of taxable property:

31 (i) (A) on June 8; and

32 (B) listed on the assessment roll as reported by the:

33 (I) county assessor; and

34 (II) county auditor; and

35 (ii) (A) on December 31; and

36 (B) as reported by the county auditor as a year-end taxable value; and

37 (b) "taxable property" means property:

38 (i) described in Section 59-2-201 that is assessed by the commission; and

39 (ii) described in Section 59-2-301 that is assessed by a county assessor.

40 (2) (a) The legislative body of each taxing entity shall file a statement as provided in
41 this section with the county auditor of the county in which the taxing entity is located.

42 (b) The auditor shall annually transmit the statement to the commission:

43 (i) before June 22; or

44 (ii) with the approval of the commission, on a subsequent date prior to the date
45 established under Section 59-2-1317 for mailing tax notices.

46 (c) The statement shall contain the amount and purpose of each levy fixed by the
47 legislative body of the taxing entity.

48 (3) ~~[(a)]~~ For purposes of establishing the levy set for each of a taxing entity's applicable
49 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing
50 the budgeted property tax revenues, specified in a budget which has been adopted and
51 approved prior to setting the levy, by the amount calculated under ~~[Subsection (3)(b)]~~
52 Subsections 59-2-924(2)(a)(iii)(B)(I) through (III).

53 ~~[(b) For purposes of Subsection (3)(a), the legislative body of a taxing entity shall~~
54 ~~calculate an amount as follows:]~~

55 ~~[(i) calculate for the taxing entity the difference between:]~~

56 ~~[(A) the aggregate taxable value of all property taxed; and]~~

57 ~~[(B) any redevelopment adjustments for the current calendar year;]~~

58 ~~[(ii) after making the calculation required by Subsection (3)(b)(i), calculate an amount~~
59 ~~determined by increasing or decreasing the amount calculated under Subsection (3)(b)(i) by the~~
60 ~~average of the percentage net change in the value of taxable property for the equalization~~
61 ~~period for the three calendar years immediately preceding the current calendar year;]~~

62 ~~[(iii) after making the calculation required by Subsection (3)(b)(ii), calculate the~~
63 ~~product of:]~~

64 ~~[(A) the amount calculated under Subsection (3)(b)(ii); and]~~

65 ~~[(B) the percentage of property taxes collected for the five calendar years immediately~~
66 ~~preceding the current calendar year; and]~~

67 ~~[(iv) after making the calculation required by Subsection (3)(b)(iii), calculate an~~
68 ~~amount determined by subtracting from the amount calculated under Subsection (3)(b)(iii) any~~
69 ~~new growth as defined in Section 59-2-924:]~~

70 ~~[(A) within the taxing entity; and]~~

71 ~~[(B) for the current calendar year:]~~

72 ~~[(c) For purposes of Subsection (3)(b)(i)(A), the aggregate taxable value of all property~~
73 ~~taxed includes:]~~

74 ~~[(i) the total taxable value of the real and personal property contained on the tax rolls;~~
75 ~~and]~~

76 ~~[(ii) the taxable value of any additional personal property estimated by the county~~
77 ~~assessor to be subject to taxation in the current year:]~~

78 ~~[(d) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,~~
79 ~~the commission may prescribe rules for calculating redevelopment adjustments for a calendar~~
80 ~~year:]~~

81 (4) The format of the statement under this section shall:

82 (a) be determined by the commission; and

83 (b) cite any applicable statutory provisions that:

84 (i) require a specific levy; or

85 (ii) limit the property tax levy for any taxing entity.

86 (5) The commission may require certification that the information submitted on a
87 statement under this section is true and correct.

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

89 **59-2-924. Report of valuation of property to county auditor and commission --**
90 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
91 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

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

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

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

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

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

102 (iii) the certified tax rate; and

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

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

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

109 (A) collections from redemptions;

110 (B) interest; and

111 (C) penalties.

112 (iii) (A) Except as provided in Subsection (2)(a)(v), the certified tax rate shall be
113 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the

114 taxing entity by the ~~[taxable value established in accordance with Section 59-2-913]~~ amount
115 calculated under Subsection (2)(a)(iii)(B).

116 (B) For purposes of Subsection (2)(a)(iii)(A), the legislative body of a taxing entity
117 shall calculate an amount as follows:

118 (I) calculate for the taxing entity the difference between:

119 (Aa) the aggregate taxable value of all property taxed; and

120 (Bb) any redevelopment adjustments for the current calendar year;

121 (II) after making the calculation required by Subsection (2)(a)(iii)(B)(I), calculate an
122 amount determined by increasing or decreasing the amount calculated under Subsection
123 (2)(a)(iii)(B)(I) by the average of the percentage net change in the value of taxable property for
124 the equalization period for the three calendar years immediately preceding the current calendar
125 year;

126 (III) after making the calculation required by Subsection (2)(a)(iii)(B)(II), calculate the
127 product of:

128 (Aa) the amount calculated under Subsection (2)(a)(iii)(B)(II); and

129 (Bb) the percentage of property taxes collected for the five calendar years immediately
130 preceding the current calendar year; and

131 (IV) after making the calculation required by Subsection (2)(a)(iii)(B)(III), calculate an
132 amount determined by subtracting from the amount calculated under Subsection
133 (2)(a)(iii)(B)(III) any new growth as defined in this section:

134 (Aa) within the taxing entity; and

135 (Bb) for the current calendar year.

136 (C) For purposes of Subsection (2)(a)(iii)(B)(I), the aggregate taxable value of all
137 property taxed includes:

138 (I) the total taxable value of the real and personal property contained on the tax rolls;
139 and

140 (II) the taxable value of any additional personal property estimated by the county
141 assessor to be subject to taxation in the current year.

142 (D) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
143 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
144 year.

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

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

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

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

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

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

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

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

164 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
165 53A-17a-127, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

168 (vi) (A) A judgment levy imposed under Section 59-2-1328 or [~~Section~~] 59-2-1330
169 shall be established at that rate which is sufficient to generate only the revenue required to

170 satisfy one or more eligible judgments, as defined in Section 59-2-102.

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

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

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

177 (iii) "New growth" means:

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

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

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

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

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

187 (I) the Legislature;

188 (II) a court;

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

190 (IV) the commission in an administrative order.

191 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
192 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
193 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter
194 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax
195 rate to offset the increased revenues.

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

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

200 (B) increased by the amount necessary to offset the county's reduction in revenue from
201 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
202 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection
203 (2)(d)(i)(A).

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

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

211 (f) For the calendar year beginning on January 1, 1999, and ending on December 31,
212 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the
213 adjustment in revenues from uniform fees on tangible personal property under Section
214 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under
215 Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.

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

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

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

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

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

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

226 following adjustments:

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

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

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

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

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

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

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

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

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

245 (B) the sum of:

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

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

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

251 (A) the sum of:

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

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

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

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

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

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

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

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

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

281 (l) (i) The certified tax rate of each county required under Subsection 17-34-1(4)(b) to

282 provide detective investigative services to the unincorporated area of the county shall be
283 decreased:

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

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

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

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

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

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

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

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

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

311 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
312 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
313 17A-2-1304(1)(a)(x); and

314 (B) levies a property tax on behalf of the special service district under Section
315 17A-2-1322.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

366 city.

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

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

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

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

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

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

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

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

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

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

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

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

393 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or

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