

1 **PROPERTY TAX EXEMPTION FOR BUSINESS**

2 **PERSONAL PROPERTY**

3 2006 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: John Dougall**

6 Senate Sponsor: _____

7

8 **LONG TITLE**

9 **General Description:**

10 This bill amends the Property Tax Act relating to exemptions for certain personal
11 property from assessment and taxation.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ modifies the exemption for household furnishings, furniture, and equipment used by
15 an owner in the owner's home;
- 16 ▶ exempts certain personal property with a fair market value of \$500 or less;
- 17 ▶ defines terms; and
- 18 ▶ makes technical changes.

19 **Monies Appropriated in this Bill:**

20 None

21 **Other Special Clauses:**

22 This bill provides an effective date.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-2-1113**, as repealed and reenacted by Chapter 3, Laws of Utah 1988

26 ENACTS:

27 **59-2-1115**, Utah Code Annotated 1953



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

Section 1. Section **59-2-1113** is amended to read:

59-2-1113. Exemption of household furnishings.

Household furnishings, furniture, and equipment used [~~exclusively~~] primarily by the owner at the owner's place of abode in maintaining a home for the owner and the owner's family are exempt from property taxation.

Section 2. Section **59-2-1115** is enacted to read:

59-2-1115. Exemption of certain tangible personal property.

(1) As used in this section, "tangible personal property that is of minimal value" means tangible personal property that has an acquisition cost of \$500 or less:

(a) for a purchase of tangible personal property;

(b) for a lease of tangible personal property; or

(c) for any calendar year after the calendar year during which tangible personal property is purchased or leased, according to a depreciation schedule promulgated by the commission.

(2) The following tangible personal property is exempt from taxation:

(a) tangible personal property that is of minimal value; and

(b) for which a tax was paid under Chapter 12, Sales and Use Tax Act, at the time the tangible personal property is purchased or leased.

(3) (a) For calendar years beginning on or after January 1, 2008, the commission shall increase the dollar amount described in Subsection (1)(a) by a percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 2006.

(b) For purposes of this Subsection (3), the commission shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

(c) If the percentage difference under Subsection (3)(a) is zero or a negative percentage, the consumer price index increase for the year is zero.

(4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the commission may make and enforce such rules as may in its judgment and discretion be necessary to carry out the purposes of this section.

59 Section 3. **Effective date.**

60 If the constitutional amendment proposed by H.J.R. 1, 2006 General Session is
61 approved by a majority of those voting on it at the next regular general election, this bill takes
62 effect on January 1, 2007.

Legislative Review Note

as of 1-25-06 8:35 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

Fiscal Note
Bill Number HB0338

Property Tax Exemption for Business Personal Property

30-Jan-06

9:28 AM

State Impact

Passage of this bill would have no net fiscal impact due to truth in taxation. However, there is a shift in tax burden of approximately \$87,000,000 from tangible personal property to other tangible and real property.

Individual and Business Impact

There would be a potential shift in tax burden between taxpayers.

Office of the Legislative Fiscal Analyst