

Representative John Dougall proposes the following substitute bill:

PROPERTY TAX EXEMPTION FOR BUSINESS

PERSONAL PROPERTY

2006 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: _____

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ modifies the exemption for household furnishings, furniture, and equipment used by an owner in the owner's home;
- ▶ exempts certain personal property with a fair market value of \$100 or less;
- ▶ exempts certain personal property of businesses if the tangible personal property has a total value of \$5,000 or less;
- ▶ defines terms; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an effective date.

Utah Code Sections Affected:



26 AMENDS:

27 **59-2-1113**, as repealed and reenacted by Chapter 3, Laws of Utah 1988

28 ENACTS:

29 **59-2-1115**, Utah Code Annotated 1953

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

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

33 **59-2-1113. Exemption of household furnishings.**

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

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

38 **59-2-1115. Exemption of certain tangible personal property.**

39 (1) As used in this section, "tangible personal property that is of minimal value" means
40 tangible personal property:

41 (a) that has an acquisition cost of \$100 or less:

42 (i) for a purchase of tangible personal property;

43 (ii) for a lease of tangible personal property; or

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

46 commission; and

47 (b) that is not a component or part of an integrated system.

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

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

50 (b) the taxable tangible personal property of a taxpayer if the taxable tangible personal
51 property has a total value of \$5,000 or less.

52 (3) (a) For calendar years beginning on or after January 1, 2008, the commission shall
53 increase the dollar amounts described in Subsections (1)(a) and (2)(b) by a percentage equal to
54 the percentage difference between the consumer price index for the preceding calendar year
55 and the consumer price index for calendar year 2006.

56 (b) For purposes of this Subsection (3), the commission shall calculate the consumer

57 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

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

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

63 Section 3. **Effective date.**

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

Fiscal Note**Property Tax Exemption for Business Personal Property***13-Feb-06***Bill Number HB0338S01***10:55 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 \$136,800 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