

**PERSONAL PROPERTY TAX AMENDMENTS**

2006 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John Dougall**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill amends the Property Tax Act relating to personal property.

**Highlighted Provisions:**

This bill:

- defines terms; and
- requires the State Tax Commission to apply certain percentages of value to personal property determined on the basis of other states' percentages of value of personal property.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

ENACTS:

**59-2-234**, Utah Code Annotated 1953

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

Section 1. Section **59-2-234** is enacted to read:

**59-2-234. Personal property valuation.**

(1) As used in this section:



28 (a) "Acquisition cost" means all costs required to put an item of personal property into  
29 service, including:

30 (i) the purchase price of the personal property;

31 (ii) the freight and shipping costs of the personal property;

32 (iii) the installation, engineering, erection, or assembly costs of the personal property;

33 (iv) an excise tax imposed on the personal property; or

34 (v) a sales and use tax imposed on the personal property.

35 (b) "Cost new" means the actual cost of personal property on the date the personal  
36 property is purchased.

37 (c) "Percent good" means an estimate of value, expressed as a percentage that is:

38 (i) determined on the basis of acquisition cost or cost new of an item of personal  
39 property; and

40 (ii) adjusted for any appreciation or depreciation.

41 (2) As part of its rulemaking process to develop an official schedule defining any class  
42 or item as personal property as required by Section 59-2-107, the commission shall:

43 (a) review each personal property valuation guide or schedule:

44 (i) of each state within the United States that has a property tax valuation system that  
45 requires tangible personal property to be assessed on the basis of fair market value;

46 (ii) utilized by a state described in Subsection (2)(a)(i) within the one-year period  
47 before the commission begins its rulemaking process; and

48 (iii) that is available to the commission before the commission begins its rulemaking  
49 process; and

50 (b) adopt the lowest percent good as follows:

51 (i) if one or more valuation guides or schedules described in Subsection (2)(a) that are  
52 adopted by a state other than this state lists a percent good for a particular year and type or class  
53 of personal property, determine the lowest percent good of those valuation guides or schedules  
54 for that particular type or class of personal property; and

55 (ii) adopt the lowest percent good described in Subsection (2)(b)(i).

56 (3) If a property tax valuation system described in Subsection (2)(a)(i) allows for the  
57 classification of property, the commission shall include that property tax valuation for a type of  
58 personal property in the review required by Subsection (2)(a) if that property tax valuation

59 system determines the percent good of that type of personal property on the basis of full fair  
60 market value with no deductions or exemptions.

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**Legislative Review Note**  
**as of 2-10-06 4:12 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**

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**Fiscal Note**  
**Bill Number HB0386**

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**Personal Property Tax Amendments***15-Feb-06**11:52 AM*

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**State Impact**

The Tax Commission would require an ongoing appropriation of \$356,700 to implement the provisions of this bill. There is no net fiscal impact on revenues due to truth in taxation, however there would be a potential shift in tax burden between property types.

	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2007</u>	<u>FY 2008</u>
	<u>Approp.</u>	<u>Approp.</u>	<u>Revenue</u>	<u>Revenue</u>
Uniform School Fund	\$356,700	\$356,700	\$0	\$0
<b>TOTAL</b>	<b>\$356,700</b>	<b>\$356,700</b>	<b>\$0</b>	<b>\$0</b>

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**Individual and Business Impact**

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

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**Office of the Legislative Fiscal Analyst**