

Representative John Dougall proposes the following substitute bill:

PERSONAL PROPERTY TAX AMENDMENTS

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: _____

LONG TITLE

General Description:

This bill amends the Minimum School Program Act and the Property Tax Act relating to personal property and the calculation of the certified revenue levy and the certified tax rate.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ eliminates certain personal property from the calculation of the certified revenue levy;
- ▶ eliminates certain personal property from the certified tax rate calculation;
- ▶ modifies the calculation of the certified tax rate;
- ▶ exempts an item of personal property with a fair market value of \$100 or less;
- ▶ exempts certain personal property with a residual value of 10% or less; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides an effective date and provides for retrospective operation.

Utah Code Sections Affected:

AMENDS:

- 28 **53A-17a-103**, as last amended by Chapter 354, Laws of Utah 2006
- 29 **59-2-102**, as last amended by Chapters 223 and 249, Laws of Utah 2006
- 30 **59-2-913**, as last amended by Chapter 105, Laws of Utah 2006
- 31 **59-2-924**, as last amended by Chapters 26, 105 and 359, Laws of Utah 2006
- 32 **59-2-1115**, as enacted by Chapter 113, Laws of Utah 2006

33
34 *Be it enacted by the Legislature of the state of Utah:*

35 Section 1. Section **53A-17a-103** is amended to read:

36 **53A-17a-103. Definitions.**

37 As used in this chapter:

38 (1) "Basic state-supported school program" or "basic program" means public education
39 programs for kindergarten, elementary, and secondary school students that are operated and
40 maintained for the amount derived by multiplying the number of weighted pupil units for each
41 district by \$2,417, except as otherwise provided in this chapter.

42 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
43 ad valorem property tax revenue equal to the sum of:

44 ~~[(a)]~~ (i) the amount of ad valorem property tax revenue to be generated statewide in the
45 previous year from imposing a minimum basic tax rate, as specified in Subsection
46 53A-17a-135(1)(a); and

47 ~~[(b)]~~ (ii) the product of:

48 ~~[(i)]~~ (A) new growth, as defined in Section 59-2-924 and rules of the State Tax
49 Commission; and

50 ~~[(ii)]~~ (B) the minimum basic tax rate certified by the State Tax Commission for the
51 previous year.

52 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
53 include property tax revenue received statewide from personal property that is:

54 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
55 Assessment; and

56 (ii) semiconductor manufacturing equipment.

57 (3) "Leeway program" or "leeway" means a state-supported voted leeway program or
58 board leeway program authorized under Section 53A-17a-133 or 53A-17a-134.

59 (4) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

60 (5) (a) "State-supported minimum school program" or "minimum school program"
61 means public school programs for kindergarten, elementary, and secondary schools as
62 described in this Subsection (5).

63 (b) The minimum school program established in the districts shall include the
64 equivalent of a school term of nine months as determined by the State Board of Education.

65 (c) (i) The board shall establish the number of days or equivalent instructional hours
66 that school is held for an academic school year.

67 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
68 when approved by local school boards, shall receive full support by the State Board of
69 Education as it pertains to fulfilling the attendance requirements, excluding time spent viewing
70 commercial advertising.

71 (d) The program includes the total of the following annual costs:

72 (i) the cost of a basic state-supported school program; and

73 (ii) other amounts appropriated in this chapter in addition to the basic program.

74 (6) "Weighted pupil unit or units or WPU or WPU's" means the unit of measure of
75 factors that is computed in accordance with this chapter for the purpose of determining the
76 costs of a program on a uniform basis for each district.

77 Section 2. Section **59-2-102** is amended to read:

78 **59-2-102. Definitions.**

79 As used in this chapter and title:

80 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of
81 engaging in dispensing activities directly affecting agriculture or horticulture with an
82 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or
83 rotorcraft's use for agricultural and pest control purposes.

84 (2) "Air charter service" means an air carrier operation which requires the customer to
85 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled
86 trip.

87 (3) "Air contract service" means an air carrier operation available only to customers
88 who engage the services of the carrier through a contractual agreement and excess capacity on
89 any trip and is not available to the public at large.

90 (4) "Aircraft" is as defined in Section 72-10-102.

91 (5) "Airline" means any air carrier operating interstate routes on a scheduled basis
92 which offers to fly passengers or cargo on the basis of available capacity on regularly scheduled
93 routes.

94 (6) "Assessment roll" means a permanent record of the assessment of property as
95 assessed by the county assessor and the commission and may be maintained manually or as a
96 computerized file as a consolidated record or as multiple records by type, classification, or
97 categories.

98 (7) (a) "Certified revenue levy" means a property tax levy that provides the same
99 amount of ad valorem property tax revenue as was collected for the prior year, plus new
100 growth, but exclusive of revenue from collections from redemptions, interest, and penalties.

101 (b) For purposes of this Subsection (7), "ad valorem property tax revenue" does not
102 include property tax revenue received by a taxing entity from personal property that is:

103 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and

104 (ii) semiconductor manufacturing equipment.

105 (8) "County-assessed commercial vehicle" means:

106 (a) any commercial vehicle, trailer, or semitrailer which is not apportioned under
107 Section 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or
108 property in furtherance of the owner's commercial enterprise;

109 (b) any passenger vehicle owned by a business and used by its employees for
110 transportation as a company car or vanpool vehicle; and

111 (c) vehicles which are:

112 (i) especially constructed for towing or wrecking, and which are not otherwise used to
113 transport goods, merchandise, or people for compensation;

114 (ii) used or licensed as taxicabs or limousines;

115 (iii) used as rental passenger cars, travel trailers, or motor homes;

116 (iv) used or licensed in this state for use as ambulances or hearses;

117 (v) especially designed and used for garbage and rubbish collection; or

118 (vi) used exclusively to transport students or their instructors to or from any private,
119 public, or religious school or school activities.

120 (9) (a) Except as provided in Subsection (9)(b), for purposes of Section 59-2-801,

121 "designated tax area" means a tax area created by the overlapping boundaries of only the
122 following taxing entities:

123 (i) a county; and

124 (ii) a school district.

125 (b) Notwithstanding Subsection (9)(a), "designated tax area" includes a tax area created
126 by the overlapping boundaries of:

127 (i) the taxing entities described in Subsection (9)(a); and

128 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
129 and the boundaries of the city or town are identical; or

130 (B) a special service district if the boundaries of the school district under Subsection
131 (9)(a) are located entirely within the special service district.

132 (10) "Eligible judgment" means a final and unappealable judgment or order under
133 Section 59-2-1330:

134 (a) that became a final and unappealable judgment or order no more than 14 months
135 prior to the day on which the notice required by Subsection 59-2-919(4) is required to be
136 mailed; and

137 (b) for which a taxing entity's share of the final and unappealable judgment or order is
138 greater than or equal to the lesser of:

139 (i) \$5,000; or

140 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
141 previous fiscal year.

142 (11) (a) "Escaped property" means any property, whether personal, land, or any
143 improvements to the property, subject to taxation and is:

144 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
145 to the wrong taxpayer by the assessing authority;

146 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
147 comply with the reporting requirements of this chapter; or

148 (iii) undervalued because of errors made by the assessing authority based upon
149 incomplete or erroneous information furnished by the taxpayer.

150 (b) Property which is undervalued because of the use of a different valuation
151 methodology or because of a different application of the same valuation methodology is not

152 "escaped property."

153 (12) "Fair market value" means the amount at which property would change hands
154 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell
155 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair
156 market value" shall be determined using the current zoning laws applicable to the property in
157 question, except in cases where there is a reasonable probability of a change in the zoning laws
158 affecting that property in the tax year in question and the change would have an appreciable
159 influence upon the value.

160 (13) "Farm machinery and equipment," for purposes of the exemption provided under
161 Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities, feed
162 handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters, tillage
163 tools, scales, combines, spreaders, sprayers, haying equipment, and any other machinery or
164 equipment used primarily for agricultural purposes; but does not include vehicles required to be
165 registered with the Motor Vehicle Division or vehicles or other equipment used for business
166 purposes other than farming.

167 (14) "Geothermal fluid" means water in any form at temperatures greater than 120
168 degrees centigrade naturally present in a geothermal system.

169 (15) "Geothermal resource" means:

170 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;
171 and

172 (b) the energy, in whatever form, including pressure, present in, resulting from, created
173 by, or which may be extracted from that natural heat, directly or through a material medium.

174 (16) (a) "Goodwill" means:

175 (i) acquired goodwill that is reported as goodwill on the books and records:

176 (A) of a taxpayer; and

177 (B) that are maintained for financial reporting purposes; or

178 (ii) the ability of a business to:

179 (A) generate income that exceeds a normal rate of return on assets; or

180 (B) obtain an economic or competitive advantage resulting from:

181 (I) superior management skills;

182 (II) reputation;

- 183 (III) customer relationships;
- 184 (IV) patronage; or
- 185 (V) a factor similar to Subsections (16)(a)(ii)(B)(I) through (IV).
- 186 (b) "Goodwill" does not include:
- 187 (i) the intangible property described in Subsection (19)(a) or (b);
- 188 (ii) locational attributes of real property, including:
- 189 (A) zoning;
- 190 (B) location;
- 191 (C) view;
- 192 (D) a geographic feature;
- 193 (E) an easement;
- 194 (F) a covenant;
- 195 (G) proximity to raw materials;
- 196 (H) the condition of surrounding property; or
- 197 (I) proximity to markets;
- 198 (iii) value attributable to the identification of an improvement to real property,
- 199 including:
- 200 (A) reputation of the designer, builder, or architect of the improvement;
- 201 (B) a name given to, or associated with, the improvement; or
- 202 (C) the historic significance of an improvement; or
- 203 (iv) the enhancement or assemblage value specifically attributable to the interrelation
- 204 of the existing tangible property in place working together as a unit.
- 205 (17) (a) For purposes of Section 59-2-103:
- 206 (i) "household" means the association of persons who live in the same dwelling,
- 207 sharing its furnishings, facilities, accommodations, and expenses; and
- 208 (ii) "household" includes married individuals, who are not legally separated, that have
- 209 established domiciles at separate locations within the state.
- 210 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
- 211 commission may make rules defining the term "domicile."
- 212 (18) (a) Except as provided in Subsection (18)(c), "improvement" means a building,
- 213 structure, fixture, fence, or other item that is permanently attached to land, regardless of

214 whether the title has been acquired to the land, if:

215 (i) (A) attachment to land is essential to the operation or use of the item; and

216 (B) the manner of attachment to land suggests that the item will remain attached to the

217 land in the same place over the useful life of the item; or

218 (ii) removal of the item would:

219 (A) cause substantial damage to the item; or

220 (B) require substantial alteration or repair of a structure to which the item is attached.

221 (b) "Improvement" includes:

222 (i) an accessory to an item described in Subsection (18)(a) if the accessory is:

223 (A) essential to the operation of the item described in Subsection (18)(a); and

224 (B) installed solely to serve the operation of the item described in Subsection (18)(a);

225 and

226 (ii) an item described in Subsection (18)(a) that:

227 (A) is temporarily detached from the land for repairs; and

228 (B) remains located on the land.

229 (c) Notwithstanding Subsections (18)(a) and (b), "improvement" does not include:

230 (i) an item considered to be personal property pursuant to rules made in accordance

231 with Section 59-2-107;

232 (ii) a moveable item that is attached to land:

233 (A) for stability only; or

234 (B) for an obvious temporary purpose;

235 (iii) (A) manufacturing equipment and machinery; or

236 (B) essential accessories to manufacturing equipment and machinery;

237 (iv) an item attached to the land in a manner that facilitates removal without substantial

238 damage to:

239 (A) the land; or

240 (B) the item; or

241 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that

242 transportable factory-built housing unit is considered to be personal property under Section

243 59-2-1503.

244 (19) "Intangible property" means:

245 (a) property that is capable of private ownership separate from tangible property,
246 including:

- 247 (i) moneys;
- 248 (ii) credits;
- 249 (iii) bonds;
- 250 (iv) stocks;
- 251 (v) representative property;
- 252 (vi) franchises;
- 253 (vii) licenses;
- 254 (viii) trade names;
- 255 (ix) copyrights; and
- 256 (x) patents;
- 257 (b) a low-income housing tax credit; or
- 258 (c) goodwill.

259 (20) "Low-income housing tax credit" means:

260 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;

261 or

262 (b) a low-income housing tax credit under:

- 263 (i) Section 59-7-607; or
- 264 (ii) Section 59-10-1010.

265 (21) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.

266 (22) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
267 valuable mineral.

268 (23) "Mining" means the process of producing, extracting, leaching, evaporating, or
269 otherwise removing a mineral from a mine.

270 (24) (a) "Mobile flight equipment" means tangible personal property that is:

- 271 (i) owned or operated by an:
 - 272 (A) air charter service;
 - 273 (B) air contract service; or
 - 274 (C) airline; and
- 275 (ii) (A) capable of flight;

276 (B) attached to an aircraft that is capable of flight; or
277 (C) contained in an aircraft that is capable of flight if the tangible personal property is
278 intended to be used:

- 279 (I) during multiple flights;
- 280 (II) during a takeoff, flight, or landing; and
- 281 (III) as a service provided by an air charter service, air contract service, or airline.

282 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
283 engine that is rotated:

- 284 (A) at regular intervals; and
- 285 (B) with an engine that is attached to the aircraft.

286 (ii) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,
287 the commission may make rules defining the term "regular intervals."

288 (25) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,
289 sand, rock, gravel, and all carboniferous materials.

290 (26) "Personal property" includes:

- 291 (a) every class of property as defined in Subsection (27) which is the subject of
292 ownership and not included within the meaning of the terms "real estate" and "improvements";
- 293 (b) gas and water mains and pipes laid in roads, streets, or alleys;
- 294 (c) bridges and ferries;
- 295 (d) livestock which, for the purposes of the exemption provided under Section
296 59-2-1112, means all domestic animals, honeybees, poultry, fur-bearing animals, and fish; and
- 297 (e) outdoor advertising structures as defined in Section 72-7-502.

298 (27) (a) "Property" means property that is subject to assessment and taxation according
299 to its value.

300 (b) "Property" does not include intangible property as defined in this section.

301 (28) "Public utility," for purposes of this chapter, means the operating property of a
302 railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline
303 company, electrical corporation, telephone corporation, sewerage corporation, or heat
304 corporation where the company performs the service for, or delivers the commodity to, the
305 public generally or companies serving the public generally, or in the case of a gas corporation
306 or an electrical corporation, where the gas or electricity is sold or furnished to any member or

307 consumers within the state for domestic, commercial, or industrial use. Public utility also
308 means the operating property of any entity or person defined under Section 54-2-1 except water
309 corporations.

310 (29) "Real estate" or "real property" includes:

311 (a) the possession of, claim to, ownership of, or right to the possession of land;

312 (b) all mines, minerals, and quarries in and under the land, all timber belonging to
313 individuals or corporations growing or being on the lands of this state or the United States, and
314 all rights and privileges appertaining to these; and

315 (c) improvements.

316 (30) "Residential property," for the purposes of the reductions and adjustments under
317 this chapter, means any property used for residential purposes as a primary residence. It does
318 not include property used for transient residential use or condominiums used in rental pools.

319 (31) For purposes of Subsection 59-2-801(1)(e), "route miles" means the number of
320 miles calculated by the commission that is:

321 (a) measured in a straight line by the commission; and

322 (b) equal to the distance between a geographical location that begins or ends:

323 (i) at a boundary of the state; and

324 (ii) where an aircraft:

325 (A) takes off; or

326 (B) lands.

327 (32) (a) "State-assessed commercial vehicle" means:

328 (i) any commercial vehicle, trailer, or semitrailer which operates interstate or intrastate
329 to transport passengers, freight, merchandise, or other property for hire; or

330 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and
331 transports the vehicle owner's goods or property in furtherance of the owner's commercial
332 enterprise.

333 (b) "State-assessed commercial vehicle" does not include vehicles used for hire which
334 are specified in Subsection (8)(c) as county-assessed commercial vehicles.

335 (33) "Taxable value" means fair market value less any applicable reduction allowed for
336 residential property under Section 59-2-103.

337 (34) "Tax area" means a geographic area created by the overlapping boundaries of one

338 or more taxing entities.

339 (35) "Taxing entity" means any county, city, town, school district, special taxing
340 district, or any other political subdivision of the state with the authority to levy a tax on
341 property.

342 (36) "Tax roll" means a permanent record of the taxes charged on property, as extended
343 on the assessment roll and may be maintained on the same record or records as the assessment
344 roll or may be maintained on a separate record properly indexed to the assessment roll. It
345 includes tax books, tax lists, and other similar materials.

346 Section 3. Section 59-2-913 is amended to read:

347 **59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of**
348 **statement -- Filing with county auditor -- Transmittal to commission -- Calculations for**
349 **establishing tax levies -- Format of statement.**

350 (1) As used in this section[:] "budgeted property tax revenues" does not include
351 property tax revenue received by a taxing entity from personal property that is:

- 352 (a) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 353 (b) semiconductor manufacturing equipment.

354 [~~(a) "percentage net change in the value of taxable property for the equalization~~
355 ~~period" means the percentage net change between the taxable value of taxable property:]~~

356 [~~(i) (A) on June 8; and]~~

357 [~~(B) listed on the assessment roll as reported by the:]~~

358 [~~(F) county assessor; and]~~

359 [~~(H) county auditor; and]~~

360 [~~(ii) (A) on December 31; and]~~

361 [~~(B) as reported by the county auditor as a year-end taxable value; and]~~

362 [~~(b) "taxable property" means property:]~~

363 [~~(i) described in Section 59-2-201 that is assessed by the commission; and]~~

364 [~~(ii) described in Section 59-2-301 that is assessed by a county assessor.]~~

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

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

- 368 (i) before June 22; or

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

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

373 (3) For purposes of establishing the levy set for each of a taxing entity's applicable
374 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing
375 the budgeted property tax revenues, specified in a budget which has been adopted and
376 approved prior to setting the levy, by the amount calculated under Subsections
377 59-2-924(2)(a)(iii)(B)(I) through (III).

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

379 (a) be determined by the commission; and

380 (b) cite any applicable statutory provisions that:

381 (i) require a specific levy; or

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

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

385 Section 4. Section **59-2-924** is amended to read:

386 **59-2-924. Report of valuation of property to county auditor and commission --**
387 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
388 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

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

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

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

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

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

399 (iii) the certified tax rate; and

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

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

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

406 (A) collections from redemptions;

407 (B) interest; ~~and~~

408 (C) penalties[-]; and

409 (D) revenue received by a taxing entity from personal property that is:

410 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

411 (II) semiconductor manufacturing equipment.

412 (iii) (A) (I) Except as otherwise provided in [~~Subsection (2)(a)(v)] this section, the
413 certified tax rate shall be calculated by dividing the ad valorem property tax revenues budgeted
414 for the prior year by the taxing entity by the amount calculated under Subsection (2)(a)(iii)(B).~~

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

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

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

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

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

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

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

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

430 (IV) after making the calculation required by Subsection (2)(a)(iii)(B)(III), calculate an

431 amount determined by subtracting from the amount calculated under Subsection
432 (2)(a)(iii)(B)(III) any new growth as defined in this section:

433 (Aa) within the taxing entity; and
434 (Bb) for the current calendar year.

435 (C) For purposes of Subsection (2)(a)(iii)(B)(I), the aggregate taxable value of all
436 property taxed [~~includes~~]:

437 (I) except as provided in Subsection (2)(a)(iii)(C)(II), includes the total taxable value of
438 the real and personal property contained on the tax rolls of the taxing entity; and
439 ~~[(H) the taxable value of any additional personal property estimated by the county~~
440 ~~assessor to be subject to taxation in the current year.]~~

441 (II) does not include the total taxable value of personal property contained on the tax
442 rolls of the taxing entity that is:

443 (Aa) assessed by a county assessor in accordance with Part 3, County Assessment; and
444 (Bb) semiconductor manufacturing equipment.

445 (D) For purposes of Subsection (2)(a)(iii)(B)(II), for calendar years beginning on or
446 after January 1, 2007, the value of taxable property does not include the value of personal
447 property that is:

448 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,
449 County Assessment; and

450 (II) semiconductor manufacturing equipment.

451 (E) For purposes of Subsection (2)(a)(iii)(B)(III)(Bb), for calendar years beginning on
452 or after January 1, 2007, the percentage of property taxes collected does not include property
453 taxes collected from personal property that is:

454 (I) within the taxing entity assessed by a county assessor in accordance with Part 3,
455 County Assessment; and

456 (II) semiconductor manufacturing equipment.

457 [~~(D)~~] (F) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
458 Act, the commission may prescribe rules for calculating redevelopment adjustments for a
459 calendar year.

460 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
461 Act, the commission shall make rules determining the calculation of ad valorem property tax

462 revenues budgeted by a taxing entity.

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

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

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

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

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

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

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

479 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
480 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

483 (vi) (A) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be
484 established at that rate which is sufficient to generate only the revenue required to satisfy one
485 or more eligible judgments, as defined in Section 59-2-102.

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

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

490 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the
491 assessment roll does not include:

492 (A) new growth as defined in Subsection (2)(b)(iii)[-]; or

493 (B) the total taxable value of personal property contained on the tax rolls of the taxing
494 entity that is:

495 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

496 (II) semiconductor manufacturing equipment.

497 (iii) "New growth" means:

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

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

501 (iv) For purposes of Subsection (2)(b)(iii), the taxable value of the taxing entity does
502 not include the taxable value of personal property that is:

503 (A) contained on the tax rolls of the taxing entity if that property is assessed by a
504 county assessor in accordance with Part 3, County Assessment; and

505 (B) semiconductor manufacturing equipment.

506 [~~(iv)~~] (v) Subsection (2)(b)(iii)(B) applies to the following increases in taxable value:

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

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

512 (I) the Legislature;

513 (II) a court;

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

515 (IV) the commission in an administrative order.

516 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
517 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
518 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter
519 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax
520 rate to offset the increased revenues.

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

523 (A) decreased on a one-time basis by the amount of the estimated sales and use tax

524 revenue to be distributed to the county under Subsection 59-12-1102(3); and

525 (B) increased by the amount necessary to offset the county's reduction in revenue from
526 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
527 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection
528 (2)(d)(i)(A).

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

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

536 [~~(f) For the calendar year beginning on January 1, 1999, and ending on December 31,
537 1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the
538 adjustment in revenues from uniform fees on tangible personal property under Section
539 59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under
540 Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.]~~

541 [~~(g) For purposes of Subsections (2)(h) through (j):]~~

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

544 [~~(A) motor vehicles required to be registered with the state that weigh 12,000 pounds
545 or less; and]~~

546 [~~(B) state-assessed commercial vehicles required to be registered with the state that
547 weigh 12,000 pounds or less:]~~

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

550 [~~(h) For the calendar year beginning on January 1, 2000, the commission shall make
551 the following adjustments:]~~

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

555 ~~[(A) the taxing entity's 1999 actual collections; and]~~
556 ~~[(B) any adjustments the commission made under Subsection (2)(f);]~~
557 ~~[(ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for~~
558 ~~the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were~~
559 ~~greater than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual~~
560 ~~collections were less than the sum of:]~~
561 ~~[(A) the taxing entity's 1999 actual collections; and]~~
562 ~~[(B) any adjustments the commission made under Subsection (2)(f); and]~~
563 ~~[(iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if,~~
564 ~~for the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections~~
565 ~~were less than the taxing entity's 1999 actual collections:]~~
566 ~~[(i) (i) For purposes of Subsection (2)(h)(i), the commission shall increase a taxing~~
567 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
568 ~~Section 59-2-906.1 by the amount necessary to offset the difference between:]~~
569 ~~[(A) the taxing entity's 1998 actual collections; and]~~
570 ~~[(B) the sum of:]~~
571 ~~[(f) the taxing entity's 1999 actual collections; and]~~
572 ~~[(H) any adjustments the commission made under Subsection (2)(f).]~~
573 ~~[(ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing~~
574 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
575 ~~Section 59-2-906.1 by the amount necessary to offset the difference between:]~~
576 ~~[(A) the sum of:]~~
577 ~~[(f) the taxing entity's 1999 actual collections; and]~~
578 ~~[(H) any adjustments the commission made under Subsection (2)(f); and]~~
579 ~~[(B) the taxing entity's 1998 actual collections:]~~
580 ~~[(iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing~~
581 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
582 ~~Section 59-2-906.1 by the amount of any adjustments the commission made under Subsection~~
583 ~~(2)(f).]~~
584 ~~[(j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,~~
585 ~~for purposes of Subsections (2)(f) through (i), the commission may make rules establishing the~~

586 method for determining a taxing entity's 1998 actual collections and 1999 actual collections.]

587 ~~(f)~~ (f) (i) (A) For fiscal year 2000, the certified tax rate of each county required under
588 Subsection 17-34-1(4)(a) to provide advanced life support and paramedic services to the
589 unincorporated area of the county shall be decreased by the amount necessary to reduce
590 revenues in that fiscal year by an amount equal to the difference between the amount the county
591 budgeted in its 2000 fiscal year budget for advanced life support and paramedic services
592 countywide and the amount the county spent during fiscal year 2000 for those services,
593 excluding amounts spent from a municipal services fund for those services.

594 (B) For fiscal year 2001, the certified tax rate of each county to which Subsection
595 (2)~~(f)~~(f)(i)(A) applies shall be decreased by the amount necessary to reduce revenues in that
596 fiscal year by the amount that the county spent during fiscal year 2000 for advanced life
597 support and paramedic services countywide, excluding amounts spent from a municipal
598 services fund for those services.

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

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

606 ~~(g)~~ (g) (i) The certified tax rate of each county required under Subsection
607 17-34-1(4)(b) to provide detective investigative services to the unincorporated area of the
608 county shall be decreased:

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

611 (B) in fiscal year 2002 by the amount necessary to reduce revenues in that fiscal year
612 by an amount equal to the difference between \$9,258,412 and the amount of the reduction in
613 revenues under Subsection (2)~~(g)~~(g)(i)(A).

614 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a
615 county to which Subsection (2)~~(g)~~(g)(i) applies may increase its certified tax rate to generate
616 within the city or town the same amount of revenue as the county would have collected during

617 county fiscal year 2001 from within the city or town except for Subsection (2)[(f)](g)(i)(A).

618 (II) Beginning with municipal fiscal year 2003, a city or town located within a county
619 to which Subsection (2)[(f)](g)(i) applies may increase its certified tax rate to generate within
620 the city or town the same amount of revenue as the county would have collected during county
621 fiscal year 2002 from within the city or town except for Subsection (2)[(f)](g)(i)(B).

622 (B) (I) Except as provided in Subsection (2)[(f)](g)(ii)(B)(II), an increase in the city or
623 town's certified tax rate under Subsection (2)[(f)](g)(ii)(A), whether occurring in a single fiscal
624 year or spread over multiple fiscal years, is subject to the notice and hearing requirements of
625 Sections 59-2-918 and 59-2-919.

626 (II) For an increase under this Subsection (2)[(f)](g)(ii) that generates revenue that does
627 not exceed the same amount of revenue as the county would have collected except for
628 Subsection (2)[(f)](g)(i), the requirements of Sections 59-2-918 and 59-2-919 do not apply if
629 the city or town:

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

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

636 [(m)] (h) (i) This Subsection (2)[(m)](h) applies to each county that:

637 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
638 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
639 17A-2-1304(1)(a)(x); and

640 (B) levies a property tax on behalf of the special service district under Section
641 17A-2-1322.

642 (ii) (A) The certified tax rate of each county to which this Subsection (2)[(m)](h)
643 applies shall be decreased by the amount necessary to reduce county revenues by the same
644 amount of revenues that will be generated by the property tax imposed on behalf of the special
645 service district.

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

648 ~~(n)~~ (i) (i) As used in this Subsection (2)~~(n)~~(i):

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

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

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

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

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

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

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

662 (Aa) for participating counties, in the unincorporated area of all participating counties;
663 and

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

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

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

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

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

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

678 (G) "Participating municipality" means a municipality whose area is included within a

679 fire district at the time of the creation of the fire district.

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

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

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

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

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

693 (j) For the calendar year beginning on January 1, 2007, the calculation of a taxing
694 entity's certified tax rate shall be adjusted by the amount necessary to offset any change in the
695 certified tax rate that may result from excluding the following from the certified tax rate under
696 Subsection (2)(a) enacted by the Legislature during the 2007 General Session:

697 (i) personal property tax revenue:

698 (A) received by a taxing entity;

699 (B) assessed by a county assessor in accordance with Part 3, County Assessment; and

700 (C) for personal property that is semiconductor manufacturing equipment; or

701 (ii) the taxable value of personal property:

702 (A) contained on the tax rolls of a taxing entity;

703 (B) assessed by a county assessor in accordance with Part 3, County Assessment; and

704 (C) that is semiconductor manufacturing equipment.

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

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

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

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

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

712 (4) (a) The taxable value for the base year under Subsection 17C-1-102(6) shall be
713 reduced for any year to the extent necessary to provide a community development and renewal
714 agency established under Title 17C, Limited Purpose Local Government Entities - Community
715 Development and Renewal Agencies, with approximately the same amount of money the
716 agency would have received without a reduction in the county's certified tax rate if:

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

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

721 (iii) the decrease results in a reduction of the amount to be paid to the agency under
722 Section 17C-1-403 or 17C-1-404.

723 (b) The base taxable value under Subsection 17C-1-102(6) shall be increased in any
724 year to the extent necessary to provide a community development and renewal agency with
725 approximately the same amount of money as the agency would have received without an
726 increase in the certified tax rate that year if:

727 (i) in that year the base taxable value under Subsection 17C-1-102(6) is reduced due to
728 a decrease in the certified tax rate under Subsection (2)(c) or (2)(d)(i); and

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

731 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2)(c) or
732 (2)(d)(i), the amount of money allocated and, when collected, paid each year to a community
733 development and renewal agency established under Title 17C, Limited Purpose Local
734 Government Entities - Community Development and Renewal Agencies, for the payment of
735 bonds or other contract indebtedness, but not for administrative costs, may not be less than that
736 amount would have been without a decrease in the certified tax rate under Subsection (2)(c) or
737 (2)(d)(i).

738 Section 5. Section **59-2-1115** is amended to read:

739 **59-2-1115. Exemption of certain tangible personal property.**

740 (1) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if:

741 (i) the item of taxable tangible personal property:
742 (A) has an acquisition cost of \$100 or less;
743 (I) for a purchase of the item;
744 (II) for a lease of the item; or
745 (III) for any calendar year after the calendar year during which tangible personal
746 property is purchased or leased, according to a depreciation schedule promulgated by the
747 commission; and
748 (B) is not a component or part of an integrated system;
749 (ii) the item of taxable tangible personal property:
750 (A) has an acquisition cost of \$5,000 or less;
751 (I) for a purchase of the item; or
752 (II) for a lease of the item;
753 (B) is not a component or part of an integrated system; and
754 (C) has a residual value of 10% or less of its acquisition cost according to the personal
755 property schedule published by the commission pursuant to Section 59-2-107; or
756 (iii) the taxable tangible personal property has a total aggregate fair market value of
757 \$3,500 or less.
758 (b) For purposes of Subsection (1)(a)(iii), the total aggregate fair market value does not
759 include items exempt under Subsections (1)(a) ~~Ĥ→~~ (i) ~~←Ĥ~~ or ~~Ĥ→~~ [(~~t~~)(b)] (ii) ~~←Ĥ~~ .
760 (2) (a) For calendar years beginning on or after January 1, 2008, the commission shall
761 increase the dollar amount described in Subsection (1) by a percentage equal to the percentage
762 difference between the consumer price index for the preceding calendar year and the consumer
763 price index for calendar year 2006.
764 (b) For purposes of this Subsection (2), the commission shall calculate the consumer
765 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
766 (c) If the percentage difference under Subsection (2)(a) is zero or a negative
767 percentage, the consumer price index increase for the year is zero.
768 (3) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
769 commission may make rules to administer this section and provide for uniform
770 implementation.
771 Section 6. **Retrospective operation -- Effective date.**

772 (1) Except as provided in Subsection (2), this bill has retrospective operation to
773 January 1, 2007.
774 (2) The amendments to Section 59-2-1115 take effect on January 1, 2008.

H.B. 111 1st Sub. (Buff) - Personal Property Tax Amendments

Fiscal Note

2007 General Session

State of Utah

State Impact

Enactment of this bill will not require additional appropriations.

Individual, Business and/or Local Impact

Enactment of this bill would have no net fiscal impact.
