

CENTRALLY ASSESSED PROPERTY

2007 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kay L. McIff

Senate Sponsor: Kevin T. Van Tassell

LONG TITLE

General Description:

This bill amends provisions of the Property Tax Act relating to the mailing of property tax assessment notices.

Highlighted Provisions:

This bill:

▸ requires the State Tax Commission to notify an owner of certain centrally assessed property of its property tax assessment by certified mail;

▸ requires the State Tax Commission to notify an assessor of the county in which certain centrally assessed property is located of the property tax assessment by certified mail;

▸ provides that an owner of centrally assessed property, or the county assessor of the county in which the centrally assessed property is located, may object to the State Tax Commission's assessment within 30 days after the property tax assessment notice is mailed; and

▸ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:



28 AMENDS:

29 **59-2-201**, as last amended by Chapter 360, Laws of Utah 1997

30 **59-2-1007**, as last amended by Chapter 190, Laws of Utah 2001



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

33 Section 1. Section **59-2-201** is amended to read:

34 **59-2-201. Assessment by commission -- Determination of value of mining**
35 **property -- Notification of assessment -- Local assessment of property assessed by the**
36 **unitary method.**

37 (1) By May 1 of each year the following property, unless otherwise exempt under the
38 Utah Constitution or under Part 11 [~~of this chapter~~], Exemptions, Deferrals, and Abatements,
39 shall be assessed by the commission at 100% of fair market value, as valued on January 1, in
40 accordance with this chapter:

41 (a) except as provided in Subsection (2), all property which operates as a unit across
42 county lines, if the values must be apportioned among more than one county or state;

43 (b) all property of public utilities;

44 (c) all operating property of an airline, air charter service, and air contract service;

45 (d) all geothermal fluids and geothermal resources;

46 (e) all mines and mining claims except in cases, as determined by the commission,
47 where the mining claims are used for other than mining purposes, in which case the value of
48 mining claims used for other than mining purposes shall be assessed by the assessor of the
49 county in which the mining claims are located; and

50 (f) all machinery used in mining, all property or surface improvements upon or
51 appurtenant to mines or mining claims. For the purposes of assessment and taxation, all
52 processing plants, mills, reduction works, and smelters which are primarily used by the owner
53 of a mine or mining claim for processing, reducing, or smelting minerals taken from a mine or
54 mining claim shall be considered appurtenant to that mine or mining claim, regardless of actual
55 location.

56 (2) The commission shall assess and collect property tax on state-assessed commercial
57 vehicles at the time of original registration or annual renewal.

58 (a) The commission shall assess and collect property tax annually on state-assessed

59 commercial vehicles which are registered pursuant to Section 41-1a-222 or 41-1a-228.

60 (b) State-assessed commercial vehicles brought into the state which are required to be
61 registered in Utah shall, as a condition of registration, be subject to ad valorem tax unless all
62 property taxes or fees imposed by the state of origin have been paid for the current calendar
63 year.

64 (c) Real property, improvements, equipment, fixtures, or other personal property in this
65 state owned by the company shall be assessed separately by the local county assessor.

66 (d) The commission shall adjust the value of state-assessed commercial vehicles as
67 necessary to comply with Title 49, Section 11503a of the United States Code, and the
68 commission shall direct the county assessor to apply the same adjustment to any personal
69 property, real property, or improvements owned by the company and used directly and
70 exclusively in their commercial vehicle activities.

71 (3) The method for determining the fair market value of productive mining property is
72 the capitalized net revenue method or any other valuation method the commission believes, or
73 the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative of
74 the fair market value of the mining property. The rate of capitalization applicable to mines
75 shall be determined by the commission, consistent with a fair rate of return expected by an
76 investor in light of that industry's current market, financial, and economic conditions. In no
77 event may the fair market value of the mining property be less than the fair market value of the
78 land, improvements, and tangible personal property upon or appurtenant to the mining
79 property.

80 (4) Immediately following the assessment, the owner or operator of the assessed
81 property shall be notified of the assessment by certified mail. The assessor of the county in
82 which the property is located shall also be immediately notified of the assessment by certified
83 mail.

84 (5) Property assessed by the unitary method, which is not necessary to the conduct and
85 does not contribute to the income of the business as determined by the commission, shall be
86 assessed separately by the local county assessor.

87 Section 2. Section **59-2-1007** is amended to read:

88 **59-2-1007. Objection to assessment by commission -- Application -- Contents of**
89 **application -- Amending an application -- Hearings -- Appeals.**

90 (1) (a) If the owner of any property assessed by the commission, or any county upon a
 91 showing of reasonable cause, objects to the assessment, the owner or the county may~~[- on or~~
 92 ~~before June 1,]~~ ~~H→~~ **[apply to the commission for a hearing] , on or before the later of June 1 or a**
 92a **day ←H** within 30 days of the date the notice of
 93 assessment is mailed by the commission pursuant to Section 59-2-201 ~~H→~~ ~~[-]~~ **, apply to the**
 93a **commission for a hearing. ←H**

94 (b) The commission shall allow the following to be a party at a hearing under this
 95 section:

96 (i) the owner; and
 97 (ii) the county upon a showing of reasonable cause.

98 (2) The owner or county shall include in the application under Subsection (1)(a):

99 (a) a written statement setting forth the known facts and legal basis supporting a
 100 different fair market value than the value assessed by the commission; and

101 (b) the owner's or county's estimate of the fair market value of the property.

102 (3) (a) An owner's or a county's estimate on an application under Subsection (2) of the
 103 fair market value of the property may be amended prior to the hearing as provided by rule.

104 (b) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, the
 105 commission may make rules governing the procedures for amending an estimate of fair market
 106 value under Subsection (3)(a).

107 (4) (a) An owner applying to the commission for a hearing in accordance with
 108 Subsection (1) shall for the property for which the owner objects to the commission's
 109 assessment file a copy of the application with the county auditor of each county in which the
 110 property is located.

111 (b) A county auditor receiving a copy of an application in accordance with Subsection
 112 (4)(a) shall provide a copy of the application to the county:

113 (i) assessor;
 114 (ii) attorney;
 115 (iii) legislative body; and
 116 (iv) treasurer.

117 (5) (a) On or before August 1, the commission shall conduct a scheduling conference
 118 with all parties to a hearing under this section.

119 (b) At the scheduling conference under Subsection (5)(a), the commission shall
 120 establish dates for:

- 121 (i) the completion of discovery;
- 122 (ii) the filing of prehearing motions; and
- 123 (iii) conducting a hearing on the objection to the assessment.
- 124 (6) (a) The commission shall issue a written decision no later than 120 days after the
- 125 later of:
 - 126 (i) the hearing described in Subsection (5)(b) is completed; or
 - 127 (ii) all posthearing briefs are submitted.
- 128 (b) Any applications not resolved by the commission within a two-year period from the
- 129 date of filing are considered to be denied, unless the parties stipulate to a different time period
- 130 for resolving an application.
- 131 (c) A party may appeal to the district court pursuant to Section 59-1-601 within 30 days
- 132 from the day on which an application is considered to be denied.
- 133 (7) At the hearing on the application, the commission may increase, lower, or sustain
- 134 the assessment if:
 - 135 (a) the commission finds an error in the assessment; or
 - 136 (b) the commission determines that increasing, lowering, or sustaining the assessment is
 - 137 necessary to equalize the assessment with other similarly assessed property.
- 138 (8) (a) (i) The commission shall send notice of a commission action under Subsection
- 139 (7) to a county auditor if:
 - 140 (A) the commission proposes to adjust an assessment which was made pursuant to
 - 141 Section 59-2-201;
 - 142 (B) the county's tax revenues may be affected by the commission's decision; and
 - 143 (C) the county has not already been made a party pursuant to Subsection (1).
- 144 (ii) The written notice sent by the commission under Subsection (8)(a)(i):
 - 145 (A) may be transmitted by:
 - 146 (I) any form of electronic communication;
 - 147 (II) first class mail; or
 - 148 (III) private carrier; and
 - 149 (B) shall request the county to show good cause why the commission should not adjust
 - 150 the assessment by requesting the county to provide to the commission a written statement:
 - 151 (I) setting forth the known facts and legal basis for not adjusting the assessment; and

152 (II) within 30 days from the date of the notice.
153 (b) If a county provides to the commission a written statement in accordance with
154 Subsection (8)(a)(ii)(B), the commission shall:
155 (i) hold a hearing or take other appropriate action to consider the good cause alleged by
156 the county; and
157 (ii) issue a written decision increasing, lowering, or sustaining the assessment.
158 (c) If a county does not provide to the commission a written statement in accordance
159 with Subsection (8)(a)(ii)(B), within 30 days after the commission sends the notice described in
160 Subsection (8)(a), the commission shall adjust the assessment and send a copy of the
161 commission's written decision to the county.
162 (9) Subsection (8) does not limit the rights of any county as described in Subsection
163 (1).

Legislative Review Note
as of 1-17-07 2:57 PM

Office of Legislative Research and General Counsel

H.B. 293 - Centrally Assessed Property

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 likely will not result in direct, measurable costs and/or benefits for individuals, businesses, or local governments.

1/22/2007, 3:02:53 PM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst