

1 **PERSONAL PROPERTY - CERTIFIED TAX**

2 **RATE AMENDMENTS**

3 2007 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 Minimum School Program Act and the Property Tax Act relating
11 to personal property and the calculation of the certified revenue levy and the certified
12 tax rate.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ defines terms;
- 16 ▶ eliminates personal property from the calculation of the certified revenue levy;
- 17 ▶ eliminates personal property from the certified tax rate calculation;
- 18 ▶ modifies the calculation of the certified tax rate; and
- 19 ▶ makes technical changes.

20 **Monies Appropriated in this Bill:**

21 None

22 **Other Special Clauses:**

23 This bill has retrospective operation to January 1, 2007.

24 **Utah Code Sections Affected:**

25 AMENDS:

26 **53A-17a-103**, as last amended by Chapter 354, Laws of Utah 2006

27 **59-2-102**, as last amended by Chapters 223 and 249, Laws of Utah 2006



28 **59-2-913**, as last amended by Chapter 105, Laws of Utah 2006

29 **59-2-924**, as last amended by Chapters 26, 105 and 359, Laws of Utah 2006

30

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

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

33 **53A-17a-103. Definitions.**

34 As used in this chapter:

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

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

41 ~~[(a)]~~ (i) the amount of ad valorem property tax revenue to be generated statewide in the
42 previous year from imposing a minimum basic tax rate, as specified in Subsection
43 53A-17a-135(1)(a); and

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

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

47 ~~[(ii)]~~ (B) the minimum basic tax rate certified by the State Tax Commission for the
48 previous year[-]; and

49 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
50 include property tax revenue received statewide from personal property assessed by a county
51 assessor in accordance with Title 59, Chapter 2, Part 3, County Assessment.

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

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

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

58 (b) The minimum school program established in the districts shall include the

59 equivalent of a school term of nine months as determined by the State Board of Education.

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

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

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

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

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

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

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

73 **59-2-102. Definitions.**

74 As used in this chapter and title:

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

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

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

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

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

89 (6) "Assessment roll" means a permanent record of the assessment of property as

90 assessed by the county assessor and the commission and may be maintained manually or as a
91 computerized file as a consolidated record or as multiple records by type, classification, or
92 categories.

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

96 (b) For purposes of this Subsection (7), "ad valorem property tax revenue" does not
97 include property tax revenue received by a taxing entity from personal property assessed by a
98 county assessor in accordance with Part 3, County Assessment.

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

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

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

105 (c) vehicles which are:

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

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

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

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

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

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

114 (9) (a) Except as provided in Subsection (9)(b), for purposes of Section 59-2-801,
115 "designated tax area" means a tax area created by the overlapping boundaries of only the
116 following taxing entities:

117 (i) a county; and

118 (ii) a school district.

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

121 (i) the taxing entities described in Subsection (9)(a); and
122 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
123 and the boundaries of the city or town are identical; or

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

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

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

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

133 (i) \$5,000; or

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

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

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

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

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

144 (b) Property which is undervalued because of the use of a different valuation
145 methodology or because of a different application of the same valuation methodology is not
146 "escaped property."

147 (12) "Fair market value" means the amount at which property would change hands
148 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell
149 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair
150 market value" shall be determined using the current zoning laws applicable to the property in
151 question, except in cases where there is a reasonable probability of a change in the zoning laws

152 affecting that property in the tax year in question and the change would have an appreciable
153 influence upon the value.

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

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

163 (15) "Geothermal resource" means:

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

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

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

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

170 (A) of a taxpayer; and

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

172 (ii) the ability of a business to:

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

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

175 (I) superior management skills;

176 (II) reputation;

177 (III) customer relationships;

178 (IV) patronage; or

179 (V) a factor similar to Subsections (16)(a)(ii)(B)(I) through (IV).

180 (b) "Goodwill" does not include:

181 (i) the intangible property described in Subsection (19)(a) or (b);

182 (ii) locational attributes of real property, including:

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

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

215 (b) "Improvement" includes:

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

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

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

219 and

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

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

222 (B) remains located on the land.

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

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

225 with Section 59-2-107;

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

227 (A) for stability only; or

228 (B) for an obvious temporary purpose;

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

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

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

232 damage to:

233 (A) the land; or

234 (B) the item; or

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

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

237 59-2-1503.

238 (19) "Intangible property" means:

239 (a) property that is capable of private ownership separate from tangible property,

240 including:

241 (i) moneys;

242 (ii) credits;

243 (iii) bonds;

244 (iv) stocks;

- 245 (v) representative property;
- 246 (vi) franchises;
- 247 (vii) licenses;
- 248 (viii) trade names;
- 249 (ix) copyrights; and
- 250 (x) patents;
- 251 (b) a low-income housing tax credit; or
- 252 (c) goodwill.
- 253 (20) "Low-income housing tax credit" means:
- 254 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
- 255 or
- 256 (b) a low-income housing tax credit under:
- 257 (i) Section 59-7-607; or
- 258 (ii) Section 59-10-1010.
- 259 (21) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.
- 260 (22) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
- 261 valuable mineral.
- 262 (23) "Mining" means the process of producing, extracting, leaching, evaporating, or
- 263 otherwise removing a mineral from a mine.
- 264 (24) (a) "Mobile flight equipment" means tangible personal property that is:
- 265 (i) owned or operated by an:
- 266 (A) air charter service;
- 267 (B) air contract service; or
- 268 (C) airline; and
- 269 (ii) (A) capable of flight;
- 270 (B) attached to an aircraft that is capable of flight; or
- 271 (C) contained in an aircraft that is capable of flight if the tangible personal property is
- 272 intended to be used:
- 273 (I) during multiple flights;
- 274 (II) during a takeoff, flight, or landing; and
- 275 (III) as a service provided by an air charter service, air contract service, or airline.

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

278 (A) at regular intervals; and

279 (B) with an engine that is attached to the aircraft.

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

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

284 (26) "Personal property" includes:

285 (a) every class of property as defined in Subsection (27) which is the subject of
286 ownership and not included within the meaning of the terms "real estate" and "improvements";

287 (b) gas and water mains and pipes laid in roads, streets, or alleys;

288 (c) bridges and ferries;

289 (d) livestock which, for the purposes of the exemption provided under Section
290 59-2-1112, means all domestic animals, honeybees, poultry, fur-bearing animals, and fish; and

291 (e) outdoor advertising structures as defined in Section 72-7-502.

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

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

295 (28) "Public utility," for purposes of this chapter, means the operating property of a
296 railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline
297 company, electrical corporation, telephone corporation, sewerage corporation, or heat
298 corporation where the company performs the service for, or delivers the commodity to, the
299 public generally or companies serving the public generally, or in the case of a gas corporation
300 or an electrical corporation, where the gas or electricity is sold or furnished to any member or
301 consumers within the state for domestic, commercial, or industrial use. Public utility also
302 means the operating property of any entity or person defined under Section 54-2-1 except water
303 corporations.

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

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

306 (b) all mines, minerals, and quarries in and under the land, all timber belonging to

307 individuals or corporations growing or being on the lands of this state or the United States, and
308 all rights and privileges appertaining to these; and

309 (c) improvements.

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

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

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

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

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

318 (ii) where an aircraft:

319 (A) takes off; or

320 (B) lands.

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

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

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

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

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

331 (34) "Tax area" means a geographic area created by the overlapping boundaries of one
332 or more taxing entities.

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

336 (36) "Tax roll" means a permanent record of the taxes charged on property, as extended
337 on the assessment roll and may be maintained on the same record or records as the assessment

338 roll or may be maintained on a separate record properly indexed to the assessment roll. It
339 includes tax books, tax lists, and other similar materials.

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

341 **59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of**
342 **statement -- Filing with county auditor -- Transmittal to commission -- Calculations for**
343 **establishing tax levies -- Format of statement.**

344 (1) As used in this section:

345 (a) "Budgeted property tax revenues" does not include property tax revenue received by
346 a taxing entity from personal property assessed by a county assessor in accordance with Part 3,
347 County Assessment.

348 [~~(a) "percentage"~~] (b) "Percentage net change in the value of taxable property for the
349 equalization period" means the percentage net change between the taxable value of taxable
350 property:

351 (i) (A) on June 8; and

352 (B) listed on the assessment roll as reported by the:

353 (I) county assessor; and

354 (II) county auditor; and

355 (ii) (A) on December 31; and

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

357 [~~(b) "taxable"~~] (c) "Taxable property" means property:

358 (i) described in Section 59-2-201 that is assessed by the commission; and

359 (ii) described in Section 59-2-301 that is assessed by a county assessor.

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

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

363 (i) before June 22; or

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

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

368 (3) For purposes of establishing the levy set for each of a taxing entity's applicable

369 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing
370 the budgeted property tax revenues, specified in a budget which has been adopted and
371 approved prior to setting the levy, by the amount calculated under Subsections
372 59-2-924(2)(a)(iii)(B)(I) through (III).

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

374 (a) be determined by the commission; and

375 (b) cite any applicable statutory provisions that:

376 (i) require a specific levy; or

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

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

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

381 **59-2-924. Report of valuation of property to county auditor and commission --**

382 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
383 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

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

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

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

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

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

394 (iii) the certified tax rate; and

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

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

399 (ii) For purposes of this Subsection (2), "ad valorem property tax revenues" do not

400 include:

401 (A) collections from redemptions;

402 (B) interest; [~~and~~]

403 (C) penalties[-]; and

404 (D) revenue received by a taxing entity from personal property assessed by a county
405 assessor in accordance with Part 3, County Assessment.

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

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

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

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

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

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

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

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

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

424 (IV) after making the calculation required by Subsection (2)(a)(iii)(B)(III), calculate an
425 amount determined by subtracting from the amount calculated under Subsection
426 (2)(a)(iii)(B)(III) any new growth as defined in this section:

427 (Aa) within the taxing entity; and

428 (Bb) for the current calendar year.

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

431 (I) except as provided in Subsection (2)(a)(iii)(C)(II), includes the total taxable value of
432 the real and personal property contained on the tax rolls of the taxing entity; and

433 ~~[(H) the taxable value of any additional personal property estimated by the county~~
434 ~~assessor to be subject to taxation in the current year.]~~

435 (II) does not include the total taxable value of personal property contained on the tax
436 rolls of the taxing entity that is assessed by a county assessor in accordance with Part 3, County
437 Assessment.

438 (D) For purposes of Subsection (2)(a)(iii)(B)(II), for calendar years beginning on or
439 after January 1, 2007, the value of taxable property does not include the value of personal
440 property within the taxing entity assessed by a county assessor in accordance with Part 3,
441 County Assessment.

442 (E) For purposes of Subsection (2)(a)(iii)(B)(III)(Bb), for calendar years beginning on
443 or after January 1, 2007, the percentage of property taxes collected does not include property
444 taxes collected from personal property within the taxing entity assessed by a county assessor in
445 accordance with Part 3, County Assessment.

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

449 (iv) (A) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking
450 Act, the commission shall make rules determining the calculation of ad valorem property tax
451 revenues budgeted by a taxing entity.

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

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

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

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

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

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

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

468 (I) school leeways provided for under Sections 11-2-7, 53A-16-110, 53A-17a-125,
469 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, 53A-17a-145, and 53A-21-103; and

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

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

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

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

479 (ii) For purposes of Subsection (2)(b)(i), the taxable value of property on the
480 assessment roll does not include;

481 (A) new growth as defined in Subsection (2)(b)(iii); or

482 (B) the total taxable value of personal property contained on the tax rolls of the taxing
483 entity that is assessed by a county assessor in accordance with Part 3, County Assessment.

484 (iii) "New growth" means:

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

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

488 (iv) For purposes of Subsection (2)(b)(iii), the taxable value of the taxing entity does
489 not include the taxable value of personal property contained on the tax rolls of the taxing entity
490 if that property is assessed by a county assessor in accordance with Part 3, County Assessment.

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

492 (A) the amount of increase to locally assessed real property taxable values resulting

493 from factoring, reappraisal, or any other adjustments; or

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

497 (I) the Legislature;

498 (II) a court;

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

500 (IV) the commission in an administrative order.

501 (c) Beginning January 1, 1997, if a taxing entity receives increased revenues from
502 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
503 59-2-405.2, or 59-2-405.3 as a result of any county imposing a sales and use tax under Chapter
504 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its certified tax
505 rate to offset the increased revenues.

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

508 (A) decreased on a one-time basis by the amount of the estimated sales and use tax
509 revenue to be distributed to the county under Subsection 59-12-1102(3); and

510 (B) increased by the amount necessary to offset the county's reduction in revenue from
511 uniform fees on tangible personal property under Section 59-2-404, 59-2-405, 59-2-405.1,
512 59-2-405.2, or 59-2-405.3 as a result of the decrease in the certified tax rate under Subsection
513 (2)(d)(i)(A).

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

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

521 ~~[(f) For the calendar year beginning on January 1, 1999, and ending on December 31,~~
522 ~~1999, a taxing entity's certified tax rate shall be adjusted by the amount necessary to offset the~~
523 ~~adjustment in revenues from uniform fees on tangible personal property under Section~~

524 ~~59-2-405.1 as a result of the adjustment in uniform fees on tangible personal property under~~
525 ~~Section 59-2-405.1 enacted by the Legislature during the 1998 Annual General Session.]~~

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

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

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

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

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

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

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

540 ~~[(A) the taxing entity's 1999 actual collections; and]~~

541 ~~[(B) any adjustments the commission made under Subsection (2)(f);]~~

542 ~~[(ii) the commission shall make the adjustment described in Subsection (2)(i)(ii) if, for~~
543 ~~the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections were~~
544 ~~greater than the taxing entity's 1999 actual collections, but the taxing entity's 1998 actual~~
545 ~~collections were less than the sum of:]~~

546 ~~[(A) the taxing entity's 1999 actual collections; and]~~

547 ~~[(B) any adjustments the commission made under Subsection (2)(f); and]~~

548 ~~[(iii) the commission shall make the adjustment described in Subsection (2)(i)(iii) if,~~
549 ~~for the calendar year beginning on January 1, 1999, a taxing entity's 1998 actual collections~~
550 ~~were less than the taxing entity's 1999 actual collections:]~~

551 ~~[(i) (i) For purposes of Subsection (2)(h)(i), the commission shall increase a taxing~~
552 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
553 ~~Section 59-2-906.1 by the amount necessary to offset the difference between:]~~

554 ~~[(A) the taxing entity's 1998 actual collections; and]~~

555 ~~[(B) the sum of:]~~
 556 ~~[(F) the taxing entity's 1999 actual collections; and]~~
 557 ~~[(H) any adjustments the commission made under Subsection (2)(f).]~~
 558 ~~[(ii) For purposes of Subsection (2)(h)(ii), the commission shall decrease a taxing~~
 559 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
 560 ~~Section 59-2-906.1 by the amount necessary to offset the difference between:]~~

561 ~~[(A) the sum of:]~~
 562 ~~[(F) the taxing entity's 1999 actual collections; and]~~
 563 ~~[(H) any adjustments the commission made under Subsection (2)(f); and]~~
 564 ~~[(B) the taxing entity's 1998 actual collections.]~~
 565 ~~[(iii) For purposes of Subsection (2)(h)(iii), the commission shall decrease a taxing~~
 566 ~~entity's certified tax rate under this section and a taxing entity's certified revenue levy under~~
 567 ~~Section 59-2-906.1 by the amount of any adjustments the commission made under Subsection~~
 568 ~~(2)(f).]~~

569 ~~[(j) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act,~~
 570 ~~for purposes of Subsections (2)(f) through (i), the commission may make rules establishing the~~
 571 ~~method for determining a taxing entity's 1998 actual collections and 1999 actual collections.]~~

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

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

584 (ii) (A) A city or town located within a county of the first class to which Subsection
 585 (2)~~[(k)]~~(f)(i) applies may increase its certified tax rate by the amount necessary to generate

586 within the city or town the same amount of revenues as the county would collect from that city
587 or town if the decrease under Subsection (2)~~(f)~~(f)(i) did not occur.

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

591 ~~(f)~~ (g) (i) The certified tax rate of each county required under Subsection
592 17-34-1(4)(b) to provide detective investigative services to the unincorporated area of the
593 county shall be decreased:

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

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

599 (ii) (A) (I) Beginning with municipal fiscal year 2002, a city or town located within a
600 county to which Subsection (2)~~(f)~~(g)(i) applies may increase its certified tax rate to generate
601 within the city or town the same amount of revenue as the county would have collected during
602 county fiscal year 2001 from within the city or town except for Subsection (2)~~(f)~~(g)(i)(A).

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

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

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

615 (Aa) publishes a notice that meets the size, type, placement, and frequency
616 requirements of Section 59-2-919, reflects that the increase is a shift of a tax from one imposed

617 by the county to one imposed by the city or town, and explains how the revenues from the tax
618 increase will be used; and

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

621 ~~(m)~~ (h) (i) This Subsection (2)~~(m)~~(h) applies to each county that:

622 (A) establishes a countywide special service district under Title 17A, Chapter 2, Part
623 13, Utah Special Service District Act, to provide jail service, as provided in Subsection
624 17A-2-1304(1)(a)(x); and

625 (B) levies a property tax on behalf of the special service district under Section
626 17A-2-1322.

627 (ii) (A) The certified tax rate of each county to which this Subsection (2)~~(m)~~(h)
628 applies shall be decreased by the amount necessary to reduce county revenues by the same
629 amount of revenues that will be generated by the property tax imposed on behalf of the special
630 service district.

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

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

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

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

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

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

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

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

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

647 (Aa) for participating counties, in the unincorporated area of all participating counties;

648 and

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

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

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

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

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

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

663 (G) "Participating municipality" means a municipality whose area is included within a
664 fire district at the time of the creation of the fire district.

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

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

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

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

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

678 (j) For the calendar year beginning on January 1, 2007, the calculation of a taxing

679 entity's certified tax rate shall be adjusted by the amount necessary to offset any change in the
680 certified tax rate that may result from excluding the following from the certified tax rate under
681 Subsection (2)(a) enacted by the Legislature during the 2007 General Session:

682 (i) personal property tax revenue:

683 (A) received by a taxing entity; and

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

685 (ii) the taxable value of personal property:

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

687 (B) assessed by a county assessor in accordance with Part 3, County Assessment.

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

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

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

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

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

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

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

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

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

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

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

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

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

721 Section 5. **Retrospective operation.**

722 This bill has retrospective operation to January 1, 2007.

Legislative Review Note
as of 1-2-07 12:29 PM

Office of Legislative Research and General Counsel

H.B. 111 - Personal Property - Certified Tax Rate 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 due to truth in taxation.

1/17/2007, 6:37:07 PM, Lead Analyst: Wilko, A.

Office of the Legislative Fiscal Analyst