

**Representative Fred R Hunsaker** proposes the following substitute bill:

**CERTIFIED TAX RATE AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Fred R. Hunsaker**

Senate Sponsor: Wayne L. Niederhauser

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**LONG TITLE**

**General Description:**

This bill amends provisions in the Property Tax Act relating to the calculation of a taxing entity's certified tax rate.

**Highlighted Provisions:**

This bill:

- ▶ includes the revenue a taxing entity collects from redemptions as "ad valorem property tax revenues" for purposes of calculating the taxing entity's certified tax rate;
- ▶ requires a taxing entity's ad valorem property tax revenues budgeted for the prior year to be decreased by the average annual amount of revenue collected from redemptions during the prior five year period for purposes of calculating a taxing entity's certified tax rate;
- ▶ defines terms; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill has retrospective operation for taxable years beginning on or after January 1,



26 2009.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **59-2-924**, as last amended by Laws of Utah 2008, Chapters 61, 118, 231, 236, 330, 360,  
30 and 382



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

32 Section 1. Section **59-2-924** is amended to read:

33 **59-2-924. Report of valuation of property to county auditor and commission --**  
34 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**  
35 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

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

38 (a) a statement containing the aggregate valuation of all taxable real property assessed  
39 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

40 (b) a statement containing the taxable value of all personal property assessed by a  
41 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

42 (2) The county auditor shall, on or before June 8, transmit to the governing body of  
43 each taxing entity:

44 (a) the statements described in Subsections (1)(a) and (b);

45 (b) an estimate of the revenue from personal property;

46 (c) the certified tax rate; and

47 (d) all forms necessary to submit a tax levy request.

48 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem  
49 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior  
50 year.

51 (b) For purposes of this Subsection (3):

52 (i) "Ad valorem property tax revenues" do not include:

53 [~~(A)~~ collections from redemptions;]

54 [~~(B)~~ (A) interest;

55 [~~(C)~~ (B) penalties; and

57            [~~(D)~~] (C) revenue received by a taxing entity from personal property that is:  
58            (I) assessed by a county assessor in accordance with Part 3, County Assessment; and  
59            (II) semiconductor manufacturing equipment.  
60            (ii) "Aggregate taxable value of all property taxed" means:  
61            (A) the aggregate taxable value of all real property assessed by a county assessor in  
62 accordance with Part 3, County Assessment, for the current year;  
63            (B) the aggregate taxable year end value of all personal property assessed by a county  
64 assessor in accordance with Part 3, County Assessment, for the prior year; and  
65            (C) the aggregate taxable value of all real and personal property assessed by the  
66 commission in accordance with Part 2, Assessment of Property, for the current year.  
67            (c) (i) Except as otherwise provided in this section, the certified tax rate shall be  
68 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the  
69 taxing entity by the amount calculated under Subsection (3)(c)(ii).  
70            (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall  
71 calculate an amount as follows:  
72            (A) calculate for the taxing entity the difference between:  
73            (I) the aggregate taxable value of all property taxed; and  
74            (II) any redevelopment adjustments for the current calendar year;  
75            (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an  
76 amount determined by increasing or decreasing the amount calculated under Subsection  
77 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the  
78 equalization period for the three calendar years immediately preceding the current calendar  
79 year;  
80            (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the  
81 product of:  
82            (I) the amount calculated under Subsection (3)(c)(ii)(B); and  
83            (II) the percentage of property taxes collected for the five calendar years immediately  
84 preceding the current calendar year; and  
85            (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an  
86 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)  
87 any new growth as defined in this section:

88 (I) within the taxing entity; and

89 (II) for the following calendar year:

90 (Aa) for new growth from real property assessed by a county assessor in accordance  
91 with Part 3, County Assessment and all property assessed by the commission in accordance  
92 with Section 59-2-201, the current calendar year; and

93 (Bb) for new growth from personal property assessed by a county assessor in  
94 accordance with Part 3, County Assessment, the prior calendar year.

95 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all  
96 property taxed:

97 (A) except as provided in Subsection (3)(c)(iii)(B) or (3)(c)(ii)(C), is as defined in  
98 Subsection (3)(b)(ii);

99 (B) does not include the total taxable value of personal property contained on the tax  
100 rolls of the taxing entity that is:

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

102 (II) semiconductor manufacturing equipment; and

103 (C) for personal property assessed by a county assessor in accordance with Part 3,  
104 County Assessment, the taxable value of personal property is the year end value of the personal  
105 property contained on the prior year's tax rolls of the entity.

106 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after  
107 January 1, 2007, the value of taxable property does not include the value of personal property  
108 that is:

109 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,  
110 County Assessment; and

111 (B) semiconductor manufacturing equipment.

112 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after  
113 January 1, 2007, the percentage of property taxes collected does not include property taxes  
114 collected from personal property that is:

115 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,  
116 County Assessment; and

117 (B) semiconductor manufacturing equipment.

118 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after

119 January 1, 2009, the value of taxable property does not include the value of personal property  
 120 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County  
 121 Assessment.

122 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
 123 the commission may prescribe rules for calculating redevelopment adjustments for a calendar  
 124 year.

125 (viii) For purposes of Subsection (3)(c)(i), ~~H→ [for a calendar year beginning on or after~~  
 126 ~~January 1, 2009;]~~ ←H a taxing entity's ad valorem property tax revenues budgeted for the prior year  
 127 shall be decreased by an amount of revenue equal to the five year average of the most recent  
 128 prior five years of redemptions as reported on the county treasurer's final annual settlement  
 129 required under Subsection 59-2-1365(2) ~~H→ for the following calendar years:~~

129a (A) for a taxing entity operating under a January 1 through December 31 fiscal year, a  
 129b calendar year beginning on or after January 1, 2010; and

129c (B) for a taxing entity operating under a July 1 through June 30 fiscal year, a calendar  
 129d year beginning on or after January 1, 2009 ←H .

130 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,  
 131 the commission shall make rules determining the calculation of ad valorem property tax  
 132 revenues budgeted by a taxing entity.

133 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by  
 134 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are  
 135 calculated for purposes of Section 59-2-913.

136 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall  
 137 be calculated as follows:

138 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax  
 139 rate is zero;

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

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

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

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

149 (A) school leeways provided for under Sections 11-2-7, 53A-16-110, [53A-17a-125;]

150 53A-17a-127, 53A-17a-133, 53A-17a-134, 53A-17a-143, and 53A-17a-145[, ~~and~~  
151 ~~53A-21-103~~]; and

152 (B) levies to pay for the costs of state legislative mandates or judicial or administrative  
153 orders under Section 59-2-1604.

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

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

159 (g) The ad valorem property tax revenue generated by the capital outlay levy described  
160 in Section 53A-16-107 within a taxing entity in a county of the first class:

161 (i) may not be considered in establishing the school district's aggregate certified tax  
162 rate; and

163 (ii) shall be included by the commission in establishing a certified tax rate for that  
164 capital outlay levy determined in accordance with the calculation described in Subsection  
165 59-2-913(3).

166 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

167 (i) the taxable value of real property assessed by a county assessor contained on the  
168 assessment roll;

169 (ii) the taxable value of real and personal property assessed by the commission; and

170 (iii) the taxable year end value of personal property assessed by a county assessor  
171 contained on the prior year's assessment roll.

172 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the  
173 assessment roll does not include new growth as defined in Subsection (4)(c).

174 (c) "New growth" means:

175 (i) the difference between the increase in taxable value of the following property of the  
176 taxing entity from the previous calendar year to the current year:

177 (A) real property assessed by a county assessor in accordance with Part 3, County  
178 Assessment; and

179 (B) property assessed by the commission under Section 59-2-201; plus

180 (ii) the difference between the increase in taxable year end value of personal property

181 of the taxing entity from the year prior to the previous calendar year to the previous calendar  
182 year; minus

183 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

184 (d) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of the  
185 taxing entity does not include the taxable value of personal property that is:

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

188 (ii) semiconductor manufacturing equipment.

189 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

190 (i) the amount of increase to locally assessed real property taxable values resulting  
191 from factoring, reappraisal, or any other adjustments; or

192 (ii) the amount of an increase in the taxable value of property assessed by the  
193 commission under Section 59-2-201 resulting from a change in the method of apportioning the  
194 taxable value prescribed by:

195 (A) the Legislature;

196 (B) a court;

197 (C) the commission in an administrative rule; or

198 (D) the commission in an administrative order.

199 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal  
200 property on the prior year's assessment roll does not include:

201 (i) new growth as defined in Subsection (4)(c); or

202 (ii) the total taxable year end value of personal property contained on the prior year's  
203 tax rolls of the taxing entity that is:

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

205 (B) semiconductor manufacturing equipment.

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

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

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

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

211 (c) The county auditor shall notify all property owners of any intent to exceed the

212 certified tax rate in accordance with Subsection 59-2-919(3).

213 Section 2. **Retrospective operation.**

214 This bill has retrospective operation for a taxable year beginning on or after January 1,

215 2009.



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**H.B. 23 1st Sub. (Buff) - Certified Tax Rate Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill could result in a loss of local revenue of \$58 million in FY 2010. The loss is expected to decrease in FY 2011 and for the following five years. Local governments could choose to go through truth in taxation to minimize losses. As the certified rate decreases individuals and businesses could see reductions in property taxes owed.

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