

1                                   **PROPERTY TAX EXEMPTION FOR WATER**

2   **FACILITIES**

3   2010 GENERAL SESSION

4   STATE OF UTAH

5   **Chief Sponsor: Patrick Painter**

6   Senate Sponsor: John L. Valentine

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8                   **LONG TITLE**

9                   **General Description:**

10                   This bill modifies Revenue and Taxation provisions relating to property tax  
11                   exemptions.

12                   **Highlighted Provisions:**

13                   This bill:

14                   ▶ enacts a property tax exemption for:

15                   • water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, and  
16                   other water infrastructure if owned by a nonprofit entity and used within the  
17                   state to irrigate land, provide domestic water, or provide water to a public water  
18                   supplier;

19                   • land occupied by certain water facilities if the land is owned by the nonprofit  
20                   entity that owns the facilities; and

21                   • land adjacent to certain water facilities if the land is owned by the nonprofit  
22                   entity that owns the facilities and the land is reasonably necessary for the  
23                   maintenance or for otherwise supporting the operation of the facilities; and

24                   ▶ enacts definitions for "domestic water" and "other water infrastructure."

25                   **Monies Appropriated in this Bill:**

26                   None

27                   **Other Special Clauses:**

28                   This bill provides a contingent effective date of January 1, 2011.

29                   **Utah Code Sections Affected:**

30 AMENDS:

31 **59-2-1111**, as repealed and reenacted by Laws of Utah 1988, Chapter 3



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

34 Section 1. Section **59-2-1111** is amended to read:

35 **59-2-1111. Exemption of property used for irrigation purposes -- Exemption of a**  
36 **nonprofit entity's property used for water purposes.**

37 (1) Water rights, ditches, canals, reservoirs, power plants, pumping plants,  
38 transmission lines, pipes, and flumes owned and used by individuals or corporations for  
39 irrigating land within the state owned by those individuals or corporations, or by the  
40 individual members of the corporation, are exempt from taxation to the extent that they are  
41 owned and used for irrigation purposes.

42 (2) (a) As used in this Subsection (2) and for purposes of Article XIII, Section 3 of the  
43 Utah Constitution:

44 (i) "Domestic water" means water used for a residential or commercial application,  
45 including the outdoor watering of vegetation.

46 (ii) "Other water infrastructure" means property, other than a reservoir, pumping plant,  
47 ditch, canal, pipe, or flume, whose use is physically necessary in the production, treatment,  
48 storage, or distribution of water.

49 (b) If owned by a nonprofit entity and used within the state to irrigate land, provide  
50 domestic water, or provide water to a public water supplier, the following are exempt from  
51 taxation:

52 (i) a water right;

53 (ii) a reservoir, pumping plant, ditch, canal, pipe, and flume; and

54 (iii) other water infrastructure.

55 (c) Land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection  
56 (2)(b)(ii) is exempt if the land is owned by the nonprofit entity that owns the reservoir, ditch,  
57 canal, or pipe.

58            (d) Land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under  
59 Subsection (2)(b)(ii) is exempt if the land is:

60            (i) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or pipe;  
61 and

62            (ii) reasonably necessary for the maintenance or for otherwise supporting the operation  
63 of the reservoir, ditch, canal, or pipe.

64            Section 2. **Effective date.**

65            This bill takes effect January 1, 2011 if the amendment to the Utah Constitution  
66 proposed by H.J.R. 2, Joint Resolution on Property Tax Exemption for Water Facilities, 2010  
67 General Session, passes the Legislature and is approved by a majority of those voting on it at  
68 the next regular general election.