

**PROPERTY TAX EXEMPTION FOR WATER**

**FACILITIES**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Patrick Painter**

Senate Sponsor: John L. Valentine

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**LONG TITLE**

**Committee Note:**

The Revenue and Taxation Interim Committee recommended this bill.

**General Description:**

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

**Highlighted Provisions:**

This bill:

▶ enacts a property tax exemption for:

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

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

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

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

**Monies Appropriated in this Bill:**



28 None

29 **Other Special Clauses:**

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

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **59-2-1111**, as repealed and reenacted by Laws of Utah 1988, Chapter 3



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

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

37 **59-2-1111. Exemption of property used for irrigation purposes.**

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

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

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

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

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

53 (i) a water right;

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

55 (iii) other water infrastructure.

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

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

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

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

65           Section 2. **Effective date.**

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

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**Legislative Review Note**  
as of 11-19-09 1:32 PM

**Office of Legislative Research and General Counsel**

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**H.B. 54 - Property Tax Exemption for Water Facilities**

**Fiscal Note**

2010 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 reallocation of approximately \$500,000 in property taxes among taxpayers. The net impact is revenue neutral.

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