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**JOINT RESOLUTION ON PROPERTY TAX
EXEMPTION FOR WATER FACILITIES**

2010 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Patrick Painter

Senate Sponsor: Howard A. Stephenson

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

The Utah Constitutional Revision Commission recommended this bill.

Membership: 5 legislators 8 non-legislators

Legislative Vote: 2 voting for 0 voting against 3 absent

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to enact a property tax exemption related to certain property associated with water.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

▶ enact a property tax exemption for:

• certain property 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 exempt facilities if the land is owned by the nonprofit entity that owns the facilities; and

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

Special Clauses:



28 This resolution directs the lieutenant governor to submit this proposal to voters.

29 This resolution provides a contingent effective date of January 1, 2011 for this proposal.

30 **Utah Constitution Sections Affected:**

31 AMENDS:

32 **ARTICLE XIII, SECTION 3**



34 *Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each*
35 *of the two houses voting in favor thereof:*

36 Section 1. It is proposed to amend Utah Constitution Article XIII, Section 3, to read:

37 **Article XIII, Section 3. [Property tax exemptions.]**

38 (1) The following are exempt from property tax:

39 (a) property owned by the State;

40 (b) property owned by a public library;

41 (c) property owned by a school district;

42 (d) property owned by a political subdivision of the State, other than a school district,
43 and located within the political subdivision;

44 (e) property owned by a political subdivision of the State, other than a school district,
45 and located outside the political subdivision unless the Legislature by statute authorizes the
46 property tax on that property;

47 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
48 educational purposes;

49 (g) places of burial not held or used for private or corporate benefit;

50 (h) farm equipment and farm machinery as defined by statute; ~~and~~

51 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power
52 plants, and transmission lines to the extent owned and used by an individual or corporation to
53 irrigate land that is:

54 (i) within the State; and

55 (ii) owned by the individual or corporation, or by an individual member of the
56 corporation~~[-]; and~~

57 (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide
58 domestic water, as defined by statute, or provide water to a public water supplier:

59 (A) water rights; and

60 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by
61 statute, other water infrastructure;

62 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection
63 (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or
64 pipe; and

65 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under
66 Subsection (1)(j)(i)(B) if the land is:

67 (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or
68 pipe; and

69 (B) reasonably necessary for the maintenance or for otherwise supporting the operation
70 of the reservoir, ditch, canal, or pipe.

71 (2) (a) The Legislature may by statute exempt the following from property tax:

72 (i) tangible personal property constituting inventory present in the State on January 1
73 and held for sale in the ordinary course of business;

74 (ii) tangible personal property present in the State on January 1 and held for sale or
75 processing and shipped to a final destination outside the State within 12 months;

76 (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver
77 electrical power for pumping water to irrigate lands in the State;

78 (iv) up to 45% of the fair market value of residential property, as defined by statute;

79 (v) household furnishings, furniture, and equipment used exclusively by the owner of
80 that property in maintaining the owner's home; and

81 (vi) tangible personal property that, if subject to property tax, would generate an
82 inconsequential amount of revenue.

83 (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users
84 of pumped water as provided by statute.

85 (3) The following may be exempted from property tax as provided by statute:

86 (a) property owned by a disabled person who, during military training or a military
87 conflict, was disabled in the line of duty in the military service of the United States or the State;
88 and

89 (b) property owned by the unmarried surviving spouse or the minor orphan of a person

90 who:

91 (i) is described in Subsection (3)(a); or

92 (ii) during military training or a military conflict, was killed in action or died in the line
93 of duty in the military service of the United States or the State.

94 (4) The Legislature may by statute provide for the remission or abatement of the taxes
95 of the poor.

96 Section 2. **Submittal to voters.**

97 The lieutenant governor is directed to submit this proposed amendment to the voters of
98 the state at the next regular general election in the manner provided by law.

99 Section 3. **Effective date.**

100 If the amendment proposed by this joint resolution is approved by a majority of those
101 voting on it at the next regular general election, the amendment shall take effect on January 1,
102 2011.

Legislative Review Note
as of 11-19-09 1:31 PM

Office of Legislative Research and General Counsel

H.J.R. 2 - Joint Resolution on Property Tax Exemption for Water Facilities

Fiscal Note

2010 General Session
State of Utah

State Impact

Publication and distribution costs to put this resolution on the ballot will require a one-time FY 2011 appropriation of \$14,700 from the General Fund.

	<u>FY 2010 Approp.</u>	<u>FY 2011 Approp.</u>	<u>FY 2012 Approp.</u>	<u>FY 2010 Revenue</u>	<u>FY 2011 Revenue</u>	<u>FY 2012 Revenue</u>
General Fund, One-Time	\$0	\$14,700	\$0	\$0	\$0	\$0
Total	\$0	\$14,700	\$0	\$0	\$0	\$0

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.