

- 30 (ii) includes:
- 31 (A) the purchase price for a new or used item;
- 32 (B) the cost of freight and shipping;
- 33 (C) the cost of installation, engineering, erection, or assembly; and
- 34 (D) sales and use taxes.

35 ~~[(b) "Expensed personal property" means an item of taxable tangible personal property~~
 36 ~~that:]~~

37 ~~[(i) has an acquisition cost of \$1,000 or less; and]~~

38 ~~[(ii) a person elects to have assessed according to a schedule described in Subsection~~
 39 ~~(4):]~~

40 ~~[(c)]~~ (b) (i) "Item of taxable tangible personal property" does not include an
 41 improvement to real property or a part that will become an improvement.

42 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 43 commission may make rules defining the term "item of taxable tangible personal property."

44 ~~[(d) (i) "Short life expensed personal property" means expensed personal property that~~
 45 ~~is the same type as the following personal property:]~~

46 ~~[(A) short life property;]~~

47 ~~[(B) short life trade fixtures; or]~~

48 ~~[(C) computer hardware.]~~

49 ~~[(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~
 50 ~~the commission may make rules defining the following terms:]~~

51 ~~[(A) "short life property";]~~

52 ~~[(B) "short life trade fixtures"; and]~~

53 ~~[(C) "computer hardware."]~~

54 (c) "Noncapitalized personal property" means an item of tangible personal property

55 that:

56 (i) has an acquisition cost of \$1,000 or less; and

57 (ii) is claimed as allowed on a federal tax return as a deductible expense under Section

58 162 or Section 179, Internal Revenue Code, in the year of acquisition.

59 ~~[(e)]~~ (d) "Taxable tangible personal property" means tangible personal property that is
60 subject to taxation under this chapter.

61 (2) (a) A person may ~~[elect to designate taxable tangible personal property as~~
62 ~~expensed]~~ make an election for the noncapitalized personal property owned by the person to be
63 assessed and taxed as provided in this section.

64 (b) ~~[A]~~ Except as provided in Subsection (2)(c), a county [shall] may not require a
65 person who makes an election under this section to:

66 (i) itemize ~~[expensed]~~ noncapitalized personal property on the signed statement
67 described in Section 59-2-306; ~~[and]~~ or

68 (ii) track ~~[expensed]~~ noncapitalized personal property.

69 (c) If a ~~[taxpayer's expensed]~~ person's noncapitalized personal property for which the
70 person makes an election under this section is audited in accordance with Subsection
71 59-2-306(3), ~~[a taxpayer]~~ the person shall provide proof of the acquisition cost of the
72 ~~[expensed]~~ noncapitalized personal property.

73 (3) (a) An election ~~[to designate taxable tangible personal property as expensed~~
74 ~~personal property]~~ under this section may not be revoked.

75 (b) Except as provided in Subsection (3)(d), if ~~[an item of taxable tangible personal~~
76 ~~property is designated as expensed personal property]~~ a person makes an election under this
77 section with respect to noncapitalized personal property, the person [must] shall pay taxes on
78 the noncapitalized personal property according to the ~~[taxable value determined by the~~
79 ~~schedule for a term designated by a]~~ schedule described in Subsection (4).

80 (c) If a person sells or otherwise disposes of an item of ~~[expensed]~~ noncapitalized
81 personal property for which the person makes an election under this section prior to the ~~[time~~
82 ~~period described in Subsection (3)(b) or (d)]~~ fourth year after acquisition, the person shall
83 continue to pay taxes according to the schedule described in Subsection (4).

84 (d) If a person ~~[elects to designate an item of taxable tangible]~~ makes an election under
85 this section for noncapitalized personal property acquired on or before December 31, [2008]

86 ~~2012, [as expensed personal property] at a time after the first year after [the item is acquired]~~
87 ~~acquisition, the person [must] shall~~ pay taxes according to the taxable value for the applicable
88 one or more years after acquisition as determined by the schedule [for a time period that
89 ~~equals:] described in Subsection (4).~~

90 ~~[(i) the time period designated in Subsection (3)(b); less]~~
91 ~~[(ii) the time period beginning when the person acquired the item of expensed personal~~
92 ~~property and ending when the person designated the item as short life expensed personal~~
93 ~~property.]~~

94 (e) If a person ~~[elects to designate taxable tangible personal property as expensed~~
95 ~~personal property in accordance with Subsection (2)(a)]~~ makes an election under this section,
96 the person may not appeal the values described in Subsection (4).

97 (4) ~~[(a) For the taxable year beginning on January 1, 2009 and ending on December 31,~~
98 ~~2009, the] The~~ taxable value of ~~[short life expensed]~~ noncapitalized personal property for
99 which a person makes an election under this section is calculated by applying the percent good
100 factor against the acquisition cost of the noncapitalized personal property as follows:

101 ~~[Short Life Expensed]~~ Noncapitalized Personal Property Schedule

102	Year [of] <u>after</u> Acquisition	Percent Good of Acquisition Cost
103	[2008]	[69%]
104	<u>First year after acquisition</u>	<u>75%</u>
105	[2007] <u>Second year after acquisition</u>	[52%] <u>50%</u>
106	[2006] <u>Third year after acquisition</u>	[30%] <u>25%</u>
107	[2005] <u>Fourth year after acquisition</u>	[17%] <u>0%</u>
108	[2004]	[11%]

109 ~~[(b) For taxable years beginning on or after January 1, 2010, the taxable value of short~~
110 ~~life expensed personal property shall be assessed according to a schedule developed by the~~
111 ~~commission in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.]~~

112 Section 2. Section **59-2-1115** is amended to read:

113 **59-2-1115. Exemption of certain tangible personal property.**

114 (1) For purposes of this section:

115 (a) (i) "Acquisition cost" means all costs required to put an item of tangible personal
116 property into service; and

117 (ii) includes:

118 (A) the purchase price for a new or used item;

119 (B) the cost of freight and shipping;

120 (C) the cost of installation, engineering, erection, or assembly; and

121 (D) sales and use taxes.

122 (b) (i) "Item of taxable tangible personal property" does not include an improvement to
123 real property or a part that will become an improvement.

124 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
125 commission may make rules defining the term "item of taxable tangible personal property."

126 (c) (i) "Taxable tangible personal property" means tangible personal property that is
127 subject to taxation under this chapter.

128 (ii) "Taxable tangible personal property" does not include:

129 (A) tangible personal property required by law to be registered with the state before it
130 is used:

131 (I) on a public highway;

132 (II) on a public waterway;

133 (III) on public land; or

134 (IV) in the air;

135 (B) a mobile home as defined in Section 41-1a-102; or

136 (C) a manufactured home as defined in Section 41-1a-102.

137 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if
138 the taxable tangible personal property has a total aggregate fair market value per county of
139 \$3,500 or less.

140 (b) An item of taxable tangible personal property, except for an item of noncapitalized

141 personal property as defined in Section 59-2-108, is exempt from taxation if the item of taxable
142 tangible personal property:

143 (i) has an acquisition cost of \$1,000 or less;

144 (ii) has reached a percent good of 15% or less according to a personal property

145 schedule[~~-(A)~~] published by the commission pursuant to Section 59-2-107; [~~or~~] and

146 [~~(B) for an item of personal property that is designated as expensed personal property~~
147 ~~in accordance with Section 59-2-108, described in Section 59-2-108; and]~~

148 (iii) is in a personal property schedule with a residual value of 15% or less.

149 (3) (a) For calendar years beginning on or after January 1, 2008, the commission shall
150 increase the dollar amount described in Subsection (2)(a):

151 (i) by a percentage equal to the percentage difference between the consumer price
152 index for the preceding calendar year and the consumer price index for calendar year 2006; and

153 (ii) up to the nearest \$100 increment.

154 (b) For purposes of this Subsection (3), the commission shall calculate the consumer
155 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

156 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative
157 percentage, the consumer price index increase for the year is zero.

158 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
159 commission may make rules to administer this section and provide for uniform
160 implementation.

161 **Section 3. Effective date.**

162 This bill takes effect on January 1, 2013.