

HB0387S01 compared with HB0387

~~deleted text~~ shows text that was in HB0387 but was deleted in HB0387S01.

inserted text shows text that was not in HB0387 but was inserted into HB0387S01.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will not be completely accurate. Therefore, you need to read the actual bill. This automatically generated document could experience abnormalities caused by: limitations of the compare program; bad input data; the timing of the compare; and other potential causes.

Representative John Dougall proposes the following substitute bill:

PROPERTY TAX MODIFICATIONS

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: John Dougall

Senate Sponsor: _____

LONG TITLE

General Description:

This bill makes changes to the property taxation of personal property.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ modifies the property taxation of certain personal property; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2013.

Utah Code Sections Affected:

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AMENDS:

59-2-108, as enacted by Laws of Utah 2008, Chapter 61

59-2-1115, as last amended by Laws of Utah 2008, Chapters 61 and 382

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

Section 1. Section **59-2-108** is amended to read:

59-2-108. Depreciation schedule for certain taxable tangible personal property.

(1) As used in this section:

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

(ii) includes:

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

(B) the cost of freight and shipping;

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

(D) sales and use taxes.

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

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

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

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

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

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

~~[(A) short life property:]~~

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

~~[(C) computer hardware:]~~

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

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

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

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

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

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

(ii) is claimed as allowed on a federal individual income tax return as a deductible expense under Section 162 or Section 179, Internal Revenue Code, in the year of acquisition.

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

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

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

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

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

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

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

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

(c) If a person sells or otherwise disposes of an item of ~~[expensed]~~ noncapitalized personal property for which the person makes an election under this section prior to the time

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period described in Subsection (3)(b) or (d)] fourth year after acquisition, the person shall continue to pay taxes according to the schedule described in Subsection (4).

(d) If a person [~~elects to designate an item of taxable tangible~~] makes an election under this section for noncapitalized personal property acquired on or before December 31, [2008] 2012, [~~as expensed personal property~~] at a time after the first year after [~~the {} item {}~~] noncapitalized personal property is acquired] acquisition, the person [~~must~~] shall pay taxes according to the taxable value for the applicable one or more years after acquisition as determined by the schedule [for a time period that equals:] described in Subsection (4). [~~for a time period~~]

[~~{that equals} equal to the difference between:~~

———) (i) the time period [~~{}~~] described] in Subsection (3)(b); [~~{less} {} and~~

[(ii) the time period beginning [~~{}~~] when [~~{}~~] on the date] the person acquired the [~~{}~~] item of expensed [~~{}~~] noncapitalized] personal property and ending [~~{}~~] when [~~{}~~] on the date] the person [~~{}~~] designated the item as short life expensed personal property.] [~~{ made the election under this section.}~~]

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

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

[Short Life Expensed] Noncapitalized Personal Property Schedule

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

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

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

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

(1) For purposes of this section:

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

(ii) includes:

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

(B) the cost of freight and shipping;

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

(D) sales and use taxes.

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

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

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

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

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

(I) on a public highway;

(II) on a public waterway;

(III) on public land; or

(IV) in the air;

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

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

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

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(b) An item of taxable tangible personal property ~~†~~ except for an item of noncapitalized personal property as defined in Section 59-2-108. ~~†~~ is exempt from taxation if the item of taxable tangible personal property:

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

(ii) has reached a percent good of 15% or less according to a personal property schedule ~~[(A)]~~ published by the commission pursuant to Section 59-2-107; ~~[or]~~ and

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

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

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

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

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

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

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

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

Section 3. **Effective date.**

This bill takes effect on January 1, 2013.

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Legislative Review Note

~~as of 2-27-12 2:07 PM~~

~~Office of Legislative Research and General Counsel~~