

1                   **PROPERTY TAX VALUATION AND ASSESSMENT**

2                                   **MODIFICATIONS**

3   2015 GENERAL SESSION

4   STATE OF UTAH

5                                   **Chief Sponsor: Curtis S. Bramble**

6                                   House Sponsor: Daniel McCay

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8 **LONG TITLE**

9 **General Description:**

10           This bill modifies provisions related to property assessed by the State Tax Commission.

11 **Highlighted Provisions:**

12           This bill:

- 13           ▶ authorizes the State Tax Commission to consult with a county during the valuation
- 14 process;
- 15           ▶ addresses provisions related to objections that are required to be contained in certain
- 16 property tax notices;
- 17           ▶ addresses objections to a property tax assessment with respect to property assessed
- 18 by the State Tax Commission;
- 19           ▶ requires a study by the Revenue and Taxation Interim Committee and provides a
- 20 repeal date for the study;
- 21           ▶ repeals obsolete language; and
- 22           ▶ makes technical and conforming changes.

23 **Money Appropriated in this Bill:**

24           None

25 **Other Special Clauses:**

26           This bill provides a special effective date.

27 **Utah Code Sections Affected:**

28 AMENDS:

29           **59-2-201**, as last amended by Laws of Utah 2009, Chapters 226 and 235

- 30           **59-2-802**, as last amended by Laws of Utah 1997, Chapter 309
- 31           **59-2-803**, as last amended by Laws of Utah 1997, Chapter 309
- 32           **59-2-1007**, as last amended by Laws of Utah 2008, Chapter 382
- 33           **63I-2-259**, as last amended by Laws of Utah 2014, Chapter 256

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

36           Section 1. Section **59-2-201** is amended to read:

37           **59-2-201. Assessment by commission -- Determination of value of mining**  
38 **property -- Notification of assessment -- Local assessment of property assessed by the**  
39 **unitary method -- Commission may consult with county.**

40           (1) (a) By May 1 of each year the following property, unless otherwise exempt under  
41 the Utah Constitution or under Part 11, Exemptions, Deferrals, and Abatements, shall be  
42 assessed by the commission at 100% of fair market value, as valued on January 1, in  
43 accordance with this chapter:

44           (i) except as provided in Subsection (2), all property which operates as a unit across  
45 county lines, if the values must be apportioned among more than one county or state;

46           (ii) all property of public utilities;

47           (iii) all operating property of an airline, air charter service, and air contract service;

48           (iv) all geothermal fluids and geothermal resources;

49           (v) all mines and mining claims except in cases, as determined by the commission,  
50 where the mining claims are used for other than mining purposes, in which case the value of  
51 mining claims used for other than mining purposes shall be assessed by the assessor of the  
52 county in which the mining claims are located; and

53           (vi) all machinery used in mining, all property or surface improvements upon or  
54 appurtenant to mines or mining claims. For the purposes of assessment and taxation, all  
55 processing plants, mills, reduction works, and smelters which are primarily used by the owner  
56 of a mine or mining claim for processing, reducing, or smelting minerals taken from a mine or  
57 mining claim shall be considered appurtenant to that mine or mining claim, regardless of actual

58 location.

59 (b) (i) For purposes of Subsection (1)(a)(iii), operating property of an air charter  
60 service does not include an aircraft that is:

- 61 (A) used by the air charter service for air charter; and
- 62 (B) owned by a person other than the air charter service.

63 (ii) For purposes of this Subsection (1)(b):

64 (A) "person" means a natural person, individual, corporation, organization, or other  
65 legal entity; and

66 (B) a person does not qualify as a person other than the air charter service as described  
67 in Subsection (1)(b)(i)(B) if the person is:

- 68 (I) a principal, owner, or member of the air charter service; or
- 69 (II) a legal entity that has a principal, owner, or member of the air charter service as a  
70 principal, owner, or member of the legal entity.

71 (2) The commission shall assess and collect property tax on state-assessed commercial  
72 vehicles at the time of original registration or annual renewal.

73 (a) The commission shall assess and collect property tax annually on state-assessed  
74 commercial vehicles which are registered pursuant to Section [41-1a-222](#) or [41-1a-228](#).

75 (b) State-assessed commercial vehicles brought into the state which are required to be  
76 registered in Utah shall, as a condition of registration, be subject to ad valorem tax unless all  
77 property taxes or fees imposed by the state of origin have been paid for the current calendar  
78 year.

79 (c) Real property, improvements, equipment, fixtures, or other personal property in this  
80 state owned by the company shall be assessed separately by the local county assessor.

81 (d) The commission shall adjust the value of state-assessed commercial vehicles as  
82 necessary to comply with 49 U.S.C. Sec. 14502, and the commission shall direct the county  
83 assessor to apply the same adjustment to any personal property, real property, or improvements  
84 owned by the company and used directly and exclusively in their commercial vehicle activities.

85 (3) The method for determining the fair market value of productive mining property is

86 the capitalized net revenue method or any other valuation method the commission believes, or  
87 the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative of  
88 the fair market value of the mining property. The rate of capitalization applicable to mines  
89 shall be determined by the commission, consistent with a fair rate of return expected by an  
90 investor in light of that industry's current market, financial, and economic conditions. In no  
91 event may the fair market value of the mining property be less than the fair market value of the  
92 land, improvements, and tangible personal property upon or appurtenant to the mining  
93 property.

94 (4) Immediately following the assessment, the owner or operator of the assessed  
95 property shall be notified of the assessment by certified mail. The assessor of the county in  
96 which the property is located shall also be immediately notified of the assessment by certified  
97 mail.

98 (5) The commission may consult with a county in valuing property in accordance with  
99 this part.

100 [~~(5)~~] (6) Property assessed by the unitary method, which is not necessary to the conduct  
101 and does not contribute to the income of the business as determined by the commission, shall  
102 be assessed separately by the local county assessor.

103 [~~(6)(a) Except as provided in Subsection (6)(b), for calendar years beginning on or~~  
104 ~~after January 1, 2009 and ending on or before December 31, 2010, the method for determining~~  
105 ~~the fair market value of an aircraft, aircraft type, or mobile flight equipment assessed under this~~  
106 ~~part is equal to:]~~

107 [~~(i) the value referenced in the Used Price for Avg Acft Wholesale column of the~~  
108 ~~Airliner Price Guide by make, model, series, and year of manufacture; minus]~~

109 [~~(ii) 20% of the value described in Subsection (6)(a)(i).]~~

110 [~~(b) Notwithstanding Subsection (6)(a), for calendar years beginning on or after~~  
111 ~~January 1, 2009 and ending on or before December 1, 2010, the method for determining the~~  
112 ~~fair market value of an aircraft not listed in the Airliner Price Guide is equal to:]~~

113 [~~(i) the value references in the Average Wholesale column of the Aircraft Bluebook~~

114 Price Digest by make, model, series, and year of manufacture; minus]

115 [~~(ii) 20% of the value described in Subsection (6)(b)(i).~~]

116 Section 2. Section **59-2-802** is amended to read:

117 **59-2-802. Statement of commission transmitted to county auditors -- Contents of**  
118 **statement -- Duties of auditors -- Change of assessment prohibited.**

119 (1) The commission shall, before June 8, annually transmit to the county auditor of  
120 each county to which an apportionment has been made a statement showing:

121 (a) the property assessed;

122 (b) the value of the property, as fixed and apportioned to the tax areas; and

123 (c) the aggregate amount of taxable value placed in dispute [~~by property owners within~~  
124 ~~the county pursuant to~~] in accordance with Section **59-2-1007**.

125 (2) The county auditor shall enter the:

126 (a) statement on the county assessment roll or book; and

127 (b) amount of the assessment apportioned to the county in the column of the  
128 assessment book or roll which shows for the county the total taxable value of all property.

129 (3) A county board of equalization may not change any assessment fixed by the  
130 commission.

131 Section 3. Section **59-2-803** is amended to read:

132 **59-2-803. Statement transmitted by county auditors to governing bodies --**  
133 **Contents of statement.**

134 (1) The county auditor shall transmit to the governing bodies of taxing entities in  
135 which the property is located, or to which any of the value is apportioned, a statement of the  
136 valuation of all property as fixed and apportioned by the commission and reported under  
137 Section **59-2-802**.

138 (2) The statement under Subsection (1) shall contain the aggregate amount of taxable  
139 value placed in dispute [~~by property owners within the county pursuant to~~] in accordance with  
140 Section **59-2-1007**.

141 (3) The statement shall be transmitted at the same time and in the same manner as the

142 statement is transmitted under Section [59-2-924](#).

143 Section 4. Section [59-2-1007](#) is amended to read:

144 **[59-2-1007. Objection to assessment by commission -- Application -- Contents of](#)**  
 145 **[application -- Amending an application -- Hearings -- Appeals.](#)**

146 (1) (a) ~~[If]~~ Subject to the other provisions of this section, if the owner of [any] property  
 147 assessed by the commission~~[, or any county upon a showing of reasonable cause,]~~ objects to the  
 148 assessment, the owner ~~[or the county may,]~~ may apply to the commission for a hearing on the  
 149 objection on or before the later of:

150 (i) June 1; or ~~[a day within]~~

151 (ii) 30 days ~~[of]~~ after the date the commission mails the notice of assessment~~[is mailed~~  
 152 ~~by the commission pursuant to]~~ in accordance with Section [59-2-201](#)~~[, apply to the commission~~  
 153 ~~for a hearing]~~.

154 (b) The commission shall allow ~~[the following]~~ an owner that meets the requirements  
 155 of Subsection (1)(a) to be a party at a hearing under this section~~[:].~~

156 ~~[(i) the owner; and]~~

157 ~~[(ii) the county upon a showing of reasonable cause.]~~

158 (2) Subject to the other provisions of this section, a county that objects to the  
 159 assessment of property assessed by the commission may apply to the commission for a hearing  
 160 on the objection:

161 (a) for an assessment with respect to which the owner has applied to the commission  
 162 for a hearing on the objection under Subsection (1), if the county applies to the commission to  
 163 become a party to the hearing on the objection no later than 30 days after the date the owner  
 164 applied to the commission for the hearing on the objection; or

165 (b) for an assessment with respect to which the owner has not applied to the  
 166 commission for a hearing on the objection under Subsection (1), if the county:

167 (i) reasonably believes that the commission should have assessed the property for the  
 168 current calendar year at a fair market value that is at least the lesser of an amount that is:

169 (A) 50% greater than the value at which the commission is assessing the property for

170 the current calendar year; or

171 (B) 50% greater than the value at which the commission assessed the property for the  
172 prior calendar year; and

173 (ii) applies to the commission for a hearing on the objection no later than 30 days after  
174 the last day on which the owner could have applied to the commission for a hearing on the  
175 objection under Subsection (1).

176 (3) Before a county may apply to the commission for a hearing under this section on an  
177 objection to an assessment, a majority of the members of the county legislative body shall  
178 approve filing an application under this section.

179 (4) (a) The commission shall allow a county that meets the requirements of  
180 Subsections (2) and (3) to be a party at a hearing under this section.

181 (b) The commission shall allow an owner to be a party at a hearing under this section  
182 on an objection to an assessment a county files in accordance with Subsection (2)(b).

183 ~~[(2) The]~~ (5) An owner or a county shall include in [the] an application under  
184 ~~[Subsection (1)(a)]~~ this section:

185 (a) a written statement:

186 (i) setting forth the known facts and legal basis supporting a different fair market value  
187 than the value assessed by the commission; and

188 (ii) for an assessment described in Subsection (2)(b), establishing the county's  
189 reasonable belief that the commission should have assessed the property for the current  
190 calendar year at a fair market value that is at least the lesser of an amount that is:

191 (A) 50% greater than the value at which the commission is assessing the property for  
192 the current calendar year; or

193 (B) 50% greater than the value at which the commission assessed the property for the  
194 prior calendar year; and

195 (b) the owner's or county's estimate of the fair market value of the property.

196 ~~[(3)]~~ (6) (a) [An] Except as provided in Subsection (6)(b), an owner's or a county's  
197 estimate on an application under [Subsection (2)] this section of the fair market value of the

198 property may be amended prior to the hearing as provided by rule.

199 (b) A county may not amend the fair market value of property under this Subsection (6)  
200 to equal an amount that is less than the lesser of:

201 (i) the value at which the commission is assessing the property for the current calendar  
202 year plus 50%; or

203 (ii) the value at which the commission assessed the property for the prior calendar year  
204 plus 50%.

205 ~~[(b)]~~ (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
206 Act, the commission may make rules governing the procedures for amending an estimate of  
207 fair market value under this Subsection ~~[(3)](a)~~ (6).

208 (7) In applying to the commission for a hearing on an objection under this section:

209 (a) a county may estimate the fair market value of the property using a valuation  
210 methodology the county considers to be appropriate, regardless of:

211 (i) the valuation methodology used previously in valuing the property; or

212 (ii) the valuation methodology an owner asserts; and

213 (b) an owner may estimate the fair market value of the property using a valuation  
214 methodology the owner considers to be appropriate, regardless of:

215 (i) the valuation methodology used previously in valuing the property; or

216 (ii) the valuation methodology a county asserts.

217 ~~[(4)]~~ (8) (a) An owner ~~[applying]~~ who applies to the commission for a hearing in  
218 accordance with Subsection (1) shall, for the property for which the owner objects to the  
219 commission's assessment, file a copy of the application with the county auditor of each county  
220 in which the property is located.

221 (b) A county auditor ~~[receiving]~~ who receives a copy of an application in accordance  
222 with Subsection ~~[(4)]~~ (8)(a) shall provide a copy of the application to the county:

223 (i) assessor;

224 (ii) attorney;

225 (iii) legislative body; and

226 (iv) treasurer.

227 ~~[(5)]~~ (9) (a) On or before August 1, the commission shall conduct a scheduling  
228 conference with all parties to a hearing under this section.

229 (b) At the scheduling conference under Subsection ~~[(5)]~~ (9)(a), the commission shall  
230 establish dates for:

- 231 (i) the completion of discovery;
- 232 (ii) the filing of prehearing motions; and
- 233 (iii) conducting a hearing on the objection to the assessment.

234 ~~[(6)]~~ (10) (a) The commission shall issue a written decision no later than 120 days after  
235 the later of the date:

- 236 (i) the hearing ~~[described in Subsection (5)(b)]~~ under this section is completed; or
- 237 (ii) all posthearing briefs are submitted.

238 (b) ~~[Any applications not resolved by the commission within]~~ If the commission does  
239 not issue a written decision on an objection to an assessment under this section within a  
240 two-year period ~~[from the date of filing are]~~ after the date an application under this section is  
241 filed, the objection is considered to be denied, unless the parties stipulate to a different time  
242 period for resolving ~~[an application]~~ the objection.

243 (c) A party may appeal to the district court ~~[pursuant to]~~ in accordance with Section  
244 59-1-601 within 30 days ~~[from the day on which]~~ after the date an ~~[application]~~ objection is  
245 considered to be denied.

246 ~~[(7)]~~ (11) At the hearing on ~~[the application]~~ an objection under this section, the  
247 commission may increase, lower, or sustain the assessment if:

- 248 (a) the commission finds an error in the assessment; or
- 249 (b) the commission determines that increasing, lowering, or sustaining the assessment  
250 is necessary to equalize the assessment with other similarly assessed property.

251 ~~[(8)]~~ (12) (a) ~~[(†)]~~ The commission shall send notice of a commission action under  
252 Subsection ~~[(7)]~~ (11) to a county auditor if:

253 ~~[(A)]~~ (i) the commission proposes to adjust an assessment ~~[which was made pursuant~~

254 to] the commission made in accordance with Section 59-2-201;

255 [(B)] (ii) the county's tax revenues may be affected by the commission's decision; and

256 [(C)] (iii) the county [~~has not already been made a party pursuant to Subsection (1)] is~~  
257 not a party to the hearing under this section.

258 [(ii)] (b) The written notice [~~sent by the commission under Subsection (8)(a)(i)]~~  
259 described in Subsection (12)(a):

260 [(A)] (i) may be transmitted by:

261 [(H)] (A) any form of electronic communication;

262 [(H)] (B) first class mail; or

263 [(H)] (C) private carrier; and

264 [(B)] (ii) shall request the county to show good cause why the commission should not  
265 adjust the assessment by requesting the county to provide to the commission a written  
266 statement[~~;~~(H)] setting forth the known facts and legal basis for not adjusting the assessment[~~;~~  
267 ~~and (H)] within 30 days from the date of the written notice.~~

268 [(b)] (c) If a county provides a written statement described in Subsection (12)(b) to the  
269 commission [~~a written statement in accordance with Subsection (8)(a)(ii)(B)],~~ the commission  
270 shall:

271 (i) hold a hearing or take other appropriate action to consider the good cause [~~alleged~~  
272 ~~by the county]~~ the county provides in the written statement; and

273 (ii) issue a written decision increasing, lowering, or sustaining the assessment.

274 [(e)] (d) If a county does not provide [~~to the commission]~~ a written statement [~~in~~  
275 ~~accordance with Subsection (8)(a)(ii)(B);]~~ described in Subsection (12)(b) to the commission  
276 within 30 days after the commission sends the notice described in Subsection [(8)] (12)(a), the  
277 commission shall adjust the assessment and send a copy of the commission's written decision  
278 to the county.

279 [(9)] (13) Subsection [(8)] (12) does not limit the rights of [~~any county as described in~~  
280 ~~Subsection (1)] a county as provided in Subsections (2) and (4)(a).~~

281 (14) (a) On or before the November 2018 interim meeting, the Revenue and Taxation

282 Interim Committee shall study the process for a county to object to an assessment of property  
283 assessed by the commission.

284 (b) As part of the study required by Subsection (14)(a), the Revenue and Taxation  
285 Interim Committee shall determine whether to draft legislation to modify the process for a  
286 county to object to an assessment of property assessed by the commission.

287 Section 5. Section **63I-2-259** is amended to read:

288 **63I-2-259. Repeal dates -- Title 59.**

289 (1) Subsection [59-2-919](#)(10) is repealed December 31, 2015.

290 (2) Subsection [59-2-919.1](#)(4) is repealed December 31, 2015.

291 (3) Subsection [59-2-1007](#)(14) is repealed on December 31, 2018.

292 Section 6. **Effective date.**

293 This bill takes effect on January 1, 2016.