

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

7
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;
- 20 ▶ repeals obsolete language; and
- 21 ▶ makes technical and conforming changes.

22 **Money Appropriated in this Bill:**

23 None

24 **Other Special Clauses:**

25 This bill provides a special effective date.

26 **Utah Code Sections Affected:**

27 AMENDS:



- 28 **59-2-201**, as last amended by Laws of Utah 2009, Chapters 226 and 235
- 29 **59-2-802**, as last amended by Laws of Utah 1997, Chapter 309
- 30 **59-2-803**, as last amended by Laws of Utah 1997, Chapter 309
- 31 **59-2-1007**, as last amended by Laws of Utah 2008, Chapter 382
- 32 **63I-1-259**, as last amended by Laws of Utah 2014, Chapter 54



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

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

36 **59-2-201. Assessment by commission -- Determination of value of mining**
 37 **property -- Notification of assessment -- Local assessment of property assessed by the**
 38 **unitary method -- Commission may consult with county.**

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

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

45 (ii) all property of public utilities;

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

47 (iv) all geothermal fluids and geothermal resources;

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

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

58 (b) (i) For purposes of Subsection (1)(a)(iii), operating property of an air charter

59 service does not include an aircraft that is:

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

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

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

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

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

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

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

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

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

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

84 (3) The method for determining the fair market value of productive mining property is
85 the capitalized net revenue method or any other valuation method the commission believes, or
86 the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative of
87 the fair market value of the mining property. The rate of capitalization applicable to mines
88 shall be determined by the commission, consistent with a fair rate of return expected by an
89 investor in light of that industry's current market, financial, and economic conditions. In no

90 event may the fair market value of the mining property be less than the fair market value of the
 91 land, improvements, and tangible personal property upon or appurtenant to the mining
 92 property.

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

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

99 ~~[(5)]~~ (6) Property assessed by the unitary method, which is not necessary to the conduct
 100 and does not contribute to the income of the business as determined by the commission, shall
 101 be assessed separately by the local county assessor.

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

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

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

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

112 ~~[(i) the value references in the Average Wholesale column of the Aircraft Bluebook~~
 113 ~~Price Digest by make, model, series, and year of manufacture; minus]~~

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

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

116 **59-2-802. Statement of commission transmitted to county auditors -- Contents of**
 117 **statement -- Duties of auditors -- Change of assessment prohibited.**

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

120 (a) the property assessed;

121 (b) the value of the property, as fixed and apportioned to the tax areas; and
 122 (c) the aggregate amount of taxable value placed in dispute [~~by property owners within~~
 123 ~~the county pursuant to~~] in accordance with Section 59-2-1007.

124 (2) The county auditor shall enter the:

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

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

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

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

131 **59-2-803. Statement transmitted by county auditors to governing bodies --**
 132 **Contents of statement.**

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

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

140 (3) The statement shall be transmitted at the same time and in the same manner as the
 141 statement is transmitted under Section 59-2-924.

142 Section 4. Section 59-2-1007 is amended to read:

143 **59-2-1007. Objection to assessment by commission -- Application -- Contents of**
 144 **application -- Amending an application -- Hearings -- Appeals.**

145 (1) (a) If the owner of [any] property assessed by the commission[~~-, or any county upon~~
 146 ~~a showing of reasonable cause,~~] objects to the assessment, the owner [~~or the county may,~~] may
 147 apply to the commission for a hearing on the objection on or before the later of:

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

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

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

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

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

156 (2) A county that objects to the assessment of property assessed by the commission
157 may apply to the commission for a hearing on the objection:

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

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

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

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

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

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

173 (3) The commission shall allow a county that meets the requirements of Subsection (2)
174 to be a party at a hearing under this section.

175 ~~[(2) The]~~ (4) An owner or a county shall include in [the] an application under
176 [Subsection (1)(a)] this section:

177 (a) a written statement;

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

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

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

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

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

188 ~~[(3)]~~ (5) (a) ~~[An]~~ Except as provided in Subsection (5)(b), an owner's or a county's
 189 estimate on an application under ~~[Subsection (2)]~~ this section of the fair market value of the
 190 property may be amended prior to the hearing as provided by rule.

191 (b) A county may not amend the fair market value of property under this Subsection (5)
 192 to equal an amount that is less than the lesser of:

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

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

197 ~~[(b)]~~ (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
 198 Act, the commission may make rules governing the procedures for amending an estimate of
 199 fair market value under this Subsection ~~[(3)(a)]~~ (5).

200 (6) In applying to the commission for a hearing on an objection under Subsection (2), a
 201 county may estimate the fair market value of the property using a valuation methodology the
 202 county considers to be appropriate, regardless of the valuation methodology used previously in
 203 valuing the property.

204 ~~[(4)]~~ (7) (a) An owner ~~[applying]~~ who applies to the commission for a hearing in
 205 accordance with Subsection (1) shall, for the property for which the owner objects to the
 206 commission's assessment, file a copy of the application with the county auditor of each county
 207 in which the property is located.

208 (b) A county auditor ~~[receiving]~~ who receives a copy of an application in accordance
 209 with Subsection ~~[(4)]~~ (7)(a) shall provide a copy of the application to the county:

210 (i) assessor;

211 (ii) attorney;

212 (iii) legislative body; and

213 (iv) treasurer.

214 ~~[(5)]~~ (8) (a) On or before August 1, the commission shall conduct a scheduling
 215 conference with all parties to a hearing under this section.

216 (b) At the scheduling conference under Subsection ~~[(5)]~~ (8)(a), the commission shall
 217 establish dates for:

- 218 (i) the completion of discovery;
- 219 (ii) the filing of prehearing motions; and
- 220 (iii) conducting a hearing on the objection to the assessment.

221 ~~[(6)]~~ (9) (a) The commission shall issue a written decision no later than 120 days after
 222 the later of the date:

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

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

230 (c) A party may appeal to the district court ~~[pursuant to]~~ in accordance with Section
 231 59-1-601 within 30 days ~~[from the day on which]~~ after the date an [application] objection is
 232 considered to be denied.

233 ~~[(7)]~~ (10) At the hearing on ~~[the application]~~ an objection under this section, the
 234 commission may increase, lower, or sustain the assessment if:

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

238 ~~[(8)]~~ (11) (a) ~~[(+)]~~ The commission shall send notice of a commission action under
 239 Subsection ~~[(7)]~~ (10) to a county auditor if:

240 ~~[(A)]~~ (i) the commission proposes to adjust an assessment ~~[which was made pursuant~~
 241 to] the commission made in accordance with Section 59-2-201;

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

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

245 [(ii)] (b) The written notice [~~sent by the commission under Subsection (8)(a)(i)]~~
 246 described in Subsection (11)(a):

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

248 [(F)] (A) any form of electronic communication;

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

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

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

255 [(b)] (c) If a county provides a written statement described in Subsection (11)(b) to the
 256 commission [~~a written statement in accordance with Subsection (8)(a)(ii)(B)]~~, the commission
 257 shall:

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

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

261 [(e)] (d) If a county does not provide [~~to the commission]~~ a written statement [~~in~~
 262 ~~accordance with Subsection (8)(a)(ii)(B);]~~ described in Subsection (11)(b) to the commission
 263 within 30 days after the commission sends the notice described in Subsection [(8)] (11)(a), the
 264 commission shall adjust the assessment and send a copy of the commission's written decision
 265 to the county.

266 [(9)] (12) Subsection [(8)] (11) does not limit the rights of [~~any county as described in~~
 267 ~~Subsection (1)]~~ a county as provided in Subsections (2) and (3).

268 (13) (a) On or before the November 2018 interim meeting, the Revenue and Taxation
 269 Interim Committee shall study the process for a county to object to an assessment of property
 270 assessed by the commission.

271 (b) As part of the study required by Subsection (13)(a), the Revenue and Taxation
 272 Interim Committee shall determine whether to draft legislation to modify the process for a
 273 county to object to an assessment of property assessed by the commission.

274 Section 5. Section **63I-1-259** is amended to read:

275 **63I-1-259. Repeal dates, Title 59.**

- 276 (1) Subsection [59-2-924\(3\)\(g\)](#) is repealed on December 31, 2016.
277 (2) Section [59-2-924.3](#) is repealed on December 31, 2016.
278 (3) Subsection [59-2-1007\(13\)](#) is repealed on December 31, 2018.
279 [~~3~~] (4) Section [59-9-102.5](#) is repealed December 31, 2020.
280 Section 6. **Effective date.**
281 This bill takes effect on January 1, 2016.
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Legislative Review Note
as of 2-5-15 5:43 PM

Office of Legislative Research and General Counsel