

1 **SUBDIVISION BASE PARCEL TAX AMENDMENTS**

2 2016 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: R. Curt Webb**

5 Senate Sponsor: Daniel W. Thatcher

6
7 **LONG TITLE**

8 **Committee Note:**

9 The Political Subdivisions Interim Committee recommended this bill.

10 **General Description:**

11 This bill modifies provisions of the Property Tax Act relating to subdivided lots.

12 **Highlighted Provisions:**

13 This bill:

- 14 ▶ defines terms;
- 15 ▶ addresses the payment of property tax on a base parcel that is subdivided into one or
- 16 more parcels;
- 17 ▶ modifies the requirements for a notice of property tax delinquency;
- 18 ▶ describes the procedure by which an owner of a portion of a base parcel whose
- 19 property tax is delinquent may redeem the owner's portion of the base parcel; and
- 20 ▶ makes technical and conforming changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **59-2-102**, as last amended by Laws of Utah 2015, Chapters 133, 198, and 287



28 [59-2-1332.5](#), as last amended by Laws of Utah 2015, Chapter 201
 29 [59-2-1346](#), as last amended by Laws of Utah 1995, Chapter 181
 30 [59-7-302](#), as last amended by Laws of Utah 2014, Chapters 65 and 398

31 ENACTS:

32 [59-2-1331.5](#), Utah Code Annotated 1953



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

35 Section 1. Section **59-2-102** is amended to read:

36 **59-2-102. Definitions.**

37 As used in this chapter and title:

38 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of
 39 engaging in dispensing activities directly affecting agriculture or horticulture with an
 40 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or
 41 rotorcraft's use for agricultural and pest control purposes.

42 (2) "Air charter service" means an air carrier operation which requires the customer to
 43 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled
 44 trip.

45 (3) "Air contract service" means an air carrier operation available only to customers
 46 who engage the services of the carrier through a contractual agreement and excess capacity on
 47 any trip and is not available to the public at large.

48 (4) "Aircraft" is as defined in Section [72-10-102](#).

49 (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:

50 (i) operates:

51 (A) on an interstate route; and

52 (B) on a scheduled basis; and

53 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
 54 regularly scheduled route.

55 (b) "Airline" does not include an:

56 (i) air charter service; or

57 (ii) air contract service.

58 (6) "Assessment roll" means a permanent record of the assessment of property as

59 assessed by the county assessor and the commission and may be maintained manually or as a
60 computerized file as a consolidated record or as multiple records by type, classification, or
61 categories.

62 (7) "Base parcel" means a parcel of property that was legally:

63 (a) subdivided into two or more lots, parcels, or other divisions of land; or

64 (b) (i) combined with one or more other parcels of property; and

65 (ii) subdivided into two or more lots, parcels, or other divisions of land.

66 [~~(7)~~] (8) (a) "Certified revenue levy" means a property tax levy that provides an amount
67 of ad valorem property tax revenue equal to the sum of:

68 (i) the amount of ad valorem property tax revenue to be generated statewide in the
69 previous year from imposing a school minimum basic tax rate, as specified in Section
70 [53A-17a-135](#), or multicounty assessing and collecting levy, as specified in Section [59-2-1602](#);
71 and

72 (ii) the product of:

73 (A) new growth, as defined in:

74 (I) Section [59-2-924](#); and

75 (II) rules of the commission; and

76 (B) the school minimum basic tax rate or multicounty assessing and collecting levy
77 certified by the commission for the previous year.

78 (b) For purposes of this Subsection [~~(7)~~] (8), "ad valorem property tax revenue" does
79 not include property tax revenue received by a taxing entity from personal property that is:

80 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and

81 (ii) semiconductor manufacturing equipment.

82 (c) For purposes of calculating the certified revenue levy described in this Subsection
83 [~~(7)~~] (8), the commission shall use:

84 (i) the taxable value of real property assessed by a county assessor contained on the
85 assessment roll;

86 (ii) the taxable value of real and personal property assessed by the commission; and

87 (iii) the taxable year end value of personal property assessed by a county assessor
88 contained on the prior year's assessment roll.

89 [~~(8)~~] (9) "County-assessed commercial vehicle" means:

90 (a) any commercial vehicle, trailer, or semitrailer which is not apportioned under
91 Section 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or
92 property in furtherance of the owner's commercial enterprise;

93 (b) any passenger vehicle owned by a business and used by its employees for
94 transportation as a company car or vanpool vehicle; and

95 (c) vehicles that are:

96 (i) especially constructed for towing or wrecking, and that are not otherwise used to
97 transport goods, merchandise, or people for compensation;

98 (ii) used or licensed as taxicabs or limousines;

99 (iii) used as rental passenger cars, travel trailers, or motor homes;

100 (iv) used or licensed in this state for use as ambulances or hearses;

101 (v) especially designed and used for garbage and rubbish collection; or

102 (vi) used exclusively to transport students or their instructors to or from any private,
103 public, or religious school or school activities.

104 [~~9~~] (10) (a) Except as provided in Subsection [~~9~~] (10)(b), for purposes of Section
105 59-2-801, "designated tax area" means a tax area created by the overlapping boundaries of only
106 the following taxing entities:

107 (i) a county; and

108 (ii) a school district.

109 (b) Notwithstanding Subsection [~~9~~] (10)(a), "designated tax area" includes a tax area
110 created by the overlapping boundaries of:

111 (i) the taxing entities described in Subsection [~~9~~] (10)(a); and

112 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
113 and the boundaries of the city or town are identical; or

114 (B) a special service district if the boundaries of the school district under Subsection
115 [~~9~~] (10)(a) are located entirely within the special service district.

116 [~~10~~] (11) "Eligible judgment" means a final and unappealable judgment or order
117 under Section 59-2-1330:

118 (a) that became a final and unappealable judgment or order no more than 14 months
119 prior to the day on which the notice required by Section 59-2-919.1 is required to be mailed;
120 and

121 (b) for which a taxing entity's share of the final and unappealable judgment or order is
122 greater than or equal to the lesser of:

123 (i) \$5,000; or

124 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
125 previous fiscal year.

126 ~~[(11)]~~ (12) (a) "Escaped property" means any property, whether personal, land, or any
127 improvements to the property, subject to taxation and is:

128 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
129 to the wrong taxpayer by the assessing authority;

130 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
131 comply with the reporting requirements of this chapter; or

132 (iii) undervalued because of errors made by the assessing authority based upon
133 incomplete or erroneous information furnished by the taxpayer.

134 (b) Property that is undervalued because of the use of a different valuation
135 methodology or because of a different application of the same valuation methodology is not
136 "escaped property."

137 ~~[(12)]~~ (13) "Fair market value" means the amount at which property would change
138 hands between a willing buyer and a willing seller, neither being under any compulsion to buy
139 or sell and both having reasonable knowledge of the relevant facts. For purposes of taxation,
140 "fair market value" shall be determined using the current zoning laws applicable to the property
141 in question, except in cases where there is a reasonable probability of a change in the zoning
142 laws affecting that property in the tax year in question and the change would have an
143 appreciable influence upon the value.

144 ~~[(13)]~~ (14) "Farm machinery and equipment," for purposes of the exemption provided
145 under Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities,
146 feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,
147 tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and
148 cubers, and any other machinery or equipment used primarily for agricultural purposes; but
149 does not include vehicles required to be registered with the Motor Vehicle Division or vehicles
150 or other equipment used for business purposes other than farming.

151 ~~[(14)]~~ (15) "Geothermal fluid" means water in any form at temperatures greater than

152 120 degrees centigrade naturally present in a geothermal system.

153 ~~[(15)]~~ (16) "Geothermal resource" means:

154 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;

155 and

156 (b) the energy, in whatever form, including pressure, present in, resulting from, created
157 by, or which may be extracted from that natural heat, directly or through a material medium.

158 ~~[(16)]~~ (17) (a) "Goodwill" means:

159 (i) acquired goodwill that is reported as goodwill on the books and records:

160 (A) of a taxpayer; and

161 (B) that are maintained for financial reporting purposes; or

162 (ii) the ability of a business to:

163 (A) generate income:

164 (I) that exceeds a normal rate of return on assets; and

165 (II) resulting from a factor described in Subsection ~~[(16)]~~ (17)(b); or

166 (B) obtain an economic or competitive advantage resulting from a factor described in
167 Subsection ~~[(16)]~~ (17)(b).

168 (b) The following factors apply to Subsection ~~[(16)]~~ (17)(a)(ii):

169 (i) superior management skills;

170 (ii) reputation;

171 (iii) customer relationships;

172 (iv) patronage; or

173 (v) a factor similar to Subsections ~~[(16)]~~ (17)(b)(i) through (iv).

174 (c) "Goodwill" does not include:

175 (i) the intangible property described in Subsection ~~[(20)]~~ (21)(a) or (b);

176 (ii) locational attributes of real property, including:

177 (A) zoning;

178 (B) location;

179 (C) view;

180 (D) a geographic feature;

181 (E) an easement;

182 (F) a covenant;

- 183 (G) proximity to raw materials;
184 (H) the condition of surrounding property; or
185 (I) proximity to markets;
186 (iii) value attributable to the identification of an improvement to real property,

187 including:

- 188 (A) reputation of the designer, builder, or architect of the improvement;
189 (B) a name given to, or associated with, the improvement; or
190 (C) the historic significance of an improvement; or
191 (iv) the enhancement or assemblage value specifically attributable to the interrelation
192 of the existing tangible property in place working together as a unit.

193 ~~[(17)]~~ (18) "Governing body" means:

- 194 (a) for a county, city, or town, the legislative body of the county, city, or town;
195 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
196 Local Districts, the local district's board of trustees;
197 (c) for a school district, the local board of education; or
198 (d) for a special service district under Title 17D, Chapter 1, Special Service District

199 Act:

200 (i) the legislative body of the county or municipality that created the special service
201 district, to the extent that the county or municipal legislative body has not delegated authority
202 to an administrative control board established under Section 17D-1-301; or

203 (ii) the administrative control board, to the extent that the county or municipal
204 legislative body has delegated authority to an administrative control board established under
205 Section 17D-1-301.

206 ~~[(18)]~~ (19) (a) For purposes of Section 59-2-103:

207 (i) "household" means the association of persons who live in the same dwelling,
208 sharing its furnishings, facilities, accommodations, and expenses; and

209 (ii) "household" includes married individuals, who are not legally separated, that have
210 established domiciles at separate locations within the state.

211 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
212 commission may make rules defining the term "domicile."

213 ~~[(19)]~~ (20) (a) Except as provided in Subsection ~~[(19)]~~ (20)(c), "improvement" means a

214 building, structure, fixture, fence, or other item that is permanently attached to land, regardless
215 of whether the title has been acquired to the land, if:

216 (i) (A) attachment to land is essential to the operation or use of the item; and
217 (B) the manner of attachment to land suggests that the item will remain attached to the
218 land in the same place over the useful life of the item; or

219 (ii) removal of the item would:
220 (A) cause substantial damage to the item; or
221 (B) require substantial alteration or repair of a structure to which the item is attached.

222 (b) "Improvement" includes:
223 (i) an accessory to an item described in Subsection ~~[(19)]~~ (20)(a) if the accessory is:
224 (A) essential to the operation of the item described in Subsection ~~[(19)]~~ (20)(a); and
225 (B) installed solely to serve the operation of the item described in Subsection ~~[(19)]~~
226 (20)(a); and

227 (ii) an item described in Subsection ~~[(19)]~~ (20)(a) that:
228 (A) is temporarily detached from the land for repairs; and
229 (B) remains located on the land.

230 (c) Notwithstanding Subsections ~~[(19)]~~ (20)(a) and (b), "improvement" does not
231 include:

232 (i) an item considered to be personal property pursuant to rules made in accordance
233 with Section 59-2-107;

234 (ii) a moveable item that is attached to land:
235 (A) for stability only; or
236 (B) for an obvious temporary purpose;

237 (iii) (A) manufacturing equipment and machinery; or
238 (B) essential accessories to manufacturing equipment and machinery;

239 (iv) an item attached to the land in a manner that facilitates removal without substantial
240 damage to:

241 (A) the land; or
242 (B) the item; or

243 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that
244 transportable factory-built housing unit is considered to be personal property under Section

245 59-2-1503.

246 [~~20~~] (21) "Intangible property" means:

247 (a) property that is capable of private ownership separate from tangible property,

248 including:

249 (i) money;

250 (ii) credits;

251 (iii) bonds;

252 (iv) stocks;

253 (v) representative property;

254 (vi) franchises;

255 (vii) licenses;

256 (viii) trade names;

257 (ix) copyrights; and

258 (x) patents;

259 (b) a low-income housing tax credit;

260 (c) goodwill; or

261 (d) a renewable energy tax credit or incentive, including:

262 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue

263 Code;

264 (ii) a federal energy credit for qualified renewable electricity production facilities under

265 Section 48, Internal Revenue Code;

266 (iii) a federal grant for a renewable energy property under American Recovery and

267 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and

268 (iv) a tax credit under Subsection 59-7-614(5).

269 [~~21~~] (22) "Livestock" means:

270 (a) a domestic animal;

271 (b) a fish;

272 (c) a fur-bearing animal;

273 (d) a honeybee; or

274 (e) poultry.

275 [~~22~~] (23) "Low-income housing tax credit" means:

276 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;

277 or

278 (b) a low-income housing tax credit under:

279 (i) Section 59-7-607; or

280 (ii) Section 59-10-1010.

281 [~~23~~] (24) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and
282 uranium.

283 [~~24~~] (25) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
284 valuable mineral.

285 [~~25~~] (26) "Mining" means the process of producing, extracting, leaching, evaporating,
286 or otherwise removing a mineral from a mine.

287 [~~26~~] (27) (a) "Mobile flight equipment" means tangible personal property that is:

288 (i) owned or operated by an:

289 (A) air charter service;

290 (B) air contract service; or

291 (C) airline; and

292 (ii) (A) capable of flight;

293 (B) attached to an aircraft that is capable of flight; or

294 (C) contained in an aircraft that is capable of flight if the tangible personal property is
295 intended to be used:

296 (I) during multiple flights;

297 (II) during a takeoff, flight, or landing; and

298 (III) as a service provided by an air charter service, air contract service, or airline.

299 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
300 engine that is rotated:

301 (A) at regular intervals; and

302 (B) with an engine that is attached to the aircraft.

303 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
304 commission may make rules defining the term "regular intervals."

305 [~~27~~] (28) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal,
306 salts, sand, rock, gravel, and all carboniferous materials.

307 ~~[(28)]~~ (29) "Part-year residential property" means property that is not residential
308 property on January 1 of a calendar year but becomes residential property after January 1 of the
309 calendar year.

310 ~~[(29)]~~ (30) "Personal property" includes:

311 (a) every class of property as defined in Subsection ~~[(30)]~~ (31) that is the subject of
312 ownership and not included within the meaning of the terms "real estate" and "improvements";

313 (b) gas and water mains and pipes laid in roads, streets, or alleys;

314 (c) bridges and ferries;

315 (d) livestock; and

316 (e) outdoor advertising structures as defined in Section 72-7-502.

317 ~~[(30)]~~ (31) (a) "Property" means property that is subject to assessment and taxation
318 according to its value.

319 (b) "Property" does not include intangible property as defined in this section.

320 ~~[(31)]~~ (32) "Public utility," for purposes of this chapter, means the operating property
321 of a railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline
322 company, electrical corporation, telephone corporation, sewerage corporation, or heat
323 corporation where the company performs the service for, or delivers the commodity to, the
324 public generally or companies serving the public generally, or in the case of a gas corporation
325 or an electrical corporation, where the gas or electricity is sold or furnished to any member or
326 consumers within the state for domestic, commercial, or industrial use. Public utility also
327 means the operating property of any entity or person defined under Section 54-2-1 except water
328 corporations.

329 ~~[(32)]~~ (33) (a) Subject to Subsection ~~[(32)]~~ (33)(b), "qualifying exempt primary
330 residential rental personal property" means household furnishings, furniture, and equipment
331 that:

332 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;

333 (ii) are owned by the owner of the dwelling unit that is the primary residence of a
334 tenant; and

335 (iii) after applying the residential exemption described in Section 59-2-103, are exempt
336 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

337 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

338 commission may by rule define the term "dwelling unit" for purposes of this Subsection [~~(32)~~
339 (33)] and Subsection [~~(35)~~] (36).

340 [~~(33)~~] (34) "Real estate" or "real property" includes:

341 (a) the possession of, claim to, ownership of, or right to the possession of land;

342 (b) all mines, minerals, and quarries in and under the land, all timber belonging to
343 individuals or corporations growing or being on the lands of this state or the United States, and
344 all rights and privileges appertaining to these; and

345 (c) improvements.

346 [~~(34)~~] (35) "Relationship with an owner of the property's land surface rights" means a
347 relationship described in Subsection 267(b), Internal Revenue Code:

348 (a) except that notwithstanding Subsection 267(b), Internal Revenue Code, the term
349 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code; and

350 (b) using the ownership rules of Subsection 267(c), Internal Revenue Code, for
351 determining the ownership of stock.

352 [~~(35)~~] (36) (a) Subject to Subsection [~~(35)~~] (36)(b), "residential property," for the
353 purposes of the reductions and adjustments under this chapter, means any property used for
354 residential purposes as a primary residence.

355 (b) Subject to Subsection [~~(35)~~] (36)(c), "residential property":

356 (i) except as provided in Subsection [~~(35)~~] (36)(b)(ii), includes household furnishings,
357 furniture, and equipment if the household furnishings, furniture, and equipment are:

358 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;
359 and

360 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;
361 and

362 (ii) does not include property used for transient residential use.

363 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
364 commission may by rule define the term "dwelling unit" for purposes of Subsection [~~(32)~~] (33)
365 and this Subsection [~~(35)~~] (36).

366 [~~(36)~~] (37) "Split estate mineral rights owner" means a person who:

367 (a) has a legal right to extract a mineral from property;

368 (b) does not hold more than a 25% interest in:

369 (i) the land surface rights of the property where the wellhead is located; or
370 (ii) an entity with an ownership interest in the land surface rights of the property where
371 the wellhead is located;

372 (c) is not an entity in which the owner of the land surface rights of the property where
373 the wellhead is located holds more than a 25% interest; and

374 (d) does not have a relationship with an owner of the land surface rights of the property
375 where the wellhead is located.

376 ~~[(37)]~~ (38) (a) "State-assessed commercial vehicle" means:

377 (i) any commercial vehicle, trailer, or semitrailer which operates interstate or intrastate
378 to transport passengers, freight, merchandise, or other property for hire; or

379 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and
380 transports the vehicle owner's goods or property in furtherance of the owner's commercial
381 enterprise.

382 (b) "State-assessed commercial vehicle" does not include vehicles used for hire which
383 are specified in Subsection ~~[(8)]~~ (9)(c) as county-assessed commercial vehicles.

384 (39) "Subdivided lot" means a lot, parcel, or other division of land, that is a division of
385 a base parcel.

386 ~~[(38)]~~ (40) "Taxable value" means fair market value less any applicable reduction
387 allowed for residential property under Section 59-2-103.

388 ~~[(39)]~~ (41) "Tax area" means a geographic area created by the overlapping boundaries
389 of one or more taxing entities.

390 ~~[(40)]~~ (42) "Taxing entity" means any county, city, town, school district, special taxing
391 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
392 Districts, or other political subdivision of the state with the authority to levy a tax on property.

393 ~~[(41)]~~ (43) "Tax roll" means a permanent record of the taxes charged on property, as
394 extended on the assessment roll and may be maintained on the same record or records as the
395 assessment roll or may be maintained on a separate record properly indexed to the assessment
396 roll. It includes tax books, tax lists, and other similar materials.

397 Section 2. Section 59-2-1331.5 is enacted to read:

398 **59-2-1331.5. Partial payment of property tax on a base parcel.**

399 (1) (a) Subject to Subsection (1)(b), a person may make a payment toward a subdivided

400 lot's proportional share of the property tax on the base parcel before the date on which the
401 property tax is due.

402 (b) A person may make a payment under Subsection (1)(a) only if the record owner of
403 the subdivided lot is a bona fide purchaser.

404 (2) (a) Upon request, the county treasurer shall provide a person:

405 (i) the amount of a subdivided lot's proportional share of the property tax on the base
406 parcel for the current year; or

407 (ii) if the amount described in Subsection (2)(a)(i) is unavailable, a reasonable estimate
408 of a subdivided lot's proportional share of the property tax on the base parcel for the current
409 year.

410 (b) The county treasurer shall calculate a subdivided lot's proportional share of the
411 property tax on the base parcel by comparing:

412 (i) the amount of the value of the base parcel as described in Subsection (2)(b)(ii) that
413 is attributable to the property that comprises the subdivided lot as the property existed on
414 January 1 of the current year; and

415 (ii) the value of the base parcel as it existed on January 1 of the current year.

416 (3) (a) The county treasurer shall send a written notice described in Subsection (3)(b)
417 to the record owner of a subdivided lot if:

418 (i) a person makes a payment under Subsection (1) toward the subdivided lot's
419 proportional share of the property tax on the base parcel; and

420 (ii) as of November 30, there is an outstanding balance on the subdivided lot's
421 proportional share of the property tax on the base parcel.

422 (b) A written notice described in Subsection (3)(a) shall state:

423 (i) the remaining balance owed on the subdivided lot's proportional share of the
424 property tax on the base parcel;

425 (ii) a date, not less than 30 days after the day on which the notice is sent, by which the
426 remaining balance is due; and

427 (iii) that any amount of the balance that is not paid or postmarked by the date described
428 in Subsection (3)(b)(ii) is delinquent and subject to the penalties, interest, and administrative
429 costs described in this chapter.

430 (4) If a person timely pays a subdivided lot's proportional share of the property tax on

431 the base parcel, and the property tax on the base parcel subsequently becomes delinquent, the
 432 subdivided lot is not subject to:

- 433 (a) a lien for the payment of the delinquent property tax on the base parcel; or
 434 (b) any penalties, interest, or administrative costs associated with the delinquent
 435 property tax on the base parcel.

436 Section 3. Section **59-2-1332.5** is amended to read:

437 **59-2-1332.5. Mailing notice of delinquency or publication of delinquent list --**
 438 **Contents -- Notice -- Definitions.**

439 (1) The county treasurer shall provide notice of delinquency in the payment of property
 440 taxes:

441 (a) except as provided in Subsection (4), on or before December 31 of each calendar
 442 year; and

443 (b) in a manner described in Subsection (2).

444 (2) A notice of delinquency in the payment of property taxes shall be provided by:

445 (a) (i) mailing a written notice that includes the information described in Subsection
 446 (3)(a), postage prepaid, to:

447 (A) ~~to~~ each delinquent taxpayer; and

448 (B) ~~[that includes the information required by Subsection (3)(a)]~~ if the delinquent
 449 property taxes are assessed on a base parcel, the record owner of each subdivided lot; and

450 (ii) making available to the public a list of delinquencies in the payment of property
 451 taxes:

452 (A) by electronic means; and

453 (B) that includes the information required by Subsection (3)(b); or

454 (b) publishing a list of delinquencies in the payment of property taxes:

455 (i) in one issue of a newspaper having general circulation in the county;

456 (ii) that lists each delinquency in alphabetical order by:

457 (A) the last name of the delinquent taxpayer; or

458 (B) if the delinquent taxpayer is a business entity, the name of the business entity; and

459 (iii) that includes the information ~~[required by]~~ described in Subsection (3)(b).

460 (3) (a) A written notice of delinquency in the payment of property taxes described in
 461 Subsection (2)(a)(i) shall include:

- 462 (i) a statement that delinquent taxes are due;
- 463 (ii) the amount of delinquent taxes due, not including any penalties imposed in
- 464 accordance with this chapter;
- 465 (iii) (A) the name of the delinquent taxpayer; or
- 466 (B) if the delinquent taxpayer is a business entity, the name of the business entity;
- 467 (iv) (A) a description of the delinquent property; or
- 468 (B) the property identification number of the delinquent property;
- 469 (v) a statement that a penalty shall be imposed in accordance with this chapter; and
- 470 (vi) a statement that interest accrues as of January 1 following the date of the
- 471 delinquency unless on or before January 31 the following are paid:
 - 472 (A) the delinquent taxes; and
 - 473 (B) the penalty.
- 474 (b) The list of delinquencies described in Subsection (2)(a)(ii) or (2)(b) shall include:
 - 475 (i) the amount of delinquent taxes due, not including any penalties imposed in
 - 476 accordance with this chapter;
 - 477 (ii) (A) the name of the delinquent taxpayer; or
 - 478 (B) if the delinquent taxpayer is a business entity, the name of the business entity;
 - 479 (iii) (A) a description of the delinquent property; or
 - 480 (B) the property identification number of the delinquent property;
 - 481 (iv) a statement that a penalty shall be imposed in accordance with this chapter; and
 - 482 (v) a statement that interest accrues as of January 1 following the date of the
 - 483 delinquency unless on or before January 31 the following are paid:
 - 484 (A) the delinquent taxes; and
 - 485 (B) the penalty.
 - 486 (4) Notwithstanding Subsection (1)(a), if the county legislative body extends the
 - 487 property tax due date under Subsection [59-2-1332\(1\)](#), the notice of delinquency in the payment
 - 488 of property taxes shall be provided on or before January 10.
 - 489 (5) (a) In addition to the notice of delinquency in the payment of property taxes
 - 490 required by Subsection (1), a county treasurer may in accordance with this Subsection (5) mail
 - 491 a notice that property taxes are delinquent:
 - 492 (i) to:

- 493 (A) a delinquent taxpayer;
- 494 (B) an owner of record of the delinquent property;
- 495 (C) any other interested party that requests notice; or
- 496 (D) a combination of Subsections (5)(a)(i)(A) through (C); and
- 497 (ii) at any time that the county treasurer considers appropriate.
- 498 (b) A notice mailed in accordance with this Subsection (5):
- 499 (i) shall include the information required by Subsection (3)(a); and
- 500 (ii) may include any information that the county treasurer finds is useful to the owner
- 501 of record of the delinquent property in determining:
- 502 (A) the status of taxes owed on the delinquent property;
- 503 (B) any penalty that is owed on the delinquent property;
- 504 (C) any interest charged under Section 59-2-1331 on the delinquent property; or
- 505 (D) any related matters concerning the delinquent property.
- 506 (6) As used in this section, "business entity" means:
- 507 (a) an association;
- 508 (b) a corporation;
- 509 (c) a limited liability company;
- 510 (d) a partnership;
- 511 (e) a trust; or
- 512 (f) a business entity similar to Subsections (6)(a) through (e).

513 Section 4. Section 59-2-1346 is amended to read:

514 **59-2-1346. Redemption -- Time allowed.**

515 (1) ~~[(a)]~~ Property may be redeemed on behalf of the record owner by any person at any

516 time ~~[prior to]~~ before the tax sale which shall be held in May or June as provided in Section

517 59-2-1351 following the lapse of four years from the date the property tax became delinquent.

518 ~~[(b)]~~ (2) A person may redeem property by paying to the county ~~[treasury]~~ treasurer all

519 delinquent taxes, interest, penalties, and administrative costs that have accrued on the property.

520 (3) (a) Subject to Subsection (3)(d), a person may redeem a subdivided lot by paying

521 the county treasurer the subdivided lot's proportional share of the delinquent taxes, interest,

522 penalties, and administrative costs accrued on the base parcel, calculated in accordance with

523 Subsection (3)(b).

524 (b) The county treasurer shall calculate the amount described in Subsection (3)(a) by
525 comparing:

526 (i) the amount of the value of the base parcel as described in Subsection (3)(b)(ii) that
527 is attributable to the property that comprises the subdivided lot as the property existed on
528 January 1 of the year in which the delinquent property taxes on the base parcel were assessed;
529 and

530 (ii) the value of the base parcel as it existed on January 1 of the year in which the
531 delinquent property taxes on the base parcel were assessed.

532 (c) If the county treasurer does not have sufficient information to calculate the amount
533 described in Subsection (3)(a)(i), upon request from the county treasurer, the county assessor
534 shall provide the county treasurer any information necessary to calculate the amount described
535 in Subsection (3)(a)(i).

536 (d) A person may redeem a subdivided lot under this Subsection (3) only if the record
537 owner of the subdivided lot is a bona fide purchaser.

538 ~~[(2)]~~ (4) At any time ~~[prior to]~~ before the expiration of the period of redemption the
539 county treasurer shall accept and credit on account for the redemption of property, payments in
540 amounts of not less than \$10, except for the final payment, which may be in any amount. For
541 the purpose of computing the amount required for redemption and for the purpose of
542 distributing the payments received on account, all payments shall be applied in the following
543 order:

544 (a) against the interest and administrative costs accrued on the delinquent tax for the
545 last year included in the delinquent account at the time of payment;

546 (b) against the penalty charged on the delinquent tax for the last year included in the
547 delinquent account at the time of payment;

548 (c) against the delinquent tax for the last year included in the delinquent account at the
549 time of payment;

550 (d) against the interest and administrative costs accrued on the delinquent tax for the
551 next to last year included in the delinquent account at the time of payment;

552 (e) and so on until the full amount of the delinquent taxes, penalties, administrative
553 costs, and interest on the unpaid balances are paid within the period of redemption.

554 Section 5. Section **59-7-302** is amended to read:

555 **59-7-302. Definitions -- Determination of when a taxpayer is considered to be a**
556 **sales factor weighted taxpayer.**

557 (1) As used in this part, unless the context otherwise requires:

558 (a) "Aircraft type" means a particular model of aircraft as designated by the
559 manufacturer of the aircraft.

560 (b) "Airline" ~~is as~~ means the same as that term is defined in Section 59-2-102.

561 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during
562 the airline's tax period.

563 (d) "Business income" means income arising from transactions and activity in the
564 regular course of the taxpayer's trade or business and includes income from tangible and
565 intangible property if the acquisition, management, and disposition of the property constitutes
566 integral parts of the taxpayer's regular trade or business operations.

567 (e) "Commercial domicile" means the principal place from which the trade or business
568 of the taxpayer is directed or managed.

569 (f) "Compensation" means wages, salaries, commissions, and any other form of
570 remuneration paid to employees for personal services.

571 (g) (i) Except as provided in Subsection (1)(g)(ii), "mobile flight equipment" is as
572 defined in Section 59-2-102.

573 (ii) "Mobile flight equipment" does not include:

574 (A) a spare engine; or

575 (B) tangible personal property described in Subsection 59-2-102[~~(26)~~] (27) owned by
576 an:

577 (I) air charter service; or

578 (II) air contract service.

579 (h) "Nonbusiness income" means all income other than business income.

580 (i) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

581 (j) "Sales" means all gross receipts of the taxpayer not allocated under Sections
582 59-7-306 through 59-7-310.

583 (k) Subject to Subsection (2), "sales factor weighted taxpayer" means:

584 (i) for a taxpayer that is not a unitary group, regardless of the number of economic
585 activities the taxpayer performs, a taxpayer having greater than 50% of the taxpayer's total sales

586 everywhere generated by economic activities performed by the taxpayer if the economic
587 activities are classified in a NAICS code of the 2002 or 2007 North American Industry
588 Classification System of the federal Executive Office of the President, Office of Management
589 and Budget, except for:

- 590 (A) a NAICS code within NAICS Sector 21, Mining;
- 591 (B) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;
- 592 (C) a NAICS code within NAICS Sector 31-33, Manufacturing;
- 593 (D) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;
- 594 (E) a NAICS code within NAICS Sector 51, Information, except for NAICS Subsector
595 519, Other Information Services; or

- 596 (F) a NAICS code within NAICS Sector 52, Finance and Insurance; or
- 597 (ii) for a taxpayer that is a unitary group, a taxpayer having greater than 50% of the
598 taxpayer's total sales everywhere generated by economic activities performed by the taxpayer if
599 the economic activities are classified in a NAICS code of the 2002 or 2007 North American
600 Industry Classification System of the federal Executive Office of the President, Office of
601 Management and Budget, except for:

- 602 (A) a NAICS code within NAICS Sector 21, Mining;
- 603 (B) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;
- 604 (C) a NAICS code within NAICS Sector 31-33, Manufacturing;
- 605 (D) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;
- 606 (E) a NAICS code within NAICS Sector 51, Information, except for NAICS Subsector
607 519, Other Information Services; or

- 608 (F) a NAICS code within NAICS Sector 52, Finance and Insurance.

609 (l) "State" means any state of the United States, the District of Columbia, the
610 Commonwealth of Puerto Rico, any territory or possession of the United States, and any
611 foreign country or political subdivision thereof.

612 (m) "Transportation revenue" means revenue an airline earns from:

- 613 (i) transporting a passenger or cargo; or
- 614 (ii) from miscellaneous sales of merchandise as part of providing transportation
615 services.

616 (n) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within

617 the borders of this state:

618 (i) during the airline's tax period; and

619 (ii) from flight stages that originate or terminate in this state.

620 (2) The following apply to Subsection (1)(k):

621 (a) (i) Subject to the other provisions of this Subsection (2), a taxpayer shall for each
622 taxable year determine whether the taxpayer is a sales factor weighted taxpayer.

623 (ii) A taxpayer shall make the determination required by Subsection (2)(a)(i) before the
624 due date for filing the taxpayer's return under this chapter for the taxable year, including
625 extensions.

626 (iii) For purposes of making the determination required by Subsection (2)(a)(i), total
627 sales everywhere include only the total sales everywhere:

628 (A) as determined in accordance with this part; and

629 (B) made during the taxable year for which a taxpayer makes the determination
630 required by Subsection (2)(a)(i).

631 (b) A taxpayer that files a return as a unitary group for a taxable year is considered to
632 be a unitary group for that taxable year.

633 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
634 commission may define the term "economic activity" consistent with the use of the term
635 "activity" in the 2007 North American Industry Classification System of the federal Executive
636 Office of the President, Office of Management and Budget.

Legislative Review Note
Office of Legislative Research and General Counsel