

PROPERTY TAX AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Ken Ivory

LONG TITLE

General Description:

This bill amends provisions related to property taxes.

Highlighted Provisions:

This bill:

- ▶ defines terms; and
- ▶ provides for a property tax exemption for property that is leased to certain government entities.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

59-2-1116, Utah Code Annotated 1953

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

Section 1. Section **59-2-1116** is enacted to read:

59-2-1116. Definitions -- Exemption for property leased to government entities --

Application process -- Rulemaking authority.

(1) (a) (i) As used in this section, "claimant" means the owner of the eligible personal



28 property that is leased to an entity described in Subsection (2).

29 (ii) "Claimant" includes an agent of the owner under Subsection (1)(a)(i).

30 (b) "Eligible personal property" means machinery and equipment with an economic life
31 of three or more years.

32 (c) "Long-term lease" means a lease with a term of one year or more.

33 (2) Subject to the other provisions of this part, eligible personal property is exempt
34 from taxation when it is leased to the following entities through a long-term lease:

35 (a) the state;

36 (b) a school district, including a charter school under Title 53A, Chapter 1a, Part 5, The
37 Utah Charter Schools Act;

38 (c) a public library;

39 (d) a county;

40 (e) a city;

41 (f) a town;

42 (g) a local district;

43 (h) a special service district; or

44 (i) any other political subdivision of the state.

45 (3) If the eligible personal property that is leased under Subsection (2) is not leased to
46 an entity described in Subsection (2) for an entire calendar year, the claimant shall pay a
47 proportional tax based upon the number of days during the calendar year the eligible personal
48 property did not qualify for an exemption under this section.

49 (4) A claimant shall apply annually for the exemption under this section unless the
50 application requirement is waived by the county board of equalization.

51 (5) (a) Except as provided in Subsection (5)(b), a claimant applying for an exemption
52 under this section shall file an application with the county board of equalization on or before
53 April 1 of the year in which the claimant is applying for the exemption.

54 (b) For a long-term lease entered into on or after March 1 of the year in which the
55 claimant is applying for the exemption, the claimant shall file an application with the county
56 board of equalization within 30 days of entering into the long-term lease.

57 (6) The claimant shall submit the following information with the application described
58 in Subsection (5):

59 (a) a copy of the lease agreement; and
60 (b) other evidence that the personal property is eligible for the exemption under this
61 section as required by rules established by:
62 (i) the commission under Subsection (8); or
63 (ii) the county to which the claimant is submitting the application.
64 (7) If, after the claimant submits an application under Subsection (5), the length of the
65 term of the lease changes, the claimant shall, within 30 days of the change, submit an amended
66 application, including a copy of the new lease agreement, to the county board of equalization.
67 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
68 commission may make rules to administer this section and provide for uniform
69 implementation.
70 Section 2. **Contingent effective date.**
71 This bill takes effect on January 1, 2017, if the amendment to the Utah Constitution
72 proposed by S.J.R. 3, Proposal to Amend Utah Constitution - Property Tax Exemptions, 2016
73 General Session, passes the Legislature and is approved by a majority of those voting on it at
74 the next regular general election.

Legislative Review Note
Office of Legislative Research and General Counsel