

PROPERTY TAX ASSESSMENT CHANGES

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

Senate Sponsor: Deidre M. Henderson

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

General Description:

This bill amends property tax provisions related to the assessment of property.

Highlighted Provisions:

This bill:

▶ requires the centrally assessed benchmark value to be adjusted for taxable value attributable to a change in assessment that occurs due to a decision made by the

State Tax Commission;

▶ defines terms, including a bona fide range improvement program;

▶ provides that land may not be assessed under the Farmland Assessment Act if the land is:

• land devoted to the production of solar energy; or

• a ski area; ~~H→~~ **[and]**

▶ **provides that the changes in this bill that make land ineligible for assessment under the Farmland Assessment Act do not exempt the land from the rollback tax; and** ~~H→~~

▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

H.B. 45



28 AMENDS:

29 59-2-502, as last amended by Laws of Utah 2005, Chapter 254

30 59-2-503, as last amended by Laws of Utah 2013, Chapter 322

31 59-2-504, as last amended by Laws of Utah 2003, Chapter 208

31a **H→ 59-2-506, as last amended by Laws of Utah 2014, Chapter 279 ←H**

32 59-2-924, as last amended by Laws of Utah 2016, Chapters 350 and 367



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

35 Section 1. Section 59-2-502 is amended to read:

36 **59-2-502. Definitions.**

37 As used in this part:

38 (1) "Actively devoted to agricultural use" means that the land in agricultural use
39 produces in excess of 50% of the average agricultural production per acre:

40 (a) as determined under Section 59-2-503; and

41 (b) for:

42 (i) the given type of land; and

43 (ii) the given county or area.

44 (2) (a) "Bona fide range improvement program" means a rangeland improvement
45 project that is generally recognized by the grazing or livestock industry to:

46 (i) increase the quality of forage for livestock; and

47 (ii) result in increased livestock production.

48 (b) "Bona fide range improvement program" includes:

49 (i) reseeding;

50 (ii) spraying;

51 (iii) burning;

52 (iv) controlling for weeds or herbs; or

53 (v) using one of the following mechanical methods:

54 (A) chaining;

55 (B) furrowing;

56 (C) terracing;

57 (D) trenching;

58 (E) railing;

214 this part if the land is:

215 (a) part of a platted subdivision or planned unit development, with restrictions
216 prohibiting its use for agricultural purposes with surface improvements in place, whether
217 within or without a city; ~~[or]~~

218 (b) platted with surface improvements in place that are not an integral part of
219 agricultural use~~[-];~~

220 (c) land devoted to the production of solar energy; or

221 (d) a ski area.

222 ~~[(2)]~~ (3) (a) If land has been platted with surface improvements in place, the land has
223 been withdrawn from this part, and the owner is not able to transfer title to the platted property,
224 or continue development of the platted property due to economic circumstances, or some other
225 reasonable cause, the owner may petition the county assessor for reinstatement under this part
226 for assessment purposes as land in agricultural use without vacating the subdivision plat.

227 (b) The county assessor may grant the petition for reinstatement described in
228 Subsection ~~[(2)]~~ (3)(a) if the land is actively devoted to agricultural use.

229 ~~[(3) For purposes of this section:]~~

230 ~~[(a) "platted with surface improvements in place" means that:]~~

231 ~~[(i) land is platted; and]~~

232 ~~[(ii) all surface improvements necessary for the land to be sold as a lot or a unit are in
233 place:]~~

234 ~~[(A) regardless of whether or not it is the owner of the land who puts the surface
235 improvements in place; and]~~

236 ~~[(B) as determined by the:]~~

237 ~~[(1) county legislative body if the land is located in an unincorporated area of the
238 county;]~~

239 ~~[(2) city legislative body if the land is located in a city; or]~~

240 ~~[(3) town legislative body if the land is located in a town; and]~~

241 ~~[(b) "surface improvement" means:]~~

242 ~~[(i) a curb;]~~

243 ~~[(ii) a gutter; or]~~

244 ~~[(iii) pavement.]~~

244a **H→ Section 4. Section 59-2-506 is amended to read:**

244b **59-2-506. Rollback tax – Penalty – Computation of tax – Procedure – Lien – Interest – Notice –**
244c **Collection – Distribution – Appeal to county board of equalization. ☺**

- 244d ☛ (1) Except as provided in this section, Section 59-2-506.5, or Section 59-2-511, if land is
 244e withdrawn from this part, the land is subject to a rollback tax imposed in accordance with this section.
- 244f (2) (a) An owner shall notify the county assessor that land is withdrawn from this part within
 244g 120 days after the day on which the land is withdrawn from this part.
- 244h (b) An owner that fails to notify the county assessor under Subsection (2)(a) that land is
 244i withdrawn from this part is subject to a penalty equal to the greater of:
- 244j (i) \$10; or
 244k (ii) 2% of the rollback tax due for the last year of the rollback period.
- 244l (3) (a) The county assessor shall determine the amount of the rollback tax by computing the
 244m difference for the rollback period described in Subsection (3)(b) between:
- 244n (i) the tax paid while the land was assessed under this part; and
 244o (ii) the tax that would have been paid had the property not been assessed under this part.
- 244p (b) For purposes of this section, the rollback period is a time period that:
- 244q (i) begins on the later of:
- 244r (A) the date the land is first assessed under this part; or
 244s (B) five years preceding the day on which the county assessor mails the notice required by
 244t Subsection (5); and
- 244u (ii) ends the day on which the county assessor mails the notice required by Subsection (5).
- 244v (4) (a) The county treasurer shall:
- 244w (i) collect the rollback tax; and
 244x (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax lien on the
 244y property has been satisfied by:
- 244z (A) preparing a document that certifies that the rollback tax lien on the property has been
 244aa satisfied; and
- 244ab (B) providing the document described in Subsection (4)(a)(ii)(A) to the county recorder for
 244ac recordation.
- 244ad (b) The rollback tax collected under this section shall:
- 244ae (i) be paid into the county treasury; and
 244af (ii) be paid by the county treasurer to the various taxing entities pro rata in accordance with
 244ag the property tax levies for the current year.
- 244ah (5) (a) The county assessor shall mail to an owner of the land that is subject to a rollback tax a
 244ai notice that:
- 244aj (i) the land is withdrawn from this part;
 244ak (ii) the land is subject to a rollback tax under this section; and
 244al (iii) the rollback tax is delinquent if the owner of the land does not pay the tax within 30 days
 244am after the day on which the county assessor mails the notice.
- 244an (b) (i) The rollback tax is due and payable on the day the county assessor mails the
 244ao notice required by Subsection (5)(a). ☛

- 244ap ☛ (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land that is
 244aq withdrawn from this part does not pay the rollback tax within 30 days after the day on which the
 244ar county assessor mails the notice required by Subsection (5)(a).
- 244as (6) (a) Subject to Subsection (6)(b), the following are a lien on the land assessed under this
 244at part:
- 244au (i) the rollback tax; and
 244av (ii) interest imposed in accordance with Subsection (7).
- 244aw (b) The lien described in Subsection (6)(a) shall:
- 244ax (i) arise upon the imposition of the rollback tax under this section;
 244ay (ii) end on the day on which the rollback tax and interest imposed in accordance with
 244az Subsection (7) are paid in full; and
- 244ba (iii) relate back to the first day of the rollback period described in Subsection (3)(b).
- 244bb (7) (a) A delinquent rollback tax under this section shall accrue interest:
- 244bc (i) from the date of delinquency until paid; and
 244bd (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1 of the
 244be year in which the delinquency occurs.
- 244bf (b) A rollback tax that is delinquent on September 1 of any year shall be included on the notice
 244bg required by Section 59-2-1317, along with interest calculated on that delinquent amount through
 244bh November 30 of the year in which the county treasurer provides the notice under Section 59-2-1317.
- 244bi (8) (a) [~~Land~~] Except as provided in Subsection (8)(c), land that becomes ineligible for
 244bj assessment under this part only as a result of an amendment to this part is not subject to the rollback
 244bk tax if the owner of the land notifies the county assessor that the land is withdrawn from this part in
 244bl accordance with Subsection (2).
- 244bm (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of an event
 244bn other than an amendment to this part, whether voluntary or involuntary, is subject to the rollback tax.
- 244bo (c) Land that becomes ineligible for assessment under this part as a result of the changes in
 244bp 2017 General Session H.B. 45 is subject to the rollback tax.
- 244bq (9) Except as provided in Section 59-2-511, land that becomes exempt from taxation under
 244br Utah Constitution Article XIII, Section 3, is not subject to the rollback tax if the land meets the
 244bs requirements of Section 59-2-503 to be assessed under this part.
- 244bt (10) Land that becomes ineligible for assessment under this part only as a result of a split estate
 244bu mineral rights owner exercising the right to extract a mineral is not subject to the rollback tax:
- 244bv (a) (i) for the portion of the land required by a split estate mineral rights owner to extract a
 244bw mineral if, after the split estate mineral rights owner exercises the right to extract a mineral, the
 244bx portion of the property that remains in agricultural production still meets the acreage requirements of
 244by Section 59-2-503 for assessment under this part; or
- 244bz (ii) for the entire acreage that would otherwise qualify for assessment under this part if,
 244ca after the split estate mineral rights owner exercises the right to extract a mineral, the entire acreage
 244cb that ☛

244cc **⊕would otherwise qualify for assessment under this part no longer meets the acreage requirements of**
244cd **Section 59-2-503 for assessment under this part only due to the extraction of the mineral by the split**
244ce **estate mineral rights owner; and**
244cf **(b) for the period of time that the property described in Subsection (10)(a) is ineligible for**
244cg **assessment under this part due to the extraction of a mineral by the split estate mineral rights owner.**
244ch **(11) (a) Subject to Subsection (11)(b), an owner of land may appeal to the county board of**
244ci **equalization:**
244cj **(i) a decision by a county assessor to withdraw land from assessment under this part; or**
244ck **(ii) the imposition of a rollback tax under this section.**
244cl **(b) An owner shall file an appeal under Subsection (11)(a) no later than 45 days after the day**
244cm **on which the county assessor mails the notice required by Subsection (5).←Ĥ**