

1 **REVENUE AND TAXATION MODIFICATIONS**

2 2017 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Daniel McCay**

5 Senate Sponsor: Deidre M. Henderson

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7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to property taxes.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ amends the definition of locally assessed new growth to exclude a change in  
13 assessed value that occurs due to assessment under the Farmland Assessment Act or  
14 the Urban Farming Assessment Act.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides retrospective operation.

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **59-2-924**, as last amended by Laws of Utah 2016, Chapters 350 and 367

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

24 Section 1. Section **59-2-924** is amended to read:

25 **59-2-924. Definitions -- Report of valuation of property to county auditor and**  
26 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**  
27 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**  
28 **commission.**

29 (1) As used in this section:

30 (a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with  
31 this chapter.

32 (ii) "Ad valorem property tax revenue" does not include:

33 (A) interest;

34 (B) penalties;

35 (C) collections from redemptions; or

36 (D) revenue received by a taxing entity from personal property that is semiconductor  
37 manufacturing equipment assessed by a county assessor in accordance with Part 3, County  
38 Assessment.

39 (b) (i) "Aggregate taxable value of all property taxed" means:

40 (A) the aggregate taxable value of all real property a county assessor assesses in  
41 accordance with Part 3, County Assessment, for the current year;

42 (B) the aggregate taxable value of all real and personal property the commission  
43 assesses in accordance with Part 2, Assessment of Property, for the current year; and

44 (C) the aggregate year end taxable value of all personal property a county assessor  
45 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls  
46 of the taxing entity.

47 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year  
48 end taxable value of personal property that is:

49 (A) semiconductor manufacturing equipment assessed by a county assessor in  
50 accordance with Part 3, County Assessment; and

51 (B) contained on the prior year's tax rolls of the taxing entity.

52 (c) "Centrally assessed benchmark value" means an amount equal to the highest year  
53 end taxable value of real and personal property the commission assesses in accordance with  
54 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,  
55 2015, adjusted for taxable value attributable to:

56 (i) an annexation to a taxing entity; or

57 (ii) an incorrect allocation of taxable value of real or personal property the commission

58 assesses in accordance with Part 2, Assessment of Property.

59 (d) (i) "Centrally assessed new growth" means the greater of:

60 (A) zero; or

61 (B) the amount calculated by subtracting the centrally assessed benchmark value  
62 adjusted for prior year end incremental value from the taxable value of real and personal  
63 property the commission assesses in accordance with Part 2, Assessment of Property, for the  
64 current year, adjusted for current year incremental value.

65 (ii) "Centrally assessed new growth" does not include a change in value as a result of a  
66 change in the method of apportioning the value prescribed by the Legislature, a court, or the  
67 commission in an administrative rule or administrative order.

68 (e) "Certified tax rate" means a tax rate that will provide the same ad valorem property  
69 tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

70 (f) "Eligible new growth" means the greater of:

71 (i) zero; or

72 (ii) the sum of:

73 (A) locally assessed new growth;

74 (B) centrally assessed new growth; and

75 (C) project area new growth.

76 (g) "Incremental value" means the same as that term is defined in Section [17C-1-102](#).

77 (h) (i) "Locally assessed new growth" means the greater of:

78 (A) zero; or

79 (B) the amount calculated by subtracting the year end taxable value of real property the  
80 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,  
81 adjusted for prior year end incremental value from the taxable value of real property the county  
82 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted  
83 for current year incremental value.

84 (ii) "Locally assessed new growth" does not include a change in:

85 (A) value as a result of factoring in accordance with Section [59-2-704](#), reappraisal, or

86 another adjustment; [~~or~~]

87 (B) assessed value based on whether a property is allowed a residential exemption for a  
88 primary residence under Section 59-2-103[-];

89 (C) assessed value based on whether a property is assessed under Part 5, Farmland  
90 Assessment Act; or

91 (D) assessed value based on whether a property is assessed under Part 17, Urban  
92 Farming Assessment Act.

93 (i) "Project area" means the same as that term is defined in Section 17C-1-102.

94 (j) "Project area new growth" means an amount equal to the incremental value that is  
95 no longer provided to an agency as tax increment.

96 (2) Before June 1 of each year, the county assessor of each county shall deliver to the  
97 county auditor and the commission the following statements:

98 (a) a statement containing the aggregate valuation of all taxable real property a county  
99 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

100 (b) a statement containing the taxable value of all personal property a county assessor  
101 assesses in accordance with Part 3, County Assessment, from the prior year end values.

102 (3) The county auditor shall, on or before June 8, transmit to the governing body of  
103 each taxing entity:

104 (a) the statements described in Subsections (2)(a) and (b);

105 (b) an estimate of the revenue from personal property;

106 (c) the certified tax rate; and

107 (d) all forms necessary to submit a tax levy request.

108 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be  
109 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the  
110 prior year by the amount calculated under Subsection (4)(b).

111 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall  
112 calculate an amount as follows:

113 (i) calculate for the taxing entity the difference between:

- 114 (A) the aggregate taxable value of all property taxed; and
- 115 (B) any adjustments for current year incremental value;
- 116 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
- 117 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
- 118 average of the percentage net change in the value of taxable property for the equalization
- 119 period for the three calendar years immediately preceding the current calendar year;
- 120 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
- 121 of:
  - 122 (A) the amount calculated under Subsection (4)(b)(ii); and
  - 123 (B) the percentage of property taxes collected for the five calendar years immediately
  - 124 preceding the current calendar year; and
  - 125 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
  - 126 determined by subtracting eligible new growth from the amount calculated under Subsection
  - 127 (4)(b)(iii).
- 128 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
- 129 calculated as follows:
  - 130 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax
  - 131 rate is zero;
  - 132 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:
    - 133 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
    - 134 services under Sections 17-34-1 and 17-36-9; and
    - 135 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
    - 136 purposes and such other levies imposed solely for the municipal-type services identified in
    - 137 Section 17-34-1 and Subsection 17-36-3(22); and
    - 138 (c) for debt service voted on by the public, the certified tax rate is the actual levy
    - 139 imposed by that section, except that a certified tax rate for the following levies shall be
    - 140 calculated in accordance with Section 59-2-913 and this section:
      - 141 (i) a school levy provided for under Section 53A-16-113, 53A-17a-133, or

142 [53A-17a-164](#); and

143 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative  
144 orders under Section [59-2-1602](#).

145 (6) (a) A judgment levy imposed under Section [59-2-1328](#) or [59-2-1330](#) may be  
146 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more  
147 eligible judgments.

148 (b) The ad valorem property tax revenue generated by a judgment levy described in  
149 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax  
150 rate.

151 (7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

152 (i) the taxable value of real property:

153 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

154 (B) contained on the assessment roll;

155 (ii) the year end taxable value of personal property:

156 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

157 (B) contained on the prior year's assessment roll; and

158 (iii) the taxable value of real and personal property the commission assesses in  
159 accordance with Part 2, Assessment of Property.

160 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new  
161 growth.

162 (8) (a) On or before June 22, a taxing entity shall annually adopt a tentative budget.

163 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall  
164 notify the county auditor of:

165 (i) the taxing entity's intent to exceed the certified tax rate; and

166 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

167 (c) The county auditor shall notify property owners of any intent to levy a tax rate that  
168 exceeds the certified tax rate in accordance with Sections [59-2-919](#) and [59-2-919.1](#).

169 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through

170 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim  
171 Committee if:

172 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end  
173 taxable value of the real and personal property the commission assesses in accordance with  
174 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental  
175 value; and

176 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end  
177 taxable value of the real and personal property of a taxpayer the commission assesses in  
178 accordance with Part 2, Assessment of Property, for the previous year.

179 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by  
180 subtracting the taxable value of real and personal property the commission assesses in  
181 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year  
182 incremental value, from the year end taxable value of the real and personal property the  
183 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,  
184 adjusted for prior year end incremental value.

185 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by  
186 subtracting the total taxable value of real and personal property of a taxpayer the commission  
187 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total  
188 year end taxable value of the real and personal property of a taxpayer the commission assesses  
189 in accordance with Part 2, Assessment of Property, for the previous year.

190 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet  
191 the requirement under Subsection (9)(a)(ii).

192 **Section 2. Retrospective operation.**

193 This bill has retrospective operation to January 1, 2017.