

REVENUE AND TAXATION MODIFICATIONS

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 provisions related to property taxes.

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

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

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

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

59-2-924. Definitions -- Report of valuation of property to county auditor and



28 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
29 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
30 **commission.**

31 (1) As used in this section:

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

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

35 (A) interest;

36 (B) penalties;

37 (C) collections from redemptions; or

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

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

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

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

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

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

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

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

54 (c) "Centrally assessed benchmark value" means an amount equal to the highest year
55 end taxable value of real and personal property the commission assesses in accordance with
56 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
57 2015, adjusted for taxable value attributable to:

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

59 (ii) an incorrect allocation of taxable value of real or personal property the commission
60 assesses in accordance with Part 2, Assessment of Property.

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

62 (A) zero; or

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

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

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

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

73 (i) zero; or

74 (ii) the sum of:

75 (A) locally assessed new growth;

76 (B) centrally assessed new growth; and

77 (C) project area new growth.

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

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

80 (A) zero; or

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

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

87 (A) value as a result of factoring in accordance with Section [59-2-704](#), reappraisal, or
88 another adjustment; [~~or~~]

89 (B) assessed value based on whether a property is allowed a residential exemption for a

90 primary residence under Section [59-2-103](#)[-];

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

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

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

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

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

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

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

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

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

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

108 (c) the certified tax rate; and

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

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

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

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

116 (A) the aggregate taxable value of all property taxed; and

117 (B) any adjustments for current year incremental value;

118 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
119 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
120 average of the percentage net change in the value of taxable property for the equalization

121 period for the three calendar years immediately preceding the current calendar year;

122 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product

123 of:

124 (A) the amount calculated under Subsection (4)(b)(ii); and

125 (B) the percentage of property taxes collected for the five calendar years immediately

126 preceding the current calendar year; and

127 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount

128 determined by subtracting eligible new growth from the amount calculated under Subsection

129 (4)(b)(iii).

130 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be

131 calculated as follows:

132 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax

133 rate is zero;

134 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

135 (i) in a county of the first, second, or third class, the levy imposed for municipal-type

136 services under Sections 17-34-1 and 17-36-9; and

137 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county

138 purposes and such other levies imposed solely for the municipal-type services identified in

139 Section 17-34-1 and Subsection 17-36-3(22); and

140 (c) for debt service voted on by the public, the certified tax rate is the actual levy

141 imposed by that section, except that a certified tax rate for the following levies shall be

142 calculated in accordance with Section 59-2-913 and this section:

143 (i) a school levy provided for under Section 53A-16-113, 53A-17a-133, or

144 53A-17a-164; and

145 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative

146 orders under Section 59-2-1602.

147 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be

148 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more

149 eligible judgments.

150 (b) The ad valorem property tax revenue generated by a judgment levy described in

151 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax

152 rate.

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

154 (i) the taxable value of real property:

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

156 (B) contained on the assessment roll;

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

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

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

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

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

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

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

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

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

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

171 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
172 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
173 Committee if:

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

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

181 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
182 subtracting the taxable value of real and personal property the commission assesses in

183 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
184 incremental value, from the year end taxable value of the real and personal property the
185 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
186 adjusted for prior year end incremental value.

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

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

194 Section 2. **Retrospective operation.**

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

Legislative Review Note
Office of Legislative Research and General Counsel