

CERTIFIED TAX RATE AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

Senate Sponsor: Curtis S. Bramble

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

General Description:

This bill modifies the calculation of the certified property tax rate.

Highlighted Provisions:

This bill:

- ▶ modifies the calculation of the certified property tax rate by adjusting eligible new growth to account for collection rates over the previous five years; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-913, as last amended by Laws of Utah 2016, Chapters 350 and 367

59-2-924, as last amended by Laws of Utah 2017, Chapter 390

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

Section 1. Section **59-2-913** is amended to read:



28 **59-2-913. Definitions -- Statement of amount and purpose of levy -- Contents of**
29 **statement -- Filing with county auditor -- Transmittal to commission -- Calculations for**
30 **establishing tax levies -- Format of statement.**

31 (1) As used in this section, "budgeted property tax revenues" does not include property
32 tax revenue received by a taxing entity from personal property that is:

33 (a) assessed by a county assessor in accordance with Part 3, County Assessment; and
34 (b) semiconductor manufacturing equipment.

35 (2) (a) The legislative body of each taxing entity shall file a statement as provided in
36 this section with the county auditor of the county in which the taxing entity is located.

37 (b) The auditor shall annually transmit the statement to the commission:

38 (i) before June 22; or

39 (ii) with the approval of the commission, on a subsequent date prior to the date
40 required by Section 59-2-1317 for the county treasurer to provide the notice under Section
41 59-2-1317.

42 (c) The statement shall contain the amount and purpose of each levy fixed by the
43 legislative body of the taxing entity.

44 (3) For purposes of establishing the levy set for each of a taxing entity's applicable
45 funds, the legislative body of the taxing entity shall calculate an amount determined by dividing
46 the budgeted property tax revenues, specified in a budget that has been adopted and approved
47 prior to setting the levy, by the amount calculated under Subsections 59-2-924 (4)(b)(i) through
48 [~~(iii)~~] (iv).

49 (4) The format of the statement under this section shall:

50 (a) be determined by the commission; and

51 (b) cite any applicable statutory provisions that:

52 (i) require a specific levy; or

53 (ii) limit the property tax levy for any taxing entity.

54 (5) The commission may require certification that the information submitted on a
55 statement under this section is true and correct.

56 Section 2. Section 59-2-924 is amended to read:

57 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
58 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**

59 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
60 **commission.**

61 (1) As used in this section:

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

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

65 (A) interest;

66 (B) penalties;

67 (C) collections from redemptions; or

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

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

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

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

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

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

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

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

84 (c) "Centrally assessed benchmark value" means an amount equal to the highest year
85 end taxable value of real and personal property the commission assesses in accordance with
86 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
87 2015, adjusted for taxable value attributable to:

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

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

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

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

92 (A) zero; or

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

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

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

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

103 (i) zero; or

104 (ii) the sum of:

105 (A) locally assessed new growth;

106 (B) centrally assessed new growth; and

107 (C) project area new growth.

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

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

110 (A) zero; or

111 (B) the amount calculated by subtracting the year end taxable value of real property the
112 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
113 adjusted for prior year end incremental value from the taxable value of real property the county
114 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
115 for current year incremental value.

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

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

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

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

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

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

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

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

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

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

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

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

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

138 (c) the certified tax rate; and

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

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

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

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

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

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

148 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
149 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
150 average of the percentage net change in the value of taxable property for the equalization
151 period for the three calendar years immediately preceding the current calendar year;

152 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
153 of:

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

155 (B) the percentage of property taxes collected for the five calendar years immediately
156 preceding the current calendar year; and

157 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
158 determined by:

159 (A) multiplying the percentage of property taxes collected for the five calendar years
160 immediately preceding the current calendar year by eligible new growth; and

161 (B) subtracting [~~eligible new growth~~] the amount calculated under Subsection
162 (4)(b)(iv)(A) from the amount calculated under Subsection (4)(b)(iii).

163 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
164 calculated as follows:

165 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax
166 rate is zero;

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

168 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
169 services under Sections 17-34-1 and 17-36-9; and

170 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
171 purposes and such other levies imposed solely for the municipal-type services identified in
172 Section 17-34-1 and Subsection 17-36-3(22); and

173 (c) for debt service voted on by the public, the certified tax rate is the actual levy
174 imposed by that section, except that a certified tax rate for the following levies shall be
175 calculated in accordance with Section 59-2-913 and this section:

176 (i) a school levy provided for under Section 53A-16-113, 53A-17a-133, or
177 53A-17a-164; and

178 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative
179 orders under Section 59-2-1602.

180 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be
181 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more
182 eligible judgments.

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

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

187 (i) the taxable value of real property:

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

189 (B) contained on the assessment roll;

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

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

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

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

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

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

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

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

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

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

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

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

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

214 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
215 subtracting the taxable value of real and personal property the commission assesses in
216 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
217 incremental value, from the year end taxable value of the real and personal property the
218 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
219 adjusted for prior year end incremental value.

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

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

Legislative Review Note
Office of Legislative Research and General Counsel