

1 **COMMERCIAL PROPERTY TAX AMENDMENTS**

2 2018 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Daniel Hemmert**

5 House Sponsor: Adam Robertson

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to property taxes.

10 **Highlighted Provisions:**

11 This bill:

12 ▶ defines terms; and

13 ▶ provides for a property tax exemption for real property that is leased entirely to the
14 state or a local government entity for the taxable year.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 This bill provides a special effective date.

19 **Utah Code Sections Affected:**

20 ENACTS:

21 **59-2-1117**, Utah Code Annotated 1953

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

24 Section 1. Section **59-2-1117** is enacted to read:

25 **59-2-1117. Definitions -- Exemption for real property leased to the state or a local**
26 **government entity -- Application process --Rulemaking authority.**

27 (1) As used in this section:



28 (a) (i) "Claimant" means the owner of real property for which an application is
29 submitted under this section.

30 (ii) "Claimant" includes an agent of an owner of real property for which an application
31 is submitted under this section.

32 (b) (i) Except as provided in Subsection (1)(b)(ii), "eligible leased real property" means
33 a parcel of property and any structures upon that parcel of property that are leased to the state
34 or a local government entity under a triple net lease for a taxable year.

35 (ii) "Eligible leased real property" does not include property:

36 (A) in which the owner or agent of the owner retains use of part or all of the parcel or
37 any structures upon that parcel;

38 (B) that is leased to more than one person; or

39 (C) that is leased for less than the entire taxable year.

40 (c) "Local government entity" means:

41 (i) a county;

42 (ii) a city;

43 (iii) a town;

44 (iv) a school district;

45 (v) a charter school;

46 (vi) a public library;

47 (vii) a local district;

48 (viii) a special service district; or

49 (ix) any political subdivision of the state not identified in Subsections (1)(c)(i) through
50 (viii).

51 (d) "Triple net lease" means a lease agreement under which the tenant or lessee is
52 responsible for the real estate taxes, building insurance, and maintenance on the property in
53 addition to rent and utilities.

54 (2) Except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, and subject
55 to Subsections (3) through (6), eligible leased real property is exempt from taxation under this
56 chapter.

57 (3) A claimant shall apply annually for the exemption under this section unless the
58 county board of equalization waives the application requirement.

59 (4) (a) A claimant applying for an exemption under this section shall file an application
60 with the county board of equalization on or before August 15 of the year in which the claimant
61 is applying for the exemption.

62 (b) If a claimant fails to file an application in accordance with Subsection (4)(a), the
63 state or a local government entity that is leasing eligible leased property may file an application
64 with the county board of equalization on or before September 1 of the year in which the state or
65 the local government entity seeks for the claimant to receive an exemption under this section.

66 (5) A claimant, the state, or a local government entity shall submit the following
67 information with the application described in Subsection (4):

68 (a) a copy of the lease agreement; and

69 (b) other evidence that:

70 (i) the commission may require by rule made in accordance with Title 63G, Chapter 3,
71 Utah Administrative Rulemaking Act; or

72 (ii) the county board of equalization to which the claimant is submitting the application
73 requires.

74 (6) (a) If, after a claimant, the state, or a local government entity submits an application
75 under Subsection (4), the terms of the lease of the property for which an exemption was sought
76 or granted change:

77 (i) in a manner that makes the claimant ineligible for the exemption under this section,
78 the claimant shall submit a notice to the county board of equalization that the real property is
79 no longer eligible for the exemption; or

80 (ii) in any other manner, the claimant shall submit an amended application with the
81 county board of equalization.

82 (b) A claimant shall submit the notice or the amended application described in
83 Subsection (6)(a) within 30 days of a change to the terms of the lease.

84 (c) A claimant shall submit a copy of the new lease agreement with the amended
85 application.

86 (d) If a claimant fails to submit the notice or the amended application required by
87 Subsection (6)(a), the state or a local government entity that is leasing the property for which
88 an exemption was sought or granted may submit the notice or amended application required by
89 this Subsection (6).

90 Section 2. **Effective date.**

91 This bill takes effect on January 1, 2019, if the amendment to the Utah Constitution
92 proposed by S.J.R. 2, Proposal to Amend Utah Constitution - Property Tax Exemptions, 2018
93 General Session, passes the Legislature and is approved by a majority of those voting on it at
94 the next regular general election.

Legislative Review Note
Office of Legislative Research and General Counsel