

SB0076S01 compared with SB0076

~~text~~ shows text that was in SB0076 but was deleted in SB0076S01.

Inserted text shows text that was not in SB0076 but was inserted into SB0076S01.

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Senator Daniel Hemmert proposes the following substitute bill:

COMMERCIAL PROPERTY TAX AMENDMENTS

2018 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel Hemmert

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to property taxes.

Highlighted Provisions:

This bill:

- ▶ defines terms; and
- ▶ provides for a property tax exemption for real property that is leased entirely to the state or a local government entity for the taxable year.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

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ENACTS:

59-2-1117, Utah Code Annotated 1953

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

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

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

(1) As used in this section:

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

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

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

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

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

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

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

(c) "Local government entity" means:

(i) a county;

(ii) a city;

(iii) a town;

(iv) a school district;

(v) a charter school;

(vi) a public library;

(vii) a local district;

(viii) a special service district; or

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

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

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

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

(4) (a) A claimant applying for an exemption under this section shall file an application with the county board of equalization on or before ~~August 15~~ May 1 of the year in which the claimant is applying for the exemption.

(b) If a claimant fails to file an application in accordance with Subsection (4)(a), the state or a local government entity that is leasing eligible leased property may file an application with the county board of equalization on or before ~~September 1~~ May 15 of the year in which the state or the local government entity seeks for the claimant to receive an exemption under this section.

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

(a) a copy of the lease agreement; and

(b) other evidence that:

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

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

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

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

(ii) in any other manner, the claimant shall submit an amended application with the

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county board of equalization.

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

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

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

Section 2. **Effective date.**

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

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Legislative Review Note

Office of Legislative Research and General Counsel†