

Representative Norman K. Thurston proposes the following substitute bill:

VEHICLE PROPERTY TAX AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K. Thurston

Senate Sponsor: _____

LONG TITLE

General Description:

This bill prohibits collection of the uniform fee in lieu of ad valorem tax on a vehicle more than once per calendar year.

Highlighted Provisions:

This bill:

- ▶ prohibits collection of the uniform fee in lieu of ad valorem tax on a vehicle more than once per calendar year;
- ▶ provides instructions to limit the collection of the uniform fee in lieu of ad valorem tax on a vehicle registered for only six months;
- ▶ provides an exemption from the notice and public hearing requirements for a taxing entity to raise a tax rate to offset a reduction in revenue caused by the restriction on collecting a uniform fee in lieu of ad valorem tax on a vehicle more than once per calendar year; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.



26 **Utah Code Sections Affected:**

27 AMENDS:

28 **59-2-405.1**, as last amended by Laws of Utah 2012, Chapter 397

29 **59-2-407**, as last amended by Laws of Utah 2018, Chapters 432 and 436

30 **59-2-924.2**, as last amended by Laws of Utah 2018, Chapters 364 and 436

31

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

33 Section 1. Section **59-2-405.1** is amended to read:

34 **59-2-405.1. Uniform fee on certain vehicles weighing 12,000 pounds or less --**

35 **Distribution of revenues -- Appeals.**

36 (1) The property described in Subsection (2) is exempt from ad valorem property taxes
37 pursuant to Utah Constitution Article XIII, Section 2, Subsection (6).

38 (2) (a) Except as provided in Subsection (2)(b) and subject to Subsection (6), there is
39 levied as provided in this part a statewide uniform fee in lieu of the ad valorem tax on:

40 (i) motor vehicles as defined in Section **41-1a-102** that:

41 (A) are required to be registered with the state; and

42 (B) weigh 12,000 pounds or less; and

43 (ii) state-assessed commercial vehicles required to be registered with the state that
44 weigh 12,000 pounds or less.

45 (b) The following tangible personal property is exempt from the statewide uniform fee
46 imposed by this section:

47 (i) aircraft;

48 (ii) tangible personal property subject to a uniform fee imposed by:

49 (A) Section **59-2-405**;

50 (B) Section **59-2-405.2**; or

51 (C) Section **59-2-405.3**; and

52 (iii) tangible personal property that is exempt from state or county ad valorem property
53 taxes under the laws of this state or of the federal government.

54 (3) (a) Except as provided in Subsections (3)(b) and (c), beginning on January 1, 1999,
55 the uniform fee for purposes of this section is as follows:

56	Age of Vehicle	Uniform Fee
57	12 or more years	\$10
58	9 or more years but less than 12 years	\$50
59	6 or more years but less than 9 years	\$80
60	3 or more years but less than 6 years	\$110
61	Less than 3 years	\$150

62 (b) For registrations under Section 41-1a-215.5, the uniform fee for purposes of this
 63 section is as follows:

64	Age of Vehicle	Uniform Fee
65	12 or more years	\$7.75
66	9 or more years but less than 12 years	\$38.50
67	6 or more years but less than 9 years	\$61.50
68	3 or more years but less than 6 years	\$84.75
69	Less than 3 years	\$115.50

70 (c) Notwithstanding Subsections (3)(a) and (b), beginning on September 1, 2001, for a
 71 motor vehicle issued a temporary sports event registration certificate in accordance with
 72 Section 41-3-306, the uniform fee for purposes of this section is \$5 for the event period
 73 specified on the temporary sports event registration certificate regardless of the age of the
 74 motor vehicle.

75 (4) Notwithstanding Section 59-2-407, property subject to the uniform fee that is
 76 brought into the state and is required to be registered in Utah shall, as a condition of
 77 registration, be subject to the uniform fee unless all property taxes or uniform fees imposed by
 78 the state of origin have been paid for the current calendar year.

79 (5) (a) The revenues collected in each county from the uniform fee shall be distributed
 80 by the county to each taxing entity in which the property described in Subsection (2) is located
 81 in the same proportion in which revenue collected from ad valorem real property tax is
 82 distributed.

83 (b) Each taxing entity shall distribute the revenues received under Subsection (5)(a) in
 84 the same proportion in which revenue collected from ad valorem real property tax is

85 distributed.

86 (6) (a) Except for a vehicle registered under Section 41-1a-215.5, the uniform fee in
87 lieu of the ad valorem tax described and levied in this section may only be collected once per
88 calendar year per vehicle.

89 (b) For a vehicle registered under Section 41-1a-215.5, the uniform fee in lieu of ad
90 valorem tax described and levied in this section may be collected twice per calendar year per
91 vehicle, except that the total amount collected during a calendar year may not exceed an
92 amount equal to twice the amount described in Subsection (3)(b) corresponding to the vehicle
93 being registered.

94 (c) To determine whether the uniform fee in lieu of ad valorem tax has been paid for a
95 vehicle during a calendar year, the commission shall consider the due date of the uniform fee in
96 lieu of ad valorem tax, not the actual payment date.

97 Section 2. Section **59-2-407** is amended to read:

98 **59-2-407. Administration of uniform fees.**

99 (1) (a) Except as provided in Subsection 59-2-405(4) or 59-2-405.3(4), the uniform fee
100 authorized in Sections 59-2-404, 59-2-405, 59-2-405.3, and 72-10-110.5 shall be assessed at
101 the same time and in the same manner as ad valorem personal property taxes under Chapter 2,
102 Part 13, Collection of Taxes, except that in listing personal property subject to the uniform fee
103 with real property as permitted by Section 59-2-1302, the assessor or, if this duty has been
104 reassigned in an ordinance under Section 17-16-5.5, the treasurer shall list only the amount of
105 the uniform fee due, and not the taxable value of the property subject to the uniform fee.

106 (b) Except as provided in Subsections 59-2-405.1(4), 59-2-405.1(6), 59-2-405.2(5),
107 and 59-2-405.3(4), the uniform fee imposed by Section 59-2-405.1, 59-2-405.2, or 59-2-405.3
108 shall be assessed at the time of:

- 109 (i) registration as defined in Section 41-1a-102; and
110 (ii) renewal of registration.

111 (2) The remedies for nonpayment of the uniform fees authorized by Sections 59-2-404,
112 59-2-405, 59-2-405.1, 59-2-405.2, 59-2-405.3, and 72-10-110.5 shall be the same as those
113 provided in Chapter 2, Part 13, Collection of Taxes, for nonpayment of ad valorem personal
114 property taxes.

115 Section 3. Section **59-2-924.2** is amended to read:

116 **59-2-924.2. Adjustments to the calculation of a taxing entity's certified tax rate.**

117 (1) For purposes of this section, "certified tax rate" means a certified tax rate calculated
118 in accordance with Section 59-2-924.

119 (2) Beginning January 1, 1997, if a taxing entity receives increased revenues from
120 uniform fees on tangible personal property under Section 59-2-405, 59-2-405.1, 59-2-405.2,
121 59-2-405.3, or 72-10-110.5 as a result of any county imposing a sales and use tax under
122 Chapter 12, Part 11, County Option Sales and Use Tax, the taxing entity shall decrease its
123 certified tax rate to offset the increased revenues.

124 (3) (a) Beginning July 1, 1997, if a county has imposed a sales and use tax under
125 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

126 (i) decreased on a one-time basis by the amount of the estimated sales and use tax
127 revenue to be distributed to the county under Subsection 59-12-1102(3); and

128 (ii) increased by the amount necessary to offset the county's reduction in revenue from
129 uniform fees on tangible personal property under Section 59-2-405, 59-2-405.1, 59-2-405.2,
130 59-2-405.3, or 72-10-110.5 as a result of the decrease in the certified tax rate under Subsection
131 (3)(a)(i).

132 (b) The commission shall determine estimates of sales and use tax distributions for
133 purposes of Subsection (3)(a).

134 (4) Beginning January 1, 1998, if a municipality has imposed an additional resort
135 communities sales and use tax under Section 59-12-402, the municipality's certified tax rate
136 shall be decreased on a one-time basis by the amount necessary to offset the first 12 months of
137 estimated revenue from the additional resort communities sales and use tax imposed under
138 Section 59-12-402.

139 (5) (a) This Subsection (5) applies to each county that:

140 (i) establishes a countywide special service district under Title 17D, Chapter 1, Special
141 Service District Act, to provide jail service, as provided in Subsection 17D-1-201(10); and

142 (ii) levies a property tax on behalf of the special service district under Section
143 17D-1-105.

144 (b) (i) The certified tax rate of each county to which this Subsection (5) applies shall be
145 decreased by the amount necessary to reduce county revenues by the same amount of revenues
146 that will be generated by the property tax imposed on behalf of the special service district.

147 (ii) Each decrease under Subsection (5)(b)(i) shall occur contemporaneously with the
148 levy on behalf of the special service district under Section 17D-1-105.

149 (6) (a) As used in this Subsection (6):

150 (i) "Annexing county" means a county whose unincorporated area is included within a
151 public safety district by annexation.

152 (ii) "Annexing municipality" means a municipality whose area is included within a
153 public safety district by annexation.

154 (iii) "Equalized public safety protection tax rate" means the tax rate that results from:

155 (A) calculating, for each participating county and each participating municipality, the
156 property tax revenue necessary:

157 (I) in the case of a fire district, to cover all of the costs associated with providing fire
158 protection, paramedic, and emergency services:

159 (Aa) for a participating county, in the unincorporated area of the county; and

160 (Bb) for a participating municipality, in the municipality; or

161 (II) in the case of a police district, to cover all the costs:

162 (Aa) associated with providing law enforcement service:

163 (Ii) for a participating county, in the unincorporated area of the county; and

164 (Iiii) for a participating municipality, in the municipality; and

165 (Bb) that the police district board designates as the costs to be funded by a property
166 tax; and

167 (B) adding all the amounts calculated under Subsection (6)(a)(iii)(A) for all
168 participating counties and all participating municipalities and then dividing that sum by the
169 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

170 (I) for participating counties, in the unincorporated area of all participating counties;
171 and

172 (II) for participating municipalities, in all the participating municipalities.

173 (iv) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service
174 Area Act:

175 (A) created to provide fire protection, paramedic, and emergency services; and

176 (B) in the creation of which an election was not required under Subsection
177 17B-1-214(3)(d).

178 (v) "Participating county" means a county whose unincorporated area is included
179 within a public safety district at the time of the creation of the public safety district.

180 (vi) "Participating municipality" means a municipality whose area is included within a
181 public safety district at the time of the creation of the public safety district.

182 (vii) "Police district" means a service area under Title 17B, Chapter 2a, Part 9, Service
183 Area Act, within a county of the first class:

184 (A) created to provide law enforcement service; and

185 (B) in the creation of which an election was not required under Subsection

186 [17B-1-214\(3\)\(d\)](#).

187 (viii) "Public safety district" means a fire district or a police district.

188 (ix) "Public safety service" means:

189 (A) in the case of a public safety district that is a fire district, fire protection,
190 paramedic, and emergency services; and

191 (B) in the case of a public safety district that is a police district, law enforcement
192 service.

193 (b) In the first year following creation of a public safety district, the certified tax rate of
194 each participating county and each participating municipality shall be decreased by the amount
195 of the equalized public safety tax rate.

196 (c) In the first budget year following annexation to a public safety district, the certified
197 tax rate of each annexing county and each annexing municipality shall be decreased by an
198 amount equal to the amount of revenue budgeted by the annexing county or annexing
199 municipality:

200 (i) for public safety service; and

201 (ii) in:

202 (A) for a taxing entity operating under a January 1 through December 31 fiscal year,
203 the prior calendar year; or

204 (B) for a taxing entity operating under a July 1 through June 30 fiscal year, the prior
205 fiscal year.

206 (d) Each tax levied under this section by a public safety district shall be considered to
207 be levied by:

208 (i) each participating county and each annexing county for purposes of the county's tax

209 limitation under Section 59-2-908; and

210 (ii) each participating municipality and each annexing municipality for purposes of the
211 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a
212 city.

213 (e) The calculation of a public safety district's certified tax rate for the year of
214 annexation shall be adjusted to include an amount of revenue equal to one half of the amount
215 of revenue budgeted by the annexing entity for public safety service in the annexing entity's
216 prior fiscal year if:

217 (i) the public safety district operates on a January 1 through December 31 fiscal year;

218 (ii) the public safety district approves an annexation of an entity operating on a July 1
219 through June 30 fiscal year; and

220 (iii) the annexation described in Subsection (6)(e)(ii) takes effect on July 1.

221 (7) (a) The base taxable value as defined in Section 17C-1-102 shall be reduced for any
222 year to the extent necessary to provide a community reinvestment agency established under
223 Title 17C, Limited Purpose Local Government Entities - Community Reinvestment Agency
224 Act, with approximately the same amount of money the agency would have received without a
225 reduction in the county's certified tax rate, calculated in accordance with Section 59-2-924, if:

226 (i) in that year there is a decrease in the certified tax rate under Subsection (2) or (3)(a);

227 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the
228 previous year; and

229 (iii) the decrease results in a reduction of the amount to be paid to the agency under
230 Section 17C-1-403 or 17C-1-404.

231 (b) The base taxable value as defined in Section 17C-1-102 shall be increased in any
232 year to the extent necessary to provide a community reinvestment agency with approximately
233 the same amount of money as the agency would have received without an increase in the
234 certified tax rate that year if:

235 (i) in that year the base taxable value as defined in Section 17C-1-102 is reduced due to
236 a decrease in the certified tax rate under Subsection (2) or (3)(a); and

237 (ii) the certified tax rate of a city, school district, local district, or special service
238 district increases independent of the adjustment to the taxable value of the base year.

239 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2) or (3)(a),

240 the amount of money allocated and, when collected, paid each year to a community
241 reinvestment agency established under Title 17C, Limited Purpose Local Government Entities -
242 Community Reinvestment Agency Act, for the payment of bonds or other contract
243 indebtedness, but not for administrative costs, may not be less than that amount would have
244 been without a decrease in the certified tax rate under Subsection (2) or (3)(a).

245 (8) (a) For the calendar year beginning on January 1, 2014, the calculation of a county
246 assessing and collecting levy shall be adjusted by the amount necessary to offset:

247 (i) any change in the certified tax rate that may result from amendments to Part 16,
248 Multicounty Assessing and Collecting Levy, in Laws of Utah 2014, Chapter 270, Section 3;
249 and

250 (ii) the difference in the amount of revenue a taxing entity receives from or contributes
251 to the Property Tax Valuation Agency Fund, created in Section 59-2-1602, that may result from
252 amendments to Part 16, Multicounty Assessing and Collecting Levy, in Laws of Utah 2014,
253 Chapter 270, Section 3.

254 (b) A taxing entity is not required to comply with the notice and public hearing
255 requirements in Section 59-2-919 for an adjustment to the county assessing and collecting levy
256 described in Subsection (8)(a).

257 (9) A taxing entity is not required to comply with the notice and public hearing
258 provisions of Section 59-2-919 for an increase of a tax rate above the certified rate for the 2021
259 tax year:

260 (a) to offset a reduction in revenue during the 2020 tax year caused by a restriction on
261 the collection of a uniform fee in lieu of property tax described in Subsection 59-2-405.1(6);
262 and

263 (b) that is limited to a percentage increase necessary to offset revenue lost due to the
264 restriction on collection of a uniform fee in lieu of property tax as described in Subsection
265 (9)(a).

266 Section 4. **Effective date.**

267 This bill takes effect on January 1, 2020.