

1 **TANGIBLE PERSONAL PROPERTY REVISIONS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Karianne Lisonbee**

5 Senate Sponsor: Daniel McCay

6

LONG TITLE

7 **General Description:**

8 This bill amends provisions related to tax exemptions for tangible personal property.

9 **Highlighted Provisions:**

10 This bill:

- 11 ▶ adjusts the amount of total aggregate taxable value of personal property that
- 12 qualifies for a certain personal property tax exemption;
- 13 ▶ adds a tax exemption for certain items of business tangible personal property;
- 14 ▶ amends filing requirements for a person who qualifies for certain tax exemptions
- 15 from tangible personal property; and
- 16 ▶ makes technical and conforming changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill provides a special effective date.

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **59-2-1115**, as last amended by Laws of Utah 2013, Chapters 19 and 147

24

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

25 Section 1. Section **59-2-1115** is amended to read:



28 **59-2-1115. Exemption of certain tangible personal property.**

29 (1) For purposes of this section:

30 (a) (i) "Acquisition cost" means all costs required to put an item of tangible personal
31 property into service; and

32 (ii) includes:

33 (A) the purchase price for a new or used item;

34 (B) the cost of freight and shipping;

35 (C) the cost of installation, engineering, erection, or assembly; and

36 (D) sales and use taxes.

37 (b) (i) "Item of taxable tangible personal property" does not include an improvement to
38 real property or a part that will become an improvement.

39 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
40 commission may make rules defining the term "item of taxable tangible personal property."

41 (c) (i) "Taxable tangible personal property" means tangible personal property that is
42 subject to taxation under this chapter.

43 (ii) "Taxable tangible personal property" does not include:

44 (A) tangible personal property required by law to be registered with the state before it
45 is used:

46 (I) on a public highway;

47 (II) on a public waterway;

48 (III) on public land; or

49 (IV) in the air;

50 (B) a mobile home as defined in Section 41-1a-102; or

51 (C) a manufactured home as defined in Section 41-1a-102.

52 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if
53 the taxable tangible personal property has a total aggregate taxable value per county of
54 [~~\$10,000~~] \$12,500 or less.

55 (b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible
56 personal property, except for an item of noncapitalized personal property as defined in Section
57 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

58 (i) has an acquisition cost of \$1,000 or less;

59 (ii) has reached a percent good of 15% or less according to a personal property
60 schedule published by the commission pursuant to Section 59-2-107; and

61 (iii) is in a personal property schedule with a residual value of 15% or less.

62 (c) For an item of taxable tangible personal property that is not exempt under

63 Subsection (2)(a) or (b), the item is exempt from taxation if:

64 (i) the item is owned by a business and is not critical to the actual business operation of
65 the business; and

66 (ii) the acquisition cost of the item is less than \$150.

67 ~~[(3)(a) For calendar years beginning on or after January 1, 2015, the commission shall~~
68 ~~increase the dollar amount described in Subsection (2)(a):]~~

69 ~~[(i) by a percentage equal to the percentage difference between the consumer price~~
70 ~~index for the preceding calendar year and the consumer price index for calendar year 2013;~~
71 ~~and]~~

72 ~~[(ii) up to the nearest \$100 increment.]~~

73 ~~[(b) For purposes of this Subsection (3), the commission shall calculate the consumer~~
74 ~~price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.]~~

75 ~~[(c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative~~
76 ~~percentage, the consumer price index increase for the year is zero.]~~

77 ~~[(4)]~~ (3) (a) For the first calendar year in which a taxpayer qualifies for an exemption
78 described in Subsection (2)(a), a county assessor may require the taxpayer to file a signed
79 statement described in Section 59-2-306.

80 (b) Notwithstanding Section 59-2-306 and subject to Subsection ~~[(5)]~~ (4), for a
81 calendar year in which a taxpayer qualifies for an exemption described in Subsection (2)(a)
82 after the calendar year described in Subsection ~~[(4)]~~ (3)(a), a signed statement described in
83 Section 59-2-306 with respect to the taxable tangible personal property that is exempt under
84 Subsection (2)(a) may only require the taxpayer to certify, under penalty of perjury, that the
85 taxpayer qualifies for the exemption under Subsection (2)(a).

86 (c) If a taxpayer qualifies for an exemption described in Subsection (2)(a) for five
87 consecutive years and files a signed statement for each of those years in accordance with
88 Section 59-2-306 and Subsection (3)(b), a county assessor may not require the taxpayer to file a
89 signed statement for each continuing consecutive year for which the taxpayer qualifies for the

90 exemption.

91 (d) If a taxpayer qualifies for an exemption described in Subsection (2)(b) or (c) for an
92 item of tangible taxable personal property, a county assessor may not require the taxpayer to
93 include the item on a signed statement described in Section [59-2-306](#).

94 [~~5~~] (4) A signed statement with respect to qualifying exempt primary residential
95 rental personal property is as provided in Section [59-2-103.5](#).

96 [~~6~~] (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
97 Act, the commission may make rules to administer this section and provide for uniform
98 implementation.

99 Section 2. **Effective date.**

100 This bill takes effect on January 1, 2020.