

PROPERTY TAX DEFINITION AMENDMENT

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd Weiler

House Sponsor: Timothy D. Hawkes

LONG TITLE

General Description:

This bill amends provisions related to property tax exemption.

Highlighted Provisions:

This bill:

- ▶ amends the definition of educational purposes as the definition relates to property tax exemption; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-2-1101, as last amended by Laws of Utah 2018, Chapter 415

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

Section 1. Section **59-2-1101** is amended to read:

59-2-1101. Definitions -- Exemption of certain property -- Proportional payments for certain property -- County legislative body authority to adopt rules or ordinances.

(1) As used in this section:



28 (a) (i) "Educational purposes" means the same as that term in used in Section
29 501(c)(3), Internal Revenue Code, and interpreted according to federal law.

30 (ii) "Educational purposes" includes:

31 [(†)] (A) the physical or mental teaching, training, or conditioning of competitive
32 athletes by a national governing body of sport recognized by the United States Olympic
33 Committee that qualifies as being tax exempt under Section 501(c)(3), Internal Revenue Code;
34 and

35 [(†)] (B) an activity in support of or incidental to the teaching, training, or conditioning
36 described in Subsection (1)(a)(i).

37 (b) "Exclusive use exemption" means a property tax exemption under Subsection
38 (3)(a)(iv), for property owned by a nonprofit entity used exclusively for religious, charitable, or
39 educational purposes.

40 (c) "Government exemption" means a property tax exemption provided under
41 Subsection (3)(a)(i), (ii), or (iii).

42 (d) "Nonprofit entity" includes an entity if the:

43 (i) entity is treated as a disregarded entity for federal income tax purposes;

44 (ii) entity is wholly owned by, and controlled under the direction of, a nonprofit entity;

45 and

46 (iii) net earnings and profits of the entity irrevocably inure to the benefit of a nonprofit
47 entity.

48 (e) "Tax relief" means an exemption, deferral, or abatement that is authorized by this
49 part.

50 (2) (a) Except as provided in Subsection (2)(b) or (c), tax relief may be allowed only if
51 the claimant is the owner of the property as of January 1 of the year the exemption is claimed.

52 (b) Notwithstanding Subsection (2)(a), a claimant shall collect and pay a proportional
53 tax based upon the length of time that the property was not owned by the claimant if:

54 (i) the claimant is a federal, state, or political subdivision entity described in
55 Subsection (3)(a)(i), (ii), or (iii); or

56 (ii) pursuant to Subsection (3)(a)(iv):

57 (A) the claimant is a nonprofit entity; and

58 (B) the property is used exclusively for religious, charitable, or educational purposes.

- 59 (c) Subsection (2)(a) does not apply to an exemption under Section 59-2-1104.
- 60 (3) (a) The following property is exempt from taxation:
- 61 (i) property exempt under the laws of the United States;
- 62 (ii) property of:
- 63 (A) the state;
- 64 (B) school districts; and
- 65 (C) public libraries;
- 66 (iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, property of:
- 67 (A) counties;
- 68 (B) cities;
- 69 (C) towns;
- 70 (D) local districts;
- 71 (E) special service districts; and
- 72 (F) all other political subdivisions of the state;
- 73 (iv) property owned by a nonprofit entity used exclusively for religious, charitable, or
- 74 educational purposes;
- 75 (v) places of burial not held or used for private or corporate benefit;
- 76 (vi) farm machinery and equipment;
- 77 (vii) a high tunnel, as defined in Section 10-9a-525;
- 78 (viii) intangible property; and
- 79 (ix) the ownership interest of an out-of-state public agency, as defined in Section
- 80 11-13-103:
- 81 (A) if that ownership interest is in property providing additional project capacity, as
- 82 defined in Section 11-13-103; and
- 83 (B) on which a fee in lieu of ad valorem property tax is payable under Section
- 84 11-13-302.
- 85 (b) For purposes of a property tax exemption for property of school districts under
- 86 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is
- 87 considered to be a school district.
- 88 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or
- 89 a government exemption ceases to qualify for the exemption because of a change in the

90 ownership of the property:

91 (a) the new owner of the property shall pay a proportional tax based upon the period of
92 time:

93 (i) beginning on the day that the new owner acquired the property; and

94 (ii) ending on the last day of the calendar year during which the new owner acquired
95 the property; and

96 (b) the new owner of the property and the person from whom the new owner acquires
97 the property shall notify the county assessor, in writing, of the change in ownership of the
98 property within 30 days from the day that the new owner acquires the property.

99 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection
100 (4)(a):

101 (a) is subject to any exclusive use exemption or government exemption that the
102 property is entitled to under the new ownership of the property; and

103 (b) applies only to property that is acquired after December 31, 2005.

104 (6) A county legislative body may adopt rules or ordinances to:

105 (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation
106 provided in this part; and

107 (b) designate one or more persons to perform the functions given the county under this
108 part.

109 **Section 2. Effective date.**

110 This bill takes effect on January 1, 2020.