

**PROPOSAL TO AMEND UTAH CONSTITUTION -
TANGIBLE PERSONAL PROPERTY TAX EXEMPTION**

2019 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: _____

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify a provision relating to tangible personal property tax exemptions.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ repeal a property tax exemption for tangible personal property that generates an inconsequential amount of revenue; and
- ▶ authorize the establishment of a property tax exemption for tangible personal property that is subject to sales and use tax.

Special Clauses:

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides an effective date of January 1, 2021 for this proposal.

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 3

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each



28 *of the two houses voting in favor thereof:*

29 Section 1. It is proposed to amend Utah Constitution, Article XIII, Section 3, to read:

30 **Article XIII, Section 3. [Property tax exemptions.]**

31 (1) The following are exempt from property tax:

32 (a) property owned by the State;

33 (b) property owned by a public library;

34 (c) property owned by a school district;

35 (d) property owned by a political subdivision of the State, other than a school district,

36 and located within the political subdivision;

37 (e) property owned by a political subdivision of the State, other than a school district,

38 and located outside the political subdivision unless the Legislature by statute authorizes the

39 property tax on that property;

40 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
41 educational purposes;

42 (g) places of burial not held or used for private or corporate benefit;

43 (h) farm equipment and farm machinery as defined by statute;

44 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power
45 plants, and transmission lines to the extent owned and used by an individual or corporation to
46 irrigate land that is:

47 (i) within the State; and

48 (ii) owned by the individual or corporation, or by an individual member of the
49 corporation; and

50 (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide
51 domestic water, as defined by statute, or provide water to a public water supplier:

52 (A) water rights; and

53 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by
54 statute, other water infrastructure;

55 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection
56 (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or
57 pipe; and

58 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under

59 Subsection (1)(j)(i)(B) if the land is:

60 (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or
61 pipe; and

62 (B) reasonably necessary for the maintenance or for otherwise supporting the operation
63 of the reservoir, ditch, canal, or pipe.

64 (2) (a) The Legislature may by statute exempt the following from property tax:

65 (i) tangible personal property constituting inventory present in the State on January 1
66 and held for sale in the ordinary course of business;

67 (ii) tangible personal property present in the State on January 1 and held for sale or
68 processing and shipped to a final destination outside the State within 12 months;

69 (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver
70 electrical power for pumping water to irrigate lands in the State;

71 (iv) up to 45% of the fair market value of residential property, as defined by statute;
72 and

73 (v) household furnishings, furniture, and equipment used exclusively by the owner of
74 that property in maintaining the owner's home[~~;~~and].

75 [~~(vi) tangible personal property that, if subject to property tax, would generate an~~
76 ~~inconsequential amount of revenue.~~]

77 (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users
78 of pumped water as provided by statute.

79 (3) The following may be exempted from property tax as provided by statute:

80 (a) property owned by a disabled person who, during military training or a military
81 conflict, was disabled in the line of duty in the military service of the United States or the State;

82 (b) property owned by the unmarried surviving spouse or the minor orphan of a person
83 who:

84 (i) is described in Subsection (3)(a); or

85 (ii) during military training or a military conflict, was killed in action or died in the line
86 of duty in the military service of the United States or the State; [~~and~~]

87 (c) real property owned by a person in the military or the person's spouse, or both, and
88 used as the person's primary residence, if the person serves under an order to federal active duty
89 out of state for at least 200 days in a calendar year or 200 consecutive days[~~;~~and

90 (d) tangible personal property on which the owner is legally obligated to pay sales and
91 use tax.

92 (4) The Legislature may by statute provide for the remission or abatement of the taxes
93 of the poor.

94 Section 2. **Submittal to voters.**

95 The lieutenant governor is directed to submit this proposed amendment to the voters of
96 the state at the next regular general election in the manner provided by law.

97 Section 3. **Contingent effective date.**

98 If the amendment proposed by this joint resolution is approved by a majority of those
99 voting on it at the next regular general election, the amendment shall take effect on January 1,
100 2021.