

SJR003S01 compared with SJR003

~~{deleted text}~~ shows text that was in SJR003 but was deleted in SJR003S01.

Inserted text shows text that was not in SJR003 but was inserted into SJR003S01.

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Senator Daniel McCay proposes the following substitute bill:

PROPOSAL TO AMEND UTAH CONSTITUTION ~~{}~~

TANGIBLE PERSONAL PROPERTY TAX

~~{EXEMPTION}~~ AMENDMENTS

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}~~ provisions relating to the taxation of tangible personal property ~~{tax exemptions}~~.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ ~~{repeal a property tax exemption}~~ provide for tangible personal property ~~{that~~

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~~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}~~ to be taxed or exempt from taxation, as provided by statute and subject to existing constitutional provisions.

Special Clauses:

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

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

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION ~~3}2~~

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:

Section 1. It is proposed to amend Utah Constitution, Article XIII, Section ~~3}2~~, to read:

Article XIII, Section ~~3}2~~. [Property tax~~exemptions.~~

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

~~(a) }1~~

(1) (a) So that each person and corporation pays a tax in proportion to the fair market value of his, her, or its tangible real property, all tangible real property in the State that is not exempt under the laws of the United States or under this Constitution shall be:

[(a)] (i) assessed at a uniform and equal rate in proportion to its fair market value, to be ascertained as provided by law; and

[(b)] (ii) taxed at a uniform and equal rate.

(b) Except as otherwise provided in this section and in Article XIII, Section 3, tangible personal property may be taxed or exempt from taxation, as provided by statute.

(2) Each corporation and person in the State or doing business in the State is subject to taxation on the tangible property owned ~~by the State;~~

~~(b) property owned by a public library;~~

~~(c) property owned by a school district;~~

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~~—— (d) property owned by a political subdivision of the State, other than a school district, and located within the political subdivision;~~

~~—— (e) property owned by a political subdivision of the State, other than a school district, and located outside the political subdivision unless the Legislature by statute authorizes the property tax on that property;~~

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

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

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

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

~~—— (i) within the State; and~~

~~—— (ii) owned by the individual or corporation, or by an individual member of; or used by the corporation; and~~

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

~~—— (A) water rights; and~~

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

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

~~—— (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under Subsection (1)(j)(i)(B) if the land is:~~

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

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

~~—— (2) (a) or person within the boundaries of the State or local authority levying the tax.~~

(3) The Legislature may provide by statute that land used for agricultural purposes be

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assessed based on its value for agricultural use.

~~(4) The Legislature may by statute {exempt the following from property tax:~~

~~—— (i) tangible} determine the manner and extent of taxing livestock.~~

(5) The Legislature may by statute determine the manner and extent of taxing or exempting intangible property, except that any property tax on intangible property may not exceed .005 of its fair market value. If any intangible property is taxed under the property tax, the income from that property may not also be taxed.

(6) Tangible personal property ~~{constituting inventory present in the State on January 1 and held for sale in the ordinary course of business;~~

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

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

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

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

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

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

~~—— (3) The following} required by law to be registered with the State before it is used on a public highway or waterway, on public land, or in the air may be exempted from property tax {as provided by statute:~~

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

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

~~—— (i) is described in Subsection (3)(a); or~~

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

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

~~— (d) } by statute. If the Legislature exempts tangible personal property {on which the owner is legally obligated to pay sales and use tax.~~

~~— (4) The Legislature may by statute } from property tax under this Subsection (6), it shall provide for the {remission or abatement of the taxes of the poor.~~

} payment of uniform statewide fees or uniform statewide rates of assessment or taxation on that property in lieu of the property tax. The fair market value of any property exempted under this Subsection (6) shall be considered part of the State tax base for determining the debt limitation under Article XIV.

Section 2. **Submittal to voters.**

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

Section 3. **Contingent effective date.**

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