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

Section 1. Section **59-2-102** is amended to read:

59-2-102. Definitions.

As used in this chapter [~~and title~~]:

(1) (a) "Acquisition cost" means any cost required to put an item of tangible personal property into service.

(b) "Acquisition cost" includes:

(i) the purchase price of a new or used item;

(ii) the cost of freight, shipping, loading at origin, unloading at destination, crating, skidding, or any other applicable cost of shipping;

(iii) the cost of installation, engineering, rigging, erection, or assembly, including foundations, pilings, utility connections, or similar costs; and

(iv) sales and use taxes.

~~[(1)]~~ (2) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of engaging in dispensing activities directly affecting agriculture or horticulture with an airworthiness certificate from the Federal Aviation Administration certifying the aircraft or rotorcraft's use for agricultural and pest control purposes.

~~[(2)]~~ (3) "Air charter service" means an air carrier operation that requires the customer to hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled trip.

~~[(3)]~~ (4) "Air contract service" means an air carrier operation available only to customers that engage the services of the carrier through a contractual agreement and excess capacity on any trip and is not available to the public at large.

~~[(4)]~~ (5) "Aircraft" means the same as that term is defined in Section [72-10-102](#).

~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b), "airline" means an air carrier that:

(i) operates:

58 (A) on an interstate route; and
59 (B) on a scheduled basis; and
60 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
61 regularly scheduled route.

62 (b) "Airline" does not include an:

63 (i) air charter service; or

64 (ii) air contract service.

65 ~~[(6)]~~ (7) "Assessment roll" means a permanent record of the assessment of property as
66 assessed by the county assessor and the commission and may be maintained manually or as a
67 computerized file as a consolidated record or as multiple records by type, classification, or
68 categories.

69 ~~[(7)]~~ (8) "Base parcel" means a parcel of property that was legally:

70 (a) subdivided into two or more lots, parcels, or other divisions of land; or

71 (b) (i) combined with one or more other parcels of property; and

72 (ii) subdivided into two or more lots, parcels, or other divisions of land.

73 ~~[(8)]~~ (9) (a) "Certified revenue levy" means a property tax levy that provides an amount
74 of ad valorem property tax revenue equal to the sum of:

75 (i) the amount of ad valorem property tax revenue to be generated statewide in the
76 previous year from imposing a multicounty assessing and collecting levy, as specified in
77 Section 59-2-1602; and

78 (ii) the product of:

79 (A) eligible new growth, as defined in Section 59-2-924; and

80 (B) the multicounty assessing and collecting levy certified by the commission for the
81 previous year.

82 (b) For purposes of this Subsection ~~[(8)]~~ (9), "ad valorem property tax revenue" does
83 not include property tax revenue received by a taxing entity from personal property that is:

84 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and

85 (ii) semiconductor manufacturing equipment.

86 (c) For purposes of calculating the certified revenue levy described in this Subsection
87 [~~(8)~~] (9), the commission shall use:

88 (i) the taxable value of real property assessed by a county assessor contained on the
89 assessment roll;

90 (ii) the taxable value of real and personal property assessed by the commission; and

91 (iii) the taxable year end value of personal property assessed by a county assessor
92 contained on the prior year's assessment roll.

93 [~~(9)~~] (10) "County-assessed commercial vehicle" means:

94 (a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section
95 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or property in
96 furtherance of the owner's commercial enterprise;

97 (b) any passenger vehicle owned by a business and used by its employees for
98 transportation as a company car or vanpool vehicle; and

99 (c) vehicles that are:

100 (i) especially constructed for towing or wrecking, and that are not otherwise used to
101 transport goods, merchandise, or people for compensation;

102 (ii) used or licensed as taxicabs or limousines;

103 (iii) used as rental passenger cars, travel trailers, or motor homes;

104 (iv) used or licensed in this state for use as ambulances or hearses;

105 (v) especially designed and used for garbage and rubbish collection; or

106 (vi) used exclusively to transport students or their instructors to or from any private,
107 public, or religious school or school activities.

108 [~~(10) (a) Except as provided in Subsection (10)(b), for purposes of Section 59-2-801,~~
109 ~~"designated tax area" means a tax area created by the overlapping boundaries of only the~~
110 ~~following taxing entities:]~~

111 [~~(i) a county; and]~~

112 [~~(ii) a school district.]~~

113 [~~(b) "Designated tax area" includes a tax area created by the overlapping boundaries of~~

114 ~~the taxing entities described in Subsection (10)(a) and:]~~

115 ~~[(i) a city or town if the boundaries of the school district under Subsection (10)(a) and~~
116 ~~the boundaries of the city or town are identical; or]~~

117 ~~[(ii) a special service district if the boundaries of the school district under Subsection~~
118 ~~(10)(a) are located entirely within the special service district.]~~

119 (11) "Eligible judgment" means a final and unappealable judgment or order under
120 Section 59-2-1330:

121 (a) that became a final and unappealable judgment or order no more than 14 months
122 before the day on which the notice described in Section 59-2-919.1 is required to be provided;
123 and

124 (b) for which a taxing entity's share of the final and unappealable judgment or order is
125 greater than or equal to the lesser of:

126 (i) \$5,000; or

127 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
128 previous fiscal year.

129 (12) (a) "Escaped property" means any property, whether personal, land, or any
130 improvements to the property, that is subject to taxation and is:

131 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
132 to the wrong taxpayer by the assessing authority;

133 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
134 comply with the reporting requirements of this chapter; or

135 (iii) undervalued because of errors made by the assessing authority based upon
136 incomplete or erroneous information furnished by the taxpayer.

137 (b) "Escaped property" does not include property that is undervalued because of the use
138 of a different valuation methodology or because of a different application of the same valuation
139 methodology.

140 (13) (a) "Fair market value" means the amount at which property would change hands
141 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell

142 and both having reasonable knowledge of the relevant facts.

143 (b) For purposes of taxation, "fair market value" shall be determined using the current
144 zoning laws applicable to the property in question, except in cases where there is a reasonable
145 probability of a change in the zoning laws affecting that property in the tax year in question and
146 the change would have an appreciable influence upon the value.

147 [~~(14) (a) "Farm machinery and equipment," for purposes of the exemption provided~~
148 ~~under Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities,~~
149 ~~feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,~~
150 ~~tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and~~
151 ~~cubers, and any other machinery or equipment used primarily for agricultural purposes.]~~

152 [~~(b) "Farm machinery and equipment" does not include vehicles required to be~~
153 ~~registered with the Motor Vehicle Division or vehicles or other equipment used for business~~
154 ~~purposes other than farming.]~~

155 [~~(15)~~] (14) "Geothermal fluid" means water in any form at temperatures greater than
156 120 degrees centigrade naturally present in a geothermal system.

157 [~~(16)~~] (15) "Geothermal resource" means:

158 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;
159 and

160 (b) the energy, in whatever form, including pressure, present in, resulting from, created
161 by, or which may be extracted from that natural heat, directly or through a material medium.

162 [~~(17)~~] (16) (a) "Goodwill" means:

163 (i) acquired goodwill that is reported as goodwill on the books and records that a
164 taxpayer maintains for financial reporting purposes; or

165 (ii) the ability of a business to:

166 (A) generate income that exceeds a normal rate of return on assets and that results from
167 a factor described in Subsection [~~(17)~~] (16)(b); or

168 (B) obtain an economic or competitive advantage resulting from a factor described in
169 Subsection [~~(17)~~] (16)(b).

- 170 (b) The following factors apply to Subsection [~~(17)~~] (16)(a)(ii):
- 171 (i) superior management skills;
- 172 (ii) reputation;
- 173 (iii) customer relationships;
- 174 (iv) patronage; or
- 175 (v) a factor similar to Subsections [~~(17)~~] (16)(b)(i) through (iv).
- 176 (c) "Goodwill" does not include:
- 177 (i) the intangible property described in Subsection [~~(21)~~] (19)(a) or (b);
- 178 (ii) locational attributes of real property, including:
- 179 (A) zoning;
- 180 (B) location;
- 181 (C) view;
- 182 (D) a geographic feature;
- 183 (E) an easement;
- 184 (F) a covenant;
- 185 (G) proximity to raw materials;
- 186 (H) the condition of surrounding property; or
- 187 (I) proximity to markets;
- 188 (iii) value attributable to the identification of an improvement to real property,
- 189 including:
- 190 (A) reputation of the designer, builder, or architect of the improvement;
- 191 (B) a name given to, or associated with, the improvement; or
- 192 (C) the historic significance of an improvement; or
- 193 (iv) the enhancement or assemblage value specifically attributable to the interrelation
- 194 of the existing tangible property in place working together as a unit.
- 195 [~~(18)~~] (17) "Governing body" means:
- 196 (a) for a county, city, or town, the legislative body of the county, city, or town;
- 197 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -

198 Local Districts, the local district's board of trustees;

199 (c) for a school district, the local board of education; or

200 (d) for a special service district under Title 17D, Chapter 1, Special Service District

201 Act:

202 (i) the legislative body of the county or municipality that created the special service
203 district, to the extent that the county or municipal legislative body has not delegated authority
204 to an administrative control board established under Section 17D-1-301; or

205 (ii) the administrative control board, to the extent that the county or municipal
206 legislative body has delegated authority to an administrative control board established under
207 Section 17D-1-301.

208 ~~[(19)(a) For purposes of Section 59-2-103:]~~

209 ~~[(i) "household" means the association of individuals who live in the same dwelling,~~
210 ~~sharing its furnishings, facilities, accommodations, and expenses; and]~~

211 ~~[(ii) "household" includes married individuals, who are not legally separated, that have~~
212 ~~established domiciles at separate locations within the state.]~~

213 ~~[(b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~
214 ~~the commission may make rules defining the term "domicile."]~~

215 ~~[(20)]~~ (18) (a) Except as provided in Subsection ~~[(20)]~~ (18)(c), "improvement" means a
216 building, structure, fixture, fence, or other item that is permanently attached to land, regardless
217 of whether the title has been acquired to the land, if:

218 (i) (A) attachment to land is essential to the operation or use of the item; and

219 (B) the manner of attachment to land suggests that the item will remain attached to the
220 land in the same place over the useful life of the item; or

221 (ii) removal of the item would:

222 (A) cause substantial damage to the item; or

223 (B) require substantial alteration or repair of a structure to which the item is attached.

224 (b) "Improvement" includes:

225 (i) an accessory to an item described in Subsection ~~[(20)]~~ (18)(a) if the accessory is:

226 (A) essential to the operation of the item described in Subsection [~~(20)~~] (18)(a); and

227 (B) installed solely to serve the operation of the item described in Subsection [~~(20)~~]

228 (18)(a); and

229 (ii) an item described in Subsection [~~(20)~~] (18)(a) that is temporarily detached from the

230 land for repairs and remains located on the land.

231 (c) "Improvement" does not include:

232 (i) an item considered to be personal property pursuant to rules made in accordance

233 with Section [59-2-107](#);

234 (ii) a moveable item that is attached to land for stability only or for an obvious

235 temporary purpose;

236 (iii) (A) manufacturing equipment and machinery; or

237 (B) essential accessories to manufacturing equipment and machinery;

238 (iv) an item attached to the land in a manner that facilitates removal without substantial

239 damage to the land or the item; or

240 (v) a transportable factory-built housing unit as defined in Section [59-2-1502](#) if that

241 transportable factory-built housing unit is considered to be personal property under Section

242 [59-2-1503](#).

243 [~~(21)~~] (19) "Intangible property" means:

244 (a) property that is capable of private ownership separate from tangible property,

245 including:

246 (i) money;

247 (ii) credits;

248 (iii) bonds;

249 (iv) stocks;

250 (v) representative property;

251 (vi) franchises;

252 (vii) licenses;

253 (viii) trade names;

- 254 (ix) copyrights; and
- 255 (x) patents;
- 256 (b) a low-income housing tax credit;
- 257 (c) goodwill; or
- 258 (d) a renewable energy tax credit or incentive, including:
 - 259 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue
 - 260 Code;
 - 261 (ii) a federal energy credit for qualified renewable electricity production facilities under
 - 262 Section 48, Internal Revenue Code;
 - 263 (iii) a federal grant for a renewable energy property under American Recovery and
 - 264 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and
 - 265 (iv) a tax credit under Subsection 59-7-614(5).
- 266 ~~[(22)]~~ (20) "Livestock" means:
 - 267 (a) a domestic animal;
 - 268 (b) a fish;
 - 269 (c) a fur-bearing animal;
 - 270 (d) a honeybee; or
 - 271 (e) poultry.
- 272 ~~[(23)]~~ (21) "Low-income housing tax credit" means:
 - 273 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;
 - 274 or
 - 275 (b) a low-income housing tax credit under Section 59-7-607 or Section 59-10-1010.
- 276 ~~[(24)]~~ (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and
- 277 uranium.
- 278 ~~[(25)]~~ (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
- 279 valuable mineral.
- 280 ~~[(26)]~~ (24) "Mining" means the process of producing, extracting, leaching, evaporating,
- 281 or otherwise removing a mineral from a mine.

282 ~~[(27)]~~ (25) (a) "Mobile flight equipment" means tangible personal property that is
283 owned or operated by an air charter service, air contract service, or airline and:

- 284 (i) is capable of flight or is attached to an aircraft that is capable of flight; or
- 285 (ii) is contained in an aircraft that is capable of flight if the tangible personal property
286 is intended to be used:

- 287 (A) during multiple flights;
- 288 (B) during a takeoff, flight, or landing; and
- 289 (C) as a service provided by an air charter service, air contract service, or airline.

290 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
291 engine that is rotated at regular intervals with an engine that is attached to the aircraft.

292 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
293 commission may make rules defining the term "regular intervals."

294 ~~[(28)]~~ (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal,
295 salts, sand, rock, gravel, and all carboniferous materials.

296 ~~[(29)]~~ (27) "Part-year residential property" means property that is not residential
297 property on January 1 of a calendar year but becomes residential property after January 1 of the
298 calendar year.

299 ~~[(30)]~~ (28) "Personal property" includes:

300 (a) every class of property as defined in Subsection ~~[(31)]~~ (29) that is the subject of
301 ownership and is not real estate or an improvement;

302 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is
303 separate from the ownership of the underlying land, even if the pipe meets the definition of an
304 improvement;

305 (c) bridges and ferries;

306 (d) livestock; and

307 (e) outdoor advertising structures as defined in Section [72-7-502](#).

308 ~~[(31)]~~ (29) (a) "Property" means property that is subject to assessment and taxation
309 according to its value.

310 (b) "Property" does not include intangible property as defined in this section.

311 [~~(32)~~] (30) "Public utility" means:

312 (a) for purposes of this chapter, the operating property of a railroad, gas corporation, oil
313 or gas transportation or pipeline company, coal slurry pipeline company, electrical corporation,
314 telephone corporation, sewerage corporation, or heat corporation where the company performs
315 the service for, or delivers the commodity to, the public generally or companies serving the
316 public generally, or in the case of a gas corporation or an electrical corporation, where the gas
317 or electricity is sold or furnished to any member or consumers within the state for domestic,
318 commercial, or industrial use; and

319 (b) the operating property of any entity or person defined under Section [54-2-1](#) except
320 water corporations.

321 [~~(33)~~] (31) (a) Subject to Subsection [~~(33)~~] (31)(b), "qualifying exempt primary
322 residential rental personal property" means household furnishings, furniture, and equipment
323 that:

324 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;

325 (ii) are owned by the owner of the dwelling unit that is the primary residence of a
326 tenant; and

327 (iii) after applying the residential exemption described in Section [59-2-103](#), are exempt
328 from taxation under this chapter in accordance with Subsection [59-2-1115](#)(2).

329 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
330 commission may by rule define the term "dwelling unit" for purposes of this Subsection [~~(33)~~]
331 (31) and Subsection [~~(36)~~] (34).

332 [~~(34)~~] (32) "Real estate" or "real property" includes:

333 (a) the possession of, claim to, ownership of, or right to the possession of land;

334 (b) all mines, minerals, and quarries in and under the land, all timber belonging to
335 individuals or corporations growing or being on the lands of this state or the United States, and
336 all rights and privileges appertaining to these; and

337 (c) improvements.

338 ~~[(35)]~~ (33) (a) "Relationship with an owner of the property's land surface rights" means
339 a relationship described in Subsection 267(b), Internal Revenue Code, except that the term
340 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

341 (b) For purposes of determining if a relationship described in Subsection 267(b),
342 Internal Revenue Code, exists, the ownership of stock shall be determined using the ownership
343 rules in Subsection 267(c), Internal Revenue Code.

344 ~~[(36)]~~ (34) (a) Subject to Subsection ~~[(36)]~~ (34)(b), "residential property," for purposes
345 of the reductions and adjustments under this chapter, means any property used for residential
346 purposes as a primary residence.

347 (b) Subject to Subsection ~~[(36)]~~ (34)(c), "residential property":

348 (i) except as provided in Subsection ~~[(36)]~~ (34)(b)(ii), includes household furnishings,
349 furniture, and equipment if the household furnishings, furniture, and equipment are:

350 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;

351 and

352 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

353 and

354 (ii) does not include property used for transient residential use.

355 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
356 commission may by rule define the term "dwelling unit" for purposes of Subsection ~~[(33)]~~ (31)
357 and this Subsection ~~[(36)]~~ (34).

358 ~~[(37)]~~ (35) "Split estate mineral rights owner" means a person that:

359 (a) has a legal right to extract a mineral from property;

360 (b) does not hold more than a 25% interest in:

361 (i) the land surface rights of the property where the wellhead is located; or

362 (ii) an entity with an ownership interest in the land surface rights of the property where
363 the wellhead is located;

364 (c) is not an entity in which the owner of the land surface rights of the property where
365 the wellhead is located holds more than a 25% interest; and

366 (d) does not have a relationship with an owner of the land surface rights of the property
367 where the wellhead is located.

368 [~~38~~] (36) (a) "State-assessed commercial vehicle" means:

369 (i) any commercial vehicle, trailer, or semitrailer that operates interstate or intrastate to
370 transport passengers, freight, merchandise, or other property for hire; or

371 (ii) any commercial vehicle, trailer, or semitrailer that operates interstate and transports
372 the vehicle owner's goods or property in furtherance of the owner's commercial enterprise.

373 (b) "State-assessed commercial vehicle" does not include vehicles used for hire that are
374 specified in Subsection [~~9~~] (10)(c) as county-assessed commercial vehicles.

375 [~~39~~] (37) "Subdivided lot" means a lot, parcel, or other division of land, that is a
376 division of a base parcel.

377 [~~40~~] "Taxable value" means fair market value less any applicable reduction allowed
378 for residential property under Section [59-2-103](#).]

379 [~~41~~] (38) "Tax area" means a geographic area created by the overlapping boundaries
380 of one or more taxing entities.

381 (39) "Taxable value" means fair market value less any applicable reduction allowed for
382 residential property under Section [59-2-103](#).

383 [~~42~~] (40) "Taxing entity" means any county, city, town, school district, special taxing
384 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
385 Districts, or other political subdivision of the state with the authority to levy a tax on property.

386 [~~43~~] (41) (a) "Tax roll" means a permanent record of the taxes charged on property,
387 as extended on the assessment roll, and may be maintained on the same record or records as the
388 assessment roll or may be maintained on a separate record properly indexed to the assessment
389 roll.

390 (b) "Tax roll" includes tax books, tax lists, and other similar materials.

391 Section 2. Section **59-2-103** is amended to read:

392 **59-2-103. Rate of assessment of property -- Residential property.**

393 (1) As used in this section:

394 (a) (i) "Household" means the association of individuals who live in the same dwelling,
 395 sharing the dwelling's furnishings, facilities, accommodations, and expenses.

396 (ii) "Household" includes married individuals, who are not legally separated, who have
 397 established domiciles at separate locations within the state.

398 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 399 commission may make rules defining the term "domicile."

400 ~~[(1)]~~ (2) All tangible taxable property located within the state shall be assessed and
 401 taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1,
 402 unless otherwise provided by law.

403 ~~[(2)]~~ (3) Subject to Subsections ~~[(3)]~~ (4) through ~~[(5)]~~ (6) and Section 59-2-103.5, for a
 404 calendar year, the fair market value of residential property located within the state is allowed a
 405 residential exemption equal to a 45% reduction in the value of the property.

406 ~~[(3)]~~ (4) Part-year residential property located within the state is allowed the residential
 407 exemption described in Subsection ~~[(2)]~~ (3) if the part-year residential property is used as
 408 residential property for 183 or more consecutive calendar days during the calendar year for
 409 which the owner seeks to obtain the residential exemption.

410 ~~[(4)]~~ (5) No more than one acre of land per residential unit may qualify for the
 411 residential exemption described in Subsection ~~[(2)]~~ (3).

412 ~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b)(ii), a residential exemption
 413 described in Subsection ~~[(2)]~~ (3) is limited to one primary residence per household.

414 (b) An owner of multiple primary residences located within the state is allowed a
 415 residential exemption under Subsection ~~[(2)]~~ (3) for:

- 416 (i) subject to Subsection ~~[(5)]~~ (6)(a), the primary residence of the owner; and
- 417 (ii) each residential property that is the primary residence of a tenant.

418 Section 3. Section 59-2-108 is amended to read:

419 **59-2-108. Election for assessment and taxation of noncapitalized personal**
 420 **property according to a schedule.**

421 (1) As used in this section:

422 ~~[(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal~~
423 ~~property into service; and]~~

424 ~~[(ii) includes:]~~

425 ~~[(A) the purchase price for a new or used item;]~~

426 ~~[(B) the cost of freight and shipping;]~~

427 ~~[(C) the cost of installation, engineering, erection, or assembly; and]~~

428 ~~[(D) sales and use taxes.]~~

429 ~~[(b)]~~ (a) (i) "Item of taxable tangible personal property" does not include an
430 improvement to real property or a part that will become an improvement.

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

433 ~~[(e)]~~ (b) "Noncapitalized personal property" means an item of tangible personal
434 property:

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

436 (ii) with respect to which a deduction is allowed under Section 162 or Section 179,
437 Internal Revenue Code, in the year of acquisition, regardless of whether a deduction is actually
438 claimed.

439 ~~[(d)]~~ (c) "Taxable tangible personal property" means tangible personal property that is
440 subject to taxation under this chapter.

441 (2) (a) A person may make an election for the noncapitalized personal property owned
442 by the person to be assessed and taxed as provided in this section.

443 (b) Except as provided in Subsection (2)(c), a county may not require a person ~~[who]~~
444 that makes an election under this section to:

445 (i) itemize noncapitalized personal property on the signed statement described in
446 Section 59-2-306; or

447 (ii) track noncapitalized personal property.

448 (c) If a person's noncapitalized personal property for which the person makes an
449 election under this section is examined in accordance with Section 59-2-306, the person shall

450 provide proof of the acquisition cost of the noncapitalized personal property.

451 (3) (a) An election under this section may not be revoked.

452 (b) Except as provided in Subsection (3)(d), if a person makes an election under this
453 section with respect to noncapitalized personal property, the person shall pay taxes on the
454 noncapitalized personal property according to the schedule described in Subsection (4).

455 (c) If a person sells or otherwise disposes of an item of noncapitalized personal
456 property for which the person makes an election under this section prior to the fourth year after
457 acquisition, the person shall continue to pay taxes according to the schedule described in
458 Subsection (4).

459 (d) If a person makes an election under this section for noncapitalized personal
460 property acquired on or before December 31, 2012, at a time after the first year after
461 acquisition, the person shall pay taxes according to the taxable value for the applicable one or
462 more years after acquisition as determined by the schedule described in Subsection (4).

463 (e) If a person makes an election under this section, the person may not appeal the
464 values described in Subsection (4).

465 (4) The taxable value of noncapitalized personal property for which a person makes an
466 election under this section is calculated by applying the percent good factor against the
467 acquisition cost of the noncapitalized personal property as follows:

468 Noncapitalized Personal Property Schedule

Year after Acquisition	Percent Good of Acquisition Cost
First year after acquisition	75%
Second year after acquisition	50%
Third year after acquisition	25%
Fourth year after acquisition	0%

474 Section 4. Section **59-2-801** is amended to read:

475 **59-2-801. Apportionment of property assessed by commission.**

476 (1) As used in this section:

477 (a) (i) Except as provided in Subsection (1)(a)(ii), "designated tax area" means a tax
478 area created by the overlapping boundaries of only the following taxing entities:

479 (A) a county; and

480 (B) a school district.

481 (ii) "Designated tax area" includes a tax area created by the overlapping boundaries of
482 the taxing entities described in Subsection (1)(a)(i); and:

483 (A) a city or town if the boundaries of the school district under Subsection (1)(a)(i) and
484 the boundaries of the city or town are identical; or

485 (B) a special service district if the boundaries of the school district under Subsection
486 (1)(a)(i) are located entirely within the special service district.

487 (b) "Ground hours" means the total number of hours during the calendar year
488 immediately preceding the January 1 described in Section [59-2-103](#) that aircraft owned or
489 operated by the following are on the ground:

490 (i) an air charter service;

491 (ii) an air contract service; or

492 (iii) an airline.

493 [(+)] (2) Before May 25 of each year, the commission shall apportion to each tax area
494 the total assessment of all of the property the commission assesses as provided in Subsections
495 [(+)] (2)(a) through (f).

496 (a) (i) The commission shall apportion the assessments of the property described in
497 Subsection [(+)] (2)(a)(ii):

498 (A) to each tax area through which the public utility or company described in
499 Subsection [(+)] (2)(a)(ii) operates; and

500 (B) in proportion to the property's value in each tax area.

501 (ii) Subsection [(+)] (2)(a)(i) applies to property owned by:

502 (A) a public utility, except for the rolling stock of a public utility;

503 (B) a pipeline company;

504 (C) a power company;
 505 (D) a canal company; or
 506 (E) an irrigation company.
 507 (b) The commission shall apportion the assessments of the rolling stock of a railroad:
 508 (i) to the tax areas through which railroads operate; and
 509 (ii) in the proportion that the length of the main tracks, sidetracks, passing tracks,
 510 switches, and tramways of the railroads in each tax area bears to the total length of the main
 511 tracks, sidetracks, passing tracks, switches, and tramways in the state.

512 (c) The commission shall apportion the assessments of the property of a car company
 513 to:
 514 (i) each tax area in which a railroad is operated; and
 515 (ii) in the proportion that the length of the main tracks, passing tracks, sidetracks,
 516 switches, and tramways of all of the railroads in each tax area bears to the total length of the
 517 main tracks, passing tracks, sidetracks, switches, and tramways of all of the railroads in the
 518 state.

519 (d) (i) The commission shall apportion the assessments of the property described in
 520 Subsection ~~[(1)]~~ (2)(d)(ii) to each tax area in which the property is located.

521 (ii) Subsection ~~[(1)]~~ (2)(d)(i) applies to the following property:

- 522 (A) mines;
- 523 (B) mining claims; or
- 524 (C) mining property.

525 ~~[(e) (i) As used in this Subsection (1)(e), "ground hours" means the total number of~~
 526 ~~hours during the calendar year immediately preceding the January 1 described in Section~~
 527 ~~59-2-103 that aircraft owned or operated by the following are on the ground:]~~

- 528 ~~[(A) an air charter service;]~~
- 529 ~~[(B) an air contract service; or]~~
- 530 ~~[(C) an airline.]~~

531 ~~[(ii)]~~ (e) (i) The commission shall apportion the assessments of the property described

532 in Subsection [~~(1)(e)(iii)~~] (2)(e)(ii) to:

533 (A) each designated tax area; and

534 (B) in the proportion that the ground hours in each designated tax area bear to the total
535 ground hours in the state.

536 [~~(iii)~~] (ii) Subsection [~~(1)(e)(ii)~~] (2)(e)(i) applies to the mobile flight equipment owned
537 by an:

538 (A) air charter service;

539 (B) air contract service; or

540 (C) airline.

541 (f) (i) The commission shall apportion the assessments of the property described in
542 Subsection [~~(1)~~] (2)(f)(ii) to each tax area in which the property is located as of January 1 of
543 each year.

544 (ii) Subsection [~~(1)~~] (2)(f)(i) applies to the real and tangible personal property, other
545 than mobile flight equipment, owned by an:

546 (A) air charter service;

547 (B) air contract service; or

548 (C) airline.

549 [~~(2)~~] (3) (a) (i) (A) State-assessed commercial vehicles that weigh 12,001 pounds or
550 more shall be taxed at a statewide average rate which is calculated from the overall county
551 average tax rates from the preceding year, exclusive of the property subject to the statewide
552 uniform fee, weighted by lane miles of principal routes in each county.

553 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
554 commission shall adopt rules to define "principal routes."

555 (ii) State-assessed commercial vehicles that weigh 12,000 pounds or less are subject to
556 the uniform fee provided in Section [59-2-405.1](#).

557 (b) The combined revenue from all state-assessed commercial vehicles shall be
558 apportioned to the counties based on:

559 (i) 40% by the percentage of lane miles of principal routes within each county as

560 determined by the commission; and
561 (ii) 60% by the percentage of total state-assessed vehicles having business situs in each
562 county.
563 (c) At least quarterly, the commission shall apportion the total taxes paid on
564 state-assessed commercial vehicles to the counties.
565 (d) Each county shall apportion its share of the revenues under this Subsection [~~(2)~~] (3)
566 to the taxing entities within its boundaries in the same proportion as the assessments of other:
567 (i) real property;
568 (ii) tangible personal property; and
569 (iii) property assessed by the commission.
570 Section 5. Section **59-2-804** is amended to read:
571 **59-2-804. Interstate allocation of mobile flight equipment.**
572 (1) As used in this section:
573 (a) "Aircraft type" means a particular model of aircraft as designated by the
574 manufacturer of the aircraft.
575 (b) "Airline ground hours calculation" means an amount equal to the product of:
576 (i) the total number of hours aircraft owned or operated by an airline are on the ground,
577 calculated by aircraft type; and
578 (ii) the cost percentage.
579 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during
580 the calendar year that immediately precedes the January 1 described in Section [59-2-103](#).
581 (d) "Cost percentage" means a fraction, calculated by aircraft type, the numerator of
582 which is the airline's average cost of the aircraft type and the denominator of which is the
583 airline's average cost of the aircraft type:
584 (i) owned or operated by the airline; and
585 (ii) that has the lowest average cost.
586 (e) "Ground hours factor" means the product of:
587 (i) a fraction, the numerator of which is the Utah ground hours calculation and the

588 denominator of which is the airline ground hours calculation; and

589 (ii) .50.

590 (f) (i) Except as provided in Subsection (1)(f)(ii), "mobile flight equipment" is as
591 defined in Section 59-2-102.

592 (ii) "Mobile flight equipment" does not include tangible personal property described in
593 Subsection 59-2-102~~[(27)](25)~~ owned by an:

594 (A) air charter service; or

595 (B) air contract service.

596 (g) "Mobile flight equipment allocation factor" means the sum of:

597 (i) the ground hours factor; and

598 (ii) the revenue ton miles factor.

599 (h) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.

600 (i) "Revenue ton miles factor" means the product of:

601 (i) a fraction, the numerator of which is the Utah revenue ton miles and the
602 denominator of which is the airline revenue ton miles; and

603 (ii) .50.

604 (j) "Utah ground hours calculation" means an amount equal to the product of:

605 (i) the total number of hours aircraft owned or operated by an airline are on the ground
606 in this state, calculated by aircraft type; and

607 (ii) the cost percentage.

608 (k) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within
609 the borders of this state:

610 (i) during the calendar year that immediately precedes the January 1 described in
611 Section 59-2-103; and

612 (ii) from flight stages that originate or terminate in this state.

613 (2) For purposes of the assessment of an airline's mobile flight equipment by the
614 commission, a portion of the value of the airline's mobile flight equipment shall be allocated to
615 the state by calculating the product of:

616 (a) the total value of the mobile flight equipment; and

617 (b) the mobile flight equipment allocation factor.

618 Section 6. Section **59-2-1101 (Superseded 07/01/20)** is amended to read:

619 **59-2-1101 (Superseded 07/01/20). Definitions -- Exemption of certain property --**
620 **Proportional payments for certain property -- County legislative body authority to adopt**
621 **rules or ordinances.**

622 (1) As used in this section:

623 (a) "Educational purposes" includes:

624 (i) the physical or mental teaching, training, or conditioning of competitive athletes by
625 a national governing body of sport recognized by the United States Olympic Committee that
626 qualifies as being tax exempt under Section 501(c)(3), Internal Revenue Code; and

627 (ii) an activity in support of or incidental to the teaching, training, or conditioning
628 described in Subsection (1)(a)(i).

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

632 (c) (i) "Farm machinery and equipment" means tractors, milking equipment and storage
633 and cooling facilities, feed handling equipment, irrigation equipment, harvesters, choppers,
634 grain drills and planters, tillage tools, scales, combines, spreaders, sprayers, haying equipment,
635 including balers and cubers, and any other machinery or equipment used primarily for
636 agricultural purposes.

637 (ii) "Farm machinery and equipment" does not include vehicles required to be
638 registered with the Motor Vehicle Division or vehicles or other equipment used for business
639 purposes other than farming.

640 [~~(c)~~] (d) "Government exemption" means a property tax exemption provided under
641 Subsection (3)(a)(i), (ii), or (iii).

642 [~~(d)~~] (e) "Nonprofit entity" includes an entity if the:

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

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

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

648 [~~(e)~~] (f) "Tax relief" means an exemption, deferral, or abatement that is authorized by
649 this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

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

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

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

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

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

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

659 (c) Subsection (2)(a) does not apply to an exemption described in Part 19, Armed
660 Forces Exemptions.

661 (3) (a) The following property is exempt from taxation:

662 (i) property exempt under the laws of the United States;

663 (ii) property of:

664 (A) the state;

665 (B) school districts; and

666 (C) public libraries;

667 (iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, property of:

668 (A) counties;

669 (B) cities;

670 (C) towns;

671 (D) local districts;

- 672 (E) special service districts; and
- 673 (F) all other political subdivisions of the state;
- 674 (iv) property owned by a nonprofit entity used exclusively for religious, charitable, or
- 675 educational purposes;
- 676 (v) places of burial not held or used for private or corporate benefit;
- 677 (vi) farm machinery and equipment;
- 678 (vii) a high tunnel, as defined in Section 10-9a-525;
- 679 (viii) intangible property; and
- 680 (ix) the ownership interest of an out-of-state public agency, as defined in Section

681 11-13-103:

682 (A) if that ownership interest is in property providing additional project capacity, as

683 defined in Section 11-13-103; and

684 (B) on which a fee in lieu of ad valorem property tax is payable under Section

685 11-13-302.

686 (b) For purposes of a property tax exemption for property of school districts under

687 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is

688 considered to be a school district.

689 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or

690 a government exemption ceases to qualify for the exemption because of a change in the

691 ownership of the property:

692 (a) the new owner of the property shall pay a proportional tax based upon the period of

693 time:

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

695 (ii) ending on the last day of the calendar year during which the new owner acquired

696 the property; and

697 (b) the new owner of the property and the person from whom the new owner acquires

698 the property shall notify the county assessor, in writing, of the change in ownership of the

699 property within 30 days from the day that the new owner acquires the property.

700 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection
701 (4)(a):

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

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

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

706 (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation
707 provided in this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces
708 Exemptions; and

709 (b) designate one or more persons to perform the functions given the county under this
710 part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

711 (7) If a person is dissatisfied with a tax relief decision made under designated
712 decision-making authority as described in Subsection (6)(b), that person may appeal the
713 decision to the commission under Section 59-2-1006.

714 Section 7. Section 59-2-1101 (Effective 07/01/20) is amended to read:

715 **59-2-1101 (Effective 07/01/20). Definitions -- Exemption of certain property --**
716 **Proportional payments for certain property -- County legislative body authority to adopt**
717 **rules or ordinances.**

718 (1) As used in this section:

719 (a) (i) "Educational purposes" means the same as that term is used in Section
720 501(c)(3), Internal Revenue Code, and interpreted according to federal law.

721 (ii) "Educational purposes" includes:

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

725 (B) an activity in support of or incidental to the teaching, training, or conditioning
726 described in Subsection (1)(a)(i).

727 (b) "Exclusive use exemption" means a property tax exemption under Subsection

728 (3)(a)(iv), for property owned by a nonprofit entity used exclusively for religious, charitable, or
729 educational purposes.

730 (c) (i) "Farm machinery and equipment" means tractors, milking equipment and storage
731 and cooling facilities, feed handling equipment, irrigation equipment, harvesters, choppers,
732 grain drills and planters, tillage tools, scales, combines, spreaders, sprayers, haying equipment,
733 including balers and cubers, and any other machinery or equipment used primarily for
734 agricultural purposes.

735 (ii) "Farm machinery and equipment" does not include vehicles required to be
736 registered with the Motor Vehicle Division or vehicles or other equipment used for business
737 purposes other than farming.

738 ~~(c)~~ (d) "Government exemption" means a property tax exemption provided under
739 Subsection (3)(a)(i), (ii), or (iii).

740 ~~(d)~~ (e) "Nonprofit entity" includes an entity if the:

- 741 (i) entity is treated as a disregarded entity for federal income tax purposes;
- 742 (ii) entity is wholly owned by, and controlled under the direction of, a nonprofit entity;
- 743 and
- 744 (iii) net earnings and profits of the entity irrevocably inure to the benefit of a nonprofit
745 entity.

746 ~~(e)~~ (f) "Tax relief" means an exemption, deferral, or abatement that is authorized by
747 this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

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

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

- 752 (i) the claimant is a federal, state, or political subdivision entity described in
753 Subsection (3)(a)(i), (ii), or (iii); or
- 754 (ii) pursuant to Subsection (3)(a)(iv):
 - 755 (A) the claimant is a nonprofit entity; and

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

757 (c) Subsection (2)(a) does not apply to an exemption described in Part 19, Armed

758 Forces Exemptions.

759 (3) (a) The following property is exempt from taxation:

760 (i) property exempt under the laws of the United States;

761 (ii) property of:

762 (A) the state;

763 (B) school districts; and

764 (C) public libraries;

765 (iii) except as provided in Title 11, Chapter 13, Interlocal Cooperation Act, property of:

766 (A) counties;

767 (B) cities;

768 (C) towns;

769 (D) local districts;

770 (E) special service districts; and

771 (F) all other political subdivisions of the state;

772 (iv) property owned by a nonprofit entity used exclusively for religious, charitable, or
773 educational purposes;

774 (v) places of burial not held or used for private or corporate benefit;

775 (vi) farm machinery and equipment;

776 (vii) a high tunnel, as defined in Section 10-9a-525;

777 (viii) intangible property; and

778 (ix) the ownership interest of an out-of-state public agency, as defined in Section

779 11-13-103:

780 (A) if that ownership interest is in property providing additional project capacity, as
781 defined in Section 11-13-103; and

782 (B) on which a fee in lieu of ad valorem property tax is payable under Section

783 11-13-302.

784 (b) For purposes of a property tax exemption for property of school districts under
785 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is
786 considered to be a school district.

787 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or
788 a government exemption ceases to qualify for the exemption because of a change in the
789 ownership of the property:

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

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

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

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

798 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection
799 (4)(a):

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

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

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

804 (a) effectuate the exemptions, deferrals, abatements, or other relief from taxation
805 provided in this part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces
806 Exemptions; and

807 (b) designate one or more persons to perform the functions given the county under this
808 part, Part 18, Tax Deferral and Tax Abatement, or Part 19, Armed Forces Exemptions.

809 (7) If a person is dissatisfied with a tax relief decision made under designated
810 decision-making authority as described in Subsection (6)(b), that person may appeal the
811 decision to the commission under Section [59-2-1006](#).

812 Section 8. Section **59-2-1115** is amended to read:

813 **59-2-1115. Exemption of certain tangible personal property.**

814 [~~(1) For purposes of this section:~~]

815 [~~(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal~~
816 ~~property into service; and]~~

817 [~~(ii) includes:~~]

818 [~~(A) the purchase price for a new or used item;]~~

819 [~~(B) the cost of freight and shipping;]~~

820 [~~(C) the cost of installation, engineering, erection, or assembly; and]~~

821 [~~(D) sales and use taxes.]~~

822 (1) As used in this section:

823 [~~(b)~~] (a) (i) "Item of taxable tangible personal property" does not include an
824 improvement to real property or a part that will become an improvement.

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

827 [~~(c)~~] (b) (i) "Taxable tangible personal property" means tangible personal property that
828 is subject to taxation under this chapter.

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

830 (A) tangible personal property required by law to be registered with the state before it
831 is used[~~:~~] on a public highway, public waterway, or public land or in the air;

832 [~~(I) on a public highway;]~~

833 [~~(II) on a public waterway;]~~

834 [~~(III) on public land; or]~~

835 [~~(IV) in the air;]~~

836 (B) a mobile home as defined in Section [41-1a-102](#); or

837 (C) a manufactured home as defined in Section [41-1a-102](#).

838 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if
839 the taxable tangible personal property has a total aggregate taxable value per county of \$15,000

840 or less.

841 (b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible
842 personal property, except for an item of noncapitalized personal property as defined in Section
843 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

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

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

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

848 (c) For an item of taxable tangible personal property that is not exempt under
849 Subsection (2)(a) or (b), the item is exempt from taxation if:

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

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

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

855 (i) by a percentage equal to the percentage difference between the consumer price
856 index for the preceding calendar year and the consumer price index for calendar year 2013; and

857 (ii) up to the nearest \$100 increment.

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

860 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative
861 percentage, the consumer price index increase for the year is zero.

862 (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption
863 described in Subsection (2)(a), a county assessor may require the taxpayer to file a signed
864 statement described in Section 59-2-306.

865 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar
866 year in which a taxpayer qualifies for an exemption described in Subsection (2)(a) after the
867 calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306

868 with respect to the taxable tangible personal property that is exempt under Subsection (2)(a)
869 may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for
870 the exemption under Subsection (2)(a).

871 (c) If a taxpayer qualifies for an exemption described in Subsection (2)(a) for five
872 consecutive years and files a signed statement for each of those years in accordance with
873 Section 59-2-306 and Subsection (4)(b), a county assessor may not require the taxpayer to file a
874 signed statement for each continuing consecutive year for which the taxpayer qualifies for the
875 exemption.

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

879 (5) A signed statement with respect to qualifying exempt primary residential rental
880 personal property is as provided in Section 59-2-103.5.

881 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
882 commission may make rules to administer this section and provide for uniform
883 implementation.

884 Section 9. Section 59-7-302 is amended to read:

885 **59-7-302. Definitions -- Determination of taxpayer status.**

886 (1) As used in this part, unless the context otherwise requires:

887 (a) "Aircraft type" means a particular model of aircraft as designated by the
888 manufacturer of the aircraft.

889 (b) "Airline" means the same as that term is defined in Section 59-2-102.

890 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during
891 the airline's tax period.

892 (d) "Business income" means income arising from transactions and activity in the
893 regular course of the taxpayer's trade or business and includes income from tangible and
894 intangible property if the acquisition, management, and disposition of the property constitutes
895 integral parts of the taxpayer's regular trade or business operations.

896 (e) "Commercial domicile" means the principal place from which the trade or business
897 of the taxpayer is directed or managed.

898 (f) "Compensation" means wages, salaries, commissions, and any other form of
899 remuneration paid to employees for personal services.

900 (g) "Excluded NAICS code" means a NAICS code of the 2017 North American
901 Industry Classification System of the federal Executive Office of the President, Office of
902 Management and Budget, within:

- 903 (i) NAICS Code 211120, Crude Petroleum Extraction;
- 904 (ii) NAICS Industry Group 2121, Coal Mining;
- 905 (iii) NAICS Industry Group 2212, Natural Gas Distribution;
- 906 (iv) NAICS Subsector 311, Food Manufacturing;
- 907 (v) NAICS Industry Group 3121, Beverage Manufacturing;
- 908 (vi) NAICS Code 327310, Cement Manufacturing;
- 909 (vii) NAICS Subsector 482, Rail Transportation;
- 910 (viii) NAICS Code 512110, Motion Picture and Video Production;
- 911 (ix) NAICS Subsection 515, Broadcasting (except Internet); or
- 912 (x) NAICS Code 522110, Commercial Banking.

913 (h) (i) Except as provided in Subsection (1)(h)(ii), "mobile flight equipment" means the
914 same as that term is defined in Section [59-2-102](#).

915 (ii) "Mobile flight equipment" does not include:

- 916 (A) a spare engine; or
- 917 (B) tangible personal property described in Subsection [59-2-102](#)~~[(27)]~~[(25)] owned by
918 an air charter service or an air contract service.

919 (i) "Nonbusiness income" means all income other than business income.

920 (j) "Optional apportionment taxpayer" means a taxpayer described in Subsection (3).

921 (k) "Phased-in sales factor weighted taxpayer" means a taxpayer that:

- 922 (i) is not a sales factor weighted taxpayer;
- 923 (ii) does not meet the definition of an optional apportionment taxpayer; or

- 924 (iii) for a taxable year beginning on or after January 1, 2020:
- 925 (A) meets the definition of an optional apportionment taxpayer; and
- 926 (B) apportioned business income using the method described in Subsection
- 927 59-7-311(4) during the previous taxable year.
- 928 (l) "Revenue ton miles" is determined in accordance with 14 C.F.R. Part 241.
- 929 (m) "Sales" means all gross receipts of the taxpayer not allocated under Sections
- 930 59-7-306 through 59-7-310.
- 931 (n) "Sales factor weighted taxpayer" means a taxpayer described in Subsection (2).
- 932 (o) "State" means any state of the United States, the District of Columbia, the
- 933 Commonwealth of Puerto Rico, any territory or possession of the United States, and any
- 934 foreign country or political subdivision thereof.
- 935 (p) "Transportation revenue" means revenue an airline earns from:
- 936 (i) transporting a passenger or cargo; or
- 937 (ii) from miscellaneous sales of merchandise as part of providing transportation
- 938 services.
- 939 (q) "Utah revenue ton miles" means, for an airline, the total revenue ton miles within
- 940 the borders of this state:
- 941 (i) during the airline's tax period; and
- 942 (ii) from flight stages that originate or terminate in this state.
- 943 (2) (a) A taxpayer is a sales factor weighted taxpayer if the taxpayer apportioned
- 944 business income using the method described in Subsection 59-7-311(2) during the previous
- 945 taxable year or if, regardless of the number of economic activities the taxpayer performs, the
- 946 taxpayer generates greater than 50% of the taxpayer's total sales everywhere from economic
- 947 activities that are classified in a NAICS code of the 2002 or 2007 North American Industry
- 948 Classification System of the federal Executive Office of the President, Office of Management
- 949 and Budget, other than:
- 950 (i) a NAICS code within NAICS Sector 21, Mining;
- 951 (ii) a NAICS code within NAICS Industry Group 2212, Natural Gas Distribution;

- 952 (iii) a NAICS code within NAICS Sector 31-33, Manufacturing, except:
- 953 (A) NAICS Industry Group 3254, Pharmaceutical and Medicine Manufacturing;
- 954 (B) NAICS Industry Group 3333, Commercial and Service Industry Machinery
- 955 Manufacturing;
- 956 (C) NAICS Subsector 334, Computer and Electronic Product Manufacturing; and
- 957 (D) NAICS Code 336111, Automobile Manufacturing;
- 958 (iv) a NAICS code within NAICS Sector 48-49, Transportation and Warehousing;
- 959 (v) a NAICS code within NAICS Sector 51, Information, except NAICS Subsector
- 960 519, Other Information Services; or
- 961 (vi) a NAICS code within NAICS Sector 52, Finance and Insurance.
- 962 (b) A taxpayer shall determine if the taxpayer is a sales factor weighted taxpayer each
- 963 year before the due date for filing the taxpayer's return under this chapter for the taxable year,
- 964 including extensions.
- 965 (c) For purposes of making the determination required by Subsection (2)(a), total sales
- 966 everywhere include only the total sales everywhere:
- 967 (i) as determined in accordance with this part; and
- 968 (ii) made during the taxable year for which a taxpayer makes the determination
- 969 required by Subsection (2)(a).
- 970 (3) (a) A taxpayer is an optional apportionment taxpayer if the average calculated in
- 971 accordance with Subsection (3)(b) is greater than .50.
- 972 (b) To calculate the average described in Subsection (3)(a), a taxpayer shall:
- 973 (i) calculate the following two fractions:
- 974 (A) the property factor fraction as described in Subsection 59-7-312(3); and
- 975 (B) the payroll factor fraction as described in Subsection 59-7-315(3);
- 976 (ii) add together the fractions described in Subsection (3)(b)(i); and
- 977 (iii) divide the sum calculated in Subsection (3)(b)(ii):
- 978 (A) except as provided in Subsection (3)(b)(iii)(B), by two; or
- 979 (B) if either the property factor fraction or the payroll factor fraction has a denominator

980 of zero or is excluded in accordance with Subsection 59-7-312(3)(b) or 59-7-315(3)(b), by one.

981 (c) A taxpayer shall determine if the taxpayer is an optional apportionment taxpayer
982 before the due date for filing the taxpayer's return under this chapter for the taxable year,
983 including extensions.

984 (4) A taxpayer that files a return as a unitary group for a taxable year is considered to
985 be a unitary group for that taxable year.

986 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
987 commission may define the term "economic activity" consistent with the use of the term
988 "activity" in the 2007 North American Industry Classification System of the federal Executive
989 Office of the President, Office of Management and Budget.