

1 **CERTIFIED TAX RATE CALCULATION AMENDMENTS**

2 2020 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Steve Eliason**

5 Senate Sponsor: Curtis S. Bramble

7 **LONG TITLE**

8 **Committee Note:**

9 The Revenue and Taxation Interim Committee recommended this bill.

10 Legislative Vote: 11 voting for 0 voting against 8 absent

11 **General Description:**

12 This bill defines and modifies terms for purposes of calculating a taxing entity's
13 certified tax rate.

14 **Highlighted Provisions:**

15 This bill:

16 ▶ modifies the definition of incremental value to include project areas created under
17 Title 11, Chapter 58, Utah Inland Port Authority Act; Title 63H, Chapter 1, Military
18 Installation Development Authority Act; and Title 63N, Chapter 2, Part 5, New
19 Convention Facility Development Incentives; and

20 ▶ defines related terms.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 This bill provides retrospective operation.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **59-2-924**, as last amended by Laws of Utah 2018, Chapters 101, 368, and 415



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

Section 1. Section **59-2-924** is amended to read:

59-2-924. Definitions -- Report of valuation of property to county auditor and commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the commission.

(1) As used in this section:

(a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with this chapter.

(ii) "Ad valorem property tax revenue" does not include:

(A) interest;

(B) penalties;

(C) collections from redemptions; or

(D) revenue received by a taxing entity from personal property that is semiconductor manufacturing equipment assessed by a county assessor in accordance with Part 3, County Assessment.

(b) "Adjusted tax increment" means the same as that term is defined in Section [17C-1-102](#).

~~[(b)]~~ (c) (i) "Aggregate taxable value of all property taxed" means:

(A) the aggregate taxable value of all real property a county assessor assesses in accordance with Part 3, County Assessment, for the current year;

(B) the aggregate taxable value of all real and personal property the commission assesses in accordance with Part 2, Assessment of Property, for the current year; and

(C) the aggregate year end taxable value of all personal property a county assessor assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls of the taxing entity.

(ii) "Aggregate taxable value of all property taxed" does not include the aggregate year end taxable value of personal property that is:

(A) semiconductor manufacturing equipment assessed by a county assessor in accordance with Part 3, County Assessment; and

- 59 (B) contained on the prior year's tax rolls of the taxing entity.
- 60 (d) "Base taxable value" means:
- 61 (i) for an authority created under Section 11-58-201, the same as that term is defined in
- 62 Section 11-58-102;
- 63 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
- 64 in Section 17C-1-102;
- 65 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
- 66 in Section 63H-1-102; or
- 67 (iv) for a host local government, the same as that term is defined in Section 63N-2-502.
- 68 ~~(e)~~ (e) "Centrally assessed benchmark value" means an amount equal to the highest
- 69 year end taxable value of real and personal property the commission assesses in accordance
- 70 with Part 2, Assessment of Property, for a previous calendar year that begins on or after
- 71 January 1, 2015, adjusted for taxable value attributable to:
- 72 (i) an annexation to a taxing entity; or
- 73 (ii) an incorrect allocation of taxable value of real or personal property the commission
- 74 assesses in accordance with Part 2, Assessment of Property.
- 75 ~~(f)~~ (f) (i) "Centrally assessed new growth" means the greater of:
- 76 (A) zero; or
- 77 (B) the amount calculated by subtracting the centrally assessed benchmark value
- 78 adjusted for prior year end incremental value from the taxable value of real and personal
- 79 property the commission assesses in accordance with Part 2, Assessment of Property, for the
- 80 current year, adjusted for current year incremental value.
- 81 (ii) "Centrally assessed new growth" does not include a change in value as a result of a
- 82 change in the method of apportioning the value prescribed by the Legislature, a court, or the
- 83 commission in an administrative rule or administrative order.
- 84 ~~(g)~~ (g) "Certified tax rate" means a tax rate that will provide the same ad valorem
- 85 property tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.
- 86 ~~(h)~~ (h) "Eligible new growth" means the greater of:
- 87 (i) zero; or
- 88 (ii) the sum of:
- 89 (A) locally assessed new growth;

90 (B) centrally assessed new growth; and

91 (C) project area new growth or hotel property new growth.

92 (i) "Host local government" means the same as that term is defined in Section
93 63N-2-502.

94 (j) "Hotel property" means the same as that term is defined in Section 63N-2-502.

95 (k) "Hotel property new growth" means an amount equal to the incremental value that
96 is no longer provided to a host local government as incremental property tax revenue.

97 (l) "Incremental property tax revenue" means the same as that term is defined in
98 Section 63N-2-502.

99 [~~(g)~~] (m) "Incremental value" means [the same as that term is defined in Section
100 17C-1-102.];

101 (i) for an authority created under Section 11-58-201, the amount calculated by
102 multiplying:

103 (A) the difference between the taxable value and the base taxable value of the property
104 that is located within a project area and on which property tax differential is collected; and

105 (B) the number that represents the percentage of the property tax differential that is
106 paid to the authority;

107 (ii) for an agency created under Section 17C-1-201.5, the amount calculated by
108 multiplying:

109 (A) the difference between the taxable value and the base taxable value of the property
110 located within a project area and on which tax increment is collected; and

111 (B) the number that represents the adjusted tax increment from that project area that is
112 paid to the agency;

113 (iii) for an authority created under Section 63H-1-201, the amount calculated by
114 multiplying:

115 (A) the difference between the taxable value and the base taxable value of the property
116 located within a project area and on which property tax allocation is collected; and

117 (B) the number that represents the percentage of the property tax allocation from that
118 project area that is paid to the authority; or

119 (iv) for a host local government, an amount calculated by multiplying:

120 (A) the difference between the taxable value and the base taxable value of the hotel

121 property on which incremental property tax revenue is collected; and

122 (B) the number that represents the percentage of the incremental property tax revenue
123 from that hotel property that is paid to the host local government.

124 ~~[(h)]~~ (n) (i) "Locally assessed new growth" means the greater of:

125 (A) zero; or

126 (B) the amount calculated by subtracting the year end taxable value of real property the
127 county assessor assesses in accordance with Part 3, County Assessment, for the previous year,
128 adjusted for prior year end incremental value from the taxable value of real property the county
129 assessor assesses in accordance with Part 3, County Assessment, for the current year, adjusted
130 for current year incremental value.

131 (ii) "Locally assessed new growth" does not include a change in:

132 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal, or
133 another adjustment;

134 (B) assessed value based on whether a property is allowed a residential exemption for a
135 primary residence under Section 59-2-103;

136 (C) assessed value based on whether a property is assessed under Part 5, Farmland
137 Assessment Act; or

138 (D) assessed value based on whether a property is assessed under Part 17, Urban
139 Farming Assessment Act.

140 ~~[(i)]~~ (o) "Project area" means ~~[the same as that term is defined in Section 17C-1-102.];~~

141 (i) for an authority created under Section 11-58-201, the same as that term is defined in
142 Section 11-58-102;

143 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
144 in Section 17C-1-102; or

145 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
146 in Section 63H-1-102.

147 ~~[(j)]~~ (p) "Project area new growth" means ~~[an amount equal to the incremental value~~
148 ~~that is no longer provided to an agency as tax increment.];~~

149 (i) for an authority created under Section 11-58-201, an amount equal to the
150 incremental value that is no longer provided to an authority as property tax differential;

151 (ii) for an agency created under Section 17C-1-201.5, an amount equal to the

152 incremental value that is no longer provided to an agency as tax increment; or

153 (iii) for an authority created under Section [63H-1-201](#), an amount equal to the
154 incremental value that is no longer provided to an authority as property tax allocation.

155 (q) "Property tax allocation" means the same as that term is defined in Section
156 [63H-1-102](#).

157 (r) "Property tax differential" means the same as that term is defined in Section
158 [11-58-102](#).

159 (s) "Tax increment" means the same as that term is defined in Section [17C-1-102](#).

160 (2) Before June 1 of each year, the county assessor of each county shall deliver to the
161 county auditor and the commission the following statements:

162 (a) a statement containing the aggregate valuation of all taxable real property a county
163 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

164 (b) a statement containing the taxable value of all personal property a county assessor
165 assesses in accordance with Part 3, County Assessment, from the prior year end values.

166 (3) The county auditor shall, on or before June 8, transmit to the governing body of
167 each taxing entity:

168 (a) the statements described in Subsections (2)(a) and (b);

169 (b) an estimate of the revenue from personal property;

170 (c) the certified tax rate; and

171 (d) all forms necessary to submit a tax levy request.

172 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be
173 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the
174 prior year by the amount calculated under Subsection (4)(b).

175 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
176 calculate an amount as follows:

177 (i) calculate for the taxing entity the difference between:

178 (A) the aggregate taxable value of all property taxed; and

179 (B) any adjustments for current year incremental value;

180 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
181 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
182 average of the percentage net change in the value of taxable property for the equalization

183 period for the three calendar years immediately preceding the current calendar year;

184 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product

185 of:

186 (A) the amount calculated under Subsection (4)(b)(ii); and

187 (B) the percentage of property taxes collected for the five calendar years immediately

188 preceding the current calendar year; and

189 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount

190 determined by:

191 (A) multiplying the percentage of property taxes collected for the five calendar years

192 immediately preceding the current calendar year by eligible new growth; and

193 (B) subtracting the amount calculated under Subsection (4)(b)(iv)(A) from the amount

194 calculated under Subsection (4)(b)(iii).

195 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be

196 calculated as follows:

197 (a) except as provided in Subsection (5)(b), for a new taxing entity, the certified tax

198 rate is zero;

199 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

200 (i) in a county of the first, second, or third class, the levy imposed for municipal-type

201 services under Sections 17-34-1 and 17-36-9; and

202 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county

203 purposes and such other levies imposed solely for the municipal-type services identified in

204 Section 17-34-1 and Subsection 17-36-3(22); and

205 (c) for debt service voted on by the public, the certified tax rate is the actual levy

206 imposed by that section, except that a certified tax rate for the following levies shall be

207 calculated in accordance with Section 59-2-913 and this section:

208 (i) a school levy provided for under Section 53F-8-301, 53F-8-302, or 53F-8-303; and

209 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative

210 orders under Section 59-2-1602.

211 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be

212 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more

213 eligible judgments.

214 (b) The ad valorem property tax revenue generated by a judgment levy described in
215 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
216 rate.

217 (7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

218 (i) the taxable value of real property:

219 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

220 (B) contained on the assessment roll;

221 (ii) the year end taxable value of personal property:

222 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

223 (B) contained on the prior year's assessment roll; and

224 (iii) the taxable value of real and personal property the commission assesses in
225 accordance with Part 2, Assessment of Property.

226 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
227 growth.

228 (8) (a) On or before June 30, a taxing entity shall annually adopt a tentative budget.

229 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall
230 notify the county auditor of:

231 (i) the taxing entity's intent to exceed the certified tax rate; and

232 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

233 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
234 exceeds the certified tax rate in accordance with Sections [59-2-919](#) and [59-2-919.1](#).

235 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
236 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
237 Committee if:

238 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
239 taxable value of the real and personal property the commission assesses in accordance with
240 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental
241 value; and

242 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end
243 taxable value of the real and personal property of a taxpayer the commission assesses in
244 accordance with Part 2, Assessment of Property, for the previous year.

245 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
246 subtracting the taxable value of real and personal property the commission assesses in
247 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
248 incremental value, from the year end taxable value of the real and personal property the
249 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
250 adjusted for prior year end incremental value.

251 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
252 subtracting the total taxable value of real and personal property of a taxpayer the commission
253 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total
254 year end taxable value of the real and personal property of a taxpayer the commission assesses
255 in accordance with Part 2, Assessment of Property, for the previous year.

256 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet
257 the requirement under Subsection (9)(a)(ii).

258 **Section 2. Retrospective operation.**

259 This bill has retrospective operation to January 1, 2020.