

**ACQUISITION COST DEFINITION**

2020 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Robert M. Spendlove**

Senate Sponsor: Lincoln Fillmore

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**LONG TITLE**

**Committee Note:**

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 12 voting for 0 voting against 7 absent

**General Description:**

This bill defines the term "acquisition cost" for the property tax code.

**Highlighted Provisions:**

This bill:

- ▶ defines the term "acquisition cost" for the property tax code; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

**AMENDS:**

**59-2-102**, as last amended by Laws of Utah 2018, Chapters 415 and 456

**59-2-103**, as last amended by Laws of Utah 2014, Chapter 65

**59-2-108**, as last amended by Laws of Utah 2013, Chapter 248

**59-2-801**, as last amended by Laws of Utah 2008, Chapters 283 and 382

**59-2-804**, as last amended by Laws of Utah 2014, Chapter 65



28 **59-2-1101 (Superseded 07/01/20)**, as last amended by Laws of Utah 2019, Chapter 453  
 29 **59-2-1101 (Effective 07/01/20)**, as last amended by Laws of Utah 2019, Chapters 453  
 30 and 496  
 31 **59-2-1115**, as last amended by Laws of Utah 2019, Chapter 463  
 32 **59-7-302**, as last amended by Laws of Utah 2018, Chapters 456 and 471

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

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

36 **59-2-102. Definitions.**

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

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

40 (b) "Acquisition cost" includes:

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

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

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

46 (iv) sales and use taxes.

47 [~~(1)~~] (2) "Aerial applicator" means aircraft or rotorcraft used exclusively for the  
 48 purpose of engaging in dispensing activities directly affecting agriculture or horticulture with  
 49 an airworthiness certificate from the Federal Aviation Administration certifying the aircraft or  
 50 rotorcraft's use for agricultural and pest control purposes.

51 [~~(2)~~] (3) "Air charter service" means an air carrier operation that requires the customer  
 52 to hire an entire aircraft rather than book passage in whatever capacity is available on a  
 53 scheduled trip.

54 [~~(3)~~] (4) "Air contract service" means an air carrier operation available only to  
 55 customers that engage the services of the carrier through a contractual agreement and excess  
 56 capacity on any trip and is not available to the public at large.

57 [~~(4)~~] (5) "Aircraft" means the same as that term is defined in Section **72-10-102**.

58 [~~(5)~~] (6) (a) Except as provided in Subsection [~~(5)~~] (6)(b), "airline" means an air carrier

59 that:

60 (i) operates:

61 (A) on an interstate route; and

62 (B) on a scheduled basis; and

63 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a  
64 regularly scheduled route.

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

66 (i) air charter service; or

67 (ii) air contract service.

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

72 ~~[(7)]~~ (8) "Base parcel" means a parcel of property that was legally:

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

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

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

76 ~~[(8)]~~ (9) (a) "Certified revenue levy" means a property tax levy that provides an amount  
77 of ad valorem property tax revenue equal to the sum of:

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

81 (ii) the product of:

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

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

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

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

88 (ii) semiconductor manufacturing equipment.

89 (c) For purposes of calculating the certified revenue levy described in this Subsection

90 [~~8~~] 9, the commission shall use:

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

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

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

96 [~~9~~] 10 "County-assessed commercial vehicle" means:

97 (a) any commercial vehicle, trailer, or semitrailer that is not apportioned under Section  
98 [41-1a-301](#) and is not operated interstate to transport the vehicle owner's goods or property in  
99 furtherance of the owner's commercial enterprise;

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

102 (c) vehicles that are:

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

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

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

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

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

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

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

114 [~~(i) a county; and~~

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

116 [~~(b) "Designated tax area" includes a tax area created by the overlapping boundaries of  
117 the taxing entities described in Subsection (10)(a) and:]~~

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

120 [~~(ii) a special service district if the boundaries of the school district under Subsection~~

121 ~~(10)(a) are located entirely within the special service district.]~~

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

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

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

129 (i) \$5,000; or

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

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

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

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

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

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

143 (13) (a) "Fair market value" means the amount at which property would change hands  
144 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell  
145 and both having reasonable knowledge of the relevant facts.

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

150 ~~[(14) (a) "Farm machinery and equipment," for purposes of the exemption provided~~  
151 ~~under Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities;~~

152 ~~feed handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters,~~  
153 ~~tillage tools, scales, combines, spreaders, sprayers, haying equipment, including balers and~~  
154 ~~cubers, and any other machinery or equipment used primarily for agricultural purposes.]~~

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

158 [(15)] (14) "Geothermal fluid" means water in any form at temperatures greater than  
159 120 degrees centigrade naturally present in a geothermal system.

160 [(16)] (15) "Geothermal resource" means:

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

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

165 [(17)] (16) (a) "Goodwill" means:

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

168 (ii) the ability of a business to:

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

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

173 (b) The following factors apply to Subsection [(17)] (16)(a)(ii):

174 (i) superior management skills;

175 (ii) reputation;

176 (iii) customer relationships;

177 (iv) patronage; or

178 (v) a factor similar to Subsections [(17)] (16)(b)(i) through (iv).

179 (c) "Goodwill" does not include:

180 (i) the intangible property described in Subsection [(21)] (19)(a) or (b);

181 (ii) locational attributes of real property, including:

182 (A) zoning;

- 183 (B) location;
- 184 (C) view;
- 185 (D) a geographic feature;
- 186 (E) an easement;
- 187 (F) a covenant;
- 188 (G) proximity to raw materials;
- 189 (H) the condition of surrounding property; or
- 190 (I) proximity to markets;
- 191 (iii) value attributable to the identification of an improvement to real property,
- 192 including:
  - 193 (A) reputation of the designer, builder, or architect of the improvement;
  - 194 (B) a name given to, or associated with, the improvement; or
  - 195 (C) the historic significance of an improvement; or
  - 196 (iv) the enhancement or assemblage value specifically attributable to the interrelation
  - 197 of the existing tangible property in place working together as a unit.
- 198 ~~[(18)]~~ (17) "Governing body" means:
  - 199 (a) for a county, city, or town, the legislative body of the county, city, or town;
  - 200 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
  - 201 Local Districts, the local district's board of trustees;
  - 202 (c) for a school district, the local board of education; or
  - 203 (d) for a special service district under Title 17D, Chapter 1, Special Service District
  - 204 Act:
    - 205 (i) the legislative body of the county or municipality that created the special service
    - 206 district, to the extent that the county or municipal legislative body has not delegated authority
    - 207 to an administrative control board established under Section 17D-1-301; or
    - 208 (ii) the administrative control board, to the extent that the county or municipal
    - 209 legislative body has delegated authority to an administrative control board established under
    - 210 Section 17D-1-301.
  - 211 ~~[(19)(a) For purposes of Section 59-2-103:]~~
  - 212 ~~[(i) "household" means the association of individuals who live in the same dwelling,~~
  - 213 ~~sharing its furnishings, facilities, accommodations, and expenses; and]~~

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

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

218 ~~[(20)]~~ (18) (a) Except as provided in Subsection ~~[(20)]~~ (18)(c), "improvement" means a  
219 building, structure, fixture, fence, or other item that is permanently attached to land, regardless  
220 of whether the title has been acquired to the land, if:

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

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

224 (ii) removal of the item would:

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

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

227 (b) "Improvement" includes:

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

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

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

231 (18)(a); and

232 (ii) an item described in Subsection ~~[(20)]~~ (18)(a) that is temporarily detached from the  
233 land for repairs and remains located on the land.

234 (c) "Improvement" does not include:

235 (i) an item considered to be personal property pursuant to rules made in accordance  
236 with Section 59-2-107;

237 (ii) a moveable item that is attached to land for stability only or for an obvious  
238 temporary purpose;

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

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

241 (iv) an item attached to the land in a manner that facilitates removal without substantial  
242 damage to the land or the item; or

243 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that  
244 transportable factory-built housing unit is considered to be personal property under Section



245 59-2-1503.

246 [~~(21)~~] (19) "Intangible property" means:

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

248 including:

249 (i) money;

250 (ii) credits;

251 (iii) bonds;

252 (iv) stocks;

253 (v) representative property;

254 (vi) franchises;

255 (vii) licenses;

256 (viii) trade names;

257 (ix) copyrights; and

258 (x) patents;

259 (b) a low-income housing tax credit;

260 (c) goodwill; or

261 (d) a renewable energy tax credit or incentive, including:

262 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue

263 Code;

264 (ii) a federal energy credit for qualified renewable electricity production facilities under

265 Section 48, Internal Revenue Code;

266 (iii) a federal grant for a renewable energy property under American Recovery and

267 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and

268 (iv) a tax credit under Subsection 59-7-614(5).

269 [~~(22)~~] (20) "Livestock" means:

270 (a) a domestic animal;

271 (b) a fish;

272 (c) a fur-bearing animal;

273 (d) a honeybee; or

274 (e) poultry.

275 [~~(23)~~] (21) "Low-income housing tax credit" means:

276 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;

277 or

278 (b) a low-income housing tax credit under Section 59-7-607 or Section 59-10-1010.

279 ~~[(24)]~~ (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and  
280 uranium.

281 ~~[(25)]~~ (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous  
282 valuable mineral.

283 ~~[(26)]~~ (24) "Mining" means the process of producing, extracting, leaching, evaporating,  
284 or otherwise removing a mineral from a mine.

285 ~~[(27)]~~ (25) (a) "Mobile flight equipment" means tangible personal property that is  
286 owned or operated by an air charter service, air contract service, or airline and:

287 (i) is capable of flight or is attached to an aircraft that is capable of flight; or

288 (ii) is contained in an aircraft that is capable of flight if the tangible personal property  
289 is intended to be used:

290 (A) during multiple flights;

291 (B) during a takeoff, flight, or landing; and

292 (C) as a service provided by an air charter service, air contract service, or airline.

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

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

297 ~~[(28)]~~ (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal,  
298 salts, sand, rock, gravel, and all carboniferous materials.

299 ~~[(29)]~~ (27) "Part-year residential property" means property that is not residential  
300 property on January 1 of a calendar year but becomes residential property after January 1 of the  
301 calendar year.

302 ~~[(30)]~~ (28) "Personal property" includes:

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

305 (b) any pipe laid in or affixed to land whether or not the ownership of the pipe is  
306 separate from the ownership of the underlying land, even if the pipe meets the definition of an

307 improvement;

308 (c) bridges and ferries;

309 (d) livestock; and

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

311 ~~[(31)]~~ [\(29\)](#) (a) "Property" means property that is subject to assessment and taxation  
312 according to its value.

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

314 ~~[(32)]~~ [\(30\)](#) "Public utility" means:

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

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

324 ~~[(33)]~~ [\(31\)](#) (a) Subject to Subsection ~~[(33)]~~ [\(31\)](#)(b), "qualifying exempt primary  
325 residential rental personal property" means household furnishings, furniture, and equipment  
326 that:

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

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

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

332 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
333 commission may by rule define the term "dwelling unit" for purposes of this Subsection ~~[(33)]~~  
334 [\(31\)](#) and Subsection ~~[(36)]~~ [\(34\)](#).

335 ~~[(34)]~~ [\(32\)](#) "Real estate" or "real property" includes:

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

337 (b) all mines, minerals, and quarries in and under the land, all timber belonging to

338 individuals or corporations growing or being on the lands of this state or the United States, and  
339 all rights and privileges appertaining to these; and

340 (c) improvements.

341 ~~[(35)]~~ (33) (a) "Relationship with an owner of the property's land surface rights" means  
342 a relationship described in Subsection 267(b), Internal Revenue Code, except that the term  
343 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code.

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

347 ~~[(36)]~~ (34) (a) Subject to Subsection ~~[(36)]~~ (34)(b), "residential property," for purposes  
348 of the reductions and adjustments under this chapter, means any property used for residential  
349 purposes as a primary residence.

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

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

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

354 and

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

356 and

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

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

361 ~~[(37)]~~ (35) "Split estate mineral rights owner" means a person that:

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

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

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

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

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

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

371 ~~[(38)]~~ (36) (a) "State-assessed commercial vehicle" means:

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

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

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

378 ~~[(39)]~~ (37) "Subdivided lot" means a lot, parcel, or other division of land, that is a  
379 division of a base parcel.

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

382 ~~[(41)]~~ (38) "Tax area" means a geographic area created by the overlapping boundaries  
383 of one or more taxing entities.

384 (39) "Taxable value" means fair market value less any applicable reduction allowed for  
385 residential property under Section 59-2-103.

386 ~~[(42)]~~ (40) "Taxing entity" means any county, city, town, school district, special taxing  
387 district, local district under Title 17B, Limited Purpose Local Government Entities - Local  
388 Districts, or other political subdivision of the state with the authority to levy a tax on property.

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

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

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

395 **59-2-103. Rate of assessment of property -- Residential property.**

396 (1) As used in this section:

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

399 (ii) "Household" includes married individuals, who are not legally separated, who have

400 established domiciles at separate locations within the state.

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

403 ~~[(1)]~~ (2) All tangible taxable property located within the state shall be assessed and  
 404 taxed at a uniform and equal rate on the basis of its fair market value, as valued on January 1,  
 405 unless otherwise provided by law.

406 ~~[(2)]~~ (3) Subject to Subsections ~~[(3)]~~ (4) through ~~[(5)]~~ (6) and Section [59-2-103.5](#), for a  
 407 calendar year, the fair market value of residential property located within the state is allowed a  
 408 residential exemption equal to a 45% reduction in the value of the property.

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

413 ~~[(4)]~~ (5) No more than one acre of land per residential unit may qualify for the  
 414 residential exemption described in Subsection ~~[(2)]~~ (3).

415 ~~[(5)]~~ (6) (a) Except as provided in Subsection ~~[(5)]~~ (6)(b)(ii), a residential exemption  
 416 described in Subsection ~~[(2)]~~ (3) is limited to one primary residence per household.

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

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

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

422 **59-2-108. Election for assessment and taxation of noncapitalized personal**  
 423 **property according to a schedule.**

424 (1) As used in this section:

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

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

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

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

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

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

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

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

436 ~~[(c)]~~ (b) "Noncapitalized personal property" means an item of tangible personal  
437 property:

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

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

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

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

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

448 (i) itemize noncapitalized personal property on the signed statement described in  
449 Section [59-2-306](#); or

450 (ii) track noncapitalized personal property.

451 (c) If a person's noncapitalized personal property for which the person makes an  
452 election under this section is examined in accordance with Section [59-2-306](#), the person shall  
453 provide proof of the acquisition cost of the noncapitalized personal property.

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

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

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

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

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

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

471 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%

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

478 **59-2-801. Apportionment of property assessed by commission.**

479 (1) As used in this section:

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

482 (A) a county; and

483 (B) a school district.

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

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

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

490 (b) "Ground hours" means the total number of hours during the calendar year



491 immediately preceding the January 1 described in Section 59-2-103 that aircraft owned or  
492 operated by the following are on the ground:

- 493 (i) an air charter service;  
494 (ii) an air contract service; or  
495 (iii) an airline.

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

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

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

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

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

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

506 (B) a pipeline company;

507 (C) a power company;

508 (D) a canal company; or

509 (E) an irrigation company.

510 (b) The commission shall apportion the assessments of the rolling stock of a railroad:

511 (i) to the tax areas through which railroads operate; and

512 (ii) in the proportion that the length of the main tracks, sidetracks, passing tracks,  
513 switches, and tramways of the railroads in each tax area bears to the total length of the main  
514 tracks, sidetracks, passing tracks, switches, and tramways in the state.

515 (c) The commission shall apportion the assessments of the property of a car company  
516 to:

517 (i) each tax area in which a railroad is operated; and

518 (ii) in the proportion that the length of the main tracks, passing tracks, sidetracks,  
519 switches, and tramways of all of the railroads in each tax area bears to the total length of the  
520 main tracks, passing tracks, sidetracks, switches, and tramways of all of the railroads in the  
521 state.

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

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

525 (A) mines;

526 (B) mining claims; or

527 (C) mining property.

528 ~~[(e) (i) As used in this Subsection (1)(e), "ground hours" means the total number of~~  
529 ~~hours during the calendar year immediately preceding the January 1 described in Section~~

530 ~~59-2-103 that aircraft owned or operated by the following are on the ground:]~~

531 ~~[(A) an air charter service;]~~

532 ~~[(B) an air contract service; or]~~

533 ~~[(C) an airline.]~~

534 ~~[(ii)]~~ (e) (i) The commission shall apportion the assessments of the property described  
535 in Subsection ~~[(1)(e)(iii)]~~ (2)(e)(ii) to:

536 (A) each designated tax area; and

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

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

541 (A) air charter service;

542 (B) air contract service; or

543 (C) airline.

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

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

549 (A) air charter service;

550 (B) air contract service; or

551 (C) airline.

552 ~~[(2)]~~ (3) (a) (i) (A) State-assessed commercial vehicles that weigh 12,001 pounds or

553 more shall be taxed at a statewide average rate which is calculated from the overall county  
554 average tax rates from the preceding year, exclusive of the property subject to the statewide  
555 uniform fee, weighted by lane miles of principal routes in each county.

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

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

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

562 (i) 40% by the percentage of lane miles of principal routes within each county as  
563 determined by the commission; and

564 (ii) 60% by the percentage of total state-assessed vehicles having business situs in each  
565 county.

566 (c) At least quarterly, the commission shall apportion the total taxes paid on  
567 state-assessed commercial vehicles to the counties.

568 (d) Each county shall apportion its share of the revenues under this Subsection [(2)]  
569 (3) to the taxing entities within its boundaries in the same proportion as the assessments of  
570 other:

- 571 (i) real property;
- 572 (ii) tangible personal property; and
- 573 (iii) property assessed by the commission.

574 Section 5. Section 59-2-804 is amended to read:

575 **59-2-804. Interstate allocation of mobile flight equipment.**

576 (1) As used in this section:

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

579 (b) "Airline ground hours calculation" means an amount equal to the product of:

- 580 (i) the total number of hours aircraft owned or operated by an airline are on the ground,  
581 calculated by aircraft type; and
- 582 (ii) the cost percentage.

583 (c) "Airline revenue ton miles" means, for an airline, the total revenue ton miles during

584 the calendar year that immediately precedes the January 1 described in Section 59-2-103.

585 (d) "Cost percentage" means a fraction, calculated by aircraft type, the numerator of  
586 which is the airline's average cost of the aircraft type and the denominator of which is the  
587 airline's average cost of the aircraft type:

- 588 (i) owned or operated by the airline; and
- 589 (ii) that has the lowest average cost.

590 (e) "Ground hours factor" means the product of:

- 591 (i) a fraction, the numerator of which is the Utah ground hours calculation and the  
592 denominator of which is the airline ground hours calculation; and
- 593 (ii) .50.

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

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

- 598 (A) air charter service; or
- 599 (B) air contract service.

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

- 601 (i) the ground hours factor; and
- 602 (ii) the revenue ton miles factor.

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

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

- 605 (i) a fraction, the numerator of which is the Utah revenue ton miles and the  
606 denominator of which is the airline revenue ton miles; and
- 607 (ii) .50.

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

- 609 (i) the total number of hours aircraft owned or operated by an airline are on the ground  
610 in this state, calculated by aircraft type; and
- 611 (ii) the cost percentage.

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

- 614 (i) during the calendar year that immediately precedes the January 1 described in

615 Section 59-2-103; and

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

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

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

621 (b) the mobile flight equipment allocation factor.

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

623 **59-2-1101 (Superseded 07/01/20). Definitions -- Exemption of certain property --**  
624 **Proportional payments for certain property -- County legislative body authority to adopt**  
625 **rules or ordinances.**

626 (1) As used in this section:

627 (a) "Educational purposes" includes:

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

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

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

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

641 (ii) "Farm machinery and equipment" does include vehicles required to be registered  
642 with the Motor Vehicle Division or vehicles or other equipment used for business purposes  
643 other than farming.

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

646 [~~(d)~~] (e) "Nonprofit entity" includes an entity if the:  
647 (i) entity is treated as a disregarded entity for federal income tax purposes;  
648 (ii) entity is wholly owned by, and controlled under the direction of, a nonprofit entity;  
649 and  
650 (iii) net earnings and profits of the entity irrevocably inure to the benefit of a nonprofit  
651 entity.

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

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

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

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

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

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

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

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

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

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

667 (ii) property of:

668 (A) the state;

669 (B) school districts; and

670 (C) public libraries;

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

672 (A) counties;

673 (B) cities;

674 (C) towns;

675 (D) local districts;

676 (E) special service districts; and

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

685 11-13-103:

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

687 defined in Section 11-13-103; and

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

689 11-13-302.

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

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

692 considered to be a school district.

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

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

695 ownership of the property:

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

697 time:

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

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

700 the property; and

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

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

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

704 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection

705 (4)(a):

706 (a) is subject to any exclusive use exemption or government exemption that the

707 property is entitled to under the new ownership of the property; and

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

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

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

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

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

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

719 **59-2-1101 (Effective 07/01/20). Definitions -- Exemption of certain property --**  
720 **Proportional payments for certain property -- County legislative body authority to adopt**  
721 **rules or ordinances.**

722 (1) As used in this section:

723 (a) (i) "Educational purposes" means the same as that term is used in Section  
724 501(c)(3), Internal Revenue Code, and interpreted according to federal law.

725 (ii) "Educational purposes" includes:

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

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

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

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



739 (ii) "Farm machinery and equipment" does include vehicles required to be registered  
740 with the Motor Vehicle Division or vehicles or other equipment used for business purposes  
741 other than farming.

742 [~~e~~] (d) "Government exemption" means a property tax exemption provided under  
743 Subsection (3)(a)(i), (ii), or (iii).

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

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

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

747 and

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

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

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

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

756 (i) the claimant is a federal, state, or political subdivision entity described in

757 Subsection (3)(a)(i), (ii), or (iii); or

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

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

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

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

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

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

765 (ii) property of:

766 (A) the state;

767 (B) school districts; and

768 (C) public libraries;

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

770 (A) counties;  
771 (B) cities;  
772 (C) towns;  
773 (D) local districts;  
774 (E) special service districts; and  
775 (F) all other political subdivisions of the state;  
776 (iv) property owned by a nonprofit entity used exclusively for religious, charitable, or  
777 educational purposes;  
778 (v) places of burial not held or used for private or corporate benefit;  
779 (vi) farm machinery and equipment;  
780 (vii) a high tunnel, as defined in Section 10-9a-525;  
781 (viii) intangible property; and  
782 (ix) the ownership interest of an out-of-state public agency, as defined in Section  
783 11-13-103:  
784 (A) if that ownership interest is in property providing additional project capacity, as  
785 defined in Section 11-13-103; and  
786 (B) on which a fee in lieu of ad valorem property tax is payable under Section  
787 11-13-302.  
788 (b) For purposes of a property tax exemption for property of school districts under  
789 Subsection (3)(a)(ii)(B), a charter school under Title 53G, Chapter 5, Charter Schools, is  
790 considered to be a school district.  
791 (4) Subject to Subsection (5), if property that is allowed an exclusive use exemption or  
792 a government exemption ceases to qualify for the exemption because of a change in the  
793 ownership of the property:  
794 (a) the new owner of the property shall pay a proportional tax based upon the period of  
795 time:  
796 (i) beginning on the day that the new owner acquired the property; and  
797 (ii) ending on the last day of the calendar year during which the new owner acquired  
798 the property; and  
799 (b) the new owner of the property and the person from whom the new owner acquires  
800 the property shall notify the county assessor, in writing, of the change in ownership of the

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

802 (5) Notwithstanding Subsection (4)(a), the proportional tax described in Subsection  
803 (4)(a):

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

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

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

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

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

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

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

817 **59-2-1115. Exemption of certain tangible personal property.**

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

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

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

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

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

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

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

826 (1) As used in this section:

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

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

831 [~~(c)~~] (b) (i) "Taxable tangible personal property" means tangible personal property that

832 is subject to taxation under this chapter.

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

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

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

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

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

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

840 (B) a mobile home as defined in Section 41-1a-102; or

841 (C) a manufactured home as defined in Section 41-1a-102.

842 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if  
843 the taxable tangible personal property has a total aggregate taxable value per county of \$15,000  
844 or less.

845 (b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible  
846 personal property, except for an item of noncapitalized personal property as defined in Section  
847 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

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

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

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

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

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

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

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

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

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

862 (b) For purposes of this Subsection (3), the commission shall calculate the consumer

863 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

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

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

869 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar  
870 year in which a taxpayer qualifies for an exemption described in Subsection (2)(a) after the  
871 calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306  
872 with respect to the taxable tangible personal property that is exempt under Subsection (2)(a)  
873 may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for  
874 the exemption under Subsection (2)(a).

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

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

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

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

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

889 **59-7-302. Definitions -- Determination of taxpayer status.**

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

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

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

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

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

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

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

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

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

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

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

920 (A) a spare engine; or

921 (B) tangible personal property described in Subsection [59-2-102](#)~~[(27)]~~[(25)] owned by  
922 an air charter service or an air contract service.

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

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

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

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



987 including extensions.

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

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