

**PROPOSAL TO AMEND UTAH CONSTITUTION - REVENUE
AND TAXATION**

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor: Steve Eliason

LONG TITLE

Committee Note:

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 13 voting for 0 voting against 5 absent

General Description:

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify provisions relating to property tax and real estate.

Highlighted Provisions:

This resolution proposes to amend the Utah Constitution to:

- ▶ require that 45% of the fair market value of residential property be exempt from property tax;
- ▶ permit the exemption of greater than 45% of the fair market value of residential property to be exempt from property tax; and
- ▶ prohibit the State, or a political subdivision of the State, from imposing a tax on the transfer of real property.

Special Clauses:

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

This resolution provides a contingent effective date of January 1, 2025 for this proposal.

Utah Constitution Sections Affected:

AMENDS:



28 **Article XIII, Section 3**



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

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

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

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

35 (a) property owned by the State;

36 (b) property owned by a public library;

37 (c) property owned by a school district;

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

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

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

45 (g) 45% or more of the fair market value of residential property, as provided by statute;

46 [~~g~~] (h) places of burial not held or used for private or corporate benefit;

47 [~~h~~] (i) farm equipment and farm machinery as defined by statute;

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

51 (i) within the State; and

52 (ii) owned by the individual or corporation, or by an individual member of the
53 corporation; and

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

56 (A) water rights; and

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

59 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection
 60 ~~[(+)(j)(i)(B)]~~ (1)(k)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir,
 61 ditch, canal, or pipe; and

62 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under
 63 Subsection ~~[(+)(j)(i)(B)]~~ (1)(k)(i)(B) if the land is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

90 (c) real property owned by a person in the military or the person's spouse, or both, and
91 used as the person's primary residence, if the person serves under an order to federal active duty
92 out of state for at least 200 days in a continuous 365-day period.

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

95 (5) The State and its political subdivisions are prohibited from imposing a tax on the
96 transfer of real property.

97 **Section 2. Submittal to voters.**

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

100 **Section 3. Contingent effective date.**

101 If the amendment proposed by this joint resolution is approved by a majority of those
102 voting on it at the next regular general election, the amendment shall take effect on January 1,
103 2025.