

Representative Jason B. Kyle proposes the following substitute bill:

ROLLBACK TAX AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

Senate Sponsor: David P. Hinkins

LONG TITLE

General Description:

This bill modifies provisions related to the rollback tax associated with agricultural and urban farming property tax assessments.

Highlighted Provisions:

This bill:

- ▶ excludes land acquired by certain governmental entities from the rollback tax;
- ▶ requires governmental entities exempted from the rollback tax to make a one-time in lieu fee payment before selling the land within a certain period;
- ▶ extends the due date for paying the rollback tax and the deadline for filing an appeal to the county board of equalization;
- ▶ requires the State Tax Commission to make rules allowing for an extension of the deadline for filing an appeal; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:



26 AMENDS:

27 **59-2-506**, as last amended by Laws of Utah 2023, Chapters 180, 189

28 **59-2-511**, as last amended by Laws of Utah 2023, Chapters 16, 180

29 **59-2-516**, as enacted by Laws of Utah 2017, Chapter 319

30 **59-2-1705**, as last amended by Laws of Utah 2023, Chapters 180, 189

31 **59-2-1710**, as last amended by Laws of Utah 2023, Chapters 16, 180 and 471

32 **59-2-1713**, as enacted by Laws of Utah 2017, Chapter 319



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

35 Section 1. Section **59-2-506** is amended to read:

36 **59-2-506. Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --**
37 **Interest -- Notice -- Collection -- Distribution.**

38 (1) Except as provided in this section, Section **59-2-506.5**, or Section **59-2-511**, if land
39 is withdrawn from this part, the land is subject to a rollback tax imposed in accordance with
40 this section.

41 (2) (a) An owner shall notify the county assessor that land is withdrawn from this part
42 within 120 days after the day on which the land is withdrawn from this part.

43 (b) An owner that fails to notify the county assessor under Subsection (2)(a) that land is
44 withdrawn from this part is subject to a penalty equal to the greater of:

45 (i) \$10; or

46 (ii) 2% of the rollback tax due for the last year of the rollback period.

47 (3) (a) The county assessor shall determine the amount of the rollback tax by
48 computing the difference for the rollback period described in Subsection (3)(b) between:

49 (i) the tax paid while the land was assessed under this part; and

50 (ii) the tax that would have been paid had the property not been assessed under this
51 part.

52 (b) For purposes of this section, the rollback period is a time period that:

53 (i) begins on the later of:

54 (A) the date the land is first assessed under this part; or

55 (B) five years preceding the day on which the county assessor mails the notice required
56 by Subsection (5); and

57 (ii) ends the day on which the county assessor mails the notice required by Subsection
58 (5).

59 (4) (a) The county treasurer shall:

60 (i) collect the rollback tax; and

61 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax lien
62 on the property has been satisfied by:

63 (A) preparing a document that certifies that the rollback tax lien on the property has
64 been satisfied; and

65 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county recorder
66 for recordation.

67 (b) The county treasurer shall pay the rollback tax collected under this section as
68 follows:

69 (i) 20% to the county for use for open land and working agricultural land as those
70 terms are defined in Section 4-46-102; and

71 (ii) 80% to the various taxing entities pro rata in accordance with the property tax
72 levies for the current year.

73 (5) (a) The county assessor shall mail to an owner of the land that is subject to a
74 rollback tax a notice that:

75 (i) the land is withdrawn from this part;

76 (ii) the land is subject to a rollback tax under this section; and

77 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax [~~within~~
78 ~~30 days after the day on which the county assessor mails~~] on or before the due date listed on the
79 notice described in this Subsection (5)(a).

80 (b) (i) The rollback tax is due and payable [~~on the day~~] within 60 days after the day on
81 which the county assessor mails the notice required by Subsection (5)(a).

82 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land that
83 is withdrawn from this part does not pay the rollback tax [~~within 30 days after the day on which~~
84 ~~the county assessor mails~~] on or before the due date listed on the notice [required by] described
85 in Subsection (5)(a).

86 (6) (a) Subject to Subsection (6)(b), the following are a lien on the land assessed under
87 this part:

88 (i) the rollback tax; and
89 (ii) interest imposed in accordance with Subsection (7).
90 (b) The lien described in Subsection (6)(a) shall:
91 (i) arise upon the imposition of the rollback tax under this section;
92 (ii) end on the day on which the rollback tax and interest imposed in accordance with
93 Subsection (7) are paid in full; and

94 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

95 (7) (a) A delinquent rollback tax under this section shall accrue interest:

96 (i) from the date of delinquency until paid; and

97 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
98 of the year in which the delinquency occurs.

99 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
100 rollback tax that is delinquent on September 1 of any year and interest calculated on that
101 delinquent amount through November 30 of the year in which the county treasurer provides the
102 notice under Section 59-2-1317.

103 (8) (a) Land that becomes ineligible for assessment under this part only as a result of an
104 amendment to this part is not subject to the rollback tax if the owner of the land notifies the
105 county assessor, in accordance with Subsection (2), that the land is withdrawn from this part.

106 (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of
107 an event other than an amendment to this part, whether voluntary or involuntary, is subject to
108 the rollback tax.

109 (9) Except as provided in Section 59-2-511, land that becomes exempt from taxation
110 under

111 Utah Constitution, Article XIII, Section 3, is not subject to the rollback tax if the land meets the
112 requirements of Section 59-2-503 to be assessed under this part.

113 (10) Land that becomes ineligible for assessment under this part only as a result of a
114 split estate mineral rights owner exercising the right to extract a mineral is not subject to the
115 rollback tax:

116 (a) (i) for the portion of the land required by a split estate mineral rights owner to
117 extract a mineral if, after the split estate mineral rights owner exercises the right to extract a
118 mineral, the portion of the property that remains in agricultural production still meets the

119 acreage requirements of Section 59-2-503 for assessment under this part; or

120 (ii) for the entire acreage that would otherwise qualify for assessment under this part if,
121 after the split estate mineral rights owner exercises the right to extract a mineral, the entire
122 acreage that would otherwise qualify for assessment under this part no longer meets the acreage
123 requirements of Section 59-2-503 for assessment under this part only due to the extraction of
124 the mineral by the split estate mineral rights owner; and

125 (b) for the period of time that the property described in Subsection (10)(a) is ineligible
126 for assessment under this part due to the extraction of a mineral by the split estate mineral
127 rights owner.

128 (11) (a) A portion of land withdrawn from this part is not subject to the rollback tax if
129 the portion of land:

130 (i) qualifies for assessment under Part 17, Urban Farming Assessment Act; and

131 (ii) for the tax year immediately following withdrawal, the owner of the portion of land
132 applies in accordance with Section 59-2-1707 for the land to be assessed under Part 17, Urban
133 Farming Assessment Act.

134 (b) Any remaining portion of the withdrawn land that does not satisfy the requirements
135 of Subsection (11)(a) is subject to the rollback tax.

136 Section 2. Section 59-2-511 is amended to read:

137 **59-2-511. Acquisition of land by governmental entity -- Requirements -- Rollback**
138 **tax -- One-time in lieu fee payment -- Passage of title.**

139 (1) For purposes of this section, "governmental entity" means:

140 (a) the United States;

141 (b) the state;

142 (c) a political subdivision of the state, including:

143 (i) a county;

144 (ii) a city;

145 (iii) a town;

146 (iv) a school district;

147 (v) a special district; or

148 (vi) a special service district; or

149 (d) an entity created by the state or the United States, including:

- 150 (i) an agency;
- 151 (ii) a board;
- 152 (iii) a bureau;
- 153 (iv) a commission;
- 154 (v) a committee;
- 155 (vi) a department;
- 156 (vii) a division;
- 157 (viii) an institution;
- 158 (ix) an instrumentality; or
- 159 (x) an office.

160 (2) (a) Except as provided in Subsections (3) [~~and (4)~~] through (5), land acquired by a
161 governmental entity is subject to the rollback tax imposed by this part if:

162 (i) prior to the governmental entity acquiring the land, the land is assessed under this
163 part; and

164 (ii) after the governmental entity acquires the land, the land does not meet the
165 requirements of Section [59-2-503](#) for assessment under this part.

166 (b) A person dedicating a public right-of-way to a governmental entity shall pay the
167 rollback tax imposed by this part if:

168 (i) a portion of the public right-of-way is located within a subdivision as defined in
169 Section [10-9a-103](#); or

170 (ii) in exchange for the dedication, the person dedicating the public right-of-way
171 receives:

- 172 (A) money; or
- 173 (B) other consideration.

174 (3) (a) Except as provided in [~~Subsection (4)~~] Subsections (4) and (5), land acquired by
175 a governmental entity is not subject to the rollback tax imposed by this part, but is subject to a
176 one-time in lieu fee payment as provided in Subsection (3)(b), if:

- 177 (i) the governmental entity acquires the land by eminent domain;
- 178 (ii) (A) the land is under the threat or imminence of eminent domain proceedings; and
- 179 (B) the governmental entity provides written notice of the proceedings to the owner; or
- 180 (iii) the land is donated to the governmental entity.

- 181 (b) (i) If a governmental entity acquires land under Subsection (3)(a)(iii), the
182 governmental entity shall make a one-time in lieu fee payment:
- 183 (A) to the county treasurer of the county in which the land is located; and
184 (B) in an amount equal to the amount of rollback tax calculated under Section
185 59-2-506.
- 186 (ii) If a governmental entity acquires land under Subsection (3)(a)(i) or (3)(a)(ii), the
187 governmental entity shall make a one-time in lieu fee payment:
- 188 (A) to the county treasurer of the county in which the land is located; and
189 (B) (I) if the land remaining after the acquisition by the governmental entity meets the
190 requirements of Section 59-2-503, in an amount equal to the rollback tax under Section
191 59-2-506 on the land acquired by the governmental entity; or
192 (II) if the land remaining after the acquisition by the governmental entity is less than
193 five acres, in an amount equal to the rollback tax under Section 59-2-506 on the land acquired
194 by the governmental entity and the land remaining after the acquisition by the governmental
195 entity.
- 196 (iii) For purposes of Subsection (3)(b)(ii), "land remaining after the acquisition by the
197 governmental entity" includes other eligible acreage that is used in conjunction with the land
198 remaining after the acquisition by the governmental entity.
- 199 (c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute
200 the revenues generated by the payment as follows:
- 201 (i) 20% to the county for use for open land and working agricultural land as those
202 terms are defined in Section 4-46-102; and
203 (ii) 80% to the taxing entities in which the land is located.
- 204 (4) Except as provided in Section 59-2-506.5, if land acquired by a governmental entity
205 is made subject to a conservation easement in accordance with Section 59-2-506.5:
- 206 (a) the land is not subject to the rollback tax imposed by this part; and
207 (b) the governmental entity acquiring the land is not required to make an in lieu fee
208 payment under Subsection (3)(b).
- 209 (5) (a) This Subsection (5) applies only to a governmental entity that is the state or a
210 political subdivision of the state as described in Subsections (1)(b) and (c).
- 211 (b) Land acquired by a governmental entity described in Subsection (5)(a) is not

212 subject to the rollback tax imposed by this part.

213 (c) Notwithstanding Subsection (5)(b), a governmental entity described in Subsection
214 (5)(a) may not, within five years after the day on which the governmental entity acquires land,
215 sell the land to a private entity unless the governmental entity makes a one-time in lieu fee
216 payment:

217 (i) to the county treasurer of the county in which the land is located;

218 (ii) in an amount equal to the rollback tax under Section 59-2-506 on the land acquired
219 by the governmental entity at the time of acquisition; and

220 (iii) before selling the land to the private entity.

221 ~~[(5)]~~ (6) If a governmental entity acquires land subject to assessment under this part,
222 title to the land may not pass to the governmental entity until the following are paid to the
223 county treasurer:

224 (a) any tax due under this part;

225 (b) any one-time in lieu fee payment due under this part; and

226 (c) any interest due under this part.

227 Section 3. Section 59-2-516 is amended to read:

228 **59-2-516. Appeal to the county board of equalization.**

229 (1) Notwithstanding Section 59-2-1004 [~~or 63G-4-301~~] and except as provided in
230 Subsection (2), the owner of land may appeal the determination or denial of a county assessor
231 to the county board of equalization within ~~[45]~~ 60 days after the day on which:

232 ~~[(1)]~~ (a) the county assessor makes a determination under this part; or

233 ~~[(2)]~~ (b) the county assessor's failure to make a determination results in the owner's
234 request being considered denied under this part.

235 (2) Notwithstanding Subsection (1), the commission shall, in accordance with Title
236 63G, Chapter 3, Utah Administrative Rulemaking Act, make rules establishing circumstances
237 under which an appeal may be filed with the county board of equalization no later than 60 days
238 after the deadline for an appeal described in Subsection (1).

239 Section 4. Section 59-2-1705 is amended to read:

240 **59-2-1705. Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --**
241 **Interest -- Notice -- Collection -- Distribution.**

242 (1) Except as provided in this section or Section 59-2-1710, land that is withdrawn

243 from this part is subject to a rollback tax imposed as provided in this section.

244 (2) (a) An owner shall notify the county assessor that land is withdrawn from this part
245 within 120 days after the day on which the land is withdrawn from this part.

246 (b) An owner who fails to notify the county assessor under Subsection (2)(a) that land
247 is withdrawn from this part is subject to a penalty equal to the greater of:

248 (i) \$10; or

249 (ii) 2% of the rollback tax due for the last year of the rollback period.

250 (3) (a) The county assessor shall determine the amount of the rollback tax by
251 computing the difference for the rollback period described in Subsection (3)(b) between:

252 (i) the tax paid while the land was assessed under this part; and

253 (ii) the tax that would have been paid had the property not been assessed under this
254 part.

255 (b) For purposes of this section, the rollback period is a time period that:

256 (i) begins on the later of:

257 (A) except as provided in Subsection (3)(c), the date the land is first assessed under
258 this part; or

259 (B) five years preceding the day on which the county assessor mails the notice required
260 by Subsection (5); and

261 (ii) ends the day on which the county assessor mails the notice required by Subsection
262 (5).

263 (c) For land that was previously assessed under Part 5, Farmland Assessment Act, the
264 date described in Subsection (3)(b)(i)(A) is the date the land was first assessed under Part 5,
265 Farmland Assessment Act, unless the land was subject to a rollback tax imposed under Section
266 [59-2-506](#).

267 (4) (a) The county treasurer shall:

268 (i) collect the rollback tax; and

269 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax lien
270 on the property has been satisfied by:

271 (A) preparing a document that certifies that the rollback tax lien on the property has
272 been satisfied; and

273 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county recorder

274 for recording.

275 (b) The county treasurer shall pay the rollback tax collected under this section as
276 follows:

277 (i) 20% to the county for use for land and working agricultural land as those terms are
278 defined in Section 4-46-102; and

279 (ii) 80% to the various taxing entities pro rata in accordance with the property tax
280 levies for the current year.

281 (5) (a) The county assessor shall mail to an owner of the land that is subject to a
282 rollback tax a notice that:

283 (i) the land is withdrawn from this part;

284 (ii) the land is subject to a rollback tax under this section; and

285 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax [~~within~~
286 ~~30 days after the day on which the county assessor mails~~] on or before the due date listed on the
287 notice described in this Subsection (5)(a).

288 (b) (i) The rollback tax is due and payable [~~on the day~~] within 60 days after the day on
289 which the county assessor mails the notice required by Subsection (5)(a).

290 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land that
291 is withdrawn from this part does not pay the rollback tax [~~within 30 days after the day on which~~
292 ~~the county assessor mails~~] on or before the due date listed on the notice [~~required by~~] described
293 in Subsection (5)(a).

294 (6) (a) Subject to Subsection (6)(b), the rollback tax and interest imposed under
295 Subsection (7) are a lien on the land assessed under this part.

296 (b) The lien described in Subsection (6)(a) shall:

297 (i) arise upon the imposition of the rollback tax under this section;

298 (ii) end on the day on which the rollback tax and interest imposed under Subsection (7)
299 are paid in full; and

300 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

301 (7) (a) A delinquent rollback tax under this section shall accrue interest:

302 (i) from the date of delinquency until paid; and

303 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
304 of the year in which the delinquency occurs.

305 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
306 rollback tax that is delinquent on September 1 of any year and interest calculated on that
307 delinquent amount through November 30 of the year in which the county treasurer provides the
308 notice under Section 59-2-1317.

309 (8) (a) Land that becomes ineligible for assessment under this part only as a result of an
310 amendment to this part is not subject to the rollback tax if the owner of the land notifies the
311 county assessor, in accordance with Subsection (2), that the land is withdrawn from this part.

312 (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of
313 an event other than an amendment to this part, whether voluntary or involuntary, is subject to
314 the rollback tax.

315 (9) Except as provided in Section 59-2-1710, land that becomes exempt from taxation
316 under Utah Constitution, Article XIII, Section 3, is not subject to the rollback tax if the land
317 meets the requirements of Section 59-2-1703 to be assessed under this part.

318 Section 5. Section 59-2-1710 is amended to read:

319 **59-2-1710. Acquisition of land by governmental entity -- Requirements --**
320 **Rollback tax -- One-time in lieu fee payment -- Passage of title.**

321 (1) For purposes of this section, "governmental entity" means:

322 (a) the United States;

323 (b) the state;

324 (c) a political subdivision of the state, including a county, city, town, school district,
325 special district, or special service district; or

326 (d) an entity created by the state or the United States, including an agency, board,
327 bureau, commission, committee, department, division, institution, instrumentality, or office.

328 (2) (a) Except as provided in Subsections (3) and (4), land acquired by a governmental
329 entity is subject to the rollback tax imposed by this part if:

330 (i) before the governmental entity acquires the land, the land is assessed under this
331 part; and

332 (ii) after the governmental entity acquires the land, the land does not meet the
333 requirements of Section 59-2-1703 for assessment under this part.

334 (b) A person dedicating a public right-of-way to a governmental entity shall pay the
335 rollback tax imposed by this part if:

336 (i) a portion of the public right-of-way is located within a subdivision as defined in
337 Section 10-9a-103; or

338 (ii) in exchange for the dedication, the person dedicating the public right-of-way
339 receives money or other consideration.

340 (3) (a) [~~Land~~] Except as provided in Subsection (4), land acquired by a governmental
341 entity is not subject to the rollback tax imposed by this part, but is subject to a one-time in lieu
342 fee payment as provided in Subsection (3)(b), if:

343 (i) the governmental entity acquires the land by eminent domain;

344 (ii) (A) the land is under the threat or imminence of eminent domain proceedings; and

345 (B) the governmental entity provides written notice of the proceedings to the owner; or

346 (iii) the land is donated to the governmental entity.

347 (b) (i) If a governmental entity acquires land under Subsection (3)(a)(iii), the
348 governmental entity shall make a one-time in lieu fee payment:

349 (A) to the county treasurer of the county in which the land is located; and

350 (B) in an amount equal to the amount of rollback tax calculated under Section
351 59-2-1705.

352 (ii) A governmental entity that acquires land under Subsection (3)(a)(i) or (ii) shall
353 make a one-time in lieu fee payment to the county treasurer of the county in which the land is
354 located:

355 (A) if the land remaining after the acquisition by the governmental entity meets the
356 requirements of Section 59-2-1703, in an amount equal to the rollback tax under Section
357 59-2-1705 on the land acquired by the governmental entity; or

358 (B) if the land remaining after the acquisition by the governmental entity is less than
359 one acre, in an amount equal to the rollback tax under Section 59-2-1705 on the land acquired
360 by the governmental entity and the land remaining after the acquisition by the governmental
361 entity.

362 (c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute
363 the revenues collected from the payment as follows:

364 (i) 20% to the county for use for open land and working agricultural land as those
365 terms are defined in Section 4-46-102; and

366 (ii) 80% to the taxing entities in which the land is located.

367 (4) (a) This Subsection (4) applies only to a governmental entity that is the state or a
368 political subdivision of the state as described in Subsections (1)(b) and (c).

369 (b) Land acquired by a governmental entity described in Subsection (4)(a) is not
370 subject to the rollback tax imposed by this part.

371 (c) Notwithstanding Subsection (4)(b), a governmental entity described in Subsection
372 (4)(a) may not, within five years after the day on which the governmental entity acquires land,
373 sell the land to a private entity unless the governmental entity makes a one-time in lieu fee
374 payment:

375 (i) to the county treasurer of the county in which the land is located;

376 (ii) in an amount equal to the rollback tax under Section [59-2-1705](#) on the land
377 acquired by the governmental entity at the time of acquisition; and

378 (iii) before selling the land to the private entity.

379 ~~[(4)]~~ (5) If a governmental entity acquires land subject to assessment under this part,
380 title to the land may not pass to the governmental entity until any tax, one-time in lieu fee
381 payment, and applicable interest due under this part are paid to the county treasurer.

382 Section 6. Section **59-2-1713** is amended to read:

383 **59-2-1713. Appeal to the county board of equalization.**

384 (1) Notwithstanding Section [59-2-1004](#) [~~or [63G-4-301](#)]~~ and except as provided in
385 Subsection (2), the owner of land may appeal the determination or denial of a county assessor
386 to the county board of equalization within ~~[45]~~ 60 days after the day on which:

387 ~~[(1)]~~ (a) the county assessor makes a determination under this part; or

388 ~~[(2)]~~ (b) the county assessor's failure to make a determination results in the owner's
389 request being considered denied under this part.

390 (2) Notwithstanding Subsection (1), the commission shall, in accordance with Title
391 [63G](#), Chapter 3, Utah Administrative Rulemaking Act, make rules establishing circumstances
392 under which an appeal may be filed with the county board of equalization no later than 60 days
393 after the deadline for an appeal described in Subsection (1).

394 Section 7. **Effective date.**

395 This bill takes effect on January 1, 2025.