

Representative Norman K Thurston proposes the following substitute bill:

RESIDENTIAL VALUATION APPEAL PROCEDURES AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill modifies provisions related to appeals involving the valuation of residential property.

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ describes the types of evidence that a county board of equalization or hearing officer may consider in weighing the accuracy of certain sales price information involving residential property;
- ▶ requires a county board of equalization, in certain appeals involving residential property, to only consider evidence submitted by the parties; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides coordination clauses.

Utah Code Sections Affected:

AMENDS:



26 **59-2-1004**, as last amended by Laws of Utah 2022, Chapter 168

27 **Utah Code Sections Affected By Coordination Clause:**

28 **59-2-1004**, as last amended by Laws of Utah 2022, Chapter 168

29

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

31 *The following section is affected by a coordination clause at the end of this bill.*

32 Section 1. Section **59-2-1004** is amended to read:

33 **59-2-1004. Appeal to county board of equalization -- Real property -- Time**
34 **period for appeal -- Public hearing requirements -- Decision of board -- Extensions**
35 **approved by commission -- Appeal to commission.**

36 (1) As used in this section:

37 (a) "Applicable lien date" means January 1 of the year in which the valuation or
38 equalization of real property is appealed to the county board of equalization.

39 [~~(a)~~] (b) "Final assessed value" means:

40 (i) for real property for which the taxpayer appealed the valuation or equalization to the
41 county board of equalization in accordance with this section, the value given to the real
42 property by the county board of equalization, including a value based on a stipulation of the
43 parties;

44 (ii) for real property for which the taxpayer or a county assessor appealed the valuation
45 or equalization to the commission in accordance with Section **59-2-1006**, the value given to the
46 real property by:

47 (A) the commission, if the commission has issued a decision in the appeal or the
48 parties have entered a stipulation; or

49 (B) a county board of equalization, if the commission has not yet issued a decision in
50 the appeal and the parties have not entered a stipulation; or

51 (iii) for real property for which the taxpayer or a county assessor sought judicial review
52 of the valuation or equalization in accordance with Section **59-1-602** or Title 63G, Chapter 4,
53 Part 4, Judicial Review, the value given the real property by the commission.

54 [~~(b)~~] (c) "Inflation adjusted value" means the value of the real property that is the
55 subject of the appeal as calculated by changing the final assessed value for the previous taxable
56 year for the real property by the median property value change.

57 ~~[(e)]~~ (d) "Median property value change" means the midpoint of the property value
58 changes for all real property that is:

- 59 (i) of the same class of real property as the qualified real property; and
60 (ii) located within the same county and within the same market area as the qualified
61 real property.

62 ~~[(d)]~~ (e) "Property value change" means the percentage change in the fair market value
63 of real property on or after January 1 of the previous year and before January 1 of the current
64 year.

65 ~~[(e)]~~ (f) "Qualified real property" means real property:

66 (i) for which:

67 (A) the taxpayer or a county assessor appealed the valuation or equalization for the
68 previous taxable year to the county board of equalization in accordance with this section or the
69 commission in accordance with Section [59-2-1006](#);

70 (B) the appeal described in Subsection ~~[(1)(e)(i)(A)]~~ (1)(f)(i)(A), resulted in a final
71 assessed value that was lower than the assessed value; and

72 (C) the assessed value for the current taxable year is higher than the inflation adjusted
73 value; and

74 (ii) that, on or after January 1 of the previous taxable year and before January 1 of the
75 current taxable year, has not had a qualifying change.

76 ~~[(f)]~~ (g) "Qualifying change" means one of the following changes to real property that
77 occurs on or after January 1 of the previous taxable year and before January 1 of the current
78 taxable year:

79 (i) a physical improvement if, solely as a result of the physical improvement, the fair
80 market value of the physical improvement equals or exceeds the greater of 10% of fair market
81 value of the real property or \$20,000;

82 (ii) a zoning change, if the fair market value of the real property increases solely as a
83 result of the zoning change; or

84 (iii) a change in the legal description of the real property, if the fair market value of the
85 real property increases solely as a result of the change in the legal description of the real
86 property.

87 (h) "Qualifying contract" means a contract for the completed sale of residential

88 property that:

89 (i) involves residential property for which a taxpayer appealed the valuation or
90 equalization to the county board of equalization;

91 (ii) identifies the final sales price for the residential property described in Subsection
92 (1)(h)(i); and

93 (iii) is executed within six months before or after the applicable lien date.

94 (2) (a) A taxpayer dissatisfied with the valuation or the equalization of the taxpayer's
95 real property may make an application to appeal by:

96 (i) filing the application with the county board of equalization within the time period
97 described in Subsection (3); or

98 (ii) making an application by telephone or other electronic means within the time
99 period described in Subsection (3) if the county legislative body passes a resolution under
100 Subsection [~~(9)~~] (10) authorizing a taxpayer to make an application by telephone or other
101 electronic means.

102 (b) (i) The county board of equalization shall make a rule describing the contents of the
103 application.

104 (ii) In addition to any information the county board of equalization requires, the
105 application shall include information about:

106 (A) the burden of proof in an appeal involving qualified real property; and

107 (B) the process for the taxpayer to learn the inflation adjusted value of the qualified
108 real property.

109 (c) (i) (A) The county assessor shall notify the county board of equalization of a
110 qualified real property's inflation adjusted value within 15 business days after the date on which
111 the county assessor receives notice that a taxpayer filed an appeal with the county board of
112 equalization.

113 (B) The county assessor shall notify the commission of a qualified real property's
114 inflation adjusted value within 15 business days after the date on which the county assessor
115 receives notice that a person dissatisfied with the decision of a county board of equalization
116 files an appeal with the commission.

117 (ii) (A) A person may not appeal a county assessor's calculation of inflation adjusted
118 value but may appeal the fair market value of a qualified real property.

119 (B) A person may appeal a determination of whether, on or after January 1 of the
120 previous taxable year and before January 1 of the current taxable year, real property had a
121 qualifying change.

122 (3) (a) Except as provided in Subsection (3)(b) and for purposes of Subsection (2), a
123 taxpayer shall make an application to appeal the valuation or the equalization of the taxpayer's
124 real property on or before the later of:

125 (i) September 15 of the current calendar year; or

126 (ii) the last day of a 45-day period beginning on the day on which the county auditor
127 provides the notice under Section 59-2-919.1.

128 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
129 commission shall make rules providing for circumstances under which the county board of
130 equalization is required to accept an application to appeal that is filed after the time period
131 prescribed in Subsection (3)(a).

132 (4) (a) Except as provided in Subsection (4)(b), the taxpayer shall include in the
133 application under Subsection (2)(a):

134 (i) the taxpayer's estimate of the fair market value of the property and any evidence that
135 may indicate that the assessed valuation of the taxpayer's property is improperly equalized with
136 the assessed valuation of comparable properties; and

137 (ii) a signed statement of the personal property located in a multi-tenant residential
138 property, as that term is defined in Section 59-2-301.8 if the taxpayer:

139 (A) appeals the value of multi-tenant residential property assessed in accordance with
140 Section 59-2-301.8; and

141 (B) intends to contest the value of the personal property located within the multi-tenant
142 residential property.

143 (b) (i) For an appeal involving qualified real property:

144 (A) the county board of equalization shall presume that the fair market value of the
145 qualified real property is equal to the inflation adjusted value; and

146 (B) except as provided in Subsection (4)(b)(ii), the taxpayer may provide the
147 information described in Subsection (4)(a).

148 (ii) If the taxpayer seeks to prove that the fair market value of the qualified real
149 property is below the inflation adjusted value, the taxpayer shall provide the information

150 described in Subsection (4)(a).

151 (5) [H] Subject to Subsection (6), in reviewing evidence submitted to a county board
152 of equalization by or on behalf of an owner or a county assessor, the county board of
153 equalization shall consider and weigh:

154 (a) the accuracy, reliability, and comparability of the evidence presented by the owner
155 or the county assessor;

156 (b) if submitted, the sales price of relevant property that was under contract for sale as
157 of the lien date but sold after the lien date;

158 (c) if submitted, the sales offering price of property that was offered for sale as of the
159 lien date but did not sell, including considering and weighing the amount of time for which,
160 and manner in which, the property was offered for sale; and

161 (d) if submitted, other evidence that is relevant to determining the fair market value of
162 the property.

163 (6) (a) This Subsection (6) applies only to an appeal to a county board of equalization
164 involving the valuation of residential property that is not qualified real property.

165 (b) There is no presumption of correctness for evidence submitted in an appeal
166 described in Subsection (6)(a), including the original assessed value of the residential property.

167 (c) If a qualifying contract is submitted as evidence in an appeal described in
168 Subsection (6)(a), the only evidence that the county board of equalization or hearing officer
169 may consider, in determining the sales price in the qualifying contract does not provide an
170 accurate or reliable indication of the value of the residential property, is evidence of the
171 following, if submitted:

172 (i) evidence disputing the nature of the qualifying contract as an arms-length
173 transaction;

174 (ii) evidence demonstrating that changes in market conditions have occurred in the
175 time period between the day on which the qualifying contract was executed and the applicable
176 lien date; or

177 (iii) evidence demonstrating that a qualifying change to the residential property has
178 occurred in the time period between the day on which the qualifying contract was executed and
179 the applicable lien date.

180 (d) In determining the value of residential property in an appeal described in

181 Subsection (6)(a), the county board of equalization may not consider any evidence or
182 information other than the evidence submitted to the county board of equalization by the
183 parties in the appeal.

184 ~~[(6)]~~ (7) (a) Except as provided in Subsection ~~[(6)(c)]~~ (7)(c), at least five days before
185 the day on which the county board of equalization holds a public hearing on an appeal:

186 (i) the county assessor shall provide the taxpayer any evidence the county assessor
187 relies upon in support of the county assessor's valuation; and

188 (ii) the taxpayer shall provide the county assessor any evidence not previously provided
189 to the county assessor that the taxpayer relies upon in support of the taxpayer's appeal.

190 (b) (i) The deadline described in Subsection ~~[(6)(a)]~~ (7)(a) does not apply to evidence
191 that is commercial information as defined in Section 59-1-404, if:

192 (A) for the purpose of complying with Section 59-1-404, the county assessor requires
193 that the taxpayer execute a nondisclosure agreement before the county assessor discloses the
194 evidence; and

195 (B) the taxpayer fails to execute the nondisclosure agreement before the deadline
196 described in Subsection ~~[(6)(a)]~~ (7)(a).

197 (ii) The county assessor shall disclose evidence described in Subsection ~~[(6)(b)(i)]~~
198 (7)(b)(i) as soon as practicable after the county assessor receives the executed nondisclosure
199 agreement.

200 (iii) The county assessor shall provide the taxpayer a copy of the nondisclosure
201 agreement with reasonable time for the taxpayer to review and execute the agreement before
202 the deadline described in Subsection ~~[(6)(a)]~~ (7)(a) expires.

203 (c) If at the public hearing, a party presents evidence not previously provided to the
204 other party, the county board of equalization shall allow the other party to respond to the
205 evidence in writing within 10 days after the day on which the public hearing occurs.

206 (d) (i) A county board of equalization may adopt rules governing the deadlines
207 described in this Subsection ~~[(6)]~~ (7), if the rules are no less stringent than the provisions of
208 this Subsection ~~[(6)]~~ (7).

209 (ii) A county board of equalization's rule that complies with Subsection ~~[(6)(d)(i)]~~
210 (7)(d)(i) controls over the provisions of this subsection.

211 ~~[(7)]~~ (8) (a) The county board of equalization shall meet and hold public hearings as

212 described in Section [59-2-1001](#).

213 (b) (i) For purposes of this Subsection [~~(7)(b)~~] [\(8\)\(b\)](#), "significant adjustment" means a
214 proposed adjustment to the valuation of real property that:

215 (A) is to be made by a county board of equalization; and

216 (B) would result in a valuation that differs from the original assessed value by at least
217 20% and \$1,000,000.

218 (ii) When a county board of equalization is going to consider a significant adjustment,
219 the county board of equalization shall:

220 (A) list the significant adjustment as a separate item on the agenda of the public
221 hearing at which the county board of equalization is going to consider the significant
222 adjustment; and

223 (B) for purposes of the agenda described in Subsection [~~(7)(b)(ii)(A)~~] [\(8\)\(b\)\(ii\)\(A\)](#),
224 provide a description of the property for which the county board of equalization is considering
225 a significant adjustment.

226 (c) The county board of equalization shall make a decision on each appeal filed in
227 accordance with this section within 60 days after the day on which the taxpayer makes an
228 application.

229 (d) The commission may approve the extension of a time period provided for in
230 Subsection [~~(7)(c)~~] [\(8\)\(c\)](#) for a county board of equalization to make a decision on an appeal.

231 (e) Unless the commission approves the extension of a time period under Subsection
232 [~~(7)(d)~~] [\(8\)\(d\)](#), if a county board of equalization fails to make a decision on an appeal within
233 the time period described in Subsection [~~(7)(c)~~] [\(8\)\(c\)](#), the county legislative body shall:

234 (i) list the appeal, by property owner and parcel number, on the agenda for the next
235 meeting the county legislative body holds after the expiration of the time period described in
236 Subsection [~~(7)(c)~~] [\(8\)\(c\)](#); and

237 (ii) hear the appeal at the meeting described in Subsection [~~(7)(c)(i)~~] [\(8\)\(c\)\(i\)](#).

238 (f) The decision of the county board of equalization shall contain:

239 (i) a determination of the valuation of the property based on fair market value; and

240 (ii) a conclusion that the fair market value is properly equalized with the assessed value
241 of comparable properties.

242 (g) If no evidence is presented before the county board of equalization, the county

243 board of equalization shall presume that the equalization issue has been met.

244 (h) (i) If the fair market value of the property that is the subject of the appeal deviates
245 plus or minus 5% from the assessed value of comparable properties, the county board of
246 equalization shall adjust the valuation of the appealed property to reflect a value equalized with
247 the assessed value of comparable properties.

248 (ii) Subject to Sections [59-2-301.1](#), [59-2-301.2](#), [59-2-301.3](#), and [59-2-301.4](#), equalized
249 value established under Subsection ~~[(7)(h)(i)]~~ [\(8\)\(h\)\(i\)](#) shall be the assessed value for property
250 tax purposes until the county assessor is able to evaluate and equalize the assessed value of all
251 comparable properties to bring all comparable properties into conformity with full fair market
252 value.

253 ~~[(8)]~~ [\(9\)](#) If any taxpayer is dissatisfied with the decision of the county board of
254 equalization, the taxpayer may file an appeal with the commission as described in Section
255 [59-2-1006](#).

256 ~~[(9)]~~ [\(10\)](#) A county legislative body may pass a resolution authorizing taxpayers owing
257 taxes on property assessed by that county to file property tax appeals applications under this
258 section by telephone or other electronic means.

259 **Section 2. Effective date.**

260 This bill takes effect on May 1, 2024.

261 **Section 3. Coordinating H.B. 423 with S.B. 30.**

262 If H.B. 423, Residential Valuation Appeal Procedures Amendments, and S.B. 30,
263 Property Transaction Amendments, both pass and become law, the Legislature intends that, on
264 May 1, 2024, Subsection [59-2-1004](#)(6)(b), enacted in H.B. 423, be deleted.

265 **Section 4. Coordinating H.B. 423 with S.B. 182.**

266 If H.B. 423, Residential Valuation Appeal Procedures Amendments, and S.B. 182,
267 Property Tax Assessment Amendments, both pass and become law, the Legislature intends
268 that, on May 1, 2024, Subsection [59-2-1004](#)(6)(b), enacted in H.B. 423, be deleted.