

AIRCRAFT PROPERTY TAX AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Walt Brooks

LONG TITLE

General Description:

This bill modifies provisions related to property tax assessment for aircrafts.

Highlighted Provisions:

This bill:

▶ excludes aircraft registered by the Department of Transportation from property tax assessment by the State Tax Commission;

▶ requires the Department of Transportation to register any aircraft operating in the state for a certain period each year;

▶ requires the Department of Transportation to annually provide a list to the State Tax Commission identifying each aircraft subject to registration; and

▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-2-201, as last amended by Laws of Utah 2023, Chapter 471

72-10-109, as last amended by Laws of Utah 2023, Chapter 216



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

29 Section 1. Section **59-2-201** is amended to read:

30 **59-2-201. Assessment by commission -- Determination of value of mining**
 31 **property -- Determination of value of aircraft -- Notification of assessment -- Local**
 32 **assessment of property assessed by the unitary method -- Commission may consult with**
 33 **county.**

34 (1) (a) By May 1 of each year, the following property, unless otherwise exempt under
 35 the Utah Constitution or under Part 11, Exemptions, shall be assessed by the commission at
 36 100% of fair market value, as valued on January 1, in accordance with this chapter:

37 (i) except as provided in Subsection (2), all property that operates as a unit across
 38 county lines, if the values must be apportioned among more than one county or state;

39 (ii) all property of public utilities;

40 (iii) ~~all~~ subject to Subsection (1)(b), all operating property of an airline, air charter
 41 service, and air contract service;

42 (iv) all geothermal fluids and geothermal resources;

43 (v) all mines and mining claims except in cases, as determined by the commission,
 44 where the mining claims are used for other than mining purposes, in which case the value of
 45 mining claims used for other than mining purposes shall be assessed by the assessor of the
 46 county in which the mining claims are located; and

47 (vi) all machinery used in mining, all property or surface improvements upon or
 48 appurtenant to mines or mining claims. For the purposes of assessment and taxation, all
 49 processing plants, mills, reduction works, and smelters that are primarily used by the owner of
 50 a mine or mining claim for processing, reducing, or smelting minerals taken from a mine or
 51 mining claim shall be considered appurtenant to that mine or mining claim, regardless of actual
 52 location.

53 (b) (i) For purposes of Subsection (1)(a)(iii), operating property of an airline, air
 54 charter service, or air contract service does not include an aircraft that is~~is~~ registered pursuant
 55 to Subsection 72-10-109(1), as identified by the Department of Transportation in accordance
 56 with Subsection 72-10-109(2).

57 ~~[(A) used by the air charter service for air charter; and]~~

58 ~~[(B) owned by a person other than the air charter service.]~~

59 (ii) The commission shall adjust the value of state-assessed property of an airline, air
60 charter service, or air contract service to exclude any aircraft registered pursuant to Subsection
61 72-10-109(1).

62 ~~[(ii) For purposes of this Subsection (1)(b):]~~

63 ~~[(A) "person" means a natural person, individual, corporation, organization, or other~~
64 ~~legal entity; and]~~

65 ~~[(B) a person does not qualify as a person other than the air charter service as described~~
66 ~~in Subsection (1)(b)(i)(B) if the person is:]~~

67 ~~[(F) a principal, owner, or member of the air charter service; or]~~

68 ~~[(H) a legal entity that has a principal, owner, or member of the air charter service as a~~
69 ~~principal, owner, or member of the legal entity.]~~

70 (2) (a) The commission may not assess property owned by a telecommunications
71 service provider.

72 (b) The commission shall assess and collect property tax on state-assessed commercial
73 vehicles at the time of original registration or annual renewal.

74 (i) The commission shall assess and collect property tax annually on state-assessed
75 commercial vehicles that are registered pursuant to Section [41-1a-222](#) or [41-1a-228](#).

76 (ii) State-assessed commercial vehicles brought into the state that are required to be
77 registered in Utah shall, as a condition of registration, be subject to ad valorem tax unless all
78 property taxes or fees imposed by the state of origin have been paid for the current calendar
79 year.

80 (iii) Real property, improvements, equipment, fixtures, or other personal property in
81 this state owned by the company shall be assessed separately by the local county assessor.

82 (iv) The commission shall adjust the value of state-assessed commercial vehicles as
83 necessary to comply with 49 U.S.C. Sec. 14502, and the commission shall direct the county
84 assessor to apply the same adjustment to any personal property, real property, or improvements
85 owned by the company and used directly and exclusively in their commercial vehicle activities.

86 (3) (a) The method for determining the fair market value of productive mining property
87 is the capitalized net revenue method or any other valuation method the commission believes,
88 or the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative
89 of the fair market value of the mining property.

90 (b) The commission shall determine the rate of capitalization applicable to mines,
91 consistent with a fair rate of return expected by an investor in light of that industry's current
92 market, financial, and economic conditions.

93 (c) In no event may the fair market value of the mining property be less than the fair
94 market value of the land, improvements, and tangible personal property upon or appurtenant to
95 the mining property.

96 (4) (a) As used in this Subsection (4), "aircraft pricing guide" means a nationally
97 recognized publication that assigns value estimates for individual commercial aircraft that are:

- 98 (i) identified by year, make, and model; and
- 99 (ii) in average condition typical for the aircraft's type and vintage.

100 (b) (i) Except as provided in Subsection (4)(d), the commission shall use an aircraft
101 pricing guide, adjusted as provided in Subsection (4)(c), to determine the fair market value of
102 aircraft assessed under this part.

103 (ii) The commission shall use the Airliner Price Guide as the aircraft pricing guide,
104 except that:

105 (A) if the Airliner Price Guide is no longer published or the commission determines
106 that another aircraft pricing guide more reasonably reflects the fair market value of aircraft, the
107 commission, after consulting with the airlines operating in the state, shall select an alternative
108 aircraft pricing guide;

109 (B) if an aircraft is not listed in the Airliner Price Guide, the commission shall use the
110 Aircraft Bluebook Price Digest as the aircraft pricing guide; and

111 (C) if the Aircraft Bluebook Price Digest is no longer published or the commission
112 determines that another aircraft pricing guide more reasonably reflects the fair market value of
113 aircraft, the commission, after consulting with the airlines operating in the state, shall select an
114 alternative aircraft pricing guide.

115 (c) (i) To reflect the value of an aircraft fleet that is used as part of the operating
116 property of an airline, air charter service, or air contract service, the fair market value of the
117 aircraft shall include a fleet adjustment as provided in this Subsection (4)(c).

118 (ii) If the aircraft pricing guide provides a method for making a fleet adjustment, the
119 commission shall use the method described in the aircraft pricing guide.

120 (iii) If the aircraft pricing guide does not provide a method for making a fleet

121 adjustment, the commission shall make a fleet adjustment by reducing the aircraft pricing guide
122 value of each aircraft in the fleet by .5% for each aircraft over three aircraft up to a maximum
123 20% reduction.

124 (d) The commission may use an alternative method for valuing aircraft of an airline, air
125 charter service, or air contract service if the commission:

126 (i) has clear and convincing evidence that the aircraft values reflected in the aircraft
127 pricing guide do not reasonably reflect fair market value of the aircraft; and

128 (ii) cannot identify an alternative aircraft pricing guide from which the commission
129 may determine aircraft value.

130 (5) Immediately following the assessment, the commission shall send, by certified
131 mail, notice of the assessment to the owner or operator of the assessed property and the
132 assessor of the county in which the property is located.

133 (6) The commission may consult with a county in valuing property in accordance with
134 this part.

135 (7) The local county assessor shall separately assess property that is assessed by the
136 unitary method if the commission determines that the property:

137 (a) is not necessary to the conduct of the business; and

138 (b) does not contribute to the income of the business.

139 Section 2. Section **72-10-109** is amended to read:

140 **72-10-109. Certificate of registration of aircraft required -- Exceptions.**

141 (1) (a) A person may not operate, pilot, or navigate, or cause or authorize to be
142 operated, piloted, or navigated within this state any civil aircraft [~~domiciled~~] operating in this
143 state for 181 or more days within a calendar year unless the aircraft has a current certificate of
144 registration issued by the department.

145 (b) The restriction described in Subsection (1)(a) does not apply to aircraft licensed by
146 a foreign country with which the United States has a reciprocal agreement covering the
147 operations of the registered aircraft or to a non-passenger-carrying flight solely for inspection
148 or test purposes authorized by the Federal Aviation Administration to be made without the
149 certificate of registration.

150 (2) On or before December 31 of each calendar year, the department shall provide a list
151 to the State Tax Commission identifying each aircraft subject to the state registration

152 requirement under Subsection (1).

153 ~~[(2)]~~ (3) Aircraft centrally assessed by the State Tax Commission are exempt from the
154 state registration requirement under Subsection (1).

155 ~~[(3)]~~ (4) Beginning on January 1, 2024, a person may not operate in this state an
156 unmanned aircraft system or an advanced air mobility aircraft for commercial operation for
157 which certification is required under 14 C.F.R. Part 107 or 135 unless the aircraft has a current
158 certificate of registration issued by the department.

159 Section 3. **Effective date.**

160 This bill takes effect on January 1, 2025.