

**Senator Wayne A. Harper** proposes the following substitute bill:

**AIRCRAFT PROPERTY TAX AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Walt Brooks

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

▶ subjects aircraft to state registration by the Department of Transportation based on the number of days an aircraft operates in the state in a year;

▶ limits the types of aircraft subject to central assessment by the State Tax Commission;

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



26 **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) For purposes of Subsection (1)(a)(iii), if the operating property of an airline, air  
54 charter service, or air contract service includes an aircraft, the commission shall assess the  
55 aircraft only if the aircraft operates under 14 C.F.R. Part 121, with a maximum takeoff weight  
56 exceeding 35,000 pounds.

57           ~~[(b) (i) For purposes of Subsection (1)(a)(iii), operating property of an air charter~~  
58 ~~service does not include an aircraft that is:]~~

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

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

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

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

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

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

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

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

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

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

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

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

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

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

88 of the fair market value of the mining property.

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

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

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

97 (i) identified by year, make, and model; and

98 (ii) in average condition typical for the aircraft's type and vintage.

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

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

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

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

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

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

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

119 (iii) If the aircraft pricing guide does not provide a method for making a fleet  
120 adjustment, the commission shall make a fleet adjustment by reducing the aircraft pricing guide  
121 value of each aircraft in the fleet by .5% for each aircraft over three aircraft up to a maximum  
122 20% reduction.

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

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

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

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

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

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

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

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

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

139 **72-10-109. Certificate of registration of aircraft required -- Exceptions.**

140 (1) ~~[(a) A]~~ Except as provided in Subsection (2), a person may not operate, pilot, or  
141 navigate, or cause or authorize to be operated, piloted, or navigated within this state any civil  
142 aircraft ~~[domiciled]~~ operating in this state for 181 or more days within any consecutive  
143 12-month period unless the aircraft has a current certificate of registration issued by the  
144 department.

145 ~~[(b) The restriction described in Subsection (1)(a)]~~

146 (2) The state registration requirement under Subsection (1) does not apply to:

147 (a) aircraft licensed by a foreign country with which the United States has a reciprocal  
148 agreement covering the operations of the registered aircraft ~~[or to];~~

149 (b) a non-passenger-carrying flight solely for inspection or test purposes authorized by

150 the Federal Aviation Administration to be made without the certificate of registration[-]; or  
151 (c) aircraft operating under 14 C.F.R. Part 121, with a maximum takeoff weight  
152 exceeding 35,000 pounds.

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

155 (3) Beginning on January 1, 2024, a person may not operate in this state an unmanned  
156 aircraft system or an advanced air mobility aircraft for commercial operation for which  
157 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 (4) The department shall, or before December 31 of each calendar year, provide to the  
160 State Tax Commission a list of each aircraft for which a current certificate of registration is  
161 issued by the department under Subsection (1).

162 Section 3. **Effective date.**

163 This bill takes effect on January 1, 2025.