

AIRCRAFT PROPERTY TAX MODIFICATIONS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: Calvin R. Musselman

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ limits the type of airline property subject to property tax assessment by the State Tax Commission to mobile flight equipment;
- ▶ provides that airline property other than mobile flight equipment is subject to local property tax assessment;
- ▶ clarifies the manner in which a fleet adjustment is made by the State Tax Commission to determine the fair market value of an aircraft fleet; 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
- 59-2-202**, as last amended by Laws of Utah 2008, Chapter 382
- 59-2-204**, as last amended by Laws of Utah 1999, Chapter 71



28 **59-2-801**, as last amended by Laws of Utah 2020, Chapter 38

29

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

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

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

36 (1) (a) By May 1 of each year, the following property, unless otherwise exempt under
37 the Utah Constitution or under Part 11, Exemptions, shall be assessed by the commission at
38 100% of fair market value, as valued on January 1, in accordance with this chapter:

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

41 (ii) all property of public utilities;

42 (iii) all ~~[operating property of]~~ mobile flight equipment of an airline, air charter
43 service, and air contract service;

44 (iv) all geothermal fluids and geothermal resources;

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

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

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

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

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

59 (ii) For purposes of this Subsection (1)(b):

60 (A) "person" means a natural person, individual, corporation, organization, or other
61 legal entity; and

62 (B) a person does not qualify as a person other than the air charter service as described
63 in Subsection (1)(b)(i)(B) if the person is:

64 (I) a principal, owner, or member of the air charter service; or

65 (II) a legal entity that has a principal, owner, or member of the air charter service as a
66 principal, owner, or member of the legal entity.

67 (iii) Except as provided in Subsection (1)(a)(iii), property in the state owned by an
68 airline, air charter service, or air contract service shall be assessed by the local county assessor.

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]~~ The commission shall make a fleet adjustment in
115 accordance with Subsection (4)(c)(i) or (ii) to assess the fair market value of a fleet of aircraft
116 or a fleet of the same aircraft type that is used as part of the [operating property] mobile flight
117 equipment of an airline, air charter service, or air contract service~~[- the fair market value of the~~
118 aircraft shall include a fleet adjustment as provided in this Subsection (4)(c)].

119 ~~[(ii)]~~ (i) If the aircraft pricing guide provides ~~[a method for making]~~ for a fleet
120 adjustment to determine the fair market value of the fleet of aircraft or the fleet of the same

121 aircraft type, the commission shall [use the method described] make the fleet adjustment in the
122 manner provided in the aircraft pricing guide.

123 ~~[(iii)]~~ (ii) If the aircraft pricing guide does not provide ~~[a method for making]~~ for a fleet
124 adjustment to determine the fair market value of the fleet of aircraft or the fleet of the same
125 aircraft type, the commission shall make [a fleet adjustment by reducing the aircraft pricing
126 guide value of each aircraft in the fleet by .5% for each aircraft over three aircraft up to a
127 maximum 20% reduction] the adjustment the commission determines most reasonably reflects
128 the fair market value of the fleet of aircraft or fleet of the same aircraft type.

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

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

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

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

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

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

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

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

144 Section 2. Section **59-2-202** is amended to read:

145 **59-2-202. Statement of taxpayer -- Extension of time for filing -- Assessment**
146 **without statement -- Penalty for failure to file statement or information -- Waiver,**
147 **reduction, or compromise of penalty -- Appeals.**

148 (1) (a) A person, or an officer or agent of that person, owning or operating property
149 described in Subsection (1)(b) shall, on or before March 1 of each year, file with the
150 commission a statement:

151 (i) signed and sworn to by the person, officer, or agent;

152 (ii) showing in detail all real property and tangible personal property located in the
153 state that the person owns or operates;

154 (iii) containing the number of miles of taxable tangible personal property in each
155 county:

156 (A) that the person owns or operates; and

157 (B) as valued on January 1 of the year for which the person, officer, or agent is
158 furnishing the statement; and

159 (iv) containing any other information the commission requires.

160 (b) Subsection (1)(a) applies to:

161 (i) the following property located in the state:

162 (A) a public utility;

163 (B) mobile flight equipment of an airline;

164 (C) mobile flight equipment of an air charter service; or

165 (D) mobile flight equipment of an air contract service; or

166 (ii) the following property located in more than one county in the state:

167 (A) a pipeline company;

168 (B) a power company;

169 (C) a canal company;

170 (D) an irrigation company; or

171 (E) a telephone company.

172 (c) (i) The commission may allow an extension for filing the statement under
173 Subsection (1)(a) for a time period not exceeding 30 days, unless the commission determines
174 that extraordinary circumstances require a longer period of extension.

175 (ii) The commission shall grant a person, or an officer or agent of that person, an
176 extension for filing the statement under Subsection (1)(a) for a time period not exceeding 15
177 days if:

178 (A) a federal regulatory agency requires the taxpayer to file a statement that contains
179 the same information as the statement under Subsection (1)(a); and

180 (B) the person, or an officer or agent of that person, requests the commission to grant
181 the extension.

182 (2) The commission shall assess and list the property described in Subsection (1)(b)

183 using the best information obtainable by the commission if a person, or an officer or agent of
184 that person, fails to file the statement required under Subsection (1)(a) on or before the later of:

185 (a) March 1; or

186 (b) if the commission allows an extension under Subsection (1)(c) for filing the
187 statement, the day after the last day of the extension period.

188 (3) (a) Except as provided in Subsection (3)(c), the commission shall assess a person a
189 penalty as provided in Subsection (3)(b), if the person, or an officer or agent of that person,
190 fails to file:

191 (i) the statement required under Subsection (1)(a) on or before the later of:

192 (A) March 1; or

193 (B) if the commission allows an extension under Subsection (1)(c) for filing the
194 statement, the day after the last day of the extension period; or

195 (ii) any other information the commission determines to be necessary to:

196 (A) establish valuations for assessment purposes; or

197 (B) apportion an assessment.

198 (b) The penalty described in Subsection (3)(a) is an amount equal to the greater of:

199 (i) 10% of the person's estimated tax liability under this chapter for the current calendar
200 year not to exceed \$50,000; or

201 (ii) \$100.

202 (c) (i) Notwithstanding Subsections (3)(a) and (4), the commission may waive, reduce,
203 or compromise a penalty imposed under this section if the commission finds there are
204 reasonable grounds for the waiver, reduction, or compromise.

205 (ii) If the commission waives, reduces, or compromises a penalty under Subsection
206 (3)(c)(i), the commission shall make a record of the grounds for waiving, reducing, or
207 compromising the penalty.

208 (4) The county treasurer shall collect the penalty imposed under Subsection (3) as
209 provided in Section [59-2-1308](#).

210 (5) A person subject to a penalty under Subsection (3) may appeal the penalty
211 according to procedures and requirements of Title 63G, Chapter 4, Administrative Procedures
212 Act.

213 Section 3. Section **59-2-204** is amended to read:

214 **59-2-204. Record of assessment of public utility and air travel companies --**
215 **Review by county assessor.**

216 (1) Each year, the commission shall prepare a record of assessment of the following
217 companies:

- 218 (a) public utility companies;
- 219 (b) airlines;
- 220 (c) air charter services; and
- 221 (d) air contract services.

222 (2) The record of assessment under Subsection (1) shall include:

- 223 (a) the name of each person engaged in business within the state in a company
224 described in Subsection (1);
- 225 (b) for each company described in Subsection (1), the total value of all of the
226 company's tangible [~~and intangible~~] properties subject to assessment by the commission; and
- 227 (c) any other information as determined by the commission.

228 (3) At the request of a county assessor, the commission shall provide to the county
229 assessor:

- 230 (a) the record of assessment described in Subsection (1); and
- 231 (b) the information upon which the assessments and apportionments contained in the
232 record of assessment are made.

233 Section 4. Section **59-2-801** is amended to read:

234 **59-2-801. Apportionment of property assessed by commission.**

235 (1) As used in this section:

236 (a) (i) Except as provided in Subsection (1)(a)(ii), "designated tax area" means a tax
237 area created by the overlapping boundaries of only the following taxing entities:

- 238 (A) a county; and
- 239 (B) a school district.

240 (ii) "Designated tax area" includes a tax area created by the overlapping boundaries of
241 the taxing entities described in Subsection (1)(a)(i)[;] and:

242 (A) a city or town if the boundaries of the school district under Subsection (1)(a)(i) and
243 the boundaries of the city or town are identical; or

244 (B) a special service district if the boundaries of the school district under Subsection

245 (1)(a)(i) are located entirely within the special service district.

246 (b) "Ground hours" means the total number of hours during the calendar year
247 immediately preceding the January 1 described in Section 59-2-103 that aircraft owned or
248 operated by the following are on the ground:

- 249 (i) an air charter service;
- 250 (ii) an air contract service; or
- 251 (iii) an airline.

252 (2) Before May 25 of each year, the commission shall apportion to each tax area the
253 total assessment of all of the property the commission assesses as provided in Subsections
254 (2)(a) through ~~(f)~~ (e).

255 (a) (i) The commission shall apportion the assessments of the property described in
256 Subsection (2)(a)(ii):

257 (A) to each tax area through which the public utility or company described in
258 Subsection (2)(a)(ii) operates; and

259 (B) in proportion to the property's value in each tax area.

260 (ii) Subsection (2)(a)(i) applies to property owned by:

- 261 (A) a public utility, except for the rolling stock of a public utility;
- 262 (B) a pipeline company;
- 263 (C) a power company;
- 264 (D) a canal company; or
- 265 (E) an irrigation company.

266 (b) The commission shall apportion the assessments of the rolling stock of a railroad:

267 (i) to the tax areas through which railroads operate; and

268 (ii) in the proportion that the length of the main tracks, sidetracks, passing tracks,
269 switches, and tramways of the railroads in each tax area bears to the total length of the main
270 tracks, sidetracks, passing tracks, switches, and tramways in the state.

271 (c) The commission shall apportion the assessments of the property of a car company
272 to:

273 (i) each tax area in which a railroad is operated; and

274 (ii) in the proportion that the length of the main tracks, passing tracks, sidetracks,
275 switches, and tramways of all of the railroads in each tax area bears to the total length of the

276 main tracks, passing tracks, sidetracks, switches, and tramways of all of the railroads in the
277 state.

278 (d) (i) The commission shall apportion the assessments of the property described in
279 Subsection (2)(d)(ii) to each tax area in which the property is located.

280 (ii) Subsection (2)(d)(i) applies to the following property:

281 (A) mines;

282 (B) mining claims; or

283 (C) mining property.

284 (e) (i) The commission shall apportion the assessments of the property described in
285 Subsection (2)(e)(ii) to:

286 (A) each designated tax area; and

287 (B) in the proportion that the ground hours in each designated tax area bear to the total
288 ground hours in the state.

289 (ii) Subsection (2)(e)(i) applies to the mobile flight equipment owned or operated by
290 an:

291 (A) air charter service;

292 (B) air contract service; or

293 (C) airline.

294 ~~[(f) (i) The commission shall apportion the assessments of the property described in~~
295 ~~Subsection (2)(f)(ii) to each tax area in which the property is located as of January 1 of each~~
296 ~~year.]~~

297 ~~[(ii) Subsection (2)(f)(i) applies to the real and tangible personal property, other than~~
298 ~~mobile flight equipment, owned by an:]~~

299 ~~[(A) air charter service;]~~

300 ~~[(B) air contract service; or]~~

301 ~~[(C) airline.]~~

302 (3) (a) (i) (A) State-assessed commercial vehicles that weigh 12,001 pounds or more
303 shall be taxed at a statewide average rate which is calculated from the overall county average
304 tax rates from the preceding year, exclusive of the property subject to the statewide uniform
305 fee, weighted by lane miles of principal routes in each county.

306 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

307 commission shall adopt rules to define "principal routes."

308 (ii) State-assessed commercial vehicles that weigh 12,000 pounds or less are subject to
309 the uniform fee provided in Section 59-2-405.1.

310 (b) The combined revenue from all state-assessed commercial vehicles shall be
311 apportioned to the counties based on:

312 (i) 40% by the percentage of lane miles of principal routes within each county as
313 determined by the commission; and

314 (ii) 60% by the percentage of total state-assessed vehicles having business situs in each
315 county.

316 (c) At least quarterly, the commission shall apportion the total taxes paid on
317 state-assessed commercial vehicles to the counties.

318 (d) Each county shall apportion its share of the revenues under this Subsection (3) to
319 the taxing entities within its boundaries in the same proportion as the assessments of other:

320 (i) real property;

321 (ii) tangible personal property; and

322 (iii) property assessed by the commission.

323 Section 5. **Effective date.**

324 This bill takes effect for a taxable year beginning on or after January 1, 2025.