

2016 Property Tax-Related Legislation

April, 2016

HB 1 Public Education Base Budget Amendments -- Rep Steve Eliason (Effective 7/1/16)
Increases the minimum basic tax rate to generate \$392,266,800 (up from \$380,172,300) and sets the preliminary **estimated** minimum basic tax rate at .001695 (previously .001764) for fiscal year 2016-17.

HB 10 Initiative and Referendum Amendments – Rep Brian Greene (Effective 5/10/16)

This legislation expands the definition of a “local law” to include “other legislative action of a local legislative body”. It modifies and establishes deadlines relating to the local initiative and referendum process and deletes the term and definition of “fiscal year taxing entity” with reference to the property tax referendum petition located in Section 20A-7-613.

HB 23 Privilege Tax Amendments - Rep Jon Stanard (Effective 5/10/16 then retro to 1/1/15)
This legislation modifies the privilege tax statute to reflect that a lessee, permittee, or other holder of an easement still has exclusive possession of the premises if the owner has the right to enter the premises, approve leasehold improvements, or inspect the premises.

HB 25 Property Tax Changes - Rep Daniel McCay (Effective 1/1/17)
This legislation modifies the calculation of new growth for property tax. “Eligible new growth” will be determined from three areas: (1) locally assessed real property, (2) state assessed real and personal property and (3) project area incremental value when the value is no longer being used to provide tax increment to a redevelopment agency. Locally assessed personal property value changes will impact the certified tax rate but will no longer be considered new revenue for a taxing entity. Negative new growth will no longer occur; a zero floor will be used. State assessed real and personal property will also use a “benchmark value”. The benchmark value will be the highest value for state assessed real and personal property for the taxing entity beginning in 2015. The difference between the most current year value and the benchmark value will be new growth; a zero will be used if the value calculated is negative. Ad valorem property tax revenue will no longer include the collection of revenue from redemptions.

HB 26 Revenue & Taxation Interim Committee Report – Rep Daniel McCay (Effective 5/10/16)

This legislation repeals the requirement that the Property Tax Division annually report to the Revenue and Taxation Interim Committee on the progress of county mass appraisal databases. If USTC or a taxing entity enters into an equal payment agreement under Section 59-2-1308.5 then USTC is to annually provide an electronic report to the Revenue and Taxation Interim Committee on the effects of that equal payment agreement.

HB 32 Subdivision Base Parcel Tax Amendments – Rep Curt Webb (Effective 5/10/16)

This legislation addresses the payment of property tax on a base parcel that was legally subdivided into two or more lots, parcels or other divisions of land or combined with one or more other parcels and subdivided into two or more lots, parcels or other divisions of land. If a

person timely pays a subdivided lot's proportional share of the property tax on the base parcel and the base parcel subsequently becomes delinquent, the subdivided lot is not subject to penalties, interest, administrative costs or a lien for delinquent tax payment on the base parcel. If the delinquent property taxes are assessed on a base parcel, the record owner of each subdivided lot is to receive a notice of delinquency. A record owner of a subdivided lot, who is a bona fide purchaser, may redeem a subdivided lot by paying the subdivided lot's proportional share of the delinquent taxes, interest, penalties and administrative costs accrued on the base parcel. Upon request from the county treasurer, the county assessor is to provide any information necessary to assist in the calculation of the amount due.

HB 77 Special District Amendments -- Rep Stephen Handy (Effective 5/10/16)

This legislation provides that an elected official of a local district board of trustees does not need to reside within the local district boundaries if the elected official was elected at large by the voters of the county. It amends recording requirements when a municipality withdraws from a local district.

HB 104 Property Taxation Amendments -- Rep Jeremy Peterson (Effective 5/10/16)

Allows the county auditor to provide the "Notice of Property Valuation and Tax Changes" by electronic means provided certain conditions are met. However, if receipt of the notice sent by electronic means cannot be verified by the county auditor 14 days or more before the county board of equalization meets and the taxing entity holds a public hearing on a proposed increase in the certified tax rate, the notice is to be sent by mail. A taxpayer may revoke an election to electronically receive the "Notice of Property Valuation and Tax Changes" if a written notice is provided to the county auditor. If the county auditor finds the taxpayer's electronic contact information is invalid, the "Notice" is to be sent by mail.

HB 161 Agriculture Parcel Amendments -- Rep Mike McKell (Effective 5/10/16)

This legislation allows a county legislative body the flexibility of enacting an ordinance to allow the subdivision of a parcel without complying with the plat requirements of Section 17-27a-603 if one of the subdivided parcels qualifies and will remain in agricultural use.

HB 198 Ballot Proposition Amendments -- Rep Justin Fawson (Effective 5/10/16)

This legislation addresses requirements relating to preparing and publishing arguments for or against a ballot proposition. It provides timeframes for supplying arguments for and against ballot propositions and arguments for the local voter information pamphlet and modifies deadlines for public meetings. Also, it describes the duties and responsibilities of an election officer relating to ballot propositions and related arguments.

HB 208 Tax Issues Amendments -- Rep Steve Eliason (Effective 7/1/16)

For property tax purposes, this legislation deletes language in the homeowner's and renter's (Circuit Breaker) statutes that only applied for the 2009 calendar year; specifically, a \$1,000 decrease in household income for a dependent allowed as a personal exemption deduction on a claimant's federal individual income tax return.

HB 341 Interlocal Cooperation Act Amendments -- Rep Merrill Nelson (Effective 5/10/16)

This legislation authorizes a taxed interlocal entity to establish one or more segments that are to be treated as separate interlocal entities and may have separate rights, powers, privileges or duties. Also, it allows the interlocal entity to isolate assets and liabilities.

HB 402 Real Estate Amendments – Rep Gage Froerer (Effective 5/10/16)

This legislation provides a choice to licensed and certified appraisers regarding property tax appeals. The appraiser can provide an opinion of value (an appraisal) without advocacy, following all USPAP rules; or the appraiser can provide a consulting service, a price estimate and evidence while advocating for the property tax appeal client if the appraiser does not provide an opinion of value. If the appraiser is paid a contingent fee, such as a percentage of the property tax savings, clear disclosure must be made in any oral and written statement. The legislation does allow an appraiser to present an opinion of value, despite personal bias, on the appraiser's own personal residence in a property tax appeal. The legislation also states that a person previously licensed, certified or registered under Title 61, Chapter 2g, who violates appraiser law or rule, is subject to disciplinary action even if the person is no longer licensed, certified or registered.

HB 428 Local Government Bonding Amendments – Rep Douglas Sagers (Effective 5/10/16)

This legislation increases the property tax levy that a political subdivision may impose to pay a claim, settlement or judgment that exceeds \$3,000,000 from .0001 per dollar of taxable value to .001. The political subdivision may issue bonds for the portion of a claim, settlement, or judgment that exceeds \$3,000,000 with a maturity date not to exceed 21 years. Also, it requires that a political subdivision, that levies a tax to pay a claim, settlement or judgment that exceeds \$3,000,000, to comply with notice and public hearing requirements under Section 59-2-919 (truth in taxation). Beginning on or after July 1, 2021, a local political subdivision may not issue negotiable bonds for the portion of any claim, settlement or judgment that exceeds \$3,000,000.

SB 38 School Funding Amendments – Sen Howard Stephenson (Effective 7/1/16)

This legislation amends the definition of “district local property tax revenues” to include school district revenues expended for recreational facilities and revenues received from certain state guarantees. It creates a separate property tax levy specifically for charter schools so school districts no longer have to collect funding on behalf of charter schools. Beginning July 1, 2017, it repeals school district revenues (which currently are 25% of the district per pupil local revenues) distributed to charter schools. USTC is to decrease the board local levy rate imposed by a local school board by the amount necessary to offset any increase from the new charter school levy. As a result of this offset, it will be revenue neutral for school districts and will not raise taxes for taxpayers. It requires the charter school levy to be separately stated on the property tax notice. The county treasurer is to collect the charter school levy revenue and remit the money monthly to the state treasurer. The state treasurer deposits the revenues into the “Charter School Levy Account” and the State Board of Education distributes the revenue based upon guidelines outlined in 53A-1a-513.1.

SB 41 Appointment of County Assessors -- Sen Ann Millner (Effective 5/10/16)

This legislation repeals and reenacts Section 17-17-2. The county assessor's office is vacant if the assessor fails to meet the requirements of Section 17-16-1 or if no individual timely files a declaration of candidacy for the county assessor office. If a vacancy occurs, the county legislative body is to fill the vacancy in accordance with Sections 17-53-104 and 20A-1-508 and the individual is to be a state-licensed or state-certified appraiser. Also, it allows a county to contract with a state-licensed or state-certified appraiser from outside the county to fill the remainder of the county assessor's term of office if the county is unable to find a qualified individual to fill a vacancy.

SB 68 Property Tax Amendments – Sen Wayne Harper (Effective 1/1/17, if SJR3 passes in General Election)

Prior to this legislation taking effect on January 1, 2017, an amendment to the Utah Constitution (proposed by S.J.R.3) must be approved at the next regular general election. It provides for a property tax exemption for eligible personal property leased to various state and political subdivisions of the state through a long term lease. Eligible personal property means machinery and equipment with an economic life of three or more years and long-term lease means a lease with a term of one year or more. It allows for a proportional tax to be based upon the number of days in a calendar year the eligible property did not qualify for the exemption if the property is leased for less than an entire calendar year. A claimant must apply for the exemption on or before April 1 each year unless the lease is entered into on or after March 1, in which case the exemption must be applied for within 30 days. The claimant is to submit a copy of the lease agreement and other evidence that the personal property is eligible as required by rules established by USTC or the county receiving the application. USTC may make rules to administer the exemption and provide for uniform implementation.

SB 112 PT Assessment Amount Amendments – Sen Howard Stephenson (Effective 5/10/16 then retro to 1/1/16)

With respect to property tax appeals, the assessing authority (USTC or county assessor), has the burden of proof (before a board of equalization, the commission, or a court), if they present evidence or assert that the fair market value of the assessed property is greater than the value originally assessed by them for that calendar year.

SB 120 Property Tax Notice Amendments – Sen Howard Stephenson (Effective 5/10/16 then retro to 1/1/16)

For purposes of the advertisement used to provide notice of a proposed property tax increase, "last year's property tax budgeted revenue" does not include revenue received by a taxing entity from a debt service levy voted on by the public.

SB 151 Community Development & Renewal Agencies Act – Sen Wayne Harper (Effective 5/10/16)

This legislation rewrites several sections found in Title 17C. The name of Title C has been changed from the "Community Development and Renewal Agencies Act" to the "Community Reinvestment Agency Act". Currently, there are three types of projects-- urban renewal, economic development and community development. Beginning May 10, 2016 these three projects will be replaced with a "community reinvestment project area", also known as a (CRA) and most will be subject to an interlocal agreement. All projects created before May 10, 2016

will be governed according to the statute under which they were established. The term “community development and renewal” has been replaced with “community reinvestment”; existing agencies will also be renamed “community reinvestment agencies”. A formal process is created to terminate a project so all the affected parties are notified and the tax increment reverts back to the participating taxing entities. A single November annual report is designed to detail what information must be in the report in order to increase transparency and disclosure. This report will be submitted to USTC, State Board of Education and each taxing entity from which the project receives funds. The legislation also cleans up language and clarifies definitions.

SB 164 Local Government Modifications – Sen Deidre Henderson (Effective 5/10/16 then retro to 1/1/16)

Provides that a taxpayer, who pays less than the full amount of the items listed on the taxpayer’s property tax bill, may direct how the county treasurer allocates the partial payment between the amounts due on a form provided by the county treasurer. A statement explaining the taxpayer’s right to direct allocation of a partial payment is to be included on the Property Tax Notice. It clarifies that a city undergoing “truth in taxation” may, before the public hearing, amend or revise a tentative budget.

SB 173 State Fair Park Revisions - Sen Kevin Van Tassel (Effective 5/10/16)

For property tax purposes, the possession or beneficial use of property within the state fair park is exempt from taxation under the Privilege Tax. However, a person who executes an agreement with the corporation to develop property within the state fair park is subject to the Tax Equivalent Property Act, under Title 59, Chapter 3.

SB 228 Multicounty Assessing and Collecting Levy Amendments – Sen Howard Stephenson (Effective 5/10/16)

This legislation allows for an additional authorized use of the revenue generated from the multicounty assessing and collecting levy and deposited in the Multicounty Appraisal Trust; the revenue can be used to fund a statewide uniform personal property electronic filing system.

SB 245 Personal Property Amendments – Sen Deidre Henderson (Effective 1/1/17)

This legislation amends the definition of personal property to include: “any pipe laid in or affixed to land whether or not the ownership of the pipe is separate from the ownership of the underlying land, even if the pipe meets the definition of an improvement.”

S.J.R. 3 Proposal to Amend Utah Constitution-Property Tax Exemptions –Sen Wayne Harper (Contingent effective date)

This joint resolution proposes to amend the Utah Constitution to allow a property tax exemption for tangible personal property leased by the state or by a political subdivision of the state as provided by statute. If this amendment is approved by a majority of those voting on it in the November, 2016 General Election, the amendment takes effect on January 1, 2017.