

# ~~REDLINE~~

## Definitions

Most business property, real and personal, is subject to property tax. Real property consists of land, buildings and other improvements. Personal property is everything not treated as real property, including:

- furniture
- fixtures
- machinery
- equipment
- supplies

All tangible personal property is taxable unless exempted. The following are exempt from personal property tax:

- Tangible personal property with a total aggregate fair market value of ~~\$15,300 (2021)~~ \$25,000 (2022) or less per taxpayer within a single county (Utah Code §59-2-1115 and Rule R884-24P-68)
- An item ~~of expensed personal property having an acquisition cost of \$1,000 or less and having a percent good of 15 percent or less (UC §59-2-1115 and Rule R884-24P-33)~~
- ~~An item~~ owned by a business ~~and that is not critical to the~~ business and whose acquisition cost is less than **\$500** (UC §59-2-1115)
- Inventory held for resale in the normal course of business (UC §59-2-1114)
- Farm equipment and machinery used primarily for agricultural production (UC §59-2-1101 and Rule R884-24P-44)
- Livestock (UC §59-2-1111)
- Household furnishing (UC §59-2-1113 and Rule R884-24P-29)
- Intangible personal property (UC §59-2-102)
- Personal property used for irrigation purposes (UC §59-2-1111)

## Assessment

Under Utah law, county assessors are empowered to collect information on business personal property by using an annual signed statement to determine property value (see UC §59-2-306).

A taxpayer must apply for the personal property exemption for tangible personal property with a **total aggregate** fair market value of ~~\$15,300 (2021)~~ \$25,000 (2022) or less. The taxpayer must apply within 30 days by completing the *Application for Exemption* section on the *Signed Statement of Personal Property Tax Notice* supplied by the county assessor. If the county assessor has not requested a *Signed Statement*, the taxpayer must apply within 30 days from the day the taxpayer is requested to indicate whether the taxpayer has ~~\$15,300 (2021)~~ \$25,000 (2022) or less of taxable tangible personal property in the county.

**If a business fails to provide the requested information, the assessor must impose a penalty of \$25 or 10 percent of the tax due, whichever is greater. If the signed statement is not filed after a second written notice, sent by certified mail, the property value will be estimated by the assessor.** Estimates cannot be changed by the county board of equalization or by the State Tax Commission [see UC §59-2-307(3)(b)].

Property intentionally concealed, removed, transferred, or misrepresented in order to avoid taxation is subject to a penalty of 100 percent of the tax due. Any property not assessed may be valued and taxed as far back as five years prior to the time the property is discovered (see UC §59-2-309).

## Valuation

Business personal property is valued based on percent good schedules developed by the State Tax Commission. For most property, value is based on acquisition or original cost multiplied by a percent good factor. Original cost includes installation, shipping and sales tax. The percent good factor is developed from IRS economic life estimates, which provide for the equivalent of straight-line depreciation to a residual value over the economic life of the property.

## Please Note

- Appraisal depreciation is different than accounting depreciation. Appraisal depreciation is defined as the loss of value of an asset over time from all sources including physical wear and tear, functional obsolescence and economic obsolescence. Accounting depreciation is the recovery of capital cost over a defined period.

- Economic life is not the same as the depreciation period allowed for federal income tax purposes. For example, medical equipment has an economic life of 11 years with a residual value of 12 percent. Medical equipment purchased in 1994 for \$200,000 would have a ~~2021~~2022 market value of \$24,000 (200,000 X .12 = 24,000). Each year the schedules are adjusted using an overall economic index.
- The percent good factor for heavy equipment is developed from a trade publication called the *Green Guide*. Cost new is compared to an average of retail and wholesale prices for each year.
- Property used in the business that is fully depreciated for accounting purposes is taxable and must be reported.
- Leased property is usually assessed to the lessor. If the lessee is a tax exempt entity, property tax may still be due.
- Conditional sales agreements which are termed leases are taxable to the lessee.

## Taxation

Taxes are based upon the location and status of property as of January 1 of each year. For example, a business must pay ~~2021~~2022 taxes on all personal and real property acquired before Jan. 1, ~~2021~~2022. Property acquired in ~~2021~~2022 is not taxed until Jan. 1, ~~2022~~2023.

Property taxes are a primary source of revenue to local government entities including counties, school districts, cities and towns, and a variety of special districts.

Taxes are due on May 15. If taxes are not paid on time, interest accrues until taxes are paid. Interest is equal to the Federal Funds Rate Target set on January 1 preceding delinquency plus six percentage points and may not be less than 7 percent or more than 10 percent. Interest is 7 percent for ~~2021~~2022. In addition to the interest accumulated, the assessor must seize and sell the personal property in order to meet the tax liability or attach it to the real property owned by the business to secure the payment of the taxes.

## Appeals

A business may appeal any property valuation to the county board of equalization. Appeals must be filed within 60 days of the date the tax notice is mailed by the assessor (see UC §59-2-1005).

The county board of equalization is required to issue a written decision to the taxpayer. If the property owner disagrees with the county decision, an appeal may be filed with the State Tax Commission within **30 days** of the county decision.

The Tax Commission schedules may not be appealed to or changed by the county board of equalization. However, the county board may deviate from the schedules on a case-by-case basis when local circumstances and evidence warrant an adjustment.

## Audits

The Property Tax Division of the State Tax Commission audits personal property accounts throughout the state. Audits are selected based on a variety of criteria, including failure to file the annual *Personal Property Signed Statement*. A business selected for an audit is notified by mail two weeks in advance of the audit. The auditor will call to schedule an on-site inspection of the property and the accounting records. Audit results may be appealed to the county board of equalization.

## Assessor's Office

### Phone Numbers

For more information about business personal property assessment and taxation, please contact your local county assessor, listed below.

County	Assessor	Telephone
Beaver	Trent Brown	435-438-6400
Box Elder	Rodney Bennett	435-734-3337
Cache	Kathleen Howell	435-755-1590
Carbon	Gillian Bishop	435-636-3248
Daggett	Lesa Asay	435-784-3222
Davis	<del>Dale Peterson</del> Lisa Manning	801-451-3252
Duchesne	Gregory Garff	435-738-1115
Emery	Kris Bell	435-381-3547

Garfield	Joe Thompson	435-676-1152
Grand	Debbie Swasey	435-259-1329
Iron	Karsten Reed	435-477-8311
Juab	Zack Buck	435-623-3428
Kane	Ryan Maddux	435-644-2647
Millard	Pat Manis	435-743-5719
Morgan	Gwen Rich	801-845-4000
Piute	Dale Bagley	435-577-2988
Rich	Kim Wilson	435-793-5215
Salt Lake	Chris Stavros	385-468-8000
San Juan	Rick Meyer	435-587-3221
Sanpete	Keith Larsen	435-835-2111
Sevier	Amy Garren-Clark	435-893-0430
Summit	Stephanie Larsen	435-336-3257
Tooele	Jake Parkinson	435-843-3104
Uintah	Barbara Simper	435-781-5322
Utah	Kris Poulson	801-851-8326
Wasatch	Todd Griffin	435-657-3199
Washington	Tom Durrant	435-634-5703
Wayne	Sharon Torgerson	435-836-1305
Weber	John Ulibarri	801-399-8573