

**Tax Rate
Certification
Standards of Practice**

10

Table of Contents

Section X.I	5
General Information	5
Purpose	5
Scope	5
Constitutional Authority	5
Statutory Authority	5
Section X.II	6
Standards of Practice	6
Standard 10.1 Definitions	6
Standard 10.2 Introduction and Overview	10
10.2.0 Basic Formula	10
10.2.1 Overview of Process	10
Standard 10.3 Certified Tax Rate	11
10.3.0 Definition and Calculation	11
10.3.1 Last Year’s Budgeted Revenue	11
10.3.2 Current Year’s Adjusted Taxable Value	11
10.3.3 Community Development (Redevelopment) Tax Increment Value Adjustment	11
10.3.4 Board of Equalization Adjustment – Three-Year Average	12
10.3.5 Five-Year Average Collection Rate	12
10.3.6 New Growth & Adjusted New Growth	12
10.3.6.1 Actual New Growth	12
10.3.6.2 Net Annexation Value	13
10.3.6.3 New Growth	13
10.3.6.4 New Growth Decision Model	13
10.3.7 Failure to Meet Statutory Time Frames	13
10.3.8 Aggregate Certified Tax Rate	13
10.3.9 Special Considerations	14
Standard 10.4 Proposed Tax Rate	15
10.4.0 Proposed Tax Rate	15

10.4.1 Proposed Budget	15
Standard 10.5 Declaration of Tax Increase – Truth-In-Taxation	16
10.5.0 History	16
10.5.1 Declaring an Increase	16
10.5.2 Notice of Valuation and Tax Changes	18
10.5.3 Newspaper Advertisement Requirements	18
10.5.4 Public Hearing Requirements	19
10.5.5 Resolution Adopting Final Rates	19
10.5.6 Changes in Assessed Value – Rate Adjustments	19
10.5.7 Revised Tax Increases	20
Standard 10.6 Rate Approval Process	20
10.6.0 State Certified and Proposed Tax Rates	20
10.6.1 State Final Rate Approval	20
10.6.2 State Excessive Levies	20
Standard 10.7 Special Levies	21
10.7.0 Assessing and Collecting Levies	21
10.7.1 Multi-County Levy	21
10.7.2 Mandated Actions	21
10.7.3 Judgment Levy	21
10.7.4 Interest & Sinking Fund / Debt Service	21
Standard 10.8 Community Development & Renewal Agencies	22
10.8.0 General	22
10.8.1 Adjustment to Base Taxable Value to reflect other changes	22
10.8.2 Negative Base-Year Value	23
10.8.3 Hold Harmless	23
10.8.4 Assessing and Collecting Levy	23
10.8.5 “Haircut Provisions	23
Standard 10.9 Military Installation Development Authority	23
10.9.0 General	23
10.9.1 Preparation of Project Area Plan	24
10.9.2 Tax Increment	24
Standard 10.10 Equalization of School Capital Outlay Funding	24
10.10.0 General	24
10.10.1 Collection and Distribution	24

10.10.2 Adjustment of the calculation of the certified tax rate for a school district imposing a capital outlay levy. (First class county or divided school district)	25
10.10.1 Qualifying Divided School District	26
Appendix 10A	27
Property Tax Calendar	27
Appendix 10B	28
Appendix 10C	29
APPENDIX 10G	31

Section X.I

General Information

Purpose

These standards address the procedures, processes, time frames and statutory responsibilities for computing and implementing ad valorem property tax rates. They provide a reference for uniform methods of recording value and revenue data for all properties used in the calculation of certified tax rates.

NOTE: Forms associated with these standards are listed in Appendix D – Referenced Forms and can be found at the following location: <http://www.taxrates.utah.gov>

Scope

These standards provide the statutory, regulatory and administrative framework for setting certified and proposed tax rates. Included are definitions, rate calculation procedures, tax limitation and disclosure requirements and an overview of judgment levies. They are not intended as detailed instructions for computing tax rates.

Constitutional Authority

Article XIII, Section 6, of the Utah Constitution states that the State Tax Commission shall: administer and supervise the State's tax laws.

Statutory Authority

The direction and statutory authority for setting certified and proposed tax rates, and compliance with Truth in Taxation requirements are contained in Title 59, Chapter 2, Part 9, Sections 901 through 926. Specific authorization and statutory limits for units of local government are found in various chapters of the Utah Code.

Administrative regulatory requirements and guidelines are found in Tax Commission Administrative Rule 884-24P-24.

Section X.II

Standards of Practice

Standard 10.1 Definitions

Actual New Growth

See definitions under New Growth

Adjusted New Growth

See definitions under New Growth

Adjusted Taxable Value – or- Proposed Tax Rate Value

Adjusted taxable value is the taxable value for the current tax year adjusted for redevelopment; then,

- a) adjusted for estimated value losses due to appeals, using an average percentage loss for the past three years, and
- b) adjusted for estimated collection losses. (R884-24P-24)

Aggregate Certified Tax Rate

The sum of the certified tax rates for an entity's individual funds which have a separate levy and hence, a separately calculated certified tax rate.

Assessing and Collecting

A term used to refer to the costs and levies associated with administering the property tax system at the county level.

Assessment Roll

A permanent record of the assessment of property as assessed by the county assessor, County Board of Equalization and the State Tax Commission and maintained manually or as multiple records by type, classification, or categories. (Section 59-2-102) See Assessment Roll Standards of Practice.

Board of Equalization (BOE)

The county legislative body is the county board of equalization, and the county auditor is the clerk of the county board of equalization. The county board of equalization shall adjust and equalize the valuation and assessment of the real and personal property within the county, subject to regulation and control by the State Tax Commission as prescribed by law. See Board of Equalization Standards of Practice.

Calendar Year Entity

An entity whose fiscal year runs from January 1 to December 31. The lists of entities that fall into this category include counties and special service districts organized by a county government.

Centrally Assessed Property

Centrally assessed property refers to all property required to be assessed or valued by the State Tax Commission. This property includes public utilities, property that operates as a unit across state and county lines such as railroads, airlines, pipe lines and telecommunications companies, patented mining claims, and property actively used in mining or extraction of minerals, oil, gas or geothermal fluids.

Certified Tax Rate

The tax rate that provides a taxing entity with the same ad valorem property tax revenues as were budgeted by that taxing entity for the prior year, plus any revenues from new growth in the entity's tax base. (Section 59-2-924)

County Assessed Commercial Vehicle

Any commercial vehicle, trailer, or semi trailer, which is not apportioned under Section 41-1a-301 and is not operated interstate, such as passenger vehicles owned by a business and used by its employees for transportation as a company car or van pool vehicle and vehicles that are:

- (i) especially constructed for towing or wrecking, and which are not otherwise used to transport goods, merchandise, or people for compensation;
- (ii) used or licensed as taxicabs or limousines;
- (iii) used as rental passenger cars, travel trailers, or motor homes;
- (iv) used or licensed in this state for use as ambulances or hearses;
- (v) especially designed and used for garbage and rubbish collection; or
- (vi) used exclusively to transport students or their instructors to or from any private, public, or religious school. (Section 59-2-102)

Current Year Values

These are the values established for real, personal and centrally assessed properties for the current tax year. The values are viewed as being in one of the following categories:

- (i) The terms pre BOE, assessment role, 697 or beginning year's values identify the same data and the specific term used depends on the circumstances.
- (ii) The terms post BOE, 233b or year-end values identify the same data and the specific term used depends on the circumstances.
- (iii) Per statute, current year personal property values are not used in the calculation of the certified tax rate (CTR). The CTR is calculated using current year real property values, current year centrally assessed property values and prior year end personal property values.

Escaped Property

Any property, whether personal, land, or any improvements to the property subject to taxation that is:

- i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed to the wrong taxpayer by the assessing authority;
- ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to comply with the reporting requirements of this chapter; undervalued because of errors made by the assessing authority based upon incomplete or erroneous information furnished by the taxpayer. Property, which is undervalued because of the use of a different valuation methodology or because of a different application of the same valuation methodology, is not "escaped property." (Section 59-2-309)

FAA (Farmland Assessment Act)

Certain real property devoted to agricultural purposes, which may be valued based on its agricultural use. (Sections 59-2-501 through 515)

Factoring

A method of adjusting or indexing the assessed value of locally assessed real property to achieve fair market value. These orders result from annual statistical studies of locally assessed real property called

sales/assessment ratio studies and are issued by the Tax Commission. (Sections 59-2-303.1 and 704) The State Tax Commission altered the timing of the annual sales ratio study so that any required adjustments in value are addressed before the May 22 due date of the tax roll. Some counties now use this category for any annual adjustments made to property values.

Fair Market Value

The amount at which property would change hands between a willing buyer and a willing seller. [Section 59-2-102(12)K]

Fiscal Year Entity

An entity within the state whose fiscal year runs from July 1 to June 30. The list of fiscal year entities typically includes school districts, cities and towns, and special service districts organized by a city or town.

Intangible Property

Property that is capable of private ownership that can be separated from tangible property; includes money, credits, bonds, copyrights, trade names and licenses. (Section 59-2-102)

Judgment Levy

A levy to recover a reduction in ad valorem property tax ordered by the State Tax Commission, a court of appropriate jurisdiction, or a county board of equalization. This levy has specific guidelines established by statute and by administrative rule with which an entity planning on levying a judgment levy must comply. (Section 59-2-1328 and 1330 & R884-24P-57)

Locally Assessed Property

Locally assessed property is all property assessed by the county assessor. The county assessor is required to value all taxable property, which is not assessed by the Utah State Tax Commission. It includes land, buildings, mobile homes and business personal property such as furniture, fixtures, machinery and equipment. (Section 59-2-310 and 59-2-302)

Motor Carrier

A person or company engaged in or transacting the business of transporting passengers, freight, merchandise, or other property by means of a commercial vehicle on a highway within Utah and includes a tow truck business. Motor Carriers can be either state-assessed or county-assessed. (Section 72-9-102)

Net Annexation

See definitions under New Growth

New Growth

The term “New Growth” generally refers to the change in a taxing entity’s tax base from one year to the next due solely to new property values added to the rolls. Specifically, new growth is equal to net annexation value or actual new growth based on the conditions set forth in R884-24P-24 (K)(4), (K)(5), & (K)(6). These values also include adjustments to personal property values within an RDA. See Appendix B for the New Growth Decision Tree. More specific definitions of related terms are:

Actual New Growth

The taxable value for the current year adjusted for redevelopment minus year-end taxable value for the previous year adjusted for redevelopment; then adjusted for reappraisal, factoring, and legislative mandates or court orders. [R884-24P-24 (K)(1)]

Adjusted New Growth

“Actual New Growth” multiplied by a five-year average collection rate. [R884-24P-24 (K)(2)]

Net Annexation Value

Current year's taxable value of all properties annexed into a taxing entity's boundary adjusted for redevelopment minus previous year's taxable value of all properties annexed out of the taxing entity boundary adjusted for redevelopment. [R884-24P-24 (K)(2)]

Notice of Property Valuation and Tax Changes

Notification by the county auditor to all real property owners of property valuation and tax changes. The county auditor is required to provide the notice by July 22 each year. [R884-24P-24 (A) & Section 59-2-913]

Prior Year Values

These are the year-end values established at the end of a calendar year. These are the values established for the year proceeding the current calendar year. The terms post BOE, 233b or year-end values identify the same data and the specific term used depends on the circumstances.

Proposed Tax Rate

The tax rate proposed by a taxing entity to satisfy its ad valorem property tax revenue needs.

Reappraisal

The act of increasing or decreasing the value of locally assessed real property in order to keep it in line with inflationary or deflationary changes in the real estate market and to account for changes to physical characteristics. (R884-24P-17)

Community Development and Renewal Agency

An administrative arm of county or city government with authority to establish urban renewal, economic development, or community development project areas for purposes of undertaking or promoting urban renewal, economic development or community development (Section 17C-1-102). Related terms include:

Base Year

The year of the last equalized assessment roll at the time a redevelopment or economic development project is legally created.

Base Year Value

The value of all taxable property within the boundaries of the project area at the time the project is officially created

“Haircut”

The provision for funding redevelopment and economic development projects that reduces the amount of property tax revenue available for such projects over time.

Tax Increment Value

The increase in the taxable value of all property within a project area over and above the base year value. The taxes levied against tax increment value are available to redevelopment agencies to fund redevelopment projects.

State-Assessed Commercial Vehicles

Any commercial vehicle, trailer, or semi trailer that operates interstate or intrastate to transport merchandise, freight, passengers or other property for hire. The Tax Commission assesses and collects property tax and distributes the revenue to the counties. (Sections 59-2-403 and 801)

Tax Area

An area created by the overlapping boundaries of tax entities such as cities, counties, school districts, and special service districts. [Sections 59-2-102(9)(b) and 59-2-102(35)]

Taxing Entity

Any county, city, town, school district, special taxing district, or any other political subdivision of the state with the authority to levy a tax on property. [Section 59-2-102 (36)]

Tax Base

The taxable value of all taxable property located within the boundary of a taxing entity.

Tax Notice

The annual notice of ad valorem taxes due. The notice includes the value of assessed property, amount of taxes levied, tax rates, and other property tax information. (Section 59-2-1317 and R884-24P-36)

Taxable Value

Taxable value is value against which the tax rate is multiplied to calculate the amount of tax due. For most properties the taxable value and fair market value are the same. The most significant exception is primary residential property where taxable value is 55% of fair market value because of the primary residential exemption. Another exception is qualifying agricultural property's taxable value based on use.

Truth In Taxation

The process of public disclosure in the tax rate setting process.

Standard 10.2 Introduction and Overview

10.2.0 Basic Formula

A tax rate is computed by dividing the amount of the taxing entity's budgeted property tax revenue by the taxing entity's tax base or taxable value.

10.2.1 Overview of Process

The basic rate setting process begins with the budgeting process. Entities estimate how much property tax revenue they need. The amount of revenue requested for an entity's budget, during the prior year, becomes the baseline revenue for current year certified tax rate calculations. The county assessor and State Tax Commission provide valuation information to the county auditor, including changes in value resulting from reappraisal, factoring and legislative adjustments. The State Tax Commission and county auditors calculate certified tax rates and the auditor provides taxing entities with valuation and certified tax rate information.

The certified tax rate provides a taxing entity with the same amount of property tax revenue it received in the previous tax year plus any revenue generated by additional growth in its tax base. The statute indicates that this all occurs by June 8 each year.

When this information is received, taxing entities compute and adopt their proposed tax rates. If an entity is proposing a tax increase, it may only adopt a tentative or proposed tax rate. The exact requirements that an entity must follow to increase its tax rate varies depending on whether the entity is a calendar year or a fiscal year entity. These procedures are discussed in more detail in *Standard 10.5 "Truth in Taxation"*.

When proposed tax rates are adopted, the county auditor is required to mail a "Notice of Valuation and Tax Changes" to inform property owners of the date, time and place for public hearings to discuss proposed tax increases. Public disclosure and hearings regarding proposed tax increases comprise what is commonly referred to as Truth-in-Taxation. Truth-in-Taxation statutes require that once the auditor has mailed the "Notice of Valuation and Tax Changes", entities proposing a tax increase must advertise the increase and hold a public hearing. When the Truth-in-Taxation process is completed, final rates may be adopted subject to final approval by the State Tax Commission. In addition to the public disclosure process, certain statutory rate limitations may apply.

Standard 10.3 Certified Tax Rate

10.3.0 Definition and Calculation

Certified tax rate means the tax rate that will provide the same ad valorem property tax revenue for a taxing entity as was budgeted by that taxing entity for the prior tax year, adjusted for redemptions. (Section 59-2-924) This rate is calculated by dividing the adjusted ad valorem property tax revenues budgeted for the prior year by the entity’s current year adjusted taxable value including an allowance for new growth. A taxing entity may have more than one fund for which it levies property tax. For example, a city may have a general fund and a library fund. A certified rate is calculated for each fund. (R884-24P-24)

10.3.1 Last Year’s Budgeted Revenue

Last Year’s budgeted revenues are calculated by multiplying the prior year’s approved tax rate against last Proposed Tax Rate Value minus average of redemptions. (Section 59-2-924)

10.3.2 Current Year’s Adjusted Taxable Value

Current Year’s Adjusted Taxable Value is the total value of all taxable property in a taxing entity’s tax base adjusted for redevelopment tax increment value, estimated board of equalization three-year average adjustments and a five-year average collection rate and new growth. It includes the value of locally assessed real property, locally assessed personal property (excluding fee-in-lieu values) and centrally assessed property as reported by the county assessor/auditor and State Tax Commission. The formula is as follows:

Adjusted Taxable Value (Formula)
Current Year value of Locally Assessed Real Property +
Year End value of Locally Assessed Personal Property +
Current Year value of Centrally Assessed Property* -
Redevelopment Tax Increment Value + Or -
Estimated County Board of Equalization *
5 Year Average Collection Rate

10.3.3 Community Development (Redevelopment) Tax Increment Value Adjustment

Tax increment value is the increase in value of all taxable property within a redevelopment project area after the project area is created. The taxes generated from tax increment value are generally reserved to fund redevelopment or economic development projects and are not distributed to the various taxing entities whose boundaries include the redevelopment project area.

If the tax increment value is not subtracted from an entity’s tax base, the entity’s taxable value will be over stated and the entity will experience a revenue shortfall. This adjustment should be based upon tax increment funds available as reported by the county auditor.

10.3.4 Board of Equalization Adjustment – Three-Year Average

The board of equalization adjustment is made to account for appeals filed by taxpayers that result in reductions in property tax value granted by county boards of equalization between the time the tax rate is set in June and the time the tax notices are sent out in November. These appeals pertain to locally assessed real property. The State Tax Commission acting as a Board of Appeals, can, responding to an appeal, lower the taxable values of centrally assessed property. The adjustment is calculated by netting the difference between the TC 697 values as of June against the TC 233B year-end values. The adjustment is calculated separately for, real and centrally assessed and is based on a three-year average change in values. The adjustment can be either positive or negative and is calculated separately for each taxing entity. [Section 59-2-924(3)]

10.3.5 Five-Year Average Collection Rate

The collection rate is calculated annually by the county treasurer and reported to the Tax Commission on Form PT-750. "Year-End Statement of Taxes Charged, Collected, and Disbursed – Report 750". The five-year average collection rate is the average of the previous five-year's annual collection rates. (Section 59-2-913) The rate is a comparison between total taxes charged and total revenue collected. This adjustment recognizes the fact that all taxes are not collected in the same year in which they are levied. Generally, a certain percentage remains unpaid and is collected in later years as redemptions of delinquent taxes. Taxing entities are required to account for delinquent tax collections separate from current year collections. [Section 59-2-924(2)]

10.3.6 New Growth & Adjusted New Growth

Under the guidelines of Truth In Taxation, a taxing entity is allowed to collect the same amount of taxes it received last year plus any additional revenue resulting from new growth in its tax base. Tax Commission Administrative Rule R884-24P-24 (11)(a) provides the guidelines for determining new growth. New growth adjustments are identified on Form PT-714, "Report of New Growth Adjustments – Report 714". Adjusted new growth equals new growth multiplied by the five-year collection rate to make it comparable to this year's adjusted taxable value. The computation of new growth and adjusted new growth involve the calculation of two growth-related variables, actual new growth and net annexation value. [R884-24P-24 (11)(a)]

10.3.6.1 Actual New Growth

Actual New Growth is any increase in taxable value from the previous year to the current year except increases in locally assessed real property due to reappraisal, factoring, legislative directives, or changes in centrally assessed property resulting from changes in valuation apportionment formulas. [R884-24P-24 (11)] Actual New Growth is calculated as follows.

- A. Current year's locally assessed real and properties assessed by the Tax Commission and last year's year end locally assessed personal property taxable value, from Form PT-697, "Report of the Sum of Taxable Values by the County Assessor – Report 697", adjusted for redevelopment tax increment value
- B. Minus last year's locally assessed real and property assessed by the Tax Commission and the prior year end locally assessed personal property year-end taxable value adjusted for redevelopment tax increment value, from Form 750, "Year-End Statement of Taxes Charged, Collected, and Disbursed – PT 750".
- C. Plus or minus any changes to the current year's value of locally assessed real property due to reappraisal, state factoring orders, or legislative changes.
- D. **Note:** Annual changes in FAA values made by the Tax Commission are treated as reappraisal.

10.3.6.2 Net Annexation Value

Annexation Value refers to the value of taxable property that is annexed into or annexed away from a taxing entity's legal boundaries and tax base. Net Annexation Value is the taxable value for the current year, adjusted for redevelopment, of all properties annexed into an entity during the previous calendar year minus the taxable value for the previous year, adjusted for redevelopment, for all properties annexed out of the entity during the previous calendar year. [R884-24P-24 (11)(b)]

10.3.6.3 New Growth

New Growth is equal to Actual New Growth, Net Annexation Value or zero. [R488-24P-24 (11)] See Appendix B.

New Growth is equal to Actual New Growth for:

- A. an entity with an actual new growth value greater than or equal to zero, or
- B. an entity with an actual new growth value less than zero, and the actual new growth value is greater than or equal to the net annexation value.

New Growth is equal to the Net Annexation Value for and entity with:

- A. a net annexation value less than zero; and
- B. the actual new growth value is less than the net annexation value.

New Growth is equal to zero for an entity with:

- A. an actual new growth value less than zero; and
- B. a net annexation value greater than or equal to zero

10.3.6.4 New Growth Decision Model

The process of determining the values to use in the calculation of new growth can be detailed and difficult. The New Growth Decision Model is a one page instructional sheet that reduces the process to a series of yes and no questions. See Appendix B.

10.3.7 Failure to Meet Statutory Time Frames

Many dates in the rate-setting process are considered to be directory in nature as opposed to mandatory. Directory means that the dates are established to give direction to the rate-setting process and that failure to meet a specific date does not render subsequent actions invalid. Generally, dates that establish taxpayer rights are mandatory while dates not involving taxpayer rights have been considered directory. For example Section 59-2-913(2)(b)(ii) specifically allows the Tax Commission to extend or change the June 22 date to a later date. On the other hand, Section 59-2-912(2)(b) provides that if a taxing entity fails to meet the June 22 date for adopting a proposed or final tax rate, the Tax Commission shall hold a hearing on the matter and certify a rate. This apparent conflict has been administered in favor of the directory nature interpretation. However, where a taxing entity has failed to respond to a county auditor's request for rate and budget information in a reasonable time frame, counties have been advised to inform the entity that the rate will be set at the certified rate or turned over to the Tax Commission for action.

10.3.8 Aggregate Certified Tax Rate

Entities required to set levies for more than one fund must compute an aggregate certified rate. The aggregate certified tax rate is the sum of the certified rates for individual funds for which separate levies are allowed by law. The aggregate certified tax rate computation applies where:

- A. the valuation bases for the funds are contained within identical geographic boundaries; and
- B. the funds are under the levy and budget setting authority of the same governmental entity.

Exceptions are the state assessing and collecting levy, as described in Section 59-2-1602 , and the equalized capital outlay levy .0006 in school districts within 1st class counties (59-2-924.4) These levies must be separately stated.

10.3.9 Special Considerations

General Obligation Debt

A certified tax rate is not calculated for general obligation debt. The certified rate for general obligation debt is deemed to be the same as the proposed rate. Since implementation of a general obligation debt levy requires a public vote, it is not subject to the requirements of Truth-in-Taxation. Revenue bonds, capital lease bonds and other forms of non-voter approved debt are not treated as general obligation debt.

Basic School Levy

The Basic School Fund tax rate is computed by the State Tax Commission based upon the revenue established by the Utah Legislature. The certified tax rate and proposed rates are equal to the calculated rate unless the Legislature declares a tax increase under Section 59-2-926, in which case the Tax Commission will calculate a separate certified tax rate. (The Utah Legislature has yet to declare a tax increase for this levy)

Other Voter-Approved Levies

School leeway levies provided under Sections 53A-17a-133, 53A-17a-134, 53A-17a-151 and 53A-16-110, have a maximum rate set by an election of the people in the district. Certified tax rates for these levies are calculated in the same manner as other certified tax rates in accordance with Sections 59-2-913 and 924. Certified tax rates for Special Taxing Districts under Chapter 17A and 17B are established in the same manner as other certified tax rates in accordance with Sections 59-2-913 and 924. The Certified Tax Rate for these special districts (referred to as Part 13 special districts) cannot be set higher than the voted cap without an election and a resetting of the voted cap.

At the time of the vote for the voted leeway, the following information must be on the ballot. *“A vote in favor of this tax means that (name of the school district) may increase revenue from this property tax without advertising the increase for the next five years.”*

If the vote passes, the school district may adopt the maximum voted rate for five years without the truth-in-taxation process.

Multi-County Assessing and Collecting Levy

This levy is calculated by the State Tax Commission and is imposed annually by each county in the state. Statutorily it is capped at .000200. The purpose of this multi-county assessing and collecting levy is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes. This levy shall be separately stated on the tax notice as a multi-county assessing and collecting levy. This levy is also exempt from the notice requirement of Sections 59-2-919 (Truth in Taxation statute). Unless the legislature declares a tax increase in this fund pursuant to Section 59-2-926, the certified tax rate is the equalized Tax Commission's calculated rate.

County Assessing and Collecting Levy

Each county may levy an additional property tax for Assessing and Collecting.

Receiving counties must levy at least .000300 to be able to participate and receive their portion of these funds. This levy shall be stated on the tax notice as a county assessing and collecting levy. Section 59-2-906.1(4) and is NOT subject to the notice requirements of Sections 59-2-918 and 59-919. The levy is adjusted each year by an amount equal to the increase in revenue generated by the receiving counties.

Donor counties may choose to levy any amount but they are subject to the Truth-in taxation notice requirements of Sections 59-2-918 and 59-919.

A Donor county may raise their local Assessing and Collecting levy to the .000300 without going through Truth-in-taxation if that county would have been a Receiver in the previous year had they levied the minimum .000300.

New Taxing Entities

For cities and towns incorporated after July 1, 1996, in the first year in which they are authorized to levy a property tax, the certified tax rate is equal to the certified tax rate for the county's municipal-type services identified in Sections 17-34-2 and 17-36-9 for first, second, and third class counties. For fourth, fifth or sixth class counties, the certified tax rate for new cities and towns is equal to the certified tax rate for general fund purposes or the certified tax rate for levies imposed for municipal-type services identified. [Sections 17-34-2 and 17-36-3(22)]

Equalized Rates – Multi-County Taxing Entities

The boundaries and jurisdiction of some taxing entities cross county lines. For example, Weber Basin Water operates in 5 counties, while the boundaries for Park City, Draper City and Green River City include two counties. Certified tax rates for multi-county taxing entities are calculated by aggregating the values for all of the variables in the certified tax rate formula. If certified tax rates were calculated and levied separately in each county it would violate the constitutional standard of equal rates of taxation in Article XIII Section 2.

Commission Adjustments to Certified Tax Rate – Clerical Errors

Section 59-2-924.1 allows the Tax Commission to adjust a taxing entity's certified tax rate for clerical errors that were corrected by the county and subsequently affected the entity's actual collections to the extent that it collected less property tax revenue than it budgeted in the previous year. The error must be identified and notice of the error must be given to the county legislative body with 60 days after the county treasurer makes final settlement with the taxing entity. If the error and subsequent correction are identified prior to the time tax notices are mailed, the entity's tax rate should be adjusted pursuant to Section 59-2-921. If the error is not identified before the tax notices are mailed, normally, no adjustment can be made. The amount of the adjustment allowed under Section 59-2-924.1 is the lesser of the amount of the clerical error or the difference between the entity's actual collections and budgeted collections and is applied as an increase to last year's taxes collected when computing the certified tax rate. The Tax Commission must make the adjustment within 90 days of the date the county treasurer made final settlement with the taxing entity.

Standard 10.4 Proposed Tax Rate

10.4.0 Proposed Tax Rate

Every taxing entity must adopt a proposed tax rate and report this tax rate to the county auditor and State Tax Commission by June 22 each year on, "Tax Rate Summary – Report 693." The proposed tax rate is calculated by dividing the entity's proposed budgeted ad valorem property tax revenues by the Proposed Tax Rate Value. This proposed tax rate is submitted to the Tax Commission by the county auditor and is the basis for the final approved tax rate that is issued by the Tax Commission.

10.4.1 Proposed Budget

This is the amount of ad valorem property tax revenue the entity plans to collect for the current tax year. This information is to be reported to the county auditor and State Tax Commission on Form PT-693, "Tax Rate Summary – Report 693".

Standard 10.5 Declaration of Tax Increase – Truth-In-Taxation

10.5.0 History

From 1969 through 1985, taxing entities were basically limited to tax increases of no more than 106% of the previous year's revenues. There were allowances for voter-approved debt and revenue increases resulting from real growth in an entity's tax base. In 1985, the Utah Legislature implemented a series of laws commonly referred to as Truth-In-Taxation. These laws removed the 106% limitation and replaced it with public disclosure and hearing requirements for any declared tax increase regardless of the amount. Entities are required to advertise a proposed increase and hold a public hearing before implementing the increase. There is no prohibition against implementing a property tax increase once these steps are taken. (Sections 59-2-918, 59-2-919)

10.5.1 Declaring an Increase

A taxing entity must declare a tax increase if the revenue from its aggregate proposed tax rate exceeds the revenue from aggregate certified tax rate. The certified and proposed tax rates must be aggregated for all funds under the control of the same governing body and for which the boundaries of the tax base are the same. For example, if an entity has a general fund, a library fund and a tort liability fund, the proposed and certified tax rates must be aggregated in order to determine if there is a tax increase. The only exception to aggregation is for the statewide Multi-County Assessing and Collecting Fund, debt service levies, the School Basic Levy and the capital outlay equalized rate in first class counties. An entity must declare its intention to increase its property tax revenue at the time it sets its proposed tax rate in June.

Calendar-Year Entities

Calendar-year taxing entities such as counties and many special service districts must declare their intention to increase property taxes at the time they adopt their annual budgets in December each year. Section 59-2-919 (8)(a)(i) require calendar year entities to notify the county of the intent to raise their taxes by March 1 of the calendar year the of the budget hearing. Calendar-year entities may either: place two newspaper ads and a public hearing take place in November/December and again in July/August The date, time, and place of the budget hearing must be included on the November "Tax Notice" and the date, time and place of the tax increase hearing must appear on the July "Notice of Property Valuation and Tax Changes." Or the calendar year entity may mail a specific notice to each taxpayer no earlier than 14 days before the mailing of the tax notice for the current year that includes , the value of the property for the current year, the property taxes due on the property for the current calendar year, the estimated taxes that will be due in the next calendar year if the tax increase is adopted by the entity. The specified language stating the numbers on the notice are estimates and the actual taxes due and the actual impact on the specified parcel may be higher or lower, and the date, time and place of the public meeting that will be held and where the public may provide input on the proposed tax increase. In addition to the notice, the entity will place a TNT ad the week prior to the public meeting. Calendar year entities that choose this option only have to advertise once for their budget hearing in December and are not required to advertise for their rate setting hearing in August.

Fiscal Year Entities

Fiscal-year entities such as school districts, cities, towns, and some special service districts must declare their intention to increase property taxes at the time they adopt their annual budgets in June of each year. For these entities, newspaper ads and the hearing only take place in August of each year. The date, time and place of the tax increase hearing must appear on the July "Notice of Property Valuation and Tax Changes." The date can be no earlier than 10 days after the notice was mailed.

Publication on a web site

Beginning 2010 the publication of TNT ads will need to be on a website established by Utah's Newspapers www.utahlegals.com. 3rd through 6th class counties will be required to publish on the website and in the

newspaper of circulation. 1st and 2nd class counties must publish on the website but the choice of publishing in the newspaper will be optional.

Auditors Ad

Entities must notify the county auditor if they are increasing revenues before July 22nd. If two or more entities notify the county auditor, the county auditor must compile a list of the taxing entities that are increasing revenues. The list must be published at least two weeks before any hearings. The list shall include:

- Each taxing entity's name,
- The date, time, and location of the public hearing,
- The average dollar increase on a residence in the taxing entity that the proposed tax increase would generate.
- This list is provided to each taxing entity involved
- If the county has a web page, it is published there until December 31;
- A statement that says the list is informational only and not to determine a person's tax liability.

This list is to be given out at the hearing or whenever it is requested by a taxpayer within an entity.

A taxing entity is only required to publish an ad once for the summer hearing if the county auditor publishes the entity's public hearing information. This one ad must be published in the week preceding the hearing to adopt the final budget or final tax rate.

Within 30 days from the date of the 1st ad, the county auditor must determine the costs of the ad and bill each entity on the list.

General Obligation Debt

When an entity pays off its general obligation debt or otherwise desires to offset a decrease in its voter approved debt levy by increasing another levy, it must declare a tax increase and meet all of the notification requirements of Sections 59-2-918 and 919, even though its total property tax revenues may be less than previous year's property tax revenues.

Board Approved Leeway Levy

Any increase in a Board Approved Leeway levy must be approved by the school board by April 1 each year.

Judgment Levies

An entity may impose a judgment levy if it first advertises its intention to do so and holds a public hearing in accordance with the requirements of Section 59-2-918.5. If an entity is imposing a judgment levy and a tax increase it may combine the advertising requirements of the judgment levy with the requirements of the tax increase as outlined in Sections 59-2-918 and 919.

For calendar year entities, eligible judgments issued from June 1 through December 15, must be advertised in December and the hearing held at the same time as the hearing at which the annual budget is adopted. For eligible judgments issued from December 16 through May 31, the public hearing shall be held at the same time the hearing at which property tax levies are set.

Fiscal year entities that have eligible judgments issued from June 1 through May 31 shall hold their public hearing at the same time as the hearing at which the annual budget is adopted.

The date, time, and place of public hearings require by Section 59-2-919 (8) & (9) must appear on the July "Notice of Property Valuation and Tax Changes."59-2-919.1)

10.5.2 Notice of Valuation and Tax Changes

The county auditor must mail a “Notice of Valuation and Tax Changes” to all property owners.

A. Notice Contents and Format

The form of the notice must be approved by the State Tax Commission and the content must be uniform. Any deviation from the form or content must be approved in advance by the State Tax Commission. (R884-24P-24). Section 59-2-919 (11) specifies specific information that must be included on the notice.

B. Timing

The “Notice of Valuation and Tax Changes” is mailed by July 22 and must be mailed at least 10 days prior to the first date on which the county board of equalization meets, and at least 10 days prior to any public tax increase hearing.

C. Date of BOE Meeting

The “Notice of Valuation and Tax Changes” must contain the date the County Board of Equalization will meet. Section 59-2-919(4).

10.5.3 Newspaper Advertisement Requirements

In most cases, taxing entities that declare a tax increase are required to advertise the increase in a newspaper prior to holding a public hearing on the proposed increase. The newspaper selected must be one of general circulation, interest and readership within the taxing entity. An entity may use more than one newspaper to advertise the increase.

A. Advertisement Form and Contents

1. The ad must be in the form and contain the information set forth in Sections 59-2-919,
2. It must be no less than one-quarter page in size, have a one-quarter inch border and the print size must be at least 18 point,
3. The ad must not be placed in that portion of the newspaper where legal notices and classified advertisements appear,
4. The ad contains information about the impact of the proposed increase on an average home and business, the amount and percentage change in the entity’s property tax revenues and the date time and place of the public hearing. See Appendix D & E for a sample and instructions.
5. The form and content of the ad may not be modified . However, a taxing entity is not prohibited from publishing a separate notice containing information about the increase. A separate notice explaining the increase may be placed anywhere in the newspaper as long as it is not contained within the borders of the tax increase disclosure advertisement.
6. For a judgment levy that is to be combined with a tax increase for advertisement purposes items A through E above are applicable. If however, a judgment levy is to be advertised alone the advertisement shall be at least one-eighth of a page in size and shall meet the type, placement, and frequency requirements established under Section 59-2-919.

B. Timing of the Advertisement

1. The advertisement must be published once each week for the two weeks preceding the public hearing.
2. The first advertisement must be published at least seven calendar days prior to the public hearing.

C. Exceptions to the Newspaper Advertisement

All or a portion of the newspaper advertisement requirements may be waived or modified as follows:

1. Budget Less Than \$20,000 – The newspaper advertisement requirements do not apply to a taxing entity that is budgeting less than \$20,000 in property tax revenues and the proposed budget does not exceed \$20,000.. (Section 59-2-918 and 59-2-919)
2. Cost of Advertisement – If the cost of the advertisement would cause undue hardship of the taxing entity’s budgeted property tax revenue, the entity may combine its notice with another taxing entity or use a direct mail notice approved by the Tax Commission. The direct mail notice must be in substantially the same form and contain substantially the same information as the newspaper advertisement. The direct mail notice must be separate from the Valuation Notice sent by the County Auditor. (Section 59-2-919)

10.5.4 Public Hearing Requirements

A taxing entity declaring a tax increase must hold a public hearing at which time interested parties are given the opportunity to be heard.

A. Adoption of Final Budget

1. An entity must conduct a public hearing before it can adopt its final budget increase. However, the hearing to adopt the final budget may be held at the same time as the hearing on the proposed tax increase. (Section 59-2-919)
2. A public hearing on a proposed tax increase may not be held before 6:00 P.M. (Section 59-2-919)

B. Conflicting Hearings

1. A taxing entity may not schedule its proposed tax increase hearing at the same time as an overlapping taxing entity.
2. To prevent conflicts, taxing entities are required to notify the county auditor of their proposed hearing dates well in advance of the mailing of the “Notice of Valuation and Tax Changes” so that conflicts may be resolved.
3. For taxing entities in which the power to set levies is vested in the same governing body, hearings may be consolidated.

10.5.5 Resolution Adopting Final Rates

A taxing entity declaring a tax increase may not adopt its final tax rates or budget until a public hearing is held. The final tax rates may be adopted at the same time and in conjunction with the tax increase hearing. A resolution by the governing body adopting the final tax rates and budget amounts must be sent to the Tax Commission before the Tax Commission approves the entity’s tax rates. If the resolution is not adopted at the time of the tax increase public hearing, the scheduled date, time and place for adopting the resolution shall be announced at the public hearing. If the scheduled date for adopting the resolution is more than two weeks after the tax increase public hearing, the entity must re-advertise its proposed increase as prescribed in *Standard 10.5.3, “Newspaper Advertisement Requirements”*.

10.5.6 Changes in Assessed Value – Rate Adjustments

On or before September 15, an entity’s tax rate may be adjusted based on a change in the entity’s taxable value resulting from a decision of the county board of equalization or the Tax Commission. This usually results in a tax rate increase because taxable values have been lowered as a consequence of an appeal. A rate increase made under this circumstance may be implemented without any further action by the taxing

entity or compliance with the requirements of Section 59-2-919. However, the entity must adopt the higher tax rate by resolution, and any such rate adjustment must be approved by the State Tax Commission.

10.5.7 Revised Tax Increases

Section 59-2-922 allows a taxing entity that has declared a tax increase and complied with the public notice, advertising and hearing requirements of Section 59-2-919 to revise its actions and declare a greater increase. Section 59-2-922 requires the entity to re-advertise, hold an additional hearing and adopt a new resolution. The practical consideration with actions under this section is timing. There may not be sufficient time to allow the entity to go through the “Truth-In-Taxation” procedures before tax notices must be prepared and mailed.

Standard 10.6 Rate Approval Process

10.6.0 State Certified and Proposed Tax Rates

The Tax Commission works closely with county officials and the various taxing entities to ensure that all of the valuation and revenue variables used in the rate calculations are accurate. Consequently, the State Tax Commission thoroughly reviews and verifies all data used in determining each certified and approved rate. For example, proposed rates are checked to ensure that the revenues levied do not exceed budgeted revenues. Amounts levied for general obligation (voter approved) debt are checked against debt repayment schedules.

10.6.1 State Final Rate Approval

The Tax Commission reviews and approves all tax rates prior to implementation by county auditors and treasurers. This process includes the following general steps:

- A. Review compliance with all “Truth-In-Taxation” advertisement and hearing requirements.
- B. Review correct computation and application of “equalized” rates.
- C. Ensure that judgment levy amounts are correctly calculated and are supported by appropriate documentation.
- D. Review compliance with statutory rate limitations. Many of the funds for which taxing entities levy property taxes are subject to statutorily-established maximums and voter-approved maximums
 1. Statutory maximums exist for many funds and differ based on the type of taxing entity. For example the statutory limit for a city or town general fund is .007 or 7/10th of one percent of its tax base. The statutory limit for a library fund is 1/10th of one percent of its tax base. Some statutory limits are calculated; for example, the limit for a school district is 10% of the basic levy. A complete list of statutory limits by entity and fund is contained in Appendix C.
 2. Some rate limits are established by a vote of the people. For example, school districts may impose a variety of leeway levies, which are originally set and limited by a vote of the people. Special taxing districts established under Chapter 17D, Section 1 2, Part 100, are required to have a public election to establish a property tax levy cap. In order to increase those limits, another public vote is required.
- E. Monitor conflict between certified rates and statutory maximums. Where a taxing entity’s certified tax rate exceeds its statutory maximum levy, the entity may levy its certified tax rate except for levies set by a public vote or a school board voted-leeway levy. For voter or school board approved levies, an additional public vote is required to adopt the higher certified tax rate.

10.6.2 State Excessive Levies

If the Tax Commission determines that a levy established by a taxing entity is in excess of the maximum permitted by law, the Tax Commission shall:

- A. Lower the levy to the maximum permitted by law
- B. Notify the taxing entity that the levy has been lowered, and
- C. Notify the county auditor in the county or counties where the entity is located to implement the levy set by the State Tax Commission.

A levy set by the Tax Commission becomes the official levy of the taxing entity unless the entity sets a lower levy or the levy is modified by a court order.

Standard 10.7 Special Levies

10.7.0 Assessing and Collecting Levies

Counties are authorized to levy property taxes to cover the costs of administering the property tax system. The purpose is to promote the accurate valuation of property, the establishment and maintenance of uniform assessment levels within and among counties, and the efficient administration of the property tax system, including the costs of assessment, collection, and distribution of property taxes. [Section 52-2-1601]

10.7.1 Multi-County Levy

Section 59-2-1602 creates a Property Tax Agency Valuation Fund to promote accurate valuation of property, establish and maintain uniform assessment levels within and between the counties and promote efficient administration of the property tax system. Monies from this fund are allocated to the various counties based upon weighted parcel counts and county classification. The distribution of these monies is calculated by the State Auditor's Office. All counties must impose a multi-county assessing and collecting levy not to exceed .0002. This levy is calculated by the Tax Commission and imposed in all 29 counties.

10.7.2 Mandated Actions

In addition to the levies identified above, a county may levy additional amounts to fund actions to meet legislative mandates or judicial or administrative orders which relate to the promotion of accurate property valuation, the establishment and maintenance of uniform assessment levels and efficient administration of the property tax system. Levies resulting from mandated actions are subject to the "Truth-in Taxation" advertisement and hearing requirements. [Section 59-2-1604]

10.7.3 Judgment Levy

A taxing entity may impose a levy to recover a reduction in property tax ordered by the Tax Commission, a court of competent jurisdiction or a county board of equalization. The judgment levy is in addition to and exempt from the statutory maximum levies of various taxing entities. However, a judgment levy may only be established in an amount sufficient to cover qualifying judgments. The certified tax rate for a judgment levy is deemed to be zero each year. For information on setting a judgment levy and the required process see *Standard 10.5.1, "Declaring an Increase"*, and *Standard 10.5.3, "Newspaper Advertisement Requirements"*.

10.7.4 Interest & Sinking Fund / Debt Service

This levy is set each year at a level sufficient to meet the interest and sinking fund requirements on, and/or any payment to principal of, outstanding bonded and other indebtedness of an entity. This payment would include payment of principal and interest on a refunding bond, general obligation bonds, or on any bonds that have been authorized. The Certified Tax Rate of this levy is set at the level required to meet the payment set for the bond. The proposed rate thus is the certified rate. This levy is exempt from Truth in Taxation requirements as specified in Sections 59-2-918 and 59-2-919. (Sections 17A-2-834, 51-5-4, 53A-16-107, and 53A-17a-145)

Standard 10.8 Community Development & Renewal Agencies

10.8.0 General

Cities, towns and counties are authorized to create community development and renewal projects. Additional information can be located in Appendix F “Understanding Community Development and Renewal Agencies.” Community development and renewal projects are primarily funded through tax increment financing. Tax increment financing allows the city, town or county to collect the increase in property tax revenues generated by the increase in property value resulting from the redevelopment or economic development to pay for loans, money advanced, bonds and other indebtedness incurred to finance the project.

Community Development and Renewal Agencies create projects to help solve neighborhood and community issues such as:

- Cleaning up problem or potentially dangerous areas including industrial sites and inactive airport sites. (Blight)
- Stabilizing neighborhoods.
- Increasing value thereby increasing tax revenues to improve areas.
- Adding jobs and new businesses to the area
- Improving the real estate market
- Funding low-income housing needs.

Tax increment value must be excluded from a taxing entity’s tax base when calculating its certified and proposed tax rates because the property tax revenue generated from the tax increment value is reserved for urban renewal, economic development or community development project financing. However, no adjustment is made until the urban renewal, economic development or community development agency actually budgets and requests tax increment funds.

Tax increment funds are computed by multiplying the tax increment value of a project area by the aggregate tax rates for the project area of all taxing entities affected. For example, a project area might include an area within a county, a school district, a city and a special taxing district and have an aggregate tax rate of .012.

10.8.1 Adjustment to Base Taxable Value to reflect other changes

The base taxable value of taxable property within the project area may be increased or decreased as a result of Section 17C-1-408:

1. Statutes enacted by the Legislature,
2. A judicial decision,
3. An order of the State Tax Commission pursuant to Section 59-2-704 (2),
4. Changes in exemptions under Article XIII, Section 2 or Section 59-2-103,
5. Changes in the percentage of fair market value under Section 59-2-102,
6. An increase or decrease in the percentage of fair market value, as defined under Section 59-2-102,
7. A decrease in the county’s certified tax rate or the amount of the decrease is more than 20% of the county’s certified tax rate of the previous year, and the decrease would result in a reduction of the amount of tax increment to be paid to the agency.

10.8.2 Negative Base-Year Value

Section 59-2-924 (2)(c) and (2)(d)(i) allows a negative base-year value. However, for any other adjustments that cause a reduction in the base year value, the base year value may not be reduced below zero. The reason for not recognizing negative base-year value, unless expressly required by statute, is because to do so would allow a community development and renewal agency to raise tax increment revenues from properties outside a project area.

10.8.3 Hold Harmless

Section 17C-1-408 2 (b) states that the amount of tax increment money paid to a community development and renewal agency for bonds and other indebtedness may not be less than would have otherwise been collected and distributed had there been no increase or decreases in project area value.

10.8.4 Assessing and Collecting Levy

Levies set for the purpose of funding the costs of assessing and collecting under Section 59-2-906.3 (b) (i) may not be included in the aggregate rate when computing tax increment funds for projects adopted after May 4, 1993.

10.8.5 “Haircut Provisions

Sections 17C-1-403 provides for a decrease in tax increment financing of a project area established under a pre-July 1, 1993 project area plan in five-year increments starting at 100% for the first five-year period and decreasing to 60% for the final five-year period. However, there are exceptions to this provision; for example, funding a publicly or privately owned convention center, an I-15 underpass, or construction of certain recreational or cultural facilities. A redevelopment project may be modified in such a way that the haircut time periods are reset to 100%. Actions by a Taxing Entity Committee can modify the funding formula. It is important to determine the precise nature of the funding arrangements affecting a given urban renewal, economic development or community development project when computing the adjustment in the certified tax rate calculation.

Standard 10.9 Military Installation Development Authority

10.9.0 General

The 2007 Legislature enacted legislation creating a separate, independent, nonprofit body corporate and politic known as the Military Installation Development Authority with a seven-member board having the ability to offer developers access to government financing. One purpose of the legislation was to ensure that community leaders have input into how military installations develop land because military leadership, often not tied to the community, frequently rotates in and out of the installation. The Military Installation Development Authority’s Board is authorized to develop military land, use tax increment and issue bonds; also the legislation exempts the authority from land use laws. (Sections 63H-1-101 through 801) 2010 Legislation authorizes the Authority to:

- Impose a resort communities tax:

- Contract with the federal government or a public entity;

- Included, under certain circumstances, public or private property that is noncontiguous to military land;

- Designates funds received as non lapsing.

2008 Legislature updated Military Installation Developments to allow them to enter into an agreement with a political subdivision to receive municipal services. They are also allowed to amend a project area plan and exercise powers and perform functions as authorized under a contract with the Federal Government.

10.9.1 Preparation of Project Area Plan

Before spending any funds or entering into any lease or development agreement, the authority board is to prepare a project area plan. The required contents of the project area plan are located in Section 63H-1-401. The authority board is required to give notice and hold at least one public meeting to discuss the preparation of the project area plan. Upon completion of the plan, the board is required to hold a public meeting to consider the adoption of the plan. Upon adoption of the plan, the board is required to publish a notice in a newspaper of general circulation or post a notice in at least three public places within the authority's boundaries; the notice is to include a statement that the project area plan is available for general public inspection and the hours for inspection. (Sections 63H-1-401 through 403)

10.9.2 Tax Increment

The authority may receive and use up to 75% of tax increment for up to 25 years. The authority may use tax increment as follows: (Section 63H-1-502)

- For any of the purposes for which the use of tax increment is authorized under Title 63H, Chapter 1;
- For administrative, overhead, legal and other operating expenses;
- To pay for, including financing or refinancing, all or part of the development of military land;
- To pay the cost of the installation and construction of any publicly owned building, facility, structure, landscaping, or other improvement within the project area;
- To pay the cost of the installation of infrastructure and improvements outside the project area, if they benefit the project; and
- To pay the principal and interest on bonds.

Standard 10.10 Equalization of School Capital Outlay Funding

10.10.0 General

The 2008 Legislature enacted legislation requiring school districts in a county of the first class to levy a capital outlay levy at a specified rate and allocate the revenue generated under the capital outlay levy to school districts located in that county.

10.10.1 Collection and Distribution

Beginning January 1, 2009, in order to qualify for receipt of the state contribution toward the minimum school program described in Section 53A-17a-104, a local school board in a county of the first class shall impose a capital outlay levy of at least .0006.

The county treasurer of a county of the first class shall distribute revenues generated by this .0006 capital outlay levy.

If a school district imposes a capital outlay levy that exceeds the .0006, the county treasurer shall distribute the amount that exceeds the .0006 portion back to the school district imposing the levy.

The distribution of the .0006 capital outlay levy is directed as follows:

25% of the revenues shall be distributed in proportion to a school district's percentage of the total enrollment growth in all of the school districts within the county that have an increase in enrollment, calculated on the basis of the average annual enrollment growth over the prior three years as of the October 1 enrollment counts.

75% of the revenues shall be distributed in proportion to a school district's percentage of the total current year enrollment in all of the school districts within the county, as of the October 1 enrollment counts.

The State Board of Education shall provide a county treasurer with audited enrollment information on or before December 31. The county treasurer shall distribute the revenue generated on or before March 31.

By June 1, the county treasurer shall report to the State Board of Education the actual collections of property taxes in the school districts located within the county treasurer's county for the period beginning April 1 through the following March 31 immediately preceding that June 1.

The ad valorem property tax revenue generated by the .0006 capital outlay levy may not be considered in establishing the school district's aggregate certified tax rate and shall be included by the commission in establishing a certified tax rate for that capital outlay levy.

10.10.2 Adjustment of the calculation of the certified tax rate for a school district imposing a capital outlay levy. (First class county or divided school district)

Capital outlay increment: the amount of revenue equal to the difference between the amount of revenue generated by a levy of .0006 and the amount of revenue the school district received during the same fiscal year from the distribution.

Contributing school district: a school district in a county of the first class (or divided after 2008) that in a fiscal year receives less revenue from the distribution than it would have received during the same fiscal year from the .0006 levy.

Receiving school district: a school district in a county of the first class (or divided after 2008) that in a fiscal year receives more revenue from the distribution than it would have received during the same fiscal year from the .0006 levy.

In 2009/2010, a **receiving** school district shall decrease its capital outlay certified tax rate by an amount required to offset the estimated capital outlay increment. Beginning 2010/2011, a receiving school district shall decrease its capital outlay certified tax rate by the amount required to offset the receiving school district's capital outlay increment for the prior fiscal year.

In 2009/2010, a **contributing** school district is exempt from the TNT, Sections 59-2-918 and 59-2-919 for the school district's capital outlay levy certified tax rate if the contributing school district budgets an increased amount of ad valorem property tax revenue, exclusive of new growth, for the capital outlay levy and the increased amount of ad valorem property tax revenue is less than or equal to that contributing school district's estimated capital outlay increment for the current fiscal year.

In 2010/2011, a **contributing** school district is exempt from the TNT, Sections 59-2-918 and 59-2-919 for the school districts capital outlay levy certified tax rate if the contributing school district budgets an increased amount of ad valorem property tax revenue, exclusive of new growth, for the capital outlay levy and the increased amount of ad valorem property tax revenue is less than or equal to that contributing school district's estimated capital outlay increment for the current fiscal year.

In 2011/2012, a contributing school district is exempt from the TNT, Sections 59-2-918 and 59-2-919 for the school districts capital outlay levy certified tax rate if the contributing school district budgets an increased amount of ad valorem property tax revenue, exclusive of new growth, for the capital outlay levy and the increased amount of ad valorem property tax revenue is less than or equal to the difference between: the amount of revenue generated by the levy of .0006 imposed during the current taxable year; and the amount of revenue generated by the levy of .0006 during the prior year.

Regardless of the amount a school district receives from the revenue collected from the .0006 portion of the capital outlay levy, only the .0006 portion may be used for the purposes of calculating the school district's certified rate.

10.10.1 Qualifying Divided School District

This legislation also requires certain school districts to impose a capital outlay levy at a specified rate and allocate the revenue generated under that capital outlay levy as directed above should a school district divide and begin to provide educational services after July 1, 2008.

Appendix 10A

Property Tax Calendar

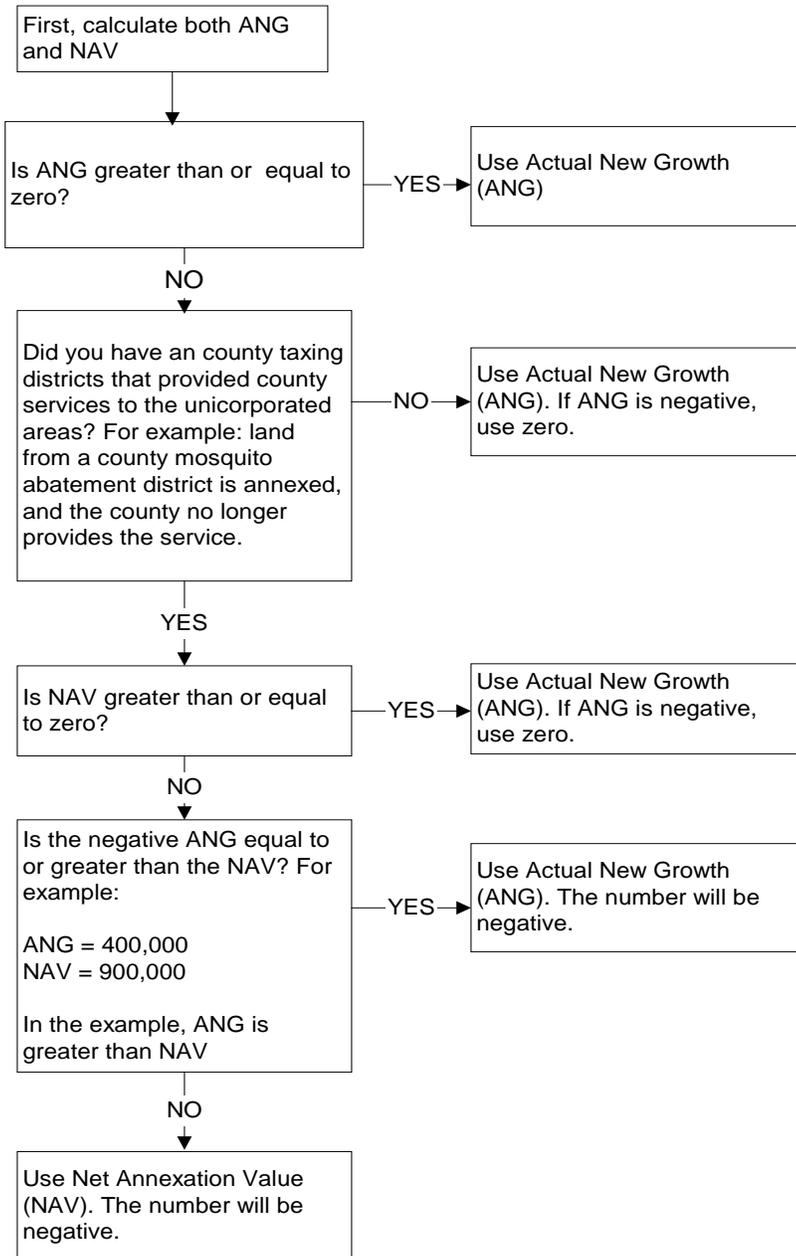
<http://propertytax.utah.gov/property tax calendar.html>

Appendix 10B

New Growth Decision Tree

New Growth (NG) = Actual New Growth (ANG) or Net Annexation Value (NAV)

Which calculation do you use, ANG or NAV?



Actual New Growth Calculation (ANG)

Current year's preliminary taxable value adjusted for redevelopment tax increment.

Plus or Minus

Changes in value as a result of factoring.

Plus or Minus

Changes in value as a result of reappraisal.

Plus or Minus

Changes in value due to legislative action or court orders.

Minus

Previous year's taxable value adjusted for redevelopment tax increment.

Net Annexation Value (NAV)

Current year's taxable value of all properties annexed into an entity, adjusted by redevelopment.

Minus

Previous year's taxable value of all properties annexed out of an entity, adjusted by redevelopment.

Appendix 10C

Maximum Statutory Tax Rate Limits

Most taxing entities in the state have a limit on the property tax rate they may levy. In most cases this maximum cap is located in the code. This table details the various maximum levies, the associated code reference, and the corresponding budget types.

Entity Budget Type	Code Reference	Budget Type	Maximum Rate
County			
County General	59-2-908	010	0.003200 (Taxable value more than 100,000,000) 0.003600 (Taxable value less than 100,000,000)
Interest & Sinking Fund	17-12-1	020	Sufficient
Discharge of Judgment	59-2-1328	190	Sufficient
County Library	9-7-501	030	0.001000
County Health	26A-1-117	540	0.000400
Flood Control	17-8-6	040	None
Tort Liability/ Gov't Immunity	63-30d-704	050	0.000100
Statewide A&C	59-2-906.1(1)	950	0.000200
County A&C	59-2-906.1(4)	955	0.000300
Mandates	59-2-906.3(1)	960	Sufficient
Reappraisal	59-2-906.3(2)	965	Sufficient
School District			
School – Basic Levy	53A-17a-135	210	Set by Legislature
School – Voted Leeway	53A-17a-133	510	Voted by Majority of Electors
School – Board Approved Leeway	53A-17a-134	515	0.000400
School – Board Approved K-3 Reading Program	53A-17a-151	516	0.000121
School- Voted Capital Leeway	53A-16-110	505	Less than 0.2% of taxable value
School – Tort Liability/Gov't Immunity	63-30-27	050	0.000100
School – Capital Outlay	53A-16-107	240	0.002400
School – 10% Additional Basic	53A-17a-145	520	Up to 10% of School Basic Levy
General Obligation Debt	51-5-4	230	Sufficient

Standard 10 – Tax Rate Certification
Property Tax Division / Standards of Practice

School – Recreation	11-2-7	090	None
School – Transportation	53A-17a-127	220	0.000300
City / Town			
General Purposes	10-6-133 / 10-5-112	010	0.007000
Interest & Sinking	11-1-1	020	Sufficient
Water, Light, & Power	10-7-14.2	130	0.000800
Hospitals – towns & third class cities	10-8-91	080	0.001000
Recreation	11-2-7	090	None
Special Improvement Guaranty/	17b-1-1002	200	0.000200
City Library	9-7-401	030	0.001000
Tort Liability/Governmental Immunity	63-30-27	050	0.0001
Special District			
Cemetery Maintenance District	17B-1-1002	100	0.000400
Mosquito Abatement District	17B-1-1002	110	0.000400
Fire Protection District	17B-1-1002	070	0.000800
Hospital Service District	17D-1-105	080	Voted by Majority of Electors
Water Conservancy District		150	0.000100 Under Construction 0.000200 After Construction 0.001000 (Upper Colorado River) 0.000400 (Lower Colorado River)
County Improvement District – (Water, Sewer, Flood, Electric and Gas)	17B-1-1002		0.000800
Metropolitan Water District	17B-1-1002	120	.000500
Flood Control	17B-1-1002	040	0.000800
County Service Area	17B-1-1002	570	0.001400
Municipal Type Services	17D-1-105	560	Sufficient
Part 13, Multiple Services	17D-1-1002	160	Voted by Majority of Electors

APPENDIX 10D

PROPERTY TAX RATE FORMS

Forms referenced in this document can be viewed by clicking on the form titles below or by visiting <http://www.taxrates.utah.gov>

[Sample Advertisement, Section 59-2-918 Calendar-Year Entities-effective 1/1/2010](#)

[Sample Advertisement, Section 59-2-919, Calendar-Year and Fiscal-Year Entities](#)