

Personal Property Billing & Collecting Standards of Practice

11

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Section XI.I

General Information

Purpose

These standards establish guidelines for county officials to bill and collect locally-assessed personal property taxes. These standards will address only personal property subject to ad valorem taxes. They do not address registered personal property, such as motor vehicles, subject to fees in lieu of ad valorem taxes.

These standards intend to establish a uniform tax collection process by combining the provisions of the Utah State Constitution, the Utah Code Annotated, and generally accepted practices. By doing so, the standards should assist county officials in the equitable and uniform taxation of personal property. Also, these standards should further promote the effective and efficient collection of property taxes.

NOTE: Forms associated with these standards are listed in Appendix A – Referenced Forms and can be found at the following location:

<http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms>

Utah State Constitution

Article XIII, Section 5 of the Utah State Constitution provides that “the Legislature . . . “may by statute authorize political subdivisions of the state to assess and collect taxes for their own purposes.”

Article XIII, Section 2(1) of the Utah State Constitution provides that “...all tangible property in the state, that is not exempt . . . shall be assessed at a uniform and equal rate in proportion to its fair market value, to be ascertained as provided by law and taxed at a uniform and equal rate.”

Utah Code

Through these constitutional articles, the Utah State Legislature has enacted statutes enabling the counties to bill and collect personal property taxes. Title 59 of the Utah Code Annotated sets forth statutes relating to revenue and taxation. Within that title, the main body of law concerning the billing and collection of locally assessed personal property taxes is found in Chapter 2, Part 13 (59-2-1301 through 59-2-1372).

Section XI.II

Billing Personal Property Taxes

Standard 11.1 Tax Rates From Previous Year

Taxes for personal property are calculated using the tax rate established in the previous year. (Section 59-2-1304)

Even though new tax rates are established in the middle of the current year, the new tax rates are not used to calculate personal property taxes until the following calendar year. For personal property, the rates established in one year are used the entire following calendar year.

Standard 11.2 Adjusting For Tax Relief

Tax relief for tangible personal property may be granted under the blind exemption and the veteran's exemption. (See Tax Relief and Abatement Standards of Practice) The owner of a manufactured/mobile home, which is assessed as personal property, is eligible for a residential exemption. Also, the manufactured/mobile owner may be eligible for the indigent and circuit breaker tax relief.

Standard 11.3 Notice Of Assessment

11.3.0 Assessor Sends Tax Notice

Self-assessing signed statements and personal property tax notices are prepared and sent to the taxpayer by the county assessor. (Section 59-2-306)

11.3.1 Timing of Notice

The assessor/treasurer should send the personal property self assessing signed statements and tax notices out as near the first of the calendar year as is practical, so timely action may be taken in case of delinquency.

Standard 11.4 Manufactured/Mobile Home Tax Notices

11.4.0 Assessed as Personal Property

The assessor/treasurer sends the tax notice when manufactured/mobile homes are assessed as personal property. (See Manufactured/Mobile Home Housing Standards of Practice)

11.4.1 Information on Tax Notice

The manufactured/mobile home personal property tax notice should include the following information:

- Name and mailing address of the owner
- Account number
- Street address of the real property on which the personal property is located
- Full market value
- Residential exemption, if applicable

- Taxable value
- Applicable tax rate
- Taxes due for current year
- Applicable tax relief credits
- Total due from prior years
- Total amount due
- Consequences if taxes are not paid by the due date
- Appeal rights and process
- Due date for payment

See sample form [PT-110, “Manufactured/Mobile Home Assessment and Notice”](#), in [Appendix 11A](#).

Standard 11.5 Personal Property Tax Notices

11.5.0 Various Billing Methods

In Utah, personal property taxes are determined and billed in one of two ways: 1) taxes are computed by the taxpayer using a self-assessing statement; or 2) after a regular signed statement is returned on which the taxpayer has listed all personal property, the assessor/treasurer computes the taxes and sends a tax notice.

11.5.1 Signed Statements

Both the self-assessing and the regular statements are instruments to assess personal property and are detailed in the Personal Property Valuation Standards of Practice.

Note

Use of the self-assessing statement combines both the assessing and billing processes. Thus, the self-assessing statement should contain not only the statement components recommended in the Personal Property Valuation Standards of Practice, but also the tax notice components listed below in *Standard 11.5.2, “The Tax Notice.”*

11.5.2 The Tax Notice

After the regular signed statement is returned, a tax notice is prepared, which should include the following information:

- Name and mailing address of owner
- Account number
- Street address of the real property where the personal property is located
- Total market value
- Tax rate
- Taxes due for current year
- Applicable tax relief credits

- Total due from prior years
- Total amount due
- Consequences if taxes are not paid by the due date
- Appeal rights and process
- Due date for payment

See sample form [PT-111, “Personal Property Assessment and Notice”, in Appendix 11A.](#)

Standard 11.6 Leased Personal Property

11.6.0 Responsible Party for Property Tax

The owner of leased personal property is the lessor and it is ultimately the responsibility of the lessor to pay the property tax. For a distinction between a “true lease” and a “conditional sales agreement,” see *Standard 5.4.4* in Personal Property Valuation Standards of Practice.

11.6.1 Tax Area of Leased Personal Property

Though the lessor is responsible for the taxes on leased personal property, leased personal property should be taxed at the rate applicable for the tax area where each item of personal property is located, not at the rate for the tax area where the lessor is located.

11.6.2 Leased Personal Property Tax Notice

A “regular” leased personal property statement may be sent to the taxpayer to complete and return to the assessor (See Personal Property Valuation Standards of Practice). The assessor/treasurer then calculates the personal property taxes and sends a leased personal property tax notice to the lessor.

The leased personal property tax notice should either consist of a separate tax notice for each tax area or a summary tax notice that breaks out the taxes due in each tax area. In either case, the tax notice should include the following information:

- Name and mailing address of the lessor
- Account number
- For each tax area, the taxable value, tax rate, and taxes due for the current year in that tax area
- Total taxable value of all tax areas
- Total due for current year
- Applicable tax relief credit
- Total due from prior years
- Total amount due
- Consequences if taxes are not paid by the due date
- Appeal rights and process
- Due date for payment

See sample form [PT-112, “Leased Personal Property Assessment and Notice”, in Appendix 11A.](#)

11.6.3 Self-Assessing Leased Personal Property Statement

The assessor may choose to send a self-assessing statement to leased personal property taxpayers. If so, this document should contain the elements of both the “regular” leased personal property statement (See *Personal Property Valuation Standards of Practice*) and the leased personal property tax notice, which is detailed above.

Standard 11.7 Estimated Taxes

11.7.0 Assessor/Treasurer Collects Estimated Taxes

When a personal property signed statement is not returned, the assessor/treasurer must estimate the taxpayer’s personal property value (see *Personal Property Valuation Standards of Practice*), then send a notice of the estimated taxes to the taxpayer. [Section 59-2-307(3)]

11.7.1 Estimated Tax Notice

The Estimated Tax Notice should contain the information found in Standard 11.5.2, “The Tax Notice”, except for “total taxable value,” which, without a completed signed statement, is unknown. Instead, the following information should be substituted on the estimated tax notice:

- Estimated total taxable value
- An explanation of why taxes were estimated
- The amount of penalty and interest charged because the signed statement has not been returned

Section XI.III

Collecting Personal Property Taxes

Standard 11.8 Collecting The Assessment

11.8.0 Personal Property Tax Collection

Section 59-2-1302(1), directs that the assessor/treasurer collect or attach personal property taxes and uniform fees. However, Section 17-16-5.5 provides that the duties of the assessor under Sections 59-2-1302, 1303 and 1305 may by county ordinance be assigned to the treasurer. Any taxes collected by the assessor/treasurer must be deposited into an account controlled by the treasurer. [Section 59-2-1305 (3)]

11.8.1 Form of Payment

The assessor/treasurer may accept cash, a check, or a money order as payment for personal property taxes. Though not required, the assessor/treasurer may alternatively accept a bond payable to the county, subject to the conditions found in Section 59-2-1302(1)(c). When the assessor/treasurer accepts a check, it must be made payable to the office of the county assessor/treasurer. If a check is received made out otherwise, the assessor shall immediately endorse the check with a restrictive endorsement that makes the check payable to the office of the county treasurer.

11.8.2 Partial Payments

The assessor/treasurer may accept partial payments for personal property taxes, although the assessor/treasurer may require full payment when the taxes are delinquent.

11.8.3 Priority of Partial Payments

Partial payments should first be applied to any collection costs that have been assessed to the taxpayer. Only then should the payment be applied to interest, penalties, and taxes, in that order. A partial payment should be applied to the most delinquent year first.

11.8.4 Recording Payments

The assessor/treasurer records on the personal property assessment roll the amount of personal property taxes paid. [Section 59-2-1305(1)]

Standard 11.9 Delinquency

11.9.0 Tax Notice or Self-Assessing Statement

On these notices, delinquency occurs if payment is not received by the due date of the signed statement (May 15) or 60 days after requested by the assessor for a county of the first class. (Section 59-2-306)

11.9.1 Regular Signed Statements

Section 59-2-306 establishes two distinct signed statement mailing and due dates depending on the county classification.

- (1) For all counties [except for counties of the first class (Salt Lake County)], the signed statement is to be filed on or before May 15th of the year the statement is requested by

the county assessor. In order for the taxpayer to have 60 days to file, the statement must be mailed no later than March 15th.

- (2) For counties of the first class (Salt Lake), the signed statement is to be filed on the later of:
- a. Sixty (60) days after requested by the assessor; or
 - b. On or before May 15th of the year the statement is requested by the county assessor, if the county governing body adopts the May 15th due date.

If a county assessor requests a signed statement on or after March 16th, the signed statement is to be filed within 60 days after requested by the county assessor.

Standard 11.10 Collecting Delinquent Accounts

11.10.0 Statutory Collection Methods

Once a personal property tax is delinquent, the statutes provide two methods for collection:

- Attaching the personal property taxes to real property. [Section 59-2-1302(1)(a)]
- Seizing and selling the personal property. (Section 59-2-1303)

11.10.1 Statute of Limitations

Section 78B-2-305(4) provides that the assessor/treasurer must either attach delinquent personal property taxes to real property or seize the delinquent personal property within three years of the delinquency.

Standard 11.11 Attachment To Real Property

11.11.0 Attaching Taxes Versus Attaching Value

When a delinquent personal property account is attached to real property, the delinquent personal property taxes are attached. These taxes are added to the real property taxes that are separately calculated.

Attachment should not result in the value of the delinquent personal property being added to the value of the real property, for the following reasons:

- Personal and real properties are taxed at different rates in the same calendar year. Adding the value instead of the tax would result in the wrong tax rate being applied to the personal property;
- Personal property may be located in a different tax area than the real property to which it is attached. As different tax areas may have different tax rates, adding the value instead of the tax would result in the wrong tax rate being applied to the personal property;
- Interest or penalty on delinquent personal property must be converted from a dollar amount to a value amount if value is attached; due to this conversion problem, interest is often incorrectly calculated.

11.11.1 Attaching Interest and Penalties

Along with delinquent personal property taxes and uniform fees, the amount of interest and penalty accrued on the delinquent taxes is also attached to real property. (See *Standard 11.16.5*, “Interest on Attached Taxes Until November 30;” and *Standard 11.17*, “Penalties”)

11.11.2 Attachment as a Payment Option

Attachment is intended to be a collection method available to the assessor/treasurer. Its purpose is not to be a payment option available to the taxpayer. Nevertheless, attachment at the request of the taxpayer is allowed. However, the account must be considered delinquent. Thus, interest is to be charged in order that the taxpayer not be rewarded for delaying the payment of personal property taxes until later in the year. Any taxpayer given the option of attachment instead of payment at the regular time must be informed that interest will be charged until taxes are paid.

11.11.3 Attachment and Delinquency

Personal property taxes, whether attached at the request of the taxpayer or attached because of non-payment, are considered delinquent as of their delinquency date. (See *Standard 11.9*, “Delinquency”) For this reason, the State Tax Commission recommends that all personal property taxes be billed as unsecured. Then, if not paid 30 days after the tax notice is sent, personal property taxes may be attached.

11.11.4 Attachment Deadline and Procedures

Section 59-2-1302 sets forth the procedures for the collection of uniform fees and taxes on personal property. For delinquent personal property taxes to be attached to real property in a given year, the following must occur:

- The delinquent personal property account must be identified and “be listed” with the attachable real property.
- The delinquent personal property taxes must be posted to the real property assessment roll in time to “reflect” on the real property tax notice.
- The real property should be of sufficient value to secure the payment of the personal property taxes. (Section 59-2-1302)

Listing entails: 1) creating a record that identifies the real property parcel number to which the personal property tax will be attached; and 2) showing an intention to attach by physically identifying the personal property account.

11.11.5 Attachment Notice

If personal property taxes are to be attached to real property, the taxpayer should be notified of the attachment and its consequences. If a taxpayer is given the option of attachment instead of timely payment, this notice is unnecessary.

11.11.6 Matching Personal Property with Real Property

For personal property taxes to be attached to real property, the personal property owner of record must be the same as the real property owner of record. One exception is where the owner of the personal property is a partnership and the owner of the real property is a general partner in that partnership.

11.11.7 Attaching Prior Years' Delinquent Taxes

Prior years' delinquent taxes may be attached to real property in the current year. Prior years' taxes, interest, and penalties should be attached in the same manner as the current year's taxes.

11.11.8 Dissolving an Attachment

The assessor may, with the approval of the county legislative body, dissolve an attachment by abating the attached personal property taxes from the real property account and posting the attached amount back onto the personal property assessment roll.

11.11.9 Attachment Reconciliation

The State Tax Commission recommends that the assessor/treasurer generate a report of attached accounts from the personal property assessment roll before the accounts are transferred to the real property assessment roll. After the transfer, the treasurer should generate a similar report from the real property assessment roll. Comparing the two reports should serve as a check to ensure accuracy.

The two reports should contain the following information about each attached account:

- Real property parcel number
- Personal property account number
- Name of owner of both properties
- The amount of personal property taxes, interest, and penalties attached
- The tax area(s) of the attached personal property and the real property

Standard 11.12 Collection Steps Before Attachment

11.12.0 Attachment at Taxpayer Request

If the taxpayer requests attachment of personal property taxes in lieu of payment at the regular time, no collection steps are necessary prior to attachment.

11.12.1 Attachment for Non-Payment

When delinquency is the result of non-payment, the following should be considered before the personal property taxes are attached to real property:

- A reminder notice or notices should be sent.
- A letter or notice must be sent if taxes are to be estimated and penalty is to be added. (Section 59-2-307)
- If taxes are estimated, a tax notice showing the estimated assessment and accrued interest and penalties must be sent. (See Standard 11.7, "Estimated Taxes")

Standard 11.13 Collection Steps After Attachment

11.13.0 Character of Personal Property Tax After Attachment

After attachment, personal property tax loses its identity and should be considered and treated as real property tax. Any interest and penalties that attach should also be considered and treated as real property tax.

11.13.1 Before the Real Property Tax Notices Are Sent

The treasurer or the assessor may accept payments on attached personal property taxes prior to the sending of the real property tax notices. However, if collected by the assessor/treasurer, the assessor/treasurer must then petition the county legislative body to allow the taxes to be treated as unsecured and not as secured by the real property. (See *Standard 11.11.8*, “Dissolving an Attachment”)

11.13.2 After the Real Property Tax Notices Are Sent

The treasurer must collect the attached personal property taxes in the manner provided for collecting real property tax if the real property tax notices have already been sent.

11.13.3 Recording the Payment

When the treasurer receives a payment for attached personal property taxes, the payment is recorded in the real property assessment roll.

Standard 11.14 Collection Steps Before Seizure And Sale

11.14.0 Collection Steps

After delinquency, the following should be considered before the assessor/treasurer seizes and sells personal property:

- Review and consider the same collection suggestions found in *Standard 11.12.1*, “Attachment for Non-Payment”.
- Attach the personal property taxes to real property, if possible. (See *Standard 11.11*, “Attachment to Real Property”)
- Continue to contact the taxpayer with notices, collection letters, and telephone calls.
- File a tax lien as allowed under the Uniform Commercial Code (“UCC”) with the Department of Commerce, especially if the taxpayer and the personal property cannot be located.

Examples of collection letters are included in Appendix 11B.

11.14.1 Collection Time Frame

The Commission recommends that these collection steps be completed within 3 to 4 months after delinquency. To delay the seizure and sale any longer would increase the risk of the property being moved or sold and would unnecessarily delay the distribution of taxes to the taxing entities.

Standard 11.15 Seizure and Sale

11.15.0 Seizing Personal Property

Person property cannot be “seized” until the property tax has become delinquent. Assessor/treasurer or the sheriff, at the assessor’s/treasurer’s request, may seize delinquent personal property by posting a “Notice of Seizure” on the property or by physically removing the property. The property is not usually removed, because of the time and expense involved. (Section 59-2-1303)

11.15.1 Privilege Tax Exception

Personal property taxed under the privilege tax provisions of Section 59-4-101 may not be seized and sold for delinquent taxes. Collection must follow the guidelines set forth in Section 59-4-102. If the tax becomes delinquent, the assessor/treasurer notifies the county auditor of the amount of tax, penalty, and interest due. The county auditor issues a warrant to the clerk of the appropriate district court. The court clerk will enter the warrant in the judgment docket. The warrant then has the same effect as a judgment, and the county has the same remedies against the possessor or user as any other judgment creditor.

11.15.2 Notice of Seizure

The “Notice of Seizure” should contain the following information:

- Statement that the property is being seized
- Account number
- Name of taxpayer
- Total amount of taxes, penalties and interest owed
- Total seizure costs
- Total amount due
- Description of property
- Street address of business
- Tax Area
- Signature of assessor/treasurer or deputy assessor/treasurer

See sample forms [PT-115A, “Manufactured/Mobile Home Notice of Seizure”](#), and [PT-116A, “Personal Property Notice of Seizure”](#), in Appendix 11C.

11.15.3 Seizure Costs

The assessor/treasurer may charge “actual and necessary” expenses for seizing the property. [Section 59-2-1303(2)] This collection cost should be reflected on the “Notice of Seizure”. At the time of seizure, the county may charge a preestablished fee for both the seizure and sale of the property. If so, that fee should appear on the “Notice of Seizure” as “Total Collection Costs for Seizure and Sale.”

11.15.4 Notice of Sale

Approximately 10 days before personal property is sold (10 days before first publication for Residential Manufactured/Mobile homes), a “Notice of Sale” should be prepared for publication.

The “Notice of Sale” should include the same information found on the “Notice of Seizure” (See *Standard 11.15.2*, “Notice of Seizure”), except that the “statement that the property is being seized” should be omitted. Instead, the “Notice of Sale” should include the following:

- Statement that the property will be sold
- Date, time, and location of the sale
- Years for which taxes, interest, and penalties are due
- Total collection costs for seizure and sale

See sample forms [PT-115B, “Manufactured/Mobile Home Notice of Sale”](#), and [PT-116B, “Personal Property Notice of Sale”](#), in Appendix 11C.

11.15.5 Total Collection Costs

“Actual and necessary” collection costs associated with the seizure and sale, such as newspaper advertising and travel, should be reflected on the “Notice of Sale.” [Section 59-2-1303(2)]

11.15.6 Combined Notice of Seizure and Sale

When the time and date of the sale have been established before the seizure occurs, the separate “seizure” and “sale” notices may be combined into one notice. The resulting “Notice of Seizure and Sale” is then used to seize the property and publicize the sale.

The “Notice of Seizure and Sale” should contain all elements of both the “Notice of Seizure” and the “Notice of Sale” (See *Standard 11.15.2*, “Notice of Seizure”, and *Standard 11.15.4*, “Notice of Sale”) See sample forms [PT-115C, “Manufactured/Mobile Home Combined Notice of Seizure and Sale”](#), and [PT-116C, “Personal Property Combined Notice of Seizure and Sale”](#), in Appendix 11C.

11.15.7 Location of Sale

The sale is generally held either at the property location or at the county courthouse. To better ensure that the property will sell, the property location is usually the preferred site, as most potential buyers prefer to inspect the property before the sale.

11.15.8 Date of Sale

The sale of seized property should not occur until the “Notice of Sale” can be adequately publicized. (See *Standard 11.15.10*, “Notifying the Public”) Approximately one week after the property is seized is the earliest sale date that is feasible.

11.15.9 Sale Date Exception for Residential Manufactured/Mobile homes

For these properties, the sale date can be no sooner than one year after taxes becomes delinquent. [Section 59-2-1303(1)(b)(iii)]

11.15.10 Notifying the Public

The “Notice of Sale,” identifying the date, time, and location of the sale, must either be published in a newspaper with general circulation in the county or be posted in three public places in the county. The notice must be published or posted at least one week before the date of the sale. [Section 59-2-1303(1)(a)(iv)]

The county may both publish and post the notice to ensure greater publicity, thus increasing the chances of finding a buyer for the property.

11.15.11 Public Notification for Residential Manufactured/Mobile homes

For these properties, publication of the date, time, and place of sale must be in a newspaper. The notice must run once in each of two successive weeks immediately preceding the date of the sale. [Section 59-2-1303(1)(b)(iv)]

11.15.12 “Actual Notice” to Interested Parties

Both federal and state courts have held that lien holders and delinquent taxpayers must receive the “best notice practicable” before property for which they have an interest is sold for delinquent taxes. Published notification does not satisfy this requirement. Instead, the assessor/treasurer must give these parties “actual notice” of the sale, either by sending or hand delivering a copy of the “Notice of Sale.” To help ascertain the names and addresses of lien holders, check the State Motor Vehicle Registration System for manufactured/mobile homes and the State Department of Commerce for other personal property. In smaller communities, local banks may also supply information.

Note

The assessor/treasurer may also want to send the “Notice of Sale” to all known individuals or companies who may be interested in purchasing the delinquent property. Such an action may increase the chances that the property will sell. Examples include dealers in business products or owners of manufactured/mobile home parks.

11.15.13 Notifying Owners of Residential Manufactured/Mobile homes

Notice giving the date, time, and place of sale of Residential Manufactured/Mobile homes must be sent by certified mail at least 10 days prior to the first publication in the newspaper. This notice must be sent to all known owners, lien holders of record and any other person known by the assessor/treasurer to have an interest in the manufactured/mobile home. [Section 59-2-1303(1)(b)(v)]

Assessors/treasurers must make every effort to acquaint manufactured/mobile homeowners regarding delinquencies and payment options, and provide opportunities to clear the delinquencies without the requirement to seize and sell. These procedures require the assessor/treasurer to take a more affirmative stance in behalf of the manufactured/mobile homeowner to resolve payment problems.

11.15.14 Redemptions

The assessor/treasurer should allow the taxpayer to redeem seized personal property up until the time of the sale by paying all amounts due, including collection costs.

11.15.15 Conducting the Sale

A representative from the assessor/treasurer or the sheriff’s office should conduct the sale. The sale should proceed, as follows:

- After announcing that the time and location of the sale are those that were publicized, offer the property for sale.
- State the minimum bid (the total amount due, including collection costs) and open the bidding.
- Accept bids until the last one is offered, then close the bidding.

11.15.16 Amount of Property to Sell

Before the sale, the assessor/treasurer should decide whether to sell the personal property as a whole or in individual parts. If the property can be sold in individual parts, the assessor/treasurer should sell only enough to cover all amounts due the county. Once enough property has been sold to pay the total amount due the county, the remaining property may be left at the location of the sale at the risk of the owner. [Section 59-2-1303(5)]

11.15.17 Payment

Payment in cash or certified funds at the time of the auction is recommended. The county may, however, establish its own payment criteria.

11.15.18 “Bill of Sale”

Once payment has been made, the assessor/treasurer shall issue the purchaser a “Bill of Sale”, which should include the following information:

- Name and address of purchaser
- Amount purchaser paid for the property
- Description of property bought
- Signature of county assessor/treasurer and county clerk
- Date of sale

See sample form [PT-117, “Bill of Sale”](#), in Appendix 11C.

11.15.19 Excess Proceeds from Sale

If the property sells for more than was due the county, the excess proceeds are deposited into the county general fund until claimed by the owner of the personal property. [Section 59-2-1303(4)] To obtain the excess, the owner should petition the county executive in writing.

11.15.20 No Minimum Bid at Sale

If the minimum bid is not offered at the sale for the seized property, the official conducting the sale shall declare the county to be the owner of the property. [Section 59-2-1303(6)] For this reason, the assessor/treasurer should be wary of seizing and selling property worth less than the amount due the county. The county could incur added costs for maintenance and disposal if it becomes the owner of the property. If the county is declared the owner of personal property at the sale, the county executive may then sell or rent the property upon terms determined by the county legislative body. [Section 59-2-1303(6)]

Standard 11.16 Interest

11.16.0 Interest

Interest must be calculated on and charged to delinquent personal property tax due; interest is not charged on penalties. [Section 59-2-1302(4)] Also, interest must be charged on taxes due, but should not be charged on interest already accrued.

11.16.1 Period that Interest Accrues

Interest should be calculated and charged from the delinquency date until the date of payment. (See *Standard 11.9, “Delinquency”*)

11.16.2 Interest Rate

To compute the interest rate applied to delinquent personal property taxes, first determine the targeted federal funds rate target (FFRT) as of January 1 of the year those taxes were assessed. This rate plus six percentage points is the interest rate; however the interest rate may not be less than 7% or more than 10%. (Section 59-2-1302) This interest rate is used not only to calculate interest on delinquent taxes in the year they were assessed, but also in any subsequent year they may remain delinquent. Thus, no matter how long a particular year's taxes remain delinquent; the interest rate applied on those taxes will never change.

11.16.3 Interest Rate on Subsequent Years' Taxes

Though the interest rate on a particular year's taxes never changes, the interest rate does change when applied to a subsequent year's delinquent taxes. The interest rate applied to the subsequent year's delinquent taxes would be the federal funds rate target (FFRT) found on January 1 of that subsequent year plus six percentage points; however the interest rate may not be less than 7% or more than 10%.

Example

Taxpayer’s personal property taxes from 2007, 2008, and 2009, are delinquent. The amount of taxes assessed in each year and the FFRT on January 1 in each of these years are as follows:

- 2008: \$50 tax bill, 4% FFRT (10% interest rate)
- 2009: \$60 tax bill, 4% FFRT (10% interest rate)
- 2010: \$70 tax bill, 3% FFRT (9% interest rate)

For this illustration, interest will be computed for the entire calendar year. Thus, interest in each year is calculated as follows:

2008	Due
2008 \$50.00 at 10% =	\$5.00 \$55.00
Total 2008 Interest =	\$5.00

Total Delinquency due: \$55.00

2009	Due
2008 \$50.00 at 10% =	\$5.00 \$55.00
2009 \$60.00 at 10% =	\$6.00 \$66.00
Total 2009 Interest =	\$11.00
Total 2008 Interest =	\$5.00

Total Delinquency due: \$126.00

2010	Due
2008 \$50.00 at 10% =	\$5.00 \$55.00
2009 \$60.00 at 10% =	\$6.00 \$66.00
2010 \$70.00 at 9% =	\$6.30 \$76.30
Total 2010 Interest =	\$17.30
Total 2009 Interest =	\$11.00
Total 2008 Interest =	\$5.00

Total Delinquency due: \$213.00

11.16.4 Interest if Signed Statement Not Returned

If the taxpayer does not return a self-assessing statement, the assessor/treasurer should charge interest from the due date stated on the statement. If a regular signed statement is not returned,

interest should be charged from the date the follow-up tax notice would have been delinquent. (See *Standard 11.9.1*, “Regular Signed Statements”)

11.16.5 Interest on Attached Taxes Until November 30

If personal property taxes are attached to real property, interest should be charged on the personal property taxes and be attached at the same time. This attached interest should be calculated from the date of delinquency until November 30, the date that the real property taxes are due, unless November 30 is not a business day. In this case, taxes are due the next business day. Those taxpayers who have historically been allowed to attach personal property taxes instead of paying them at the regular time must also be charged interest. If a tax notice is not sent to these taxpayers, interest should be charged beginning 30 days after a tax notice would normally have been sent. (See *Standard 11.11.3*, “Attachment and Delinquency”)

11.16.6 Interest on Attached Taxes After November 30

After attachment, the personal property taxes attached to real property are treated as real property taxes. Thus, if the real property taxes become delinquent, both the attached personal property taxes and the real property taxes are charged interest by the treasurer in accordance with the rules for delinquent real property.

Standard 11.17 Penalties

11.17.0 Collecting Penalties

A penalty must be charged for not returning a signed statement or for willfully concealing personal property. (See *Personal Property Valuation Standards of Practice*)

When charged, the penalty may be collected using the same methods used to collect delinquent personal property taxes, e.g., attachment, seizure and sale or by a judicial proceeding brought in the name of the assessor/treasurer. (Section 59-2-307)

11.17.1 Penalty After Attachment

If the real property taxes become delinquent after a personal property account is attached to real property, the 2 ½% or \$10 whichever is greater, real property penalty is assessed on the entire amount of the real property tax bill, which includes all attached personal property charges. This penalty is then collected by the treasurer along with the delinquent real property taxes. [Section 59-2-1331(2)]

Standard 11.18 Overpaid And Underpaid Accounts

11.18.0 Change in Assessment or Tax Amount

If a review of the taxpayer’s signed statement or an audit of the taxpayer’s account (see *Standards of Practice “Personal Property Valuation”*), shows that the taxpayer either overpaid or underpaid personal property taxes, the assessor/treasurer must either collect the amount underpaid or refund the amount overpaid.

11.18.1 New Tax Notice

It is important in either instance, the assessor/treasurer should send the taxpayer a new tax notice containing: (1) applicable tax notice information detailed earlier in Section II, “Billing Personal Property Taxes”, (2) the amount underpaid or overpaid, and (3) an explanation of how the underpayment or overpayment was determined.

It is important to include notice of the taxpayer's appeal rights and process, e.g., appeal within 30 days on the new tax notice. Failure to include the appeal information may result in the taxpayer's ability to appeal years later.

11.18.2 Billing Amount Underpaid

If an underpayment is discovered, the following should apply to the new tax notice:

- The due date should be 30 days after the notice is sent.
- Interest should not be charged on the underpaid amount unless that amount is not received by the due date in the notice.
- If the underpayment was the result of willful concealment (see *Standards of Practice "Personal Property Valuation"*), charge the taxpayer a penalty from the date the tax was first due.

11.18.3 Refunding Amount Overpaid

If an overpayment is discovered, the assessor/treasurer should proceed as follows:

- Send the taxpayer a new tax notice and return the refund as soon as practical.
- Do not add and refund interest for the time the overpayment was in the county's possession.

11.18.4 Prior Years

If an audit of an account shows that personal property was incorrectly taxed in a prior year, the assessor/treasurer should make sure that the tax rates that applied to that prior year are used to determine the amount of the overpayment or underpayment.

11.18.5 Refund on Over-estimated Accounts

Sometimes audits are made to accounts that have been estimated by the assessor/treasurer and the audited value is lower than the assessor/treasurer's estimate. Although the county boards of equalization and State Tax Commission have no authority to lower an assessor/treasurer estimation, the assessor/treasurer may, depending on the circumstances, lower the estimation to match the audited value. Whether lowered or not for the current year, the new corrected values should be used as the base for the following year's assessment.

Standard 11.19 Taxpayer Bankruptcy

11.19.0 Characteristics of Bankruptcy

If a personal property taxpayer declares bankruptcy, collection of delinquent taxes may become complex. Complexity arises because the rules for various bankruptcy chapters are different and because delinquent taxes may be treated in a different manner than the interest that has accrued on those taxes. It would be prudent to consult with the county attorney when collecting taxes after a bankruptcy has been declared.

11.19.1 General Steps

If a delinquent personal property taxpayer has declared bankruptcy, the assessor/treasurer may follow these general steps:

- Flag the account to stop all collection proceedings.

- File a claim with the bankruptcy court for all delinquent amounts due the county. See Appendix 11D for a sample “Bankruptcy Court Secured Claim” form. When the court notifies the county of a bankruptcy, the packet should include a bar-coded claim form with much of the information filled in. When provided, counties are requested by the court to use these bar-coded forms for more efficient processing.
- Send a copy of the bankruptcy proceedings to the county attorney and allow the attorney to respond to any debtor/creditor motions.
- As taxes subsequent to the bankruptcy filing are assessed, file an administrative claim with the bankruptcy court for the amount due and send a notice to the taxpayer.
- If the subsequent tax is not paid by the taxpayer, do not proceed with any other collection efforts in regards to that subsequent tax.

Standard 11.20 Property Moved From County

11.20.0 Statutory Remedy

Section 59-2-1306 allows a suit to be brought to collect personal property taxes when that property is moved after assessment to another county in the State of Utah. A suit, however, may not be economically feasible except in cases involving large amounts of delinquent taxes.

11.20.1 Other Remedies

If a suit is not feasible, the assessor/treasurer may want to attempt collection by any or all of the following:

- If possible, attach the taxes to real property.
- Proceed with notices, collection letters, and telephone calls; however, the property may not be seized if these steps are unsuccessful.
- Have the county legislative body abate the delinquent taxes and allow the county to which the property was moved to assess and collect personal property taxes for itself, as allowed by Section 59-2-401.
- Though there is no statutory authorization, some counties have worked out, on a case-by-case basis, an arrangement with the assessor/treasurer of the county to which the property was moved to collect the taxes and send an arranged portion of the taxes to the original county.

11.20.2 Property Moved Out-of-State

There are no feasible remedies to collect personal property taxes once the property is moved out-of-state. By initiating the collection process immediately upon delinquency, the chances of the property being moved out-of-state before collection are reduced.

Standard 11.21 Delinquent Taxes On A Property Interest in State Lands

11.21.0 Property Interest in State Lands

Delinquent taxes on a property interest in land still held in the State of Utah’s name shall be collected in the same manner as taxes on personal property. [Section 59-2-1103(5)]

11.21.1 Property Interest Seized and Sold

If the property interest is seized and sold, a certificate of sale is issued. A copy of the certificate should also be filed with the Board of State Lands to effectively assign the interest of the original purchaser to the tax sale purchaser. [Section 59-2-1103(6)]

Standard 11.22 Uncollectible and Small Accounts

11.22.0 “Writing Off” an Account

The assessor/treasurer may determine when an account is “uncollectible” or too small to warrant collection efforts. These accounts may then be “written off.”

11.22.1 Circumstances

Among the reasons a personal property tax may be “written off” include:

- The owner and the property have disappeared.
- The personal property is not considered valuable enough to seize and sell for the amount due.
- The amount owed is so small that the expense of the collection effort is greater than the revenue that would be collected.

11.22.2 Filing Under the UCC

One way to encourage a taxpayer who cannot be located to pay delinquent personal property taxes is to file a lien under the UCC. The filing will last five years. Even if this option is chosen, the county may decide to “write off” the account before the five years have expired.

11.22.3 Procedure to “Write Off” Taxes

If the assessor/treasurer determines that a personal property tax should be written off, these steps are recommended:

- Petition the county governing body to abate the taxes.
- Adjust the personal property assessment rolls to “zero out” the uncollectible taxes.

11.22.4 Recommendation for Written Policy

The Commission recommends that the county institute a written policy for determining and “writing off” uncollectible accounts.

Appendix 11A

Assessment and Tax Notices

Forms referenced in this document can be viewed by clicking on the form titles listed below or by visiting <http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms>

[PT-110](#) [Manufactured/Mobile Home Assessment and Tax Notice](#)

[PT-111](#) [Personal Property Assessment and Tax Notice](#)

[PT-112](#) [Leased Personal Property Assessment and Tax Notice](#)

Appendix 11B

Collection Letters

Forms referenced in this document can be viewed by clicking on the form titles listed below or by visiting <http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms>.

Manufactured/Mobile Homes

[PT-113A](#) [Manufactured/Mobile Home Late Letter](#)

[PT-113B](#) [Manufactured/Mobile Home Letter Threatening Seizure and Sale](#)

[PT-113C](#) [Manufactured/Mobile Home Letter Threatening Attachment](#)

[PT-113D](#) [Manufactured/Mobile Home Letter to Lienholder](#)

[PT-113E](#) [Manufactured/Mobile Home Demand Letter](#)

Personal Property

[PT-114A](#) [Personal Property Late Letter](#)

[PT-114B](#) [Personal Property Threatening Seizure and Sale](#)

[PT-114D](#) [Personal Property to Lienholder](#)

[PT-114E](#) [Personal Demand Property](#)

Appendix 11C

Notices of Seizure and Sale

Forms referenced in this document can be viewed by clicking on the form titles listed below or by visiting <http://propertytax.utah.gov/generalinformation/forms/standards-of-practice-forms>.

Manufactured/Mobile Homes

[PT-115A Manufactured/Mobile Homes Notice of Seizure](#)

[PT-115B Manufactured/Mobile Homes Notice of Sale](#)

[PT-115C Manufactured/Mobile Homes Combined Notice of Seizure and Sale](#)

Personal Property

[PT-116A Personal Property Notice of Seizure](#)

[PT-116B Personal Property Notice of Sale](#)

[PT-116C Personal Property Combined Notice of Seizure and Sale](#)

[PT-117 Personal Property Bill of Sale](#)

Appendix 11D

Bankruptcy Claim Form

<http://propertytax.utah.gov/library/pdf/forms/bankruptcy.pdf>