

Property Writes

PROPERTY TAX DIVISION NEWSLETTER MARCH 2004

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Property Tax Division
Utah State Tax Commission

www.propertytax.utah.gov
210 North 1950 West
Salt Lake City, UT 84134
(801) 297-3600

MESSAGE FROM THE DIRECTOR

- **Denny Lytle**

This morning we held a legislation implementation meeting. Gratefully, it was a short meeting. The recent legislative session did not make significant changes to the property tax systems. Those few changes the legislature did make will be relatively easy to implement. It seems that much of the energy on the hill this year was spent dealing with issues unrelated to property tax. The significant budget problems of the past few years are slowly fading away and the future is looking brighter. One thing is certain however, we will have to continually strive to find better ways to do those things that meet the needs of the public.

The first part of this week the Property Tax Division, in association with UAC, presented the "Property Tax Administration in Utah" course in St. George. About 50 people attended the course. That brings to well over 300 officials in the state that have attended the training. This course provides an overview of the whole property tax system and explains how we are all dependent on each other. I strongly believe that the better we understand how our individual function fits into the overall system, the better we can do our jobs. At this last course we had 18 people that work for various cities throughout the state. Normally we get only county folks attending the course but I believe that the involvement of the cities is very important. The cities are at the head-waters of the information flow for the system. We are grateful to be able to work with the many talented people from the cities and counties.

The division is working hard on centrally assessed appeals. We are working to improve our presentations and present our issues in a professional, clear, and concise manner. We think that we have made significant progress. The inventory of unresolved appeals is also at the lowest number and lowest amount of "value in dispute" that it has been for many years. We are working very hard to move the appeals along and not to allow appeals to develop into multiple-year appeals. While the counties and the Property Tax Division sometimes argue over market value or the methods and procedures used to arrive at market value, I know we have the same goals and objectives.

TAX RATES AND STATISTICS

- **Blaine Smith**

The main activity for this quarter has been reviewing the results of the 2004 legislative process. There were two bills passed that effect the way this year's certified property tax rates will be calculated. In addition to this year's new legislation, remember that last year the legislature changed the top part of the certified tax rate calculation to use revenues budgeted rather than revenues collected. This change goes into effect for the 2004 tax rate year.

The legislature passed S.B. 230, which affects school districts. It allows for a Board Approved levy that will be used for the K-3 reading program. There are approval and percentage provisions in the bill that must be met before the levy can be applied. In addition, if including this levy causes the overall tax rate to exceed the certified tax rate the school district would be required to go through truth-in-taxation. To support this legislation form TC-250-SCH has been modified. This form is used by the school district to report

proposed tax rates and budgets to the county auditor. Copies of the new form will be handed out at UAC, our scheduled individual county meetings and at the school administrators meeting in March. The forms can also be obtained on our web site.

H.B.252, which outlines how we handle Board of Equalization changes, was passed. This bill puts into legislation the concepts that were included in the part of rule R884-24P-24 that tells us how to handle the three-year BOE adjustment. These changes are significant. In the past we only adjusted real property. We now will include three-year BOE adjustments for real, personal and centrally assessed properties. The forms affected by this change have been modified and included on our web site. We will also be discussing this change with the counties and at UAC.

We will also be presenting tax rate information in conjunction with the State Auditors annual budget meetings that they present to local taxing entities. This training is given at seven different sites through out the state during the later part of March and throughout April. There is a lot of good budget information given at these meetings and most entities can benefit from attending one of these sessions.

Summary of 2004 Property Tax-Related Legislation
Property Tax Division
April 1, 2004

HB 25 Governmental Internet Information Privacy Act Effective 05/03/04

Enacts provisions governing privacy policies and the collection of personally identifiable information by a governmental entity and enacts provisions regulating the posting of personally identifiable information on a court website. A governmental entity may not collect personally identifiable information related to a user of the governmental entity's governmental website unless the governmental entity has taken steps to ensure that its website contains a privacy policy statement disclosing: (1) its website operator, (2) how the website operator is to be contacted, (3) the personally identifiable information collected, (4) a summary of how the personally identifiable information is to be used, (5) practices followed related to disclosure of personally identifiable information collected, (6) procedures by which a user of governmental entity may request access to the user's personally identifiable information and (7) a general description of the security measures in place to protect a user's personally identifiable information from unintended disclosure. "Personally identifiable information" is not a classification of records under Title 63, Chapter 2, Government Records Access and Management Act.

HB 56 Local Government Collection for Service Charges Effective 05/03/04

Prohibits special districts, and local districts from refusing to furnish sewer service to property based on an arrearage from a previous owner, absent a valid lien and collecting from the current owner a previous owner's arrearage for sewer service provided to the property before the current owner's ownership, absent a valid lien. Authorizes municipalities, special districts, and local districts providing sewer service to require a written application for service and discontinue providing service if the property owner fails to pay for the service. It authorizes special districts and local districts to certify amounts owing for water or sewer service as a lien on the property of the customer who received the service and to file a civil action to recover past due fees for services and related charges and collection costs. It authorizes a municipality to discontinue

sewer service to a property whose owner fails to pay for the service and prohibits a municipality from refusing sewer service to property based on an arrearage from a previous owner as well as collecting from the current owner a previous owner's arrearage for sewer service.

HB119 Fencing with Greenbelt/Conservation Easement Effective 5/3/04

Requires a qualified adjoining landowner (private landowner whose land is used for grazing livestock or as habitat for big game wildlife and also qualifies for land in agricultural use or a conservation easement) to pay 1/2 the cost of constructing and maintaining a fence. In addition, it allows the qualified landowner to bring a civil action for noncompliance.

HB 133 Property Tax – Veteran's Exemption Effective 01/01/04

Makes the following modifications to the veteran's exemption in the Property Tax Act: (1) Provides that the unmarried surviving spouse or minor orphan of a deceased disabled veteran or a veteran who was killed in action or died in the line of duty may be allowed a veteran's exemption regardless of whether the unmarried surviving spouse or minor orphan is the owner of the property as of January 1 of the year the exemption is claimed. (2) Expands the definition of a claimant to include a veteran who was killed in action or died in the line of duty. It defines "military entity" to mean the federal Department of Veterans Affairs or a component of the armed forces of the US or the state. (3) Expands the types of property to include real property for which a claimant may receive a veteran's exemption. (4) Modifies the procedures and requirements for claiming a veteran's exemption to include: (a) The county is to provide a receipt, no later than 30 days after receiving the application, stating that it has been received. (b) Extends for a year the deadline for filing the application under certain circumstances. (c) Allows an application to be amended up to a year after the application was filed under certain circumstances. (d) Allows USTC by rule to establish procedures and requirements for amending an application. (e) Modifies the documentation required to be included with the veteran's exemption application. (f) Except for certain circumstances, a county may not require claimant to file more than one statement issued by a military entity.

HB 252 Calculation of Property Tax Levies Effective 03/15/04

Modifies the calculation establishing taxing entity property tax levies to include board of equalization adjustments made to centrally assessed property in addition to personal and real locally assessed property. The adjustments are to reflect the average (over 3 calendar years) percentage net change in taxable value for locally and centrally assessed property from the June 8th assessment roll property values to the year-end property values. Also, there is a provision allowing the Tax Commission to prescribe rules for calculating redevelopment adjustments.

SB 3 Minimum School Program Act Amendments Effective 07/01/04

Delineates the funding for the Minimum School Program. It establishes a ceiling for the state contribution to the operations and maintenance portion of the Minimum School Program for fiscal year 2004-05 of \$1, 698,739,911; appropriates \$27,288,900 to the State Board of Education for the upcoming fiscal year for district school building aid programs and makes a one-time appropriations to the State Board of Education for the upcoming fiscal year for distribution to charter schools and the Electronic High School. Also, the bill identifies .001754 as the preliminary estimate for the 2004-05 minimum basic property tax rate that is to generate \$217,590,703 in property tax revenues statewide.

SB 18 Municipal Annexation Provisions in First Class Counties Effective 05/03/04

Requires proponents of a proposed annexation of an area in a county of the first class to file with the proposed annexing municipality a notice of intent to file an annexation petition. Requires the county to mail notice of the proposed annexation to each owner of real property within the area proposed for annexation and within 300 feet of the area proposed for annexation; those filing a notice of intent are to pay the cost of the county's mailing notice to property owners. Requires each annexation petition to include a notice to petition signers and allows a signer of an annexation petition to withdraw the signer's signature no later than 30 days after the municipal legislative body's receipt of the notice of certification.

SB 55 Governmental Immunity Act of Utah Effective 07/01/04

Defines the scope of liability and immunity of state and local governments and their employees: (1) Establishes immunity from suits for injuries resulting from exercising governmental functions, (2) Waives government immunity from suits for certain governmental functions and provides exceptions to some of those waivers, (3) Establishes procedures for making claims against a government entity or employee when an alleged injury has occurred, (4) Establishes a process for submitting claims for payment to a government entity and authorizes certain options that government entities may use to pay claims, (5) Authorizes government entities to self-insure or purchase liability insurance for potential claims, (6) Establishes limits on judgments against government entities or employees, (7) Establishes a process for defending employees generally when claims are asserted against them.

SB 120 Residential Property Tax Exemption Effective 01/01/05

Defines "household" as the association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses and includes married individuals, who are not legally separated, that have established domiciles at separate locations within the state. It limits the residential property tax exemption to one primary residence per household. Spouses who are legally separated can claim a primary residential property tax exemption individually. Also, an owner of multiple residential properties in the state is allowed a residential exemption for the primary residence of the owner and each residential property that is the primary residence of a tenant.

SB 163 Property Tax Confidentiality of Certain Information Effective 03/23/04

Amends provisions of the Open and Public Meeting Chapter and the Revenue and Taxation Title relating to confidentiality of information. It amends the purposes for which a meeting may be closed under the Open and Public Meetings Chapter to include discussion of commercial information; prohibits state and local government officials from disclosing property tax commercial information; provides circumstances under which those individuals may disclose property tax commercial information; allows USTC to prescribe by rule the circumstances under which information is intended for public use; modifies penalty provisions to provide that an officer or employee of the state or a county who violates the property tax confidentiality statute may only be dismissed from office and be disqualified from holding office if that officer or employee is convicted of violating the property tax confidentiality statute

SB 171 PT Treatment of Transportable Factory-Built Housing Effective 01/01/04

Specifies that the treatment for property tax purposes for mobile/manufactured housing units is independent from the treatment of mobile/manufactured housing units for purposes of the Mortgage Lending and Servicing Act. Clarifies the definition of "improvement" for property tax purposes. Enacts Part 15 entitled: "Transportable Factory-Built Housing Units Act" under the "Property Tax Act". Basically, a mobile/manufactured housing unit in a mobile/manufactured

housing park is considered to be personal property unless the owner of the mobile/manufactured housing unit owns the real property upon which the housing unit is located, in which case it is considered to be real property. A mobile/manufactured housing unit not located in a mobile/manufactured housing park is considered to be real property if it is an improvement; otherwise, it is considered to be personal property.

SB 177 Property Tax – Outdoor Advertising Effective 01/01/04

Amends the definition of personal property to include outdoor advertising structures as defined in Section 72-7-502: “any sign structure, including any necessary devices, supports, appurtenances, and lighting that is part of or supports an outdoor sign.”

SB 204 Redevelopment Agency Changes Effective 05/03/04

Modifies the definition of “combined incremental value” to exclude areas located within a federal military installation ordered closed by the federal Defense Base Realignment and Closure Commission.

SB 206 Property Tax Amendments Effective 05/03/04

Modifies the definition of an “improvement” for purposes of the Property Tax Act to mean an item permanently attached to land if: (1) attachment is essential to the operation or use of the item; and (2) removal would cause substantial damage to the item or require substantial repair of the structure to which the item is attached. An “improvement” does not include a transportable factory-built housing unit as defined in Section 59-2-15-2 if that transportable factory-built housing unit is considered to be personal property under Section 59-2-1503. It requires USTC to promulgate a rule designating certain items as personal property for purposes of the Property Tax Act in accordance with the Tax Commission rules in effect on January 1, 2004.

SB 230 Reading Achievement Program Effective 05/03/04

Creates the K-3 Reading Improvement Program to achieve the state’s goals of having third graders reading at or above grade level. It requires a school district or charter school to submit a reading proficiency improvement plan to qualify to use program monies and provides how program monies are to be allocated among qualifying school districts and charter schools. It prohibits a school district or charter school from using program monies to supplant funds for existing programs. It authorizes local school boards to levy a tax rate of up to .000121 for funding this program; however, the local school boards are required to go through “Truth-in-Taxation” if the levy exceeds the existing property tax rate. Also, the bill appropriates \$2,500,000 for fiscal year 2004-05 only and allows an ongoing appropriation subject to future budget constraints of \$12,500,000.