

2020 Property Tax Related Legislation

May, 2020

HB 47 Property Tax Amendments

Effective May 12, 2020¹

Rep. Eliason, Steve

Modifies the definition of “incremental value” for the purposes of the certified tax rate to include property tax differential from the Inland Port Authority, property tax allocation from the Military Installation Development Authority (MIDA), and incremental property tax revenue that a host local government payed from a qualified hotel property, as part of a new convention facility development. In all three cases, the base taxable value of properties overseen by these authorities is modified by these incremental financing measures. The definition of “project area new growth” is also modified to include project area new growth from the Inland Port Authority project areas and MIDA project areas. It defines “hotel property new growth” and includes it in the definition of “eligible new growth”. Fundamentally, these changes clarify that values in these project areas, and new growth derived from these project areas, are treated the same as values and new growth in community reinvestment agency project areas, for the purposes of the certified tax rate calculation. This conforms to current practice.

Modifies the definition of educational purposes to mean purposes carried on by an organization that normally maintains a regular faculty and curriculum, and has a regularly enrolled body of pupils and students. Codifies current practice in administering the charitable exemption for non-profit hospitals or nursing homes, and other non-profit organizations. Excludes a property from receiving an exemption for charitable purposes, educational purposes, or religious purposes if the owner intervenes in a political campaign, or a substantial part of the activities of the owner consists of carrying on propaganda or otherwise attempting to influence legislation. These activities shall be determined by using the standards described in Section 501 of the Internal Revenue Code.

HB 48 Acquisition Cost Definition

Effective May 12, 2020

Rep. Spendlove, Robert M.

Defines “acquisition cost” for the property tax code. This was previously defined for the purposes of Sections 59-2-108 and 59-2-1115. This clarifies that the definition for acquisition cost applies to the taxation of personal property generally, and not only for the purposes of the assessment of non-capitalized personal property and the aggregate personal property exemption.

¹ Changes to Section 59-2-924 are retrospective to January 1, 2020. Changes to Section 59-2-1101 are effective January 1, 2021. Until January 1, 2021, exclusive use exemptions will be administered as they have been prior to July 1, 2020 for the entire calendar year.

HB 50 Tax Exemption for Construction or Unoccupied Property *Effective May 12, 2020*

Rep. Sagers, Douglas V.

Modifies residential property to include certain property that is under construction or unoccupied. Provides that the owner of such a property may receive a residential exemption if they submit a declaration to the county assessor stating that upon completion of construction or occupancy, the property will be used for residential purposes as a primary residence. Administrative rule previously allowed property under construction or unoccupied to receive the residential exemption if the county assessor determined the property would qualify as a primary residence upon completion of construction or occupancy. The residential exemption from residential property that is under construction or unoccupied would now be granted upon the owner filing a written declaration on a form prescribed by the State Tax Commission.

HB 51 Property Assessment Procedure Amendments

Effective May 12, 2020

Rep. Eliason, Steve

Repeals the authority of one or more members of the State Tax Commission to conduct a hearing in a county to assess or reassess a property, and any assessment made after a hearing before any number of the members of the Commission shall be as valid as if made after a hearing before the full Commission.

HB 53 Tangible Personal Property Tax Revisions

Effective March 24, 2020²

Rep. Lisonbee, Karianne

For 2020, the aggregate exemption amount will be \$15,000. The inflation adjustment to this amount will begin in 2021. For 2020, an item owned by a business which is not critical to the actual operation of the business OR an item owned by a business with an acquisition cost of less than \$150 is exempt. For 2021 onwards, an item owned by a business which is not critical to the actual operation of the business AND with an acquisition cost of less than \$500 is exempt.

HB 138 Transportation Corridor Amendments

Effective May 12, 2020

Rep. Andersen, Kyle R.

Before purchasing greenbelt property for corridor preservation on a voluntary basis the Department of Transportation, a county, or municipality shall provide written notice to the property owner that notifies them that because they have agreed to sell the greenbelt property to a governmental entity on a voluntary basis, they are required to pay the rollback tax and are not eligible for relocation assistance. The notice shall also state that if the property owner does not sell the greenbelt property to the governmental entity on a voluntary basis, and a governmental entity later acquires the greenbelt property under eminent domain or under the threat or imminence of eminent domain proceedings, the property owner would not be required to pay the rollback tax

² The actions effecting Subsection 59-2-1115(3) are retrospective to January 1, 2020. This allows the inflation adjustment to come into effect in 2021 without conflicting with changes to the "not critical for business or less than \$150" exemption in Subsection 59-2-1115(2).

and is eligible for relocation assistance. The governmental entity shall obtain a signed statement from the property owner acknowledging that they received the written notice.

HB 164 Property Tax Modifications

Effective May 12, 2020³

Rep. Moss, Jefferson

Modifies the residential declaration form contents. Rather than being prescribed by the State Tax Commission, the form contents will be in substantially the form provided in Section 59-2-103.5. After an ownership interest in a residential property changes, the county assessor shall notify the owner they have 90 days after the day on which the owner receives the notice to submit a written declaration. The one-time declaration to be sent out by May, 2020 in counties that do not have an ordinance requiring a residential application enforced for the previous five years shall still be submitted within 30 days after the day on which the County Assessor mails the notice.

For the purposes of the primary residential application, a county may not request information from an owner of a residential property beyond the information provided in the residential application form prescribed by the State Tax Commission. The primary residential application may not request the sales price of the residential property.

The valuation notice shall now include the taxable value of the property, separate appeal deadlines for locally and centrally assessed properties, and information on the residential exemption. Conforming to current practice, the charter school levy, multicounty assessing and collecting levy, the county assessing and collecting levy, and the state basic shall be stated separately. If a change to state law increases a tax rate on the valuation notice, the notice shall state the difference between the tax dollar amount and percentage increase of the taxpayer's tax liability before and after the change became effective.

HB 192 Property Tax Assessment Amendments

Effective January 1, 2021

Rep. Strong, Mark A.

Defines the term "assessment roll" to include "assessment book". Defines the term "multi-tenant residential property" as real and personal property where the real property is rented as 10 or more separate housing units, meets the definition of residential property, and qualifies for the residential exemption. The personal property must be located within the real property and owned by the same person as the real property. Multi-tenant residential property does not include a tourist home, a hotel, a motel, or a trailer court accommodation, and service that is regularly rented for fewer than 30 consecutive days.

A County Assessor may use an income approach to value multi-tenant residential properties within the county if the County Assessor finds that the income approach is a valid indicator of fair market value for the multi-tenant residential property in the county. However, a County Assessor that chooses to value a multi-tenant residential property with the income approach shall use the same valuation method for all multi-tenant residential properties within the county.

³ The sections affecting Section 59-2-919.1 have retrospective operation to January, 2020. Valuation notices sent out in the 2020 calendar year should incorporate these changes.

The County Assessor shall notify the State Tax Commission on or before May 1, if they choose to use the income approach for all multi-tenant residential properties in the county and did not do so for the previous tax year, or ceases to use this approach after adopting it in the previous tax year.

Owners of multi-tenant residential property valued with the income approach may be relieved of any obligation to file a signed statement by the County Assessor. The County Assessor shall notify an owner of a multi-tenant residential property if their obligation to file a signed statement changes. Personal property which is not required to be listed on a signed statement shall be assessed and taxes collected in the same manner as real property. This personal property is not required to be listed separately on the assessment roll submitted to the State Tax Commission by the County Auditor.

If a taxpayer intends to contest the value of personal property part of a multi-tenant residential property valued using the income approach, they shall submit a signed statement of the personal property to the County Board of Equalization, and State Board of Equalization, if applicable.

HB 268 Property Tax Notice Amendments

Effective May 12, 2020

Rep. Eliason, Steve

Allows a person entitled to receive information or a notice related to a property tax or privilege tax to designate an additional or alternative person to receive the information or notice. Provides procedures to make and revoke the designation.

HB 333 Limited Purpose Local Government Entity Amendments

Effective May 12, 2020

Rep. Handy, Steven G.

Prohibits the creation of a new basic local district and extends the time for a local district board to approve or reject a proposed annexation.

HB 347 Inland Port Modifications

Effective March 24, 2020

Rep. Gibson, Francis D.

Allows the Executive Director of the Inland Port Authority to adjust the boundary of Authority jurisdictional land to include an excluded portion of a split property or excluded an included portion of a split property, with the consent of the mayor of the municipality in which the split property is located.

Defines “post-designation differential” and “pre-designation differential”. Pre-designation differential is set at 75% and paid to the Authority from November, 2019 through November, 2044 (with the first distribution to occur on or before June 30, 2020), until a designation resolution is passed by the Authority Board, at which point a post-designation differential of 75% is paid to the Authority.

The Authority Board shall be paid a pre-designation differential from Authority jurisdictional land for an additional 15 years if the Authority Board adopts a resolution extending the collection period

of November, 2019 to November, 2044. For pre-designation parcels outside Authority jurisdictional land, in an Authority project area, this period may be extended an additional 25 years beginning the date the Authority Board adopts a project area plan.

The Authority shall be paid property tax differential for a period of 25 years beginning on the transition date for that parcel, and for an additional 15 years beyond that if the Authority Board determines by resolution that the additional years of post-designation differential from that parcel will produce a significant benefit. Although the differential amount is the same for pre and post-designation parcels, the collection period for a post-designation parcel may be longer if certain resolutions are passed by the Authority Board.

The Authority Board may also designate an improved portion of a parcel as a separate parcel, which will be assigned a separate tax identification number by the County Recorder.

HB 357 Public Education Funding Stabilization

Effective January 1, 2021⁴

Rep. Spendlove, Robert M.

Allows a local school board to transfer an amount of revenue from the school district's capital project fund to the school district's general fund for operational expenses during a low revenue year. A "low revenue year" means a fiscal year when there is an ongoing appropriation to the Public Education Economic Stabilization Restricted Account, used to fund the Minimum School Program. The transfer is limited to up to 0.0002 per dollar of taxable value of the capital local levy for a school board in a county of the first, second or third class. For local school boards in a county of the fourth fifth or sixth class, this amount is the lesser of 10% of the cost of the basic program or 25% of the revenue generated by the capital local levy.

HB 359 Municipal Annexation Revisions

Effective May 12, 2020

Rep. Musselman, Calvin R.

Allows a municipality to annex an unincorporated area within a specified county⁵, leaving an unincorporated island or peninsula, if the area is within the incorporating municipality's expansion area, and the specified county and municipality agree to the annexation, and the annexation is for the purpose of providing municipal services to the area. If the area is in another municipality's annexation policy plan, that other municipality must also agree.

Allows a municipality to annex an unincorporated area without an annexation petition or the consent of the county in which the area proposed for annexation; if the area is located in a specified county, includes private real property that is located within a county that is not the county in which the proposed annexing municipality is located (but within two miles of the proposed annexing municipality's boundaries), includes real property owned by a public entity that is located in the same county in which the proposed annexing municipality is located, does not include an urban

⁴ If SJR 9, Proposal to Amend Utah Constitution - Use of Tax Revenue is approved by a majority of those voting on it at the next regular general election.

⁵ A county of the second, third, fourth, fifth or sixth class. [10-2-401(1)(i)]

development, and each owner of the private real property within the area proposed for annexation consents in writing to the proposed annexation.

HB 382 Property Tax Records Amendments

Effective May 12, 2020

Rep. Ferry, Joel

Classifies as private an individual's email address, phone number, and payment method information that is maintained by a county for purposes of administering property taxes, and any record concerning an individual's eligibility for property tax relief.

HB 393 Municipal Annexation Amendments

Effective March 24, 2020

Rep. Waldrip, Steve

Prohibits a municipality from proposing the annexation of an area, in a county of any class, proposed to be incorporated in a request for a feasibility study, if the request was filed before the annexation petition, and the request or petition for incorporation is still pending the date the petition for annexation is filed. Requires municipal consent to the annexation of an unincorporated area within the expansion area of more than one municipality.

SB 35 Circuit Breaker Amendments

Retrospective to January 1, 2020

Sen. Davis, Gene

Clarifies that a "homeowner" does not include an individual who holds an ownership interest in an entity, other than a qualifying trust, that owns a residence, or an individual who is listed on a deed of a residence along with an entity other than a qualifying trust. Clarifies that third party payments should also be refunded to the claimant when property taxes paid for the applicable year exceed property taxes due.

SB 38 Tax Commission Authority Amendments

Retrospective to January 1, 2020

Sen. Henderson, Deidre M.

Repeals the State Tax Commission's authority to adjust or defer taxes levied against property assessed by the State Tax Commission. Allows a county legislative body to adjust or defer taxes levied by the State Tax Commission against property located in the county where, in the judgment of the county legislative body, the best human interests and the interests of the state and the county are served.

SB 141 Multicounty Assessing and Collecting Levy Amendments

Retrospective to January 1, 2020

Sen. Hemmert, Daniel

Defines "statewide property tax system" as a computer assisted system for mass appraisal, equalization, collection, distribution, and administration related to property tax, created in accordance with Section 59-2-1606. Replaces the term "CAMA" with statewide property tax system.

Sets the multicounty assessing and collecting levy at 0.000012 for a calendar year beginning on or after January 1, 202 and before January 1, 2025. For a calendar year beginning on or after January 1, 2025, the multicounty assessing and collecting levy will be the certified levy.

Modifies the distribution of multicounty assessing and collecting revenues. 18%, up to \$500,000 annually, will be deposited into the Property Tax Valuation Fund. The remaining revenue shall be deposited in the Multicounty Appraisal Trust.

SB 154 Taxed Interlocal Entity Amendments

Effective May 12, 2020

Sen. Hinkins, David P.

Defines "Utah interlocal energy hub" as project entity-owned facilities that are located within the state and facilitate the coordination of resources and participants in a multi-county or interstate region for the generation, transmission, storage of energy or fuel - including hydrogen.

Modifies the definition of "taxed interlocal entity" to expand the type of payment of funds a project entity and interlocal entity may receive without losing their status as a taxed interlocal entity.

Provides that a segment is a project entity if the segment's associated entity is a project entity.

SB 158 Urban Renewal Project Area Amendments

Effective May 12, 2020

Sen. Bramble, Curtis S.

Allows a community reinvestment agency to extend urban renewal project area funds for a project area that includes an inactive industrial site without obtaining the taxing entity's approval.

SB 171 Nonprofit Entities Amendments

Effective May 12, 2020

Sen. McCay, Daniel

Enacts Title 63G, Chapter 24 "Government Interaction With Nonprofit Entities". Defines "personal information" for the purposes of the chapter as a record or other compilation of data that identifies a person as a donor to an entity exempt from federal income tax under Section 501(c) of the Internal Revenue Code. Defines a "public agency" for the purposes of the chapter to include a state or local government entity including a department, division, agency, office, commission, board, or other government organization, a political subdivision, or a judicial or quasi-judicial body.

Prevents a public agency from requiring, or otherwise compelling the release of, personal information from an individual or an entity exempt from federal income tax under Section 501(c) of the Internal Revenue Code. Prevents a public agency from releasing, publicizing, or otherwise publicly disclosing personal information in possession of a public agency. Prevents a public agency from requesting or requiring a current or prospective contractor or grantee of the public agency to provide the public agency with a list of entities exempt from federal income tax under Section 501(c) of the Internal Revenue Code to which the contractor or grantee has provided financial or nonfinancial support.

Provides certain exception to these requirements including a disclosure of personal information expressly required by law, a disclosure of personal information voluntarily made as part of public

comment, or in a public meeting, or in another manner that is publicly accessible, a public agency sharing personal information with another public agency in accordance with the requirements of law.

A public agency may not impose a requirement on the registration or maintenance of a nonprofit entity that is more restrictive or expansive than the requirements authorized by Utah Code or federal law.

SB 179 Public Infrastructure District Amendments

Effective May 12, 2020

Sen. McCay, Daniel

Allows the protest period for creation of a public infrastructure district to be waived in whole or part with the consent of 100% of registered voters within the applicable area approving the creation of the public infrastructure district, and 100% of the surface property owners within the applicable area approving the creation of the public infrastructure district.

Requires the consent of 100% of surface property owners within the boundaries of the public infrastructure district and 100% of the registered voters, if any, within the boundaries of the public infrastructure district before any amendment to public infrastructure district's property tax levy rate limitation.

A public infrastructure district that levies a property tax for payment of debt service on a limited tax bond is not required to comply with Truth in Taxation requirements unless the rate exceeds .015 per dollar of taxable value of taxable property in the district, the rate established in the governing document, or the rate established in the documents relating to the issuance of the limited tax bond.

SB 192 Amendments Relating to the Military Installation Development Authority

Effective March 28, 2020

Sen. Stevenson, Jerry W.

Allows MIDA to create public infrastructure districts. These districts may be created as a subsidiary of MIDA. The definition for "publicly owned infrastructure" for the purposes of Title 63H, Chapter 1 is expanded to include recreational facilities, snowmaking equipment, and buildings used for occupancy by the public, MIDA, the military, or military related entities. A department, division, or other agency of the state, or a political subdivision of the state shall cooperate with MIDA to the fullest extent possible. Property exchanged between MIDA and UDOT are specified to relate to Hill Airforce Base. A contract between owners of a private parcel in a project area and MIDA are no longer necessary before an owner shall make annual payments to MIDA. An owner of a private parcel that makes annual payments to MIDA may not be required to make a payment that exceeds the annual payment until the parcel becomes subject to property tax.