

2012 Property Tax-Related Legislation

April, 2012

HB 31 Taxes & Fees on Emergency Medical Aircraft

Effective 2/3/12 then retrospective operation to 1/1/12

Changes the annual registration fee imposed on emergency medical helicopters used exclusively by an entity that is: (1) exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code; (2) exempt from property taxation under Title 59, Chapter 2, Property Tax Act; and (3) used for the emergency transportation of medical patients for at least 95% of its flight time. The annual registration fee for these helicopters would be \$100 rather than the current fee of .4% of the average wholesale value of the aircraft.

HB 75 Property Taxation of Low-Income Housing

Effective January 1, 2013

Requires the owner of a low-income housing project to provide to the assessor by April 30 each year the following: (1) a signed statement that the project meets the requirements of the low-income housing covenant; (2) financial operating statement for the prior year; (3) rent rolls for the prior year; and (4) federal and commercial financing terms and agreements. If April 30 falls within the first twelve months after a low-income housing operation begins, the property owner is to provide estimates of the above-mentioned information. If the owner fails to meet these reporting requirements, the assessor shall make an estimate of fair market value based on information available to the assessor; also, the owner is to pay a penalty equal to the greater of \$250 or 5% of the tax due. Only one penalty per year is to be imposed per housing project. Upon reasonable cause, the assessor may waive, reduce or compromise this penalty.

HB 191 Real Estate Amendments

Effective May 8, 2012

A real estate agent, state-licensed or state-certified appraiser and mortgage broker cannot act under more than one license in a single transaction.

HB 261 Dividing of School Districts Amendments

Effective May 8, 2012

Modifies requirements for the imposition of property taxes on a new school district and the remaining district after a school district split. The new district and the remaining district, for five years, are to continue imposing property tax levies that were imposed by the divided school district irrespective of whether the property tax base of the new district is greater than or less than the property tax base of the remaining district.

HB 387 Property Tax Modifications

Effective January 1, 2013

Makes changes to the taxation of personal property. The definitions of “expensed personal property” and “short life expensed personal property” are deleted and “noncapitalized personal property” is added. Currently, tangible taxable business personal property classified as Class 1, Short Life, Class 3, Short Life Trade Fixtures, or Class 12, Computer Hardware, that has an

acquisition value of \$1000 or less may be re-classified by the taxpayer as “Short Life Expensed” personal property. This option has been expanded (and renamed “noncapitalized personal property”) to include all classes of personal property, if the item has an acquisition cost of \$1,000 or less and is claimed as allowed on a federal tax return as a deductible expense under Section 162 or Section 179 of the Internal Revenue Code, in the year of acquisition. A person is allowed to elect “noncapitalized personal property” to be assessed and taxed using a “Noncapitalized Personal Property Schedule” and the person must pay all taxes according to the schedule even if the item is sold or otherwise disposed of; also, the election may not be revoked. The person is not required to itemize or track the noncapitalized personal property. However, if an audit ensues, the person is required to provide proof of the acquisition cost of the “noncapitalized personal property”.

HB 495 Property Tax—Appraiser Amendments

Effective May 8, 2012

Repeals a 36-month time limit for an uncertified or unlicensed appraiser trainee to perform an appraisal under the direction of a holder of an appraiser’s certificate or license issued by the Division of Real Estate. Currently only property tax appraiser trainees are under the 36-month deadline for becoming licensed; other trainees do not have this restriction.

HB 502 Incorporation Amendments

Effective May 8, 2012

Amends provisions related to the incorporation of a city or town as follows: (1) amends language related to a city and town incorporation petition and feasibility study; (2) amends language relating to a city’s election to incorporate; (3) requires a county legislative body to hold a public hearing on a feasibility study; (4) enacts provisions relating to incorporation of towns such as the election to incorporate, form of government and election of town officers and (5) requires notification of a town incorporation to the lieutenant governor’s office.

SB 58 Property Tax Valuation Amendments

Effective January 1, 2013

Addresses the assessment of fair market value of property particularly after a reduction in value within the past three years. It requires reporting of property tax valuation reductions on appeal and requires the assessor to consider: (1) any additional information previously unknown or unaccounted for by the assessor that is made known on appeal; (2) whether the reasons for the valuation reduction continue to influence the fair market value of the property. The assessor is not prohibited from including any other factors affecting the fair market value of the property.

SB 116 Armed Forces Assessment Act

Becomes effective on January 1, 2013 if the amendment to the Utah Constitution proposed by SJR 8 is approved by a majority of those voting in the 2012 November general election.

A member of an active component of the US Armed Forces or a reserve component of the US Armed Forces who performed qualifying active duty military service would have the property taxes on their primary residence exempted. Qualifying active duty military service means at least 200 days in a calendar year (doesn’t have to be consecutive) of active duty military service outside the state or the completion of at least 200 consecutive days of active duty military service

outside the state that began in the prior year. The armed forces property tax exemption would need to be applied for each year. Satisfactory evidence of eligible military service, including orders for qualifying active duty military service, would need to accompany the application. The application is to be filed in the year after the year during which the member completes the qualifying active duty military service.

SB 122 Urban Farming Assessment Act

Effective January 1, 2013

Enacts a new Part 17 entitled “Urban Farming Assessment Act” in the Property Tax Code. This new act provides that urban land in a county of the first class that is at least two contiguous acres, but less than five acres, has been actively devoted to urban farming for at least two successive years and meets production requirements may be assessed based on its value for agricultural purposes. “Urban farming” means cultivating food with a reasonable expectation of profit from the sale of the food and from irrigated land located in a county of the first class. It provides for a 10-year rollback of taxes if the land ceases to be eligible for assessment under urban farming provisions. Applications must be filed annually with the county assessor.

SB 150 Local & Special Service District Amendments

Effective May 8, 2012

Amends provisions related to local and special service districts. It (1) provides for early voting in local district board elections, (2) provides for the continuation of the property tax levy after withdrawal of an area to pay for the proportionate share of local district bonds, (3) allows the budget hearing notice to be combined with the public hearing notice required for property tax increases, (4) requires the assessor to assist an irrigation district in ascertaining the identity of a parcel served by the district, (5) amends provisions related to a mosquito abatement district board of trustees and (6) amends language related to administrative control board membership and qualifications of the board member.

SB 165 Redevelopment Agency Amendments

Effective May 8, 2012

Allows boundaries of one project area to overlap and include the boundaries of an existing project area. If a taxing entity committee is required to approve the project budget of an overlapping project area, the community development and renewal agency (CDRA), is to inform each taxing entity of the location of the overlapping boundaries. Also, the CDRA is to inform the county auditor regarding the respective amount of tax increment the agency is authorized to receive from the overlapping portion of each of the project areas. The collection of tax increment or sales tax from an overlapping project area does not affect the agency’s use of tax increment or sales tax within the other overlapping project area.

SB 177 Government Records Access & Management Act

Effective May 8, 2012

Requires the Division of Archives and Records Service (Division) to develop an online training course for records officers of all governmental entities and political subdivisions and have the course available on or before January 1, 2013. Records officers would be required to complete the course annually and obtain certification from state archives. The Division would be required to post a list of records officers along with other specific information on its website. It creates the

position and describes the duties of the government records ombudsman to assist the public in making record requests and to attempt to mediate disputes between requestors and responders. It provides that a record shall be disclosed when the public interest in disclosure is equal to or greater than the interests in nondisclosure. If the benefit to the public of releasing a record is “equal or greater than” the benefit to a private party, the public interest trumps private interest. Also, it requires a person who files an appeal with the records committee to serve a copy of the appeal on the governmental entity to which the appeal relates.

SB 221 Revenue & Tax Amendments

Effective May 8, 2012

Makes changes to the multicounty assessing and collecting levy, primarily to the distribution of revenues. It clarifies the definition of “certified revenue levy” by specifically stating that it includes the multicounty assessing and collecting levy as specified in Section 59-2-1602. It increases the base unit value from \$9 to \$10 and requires that any surplus from the multicounty assessing and collection levy allocation determined by the State Auditor in Section 59-2-1603(3) be distributed amongst all contributing counties based on the county’s percentage of the total contribution under that section.

SB 272 Property Tax Rates Amendments

Effective 3/26/12 then retrospective operation to 1/1/12

Makes changes to “smooth out” the impact of redemptions (payment of delinquent property taxes), in the calculation of property tax rates so that taxpayers do not suffer from aberrations. It mitigates the impact of an abnormal (higher) calendar year redemption amount in relation to the prior calculated 5-year average redemption amount to be adjusted from the prior year budgeted tax revenue. If a taxing entity in a calendar year has a redemption amount that is three times higher than the last year 5-year average calculated redemption amount, that redemption becomes a “qualifying redemption”. A qualifying redemption caps at three times the prior year calculated 5-year average. Any additional amount over the cap is carried forward to the next 4 calendar year redemption amounts and is added to those calendar redemptions at 1/4 per year.

SJR 8 Joint Resolution on Property Tax Exemption for Military Personnel

If approved by voters in the November election, it becomes effective January 1, 2013.

This resolution proposes to amend the Utah Constitution to provide that the primary residence of a person in the military (or the person’s spouse, or both), who serves under an order to federal active duty out of the state for at least 200 days in a calendar year or 200 consecutive days, may be exempt from property tax as provided by statute.