

Personal Property Tax Exemption Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

LONG TITLE**General Description:**

This bill modifies provisions related to exemption of personal property from property tax.

Highlighted Provisions:

This bill:

- modifies the qualifications for tangible personal property tax to be exempt from property tax.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-2-1115, as last amended by Laws of Utah 2022, Chapters 41, 275 and 293

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **59-2-1115** is amended to read:

59-2-1115 . Exemption of certain tangible personal property.

(1) As used in this section:

(a)(i) "Item of taxable tangible personal property" does not include an improvement to real property or a part that will become an improvement.

(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules defining the term "item of taxable tangible personal property."

(b)(i) "Supply" means taxable tangible personal property that is:

(A) not held for sale in the ordinary course of business;

(B) either carried on hand and for which no record of consumption is taken in ordinary business or typically used up within the calendar year; and

(C) used in the provision of the taxpayer's business activity.

- 32 (ii) "Supply" includes an office supply, a shipping supply, a maintenance supply, a
33 replacement part, a lubricating oil, a fuel, or an item consumed in the course of
34 operating the business.
- 35 (iii) "Supply" does not include furniture, a fixture, machinery, equipment, a
36 computer, a cellular telephone, or a vehicle.
- 37 (c)(i) "Taxable tangible personal property" means tangible personal property that is
38 subject to taxation under this chapter.
- 39 (ii) "Taxable tangible personal property" does not include:
- 40 (A) tangible personal property required by law to be registered with the state
41 before it is used on a public highway, public waterway, or public land or in the
42 air;
- 43 (B) a mobile home as defined in Section 41-1a-102; or
- 44 (C) a manufactured home as defined in Section 41-1a-102.
- 45 (2)(a) In accordance with Utah Constitution, Article XIII, Section 3, Subsection
46 (2)(a)(vi), which provides that the Legislature may by statute exempt tangible
47 personal property that, if subject to property tax, would generate an inconsequential
48 amount of revenue, the Legislature exempts the tangible personal property described
49 in this Subsection (2).
- 50 (b) The taxable tangible personal property of a taxpayer is exempt from taxation if the
51 taxable tangible personal property has a total aggregate taxable value per county of [
52 ~~\$25,000~~] \$100,000 or less.
- 53 (c) For an item of taxable tangible personal property that is not exempt under Subsection
54 (2)(b), the item is exempt from taxation if:
- 55 (i) the item is owned by a business and is not critical to the actual business operation
56 of the business; and
- 57 (ii) the acquisition cost of the item is less than \$500.
- 58 (d) A supply, including the cost of freight-in, is exempt from taxation.
- 59 (3)(a) For a calendar year beginning on or after January 1, [2023] 2027, the commission
60 shall increase the dollar amount described in Subsection (2)(b):
- 61 (i) by a percentage equal to the percentage difference between the consumer price
62 index for the preceding calendar year and the consumer price index for calendar
63 year [2024] 2025; and
- 64 (ii) up to the nearest \$100 increment.
- 65 (b) For purposes of this Subsection (3), the commission shall calculate the consumer

- price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
- (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative percentage, the consumer price index increase for the year is zero.
- (4)(a) For the first calendar year in which a taxpayer qualifies for an exemption described in Subsection (2)(b), a county assessor may require the taxpayer to file a signed statement described in Section 59-2-306.
- (b) If a taxpayer qualifies for an exemption described in Subsection (2)(b) and files a signed statement in accordance with Subsection (4)(a), a county assessor may not require the taxpayer to file a signed statement for each continuing consecutive year for which the taxpayer qualifies for the exemption.
- (c) If a taxpayer qualifies for an exemption described in Subsection (2)(c) for an item of tangible taxable personal property or in Subsection (2)(d) for a supply, a county assessor may not require the taxpayer to include the item on a signed statement described in Section 59-2-306.
- (5)(a) ~~[Beginning in 2023, a]~~ A county assessor shall send a notice to a taxpayer who becomes eligible for the exemption described in Subsection (2)(b).
- (b) The county assessor shall:
- (i) send the notice during the calendar year in which the taxpayer becomes eligible for the exemption and before the deadline to file a signed statement; and
- (ii) in the notice, inform the taxpayer that:
- (A) in accordance with Subsection (4)(b), the taxpayer is not required to file a signed statement for each continuing consecutive year for which the taxpayer qualifies for the exemption; and
- (B) the taxpayer shall notify the county assessor if the taxpayer's taxable tangible personal property exceeds the total aggregate taxable value described in Subsection (2)(b).
- (6) A signed statement with respect to qualifying exempt primary residential rental personal property is as provided in Section 59-2-103.5.
- (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to administer this section and provide for uniform implementation.

Section 2. **Effective date.**

This bill takes effect on January 1, 2026.