

TANGIBLE PERSONAL PROPERTY TAX REVISIONS

2020 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Karianne Lisonbee

Senate Sponsor: Daniel McCay

LONG TITLE

General Description:

This bill amends provisions related to tax exemptions for tangible personal property.

Highlighted Provisions:

This bill:

- modifies the requirements for qualifying for a property tax exemption for tangible personal property owned by a business; and
- modifies the calculation of the inflation adjustment that applies to the property tax exemption for tangible personal property that has an aggregate taxable value of \$15,000 or less.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-1115, as last amended by Laws of Utah 2019, Chapter 463

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) For purposes of this section:

(a) (i) "Acquisition cost" means all costs required to put an item of tangible personal property into service; and

(ii) includes:

(A) the purchase price for a new or used item;

(B) the cost of freight and shipping;

(C) the cost of installation, engineering, erection, or assembly; and

(D) sales and use taxes.

(b) (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."

(c) (i) "Taxable tangible personal property" means tangible personal property that is subject to taxation under this chapter.

(ii) "Taxable tangible personal property" does not include:

(A) tangible personal property required by law to be registered with the state before it is used:

(I) on a public highway;

(II) on a public waterway;

(III) on public land; or

(IV) in the air;

(B) a mobile home as defined in Section 41-1a-102; or

(C) a manufactured home as defined in Section 41-1a-102.

(2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if the taxable tangible personal property has a total aggregate taxable value per county of \$15,000 or less.

(b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible personal property, except for an item of noncapitalized personal property as defined in Section 59-2-108, is exempt from taxation if the item of taxable tangible personal property:

- 58 (i) has an acquisition cost of \$1,000 or less;
- 59 (ii) has reached a percent good of 15% or less according to a personal property
60 schedule published by the commission pursuant to Section 59-2-107; and
- 61 (iii) is in a personal property schedule with a residual value of 15% or less.
- 62 (c) For an item of taxable tangible personal property that is not exempt under
63 Subsection (2)(a) or (b), the item is exempt from taxation if:
- 64 (i) (A) the item is owned by a business and is not critical to the actual business
65 operation of the business; ~~[and]~~ or
- 66 (B) beginning January 1, 2021, the item is owned by a business; and
- 67 (ii) the acquisition cost of the item is:
- 68 (A) less than \$150[-]; or
- 69 (B) beginning January 1, 2021, less than \$500.
- 70 (3) (a) For calendar years beginning on or after January 1, ~~[2015]~~ 2021, the
71 commission shall increase the dollar amount described in Subsection (2)(a):
- 72 (i) by a percentage equal to the percentage difference between the consumer price
73 index for the preceding calendar year and the consumer price index for calendar year ~~[2013]~~
74 2019; and
- 75 (ii) up to the nearest \$100 increment.
- 76 (b) For purposes of this Subsection (3), the commission shall calculate the consumer
77 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.
- 78 (c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative
79 percentage, the consumer price index increase for the year is zero.
- 80 (4) (a) For the first calendar year in which a taxpayer qualifies for an exemption
81 described in Subsection (2)(a), a county assessor may require the taxpayer to file a signed
82 statement described in Section 59-2-306.
- 83 (b) Notwithstanding Section 59-2-306 and subject to Subsection (5), for a calendar
84 year in which a taxpayer qualifies for an exemption described in Subsection (2)(a) after the
85 calendar year described in Subsection (4)(a), a signed statement described in Section 59-2-306

with respect to the taxable tangible personal property that is exempt under Subsection (2)(a) may only require the taxpayer to certify, under penalty of perjury, that the taxpayer qualifies for the exemption under Subsection (2)(a).

(c) If a taxpayer qualifies for an exemption described in Subsection (2)(a) for five consecutive years and files a signed statement for each of those years in accordance with Section 59-2-306 and Subsection (4)(b), 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.

(d) If a taxpayer qualifies for an exemption described in Subsection (2)(b) or (c) for an item of tangible taxable personal property, a county assessor may not require the taxpayer to include the item on a signed statement described in Section 59-2-306.

(5) A signed statement with respect to qualifying exempt primary residential rental personal property is as provided in Section 59-2-103.5.

(6) 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.**

If approved by two-thirds of all the members elected to each house, this bill takes effect upon approval by the governor, or the day following the constitutional time limit of Utah Constitution, Article VII, Section 8, without the governor's signature, or in the case of a veto, the date of veto override.

Section 3. **Retrospective operation.**

The actions affecting Subsection 59-2-1115(3) have retrospective operation to January 1, 2020.