

Rollback Tax Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Casey Snider

Senate Sponsor: Scott D. Sandall

LONG TITLE

General Description:

This bill modifies provisions related to property taxes and fees imposed when land is no longer used for agricultural purposes.

Highlighted Provisions:

This bill:

- authorizes the county to use 100% of the rollback tax or fee-in-lieu revenue collected within the county when land is no longer used for agricultural purposes for open land and agricultural use;

- directs the unused or unobligated rollback tax or fee-in-lieu revenue from the county where the land is located to the LeRay McAllister Working Farm and Ranch Fund after 10 years;

- updates the sources of revenue to the LeRay McAllister Working Farm and Ranch Fund to include the rollback tax and fee-in-lieu revenue; and

- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

4-46-301, as last amended by Laws of Utah 2024, Chapter 59

17-41-601, as enacted by Laws of Utah 2023, Chapter 180

17-41-602, as enacted by Laws of Utah 2023, Chapter 180

59-2-506, as last amended by Laws of Utah 2024, Chapter 297

59-2-511, as last amended by Laws of Utah 2024, Chapter 297

59-2-1705, as last amended by Laws of Utah 2024, Chapter 297

59-2-1710, as last amended by Laws of Utah 2024, Chapter 297

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

Section 1. Section **4-46-301** is amended to read:

4-46-301 . LeRay McAllister Working Farm and Ranch Fund.

(1) There is created a restricted account within the General Fund entitled the "[]LeRay McAllister Working Farm and Ranch Fund."

(2) The LeRay McAllister Working Farm and Ranch Fund shall consist of:

(a) appropriations by the Legislature;

(b) grants from federal or private sources; [and]

(c) revenue paid in accordance with Section 59-2-506, 59-2-511, 59-2-1705, or 59-2-1710; and

[(e)] (d) interest and earnings from the account.

(3) The Land Conservation Board created in Section 4-46-201 may use appropriations from the fund in accordance with Section 4-46-302.

Section 2. Section **17-41-601** is amended to read:

17-41-601 . Definitions.

As used in this part:

(1) "Agricultural land" means "land in agricultural use," as defined in Section 59-2-502.

(2)(a) "Open land" means land that is:

(i) preserved in or restored to a predominantly natural, open, and undeveloped condition; and

(ii) used for:

(A) wildlife habitat;

(B) cultural or recreational use;

(C) watershed protection; or

(D) another use consistent with the preservation of the land in, or restoration of the land to, a predominantly natural, open, and undeveloped condition.

(b) "Open land" includes land described in Subsection (2)(a) that contains facilities, including trails, waterways, and grassy areas, that, in the judgment of the county legislative body:

(i) enhance the natural, scenic, or aesthetic qualities of the land; or

(ii) facilitate the public's access to, or use of, the land for the enjoyment of the land's natural, scenic, or aesthetic qualities and for compatible recreational activities.

(c) "Open land" does not include land whose predominant use is as a developed facility for active recreational activities played on fields or courses, including baseball, tennis, soccer, golf, or other sporting or similar activities.

(3) "Public land county" means a county in which over 50% of the land area is publicly owned.

(4) "Rollback tax funds" means the rollback taxes or in lieu fee payments paid to a county in accordance with Sections 59-2-506, 59-2-511, 59-2-1705, and 59-2-1710.

Section 3. Section **17-41-602** is amended to read:

17-41-602 . Use of money -- Criteria -- Administration.

(1) The county treasurer shall[~~±~~]

~~[(a) pay rollback taxes in accordance with Sections 59-2-506, 59-2-511, 59-2-1705, and 59-2-1710; and]~~

~~[(b)]~~ deposit [20] 100% of the rollback tax funds into an account or fund of the county set aside for preserving or restoring open land and agricultural land.

(2) ~~[The percentage of rollback tax funds described in Subsection (1)(b)]~~ The rollback funds:

(a) may be used to establish a conservation easement under Title 57, Chapter 18, Land Conservation Easement Act, or to fund similar methods to preserve open land or agricultural land; and

(b) if the property to be purchased is in a public land county, may not be used to purchase a fee interest in real property to preserve open land or agricultural land, unless, the governmental entity purchasing the property contemporaneously transfers to the private ownership real property, in the same public land county, that is roughly equivalent in size to the property to be purchased.

(3) Eminent domain may not be used or threatened in connection with any purchase using the ~~[percentage of rollback tax funds described in Subsection (1)(b)]~~ rollback tax funds.

(4) The funds collected by the account or fund of the county may roll over from year-to-year, except that if the county does not spend, or obligate, 100% of the rollback tax funds for a purpose described in Subsection (2) within 10 years after the year in which the county collects the rollback tax funds, the county shall pay the balance to the LeRay McAllister Working Farm and Ranch Fund created in Section 4-46-301.

Section 4. Section **59-2-506** is amended to read:

59-2-506 . Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --

Interest -- Notice -- Collection -- Distribution.

- (1) Except as provided in this section, Section 59-2-506.5, or Section 59-2-511, if land is withdrawn from this part, the land is subject to a rollback tax imposed in accordance with this section.
- (2)(a) An owner shall notify the county assessor that land is withdrawn from this part within 120 days after the day on which the land is withdrawn from this part.
- (b) An owner that fails to notify the county assessor under Subsection (2)(a) that land is withdrawn from this part is subject to a penalty equal to the greater of:
- (i) \$10; or
 - (ii) 2% of the rollback tax due for the last year of the rollback period.
- (3)(a) The county assessor shall determine the amount of the rollback tax by computing the difference for the rollback period described in Subsection (3)(b) between:
- (i) the tax paid while the land was assessed under this part; and
 - (ii) the tax that would have been paid had the property not been assessed under this part.
- (b) For purposes of this section, the rollback period is a time period that:
- (i) begins on the later of:
 - (A) the date the land is first assessed under this part; or
 - (B) five years preceding the day on which the county assessor mails the notice required by Subsection (5); and
 - (ii) ends the day on which the county assessor mails the notice required by Subsection (5).
- (4)(a) The county treasurer shall:
- (i) collect the rollback tax; and
 - (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax lien on the property has been satisfied by:
 - (A) preparing a document that certifies that the rollback tax lien on the property has been satisfied; and
 - (B) providing the document described in Subsection (4)(a)(ii)(A) to the county recorder for recordation.
- (b) The county treasurer shall pay 100% of the rollback tax collected under this section to the county, which the county shall deposit and use in accordance with Section 17-41-602.
- ~~[(b) The county treasurer shall pay the rollback tax collected under this section as~~

130 follows:]

131 [(i) 20% to the county for use for open land and working agricultural land as those
132 terms are defined in Section 4-46-102; and]

133 [(ii) 80% to the various taxing entities pro rata in accordance with the property tax
134 levies for the current year.]

135 (5)(a) The county assessor shall mail to an owner of the land that is subject to a rollback
136 tax a notice that:

137 (i) the land is withdrawn from this part;

138 (ii) the land is subject to a rollback tax under this section; and

139 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax on or
140 before the due date listed on the notice described in this Subsection (5)(a).

141 (b)(i) The rollback tax is due and payable within 60 days after the day on which the
142 county assessor mails the notice required by Subsection (5)(a).

143 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land
144 that is withdrawn from this part does not pay the rollback tax on or before the due
145 date listed on the notice described in Subsection (5)(a).

146 (6)(a) Subject to Subsection (6)(b), the following are a lien on the land assessed under
147 this part:

148 (i) the rollback tax; and

149 (ii) interest imposed in accordance with Subsection (7).

150 (b) The lien described in Subsection (6)(a) shall:

151 (i) arise upon the imposition of the rollback tax under this section;

152 (ii) end on the day on which the rollback tax and interest imposed in accordance with
153 Subsection (7) are paid in full; and

154 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

155 (7)(a) A delinquent rollback tax under this section shall accrue interest:

156 (i) from the date of delinquency until paid; and

157 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
158 of the year in which the delinquency occurs.

159 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
160 rollback tax that is delinquent on September 1 of any year and interest calculated on
161 that delinquent amount through November 30 of the year in which the county
162 treasurer provides the notice under Section 59-2-1317.

163 (8)(a) Land that becomes ineligible for assessment under this part only as a result of an

164 amendment to this part is not subject to the rollback tax if the owner of the land
165 notifies the county assessor, in accordance with Subsection (2), that the land is
166 withdrawn from this part.

167 (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of an
168 event other than an amendment to this part, whether voluntary or involuntary, is
169 subject to the rollback tax.

170 (9) Except as provided in Section 59-2-511, land that becomes exempt from taxation under
171 Utah Constitution, Article XIII, Section 3, is not subject to the rollback tax if the land meets
172 the requirements of Section 59-2-503 to be assessed under this part.

173 (10) Land that becomes ineligible for assessment under this part only as a result of a split
174 estate mineral rights owner exercising the right to extract a mineral is not subject to the
175 rollback tax:

176 (a)(i) for the portion of the land required by a split estate mineral rights owner to
177 extract a mineral if, after the split estate mineral rights owner exercises the right to
178 extract a mineral, the portion of the property that remains in agricultural
179 production still meets the acreage requirements of Section 59-2-503 for
180 assessment under this part; or

181 (ii) for the entire acreage that would otherwise qualify for assessment under this part
182 if, after the split estate mineral rights owner exercises the right to extract a
183 mineral, the entire acreage that would otherwise qualify for assessment under this
184 part no longer meets the acreage requirements of Section 59-2-503 for assessment
185 under this part only due to the extraction of the mineral by the split estate mineral
186 rights owner; and

187 (b) for the period of time that the property described in Subsection (10)(a) is ineligible
188 for assessment under this part due to the extraction of a mineral by the split estate
189 mineral rights owner.

190 (11)(a) A portion of land withdrawn from this part is not subject to the rollback tax if the
191 portion of land:

192 (i) qualifies for assessment under Part 17, Urban Farming Assessment Act; and

193 (ii) for the tax year immediately following withdrawal, the owner of the portion of
194 land applies in accordance with Section 59-2-1707 for the land to be assessed
195 under Part 17, Urban Farming Assessment Act.

196 (b) Any remaining portion of the withdrawn land that does not satisfy the requirements
197 of Subsection (11)(a) is subject to the rollback tax.

Section 5. Section **59-2-511** is amended to read:

**59-2-511 . Acquisition of land by governmental entity -- Requirements --
Rollback tax -- One-time in lieu fee payment -- Passage of title.**

(1) For purposes of this section, "governmental entity" means:

- (a) the United States;
- (b) the state;
- (c) a political subdivision of the state, including:
 - (i) a county;
 - (ii) a city;
 - (iii) a town;
 - (iv) a school district;
 - (v) a special district; or
 - (vi) a special service district; or
- (d) an entity created by the state or the United States, including:
 - (i) an agency;
 - (ii) a board;
 - (iii) a bureau;
 - (iv) a commission;
 - (v) a committee;
 - (vi) a department;
 - (vii) a division;
 - (viii) an institution;
 - (ix) an instrumentality; or
 - (x) an office.

(2)(a) Except as provided in Subsections (3) through (5), land acquired by a governmental entity is subject to the rollback tax imposed by this part if:

- (i) ~~[prior to the governmental entity acquiring]~~ before the governmental entity acquires the land, the land is assessed under this part; and
- (ii) after the governmental entity acquires the land, the land does not meet the requirements of Section 59-2-503 for assessment under this part.

(b) A person dedicating a public right-of-way to a governmental entity shall pay the rollback tax imposed by this part if:

- (i) a portion of the public right-of-way is located within a subdivision as defined in Section 10-9a-103; or

(ii) in exchange for the dedication, the person dedicating the public right-of-way receives:

(A) money; or

(B) other consideration.

(3)(a) Except as provided in Subsections (4) and (5), land acquired by a governmental entity is not subject to the rollback tax imposed by this part, but is subject to a one-time in lieu fee payment as provided in Subsection (3)(b), if:

(i) the governmental entity acquires the land by eminent domain;

(ii)(A) the land is under the threat or imminence of eminent domain proceedings; and

(B) the governmental entity provides written notice of the proceedings to the owner; or

(iii) the land is donated to the governmental entity.

(b)(i) If a governmental entity acquires land under Subsection (3)(a)(iii), the governmental entity shall make a one-time in lieu fee payment:

(A) to the county treasurer of the county in which the land is located; and

(B) in an amount equal to the amount of rollback tax calculated under Section 59-2-506.

(ii) If a governmental entity acquires land under Subsection (3)(a)(i) or (3)(a)(ii), the governmental entity shall make a one-time in lieu fee payment:

(A) to the county treasurer of the county in which the land is located; and

(B)(I) if the land remaining after the acquisition by the governmental entity meets the requirements of Section 59-2-503, in an amount equal to the rollback tax under Section 59-2-506 on the land acquired by the governmental entity; or

(II) if the land remaining after the acquisition by the governmental entity is less than five acres, in an amount equal to the rollback tax under Section 59-2-506 on the land acquired by the governmental entity and the land remaining after the acquisition by the governmental entity.

(iii) For purposes of Subsection (3)(b)(ii), "land remaining after the acquisition by the governmental entity" includes other eligible acreage that is used in conjunction with the land remaining after the acquisition by the governmental entity.

(c) The county treasurer shall pay 100% of the in lieu fee payment collected under this section to the county, which the county shall deposit and use in accordance with

Section 17-41-602.

[(c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute the revenues generated by the payment as follows:]

[(i) 20% to the county for use for open land and working agricultural land as those terms are defined in Section 4-46-102; and]

[(ii) 80% to the taxing entities in which the land is located.]

(4) Except as provided in Section 59-2-506.5, if land acquired by a governmental entity is made subject to a conservation easement in accordance with Section 59-2-506.5:

(a) the land is not subject to the rollback tax imposed by this part; and

(b) the governmental entity acquiring the land is not required to make an in lieu fee payment under Subsection (3)(b).

(5)(a) This Subsection (5) applies only to a governmental entity that is the state or a political subdivision of the state as described in Subsections (1)(b) and (c).

(b) Land acquired by a governmental entity described in Subsection (5)(a) is not subject to the rollback tax imposed by this part.

(c) Notwithstanding Subsection (5)(b), a governmental entity described in Subsection (5)(a) may not, within five years after the day on which the governmental entity acquires land, sell the land to a private entity unless the governmental entity makes a one-time in lieu fee payment:

(i) to the county treasurer of the county in which the land is located;

(ii) in an amount equal to the rollback tax under Section 59-2-506 on the land acquired by the governmental entity at the time of acquisition; and

(iii) before selling the land to the private entity.

(6) If a governmental entity acquires land subject to assessment under this part, title to the land may not pass to the governmental entity until the following are paid to the county treasurer:

(a) any tax due under this part;

(b) any one-time in lieu fee payment due under this part; and

(c) any interest due under this part.

Section 6. Section **59-2-1705** is amended to read:

59-2-1705 . Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien -- Interest -- Notice -- Collection -- Distribution.

(1) Except as provided in this section or Section 59-2-1710, land that is withdrawn from this part is subject to a rollback tax imposed as provided in this section.

- 300 (2)(a) An owner shall notify the county assessor that land is withdrawn from this part
301 within 120 days after the day on which the land is withdrawn from this part.
- 302 (b) An owner who fails to notify the county assessor under Subsection (2)(a) that land is
303 withdrawn from this part is subject to a penalty equal to the greater of:
304 (i) \$10; or
305 (ii) 2% of the rollback tax due for the last year of the rollback period.
- 306 (3)(a) The county assessor shall determine the amount of the rollback tax by computing
307 the difference for the rollback period described in Subsection (3)(b) between:
308 (i) the tax paid while the land was assessed under this part; and
309 (ii) the tax that would have been paid had the property not been assessed under this
310 part.
- 311 (b) For purposes of this section, the rollback period is a time period that:
312 (i) begins on the later of:
313 (A) except as provided in Subsection (3)(c), the date the land is first assessed
314 under this part; or
315 (B) five years preceding the day on which the county assessor mails the notice
316 required by Subsection (5); and
317 (ii) ends the day on which the county assessor mails the notice required by
318 Subsection (5).
- 319 (c) For land that was previously assessed under Part 5, Farmland Assessment Act, the
320 date described in Subsection (3)(b)(i)(A) is the date the land was first assessed under
321 Part 5, Farmland Assessment Act, unless the land was subject to a rollback tax
322 imposed under Section 59-2-506.
- 323 (4)(a) The county treasurer shall:
324 (i) collect the rollback tax; and
325 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax
326 lien on the property has been satisfied by:
327 (A) preparing a document that certifies that the rollback tax lien on the property
328 has been satisfied; and
329 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county
330 recorder for recording.
- 331 (b) The county treasurer shall pay 100% of the rollback tax collected under this section
332 to the county, which the county shall deposit and use in accordance with Section
333 17-41-602.

334 ~~[(b) The county treasurer shall pay the rollback tax collected under this section as~~
335 ~~follows:]~~

336 ~~[(i) 20% to the county for use for land and working agricultural land as those terms~~
337 ~~are defined in Section 4-46-102; and]~~

338 ~~[(ii) 80% to the various taxing entities pro rata in accordance with the property tax~~
339 ~~levies for the current year.]~~

340 (5)(a) The county assessor shall mail to an owner of the land that is subject to a rollback
341 tax a notice that:

342 (i) the land is withdrawn from this part;

343 (ii) the land is subject to a rollback tax under this section; and

344 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax on or
345 before the due date listed on the notice described in this Subsection (5)(a).

346 (b)(i) The rollback tax is due and payable within 60 days after the day on which the
347 county assessor mails the notice required by Subsection (5)(a).

348 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land
349 that is withdrawn from this part does not pay the rollback tax on or before the due
350 date listed on the notice described in Subsection (5)(a).

351 (6)(a) Subject to Subsection (6)(b), the rollback tax and interest imposed under
352 Subsection (7) are a lien on the land assessed under this part.

353 (b) The lien described in Subsection (6)(a) shall:

354 (i) arise upon the imposition of the rollback tax under this section;

355 (ii) end on the day on which the rollback tax and interest imposed under Subsection
356 (7) are paid in full; and

357 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

358 (7)(a) A delinquent rollback tax under this section shall accrue interest:

359 (i) from the date of delinquency until paid; and

360 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
361 of the year in which the delinquency occurs.

362 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
363 rollback tax that is delinquent on September 1 of any year and interest calculated on
364 that delinquent amount through November 30 of the year in which the county
365 treasurer provides the notice under Section 59-2-1317.

366 (8)(a) Land that becomes ineligible for assessment under this part only as a result of an
367 amendment to this part is not subject to the rollback tax if the owner of the land

notifies the county assessor, in accordance with Subsection (2), that the land is withdrawn from this part.

(b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of an event other than an amendment to this part, whether voluntary or involuntary, is subject to the rollback tax.

(9) Except as provided in Section 59-2-1710, land that becomes exempt from taxation under Utah Constitution, Article XIII, Section 3, is not subject to the rollback tax if the land meets the requirements of Section 59-2-1703 to be assessed under this part.

Section 7. Section **59-2-1710** is amended to read:

**59-2-1710 . Acquisition of land by governmental entity -- Requirements --
Rollback tax -- One-time in lieu fee payment -- Passage of title.**

(1) For purposes of this section, "governmental entity" means:

- (a) the United States;
- (b) the state;
- (c) a political subdivision of the state, including a county, city, town, school district, special district, or special service district; or
- (d) an entity created by the state or the United States, including an agency, board, bureau, commission, committee, department, division, institution, instrumentality, or office.

(2)(a) Except as provided in Subsections (3) and (4), land acquired by a governmental entity is subject to the rollback tax imposed by this part if:

- (i) before the governmental entity acquires the land, the land is assessed under this part; and
- (ii) after the governmental entity acquires the land, the land does not meet the requirements of Section 59-2-1703 for assessment under this part.

(b) A person dedicating a public right-of-way to a governmental entity shall pay the rollback tax imposed by this part if:

- (i) a portion of the public right-of-way is located within a subdivision as defined in Section 10-9a-103; or
- (ii) in exchange for the dedication, the person dedicating the public right-of-way receives money or other consideration.

(3)(a) Except as provided in Subsection (4), land acquired by a governmental entity is not subject to the rollback tax imposed by this part, but is subject to a one-time in lieu fee payment as provided in Subsection (3)(b), if:

- 402 (i) the governmental entity acquires the land by eminent domain;
403 (ii)(A) the land is under the threat or imminence of eminent domain proceedings;
404 and
405 (B) the governmental entity provides written notice of the proceedings to the
406 owner; or
407 (iii) the land is donated to the governmental entity.
- 408 (b)(i) If a governmental entity acquires land under Subsection (3)(a)(iii), the
409 governmental entity shall make a one-time in lieu fee payment:
410 (A) to the county treasurer of the county in which the land is located; and
411 (B) in an amount equal to the amount of rollback tax calculated under Section
412 59-2-1705.
- 413 (ii) A governmental entity that acquires land under Subsection (3)(a)(i) or (ii) shall
414 make a one-time in lieu fee payment to the county treasurer of the county in which
415 the land is located:
416 (A) if the land remaining after the acquisition by the governmental entity meets
417 the requirements of Section 59-2-1703, in an amount equal to the rollback tax
418 under Section 59-2-1705 on the land acquired by the governmental entity; or
419 (B) if the land remaining after the acquisition by the governmental entity is less
420 than one acre, in an amount equal to the rollback tax under Section 59-2-1705
421 on the land acquired by the governmental entity and the land remaining after
422 the acquisition by the governmental entity.
- 423 (c) The county treasurer shall pay 100% of the in lieu fee payment collected under this
424 section to the county, which the county shall deposit and use in accordance with
425 Section 17-41-602.
- 426 [(c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute
427 the revenues collected from the payment as follows:]
428 [(i) 20% to the county for use for open land and working agricultural land as those
429 terms are defined in Section 4-46-102; and]
430 [(ii) 80% to the taxing entities in which the land is located.]
- 431 (4)(a) This Subsection (4) applies only to a governmental entity that is the state or a
432 political subdivision of the state as described in Subsections (1)(b) and (c).
- 433 (b) Land acquired by a governmental entity described in Subsection (4)(a) is not subject
434 to the rollback tax imposed by this part.
- 435 (c) Notwithstanding Subsection (4)(b), a governmental entity described in Subsection

(4)(a) may not, within five years after the day on which the governmental entity acquires land, sell the land to a private entity unless the governmental entity makes a one-time in lieu fee payment:

(i) to the county treasurer of the county in which the land is located;

(ii) in an amount equal to the rollback tax under Section 59-2-1705 on the land acquired by the governmental entity at the time of acquisition; and

(iii) before selling the land to the private entity.

(5) If a governmental entity acquires land subject to assessment under this part, title to the land may not pass to the governmental entity until any tax, one-time in lieu fee payment, and applicable interest due under this part are paid to the county treasurer.

Section 8. **Effective Date.**

This bill takes effect on May 7, 2025.