

CHANGES TO PROPERTY TAX

2017 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Curtis S. Bramble

House Sponsor: _____

LONG TITLE**General Description:**

This bill amends provisions in the Property Tax Act related to the fair market value assessment of aircraft.

Highlighted Provisions:

This bill:

- provides a method for determining the fair market value of centrally assessed aircraft.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-2-201, as last amended by Laws of Utah 2015, Chapter 139

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

Section 1. Section **59-2-201** is amended to read:

59-2-201. Assessment by commission -- Determination of value of mining property -- Determination of value of aircraft, aircraft type, mobile flight equipment -- Notification of assessment -- Local assessment of property assessed by the unitary method



28 -- **Commission may consult with county.**

29 (1) (a) By May 1 of each year, the following property, unless otherwise exempt under
30 the Utah Constitution or under Part 11, Exemptions, Deferrals, and Abatements, shall be
31 assessed by the commission at 100% of fair market value, as valued on January 1, in
32 accordance with this chapter:

33 (i) except as provided in Subsection (2), all property [~~which~~] that operates as a unit
34 across county lines, if the values must be apportioned among more than one county or state;

35 (ii) all property of public utilities;

36 (iii) all operating property of an airline, air charter service, and air contract service;

37 (iv) all geothermal fluids and geothermal resources;

38 (v) all mines and mining claims except in cases, as determined by the commission,
39 where the mining claims are used for other than mining purposes, in which case the value of
40 mining claims used for other than mining purposes shall be assessed by the assessor of the
41 county in which the mining claims are located; and

42 (vi) all machinery used in mining, all property or surface improvements upon or
43 appurtenant to mines or mining claims. For the purposes of assessment and taxation, all
44 processing plants, mills, reduction works, and smelters [~~which~~] that are primarily used by the
45 owner of a mine or mining claim for processing, reducing, or smelting minerals taken from a
46 mine or mining claim shall be considered appurtenant to that mine or mining claim, regardless
47 of actual location.

48 (b) (i) For purposes of Subsection (1)(a)(iii), operating property of an air charter
49 service does not include an aircraft that is:

50 (A) used by the air charter service for air charter; and

51 (B) owned by a person other than the air charter service.

52 (ii) For purposes of this Subsection (1)(b):

53 (A) "person" means a natural person, individual, corporation, organization, or other
54 legal entity; and

55 (B) a person does not qualify as a person other than the air charter service as described
56 in Subsection (1)(b)(i)(B) if the person is:

57 (I) a principal, owner, or member of the air charter service; or

58 (II) a legal entity that has a principal, owner, or member of the air charter service as a

principal, owner, or member of the legal entity.

(2) The commission shall assess and collect property tax on state-assessed commercial vehicles at the time of original registration or annual renewal.

(a) The commission shall assess and collect property tax annually on state-assessed commercial vehicles ~~[which]~~ that are registered pursuant to Section 41-1a-222 or 41-1a-228.

(b) State-assessed commercial vehicles brought into the state ~~[which]~~ that are required to be registered in Utah shall, as a condition of registration, be subject to ad valorem tax unless all property taxes or fees imposed by the state of origin have been paid for the current calendar year.

(c) Real property, improvements, equipment, fixtures, or other personal property in this state owned by the company shall be assessed separately by the local county assessor.

(d) The commission shall adjust the value of state-assessed commercial vehicles as necessary to comply with 49 U.S.C. Sec. 14502, and the commission shall direct the county assessor to apply the same adjustment to any personal property, real property, or improvements owned by the company and used directly and exclusively in their commercial vehicle activities.

(3) (a) The method for determining the fair market value of productive mining property is the capitalized net revenue method or any other valuation method the commission believes, or the taxpayer demonstrates to the commission's satisfaction, to be reasonably determinative of the fair market value of the mining property.

(b) The commission shall determine the rate of capitalization applicable to mines ~~[shall be determined by the commission]~~, consistent with a fair rate of return expected by an investor in light of that industry's current market, financial, and economic conditions.

(c) In no event may the fair market value of the mining property be less than the fair market value of the land, improvements, and tangible personal property upon or appurtenant to the mining property.

(4) (a) The commission may not use the unitary method to assess the operating property of an airline, air charter service, and air contract service under Subsection (1)(a)(iii).

(b) Except as provided in Subsection (4)(c), the commission shall use the following method to determine the fair market value of aircraft, aircraft type, or mobile flight equipment assessed under this part:

(i) the value referenced in the Wholesale Price column of the Airliner Price Guide by

90 make, model, series, and year of manufacture; minus

91 (ii) 20% of the value described in Subsection (4)(b)(i).

92 (c) The commission shall use the following method to determine the fair market value
93 of an aircraft not listed in the Airliner Price Guide:

94 (i) the value referenced in the Average Wholesale column of the Aircraft Bluebook
95 Price Digest by make, model, series, and year of manufacture; minus

96 (ii) 20% of the value described in Subsection (4)(c)(i).

97 ~~[(4)] (5)~~ Immediately following the assessment, the commission shall send, by certified
98 mail, notice of the assessment to the owner or operator of the assessed property ~~[shall be~~
99 ~~notified of the assessment by certified mail. The]~~ and the assessor of the county in which the
100 property is located ~~[shall also be immediately notified of the assessment by certified mail].~~

101 ~~[(5)] (6)~~ The commission may consult with a county in valuing property in accordance
102 with this part.

103 ~~[(6) Property]~~ (7) The local county assessor shall separately assess property that is
104 assessed by the unitary method[, which] if the commission determines that the property:

105 (a) is not necessary to the conduct of the business; and

106 (b) does not contribute to the income of the business ~~[as determined by the~~
107 ~~commission, shall be assessed separately by the local county assessor].~~

108 **Section 2. Effective date.**

109 This bill takes effect on January 1, 2018.

Legislative Review Note
Office of Legislative Research and General Counsel