

1 **TANGIBLE PERSONAL PROPERTY TAX REVISIONS**

2 2020 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Karianne Lisonbee**

5 Senate Sponsor: Daniel McCay

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7 **LONG TITLE**

8 **Committee Note:**

9 The Revenue and Taxation Interim Committee recommended this bill.

10 Legislative Vote: 12 voting for 0 voting against 7 absent

11 **General Description:**

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

13 **Highlighted Provisions:**

14 This bill:

14a **§→ ▶ modifies the requirements for qualifying for a property tax exemption for tangible**  
14b **personal property owned by a business; and ←§**

15 ▶ modifies the calculation of the inflation adjustment that applies to the property tax  
16 exemption for tangible personal property that has an aggregate taxable value of  
17 \$15,000 or less.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill provides a special effective date.

22 This bill provides retrospective operation.

23 **Utah Code Sections Affected:**

24 AMENDS:

25 **59-2-1115**, as last amended by Laws of Utah 2019, Chapter 463

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



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

29 **59-2-1115. Exemption of certain tangible personal property.**

30 (1) For purposes of this section:

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

33 (ii) includes:

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

35 (B) the cost of freight and shipping;

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

37 (D) sales and use taxes.

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

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

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

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

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

47 (I) on a public highway;

48 (II) on a public waterway;

49 (III) on public land; or

50 (IV) in the air;

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

52 (C) a manufactured home as defined in Section [41-1a-102](#).

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

56 (b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible  
57 personal property, except for an item of noncapitalized personal property as defined in Section  
58 [59-2-108](#), is exempt from taxation if the item of taxable tangible personal property:

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

90 signed statement for each continuing consecutive year for which the taxpayer qualifies for the  
91 exemption.

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

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

97 (6) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
98 commission may make rules to administer this section and provide for uniform  
99 implementation.

100 Section 2. **Effective date.**

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

105 Section 3. **Retrospective operation.**

106 ~~§~~→ ~~[This bill has]~~ **The actions affecting Subsection 59-2-1115(3) have** ←~~§~~ retrospective  
106a operation ~~§~~→ ~~[for a taxable year beginning on or after]~~ to ←~~§~~ January 1,  
107 2020.