

1 **ROLLBACK TAX AMENDMENTS**

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jason B. Kyle

Senate Sponsor: David P. Hinkins

3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to the rollback tax associated with agricultural and
6 urban farming property tax assessments.

7 **Highlighted Provisions:**

8 This bill:

- 9 ▶ excludes land acquired by certain governmental entities from the rollback tax;
- 10 ▶ requires governmental entities exempted from the rollback tax to make a one-time in
11 lieu fee payment before selling the land within a certain period;
- 12 ▶ extends the due date for paying the rollback tax and the deadline for filing an appeal to
13 the county board of equalization;
- 14 ▶ requires the State Tax Commission to make rules allowing for an extension of the
15 deadline for filing an appeal; and
- 16 ▶ makes technical changes.

17 **Money Appropriated in this Bill:**

18 None

19 **Other Special Clauses:**

20 This bill provides a special effective date.

21 **Utah Code Sections Affected:**

22 AMENDS:

23 **59-2-506**, as last amended by Laws of Utah 2023, Chapters 180, 189

24 **59-2-511**, as last amended by Laws of Utah 2023, Chapters 16, 180

25 **59-2-516**, as enacted by Laws of Utah 2017, Chapter 319

26 **59-2-1705**, as last amended by Laws of Utah 2023, Chapters 180, 189

27 **59-2-1710**, as last amended by Laws of Utah 2023, Chapters 16, 180 and 471

28 **59-2-1713**, as enacted by Laws of Utah 2017, Chapter 319

29

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

31 Section 1. Section **59-2-506** is amended to read:

32 **59-2-506 . Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --**
33 **Interest -- Notice -- Collection -- Distribution.**

34 (1) Except as provided in this section, Section 59-2-506.5, or Section 59-2-511, if land is
35 withdrawn from this part, the land is subject to a rollback tax imposed in accordance
36 with this section.

37 (2) (a) An owner shall notify the county assessor that land is withdrawn from this part
38 within 120 days after the day on which the land is withdrawn from this part.

39 (b) An owner that fails to notify the county assessor under Subsection (2)(a) that land is
40 withdrawn from this part is subject to a penalty equal to the greater of:

41 (i) \$10; or

42 (ii) 2% of the rollback tax due for the last year of the rollback period.

43 (3) (a) The county assessor shall determine the amount of the rollback tax by computing
44 the difference for the rollback period described in Subsection (3)(b) between:

45 (i) the tax paid while the land was assessed under this part; and

46 (ii) the tax that would have been paid had the property not been assessed under this
47 part.

48 (b) For purposes of this section, the rollback period is a time period that:

49 (i) begins on the later of:

50 (A) the date the land is first assessed under this part; or

51 (B) five years preceding the day on which the county assessor mails the notice
52 required by Subsection (5); and

53 (ii) ends the day on which the county assessor mails the notice required by
54 Subsection (5).

55 (4) (a) The county treasurer shall:

56 (i) collect the rollback tax; and

57 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax
58 lien on the property has been satisfied by:

59 (A) preparing a document that certifies that the rollback tax lien on the property
60 has been satisfied; and

61 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county

- 62 recorder for recordation.
- 63 (b) The county treasurer shall pay the rollback tax collected under this section as follows:
- 64 (i) 20% to the county for use for open land and working agricultural land as those
- 65 terms are defined in Section 4-46-102; and
- 66 (ii) 80% to the various taxing entities pro rata in accordance with the property tax
- 67 levies for the current year.
- 68 (5) (a) The county assessor shall mail to an owner of the land that is subject to a rollback
- 69 tax a notice that:
- 70 (i) the land is withdrawn from this part;
- 71 (ii) the land is subject to a rollback tax under this section; and
- 72 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax [~~within~~
- 73 ~~30 days after the day on which the county assessor mails~~] on or before the due date
- 74 listed on the notice described in this Subsection (5)(a).
- 75 (b) (i) The rollback tax is due and payable [~~on the day~~] within 60 days after the day on
- 76 which the county assessor mails the notice required by Subsection (5)(a).
- 77 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land
- 78 that is withdrawn from this part does not pay the rollback tax [~~within 30 days after~~
- 79 ~~the day on which the county assessor mails~~] on or before the due date listed on the
- 80 notice [required by] described in Subsection (5)(a).
- 81 (6) (a) Subject to Subsection (6)(b), the following are a lien on the land assessed under
- 82 this part:
- 83 (i) the rollback tax; and
- 84 (ii) interest imposed in accordance with Subsection (7).
- 85 (b) The lien described in Subsection (6)(a) shall:
- 86 (i) arise upon the imposition of the rollback tax under this section;
- 87 (ii) end on the day on which the rollback tax and interest imposed in accordance with
- 88 Subsection (7) are paid in full; and
- 89 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).
- 90 (7) (a) A delinquent rollback tax under this section shall accrue interest:
- 91 (i) from the date of delinquency until paid; and
- 92 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
- 93 of the year in which the delinquency occurs.
- 94 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
- 95 rollback tax that is delinquent on September 1 of any year and interest calculated on

96 that delinquent amount through November 30 of the year in which the county
97 treasurer provides the notice under Section 59-2-1317.

98 (8) (a) Land that becomes ineligible for assessment under this part only as a result of an
99 amendment to this part is not subject to the rollback tax if the owner of the land
100 notifies the county assessor, in accordance with Subsection (2), that the land is
101 withdrawn from this part.

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

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

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

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

116 (ii) for the entire acreage that would otherwise qualify for assessment under this part
117 if, after the split estate mineral rights owner exercises the right to extract a
118 mineral, the entire acreage that would otherwise qualify for assessment under this
119 part no longer meets the acreage requirements of Section 59-2-503 for assessment
120 under this part only due to the extraction of the mineral by the split estate mineral
121 rights owner; and

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

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

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

128 (ii) for the tax year immediately following withdrawal, the owner of the portion of
129 land applies in accordance with Section 59-2-1707 for the land to be assessed

130 under Part 17, Urban Farming Assessment Act.

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

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

134 **59-2-511 . Acquisition of land by governmental entity -- Requirements --**
 135 **Rollback tax -- One-time in lieu fee payment -- Passage of title.**

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

137 (a) the United States;

138 (b) the state;

139 (c) a political subdivision of the state, including:

140 (i) a county;

141 (ii) a city;

142 (iii) a town;

143 (iv) a school district;

144 (v) a special district; or

145 (vi) a special service district; or

146 (d) an entity created by the state or the United States, including:

147 (i) an agency;

148 (ii) a board;

149 (iii) a bureau;

150 (iv) a commission;

151 (v) a committee;

152 (vi) a department;

153 (vii) a division;

154 (viii) an institution;

155 (ix) an instrumentality; or

156 (x) an office.

157 (2) (a) Except as provided in Subsections (3) [~~and (4)~~] through (5), land acquired by a
 158 governmental entity is subject to the rollback tax imposed by this part if:

159 (i) prior to the governmental entity acquiring the land, the land is assessed under this
 160 part; and

161 (ii) after the governmental entity acquires the land, the land does not meet the
 162 requirements of Section 59-2-503 for assessment under this part.

163 (b) A person dedicating a public right-of-way to a governmental entity shall pay the

- 164 rollback tax imposed by this part if:
- 165 (i) a portion of the public right-of-way is located within a subdivision as defined in
- 166 Section 10-9a-103; or
- 167 (ii) in exchange for the dedication, the person dedicating the public right-of-way
- 168 receives:
- 169 (A) money; or
- 170 (B) other consideration.
- 171 (3) (a) Except as provided in [~~Subsection (4)] Subsections (4) and (5), land acquired by a~~
- 172 governmental entity is not subject to the rollback tax imposed by this part, but is
- 173 subject to a one-time in lieu fee payment as provided in Subsection (3)(b), if:
- 174 (i) the governmental entity acquires the land by eminent domain;
- 175 (ii) (A) the land is under the threat or imminence of eminent domain proceedings;
- 176 and
- 177 (B) the governmental entity provides written notice of the proceedings to the
- 178 owner; or
- 179 (iii) the land is donated to the governmental entity.
- 180 (b) (i) If a governmental entity acquires land under Subsection (3)(a)(iii), the
- 181 governmental entity shall make a one-time in lieu fee payment:
- 182 (A) to the county treasurer of the county in which the land is located; and
- 183 (B) in an amount equal to the amount of rollback tax calculated under Section
- 184 59-2-506.
- 185 (ii) If a governmental entity acquires land under Subsection (3)(a)(i) or (3)(a)(ii), the
- 186 governmental entity shall make a one-time in lieu fee payment:
- 187 (A) to the county treasurer of the county in which the land is located; and
- 188 (B) (I) if the land remaining after the acquisition by the governmental entity
- 189 meets the requirements of Section 59-2-503, in an amount equal to the
- 190 rollback tax under Section 59-2-506 on the land acquired by the
- 191 governmental entity; or
- 192 (II) if the land remaining after the acquisition by the governmental entity is less
- 193 than five acres, in an amount equal to the rollback tax under Section
- 194 59-2-506 on the land acquired by the governmental entity and the land
- 195 remaining after the acquisition by the governmental entity.
- 196 (iii) For purposes of Subsection (3)(b)(ii), "land remaining after the acquisition by the
- 197 governmental entity" includes other eligible acreage that is used in conjunction

- 198 with the land remaining after the acquisition by the governmental entity.
- 199 (c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute the
200 revenues generated by the payment as follows:
- 201 (i) 20% to the county for use for open land and working agricultural land as those
202 terms are defined in Section 4-46-102; and
- 203 (ii) 80% to the taxing entities in which the land is located.
- 204 (4) Except as provided in Section 59-2-506.5, if land acquired by a governmental entity is
205 made subject to a conservation easement in accordance with Section 59-2-506.5:
- 206 (a) the land is not subject to the rollback tax imposed by this part; and
- 207 (b) the governmental entity acquiring the land is not required to make an in lieu fee
208 payment under Subsection (3)(b).
- 209 (5) (a) This Subsection (5) applies only to a governmental entity that is the state or a
210 political subdivision of the state as described in Subsections (1)(b) and (c).
- 211 (b) Land acquired by a governmental entity described in Subsection (5)(a) is not subject
212 to the rollback tax imposed by this part.
- 213 (c) Notwithstanding Subsection (5)(b), a governmental entity described in Subsection
214 (5)(a) may not, within five years after the day on which the governmental entity
215 acquires land, sell the land to a private entity unless the governmental entity makes a
216 one-time in lieu fee payment:
- 217 (i) to the county treasurer of the county in which the land is located;
- 218 (ii) in an amount equal to the rollback tax under Section 59-2-506 on the land
219 acquired by the governmental entity at the time of acquisition; and
- 220 (iii) before selling the land to the private entity.
- 221 [~~5~~] (6) If a governmental entity acquires land subject to assessment under this part, title to
222 the land may not pass to the governmental entity until the following are paid to the
223 county treasurer:
- 224 (a) any tax due under this part;
- 225 (b) any one-time in lieu fee payment due under this part; and
- 226 (c) any interest due under this part.
- 227 Section 3. Section **59-2-516** is amended to read:
- 228 **59-2-516 . Appeal to the county board of equalization.**
- 229 (1) Notwithstanding Section 59-2-1004 [~~or 63G-4-301~~] and except as provided in
230 Subsection (2), the owner of land may appeal the determination or denial of a county
231 assessor to the county board of equalization within [~~45~~] 60 days after the day on which:

232 [~~(1)~~] (a) the county assessor makes a determination under this part; or
 233 [~~(2)~~] (b) the county assessor's failure to make a determination results in the owner's
 234 request being considered denied under this part.

235 (2) Notwithstanding Subsection (1), the commission shall, in accordance with Title 63G,
 236 Chapter 3, Utah Administrative Rulemaking Act, make rules establishing circumstances
 237 under which an appeal may be filed with the county board of equalization no later than
 238 60 days after the deadline for an appeal described in Subsection (1).

239 Section 4. Section **59-2-1705** is amended to read:

240 **59-2-1705 . Rollback tax -- Penalty -- Computation of tax -- Procedure -- Lien --**
 241 **Interest -- Notice -- Collection -- Distribution.**

- 242 (1) Except as provided in this section or Section 59-2-1710, land that is withdrawn from
 243 this part is subject to a rollback tax imposed as provided in this section.
- 244 (2) (a) An owner shall notify the county assessor that land is withdrawn from this part
 245 within 120 days after the day on which the land is withdrawn from this part.
- 246 (b) An owner who fails to notify the county assessor under Subsection (2)(a) that land is
 247 withdrawn from this part is subject to a penalty equal to the greater of:
- 248 (i) \$10; or
 249 (ii) 2% of the rollback tax due for the last year of the rollback period.
- 250 (3) (a) The county assessor shall determine the amount of the rollback tax by computing
 251 the difference for the rollback period described in Subsection (3)(b) between:
- 252 (i) the tax paid while the land was assessed under this part; and
 253 (ii) the tax that would have been paid had the property not been assessed under this
 254 part.
- 255 (b) For purposes of this section, the rollback period is a time period that:
- 256 (i) begins on the later of:
- 257 (A) except as provided in Subsection (3)(c), the date the land is first assessed
 258 under this part; or
 259 (B) five years preceding the day on which the county assessor mails the notice
 260 required by Subsection (5); and
 261 (ii) ends the day on which the county assessor mails the notice required by
 262 Subsection (5).
- 263 (c) For land that was previously assessed under Part 5, Farmland Assessment Act, the
 264 date described in Subsection (3)(b)(i)(A) is the date the land was first assessed under
 265 Part 5, Farmland Assessment Act, unless the land was subject to a rollback tax

- 266 imposed under Section 59-2-506.
- 267 (4) (a) The county treasurer shall:
- 268 (i) collect the rollback tax; and
- 269 (ii) after the rollback tax is paid, certify to the county recorder that the rollback tax
- 270 lien on the property has been satisfied by:
- 271 (A) preparing a document that certifies that the rollback tax lien on the property
- 272 has been satisfied; and
- 273 (B) providing the document described in Subsection (4)(a)(ii)(A) to the county
- 274 recorder for recording.
- 275 (b) The county treasurer shall pay the rollback tax collected under this section as follows:
- 276 (i) 20% to the county for use for land and working agricultural land as those terms
- 277 are defined in Section 4-46-102; and
- 278 (ii) 80% to the various taxing entities pro rata in accordance with the property tax
- 279 levies for the current year.
- 280 (5) (a) The county assessor shall mail to an owner of the land that is subject to a rollback
- 281 tax a notice that:
- 282 (i) the land is withdrawn from this part;
- 283 (ii) the land is subject to a rollback tax under this section; and
- 284 (iii) the rollback tax is delinquent if the owner of the land does not pay the tax [~~within~~
- 285 ~~30 days after the day on which the county assessor mails]~~ on or before the due date
- 286 listed on the notice described in this Subsection (5)(a).
- 287 (b) (i) The rollback tax is due and payable [~~on the day]~~ within 60 days after the day on
- 288 which the county assessor mails the notice required by Subsection (5)(a).
- 289 (ii) Subject to Subsection (7), the rollback tax is delinquent if an owner of the land
- 290 that is withdrawn from this part does not pay the rollback tax [~~within 30 days after~~
- 291 ~~the day on which the county assessor mails]~~ on or before the due date listed on the
- 292 notice [required by] described in Subsection (5)(a).
- 293 (6) (a) Subject to Subsection (6)(b), the rollback tax and interest imposed under
- 294 Subsection (7) are a lien on the land assessed under this part.
- 295 (b) The lien described in Subsection (6)(a) shall:
- 296 (i) arise upon the imposition of the rollback tax under this section;
- 297 (ii) end on the day on which the rollback tax and interest imposed under Subsection
- 298 (7) are paid in full; and
- 299 (iii) relate back to the first day of the rollback period described in Subsection (3)(b).

- 300 (7) (a) A delinquent rollback tax under this section shall accrue interest:
 301 (i) from the date of delinquency until paid; and
 302 (ii) at the interest rate established under Section 59-2-1331 and in effect on January 1
 303 of the year in which the delinquency occurs.
- 304 (b) The county treasurer shall include in the notice required by Section 59-2-1317 a
 305 rollback tax that is delinquent on September 1 of any year and interest calculated on
 306 that delinquent amount through November 30 of the year in which the county
 307 treasurer provides the notice under Section 59-2-1317.
- 308 (8) (a) Land that becomes ineligible for assessment under this part only as a result of an
 309 amendment to this part is not subject to the rollback tax if the owner of the land
 310 notifies the county assessor, in accordance with Subsection (2), that the land is
 311 withdrawn from this part.
- 312 (b) Land described in Subsection (8)(a) that is withdrawn from this part as a result of an
 313 event other than an amendment to this part, whether voluntary or involuntary, is
 314 subject to the rollback tax.
- 315 (9) Except as provided in Section 59-2-1710, land that becomes exempt from taxation
 316 under Utah Constitution, Article XIII, Section 3, is not subject to the rollback tax if the
 317 land meets the requirements of Section 59-2-1703 to be assessed under this part.
- 318 Section 5. Section **59-2-1710** is amended to read:
- 319 **59-2-1710 . Acquisition of land by governmental entity -- Requirements --**
 320 **Rollback tax -- One-time in lieu fee payment -- Passage of title.**
- 321 (1) For purposes of this section, "governmental entity" means:
 322 (a) the United States;
 323 (b) the state;
 324 (c) a political subdivision of the state, including a county, city, town, school district,
 325 special district, or special service district; or
 326 (d) an entity created by the state or the United States, including an agency, board,
 327 bureau, commission, committee, department, division, institution, instrumentality, or
 328 office.
- 329 (2) (a) Except as provided in Subsections (3) and (4), land acquired by a governmental
 330 entity is subject to the rollback tax imposed by this part if:
 331 (i) before the governmental entity acquires the land, the land is assessed under this
 332 part; and
 333 (ii) after the governmental entity acquires the land, the land does not meet the

- 334 requirements of Section 59-2-1703 for assessment under this part.
- 335 (b) A person dedicating a public right-of-way to a governmental entity shall pay the
336 rollback tax imposed by this part if:
- 337 (i) a portion of the public right-of-way is located within a subdivision as defined in
338 Section 10-9a-103; or
- 339 (ii) in exchange for the dedication, the person dedicating the public right-of-way
340 receives money or other consideration.
- 341 (3) (a) [~~Land~~] Except as provided in Subsection (4), land acquired by a governmental
342 entity is not subject to the rollback tax imposed by this part, but is subject to a
343 one-time in lieu fee payment as provided in Subsection (3)(b), if:
- 344 (i) the governmental entity acquires the land by eminent domain;
- 345 (ii) (A) the land is under the threat or imminence of eminent domain proceedings;
346 and
347 (B) the governmental entity provides written notice of the proceedings to the
348 owner; or
- 349 (iii) the land is donated to the governmental entity.
- 350 (b) (i) If a governmental entity acquires land under Subsection (3)(a)(iii), the
351 governmental entity shall make a one-time in lieu fee payment:
- 352 (A) to the county treasurer of the county in which the land is located; and
353 (B) in an amount equal to the amount of rollback tax calculated under Section
354 59-2-1705.
- 355 (ii) A governmental entity that acquires land under Subsection (3)(a)(i) or (ii) shall
356 make a one-time in lieu fee payment to the county treasurer of the county in which
357 the land is located:
- 358 (A) if the land remaining after the acquisition by the governmental entity meets
359 the requirements of Section 59-2-1703, in an amount equal to the rollback tax
360 under Section 59-2-1705 on the land acquired by the governmental entity; or
361 (B) if the land remaining after the acquisition by the governmental entity is less
362 than one acre, in an amount equal to the rollback tax under Section 59-2-1705
363 on the land acquired by the governmental entity and the land remaining after
364 the acquisition by the governmental entity.
- 365 (c) A county receiving an in lieu fee payment under Subsection (3)(b) shall distribute the
366 revenues collected from the payment as follows:
- 367 (i) 20% to the county for use for open land and working agricultural land as those

- 368 terms are defined in Section 4-46-102; and
- 369 (ii) 80% to the taxing entities in which the land is located.
- 370 (4) (a) This Subsection (4) applies only to a governmental entity that is the state or a
- 371 political subdivision of the state as described in Subsections (1)(b) and (c).
- 372 (b) Land acquired by a governmental entity described in Subsection (4)(a) is not subject
- 373 to the rollback tax imposed by this part.
- 374 (c) Notwithstanding Subsection (4)(b), a governmental entity described in Subsection
- 375 (4)(a) may not, within five years after the day on which the governmental entity
- 376 acquires land, sell the land to a private entity unless the governmental entity makes a
- 377 one-time in lieu fee payment:
- 378 (i) to the county treasurer of the county in which the land is located;
- 379 (ii) in an amount equal to the rollback tax under Section 59-2-1705 on the land
- 380 acquired by the governmental entity at the time of acquisition; and
- 381 (iii) before selling the land to the private entity.

382 [~~4~~] (5) If a governmental entity acquires land subject to assessment under this part, title to

383 the land may not pass to the governmental entity until any tax, one-time in lieu fee

384 payment, and applicable interest due under this part are paid to the county treasurer.

385 Section 6. Section **59-2-1713** is amended to read:

386 **59-2-1713 . Appeal to the county board of equalization.**

- 387 (1) Notwithstanding Section 59-2-1004 [~~or 63G-4-301~~] and except as provided in
- 388 Subsection (2), the owner of land may appeal the determination or denial of a county
- 389 assessor to the county board of equalization within [~~45~~] 60 days after the day on which:
- 390 [~~1~~] (a) the county assessor makes a determination under this part; or
- 391 [~~2~~] (b) the county assessor's failure to make a determination results in the owner's
- 392 request being considered denied under this part.
- 393 (2) Notwithstanding Subsection (1), the commission shall, in accordance with Title 63G,
- 394 Chapter 3, Utah Administrative Rulemaking Act, make rules establishing circumstances
- 395 under which an appeal may be filed with the county board of equalization no later than
- 396 60 days after the deadline for an appeal described in Subsection (1).

397 Section 7. **Effective date.**

398 This bill takes effect on January 1, 2025.