

TANGIBLE PERSONAL PROPERTY TAX EXEMPTION

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Nielson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill exempts certain tangible personal property from property taxes.

Highlighted Provisions:

This bill:

- ▶ exempts certain tangible personal property from property taxes;
- ▶ addresses State Tax Commission rulemaking authority; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a contingent effective date of January 1, 2015.

Utah Code Sections Affected:

AMENDS:

59-2-1115, as last amended by Laws of Utah 2013, Chapters 19 and 147

REPEALS:

59-2-108, as last amended by Laws of Utah 2013, Chapter 248

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.



28 ~~[(1) For purposes of this section:]~~

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

31 ~~[(ii) includes:]~~

32 ~~[(A) the purchase price for a new or used item;]~~

33 ~~[(B) the cost of freight and shipping;]~~

34 ~~[(C) the cost of installation, engineering, erection, or assembly; and]~~

35 ~~[(D) sales and use taxes.]~~

36 ~~[(b) (i) "Item of taxable tangible personal property" does not include an improvement~~
37 ~~to real property or a part that will become an improvement.]~~

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

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

43 ~~[(ii) "Taxable tangible personal property" does not include:]~~

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

46 ~~[(F) on a public highway;]~~

47 ~~[(H) on a public waterway;]~~

48 ~~[(HH) on public land; or]~~

49 ~~[(IV) in the air;]~~

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

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

52 As used in this section:

53 (1) (a) "Qualifying tangible personal property" means tangible personal property that:

54 (i) is not household furnishings, furniture, or equipment used exclusively by the owner
55 of that property in maintaining the owner's home; and

56 (ii) is not exempt from property tax under Utah Constitution, Article XIII, Section 2,
57 Subsection (6).

58 (b) "Qualifying tangible personal property" does not include:

59 (i) an improvement to real property or a part that will become an improvement to real
 60 property;

61 (ii) a manufactured home as defined in Section 41-1a-102 that is permanently affixed
 62 to real property; or

63 (iii) a mobile home as defined in Section 41-1a-102 that is permanently affixed to real
 64 property.

65 (2) ~~[(a) The taxable]~~ An item of qualifying tangible personal property ~~[of a taxpayer]~~ is
 66 exempt from taxation if the ~~[taxable]~~ item of qualifying tangible personal property has a ~~[total~~
 67 ~~aggregate taxable value per county of]~~ fair market value of less than \$10,000 ~~[or less].~~

68 ~~[(b) In addition to the exemption under Subsection (2)(a), an item of taxable tangible~~
 69 ~~personal property, except for an item of noncapitalized personal property as defined in Section~~
 70 ~~59-2-108, is exempt from taxation if the item of taxable tangible personal property:]~~

71 ~~[(i) has an acquisition cost of \$1,000 or less;]~~

72 ~~[(ii) has reached a percent good of 15% or less according to a personal property~~
 73 ~~schedule published by the commission pursuant to Section 59-2-107; and]~~

74 ~~[(iii) is in a personal property schedule with a residual value of 15% or less.]~~

75 ~~[(3) (a) For calendar years beginning on or after January 1, 2015, the commission shall~~
 76 ~~increase the dollar amount described in Subsection (2)(a):]~~

77 ~~[(i) by a percentage equal to the percentage difference between the consumer price~~
 78 ~~index for the preceding calendar year and the consumer price index for calendar year 2013;~~
 79 ~~and]~~

80 ~~[(ii) up to the nearest \$100 increment.]~~

81 ~~[(b) For purposes of this Subsection (3), the commission shall calculate the consumer~~
 82 ~~price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code:]~~

83 ~~[(c) If the percentage difference under Subsection (3)(a)(i) is zero or a negative~~
 84 ~~percentage, the consumer price index increase for the year is zero.]~~

85 ~~[(4)]~~ (3) (a) For the first calendar year in which a taxpayer qualifies for an exemption
 86 described in Subsection (2), a county assessor may require the taxpayer to file a signed
 87 statement described in Section 59-2-306.

88 (b) Notwithstanding Section 59-2-306 and subject to Subsection ~~[(5)]~~ (4), for a
 89 calendar year in which a taxpayer qualifies for an exemption described in Subsection (2) after

90 the calendar year described in Subsection ~~[(4)]~~ (3)(a), a signed statement described in Section
91 59-2-306 with respect to the ~~[taxable]~~ qualifying tangible personal property that is exempt
92 under Subsection (2) may only require the taxpayer to certify, under penalty of perjury, that the
93 taxpayer qualifies for the exemption under Subsection (2).

94 ~~[(5)]~~ (4) A signed statement with respect to qualifying exempt primary residential
95 rental personal property is as provided in Section 59-2-103.5.

96 ~~[(6)]~~ (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
97 Act, the commission may make rules:

- 98 (a) defining the term "item of qualifying tangible personal property"; and
- 99 (b) to administer this section and provide for uniform implementation.

100 Section 2. **Contingent effective date.**

101 This bill takes effect on January 1, 2015, if the amendment to the Utah Constitution
102 proposed by H.J.R. 2, Joint Resolution on Tangible Personal Property Tax Exemption, 2014
103 General Session, passes the Legislature and is approved by a majority of those voting on it at
104 the next regular general election.

105 Section 3. **Repealer.**

106 This bill repeals:

107 Section 59-2-108, **Election for assessment and taxation of noncapitalized personal**
108 **property according to a schedule.**

Legislative Review Note
as of 2-21-14 10:43 AM

Office of Legislative Research and General Counsel