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AIRCRAFT PROPERTY TAX AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Walt Brooks

LONG TITLE

General Description:

This bill modifies provisions related to property tax assessment for aircrafts.

Highlighted Provisions:

This bill:

- subjects aircraft to state registration by the Department of Transportation based on the number of days an aircraft operates in the state in a year;
- limits the types of aircraft subject to central assessment by the State Tax Commission;
- requires the Department of Transportation to annually provide a list to the State Tax Commission identifying each aircraft subject to state registration; and
- makes technical and conforming changes.

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 2023, Chapter 471

72-10-109, as last amended by Laws of Utah 2023, Chapter 216

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 -- Notification of assessment -- Local assessment of property assessed by the unitary method -- Commission may consult with

28 **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, shall be assessed by the
31 commission at 100% of fair market value, as valued on January 1, in accordance with
32 this chapter:

- 33 (i) except as provided in Subsection (2), all property that operates as a unit across
34 county lines, if the values must be apportioned among more than one county or
35 state;
- 36 (ii) all property of public utilities;
- 37 (iii) ~~[aH]~~ subject to Subsection (1)(b), all operating property of an airline, air charter
38 service, and air contract service;
- 39 (iv) all geothermal fluids and geothermal resources;
- 40 (v) all mines and mining claims except in cases, as determined by the commission,
41 where the mining claims are used for other than mining purposes, in which case
42 the value of mining claims used for other than mining purposes shall be assessed
43 by the assessor of the county in which the mining claims are located; and
- 44 (vi) all machinery used in mining, all property or surface improvements upon or
45 appurtenant to mines or mining claims. For the purposes of assessment and
46 taxation, all processing plants, mills, reduction works, and smelters that are
47 primarily used by the owner of a mine or mining claim for processing, reducing,
48 or smelting minerals taken from a mine or mining claim shall be considered
49 appurtenant to that mine or mining claim, regardless of actual location.

50 (b) For purposes of Subsection (1)(a)(iii), if the operating property of an airline, air
51 charter service, or air contract service includes an aircraft, the commission shall
52 assess the aircraft only if the aircraft operates under 14 C.F.R. Part 121, with a
53 maximum takeoff weight exceeding 35,000 pounds.

54 ~~[(b) (i) For purposes of Subsection (1)(a)(iii), operating property of an air charter~~
55 ~~service does not include an aircraft that is:]~~

56 ~~[(A) used by the air charter service for air charter; and]~~

57 ~~[(B) owned by a person other than the air charter service.]~~

58 ~~[(ii) For purposes of this Subsection (1)(b):]~~

59 ~~[(A) "person" means a natural person, individual, corporation, organization, or other~~
60 ~~legal entity; and]~~

61 ~~[(B) a person does not qualify as a person other than the air charter service as described~~

62 in Subsection (1)(b)(i)(B) if the person is:]
 63 [~~(F) a principal, owner, or member of the air charter service; or]~~
 64 [~~(H) a legal entity that has a principal, owner, or member of the air charter service as a~~
 65 ~~principal, owner, or member of the legal entity.]~~

66 (2) (a) The commission may not assess property owned by a telecommunications service
 67 provider.

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

70 (i) The commission shall assess and collect property tax annually on state-assessed
 71 commercial vehicles that are registered pursuant to Section 41-1a-222 or
 72 41-1a-228.

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

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

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

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

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

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

95 (4) (a) As used in this Subsection (4), "aircraft pricing guide" means a nationally

96 recognized publication that assigns value estimates for individual commercial aircraft
97 that are:

98 (i) identified by year, make, and model; and

99 (ii) in average condition typical for the aircraft's type and vintage.

100 (b) (i) Except as provided in Subsection (4)(d), the commission shall use an aircraft
101 pricing guide, adjusted as provided in Subsection (4)(c), to determine the fair
102 market value of aircraft assessed under this part.

103 (ii) The commission shall use the Airliner Price Guide as the aircraft pricing guide,
104 except that:

105 (A) if the Airliner Price Guide is no longer published or the commission
106 determines that another aircraft pricing guide more reasonably reflects the fair
107 market value of aircraft, the commission, after consulting with the airlines
108 operating in the state, shall select an alternative aircraft pricing guide;

109 (B) if an aircraft is not listed in the Airliner Price Guide, the commission shall use
110 the Aircraft Bluebook Price Digest as the aircraft pricing guide; and

111 (C) if the Aircraft Bluebook Price Digest is no longer published or the
112 commission determines that another aircraft pricing guide more reasonably
113 reflects the fair market value of aircraft, the commission, after consulting with
114 the airlines operating in the state, shall select an alternative aircraft pricing
115 guide.

116 (c) (i) To reflect the value of an aircraft fleet that is used as part of the operating
117 property of an airline, air charter service, or air contract service, the fair market
118 value of the aircraft shall include a fleet adjustment as provided in this Subsection
119 (4)(c).

120 (ii) If the aircraft pricing guide provides a method for making a fleet adjustment, the
121 commission shall use the method described in the aircraft pricing guide.

122 (iii) If the aircraft pricing guide does not provide a method for making a fleet
123 adjustment, the commission shall make a fleet adjustment by reducing the aircraft
124 pricing guide value of each aircraft in the fleet by .5% for each aircraft over three
125 aircraft up to a maximum 20% reduction.

126 (d) The commission may use an alternative method for valuing aircraft of an airline, air
127 charter service, or air contract service if the commission:

128 (i) has clear and convincing evidence that the aircraft values reflected in the aircraft
129 pricing guide do not reasonably reflect fair market value of the aircraft; and

130 (ii) cannot identify an alternative aircraft pricing guide from which the commission
 131 may determine aircraft value.

132 (5) Immediately following the assessment, the commission shall send, by certified mail,
 133 notice of the assessment to the owner or operator of the assessed property and the
 134 assessor of the county in which the property is located.

135 (6) The commission may consult with a county in valuing property in accordance with this
 136 part.

137 (7) The local county assessor shall separately assess property that is assessed by the unitary
 138 method if the commission determines that the property:

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

140 (b) does not contribute to the income of the business.

141 Section 2. Section **72-10-109** is amended to read:

142 **72-10-109 . Certificate of registration of aircraft required -- Exceptions.**

143 (1) ~~[(a) A]~~ Except as provided in Subsection (2), a person may not operate, pilot, or
 144 navigate, or cause or authorize to be operated, piloted, or navigated within this state
 145 any civil aircraft ~~[domieiled]~~ operating in this state for 181 or more days within any
 146 consecutive 12-month period unless the aircraft has a current certificate of
 147 registration issued by the department.

148 ~~[(b) The restriction described in Subsection (1)(a)-]~~

149 (2) The state registration requirement under Subsection (1) does not apply to:

150 (a) aircraft licensed by a foreign country with which the United States has a reciprocal
 151 agreement covering the operations of the registered aircraft~~[-or to-]~~ ;

152 (b) a non-passenger-carrying flight solely for inspection or test purposes authorized by
 153 the Federal Aviation Administration to be made without the certificate of registration~~[-]~~ ;

154 or

155 (c) aircraft operating under 14 C.F.R. Part 121, with a maximum takeoff weight
 156 exceeding 35,000 pounds.

157 ~~[(2) Aircraft centrally assessed by the State Tax Commission are exempt from the state~~
 158 ~~registration requirement under Subsection (1).]~~

159 (3) Beginning on January 1, 2024, a person may not operate in this state an unmanned
 160 aircraft system or an advanced air mobility aircraft for commercial operation for which
 161 certification is required under 14 C.F.R. Part 107 or 135 unless the aircraft has a current
 162 certificate of registration issued by the department.

163 (4) The department shall, or before December 31 of each calendar year, provide to the State

164 Tax Commission a list of each aircraft for which a current certificate of registration is
165 issued by the department under Subsection (1).

166 Section 3. **Effective date.**

167 This bill takes effect on January 1, 2025.