

**AERONAUTICS AMENDMENTS**

2018 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Walt Brooks

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**LONG TITLE**

**General Description:**

This bill amends provisions related to aeronautics.

**Highlighted Provisions:**

This bill:

- ▶ transfers certain functions related to aeronautics from the State Tax Commission to the Department of Transportation;
- ▶ grants rulemaking authority to the Department of Transportation;
- ▶ permits the Department of Transportation to assess the value of certain aircraft;
- ▶ requires an aircraft without a valid airworthiness certificate to apply for a certificate of registration; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**9-7-401**, as last amended by Laws of Utah 2005, Chapters 217 and 244

**59-2-407**, as last amended by Laws of Utah 2005, Chapters 217 and 244

**59-2-924.2**, as last amended by Laws of Utah 2016, Chapter 350

**59-7-614**, as last amended by Laws of Utah 2016, Third Special Session, Chapter 1

**59-10-1014**, as last amended by Laws of Utah 2017, Chapter 33

30 72-10-109, as last amended by Laws of Utah 2017, Chapter 364

31 72-10-110, as last amended by Laws of Utah 2016, Chapters 224 and 333

32 72-10-112, as last amended by Laws of Utah 2016, Chapter 333

33 ENACTS:

34 72-10-110.5, Utah Code Annotated 1953

35 REPEALS:

36 59-2-404, as last amended by Laws of Utah 2008, Chapter 206



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

39 Section 1. Section 9-7-401 is amended to read:

40 **9-7-401. Tax for establishment and maintenance of public library -- City library**  
41 **fund.**

42 (1) A city governing body may establish and maintain a public library.

43 (2) For this purpose, cities may levy annually a tax not to exceed .001 of taxable value  
44 of taxable property in the city. The tax is in addition to all taxes levied by cities and is not  
45 limited by the levy limitation imposed on cities by law. However, if bonds are issued for  
46 purchasing a site, or constructing or furnishing a building, then taxes sufficient for the payment  
47 of the bonds and any interest may be levied.

48 (3) The taxes described in Subsection (2) shall:

49 (a) be levied and collected in the same manner as other general taxes of the city; and

50 (b) constitute a fund to be known as the city library fund.

51 (4) The city library fund shall receive a portion of:

52 ~~[(a) the uniform fee imposed by Section 59-2-404 in accordance with the procedures~~  
53 ~~established in Section 59-2-404;]~~

54 ~~[(b)]~~ (a) the statewide uniform fee imposed by Section 59-2-405 in accordance with the  
55 procedures established in Section 59-2-405;

56 ~~[(c)]~~ (b) the statewide uniform fee imposed by Section 59-2-405.1 in accordance with  
57 the procedures established in Section 59-2-405.1;

58           ~~[(d)]~~ (c) the uniform statewide fee imposed by Section 59-2-405.2 in accordance with  
 59 the procedures established in Section 59-2-405.2; ~~[and]~~

60           ~~[(e)]~~ (d) the uniform statewide fee imposed by Section 59-2-405.3 in accordance with  
 61 the procedures established in Section 59-2-405.3~~[-]~~; and

62           (e) the uniform fee imposed by Section 72-10-110.5 in accordance with the procedures  
 63 established in Section 72-10-110.5.

64           Section 2. Section 59-2-407 is amended to read:

65                     **Part 4. Assessment of Transitory Personal Property and Interstate Carriers**

66                     **59-2-407. Administration of uniform fees.**

67           (1) (a) Except as provided in Subsection 59-2-405(4) or 59-2-405.3(4), the uniform fee  
 68 authorized in Sections ~~[59-2-404,]~~ 59-2-405, ~~[and]~~ 59-2-405.3, and 72-10-110.5 shall be  
 69 assessed at the same time and in the same manner as ad valorem personal property taxes under  
 70 Chapter 2, Part 13, Collection of Taxes, except that in listing personal property subject to the  
 71 uniform fee with real property as permitted by Section 59-2-1302, the assessor or, if this duty  
 72 has been reassigned in an ordinance under Section 17-16-5.5, the treasurer shall list only the  
 73 amount of the uniform fee due, and not the taxable value of the property subject to the uniform  
 74 fee.

75           (b) Except as provided in Subsection 59-2-405.1~~[(4)]~~(5), the uniform fee imposed by  
 76 Section 59-2-405.1 shall be assessed at the time of:

- 77           (i) registration as defined in Section 41-1a-102; and
- 78           (ii) renewal of registration.

79           (c) Except as provided in Subsection 59-2-405.2~~[(4)]~~(5), the uniform statewide fee  
 80 imposed by Section 59-2-405.2 shall be assessed at the time of:

- 81           (i) registration as defined in Section 41-1a-102; and
- 82           (ii) renewal of registration.

83           (2) The remedies for nonpayment of the uniform fees authorized by Sections  
 84 ~~[59-2-404,]~~ 59-2-405, 59-2-405.1, 59-2-405.2, ~~[and]~~ 59-2-405.3, and 72-10-110.5 shall be the  
 85 same as those provided in Chapter 2, Part 13, Collection of Taxes, for nonpayment of ad

86 valorem personal property taxes.

87 Section 3. Section **59-2-924.2** is amended to read:

88 **59-2-924.2. Adjustments to the calculation of a taxing entity's certified tax rate.**

89 (1) For purposes of this section, "certified tax rate" means a certified tax rate calculated  
90 in accordance with Section [59-2-924](#).

91 (2) Beginning January 1, 1997, if a taxing entity receives increased revenues from  
92 uniform fees on tangible personal property under Section [~~59-2-404~~], [59-2-405](#), [59-2-405.1](#),  
93 [59-2-405.2](#), [~~or~~] [59-2-405.3](#), or [72-10-110.5](#) as a result of any county imposing a sales and use  
94 tax under Chapter 12, Part 11, County Option Sales and Use Tax, the taxing entity shall  
95 decrease its certified tax rate to offset the increased revenues.

96 (3) (a) Beginning July 1, 1997, if a county has imposed a sales and use tax under  
97 Chapter 12, Part 11, County Option Sales and Use Tax, the county's certified tax rate shall be:

98 (i) decreased on a one-time basis by the amount of the estimated sales and use tax  
99 revenue to be distributed to the county under Subsection [59-12-1102\(3\)](#); and

100 (ii) increased by the amount necessary to offset the county's reduction in revenue from  
101 uniform fees on tangible personal property under Section [~~59-2-404~~], [59-2-405](#), [59-2-405.1](#),  
102 [59-2-405.2](#), [~~or~~] [59-2-405.3](#), or [72-10-110.5](#) as a result of the decrease in the certified tax rate  
103 under Subsection (3)(a)(i).

104 (b) The commission shall determine estimates of sales and use tax distributions for  
105 purposes of Subsection (3)(a).

106 (4) Beginning January 1, 1998, if a municipality has imposed an additional resort  
107 communities sales and use tax under Section [59-12-402](#), the municipality's certified tax rate  
108 shall be decreased on a one-time basis by the amount necessary to offset the first 12 months of  
109 estimated revenue from the additional resort communities sales and use tax imposed under  
110 Section [59-12-402](#).

111 (5) (a) This Subsection (5) applies to each county that:

112 (i) establishes a countywide special service district under Title 17D, Chapter 1, Special  
113 Service District Act, to provide jail service, as provided in Subsection [17D-1-201\(10\)](#); and

114 (ii) levies a property tax on behalf of the special service district under Section  
115 17D-1-105.

116 (b) (i) The certified tax rate of each county to which this Subsection (5) applies shall be  
117 decreased by the amount necessary to reduce county revenues by the same amount of revenues  
118 that will be generated by the property tax imposed on behalf of the special service district.

119 (ii) Each decrease under Subsection (5)(b)(i) shall occur contemporaneously with the  
120 levy on behalf of the special service district under Section 17D-1-105.

121 (6) (a) As used in this Subsection (6):

122 (i) "Annexing county" means a county whose unincorporated area is included within a  
123 public safety district by annexation.

124 (ii) "Annexing municipality" means a municipality whose area is included within a  
125 public safety district by annexation.

126 (iii) "Equalized public safety protection tax rate" means the tax rate that results from:

127 (A) calculating, for each participating county and each participating municipality, the  
128 property tax revenue necessary:

129 (I) in the case of a fire district, to cover all of the costs associated with providing fire  
130 protection, paramedic, and emergency services:

131 (Aa) for a participating county, in the unincorporated area of the county; and

132 (Bb) for a participating municipality, in the municipality; or

133 (II) in the case of a police district, to cover all the costs:

134 (Aa) associated with providing law enforcement service:

135 (Ii) for a participating county, in the unincorporated area of the county; and

136 (IIii) for a participating municipality, in the municipality; and

137 (Bb) that the police district board designates as the costs to be funded by a property  
138 tax; and

139 (B) adding all the amounts calculated under Subsection (6)(a)(iii)(A) for all  
140 participating counties and all participating municipalities and then dividing that sum by the  
141 aggregate taxable value of the property, as adjusted in accordance with Section 59-2-913:

142 (I) for participating counties, in the unincorporated area of all participating counties;

143 and

144 (II) for participating municipalities, in all the participating municipalities.

145 (iv) "Fire district" means a service area under Title 17B, Chapter 2a, Part 9, Service

146 Area Act:

147 (A) created to provide fire protection, paramedic, and emergency services; and

148 (B) in the creation of which an election was not required under Subsection

149 17B-1-214(3)(c).

150 (v) "Participating county" means a county whose unincorporated area is included

151 within a public safety district at the time of the creation of the public safety district.

152 (vi) "Participating municipality" means a municipality whose area is included within a

153 public safety district at the time of the creation of the public safety district.

154 (vii) "Police district" means a service area under Title 17B, Chapter 2a, Part 9, Service

155 Area Act, within a county of the first class:

156 (A) created to provide law enforcement service; and

157 (B) in the creation of which an election was not required under Subsection

158 17B-1-214(3)(c).

159 (viii) "Public safety district" means a fire district or a police district.

160 (ix) "Public safety service" means:

161 (A) in the case of a public safety district that is a fire district, fire protection,

162 paramedic, and emergency services; and

163 (B) in the case of a public safety district that is a police district, law enforcement

164 service.

165 (b) In the first year following creation of a public safety district, the certified tax rate of

166 each participating county and each participating municipality shall be decreased by the amount

167 of the equalized public safety tax rate.

168 (c) In the first budget year following annexation to a public safety district, the certified

169 tax rate of each annexing county and each annexing municipality shall be decreased by an

170 amount equal to the amount of revenue budgeted by the annexing county or annexing  
171 municipality:

172 (i) for public safety service; and

173 (ii) in:

174 (A) for a taxing entity operating under a January 1 through December 31 fiscal year,  
175 the prior calendar year; or

176 (B) for a taxing entity operating under a July 1 through June 30 fiscal year, the prior  
177 fiscal year.

178 (d) Each tax levied under this section by a public safety district shall be considered to  
179 be levied by:

180 (i) each participating county and each annexing county for purposes of the county's tax  
181 limitation under Section 59-2-908; and

182 (ii) each participating municipality and each annexing municipality for purposes of the  
183 municipality's tax limitation under Section 10-5-112, for a town, or Section 10-6-133, for a  
184 city.

185 (e) The calculation of a public safety district's certified tax rate for the year of  
186 annexation shall be adjusted to include an amount of revenue equal to one half of the amount  
187 of revenue budgeted by the annexing entity for public safety service in the annexing entity's  
188 prior fiscal year if:

189 (i) the public safety district operates on a January 1 through December 31 fiscal year;

190 (ii) the public safety district approves an annexation of an entity operating on a July 1  
191 through June 30 fiscal year; and

192 (iii) the annexation described in Subsection (6)(e)(ii) takes effect on July 1.

193 (7) (a) The base taxable value under Section 17C-1-102 shall be reduced for any year  
194 to the extent necessary to provide a community reinvestment agency established under Title  
195 17C, Limited Purpose Local Government Entities - Community Reinvestment Agency Act,  
196 with approximately the same amount of money the agency would have received without a  
197 reduction in the county's certified tax rate, calculated in accordance with Section 59-2-924, if:

198 (i) in that year there is a decrease in the certified tax rate under Subsection (2) or (3)(a);  
199 (ii) the amount of the decrease is more than 20% of the county's certified tax rate of the  
200 previous year; and  
201 (iii) the decrease results in a reduction of the amount to be paid to the agency under  
202 Section 17C-1-403 or 17C-1-404.

203 (b) The base taxable value under Section 17C-1-102 shall be increased in any year to  
204 the extent necessary to provide a community reinvestment agency with approximately the same  
205 amount of money as the agency would have received without an increase in the certified tax  
206 rate that year if:

207 (i) in that year the base taxable value under Section 17C-1-102 is reduced due to a  
208 decrease in the certified tax rate under Subsection (2) or (3)(a); and

209 (ii) the certified tax rate of a city, school district, local district, or special service  
210 district increases independent of the adjustment to the taxable value of the base year.

211 (c) Notwithstanding a decrease in the certified tax rate under Subsection (2) or (3)(a),  
212 the amount of money allocated and, when collected, paid each year to a community  
213 reinvestment agency established under Title 17C, Limited Purpose Local Government Entities -  
214 Community Reinvestment Agency Act, for the payment of bonds or other contract  
215 indebtedness, but not for administrative costs, may not be less than that amount would have  
216 been without a decrease in the certified tax rate under Subsection (2) or (3)(a).

217 (8) (a) For the calendar year beginning on January 1, 2014, the calculation of a county  
218 assessing and collecting levy shall be adjusted by the amount necessary to offset:

219 (i) any change in the certified tax rate that may result from amendments to Part 16,  
220 Multicounty Assessing and Collecting Levy, in Laws of Utah 2014, Chapter 270, Section 3;  
221 and

222 (ii) the difference in the amount of revenue a taxing entity receives from or contributes  
223 to the Property Tax Valuation Agency Fund, created in Section 59-2-1602, that may result from  
224 amendments to Part 16, Multicounty Assessing and Collecting Levy, in Laws of Utah 2014,  
225 Chapter 270, Section 3.



226 (b) A taxing entity is not required to comply with the notice and public hearing  
227 requirements in Section 59-2-919 for an adjustment to the county assessing and collecting levy  
228 described in Subsection (8)(a).

229 Section 4. Section 59-7-614 is amended to read:

230 **59-7-614. Renewable energy systems tax credits -- Definitions -- Certification --**  
231 **Rulemaking authority.**

232 (1) As used in this section:

233 (a) (i) "Active solar system" means a system of equipment that is capable of:

234 (A) collecting and converting incident solar radiation into thermal, mechanical, or  
235 electrical energy; and

236 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate  
237 apparatus to storage or to the point of use.

238 (ii) "Active solar system" includes water heating, space heating or cooling, and  
239 electrical or mechanical energy generation.

240 (b) "Biomass system" means a system of apparatus and equipment for use in:

241 (i) converting material into biomass energy, as defined in Section 59-12-102; and

242 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

243 (c) "Commercial energy system" means a system that is:

244 (i) (A) an active solar system;

245 (B) a biomass system;

246 (C) a direct use geothermal system;

247 (D) a geothermal electricity system;

248 (E) a geothermal heat pump system;

249 (F) a hydroenergy system;

250 (G) a passive solar system; or

251 (H) a wind system;

252 (ii) located in the state; and

253 (iii) used:

254 (A) to supply energy to a commercial unit; or

255 (B) as a commercial enterprise.

256 (d) "Commercial enterprise" means an entity, the purpose of which is to produce  
257 electrical, mechanical, or thermal energy for sale from a commercial energy system.

258 (e) (i) "Commercial unit" means a building or structure that an entity uses to transact  
259 business.

260 (ii) Notwithstanding Subsection (1)(e)(i):

261 (A) with respect to an active solar system used for agricultural water pumping or a  
262 wind system, each individual energy generating device is considered to be a commercial unit;  
263 or

264 (B) if an energy system is the building or structure that an entity uses to transact  
265 business, a commercial unit is the complete energy system itself.

266 (f) "Direct use geothermal system" means a system of apparatus and equipment that  
267 enables the direct use of geothermal energy to meet energy needs, including heating a building,  
268 an industrial process, and aquaculture.

269 (g) "Geothermal electricity" means energy that is:

270 (i) contained in heat that continuously flows outward from the earth; and

271 (ii) used as a sole source of energy to produce electricity.

272 (h) "Geothermal energy" means energy generated by heat that is contained in the earth.

273 (i) "Geothermal heat pump system" means a system of apparatus and equipment that:

274 (i) enables the use of thermal properties contained in the earth at temperatures well  
275 below 100 degrees Fahrenheit; and

276 (ii) helps meet heating and cooling needs of a structure.

277 (j) "Hydroenergy system" means a system of apparatus and equipment that is capable

278 of:

279 (i) intercepting and converting kinetic water energy into electrical or mechanical  
280 energy; and

281 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

282 (k) "Office" means the Office of Energy Development created in Section 63M-4-401.

283 (l) (i) "Passive solar system" means a direct thermal system that utilizes the structure of  
284 a building and its operable components to provide for collection, storage, and distribution of  
285 heating or cooling during the appropriate times of the year by utilizing the climate resources  
286 available at the site.

287 (ii) "Passive solar system" includes those portions and components of a building that  
288 are expressly designed and required for the collection, storage, and distribution of solar energy.

289 (m) (i) "Principal recovery portion" means the portion of a lease payment that  
290 constitutes the cost a person incurs in acquiring a commercial energy system.

291 (ii) "Principal recovery portion" does not include:

292 (A) an interest charge; or

293 (B) a maintenance expense.

294 (n) "Residential energy system" means the following used to supply energy to or for a  
295 residential unit:

296 (i) an active solar system;

297 (ii) a biomass system;

298 (iii) a direct use geothermal system;

299 (iv) a geothermal heat pump system;

300 (v) a hydroenergy system;

301 (vi) a passive solar system; or

302 (vii) a wind system.

303 (o) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling  
304 unit that:

305 (A) is located in the state; and

306 (B) serves as a dwelling for a person, group of persons, or a family.

307 (ii) "Residential unit" does not include property subject to a fee under:

308 [~~(A) Section 59-2-404;~~]

309 [~~(B)~~] (A) Section 59-2-405;

310            [~~(C)~~] (B) Section [59-2-405.1](#);  
311            [~~(D)~~] (C) Section [59-2-405.2](#); [~~or~~]  
312            [~~(E)~~] (D) Section [59-2-405.3](#)[-]; or  
313            (E) Section [72-10-110.5](#).

314            (p) "Wind system" means a system of apparatus and equipment that is capable of:  
315            (i) intercepting and converting wind energy into mechanical or electrical energy; and  
316            (ii) transferring these forms of energy by a separate apparatus to the point of use, sale,  
317 or storage.

318            (2) A taxpayer may claim an energy system tax credit as provided in this section  
319 against a tax due under this chapter for a taxable year.

320            (3) (a) Subject to the other provisions of this Subsection (3), a taxpayer may claim a  
321 nonrefundable tax credit under this Subsection (3) with respect to a residential unit the taxpayer  
322 owns or uses if:

323            (i) the taxpayer:

324            (A) purchases and completes a residential energy system to supply all or part of the  
325 energy required for the residential unit; or

326            (B) participates in the financing of a residential energy system to supply all or part of  
327 the energy required for the residential unit;

328            (ii) the residential energy system is completed and placed in service on or after January  
329 1, 2007; and

330            (iii) the taxpayer obtains a written certification from the office in accordance with  
331 Subsection (7).

332            (b) (i) Subject to Subsections (3)(b)(ii) through (v), the tax credit is equal to 25% of the  
333 reasonable costs of each residential energy system installed with respect to each residential unit  
334 the taxpayer owns or uses.

335            (ii) A tax credit under this Subsection (3) may include installation costs.

336            (iii) A taxpayer may claim a tax credit under this Subsection (3) for the taxable year in  
337 which the residential energy system is completed and placed in service.

338 (iv) If the amount of a tax credit under this Subsection (3) exceeds a taxpayer's tax  
339 liability under this chapter for a taxable year, the amount of the tax credit exceeding the  
340 liability may be carried forward for a period that does not exceed the next four taxable years.

341 (v) The total amount of tax credit a taxpayer may claim under this Subsection (3) may  
342 not exceed \$2,000 per residential unit.

343 (c) If a taxpayer sells a residential unit to another person before the taxpayer claims the  
344 tax credit under this Subsection (3):

345 (i) the taxpayer may assign the tax credit to the other person; and

346 (ii) (A) if the other person files a return under this chapter, the other person may claim  
347 the tax credit under this section as if the other person had met the requirements of this section  
348 to claim the tax credit; or

349 (B) if the other person files a return under Chapter 10, Individual Income Tax Act, the  
350 other person may claim the tax credit under Section 59-10-1014 as if the other person had met  
351 the requirements of Section 59-10-1014 to claim the tax credit.

352 (4) (a) Subject to the other provisions of this Subsection (4), a taxpayer may claim a  
353 refundable tax credit under this Subsection (4) with respect to a commercial energy system if:

354 (i) the commercial energy system does not use:

355 (A) wind, geothermal electricity, solar, or biomass equipment capable of producing a  
356 total of 660 or more kilowatts of electricity; or

357 (B) solar equipment capable of producing 2,000 or more kilowatts of electricity;

358 (ii) the taxpayer purchases or participates in the financing of the commercial energy  
359 system;

360 (iii) (A) the commercial energy system supplies all or part of the energy required by  
361 commercial units owned or used by the taxpayer; or

362 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
363 system as a commercial enterprise;

364 (iv) the commercial energy system is completed and placed in service on or after  
365 January 1, 2007; and

366 (v) the taxpayer obtains a written certification from the office in accordance with  
367 Subsection (7).

368 (b) (i) Subject to Subsections (4)(b)(ii) through (v), the tax credit is equal to 10% of the  
369 reasonable costs of the commercial energy system.

370 (ii) A tax credit under this Subsection (4) may include installation costs.

371 (iii) A taxpayer may claim a tax credit under this Subsection (4) for the taxable year in  
372 which the commercial energy system is completed and placed in service.

373 (iv) A tax credit under this Subsection (4) may not be carried forward or carried back.

374 (v) The total amount of tax credit a taxpayer may claim under this Subsection (4) may  
375 not exceed \$50,000 per commercial unit.

376 (c) (i) Subject to Subsections (4)(c)(ii) and (iii), a taxpayer that is a lessee of a  
377 commercial energy system installed on a commercial unit may claim a tax credit under this  
378 Subsection (4) if the taxpayer confirms that the lessor irrevocably elects not to claim the tax  
379 credit.

380 (ii) A taxpayer described in Subsection (4)(c)(i) may claim as a tax credit under this  
381 Subsection (4) only the principal recovery portion of the lease payments.

382 (iii) A taxpayer described in Subsection (4)(c)(i) may claim a tax credit under this  
383 Subsection (4) for a period that does not exceed seven taxable years after the date the lease  
384 begins, as stated in the lease agreement.

385 (5) (a) Subject to the other provisions of this Subsection (5), a taxpayer may claim a  
386 refundable tax credit under this Subsection (5) with respect to a commercial energy system if:

387 (i) the commercial energy system uses wind, geothermal electricity, or biomass  
388 equipment capable of producing a total of 660 or more kilowatts of electricity;

389 (ii) (A) the commercial energy system supplies all or part of the energy required by  
390 commercial units owned or used by the taxpayer; or

391 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
392 system as a commercial enterprise;

393 (iii) the commercial energy system is completed and placed in service on or after

394 January 1, 2007; and

395 (iv) the taxpayer obtains a written certification from the office in accordance with  
396 Subsection (7).

397 (b) (i) Subject to Subsections (5)(b)(ii) and (iii), a tax credit under this Subsection (5)  
398 is equal to the product of:

399 (A) 0.35 cents; and

400 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

401 (ii) A tax credit under this Subsection (5) may be claimed for production occurring  
402 during a period of 48 months beginning with the month in which the commercial energy  
403 system is placed in commercial service.

404 (iii) A tax credit under this Subsection (5) may not be carried forward or carried back.

405 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial  
406 unit may claim a tax credit under this Subsection (5) if the taxpayer confirms that the lessor  
407 irrevocably elects not to claim the tax credit.

408 (6) (a) Subject to the other provisions of this Subsection (6), a taxpayer may claim a  
409 refundable tax credit as provided in this Subsection (6) if:

410 (i) the taxpayer owns a commercial energy system that uses solar equipment capable of  
411 producing a total of 660 or more kilowatts of electricity;

412 (ii) (A) the commercial energy system supplies all or part of the energy required by  
413 commercial units owned or used by the taxpayer; or

414 (B) the taxpayer sells all or part of the energy produced by the commercial energy  
415 system as a commercial enterprise;

416 (iii) the taxpayer does not claim a tax credit under Subsection (4);

417 (iv) the commercial energy system is completed and placed in service on or after

418 January 1, 2015; and

419 (v) the taxpayer obtains a written certification from the office in accordance with  
420 Subsection (7).

421 (b) (i) Subject to Subsections (6)(b)(ii) and (iii), a tax credit under this Subsection (6)

422 is equal to the product of:

423 (A) 0.35 cents; and

424 (B) the kilowatt hours of electricity produced and used or sold during the taxable year.

425 (ii) A tax credit under this Subsection (6) may be claimed for production occurring  
426 during a period of 48 months beginning with the month in which the commercial energy  
427 system is placed in commercial service.

428 (iii) A tax credit under this Subsection (6) may not be carried forward or carried back.

429 (c) A taxpayer that is a lessee of a commercial energy system installed on a commercial  
430 unit may claim a tax credit under this Subsection (6) if the taxpayer confirms that the lessor  
431 irrevocably elects not to claim the tax credit.

432 (7) (a) Before a taxpayer may claim a tax credit under this section, the taxpayer shall  
433 obtain a written certification from the office.

434 (b) The office shall issue a taxpayer a written certification if the office determines that:

435 (i) the taxpayer meets the requirements of this section to receive a tax credit; and

436 (ii) the residential energy system or commercial energy system with respect to which  
437 the taxpayer seeks to claim a tax credit:

438 (A) has been completely installed;

439 (B) is a viable system for saving or producing energy from renewable resources; and

440 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential  
441 energy system or commercial energy system uses the state's renewable and nonrenewable  
442 energy resources in an appropriate and economic manner.

443 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
444 office may make rules:

445 (i) for determining whether a residential energy system or commercial energy system  
446 meets the requirements of Subsection (7)(b)(ii); and

447 (ii) for purposes of a tax credit under Subsection (3) or (4), establishing the reasonable  
448 costs of a residential energy system or a commercial energy system, as an amount per unit of  
449 energy production.



450 (d) A taxpayer that obtains a written certification from the office shall retain the  
451 certification for the same time period a person is required to keep books and records under  
452 Section 59-1-1406.

453 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
454 commission may make rules to address the certification of a tax credit under this section.

455 (9) A tax credit under this section is in addition to any tax credits provided under the  
456 laws or rules and regulations of the United States.

457 Section 5. Section 59-10-1014 is amended to read:

458 **59-10-1014. Nonrefundable renewable energy systems tax credits -- Definitions --**  
459 **Certification -- Rulemaking authority.**

460 (1) As used in this section:

461 (a) (i) "Active solar system" means a system of equipment that is capable of:

462 (A) collecting and converting incident solar radiation into thermal, mechanical, or  
463 electrical energy; and

464 (B) transferring a form of energy described in Subsection (1)(a)(i)(A) by a separate  
465 apparatus to storage or to the point of use.

466 (ii) "Active solar system" includes water heating, space heating or cooling, and  
467 electrical or mechanical energy generation.

468 (b) "Biomass system" means a system of apparatus and equipment for use in:

469 (i) converting material into biomass energy, as defined in Section 59-12-102; and

470 (ii) transporting the biomass energy by separate apparatus to the point of use or storage.

471 (c) "Direct use geothermal system" means a system of apparatus and equipment that  
472 enables the direct use of geothermal energy to meet energy needs, including heating a building,  
473 an industrial process, and aquaculture.

474 (d) "Geothermal electricity" means energy that is:

475 (i) contained in heat that continuously flows outward from the earth; and

476 (ii) used as a sole source of energy to produce electricity.

477 (e) "Geothermal energy" means energy generated by heat that is contained in the earth.

478 (f) "Geothermal heat pump system" means a system of apparatus and equipment that:

479 (i) enables the use of thermal properties contained in the earth at temperatures well

480 below 100 degrees Fahrenheit; and

481 (ii) helps meet heating and cooling needs of a structure.

482 (g) "Hydroenergy system" means a system of apparatus and equipment that is capable

483 of:

484 (i) intercepting and converting kinetic water energy into electrical or mechanical

485 energy; and

486 (ii) transferring this form of energy by separate apparatus to the point of use or storage.

487 (h) "Office" means the Office of Energy Development created in Section [63M-4-401](#).

488 (i) (i) "Passive solar system" means a direct thermal system that utilizes the structure of

489 a building and its operable components to provide for collection, storage, and distribution of

490 heating or cooling during the appropriate times of the year by utilizing the climate resources

491 available at the site.

492 (ii) "Passive solar system" includes those portions and components of a building that

493 are expressly designed and required for the collection, storage, and distribution of solar energy.

494 (j) "Photovoltaic system" means an active solar system that generates electricity from

495 sunlight.

496 (k) (i) "Principal recovery portion" means the portion of a lease payment that

497 constitutes the cost a person incurs in acquiring a residential energy system.

498 (ii) "Principal recovery portion" does not include:

499 (A) an interest charge; or

500 (B) a maintenance expense.

501 (l) "Residential energy system" means the following used to supply energy to or for a

502 residential unit:

503 (i) an active solar system;

504 (ii) a biomass system;

505 (iii) a direct use geothermal system;

- 506 (iv) a geothermal heat pump system;
- 507 (v) a hydroenergy system;
- 508 (vi) a passive solar system; or
- 509 (vii) a wind system.
- 510 (m) (i) "Residential unit" means a house, condominium, apartment, or similar dwelling
- 511 unit that:
  - 512 (A) is located in the state; and
  - 513 (B) serves as a dwelling for a person, group of persons, or a family.
- 514 (ii) "Residential unit" does not include property subject to a fee under:
  - 515 [~~(A)~~ Section ~~59-2-404~~];
  - 516 [~~(B)~~] (A) Section [59-2-405](#);
  - 517 [~~(C)~~] (B) Section [59-2-405.1](#);
  - 518 [~~(D)~~] (C) Section [59-2-405.2](#); [~~or~~]
  - 519 [~~(E)~~] (D) Section [59-2-405.3](#)[-]; or
  - 520 (E) Section [72-10-110.5](#).
- 521 (n) "Wind system" means a system of apparatus and equipment that is capable of:
  - 522 (i) intercepting and converting wind energy into mechanical or electrical energy; and
  - 523 (ii) transferring these forms of energy by a separate apparatus to the point of use or
  - 524 storage.
- 525 (2) A claimant, estate, or trust may claim an energy system tax credit as provided in
- 526 this section against a tax due under this chapter for a taxable year.
- 527 (3) For a taxable year beginning on or before December 31, 2021, a claimant, estate, or
- 528 trust may claim a nonrefundable tax credit under this section with respect to a residential unit
- 529 the claimant, estate, or trust owns or uses if:
  - 530 (a) the claimant, estate, or trust:
    - 531 (i) purchases and completes a residential energy system to supply all or part of the
    - 532 energy required for the residential unit; or
    - 533 (ii) participates in the financing of a residential energy system to supply all or part of

534 the energy required for the residential unit;

535 (b) the residential energy system is installed on or after January 1, 2007; and

536 (c) the claimant, estate, or trust obtains a written certification from the office in  
537 accordance with Subsection (5).

538 (4) (a) For a residential energy system, other than a photovoltaic system, the tax credit  
539 described in this section is equal to the lesser of:

540 (i) 25% of the reasonable costs, including installation costs, of each residential energy  
541 system installed with respect to each residential unit the claimant, estate, or trust owns or uses;  
542 and

543 (ii) \$2,000.

544 (b) Subject to Subsection (5)(d), for a residential energy system that is a photovoltaic  
545 system, the tax credit described in this section is equal to the lesser of:

546 (i) 25% of the reasonable costs, including installation costs, of each system installed  
547 with respect to each residential unit the claimant, estate, or trust owns or uses; or

548 (ii) (A) for a system installed on or after January 1, 2007, but before December 31,  
549 2017, \$2,000;

550 (B) for a system installed on or after January 1, 2018, but on or before December 31,  
551 2018, \$1,600;

552 (C) for a system installed on or after January 1, 2019, but on or before December 31,  
553 2019, \$1,200;

554 (D) for a system installed on or after January 1, 2020, but on or before December 31,  
555 2020, \$800; and

556 (E) for a system installed on or after January 1, 2021, but on or before December 31,  
557 2021, \$400.

558 (c) (i) The office shall determine the amount of the tax credit that a claimant, estate, or  
559 trust may claim and list that amount on the written certification that the office issues under  
560 Subsection (5).

561 (ii) The claimant, estate, or trust may claim the tax credit in the amount listed on the

562 written certification that the office issues under Subsection (5).

563 (d) A claimant, estate, or trust may claim a tax credit under Subsection (3) for the  
564 taxable year in which the residential energy system is installed.

565 (e) If the amount of a tax credit listed on the written certification exceeds a claimant's,  
566 estate's, or trust's tax liability under this chapter for a taxable year, the claimant, estate, or trust  
567 may carry forward the amount of the tax credit exceeding the liability for a period that does not  
568 exceed the next four taxable years.

569 (f) A claimant, estate, or trust may claim a tax credit with respect to additional  
570 residential energy systems or parts of residential energy systems for a subsequent taxable year  
571 if the total amount of tax credit the claimant, estate, or trust claims does not exceed \$2,000 per  
572 residential unit.

573 (g) (i) Subject to Subsections (4)(g)(ii) and (iii), a claimant, estate, or trust that leases a  
574 residential energy system installed on a residential unit may claim a tax credit under Subsection  
575 (3) if the claimant, estate, or trust confirms that the lessor irrevocably elects not to claim the tax  
576 credit.

577 (ii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a residential  
578 energy system may claim as a tax credit under Subsection (3) only the principal recovery  
579 portion of the lease payments.

580 (iii) A claimant, estate, or trust described in Subsection (4)(g)(i) that leases a  
581 residential energy system may claim a tax credit under Subsection (3) for a period that does not  
582 exceed seven taxable years after the date the lease begins, as stated in the lease agreement.

583 (h) If a claimant, estate, or trust sells a residential unit to another person before the  
584 claimant, estate, or trust claims the tax credit under Subsection (3):

585 (i) the claimant, estate, or trust may assign the tax credit to the other person; and

586 (ii) (A) if the other person files a return under Chapter 7, Corporate Franchise and  
587 Income Taxes, the other person may claim the tax credit as if the other person had met the  
588 requirements of Section 59-7-614 to claim the tax credit; or

589 (B) if the other person files a return under this chapter, the other person may claim the

590 tax credit under this section as if the other person had met the requirements of this section to  
591 claim the tax credit.

592 (5) (a) Before a claimant, estate, or trust may claim a tax credit under this section, the  
593 claimant, estate, or trust shall obtain a written certification from the office.

594 (b) The office shall issue a claimant, estate, or trust a written certification if the office  
595 determines that:

596 (i) the claimant, estate, or trust meets the requirements of this section to receive a tax  
597 credit; and

598 (ii) the office determines that the residential energy system with respect to which the  
599 claimant, estate, or trust seeks to claim a tax credit:

600 (A) has been completely installed;

601 (B) is a viable system for saving or producing energy from renewable resources; and

602 (C) is safe, reliable, efficient, and technically feasible to ensure that the residential  
603 energy system uses the state's renewable and nonrenewable energy resources in an appropriate  
604 and economic manner.

605 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
606 office may make rules:

607 (i) for determining whether a residential energy system meets the requirements of  
608 Subsection (5)(b)(ii); and

609 (ii) for purposes of determining the amount of a tax credit that a claimant, estate, or  
610 trust may receive under Subsection (4), establishing the reasonable costs of a residential energy  
611 system, as an amount per unit of energy production.

612 (d) A claimant, estate, or trust that obtains a written certification from the office shall  
613 retain the certification for the same time period a person is required to keep books and records  
614 under Section [59-1-1406](#).

615 (6) A tax credit under this section is in addition to any tax credits provided under the  
616 laws or rules and regulations of the United States.

617 (7) A purchaser of one or more solar units that claims a tax credit under Section

618 59-10-1024 for the purchase of the one or more solar units may not claim a tax credit under this  
619 section for that purchase.

620 Section 6. Section 72-10-109 is amended to read:

621 **72-10-109. Certificate of registration of aircraft required -- Exceptions.**

622 (1) (a) A person may not operate, pilot, or navigate, or cause or authorize to be  
623 operated, piloted, or navigated within this state any civil aircraft [~~located~~] domiciled in this  
624 state unless the aircraft has a current certificate of registration issued by [~~this state through the~~  
625 ~~county in which the aircraft is located~~] the department.

626 (b) [~~This~~] The restriction described in Subsection (1)(a) does not apply to aircraft  
627 licensed by a foreign country with which the United States has a reciprocal agreement covering  
628 the operations of the registered aircraft or to a non-passenger-carrying flight solely for  
629 inspection or test purposes authorized by the Federal Aviation Administration to be made  
630 without the certificate of registration.

631 (2) Aircraft centrally assessed by the State Tax Commission are exempt from the state  
632 registration requirement under Subsection (1).

633 (3) Unmanned aircraft as defined in Section 72-14-102 are exempt from the state  
634 registration requirement under Subsection (1).

635 Section 7. Section 72-10-110 is amended to read:

636 **72-10-110. Aircraft registration information requirements -- Registration fee --**  
637 **Administration -- Partial year registration.**

638 (1) All applications for aircraft registration shall contain:

639 (a) a description of the aircraft, including:

640 (i) the manufacturer or builder;

641 (ii) the Federal Aviation Administration aircraft registration number, type, year of  
642 manufacture, or if an experimental aircraft, the year the aircraft was completed and certified for  
643 air worthiness by an inspector of the Federal Aviation Administration; and

644 (iii) gross weight;

645 (b) the name and address of the owner of the aircraft; and

646 (c) where the aircraft is located, or the address where the aircraft is usually used or  
647 based.

648 (2) (a) Except as provided in Subsection (3), at the time application is made for  
649 registration or renewal of registration of an aircraft under this chapter, an annual registration  
650 fee of 0.4% of the average wholesale value of the aircraft shall be paid.

651 (b) For purposes of calculating the average wholesale value of ~~[the]~~ an aircraft under  
652 Subsection (2)(a) or (3)(d), the ~~[State Tax Commission]~~ department shall use the average  
653 wholesale value as stated in the Aircraft Bluebook Price Digest.

654 (c) For an aircraft not listed in the Aircraft Bluebook Price Digest, the department shall  
655 calculate the average wholesale value of the aircraft using common industry standards.

656 (d) (i) An owner of an aircraft may challenge the department's calculation of the  
657 average wholesale value of the aircraft.

658 (ii) The department shall make rules in accordance with Title 63G, Chapter 3, Utah  
659 Administrative Rulemaking Act, to establish a process for challenging the department's  
660 calculation under Subsection (2)(d)(i).

661 (3) (a) An annual registration fee of \$100 is imposed on ~~[the following aircraft]~~ an  
662 aircraft that is used:

663 ~~[(i) an aircraft not listed in the Aircraft Bluebook Price Digest;]~~

664 ~~[(ii) an experimental aircraft; or]~~

665 ~~[(iii) an aircraft that is used:]~~

666 ~~[(A)]~~ (i) exclusively by an entity that is exempt from federal income taxation under  
667 Section 501(c)(3), Internal Revenue Code, and exempt from property taxation under Title 59,  
668 Chapter 2, Property Tax Act; and

669 ~~[(B)]~~ (ii) for the emergency transportation of medical patients for at least 95% of its  
670 flight time.

671 (b) An annual registration fee is imposed on an aircraft ~~[50]~~ 60 years or older equal to  
672 the lesser of:

673 (i) \$100; or



- 674 (ii) the annual registration fee provided for under Subsection (2)(a).  
675 [~~(c) An aircraft that~~]  
676 (c) (i) Except as provided in Subsection (3)(c)(iii), an owner of an aircraft shall apply  
677 for a certificate of registration described in Section 72-10-109, if the aircraft:  
678 (A) is in the manufacture, construction, fabrication, assembly, or repair process;  
679 (B) is not complete; and  
680 (C) does not have a valid airworthiness certificate [for a period of six months or more:  
681 (i) may not apply for a certificate of registration required under Section 72-10-109; and].  
682 (ii) An aircraft described in Subsection (3)(c)(i) is exempt from [an] the annual  
683 registration fee [until the aircraft has a valid airworthiness certificate.] described in Subsection  
684 (2)(a).  
685 (iii) The registration requirement described in Subsection (3)(c)(i) does not apply to an  
686 aircraft that, in accordance with Section 59-12-104, is exempt from the taxes imposed under  
687 Title 59, Chapter 12, Sales and Use Tax Act.  
688 (d) An annual registration fee of .25% of the average wholesale value of the aircraft is  
689 imposed on an aircraft if the aircraft is:  
690 (i) used by an air charter service for air charter; and  
691 (ii) owned by a person other than the air charter service.  
692 (e) The annual registration fee required in this section is due on December 31 of each  
693 year.  
694 (4) (a) The [~~State Tax Commission~~] department shall provide a registration card to an  
695 owner of an aircraft if:  
696 (i) the owner complies with the registration requirements of this section; and  
697 (ii) the owner of the aircraft states that the aircraft has a valid airworthiness certificate.  
698 (b) An owner of an aircraft shall carry the registration card in the registered aircraft.  
699 (5) The registration fees assessed under this chapter shall be collected by the [~~State Tax~~  
700 ~~Commission~~] department to be distributed as provided in Subsection (6).  
701 (6) After deducting the costs of administering all aircraft registrations under this

702 chapter, the [~~State Tax Commission~~] department shall deposit all remaining aircraft registration  
 703 fees in the Aeronautics Restricted Account created by Section [72-2-126](#).

704 (7) Aircraft which are initially registered under this chapter for less than a full calendar  
 705 year shall be charged a registration fee which is reduced in proportion to the fraction of the  
 706 calendar year during which the aircraft is registered in this state.

707 (8) (a) For purposes of this section, an aircraft based at the owner's airport means an  
 708 aircraft that is hangared, tied down, or parked at an owner's airport for a plurality of the year.

709 (b) Semi-annually, an owner or operator of an airport open to public use, or of an  
 710 airport that receives grant funding from the state, shall provide a list of all aircraft based at the  
 711 owner's airport to the [~~Utah Division of Aeronautics~~] department.

712 (9) [~~(a) The Utah Division of Aeronautics~~] The department shall maintain a statewide  
 713 database of all aircraft based within the state.

714 [~~(b) On or before October 1 of each year, the Utah Division of Aeronautics shall~~  
 715 ~~provide the State Tax Commission with the data the State Tax Commission requires from the~~  
 716 ~~database described in Subsection (9)(a).]~~

717 [~~(c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
 718 ~~the commission may by rule define the contents of the database described in Subsection (9)(a).]~~

719 [~~(d) The State Tax Commission shall annually provide the Utah Division of~~  
 720 ~~Aeronautics a list of all aircraft registered in this state.]~~

721 (10) The [~~State Tax Commission~~] department may suspend or revoke a registration if  
 722 [~~it~~] the department determines that the required fee has not been paid and the fee is not paid  
 723 upon reasonable notice and demand.

724 Section 8. Section **72-10-110.5** is enacted to read:

725 **72-10-110.5. Uniform fee on aircraft -- Collection of fee by department --**  
 726 **Distribution of fees.**

727 (1) In accordance with Utah Constitution, Article XIII, Section 2, Subsection (6),  
 728 beginning on January 1, 2009, an aircraft required to be registered with the state is:

729 (a) exempt from the tax imposed by Section [59-2-103](#); and

730 (b) in lieu of the tax imposed by Section 59-2-103, subject to a uniform statewide fee  
731 of \$25, assessed in accordance with Section 59-2-407.

732 (2) (a) The department shall collect the uniform fee and distribute the uniform fee to  
733 the county in which the aircraft is based.

734 (b) A based aircraft is an aircraft that is hangared, tied down, parked, or domiciled in  
735 the state for a plurality of the year.

736 (3) (a) The uniform fees received by a county under Subsection (2) shall be distributed  
737 to each taxing entity within the county in the same proportion in which revenues collected from  
738 the ad valorem property tax are distributed.

739 (b) Each taxing entity described in Subsection (3)(a) that receives revenues from the  
740 uniform fee imposed by this section shall distribute the revenues in the same proportion in  
741 which revenues collected from the ad valorem property tax are distributed.

742 (4) The remedies for nonpayment of the uniform fee described in this section are as  
743 described in Section 59-2-407.

744 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
745 department may make rules to implement this section.

746 Section 9. Section 72-10-112 is amended to read:

747 **72-10-112. Failure to register -- Penalty -- Compliance audits and inspections --**  
748 **Rulemaking.**

749 (1) Failure to register any aircraft required to be registered with the state [~~in the county~~  
750 ~~in which the aircraft is located~~] subjects the owners of the aircraft to the same penalties  
751 provided for motor vehicles under Sections 41-1a-1101, 41-1a-1301, and 41-1a-1307.

752 (2) (a) The [~~division~~] department shall conduct compliance audits and inspections as  
753 needed to enforce state laws related to the registration of aircraft.

754 (b) The [~~division~~] department shall coordinate with airport operators to determine and  
755 verify accurate reporting of aircraft that are based within the state for the purpose of  
756 administering and enforcing state aircraft registration laws.

757 (3) (a) In addition to the penalties described in Subsection (1), the [~~division~~]

758 department may impose a fine of 10% of the registration fee for the first month and 5% of the  
759 registration fee for each subsequent month an aircraft is operated in violation of Section  
760 [72-10-109](#).

761 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
762 [~~division~~] department shall makes rules establishing procedures for the enforcement of state  
763 aircraft registration laws and the administration of penalties described in this section.

764 (c) The [~~division~~] department shall comply with the procedures and requirements of  
765 Title 63G, Chapter 4, Administrative Procedures Act, in all adjudicative proceedings conducted  
766 for the enforcement of penalties under this section.

767 **Section 10. Repealer.**

768 This bill repeals:

769 Section [59-2-404](#), **Uniform fee on aircraft -- Collection of fee by commission --**

770 **Distribution of fees.**

771 **Section 11. Effective date.**

772 This bill takes effect on January 1, 2019.