

1 **TANGIBLE PERSONAL PROPERTY REVISIONS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Karianne Lisonbee**

5 Senate Sponsor: Daniel McCay

7 **LONG TITLE**

8 **General Description:**

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

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ adjusts the amount of total aggregate taxable value of personal property that
- 13 qualifies for a certain personal property tax exemption;
- 14 ▶ adds a tax exemption for certain items of business tangible personal property;
- 15 ▶ amends filing requirements for a person who qualifies for certain tax exemptions
- 16 from tangible personal property; and
- 17 ▶ makes technical and conforming changes.

18 **Money Appropriated in this Bill:**

19 None

20 **Other Special Clauses:**

21 This bill provides a special effective date.

22 **Utah Code Sections Affected:**

23 AMENDS:

24 **59-2-1115**, as last amended by Laws of Utah 2013, Chapters 19 and 147

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

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

28 **59-2-1115. Exemption of certain tangible personal property.**

29 (1) For purposes of this section:

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

32 (ii) includes:

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

34 (B) the cost of freight and shipping;

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

36 (D) sales and use taxes.

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

39 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
40 commission may make rules defining the term "item of taxable tangible personal 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 (I) on a public highway;

47 (II) on a public waterway;

48 (III) 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 (2) (a) The taxable tangible personal property of a taxpayer is exempt from taxation if
53 the taxable tangible personal property has a total aggregate taxable value per county of
54 [~~\$10,000~~] \$12,750 or less.

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

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

86 consecutive years and files a signed statement for each of those years in accordance with
87 Section 59-2-306 and Subsection (4)(b), a county assessor may not require the taxpayer to file a
88 signed statement for each continuing consecutive year for which the taxpayer qualifies for the
89 exemption.

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

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

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

98 Section 2. **Effective date.**

99 This bill takes effect on January 1, 2020.