

NEW GROWTH AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Raymond P. Ward

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to the calculation of locally assessed new growth for property tax purposes.

Highlighted Provisions:

This bill:

- ▶ describes the responsibilities of a county assessor in calculating an assessment of new internal accessory dwelling units in a tax area;
- ▶ describes how that calculation is included in locally assessed new growth for property tax purposes; and
- ▶ makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-924, as last amended by Laws of Utah 2021, Chapters 214 and 388

ENACTS:

59-2-301.9, Utah Code Annotated 1953



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

29 Section 1. Section **59-2-301.9** is enacted to read:

30 **59-2-301.9. Assessment calculation for new internal accessory dwelling units in a**
31 **tax area.**

32 (1) Before May 1 each year, for each tax area in the county, the county recorder shall
33 report to the county assessor the total number of notices for new internal accessory dwelling
34 units in the previous calendar year recorded pursuant to Subsections [10-9a-530\(6\)](#) and
35 [17-27a-526\(6\)](#).

36 (2) The county assessor shall:

37 (a) multiply the total number of notices for each tax area pursuant to Subsection (1) by
38 the median home value for each tax area in the previous calendar year; and

39 (b) for each tax area in the county, report an amount equal to one-third of the
40 calculation in Subsection (2)(a) as part of the calculation of locally assessed new growth as
41 defined in Section [59-2-924](#).

42 Section 2. Section **59-2-924** is amended to read:

43 **59-2-924. Definitions -- Report of valuation of property to county auditor and**
44 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
45 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
46 **commission.**

47 (1) As used in this section:

48 (a) (i) "Ad valorem property tax revenue" means revenue collected in accordance with
49 this chapter.

50 (ii) "Ad valorem property tax revenue" does not include:

51 (A) interest;

52 (B) penalties;

53 (C) collections from redemptions; or

54 (D) revenue received by a taxing entity from personal property that is semiconductor
55 manufacturing equipment assessed by a county assessor in accordance with Part 3, County
56 Assessment.

57 (b) "Adjusted tax increment" means the same as that term is defined in Section
58 [17C-1-102](#).

- 59 (c) (i) "Aggregate taxable value of all property taxed" means:
- 60 (A) the aggregate taxable value of all real property a county assessor assesses in
61 accordance with Part 3, County Assessment, for the current year;
- 62 (B) the aggregate taxable value of all real and personal property the commission
63 assesses in accordance with Part 2, Assessment of Property, for the current year; and
- 64 (C) the aggregate year end taxable value of all personal property a county assessor
65 assesses in accordance with Part 3, County Assessment, contained on the prior year's tax rolls
66 of the taxing entity.
- 67 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate year
68 end taxable value of personal property that is:
- 69 (A) semiconductor manufacturing equipment assessed by a county assessor in
70 accordance with Part 3, County Assessment; and
- 71 (B) contained on the prior year's tax rolls of the taxing entity.
- 72 (d) "Base taxable value" means:
- 73 (i) for an authority created under Section 11-58-201, the same as that term is defined in
74 Section 11-58-102;
- 75 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
76 in Section 17C-1-102;
- 77 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
78 in Section 63H-1-102; or
- 79 (iv) for a host local government, the same as that term is defined in Section 63N-2-502.
- 80 (e) "Centrally assessed benchmark value" means an amount equal to the highest year
81 end taxable value of real and personal property the commission assesses in accordance with
82 Part 2, Assessment of Property, for a previous calendar year that begins on or after January 1,
83 2015, adjusted for taxable value attributable to:
- 84 (i) an annexation to a taxing entity; or
- 85 (ii) an incorrect allocation of taxable value of real or personal property the commission
86 assesses in accordance with Part 2, Assessment of Property.
- 87 (f) (i) "Centrally assessed new growth" means the greater of:
- 88 (A) zero; or
- 89 (B) the amount calculated by subtracting the centrally assessed benchmark value

90 adjusted for prior year end incremental value from the taxable value of real and personal
91 property the commission assesses in accordance with Part 2, Assessment of Property, for the
92 current year, adjusted for current year incremental value.

93 (ii) "Centrally assessed new growth" does not include a change in value as a result of a
94 change in the method of apportioning the value prescribed by the Legislature, a court, or the
95 commission in an administrative rule or administrative order.

96 (g) "Certified tax rate" means a tax rate that will provide the same ad valorem property
97 tax revenue for a taxing entity as was budgeted by that taxing entity for the prior year.

98 (h) "Community reinvestment agency" means the same as that term is defined in
99 Section 17C-1-102.

100 (i) "Eligible new growth" means the greater of:

101 (i) zero; or

102 (ii) the sum of:

103 (A) locally assessed new growth;

104 (B) centrally assessed new growth; and

105 (C) project area new growth or hotel property new growth.

106 (j) "Host local government" means the same as that term is defined in Section
107 63N-2-502.

108 (k) "Hotel property" means the same as that term is defined in Section 63N-2-502.

109 (l) "Hotel property new growth" means an amount equal to the incremental value that
110 is no longer provided to a host local government as incremental property tax revenue.

111 (m) "Incremental property tax revenue" means the same as that term is defined in
112 Section 63N-2-502.

113 (n) "Incremental value" means:

114 (i) for an authority created under Section 11-58-201, the amount calculated by
115 multiplying:

116 (A) the difference between the taxable value and the base taxable value of the property
117 that is located within a project area and on which property tax differential is collected; and

118 (B) the number that represents the percentage of the property tax differential that is
119 paid to the authority;

120 (ii) for an agency created under Section 17C-1-201.5, the amount calculated by

121 multiplying:

122 (A) the difference between the taxable value and the base taxable value of the property
123 located within a project area and on which tax increment is collected; and

124 (B) the number that represents the adjusted tax increment from that project area that is
125 paid to the agency;

126 (iii) for an authority created under Section [63H-1-201](#), the amount calculated by
127 multiplying:

128 (A) the difference between the taxable value and the base taxable value of the property
129 located within a project area and on which property tax allocation is collected; and

130 (B) the number that represents the percentage of the property tax allocation from that
131 project area that is paid to the authority; or

132 (iv) for a host local government, an amount calculated by multiplying:

133 (A) the difference between the taxable value and the base taxable value of the hotel
134 property on which incremental property tax revenue is collected; and

135 (B) the number that represents the percentage of the incremental property tax revenue
136 from that hotel property that is paid to the host local government.

137 (o) (i) "Locally assessed new growth" means the greater of zero or the amount
138 calculated by:

139 [~~(A) zero; or~~]

140 [~~(B) the amount calculated by~~] (A) subtracting the year end taxable value of real
141 property the county assessor assesses in accordance with Part 3, County Assessment, for the
142 previous year, adjusted for prior year end incremental value from the taxable value of real
143 property the county assessor assesses in accordance with Part 3, County Assessment, for the
144 current year, adjusted for current year incremental value; and

145 (B) adding the amount reported by the county assessor in accordance with Subsection
146 [59-2-301.9\(2\)\(b\)](#).

147 (ii) "Locally assessed new growth" does not include a change in:

148 (A) value as a result of factoring in accordance with Section [59-2-704](#), reappraisal, or
149 another adjustment;

150 (B) assessed value based on whether a property is allowed a residential exemption for a
151 primary residence under Section [59-2-103](#);

- 152 (C) assessed value based on whether a property is assessed under Part 5, Farmland
- 153 Assessment Act; or
- 154 (D) assessed value based on whether a property is assessed under Part 17, Urban
- 155 Farming Assessment Act.
- 156 (p) "Project area" means:
- 157 (i) for an authority created under Section 11-58-201, the same as that term is defined in
- 158 Section 11-58-102;
- 159 (ii) for an agency created under Section 17C-1-201.5, the same as that term is defined
- 160 in Section 17C-1-102; or
- 161 (iii) for an authority created under Section 63H-1-201, the same as that term is defined
- 162 in Section 63H-1-102.
- 163 (q) "Project area new growth" means:
- 164 (i) for an authority created under Section 11-58-201, an amount equal to the
- 165 incremental value that is no longer provided to an authority as property tax differential;
- 166 (ii) for an agency created under Section 17C-1-201.5, an amount equal to the
- 167 incremental value that is no longer provided to an agency as tax increment; or
- 168 (iii) for an authority created under Section 63H-1-201, an amount equal to the
- 169 incremental value that is no longer provided to an authority as property tax allocation.
- 170 (r) "Project area incremental revenue" means the same as that term is defined in
- 171 Section 17C-1-1001.
- 172 (s) "Property tax allocation" means the same as that term is defined in Section
- 173 63H-1-102.
- 174 (t) "Property tax differential" means the same as that term is defined in Section
- 175 11-58-102.
- 176 (u) "Qualifying exempt revenue" means revenue received:
- 177 (i) for the previous calendar year;
- 178 (ii) by a taxing entity;
- 179 (iii) from tangible personal property contained on the prior year's tax rolls that is
- 180 exempt from property tax under Subsection 59-2-1115(2)(b) for a calendar year beginning on
- 181 January 1, 2022; and
- 182 (iv) on the aggregate 2021 year end taxable value of the tangible personal property that

183 exceeds \$15,300.

184 (v) "Tax increment" means the same as that term is defined in Section 17C-1-102.

185 (2) Before June 1 of each year, the county assessor of each county shall deliver to the
186 county auditor and the commission the following statements:

187 (a) a statement containing the aggregate valuation of all taxable real property a county
188 assessor assesses in accordance with Part 3, County Assessment, for each taxing entity; and

189 (b) a statement containing the taxable value of all personal property a county assessor
190 assesses in accordance with Part 3, County Assessment, from the prior year end values.

191 (3) The county auditor shall, on or before June 8, transmit to the governing body of
192 each taxing entity:

193 (a) the statements described in Subsections (2)(a) and (b);

194 (b) an estimate of the revenue from personal property;

195 (c) the certified tax rate; and

196 (d) all forms necessary to submit a tax levy request.

197 (4) (a) Except as otherwise provided in this section, the certified tax rate shall be
198 calculated by dividing the ad valorem property tax revenue that a taxing entity budgeted for the
199 prior year minus the qualifying exempt revenue by the amount calculated under Subsection
200 (4)(b).

201 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
202 calculate an amount as follows:

203 (i) calculate for the taxing entity the difference between:

204 (A) the aggregate taxable value of all property taxed; and

205 (B) any adjustments for current year incremental value;

206 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
207 determined by increasing or decreasing the amount calculated under Subsection (4)(b)(i) by the
208 average of the percentage net change in the value of taxable property for the equalization
209 period for the three calendar years immediately preceding the current calendar year;

210 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the product
211 of:

212 (A) the amount calculated under Subsection (4)(b)(ii); and

213 (B) the percentage of property taxes collected for the five calendar years immediately

214 preceding the current calendar year; and

215 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an amount
216 determined by:

217 (A) multiplying the percentage of property taxes collected for the five calendar years
218 immediately preceding the current calendar year by eligible new growth; and

219 (B) subtracting the amount calculated under Subsection (4)(b)(iv)(A) from the amount
220 calculated under Subsection (4)(b)(iii).

221 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be
222 calculated as follows:

223 (a) except as provided in Subsection (5)(b) or (c), for a new taxing entity, the certified
224 tax rate is zero;

225 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

226 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
227 services under Sections 17-34-1 and 17-36-9; and

228 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
229 purposes and such other levies imposed solely for the municipal-type services identified in
230 Section 17-34-1 and Subsection 17-36-3(23);

231 (c) for a community reinvestment agency that received all or a portion of a taxing
232 entity's project area incremental revenue in the prior year under Title 17C, Chapter 1, Part 10,
233 Agency Taxing Authority, the certified tax rate is calculated as described in Subsection (4)
234 except that the commission shall treat the total revenue transferred to the community
235 reinvestment agency as ad valorem property tax revenue that the taxing entity budgeted for the
236 prior year; and

237 (d) for debt service voted on by the public, the certified tax rate is the actual levy
238 imposed by that section, except that a certified tax rate for the following levies shall be
239 calculated in accordance with Section 59-2-913 and this section:

240 (i) a school levy provided for under Section 53F-8-301, 53F-8-302, or 53F-8-303; and

241 (ii) a levy to pay for the costs of state legislative mandates or judicial or administrative
242 orders under Section 59-2-1602.

243 (6) (a) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 may be
244 imposed at a rate that is sufficient to generate only the revenue required to satisfy one or more

245 eligible judgments.

246 (b) The ad valorem property tax revenue generated by a judgment levy described in
247 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate certified tax
248 rate.

249 (7) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

250 (i) the taxable value of real property:

251 (A) the county assessor assesses in accordance with Part 3, County Assessment; and

252 (B) contained on the assessment roll;

253 (ii) the year end taxable value of personal property:

254 (A) a county assessor assesses in accordance with Part 3, County Assessment; and

255 (B) contained on the prior year's assessment roll; and

256 (iii) the taxable value of real and personal property the commission assesses in

257 accordance with Part 2, Assessment of Property.

258 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
259 growth.

260 (8) (a) On or before June 30, a taxing entity shall annually adopt a tentative budget.

261 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall
262 notify the county auditor of:

263 (i) the taxing entity's intent to exceed the certified tax rate; and

264 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.

265 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
266 exceeds the certified tax rate in accordance with Sections [59-2-919](#) and [59-2-919.1](#).

267 (9) (a) Subject to Subsection (9)(d), the commission shall provide notice, through
268 electronic means on or before July 31, to a taxing entity and the Revenue and Taxation Interim
269 Committee if:

270 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
271 taxable value of the real and personal property the commission assesses in accordance with
272 Part 2, Assessment of Property, for the previous year, adjusted for prior year end incremental
273 value; and

274 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year end
275 taxable value of the real and personal property of a taxpayer the commission assesses in

276 accordance with Part 2, Assessment of Property, for the previous year.

277 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
278 subtracting the taxable value of real and personal property the commission assesses in
279 accordance with Part 2, Assessment of Property, for the current year, adjusted for current year
280 incremental value, from the year end taxable value of the real and personal property the
281 commission assesses in accordance with Part 2, Assessment of Property, for the previous year,
282 adjusted for prior year end incremental value.

283 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
284 subtracting the total taxable value of real and personal property of a taxpayer the commission
285 assesses in accordance with Part 2, Assessment of Property, for the current year, from the total
286 year end taxable value of the real and personal property of a taxpayer the commission assesses
287 in accordance with Part 2, Assessment of Property, for the previous year.

288 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet
289 the requirement under Subsection (9)(a)(ii).