

AMENDMENTS RELATED TO EDUCATION FUNDING

2014 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Joel K. Briscoe

Senate Sponsor: _____

LONG TITLE

General Description:

This bill makes changes to tax and education provisions to provide for education funding.

Highlighted Provisions:

This bill:

- ▶ establishes a set tax rate for the minimum basic tax rate, subject to the rate generating a specified revenue amount;
- ▶ eliminates an advertising requirement related to the minimum basic tax rate;
- ▶ changes the personal exemption component of the individual income tax credit calculation from a percentage of the federal personal exemption to a fixed dollar amount per exemption; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides for retrospective operation.

Utah Code Sections Affected:

AMENDS:

53A-17a-103, as last amended by Laws of Utah 2011, Chapter 371

53A-17a-135, as last amended by Laws of Utah 2013, Chapter 7



28 59-2-102, as last amended by Laws of Utah 2013, Chapters 19 and 322

29 59-2-926, as last amended by Laws of Utah 2009, Chapter 388

30 59-10-1018, as last amended by Laws of Utah 2012, Chapter 295

31

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

33 Section 1. Section 53A-17a-103 is amended to read:

34 **53A-17a-103. Definitions.**

35 As used in this chapter:

36 (1) "Basic state-supported school program" or "basic program" means public education
37 programs for kindergarten, elementary, and secondary school students that are operated and
38 maintained for the amount derived by multiplying the number of weighted pupil units for each
39 school district or charter school by the value established each year in statute, except as
40 otherwise provided in this chapter.

41 (2) (a) "Certified revenue levy" means a property tax levy that provides an amount of
42 ad valorem property tax revenue equal to the sum of:

43 (i) the amount of ad valorem property tax revenue to be generated statewide in the
44 previous year from imposing a minimum basic tax rate, as specified in [~~Subsection~~] Section
45 53A-17a-135~~[(1)(a)]~~; and

46 (ii) the product of:

47 (A) new growth, as defined in:

48 (I) Section 59-2-924; and

49 (II) rules of the State Tax Commission; and

50 (B) the minimum basic tax rate certified by the State Tax Commission for the previous
51 year.

52 (b) For purposes of this Subsection (2), "ad valorem property tax revenue" does not
53 include property tax revenue received statewide from personal property that is:

54 (i) assessed by a county assessor in accordance with Title 59, Chapter 2, Part 3, County
55 Assessment; and

56 (ii) semiconductor manufacturing equipment.

57 (c) For purposes of calculating the certified revenue levy described in this Subsection
58 (2), the State Tax Commission shall use:

59 (i) the taxable value of real property assessed by a county assessor contained on the
60 assessment roll;

61 (ii) the taxable value of real and personal property assessed by the State Tax
62 Commission; and

63 (iii) the taxable year end value of personal property assessed by a county assessor
64 contained on the prior year's assessment roll.

65 (3) "Pupil in average daily membership (ADM)" means a full-day equivalent pupil.

66 (4) (a) "State-supported minimum school program" or "Minimum School Program"
67 means public school programs for kindergarten, elementary, and secondary schools as
68 described in this Subsection (4).

69 (b) The minimum school program established in school districts and charter schools
70 shall include the equivalent of a school term of nine months as determined by the State Board
71 of Education.

72 (c) (i) The board shall establish the number of days or equivalent instructional hours
73 that school is held for an academic school year.

74 (ii) Education, enhanced by utilization of technologically enriched delivery systems,
75 when approved by local school boards or charter school governing boards, shall receive full
76 support by the State Board of Education as it pertains to fulfilling the attendance requirements,
77 excluding time spent viewing commercial advertising.

78 (d) The Minimum School Program includes a program or allocation funded by a line
79 item appropriation or other appropriation designated as follows:

80 (i) Basic School Program;

81 (ii) Related to Basic Programs;

82 (iii) Voted and Board Levy Programs; or

83 (iv) Minimum School Program.

84 (5) "Weighted pupil unit or units or WPU or WPUs" means the unit of measure of
85 factors that is computed in accordance with this chapter for the purpose of determining the
86 costs of a program on a uniform basis for each district.

87 Section 2. Section **53A-17a-135** is amended to read:

88 **53A-17a-135. Minimum basic tax rate -- Certified revenue levy.**

89 (1) (a) In order to qualify for receipt of the state contribution toward the basic program

90 and as its contribution toward its costs of the basic program, each school district shall impose a
91 minimum basic tax rate per dollar of taxable value [~~that generates \$294,092,000 in revenues~~
92 ~~statewide~~] in accordance with this section.

93 (b) [~~The preliminary estimate for the 2013-14~~] Beginning on January 1, 2014, the
94 minimum basic tax rate is [~~.001691~~] the greater of:

95 (i) .001477; or

96 (ii) the certified revenue levy.

97 (c) The State Tax Commission shall certify on or before June 22 the [~~rate that~~
98 ~~generates \$294,092,000 in revenues statewide~~] minimum basic tax rate to be imposed under
99 Subsection (1)(b).

100 [~~(d) If the minimum basic tax rate exceeds the certified revenue levy as defined in~~
101 ~~Section 53A-17a-103, the state is subject to the notice requirements of Section 59-2-926.]~~

102 (2) (a) The state shall contribute to each district toward the cost of the basic program in
103 the district that portion which exceeds the proceeds of the levy authorized under Subsection
104 (1).

105 (b) In accord with the state strategic plan for public education and to fulfill its
106 responsibility for the development and implementation of that plan, the Legislature instructs
107 the State Board of Education, the governor, and the Office of Legislative Fiscal Analyst in each
108 of the coming five years to develop budgets that will fully fund student enrollment growth.

109 (3) (a) If the proceeds of the levy authorized under Subsection (1) equal or exceed the
110 cost of the basic program in a school district, no state contribution shall be made to the basic
111 program.

112 (b) The proceeds of the levy authorized under Subsection (1) which exceed the cost of
113 the basic program shall be paid into the Uniform School Fund as provided by law.

114 Section 3. Section **59-2-102** is amended to read:

115 **59-2-102. Definitions.**

116 As used in this chapter and title:

117 (1) "Aerial applicator" means aircraft or rotorcraft used exclusively for the purpose of
118 engaging in dispensing activities directly affecting agriculture or horticulture with an
119 airworthiness certificate from the Federal Aviation Administration certifying the aircraft or
120 rotorcraft's use for agricultural and pest control purposes.

121 (2) "Air charter service" means an air carrier operation which requires the customer to
122 hire an entire aircraft rather than book passage in whatever capacity is available on a scheduled
123 trip.

124 (3) "Air contract service" means an air carrier operation available only to customers
125 who engage the services of the carrier through a contractual agreement and excess capacity on
126 any trip and is not available to the public at large.

127 (4) "Aircraft" is as defined in Section [72-10-102](#).

128 (5) (a) Except as provided in Subsection (5)(b), "airline" means an air carrier that:

129 (i) operates:

130 (A) on an interstate route; and

131 (B) on a scheduled basis; and

132 (ii) offers to fly one or more passengers or cargo on the basis of available capacity on a
133 regularly scheduled route.

134 (b) "Airline" does not include an:

135 (i) air charter service; or

136 (ii) air contract service.

137 (6) "Assessment roll" means a permanent record of the assessment of property as
138 assessed by the county assessor and the commission and may be maintained manually or as a
139 computerized file as a consolidated record or as multiple records by type, classification, or
140 categories.

141 (7) (a) "Certified revenue levy" means a property tax levy that provides an amount of
142 ad valorem property tax revenue equal to the sum of:

143 (i) the amount of ad valorem property tax revenue to be generated statewide in the
144 previous year from imposing a school minimum basic tax rate, as specified in ~~[Subsection]~~
145 Section 53A-17a-135~~(1)(a)~~, or multicounty assessing and collecting levy, as specified in
146 Section [59-2-1602](#); and

147 (ii) the product of:

148 (A) new growth, as defined in:

149 (I) Section [59-2-924](#); and

150 (II) rules of the commission; and

151 (B) the school minimum basic tax rate, as specified in Section [53A-17a-135](#), or

152 multicounty assessing and collecting levy, as specified in Section 59-2-1602, certified by the
153 commission for the previous year.

154 (b) For purposes of this Subsection (7), "ad valorem property tax revenue" does not
155 include property tax revenue received by a taxing entity from personal property that is:

- 156 (i) assessed by a county assessor in accordance with Part 3, County Assessment; and
- 157 (ii) semiconductor manufacturing equipment.

158 (c) For purposes of calculating the certified revenue levy described in this Subsection
159 (7), the commission shall use:

160 (i) the taxable value of real property assessed by a county assessor contained on the
161 assessment roll;

162 (ii) the taxable value of real and personal property assessed by the commission; and

163 (iii) the taxable year end value of personal property assessed by a county assessor
164 contained on the prior year's assessment roll.

165 (8) "County-assessed commercial vehicle" means:

166 (a) any commercial vehicle, trailer, or semitrailer which is not apportioned under
167 Section 41-1a-301 and is not operated interstate to transport the vehicle owner's goods or
168 property in furtherance of the owner's commercial enterprise;

169 (b) any passenger vehicle owned by a business and used by its employees for
170 transportation as a company car or vanpool vehicle; and

171 (c) vehicles that are:

172 (i) especially constructed for towing or wrecking, and that are not otherwise used to
173 transport goods, merchandise, or people for compensation;

174 (ii) used or licensed as taxicabs or limousines;

175 (iii) used as rental passenger cars, travel trailers, or motor homes;

176 (iv) used or licensed in this state for use as ambulances or hearses;

177 (v) especially designed and used for garbage and rubbish collection; or

178 (vi) used exclusively to transport students or their instructors to or from any private,
179 public, or religious school or school activities.

180 (9) (a) Except as provided in Subsection (9)(b), for purposes of Section 59-2-801,
181 "designated tax area" means a tax area created by the overlapping boundaries of only the
182 following taxing entities:

- 183 (i) a county; and
184 (ii) a school district.
- 185 (b) Notwithstanding Subsection (9)(a), "designated tax area" includes a tax area created
186 by the overlapping boundaries of:
- 187 (i) the taxing entities described in Subsection (9)(a); and
188 (ii) (A) a city or town if the boundaries of the school district under Subsection (9)(a)
189 and the boundaries of the city or town are identical; or
190 (B) a special service district if the boundaries of the school district under Subsection
191 (9)(a) are located entirely within the special service district.
- 192 (10) "Eligible judgment" means a final and unappealable judgment or order under
193 Section [59-2-1330](#):
- 194 (a) that became a final and unappealable judgment or order no more than 14 months
195 prior to the day on which the notice required by Section [59-2-919.1](#) is required to be mailed;
196 and
- 197 (b) for which a taxing entity's share of the final and unappealable judgment or order is
198 greater than or equal to the lesser of:
- 199 (i) \$5,000; or
200 (ii) 2.5% of the total ad valorem property taxes collected by the taxing entity in the
201 previous fiscal year.
- 202 (11) (a) "Escaped property" means any property, whether personal, land, or any
203 improvements to the property, subject to taxation and is:
- 204 (i) inadvertently omitted from the tax rolls, assigned to the incorrect parcel, or assessed
205 to the wrong taxpayer by the assessing authority;
- 206 (ii) undervalued or omitted from the tax rolls because of the failure of the taxpayer to
207 comply with the reporting requirements of this chapter; or
- 208 (iii) undervalued because of errors made by the assessing authority based upon
209 incomplete or erroneous information furnished by the taxpayer.
- 210 (b) Property that is undervalued because of the use of a different valuation
211 methodology or because of a different application of the same valuation methodology is not
212 "escaped property."
- 213 (12) "Fair market value" means the amount at which property would change hands

214 between a willing buyer and a willing seller, neither being under any compulsion to buy or sell
215 and both having reasonable knowledge of the relevant facts. For purposes of taxation, "fair
216 market value" shall be determined using the current zoning laws applicable to the property in
217 question, except in cases where there is a reasonable probability of a change in the zoning laws
218 affecting that property in the tax year in question and the change would have an appreciable
219 influence upon the value.

220 (13) "Farm machinery and equipment," for purposes of the exemption provided under
221 Section 59-2-1101, means tractors, milking equipment and storage and cooling facilities, feed
222 handling equipment, irrigation equipment, harvesters, choppers, grain drills and planters, tillage
223 tools, scales, combines, spreaders, sprayers, haying equipment, and any other machinery or
224 equipment used primarily for agricultural purposes; but does not include vehicles required to be
225 registered with the Motor Vehicle Division or vehicles or other equipment used for business
226 purposes other than farming.

227 (14) "Geothermal fluid" means water in any form at temperatures greater than 120
228 degrees centigrade naturally present in a geothermal system.

229 (15) "Geothermal resource" means:

230 (a) the natural heat of the earth at temperatures greater than 120 degrees centigrade;
231 and

232 (b) the energy, in whatever form, including pressure, present in, resulting from, created
233 by, or which may be extracted from that natural heat, directly or through a material medium.

234 (16) (a) "Goodwill" means:

235 (i) acquired goodwill that is reported as goodwill on the books and records:

236 (A) of a taxpayer; and

237 (B) that are maintained for financial reporting purposes; or

238 (ii) the ability of a business to:

239 (A) generate income:

240 (I) that exceeds a normal rate of return on assets; and

241 (II) resulting from a factor described in Subsection (16)(b); or

242 (B) obtain an economic or competitive advantage resulting from a factor described in
243 Subsection (16)(b).

244 (b) The following factors apply to Subsection (16)(a)(ii):

- 245 (i) superior management skills;
- 246 (ii) reputation;
- 247 (iii) customer relationships;
- 248 (iv) patronage; or
- 249 (v) a factor similar to Subsections (16)(b)(i) through (iv).
- 250 (c) "Goodwill" does not include:
- 251 (i) the intangible property described in Subsection (20)(a) or (b);
- 252 (ii) locational attributes of real property, including:
- 253 (A) zoning;
- 254 (B) location;
- 255 (C) view;
- 256 (D) a geographic feature;
- 257 (E) an easement;
- 258 (F) a covenant;
- 259 (G) proximity to raw materials;
- 260 (H) the condition of surrounding property; or
- 261 (I) proximity to markets;
- 262 (iii) value attributable to the identification of an improvement to real property,
- 263 including:
- 264 (A) reputation of the designer, builder, or architect of the improvement;
- 265 (B) a name given to, or associated with, the improvement; or
- 266 (C) the historic significance of an improvement; or
- 267 (iv) the enhancement or assemblage value specifically attributable to the interrelation
- 268 of the existing tangible property in place working together as a unit.
- 269 (17) "Governing body" means:
- 270 (a) for a county, city, or town, the legislative body of the county, city, or town;
- 271 (b) for a local district under Title 17B, Limited Purpose Local Government Entities -
- 272 Local Districts, the local district's board of trustees;
- 273 (c) for a school district, the local board of education; or
- 274 (d) for a special service district under Title 17D, Chapter 1, Special Service District
- 275 Act:

276 (i) the legislative body of the county or municipality that created the special service
277 district, to the extent that the county or municipal legislative body has not delegated authority
278 to an administrative control board established under Section 17D-1-301; or

279 (ii) the administrative control board, to the extent that the county or municipal
280 legislative body has delegated authority to an administrative control board established under
281 Section 17D-1-301.

282 (18) (a) For purposes of Section 59-2-103:

283 (i) "household" means the association of persons who live in the same dwelling,
284 sharing its furnishings, facilities, accommodations, and expenses; and

285 (ii) "household" includes married individuals, who are not legally separated, that have
286 established domiciles at separate locations within the state.

287 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
288 commission may make rules defining the term "domicile."

289 (19) (a) Except as provided in Subsection (19)(c), "improvement" means a building,
290 structure, fixture, fence, or other item that is permanently attached to land, regardless of
291 whether the title has been acquired to the land, if:

292 (i) (A) attachment to land is essential to the operation or use of the item; and

293 (B) the manner of attachment to land suggests that the item will remain attached to the
294 land in the same place over the useful life of the item; or

295 (ii) removal of the item would:

296 (A) cause substantial damage to the item; or

297 (B) require substantial alteration or repair of a structure to which the item is attached.

298 (b) "Improvement" includes:

299 (i) an accessory to an item described in Subsection (19)(a) if the accessory is:

300 (A) essential to the operation of the item described in Subsection (19)(a); and

301 (B) installed solely to serve the operation of the item described in Subsection (19)(a);

302 and

303 (ii) an item described in Subsection (19)(a) that:

304 (A) is temporarily detached from the land for repairs; and

305 (B) remains located on the land.

306 (c) Notwithstanding Subsections (19)(a) and (b), "improvement" does not include:

- 307 (i) an item considered to be personal property pursuant to rules made in accordance
308 with Section 59-2-107;
- 309 (ii) a moveable item that is attached to land:
- 310 (A) for stability only; or
- 311 (B) for an obvious temporary purpose;
- 312 (iii) (A) manufacturing equipment and machinery; or
- 313 (B) essential accessories to manufacturing equipment and machinery;
- 314 (iv) an item attached to the land in a manner that facilitates removal without substantial
315 damage to:
- 316 (A) the land; or
- 317 (B) the item; or
- 318 (v) a transportable factory-built housing unit as defined in Section 59-2-1502 if that
319 transportable factory-built housing unit is considered to be personal property under Section
320 59-2-1503.
- 321 (20) "Intangible property" means:
- 322 (a) property that is capable of private ownership separate from tangible property,
323 including:
- 324 (i) money;
- 325 (ii) credits;
- 326 (iii) bonds;
- 327 (iv) stocks;
- 328 (v) representative property;
- 329 (vi) franchises;
- 330 (vii) licenses;
- 331 (viii) trade names;
- 332 (ix) copyrights; and
- 333 (x) patents;
- 334 (b) a low-income housing tax credit;
- 335 (c) goodwill; or
- 336 (d) a renewable energy tax credit or incentive, including:
- 337 (i) a federal renewable energy production tax credit under Section 45, Internal Revenue

338 Code;

339 (ii) a federal energy credit for qualified renewable electricity production facilities under
340 Section 48, Internal Revenue Code;

341 (iii) a federal grant for a renewable energy property under American Recovery and
342 Reinvestment Act of 2009, Pub. L. No. 111-5, Section 1603; and

343 (iv) a tax credit under Subsection 59-7-614(2)(c).

344 (21) "Low-income housing tax credit" means:

345 (a) a federal low-income housing tax credit under Section 42, Internal Revenue Code;

346 or

347 (b) a low-income housing tax credit under:

348 (i) Section 59-7-607; or

349 (ii) Section 59-10-1010.

350 (22) "Metalliferous minerals" includes gold, silver, copper, lead, zinc, and uranium.

351 (23) "Mine" means a natural deposit of either metalliferous or nonmetalliferous
352 valuable mineral.

353 (24) "Mining" means the process of producing, extracting, leaching, evaporating, or
354 otherwise removing a mineral from a mine.

355 (25) (a) "Mobile flight equipment" means tangible personal property that is:

356 (i) owned or operated by an:

357 (A) air charter service;

358 (B) air contract service; or

359 (C) airline; and

360 (ii) (A) capable of flight;

361 (B) attached to an aircraft that is capable of flight; or

362 (C) contained in an aircraft that is capable of flight if the tangible personal property is
363 intended to be used:

364 (I) during multiple flights;

365 (II) during a takeoff, flight, or landing; and

366 (III) as a service provided by an air charter service, air contract service, or airline.

367 (b) (i) "Mobile flight equipment" does not include a spare part other than a spare
368 engine that is rotated:

- 369 (A) at regular intervals; and
- 370 (B) with an engine that is attached to the aircraft.
- 371 (ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
- 372 commission may make rules defining the term "regular intervals."
- 373 (26) "Nonmetalliferous minerals" includes, but is not limited to, oil, gas, coal, salts,
- 374 sand, rock, gravel, and all carboniferous materials.
- 375 (27) "Personal property" includes:
- 376 (a) every class of property as defined in Subsection (28) that is the subject of
- 377 ownership and not included within the meaning of the terms "real estate" and "improvements";
- 378 (b) gas and water mains and pipes laid in roads, streets, or alleys;
- 379 (c) bridges and ferries;
- 380 (d) livestock, which, for the purposes of the exemption provided under Section
- 381 [59-2-1112](#), means all domestic animals, honeybees, poultry, fur-bearing animals, and fish; and
- 382 (e) outdoor advertising structures as defined in Section [72-7-502](#).
- 383 (28) (a) "Property" means property that is subject to assessment and taxation according
- 384 to its value.
- 385 (b) "Property" does not include intangible property as defined in this section.
- 386 (29) "Public utility," for purposes of this chapter, means the operating property of a
- 387 railroad, gas corporation, oil or gas transportation or pipeline company, coal slurry pipeline
- 388 company, electrical corporation, telephone corporation, sewerage corporation, or heat
- 389 corporation where the company performs the service for, or delivers the commodity to, the
- 390 public generally or companies serving the public generally, or in the case of a gas corporation
- 391 or an electrical corporation, where the gas or electricity is sold or furnished to any member or
- 392 consumers within the state for domestic, commercial, or industrial use. Public utility also
- 393 means the operating property of any entity or person defined under Section [54-2-1](#) except water
- 394 corporations.
- 395 (30) (a) Subject to Subsection (30)(b), "qualifying exempt primary residential rental
- 396 personal property" means household furnishings, furniture, and equipment that:
- 397 (i) are used exclusively within a dwelling unit that is the primary residence of a tenant;
- 398 (ii) are owned by the owner of the dwelling unit that is the primary residence of a
- 399 tenant; and

400 (iii) after applying the residential exemption described in Section 59-2-103, are exempt
401 from taxation under this chapter in accordance with Subsection 59-2-1115(2).

402 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
403 commission may by rule define the term "dwelling unit" for purposes of this Subsection (30)
404 and Subsection (33).

405 (31) "Real estate" or "real property" includes:

406 (a) the possession of, claim to, ownership of, or right to the possession of land;

407 (b) all mines, minerals, and quarries in and under the land, all timber belonging to
408 individuals or corporations growing or being on the lands of this state or the United States, and
409 all rights and privileges appertaining to these; and

410 (c) improvements.

411 (32) "Relationship with an owner of the property's land surface rights" means a
412 relationship described in Subsection 267(b), Internal Revenue Code:

413 (a) except that notwithstanding Subsection 267(b), Internal Revenue Code, the term
414 25% shall be substituted for the term 50% in Subsection 267(b), Internal Revenue Code; and

415 (b) using the ownership rules of Subsection 267(c), Internal Revenue Code, for
416 determining the ownership of stock.

417 (33) (a) Subject to Subsection (33)(b), "residential property," for the purposes of the
418 reductions and adjustments under this chapter, means any property used for residential
419 purposes as a primary residence.

420 (b) Subject to Subsection (33)(c), "residential property":

421 (i) except as provided in Subsection (33)(b)(ii), includes household furnishings,
422 furniture, and equipment if the household furnishings, furniture, and equipment are:

423 (A) used exclusively within a dwelling unit that is the primary residence of a tenant;

424 and

425 (B) owned by the owner of the dwelling unit that is the primary residence of a tenant;

426 and

427 (ii) does not include property used for transient residential use.

428 (c) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
429 commission may by rule define the term "dwelling unit" for purposes of Subsection (30) and
430 this Subsection (33).

431 (34) "Split estate mineral rights owner" means a person who:

432 (a) has a legal right to extract a mineral from property;

433 (b) does not hold more than a 25% interest in:

434 (i) the land surface rights of the property where the wellhead is located; or

435 (ii) an entity with an ownership interest in the land surface rights of the property where
436 the wellhead is located;

437 (c) is not an entity in which the owner of the land surface rights of the property where
438 the wellhead is located holds more than a 25% interest; and

439 (d) does not have a relationship with an owner of the land surface rights of the property
440 where the wellhead is located.

441 (35) (a) "State-assessed commercial vehicle" means:

442 (i) any commercial vehicle, trailer, or semitrailer which operates interstate or intrastate
443 to transport passengers, freight, merchandise, or other property for hire; or

444 (ii) any commercial vehicle, trailer, or semitrailer which operates interstate and
445 transports the vehicle owner's goods or property in furtherance of the owner's commercial
446 enterprise.

447 (b) "State-assessed commercial vehicle" does not include vehicles used for hire which
448 are specified in Subsection (8)(c) as county-assessed commercial vehicles.

449 (36) "Taxable value" means fair market value less any applicable reduction allowed for
450 residential property under Section [59-2-103](#).

451 (37) "Tax area" means a geographic area created by the overlapping boundaries of one
452 or more taxing entities.

453 (38) "Taxing entity" means any county, city, town, school district, special taxing
454 district, local district under Title 17B, Limited Purpose Local Government Entities - Local
455 Districts, or other political subdivision of the state with the authority to levy a tax on property.

456 (39) "Tax roll" means a permanent record of the taxes charged on property, as extended
457 on the assessment roll and may be maintained on the same record or records as the assessment
458 roll or may be maintained on a separate record properly indexed to the assessment roll. It
459 includes tax books, tax lists, and other similar materials.

460 Section 4. Section **59-2-926** is amended to read:

461 **59-2-926. Proposed tax increase by state -- Notice -- Contents -- Dates.**

462 If the state authorizes a levy pursuant to [~~Section 53A-17a-135 that exceeds the~~
463 ~~certified revenue levy as defined in Section 53A-17a-103 or authorizes a levy pursuant to~~]
464 Section 59-2-1602 that exceeds the certified revenue levy as defined in Section 59-2-102, the
465 state shall publish a notice no later than 10 days after the last day of the annual legislative
466 general session that meets the following requirements:

467 (1) (a) The Office of the Legislative Fiscal Analyst shall advertise that the state
468 authorized a levy that generates revenue in excess of the previous year's ad valorem tax
469 revenue, plus new growth, but exclusive of revenue from collections from redemptions,
470 interest, and penalties:

471 (i) in a newspaper of general circulation in the state; and

472 (ii) as required in Section 45-1-101.

473 (b) Except an advertisement published on a website, the advertisement described in
474 Subsection (1)(a):

475 (i) shall be no less than 1/4 page in size and the type used shall be no smaller than 18
476 point, and surrounded by a 1/4-inch border[?];

477 (ii) may not be placed in that portion of the newspaper where legal notices and
478 classified advertisements appear; and

479 (iii) shall be run once.

480 (2) The form and content of the notice shall be substantially as follows:

481 "NOTICE OF TAX INCREASE

482 The state has budgeted an increase in its property tax revenue from \$ _____ to
483 \$ _____ or ____%. The increase in property tax revenues will come from the following
484 sources (include all of the following provisions):

485 (a) \$ _____ of the increase will come from (provide an explanation of the cause
486 of adjustment or increased revenues, such as reappraisals or factoring orders);

487 (b) \$ _____ of the increase will come from natural increases in the value of the
488 tax base due to (explain cause of new growth, such as new building activity, annexation, etc.);

489 (c) a home valued at \$100,000 in the state of Utah which based on last year's (levy for
490 the basic state-supported school program, levy for the Property Tax Valuation Agency Fund, or
491 both) paid \$ _____ in property taxes would pay the following:

492 (i) \$ _____ if the state of Utah did not budget an increase in property tax revenue

493 exclusive of new growth; and
494 (ii) \$ _____ under the increased property tax revenues exclusive of new growth
495 budgeted by the state of Utah."

496 Section 5. Section **59-10-1018** is amended to read:

497 **59-10-1018. Definitions -- Nonrefundable taxpayer tax credits.**

498 (1) As used in this section:

499 (a) "Dependent adult with a disability" means an individual who:

500 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the
501 claimant's federal individual income tax return for the taxable year;

502 (ii) is not the claimant or the claimant's spouse; and

503 (iii) is:

504 (A) 18 years of age or older;

505 (B) eligible for services under Title 62A, Chapter 5, Services for People with
506 Disabilities; and

507 (C) not enrolled in an education program for students with disabilities that is
508 authorized under Section [53A-15-301](#).

509 (b) "Dependent child with a disability" means an individual 21 years of age or younger
510 who:

511 (i) a claimant claims as a dependent under Section 151, Internal Revenue Code, on the
512 claimant's federal individual income tax return for the taxable year;

513 (ii) is not the claimant or the claimant's spouse; and

514 (iii) is:

515 (A) an eligible student with a disability; or

516 (B) identified under guidelines of the Department of Health as qualified for Early
517 Intervention or Infant Development Services.

518 (c) "Eligible student with a disability" means an individual who is:

519 (i) diagnosed by a school district representative under rules the State Board of
520 Education adopts in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
521 Act, as having a disability classified as autism, deafness, preschool developmental delay, dual
522 sensory impairment, hearing impairment, intellectual disability, multidisability, orthopedic
523 impairment, other health impairment, traumatic brain injury, or visual impairment;

524 (ii) not receiving residential services from the Division of Services for People with
525 Disabilities created under Section 62A-5-102 or a school established under Title 53A, Chapter
526 25b, Utah Schools for the Deaf and the Blind; and

527 (iii) (A) enrolled in an education program for students with disabilities that is
528 authorized under Section 53A-15-301; or

529 (B) a recipient of a scholarship awarded under Title 53A, Chapter 1a, Part 7, Carson
530 Smith Scholarships for Students with Special Needs Act.

531 (d) "Head of household filing status" means a head of household, as defined in Section
532 2(b), Internal Revenue Code, who files a single federal individual income tax return for the
533 taxable year.

534 (e) "Joint filing status" means:

535 (i) a husband and wife who file a single return jointly under this chapter for a taxable
536 year; or

537 (ii) a surviving spouse, as defined in Section 2(a), Internal Revenue Code, who files a
538 single federal individual income tax return for the taxable year.

539 (f) "Single filing status" means:

540 (i) a single individual who files a single federal individual income tax return for the
541 taxable year; or

542 (ii) a married individual who:

543 (A) does not file a single federal individual income tax return jointly with that married
544 individual's spouse for the taxable year; and

545 (B) files a single federal individual income tax return for the taxable year.

546 (2) Except as provided in Section 59-10-1002.2, and subject to Subsections (3) through
547 (5), a claimant may claim a nonrefundable tax credit against taxes otherwise due under this part
548 equal to the sum of:

549 (a) (i) for a claimant that deducts the standard deduction on the claimant's federal
550 individual income tax return for the taxable year, 6% of the amount the claimant deducts as
551 allowed as the standard deduction on the claimant's federal individual income tax return for
552 that taxable year; or

553 (ii) for a claimant that itemizes deductions on the claimant's federal individual income
554 tax return for the taxable year, the product of:

- 555 (A) the difference between:
- 556 (I) the amount the claimant deducts as allowed as an itemized deduction on the
557 claimant's federal individual income tax return for that taxable year; and
- 558 (II) any amount of state or local income taxes the claimant deducts as allowed as an
559 itemized deduction on the claimant's federal individual income tax return for that taxable year;
560 and
- 561 (B) 6%; and
- 562 (b) the product of:
- 563 (i) ~~[75% of the total amount]~~ \$2,962.50 multiplied by the number of personal
564 ~~exemptions~~ the claimant ~~[deducts]~~ claims as allowed as a personal exemption ~~[deduction]~~ on
565 the claimant's federal individual income tax return for that taxable year, plus an additional
566 ~~[75% of the amount]~~ \$2,962.50 multiplied by the number of personal exemptions the claimant
567 ~~[deducts]~~ claims as allowed as a personal exemption ~~[deduction]~~ on the claimant's federal
568 individual income tax return for that taxable year with respect to each dependent adult with a
569 disability or dependent child with a disability; and
- 570 (ii) 6%.
- 571 (3) A claimant may not carry forward or carry back a tax credit under this section.
- 572 (4) The tax credit allowed by Subsection (2) shall be reduced by \$.013 for each dollar
573 by which a claimant's state taxable income exceeds:
- 574 (a) for a claimant who has a single filing status, \$12,000;
- 575 (b) for a claimant who has a head of household filing status, \$18,000; or
- 576 (c) for a claimant who has a joint filing status, \$24,000.
- 577 (5) (a) For taxable years beginning on or after January 1, 2009, the commission shall
578 increase or decrease the following dollar amounts by a percentage equal to the percentage
579 difference between the consumer price index for the preceding calendar year and the consumer
580 price index for calendar year 2007:
- 581 (i) the dollar amount listed in Subsection (4)(a); and
- 582 (ii) the dollar amount listed in Subsection (4)(b).
- 583 (b) After the commission increases or decreases the dollar amounts listed in Subsection
584 (5)(a), the commission shall round those dollar amounts listed in Subsection (5)(a) to the
585 nearest whole dollar.

586 (c) After the commission rounds the dollar amounts as required by Subsection (5)(b),
587 the commission shall increase or decrease the dollar amount listed in Subsection (4)(c) so that
588 the dollar amount listed in Subsection (4)(c) is equal to the product of:

589 (i) the dollar amount listed in Subsection (4)(a); and

590 (ii) two.

591 (d) For purposes of Subsection (5)(a), the commission shall calculate the consumer
592 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

593 **Section 6. Retrospective operation.**

594 (1) The amendments to the following sections have retrospective operation to January
595 1, 2014:

596 (a) Section [53A-17a-103](#);

597 (b) Section [53A-17a-135](#);

598 (c) Section [59-2-102](#); and

599 (d) Section [59-2-926](#).

600 (2) The amendments to Section [59-10-1018](#) have retrospective operation for a taxable
601 year beginning on or after January 1, 2014.

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Office of Legislative Research and General Counsel