

**JOINT RESOLUTION ON BUSINESS PERSONAL**

**PROPERTY TAX EXEMPTION**

2014 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Jim Nielson**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This joint resolution of the Legislature proposes to amend the Utah Constitution to enact a provision regarding a property tax exemption for business-owned tangible personal property.

**Highlighted Provisions:**

This resolution proposes to amend the Utah Constitution to:

- ▶ include tangible personal property owned by a business, as defined by statute, in a list of property that may be exempted from property tax, as provided by statute; and
- ▶ repeal redundant and obsolete language and make other conforming changes.

**Special Clauses:**

This resolution directs the lieutenant governor to submit this proposal to voters.

This resolution provides a contingent effective date of January 1, 2015 for this proposal.

**Utah Constitution Sections Affected:**

AMENDS:

**ARTICLE XIII, SECTION 3**

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*Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:*

Section 1. It is proposed to amend Utah Constitution, Article XIII, Section 3, to read:



28 **Article XIII, Section 3. [Property tax exemptions.]**

29 (1) The following are exempt from property tax:

30 (a) property owned by the State;

31 (b) property owned by a public library;

32 (c) property owned by a school district;

33 (d) property owned by a political subdivision of the State, other than a school district,  
34 and located within the political subdivision;

35 (e) property owned by a political subdivision of the State, other than a school district,  
36 and located outside the political subdivision unless the Legislature by statute authorizes the  
37 property tax on that property;

38 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or  
39 educational purposes;

40 (g) places of burial not held or used for private or corporate benefit;

41 (h) farm equipment and farm machinery as defined by statute;

42 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power  
43 plants, and transmission lines to the extent owned and used by an individual or corporation to  
44 irrigate land that is:

45 (i) within the State; and

46 (ii) owned by the individual or corporation, or by an individual member of the  
47 corporation; and

48 (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide  
49 domestic water, as defined by statute, or provide water to a public water supplier:

50 (A) water rights; and

51 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by  
52 statute, other water infrastructure;

53 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection  
54 (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or  
55 pipe; and

56 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under  
57 Subsection (1)(j)(i)(B) if the land is:

58 (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or

59 pipe; and

60 (B) reasonably necessary for the maintenance or for otherwise supporting the operation  
61 of the reservoir, ditch, canal, or pipe.

62 (2) (a) The Legislature may by statute exempt the following from property tax:

63 ~~[(i) tangible personal property constituting inventory present in the State on January 1  
64 and held for sale in the ordinary course of business;]~~

65 ~~[(ii) tangible personal property present in the State on January 1 and held for sale or  
66 processing and shipped to a final destination outside the State within 12 months;]~~

67 ~~[(iii)]~~ (i) subject to Subsection (2)(b), property to the extent used to generate and  
68 deliver electrical power for pumping water to irrigate lands in the State;

69 ~~[(iv)]~~ (ii) up to 45% of the fair market value of residential property, as defined by  
70 statute; and

71 ~~[(v)]~~ (iii) household furnishings, furniture, and equipment used exclusively by the  
72 owner of that property in maintaining the owner's home~~[-; and]~~.

73 ~~[(vi) tangible personal property that, if subject to property tax, would generate an  
74 inconsequential amount of revenue.]~~

75 (b) The exemption under Subsection (2)(a)~~[(iii)]~~(i) shall accrue to the benefit of the  
76 users of pumped water as provided by statute.

77 (3) The following may be exempted from property tax as provided by statute:

78 (a) property owned by a disabled person who, during military training or a military  
79 conflict, was disabled in the line of duty in the military service of the United States or the State;

80 (b) property owned by the unmarried surviving spouse or the minor orphan of a person  
81 who:

82 (i) is described in Subsection (3)(a); or

83 (ii) during military training or a military conflict, was killed in action or died in the line  
84 of duty in the military service of the United States or the State; ~~[and]~~

85 (c) real property owned by a person in the military or the person's spouse, or both, and  
86 used as the person's primary residence, if the person serves under an order to federal active duty  
87 out of state for at least 200 days in a calendar year or 200 consecutive days~~[-]; and~~

88 (d) tangible personal property owned by a business, as defined by statute.

89 (4) The Legislature may by statute provide for the remission or abatement of the taxes

90 of the poor.

91 Section 2. **Submittal to voters.**

92 The lieutenant governor is directed to submit this proposed amendment to the voters of  
93 the state at the next regular general election in the manner provided by law.

94 Section 3. **Effective date.**

95 If the amendment proposed by this joint resolution is approved by a majority of those  
96 voting on it at the next regular general election, the amendment shall take effect on January 1,  
97 2015.

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**Legislative Review Note**  
as of 1-13-14 3:09 PM

**Office of Legislative Research and General Counsel**