

**JOINT RESOLUTION ON PERSONAL PROPERTY TAX**

2012 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John Dougall**

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

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**LONG TITLE**

**General Description:**

This joint resolution of the Legislature proposes to amend the Utah Constitution to modify provisions relating to the taxation of personal property.

**Highlighted Provisions:**

This resolution proposes to amend the Utah Constitution to:

- ▶ authorize the Legislature to provide for tangible personal property to be assessed based on its value as reported for tax purposes to the United States government ~~H~~→ or as determined under generally accepted accounting principles ←~~H~~ ;
- ▶ authorize the Legislature to provide by statute a property tax exemption for tangible personal property that has been fully depreciated or expensed; and
- ▶ authorize the Legislature to provide by statute for a nominal fee in lieu of property tax on certain tangible personal property that is exempted from taxation.

**Special Clauses:**

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

This resolution provides a contingent effective date of January 1, 2013 for this proposal.

**Utah Constitution Sections Affected:**

AMENDS:

**ARTICLE XIII, SECTION 2**

**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*



28 *of the two houses voting in favor thereof:*

29 Section 1. It is proposed to amend Utah Constitution Article XIII, Section 2, to read:

30 **Article XIII, Section 2. [Property tax.]**

31 (1) So that each person and corporation pays a tax in proportion to the fair market  
32 value of his, her, or its tangible property, all tangible property in the State that is not exempt  
33 under the laws of the United States or under this Constitution shall be:

34 (a) assessed at a uniform and equal rate in proportion to its fair market value, to be  
35 ascertained as provided by law; and

36 (b) taxed at a uniform and equal rate.

37 (2) Each corporation and person in the State or doing business in the State is subject to  
38 taxation on the tangible property owned or used by the corporation or person within the  
39 boundaries of the State or local authority levying the tax.

40 (3) The Legislature may provide by statute that land used for agricultural purposes be  
41 assessed based on its value for agricultural use.

42 (4) The Legislature may by statute determine the manner and extent of taxing livestock.

43 (5) The Legislature may by statute determine the manner and extent of taxing or  
44 exempting intangible property, except that any property tax on intangible property may not  
45 exceed .005 of its fair market value. If any intangible property is taxed under the property tax,  
46 the income from that property may not also be taxed.

47 (6) Tangible personal property required by law to be registered with the State before it  
48 is used on a public highway or waterway, on public land, or in the air may be exempted from  
49 property tax by statute. If the Legislature exempts tangible personal property from property tax  
50 under this Subsection (6), it shall provide for the payment of uniform statewide fees or uniform  
51 statewide rates of assessment or taxation on that property in lieu of the property tax. The fair  
52 market value of any property exempted under this Subsection (6) shall be considered part of the  
53 State tax base for determining the debt limitation under Article XIV.

54 (7) The Legislature may by statute provide for the assessment of tangible personal  
55 property according to its value ~~H~~→ :

55a (a) ~~H~~ as reported for tax purposes to the United States government in

56 conformity with the laws of the United States as from time to time amended ~~H~~→ [:] ; or

56a (b) as determined in accordance with generally accepted accounting principles. ~~H~~→

57 Section 2. It is proposed to amend Utah Constitution Article XIII, Section 3, to read:

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

- 59 (1) The following are exempt from property tax:
- 60 (a) property owned by the State;
- 61 (b) property owned by a public library;
- 62 (c) property owned by a school district;
- 63 (d) property owned by a political subdivision of the State, other than a school district,
- 64 and located within the political subdivision;
- 65 (e) property owned by a political subdivision of the State, other than a school district,
- 66 and located outside the political subdivision unless the Legislature by statute authorizes the
- 67 property tax on that property;
- 68 (f) property owned by a nonprofit entity used exclusively for religious, charitable, or
- 69 educational purposes;
- 70 (g) places of burial not held or used for private or corporate benefit;
- 71 (h) farm equipment and farm machinery as defined by statute;
- 72 (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power
- 73 plants, and transmission lines to the extent owned and used by an individual or corporation to
- 74 irrigate land that is:
- 75 (i) within the State; and
- 76 (ii) owned by the individual or corporation, or by an individual member of the
- 77 corporation; and
- 78 (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide
- 79 domestic water, as defined by statute, or provide water to a public water supplier:
- 80 (A) water rights; and
- 81 (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by
- 82 statute, other water infrastructure;
- 83 (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection
- 84 (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or
- 85 pipe; and
- 86 (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under
- 87 Subsection (1)(j)(i)(B) if the land is:
- 88 (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or
- 89 pipe; and

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

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

93 (i) tangible personal property constituting inventory present in the State on January 1  
94 and held for sale in the ordinary course of business;

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

97 (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver  
98 electrical power for pumping water to irrigate lands in the State;

99 (iv) up to 45% of the fair market value of residential property, as defined by statute;

100 (v) household furnishings, furniture, and equipment used exclusively by the owner of  
101 that property in maintaining the owner's home; ~~and~~

102 (vi) tangible personal property that, if subject to property tax, would generate an  
103 inconsequential amount of revenue[-]; and

104 (vii) tangible personal property that lawfully has been fully depreciated or accounted  
105 for as an expense.

106 (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users  
107 of pumped water as provided by statute.

108 (c) If the Legislature exempts tangible personal property under Subsection (2)(a)(vi),  
109 the Legislature may by statute provide for the imposition of a nominal fee to be paid in lieu of  
110 property tax on the exempted property.

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

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

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

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

118 (ii) during military training or a military conflict, was killed in action or died in the line  
119 of duty in the military service of the United States or the State.

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

121 of the poor.

122 Section 3. **Submittal to voters.**

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

125 Section 4. **Effective date.**

126 If the amendment proposed by this joint resolution is approved by a majority of those  
127 voting on it at the next regular general election, the amendment shall take effect on January 1,  
128 2013.

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**Legislative Review Note**  
as of 2-10-12 8:53 AM

**Office of Legislative Research and General Counsel**