

Property Tax Reimbursement Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

LONG TITLE**Committee Note:**

The Revenue and Taxation Interim Committee recommended this bill.

Legislative Vote: 10 voting for 0 voting against 8 absent

General Description:

This bill provides for reimbursement of property taxes.

Highlighted Provisions:

This bill:

- defines terms;
- allows certain rental businesses to charge a fee on the rental of heavy equipment for reimbursement of property taxes (recovery fee);
- requires recovery fees to be separately itemized and clarifies that recovery fees are not subject to sales and use tax;
- prohibits a rental business from charging a recovery fee to a governmental entity;
- requires the State Tax Commission to coordinate with county auditors and the Multicounty Appraisal Trust to conduct a study on the recovery fee rate and provide a report with recommendations to the Legislature; and
- requires county auditors and the Multicounty Appraisal Trust to share requested information with the State Tax Commission for purposes of conducting the study.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

59-2-2001, Utah Code Annotated 1953

59-2-2002, Utah Code Annotated 1953

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

32 Section 1. Section **59-2-2001** is enacted to read:

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Part 20. Recovery Fee for Rental of Heavy Equipment

34 **59-2-2001 . Definitions.**

35 As used in this part:

36 (1)(a) "Heavy equipment" means tangible personal property that:

37 (i) is owned by a qualified rental business for purposes of renting;

38 (ii) is utilized or designed for construction, earthmoving, or industrial operations; and

39 (iii) is portable and transferable to the location in which the heavy equipment is used.

40 (b) "Heavy equipment" includes:

41 (i) lift equipment;

42 (ii) material handling equipment;

43 (iii) cranes;

44 (iv) pumps;

45 (v) generators;

46 (vi) compressors;

47 (vii) portable power equipment;

48 (viii) heating, ventilation, and air conditioning equipment;

49 (ix) portable worksite offices and containers;

50 (x) tank trailers; and

51 (xi) self-propelled equipment.

52 (2) "Multicounty Appraisal Trust" means the same as that term is defined in Section
53 59-2-1601.

54 (3) "Qualified rental business" means a business entity located in this state:

55 (a) that is classified within one of the following NAICS codes of the 2022 North
56 American Industry Classification System of the federal Executive Office of the
57 President, Office of Management and Budget:

58 (i) NAICS Code 532310, General Rental Centers; or

59 (ii) NAICS Code 532412, Construction, Mining, and Forestry Machinery and
60 Equipment Rental and Leasing; and

61 (b) for which 51% or more of the business entity's total annual revenue is derived from
62 the rental of heavy equipment.

63 (4) "Recovery fee" means the fee authorized in Subsection 59-2-2002(1).

64 (5) "Rental" means the same as the terms "lease" or "rental" are defined in Section

65 59-12-102.

66 (6)(a) "Rental charge" means the amount charged to a renter by a qualified rental
 67 business for the rental of heavy equipment.

68 (b) "Rental charge" does not include any additional charges separate from the actual cost
 69 of the rental transaction, including costs required for delivery, insurance, or a waiver
 70 of liability.

71 (7) "Renter" means the person to which a qualified rental business rents heavy equipment.

72 Section 2. Section **59-2-2002** is enacted to read:

73 **59-2-2002 . Recovery fee for rental of heavy equipment -- Commission study and**
 74 **report.**

75 (1) A qualified rental business may charge to a renter a fee in an amount equal to 1.5% of
 76 the rental charge for each item of heavy equipment rented in this state.

77 (2) A recovery fee under Subsection (1):

78 (a) shall be separately stated on the invoice or receipt for the rental transaction; and

79 (b) is not subject to a sales and use tax under Chapter 12, Sales and Use Tax Act.

80 (3) A qualified rental business may not charge a recovery fee to a renter that is a
 81 governmental entity as defined in Section 59-2-511.

82 (4) Any amount of recovery fees collected by a qualified rental business during a calendar
 83 year shall be used as reimbursement for property taxes paid by the qualified rental
 84 business on heavy equipment in the same calendar year.

85 (5)(a) The commission shall:

86 (i) in coordination with county auditors and the Multicounty Appraisal Trust, conduct
 87 a study to determine the need for adjustment to the rate authorized under
 88 Subsection (1) for purposes of property tax reimbursement; and

89 (ii) on or before September 30, 2027, provide to the Revenue and Taxation Interim
 90 Committee an electronic report of the results of the study required under
 91 Subsection (5)(a)(i), including any recommendations, based on information
 92 received by the commission, for legislative changes to the rate authorized under
 93 Subsection (1).

94 (b) A county auditor or the Multicounty Appraisal Trust shall, upon request by the
 95 commission, provide to the commission any information necessary to complete the
 96 study required under Subsection (5)(a)(i).

97 Section 3. **Effective date.**

98 This bill takes effect on January 1, 2026.