

TAXING ENTITIES' TAX RATE AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Deidre M. Henderson

House Sponsor: _____

LONG TITLE

General Description:

This bill addresses the process for setting certain property tax rates.

Highlighted Provisions:

This bill:

▸ describes a circumstance under which a fiscal year taxing entity may not adopt a property tax rate that exceeds the certified tax rate.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

10-5-112, as last amended by Laws of Utah 1989, Chapter 118

10-6-133, as last amended by Laws of Utah 2014, Chapter 176

17B-1-1001, as last amended by Laws of Utah 2013, Chapter 415

53A-16-106, as last amended by Laws of Utah 2008, Chapters 61, 231, and 236

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

Section 1. Section **10-5-112** is amended to read:

10-5-112. Property tax levy set by ordinance -- Maximum -- Certification.



28 ~~[(1) Not later than June 22 of each year, or August 17 in the case of a property tax~~
29 ~~increase under Sections 59-2-919 through 59-2-923;]~~

30 (1) As used in this section, "certified tax rate" means the same as that term is defined in
31 Section 59-2-924.

32 (2) (a) Except as provided in Subsection (2)(b), the council, at a regular meeting or
33 special meeting called for that purpose, shall by ordinance or resolution set the [real and
34 personal] property tax levy for town purposes[~~, but the levy may be set at an appropriate later~~
35 date with the approval of the State Tax Commission.] by:

36 (i) if the tax rate is not more than the certified tax rate, adopting a final tax rate before
37 June 22 of each year; or

38 (ii) in the case of a tax increase under Sections 59-2-919 through 59-2-923:

39 (A) adopting a proposed tax rate before June 22 of each year; and

40 (B) adopting a final tax rate before August 17 of each year.

41 (b) (i) Subject to Subsection (2)(b)(ii), the council may set the tax levy at an
42 appropriate later date with the approval of the State Tax Commission.

43 (ii) If the council does not adopt a proposed tax rate before June 22, the council may
44 not adopt a rate that exceeds the certified tax rate.

45 ~~[(2)]~~ (3) The combined levies for each town, for all purposes in any year, excluding the
46 retirement of general obligation bonds and the payment of any interest, and taxes expressly
47 authorized by law to be levied in addition, may not exceed .007 per dollar of taxable value of
48 taxable property.

49 ~~[(3)]~~ (4) The town clerk shall certify the ordinance or resolution setting the levy to the
50 county auditor, or auditors, if the town is located in more than one county, not later than June
51 22 of each year.

52 Section 2. Section 10-6-133 is amended to read:

53 **10-6-133. Property tax levy -- Time for setting -- Computation of total levy --**
54 **Apportionment of proceeds -- Maximum levy.**

55 ~~[(1)(a) Before June 22 of each year, or August 17 in the case of a property tax rate~~
56 ~~increase under Sections 59-2-919 through 59-2-923;]~~

57 (1) As used in this section, "certified tax rate" means the same as that term is defined in
58 Section 59-2-924.

59 (2) (a) Except as provided in Subsection (2)(b), the governing body of each city,
 60 ~~[including charter cities,]~~ at a regular meeting or special meeting called for that purpose, shall
 61 by ordinance or resolution set the ~~[real and personal]~~ property tax levy for various municipal
 62 purposes~~[-]~~ by:

63 (i) if the tax rate is not more than the certified tax rate, adopting a final tax rate before
 64 June 22 of each year; or

65 (ii) in the case of a tax increase under Sections 59-2-919 through 59-2-923:

66 (A) adopting a proposed tax rate before June 22 of each year; and

67 (B) adopting a final tax rate before August 17 of each year.

68 ~~[(b) Notwithstanding Subsection (1)(a)]~~

69 (b) (i) Subject to Subsection (2)(b)(ii), the governing body may set the levy at an
 70 appropriate later date with the approval of the State Tax Commission.

71 (ii) If the governing body of a city does not adopt a proposed tax rate before June 22,
 72 the governing body may not adopt a rate that exceeds the certified tax rate.

73 ~~[(2)]~~ (3) In its computation of the total levy, the governing body shall determine the
 74 requirements of each fund for which property taxes are to be levied and shall specify in its
 75 ordinance or resolution adopting the levy the amount apportioned to each fund.

76 ~~[(3)]~~ (4) The proceeds of the levy apportioned for city general fund purposes shall be
 77 credited as revenue in the city general fund.

78 ~~[(4)]~~ (5) The proceeds of the levy apportioned for special fund purposes shall be
 79 credited to the appropriate accounts in the applicable special funds.

80 ~~[(5)]~~ (6) The combined levies for each city, ~~[including charter cities,]~~ for all purposes
 81 in any year, excluding the retirement of general obligation bonds and the payment of any
 82 interest, and taxes expressly authorized by law to be levied in addition, may not exceed .007
 83 per dollar of taxable value of taxable property.

84 Section 3. Section **17B-1-1001** is amended to read:

85 **17B-1-1001. Provisions applicable to property tax levy.**

86 ~~[(1) Each local district that levies and collects property taxes shall levy and collect~~
 87 ~~them according to the provisions of Title 59, Chapter 2, Property Tax Act.]~~

88 ~~[(2)]~~ (1) As used in this section, "elected official" means a local district board of
 89 trustees member who:

90 (a) is elected to the board of trustees by local district voters at an election held for that
91 purpose, including a member elected under Subsection (4);

92 (b) holds, at the time of appointment to the board of trustees, an elected position with a
93 municipality, county, or another local district that is partially or completely included within the
94 boundaries of the local district;

95 (c) is appointed in accordance with Subsection 17B-1-303(5) or 17B-1-306(4)(f); or

96 (d) is considered to be elected in accordance with Subsection 17B-1-306(4)(g).

97 (2) Each local district that levies and collects property taxes shall levy and collect the
98 property taxes according to the provisions of Title 59, Chapter 2, Property Tax Act.

99 (3) (a) Except as provided in ~~[Subsection]~~ Subsections (3)(b) and (c), a local district
100 may not levy or collect property tax revenue at a rate that exceeds the certified tax rate during a
101 taxable year that begins on or after January 1, 2011.

102 (b) ~~[Notwithstanding Subsection (3)(a), a]~~ A local district may levy or collect property
103 tax revenue at a rate that exceeds the certified tax rate during a taxable year that begins on or
104 after January 1, 2011, if:

105 (i) ~~[and]~~ to the extent that the revenue from the property tax was pledged before
106 January 1, 2011, ~~[to pay]~~ the revenue pays for bonds or other obligations of the local district;

107 (ii) the members of the board of trustees are all elected officials;

108 (iii) the majority of the board of trustees are elected officials; or

109 (iv) the proposed tax or increase in the property tax rate has been approved by:

110 (A) a majority of the registered voters within the local district at an election held for
111 that purpose on a date specified in Section 20A-1-204;

112 (B) the legislative body of the appointing authority; or

113 (C) the legislative body of:

114 (I) a majority of the municipalities partially or completely included within the
115 boundary of the specified local district; or

116 (II) the county in which the specified local district is located, if the county has some or
117 all of its unincorporated area included within the boundary of the specified local district.

118 (c) In addition to the criteria described in Subsection (3)(b), for a local district to levy
119 or collect property tax revenue at a rate that exceeds the certified tax rate, a local district that is
120 a fiscal year taxing entity shall adopt a proposed property tax rate before June 22 of each year.

121 (4) (a) Notwithstanding provisions to the contrary in Title 17B, Chapter 2a, Provisions
 122 Applicable to Different Types of Local Districts, and for purposes of Subsection (3)(b),
 123 members of the board of trustees of a local district shall be elected, if, subject to Subsection
 124 (4)(b):

125 (i) two-thirds of all members of the board of trustees of the local district vote in favor
 126 of changing to an elected board; and

127 (ii) the legislative body of each municipality or county that appoints a member to the
 128 board of trustees adopts a resolution approving the change to an elected board.

129 (b) A change to an elected board of trustees under Subsection (4)(a) may not shorten
 130 the term of any member of the board of trustees serving at the time of the change.

131 (5) Subsections (2), (3), and (4) do not apply to:

132 (a) Title 17B, Chapter 2a, Part 6, Metropolitan Water District Act;

133 (b) Title 17B, Chapter 2a, Part 10, Water Conservancy District Act; or

134 (c) a local district in which:

135 (i) the board of trustees consists solely of:

136 (A) land owners or the land owners' agents; or

137 (B) as described in Subsection [17B-1-302\(1\)\(c\)](#), land owners or the land owners' agents
 138 or officers; and

139 (ii) there are no residents within the local district at the time a property tax is levied.

140 Section 4. Section **53A-16-106** is amended to read:

141 **53A-16-106. Annual certification of tax rate proposed by local school board --**
 142 **Inclusion of school district budget -- Modified filing date.**

143 (1) As used in this section, "certified tax rate" means the same as that term is defined in
 144 Section [59-2-924](#).

145 ~~[(1) Prior to]~~ (2) (a) Before June 22 of each year, each local school board shall certify
 146 to the county legislative body in which the district is located, on forms prescribed by the State
 147 Tax Commission, the proposed tax rate approved by the local school board.

148 (b) In the case of a tax increase, if the local school board fails to approve a proposed
 149 tax rate increase before June 22, the local board may not adopt a tax rate that exceeds the
 150 certified tax rate.

151 ~~[(2)]~~ (3) A copy of the district's budget, including items under Section [53A-19-101](#),

152 and a certified copy of the local school board's resolution [~~which~~] that approved the budget and
153 set the tax rate for the subsequent school year beginning July 1 shall accompany the tax rate.

154 [~~(3)~~] (4) If the tax rate approved by the board is in excess of the [~~"certified tax rate" as~~
155 ~~defined under Subsection 59-2-924(3)(a)] certified tax rate, the date for filing the tax rate and
156 budget adopted by the board shall be that established under [~~Section 59-2-919~~] Sections
157 53A-19-102 and 59-2-912.~~

Legislative Review Note
Office of Legislative Research and General Counsel