

PROPERTY TAXES ON FORMER PRISON PROPERTY

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: _____

LONG TITLE

General Description:

This bill addresses property taxes on former prison property.

Highlighted Provisions:

This bill:

- ▶ requires a county collecting property taxes on former prison property that is transferred into private ownership to transmit those taxes to the state treasurer for a specified period;
- ▶ requires the state treasurer to deposit into the General Fund money that the county transmits to the state treasurer; and
- ▶ modifies provisions relating to the certified tax rate to negate the property tax revenue effects on taxing entities from the county's transmission of property taxes to the state treasurer.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

59-2-924, as last amended by Laws of Utah 2014, Chapter 270

ENACTS:



28 [59-2-1373](#), Utah Code Annotated 1953

29

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

31 Section 1. Section **59-2-924** is amended to read:

32 **59-2-924. Report of valuation of property to county auditor and commission --**
33 **Transmittal by auditor to governing bodies -- Certified tax rate -- Calculation of certified**
34 **tax rate -- Rulemaking authority -- Adoption of tentative budget.**

35 (1) Before June 1 of each year, the county assessor of each county shall deliver to the
36 county auditor and the commission the following statements:

37 (a) a statement containing the aggregate valuation of all taxable real property assessed
38 by a county assessor in accordance with Part 3, County Assessment, for each taxing entity; and

39 (b) a statement containing the taxable value of all personal property assessed by a
40 county assessor in accordance with Part 3, County Assessment, from the prior year end values.

41 (2) The county auditor shall, on or before June 8, transmit to the governing body of
42 each taxing entity:

43 (a) the statements described in Subsections (1)(a) and (b);

44 (b) an estimate of the revenue from personal property;

45 (c) the certified tax rate; and

46 (d) all forms necessary to submit a tax levy request.

47 (3) (a) The "certified tax rate" means a tax rate that will provide the same ad valorem
48 property tax revenues for a taxing entity as were budgeted by that taxing entity for the prior
49 year.

50 (b) For purposes of this Subsection (3):

51 (i) "Ad valorem property tax revenues" do not include:

52 (A) interest;

53 (B) penalties; [~~and~~]

54 (C) revenue received by a taxing entity from personal property that is:

55 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

56 (II) semiconductor manufacturing equipment[~~;~~]; and

57 (D) revenue transmitted to the state treasurer under Section [59-2-1373](#).

58 (ii) "Aggregate taxable value of all property taxed" means:

59 (A) the aggregate taxable value of all real property assessed by a county assessor in
60 accordance with Part 3, County Assessment, for the current year;

61 (B) the aggregate taxable year end value of all personal property assessed by a county
62 assessor in accordance with Part 3, County Assessment, for the prior year; and

63 (C) the aggregate taxable value of all real and personal property assessed by the
64 commission in accordance with Part 2, Assessment of Property, for the current year.

65 (c) (i) Except as otherwise provided in this section, the certified tax rate shall be
66 calculated by dividing the ad valorem property tax revenues budgeted for the prior year by the
67 taxing entity by the amount calculated under Subsection (3)(c)(ii).

68 (ii) For purposes of Subsection (3)(c)(i), the legislative body of a taxing entity shall
69 calculate an amount as follows:

70 (A) calculate for the taxing entity the difference between:

71 (I) the aggregate taxable value of all property taxed; and

72 (II) any redevelopment adjustments for the current calendar year;

73 (B) after making the calculation required by Subsection (3)(c)(ii)(A), calculate an
74 amount determined by increasing or decreasing the amount calculated under Subsection
75 (3)(c)(ii)(A) by the average of the percentage net change in the value of taxable property for the
76 equalization period for the three calendar years immediately preceding the current calendar
77 year;

78 (C) after making the calculation required by Subsection (3)(c)(ii)(B), calculate the
79 product of:

80 (I) the amount calculated under Subsection (3)(c)(ii)(B); and

81 (II) the percentage of property taxes collected for the five calendar years immediately
82 preceding the current calendar year; and

83 (D) after making the calculation required by Subsection (3)(c)(ii)(C), calculate an
84 amount determined by subtracting from the amount calculated under Subsection (3)(c)(ii)(C)
85 any new growth as defined in this section:

86 (I) within the taxing entity; and

87 (II) for the following calendar year:

88 (Aa) for new growth from real property assessed by a county assessor in accordance
89 with Part 3, County Assessment and all property assessed by the commission in accordance

90 with Section [59-2-201](#), the current calendar year; and

91 (Bb) for new growth from personal property assessed by a county assessor in
92 accordance with Part 3, County Assessment, the prior calendar year.

93 (iii) For purposes of Subsection (3)(c)(ii)(A), the aggregate taxable value of all
94 property taxed:

95 (A) except as provided in Subsection [~~(3)(c)(iii)(B) or~~] (3)(c)(ii)(C), (3)(c)(iii)(B), or
96 (3)(c)(iii)(C), is as defined in Subsection (3)(b)(ii);

97 (B) does not include the total taxable value of personal property contained on the tax
98 rolls of the taxing entity that is:

99 (I) assessed by a county assessor in accordance with Part 3, County Assessment; and

100 (II) semiconductor manufacturing equipment; [~~and~~]

101 (C) does not include the total taxable value of developing property, as defined in
102 Section [59-2-1373](#); and

103 [~~(D)~~] (D) for personal property assessed by a county assessor in accordance with Part 3,
104 County Assessment, the taxable value of personal property is the year end value of the personal
105 property contained on the prior year's tax rolls of the entity.

106 (iv) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
107 January 1, 2007, the value of taxable property does not include the value of personal property
108 that is:

109 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
110 County Assessment; and

111 (B) semiconductor manufacturing equipment.

112 (v) For purposes of Subsection (3)(c)(ii)(C)(II), for calendar years beginning on or after
113 January 1, 2007, the percentage of property taxes collected does not include property taxes
114 collected from personal property that is:

115 (A) within the taxing entity assessed by a county assessor in accordance with Part 3,
116 County Assessment; and

117 (B) semiconductor manufacturing equipment.

118 (vi) For purposes of Subsection (3)(c)(ii)(B), for calendar years beginning on or after
119 January 1, 2009, the value of taxable property does not include the value of personal property
120 that is within the taxing entity assessed by a county assessor in accordance with Part 3, County

121 Assessment.

122 (vii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
123 the commission may prescribe rules for calculating redevelopment adjustments for a calendar
124 year.

125 (viii) (A) Except as provided in Subsections (3)(c)(ix) and (x), for purposes of
126 Subsection (3)(c)(i), a taxing entity's ad valorem property tax revenues budgeted for the prior
127 year shall be decreased by an amount of revenue equal to the five-year average of the most
128 recent prior five years of redemptions adjusted by the five-year average redemption calculated
129 for the prior year as reported on the county treasurer's final annual settlement required under
130 Subsection 59-2-1365(2).

131 (B) A decrease under Subsection (3)(c)(viii)(A) does not apply to the multicounty
132 assessing and collecting levy authorized in Subsection 59-2-1602(2)(a), the certified revenue
133 levy, or the minimum basic tax rate established in Section 53A-17a-135.

134 (ix) As used in Subsection (3)(c)(x):

135 (A) "One-fourth of qualifying redemptions excess amount" means a qualifying
136 redemptions excess amount divided by four.

137 (B) "Qualifying redemptions" means that, for a calendar year, a taxing entity's total
138 amount of redemptions is greater than three times the five-year average of the most recent prior
139 five years of redemptions calculated for the prior year under Subsection (3)(c)(viii)(A).

140 (C) "Qualifying redemptions base amount" means an amount equal to three times the
141 five-year average of the most recent prior five years of redemptions for a taxing entity, as
142 reported on the county treasurer's final annual settlement required under Subsection
143 59-2-1365(2).

144 (D) "Qualifying redemptions excess amount" means the amount by which a taxing
145 entity's qualifying redemptions for a calendar year exceed the qualifying redemptions base
146 amount for that calendar year.

147 (x) (A) If, for a calendar year, a taxing entity has qualifying redemptions, the
148 redemption amount for purposes of calculating the five-year redemption average required by
149 Subsection (3)(c)(viii)(A) is as provided in Subsections (3)(c)(x)(B) and (C).

150 (B) For the initial calendar year a taxing entity has qualifying redemptions, the taxing
151 entity's redemption amount for that calendar year is the qualifying redemptions base amount.

152 (C) For each of the four calendar years after the calendar year described in Subsection
153 (3)(c)(x)(B), one-fourth of the qualifying redemptions excess amount shall be added to the
154 redemption amount.

155 (d) (i) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
156 the commission shall make rules determining the calculation of ad valorem property tax
157 revenues budgeted by a taxing entity.

158 (ii) For purposes of Subsection (3)(d)(i), ad valorem property tax revenues budgeted by
159 a taxing entity shall be calculated in the same manner as budgeted property tax revenues are
160 calculated for purposes of Section 59-2-913.

161 (e) The certified tax rates for the taxing entities described in this Subsection (3)(e) shall
162 be calculated as follows:

163 (i) except as provided in Subsection (3)(e)(ii), for new taxing entities the certified tax
164 rate is zero;

165 (ii) for each municipality incorporated on or after July 1, 1996, the certified tax rate is:

166 (A) in a county of the first, second, or third class, the levy imposed for municipal-type
167 services under Sections 17-34-1 and 17-36-9; and

168 (B) in a county of the fourth, fifth, or sixth class, the levy imposed for general county
169 purposes and such other levies imposed solely for the municipal-type services identified in
170 Section 17-34-1 and Subsection 17-36-3(22); and

171 (iii) for debt service voted on by the public, the certified tax rate shall be the actual
172 levy imposed by that section, except that the certified tax rates for the following levies shall be
173 calculated in accordance with Section 59-2-913 and this section:

174 (A) school levies provided for under Sections 53A-16-113, 53A-17a-133, and
175 53A-17a-164; and

176 (B) levies to pay for the costs of state legislative mandates or judicial or administrative
177 orders under Section 59-2-1602.

178 (f) (i) A judgment levy imposed under Section 59-2-1328 or 59-2-1330 shall be
179 established at that rate which is sufficient to generate only the revenue required to satisfy one
180 or more eligible judgments, as defined in Section 59-2-102.

181 (ii) The ad valorem property tax revenue generated by the judgment levy shall not be
182 considered in establishing the taxing entity's aggregate certified tax rate.

183 (g) The ad valorem property tax revenue generated by the capital local levy described
184 in Section 53A-16-113 within a taxing entity in a county of the first class:

185 (i) may not be considered in establishing the school district's aggregate certified tax
186 rate; and

187 (ii) shall be included by the commission in establishing a certified tax rate for that
188 capital outlay levy determined in accordance with the calculation described in Subsection
189 59-2-913(3).

190 (4) (a) For the purpose of calculating the certified tax rate, the county auditor shall use:

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

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

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

196 (b) For purposes of Subsection (4)(a)(i), the taxable value of real property on the
197 assessment roll does not include new growth as defined in Subsection (4)(c).

198 (c) "New growth" means:

199 (i) the difference between the increase in taxable value of the following property of the
200 taxing entity from the previous calendar year to the current year:

201 (A) real property assessed by a county assessor in accordance with Part 3, County
202 Assessment; and

203 (B) property assessed by the commission under Section 59-2-201; plus

204 (ii) the difference between the increase in taxable year end value of personal property
205 of the taxing entity from the year prior to the previous calendar year to the previous calendar
206 year; minus

207 (iii) the amount of an increase in taxable value described in Subsection (4)(e).

208 (d) (i) For purposes of Subsection (4)(c)(ii), the taxable value of personal property of
209 the taxing entity does not include the taxable value of personal property that is:

210 [(i)] (A) contained on the tax rolls of the taxing entity if that property is assessed by a
211 county assessor in accordance with Part 3, County Assessment; and

212 [(ii)] (B) semiconductor manufacturing equipment.

213 (ii) For purposes of Subsection (4)(c), taxable value does not include the taxable value

214 of developing property, as defined in Section 59-2-1373.

215 (e) Subsection (4)(c)(iii) applies to the following increases in taxable value:

216 (i) the amount of increase to locally assessed real property taxable values resulting
217 from factoring, reappraisal, or any other adjustments; or

218 (ii) the amount of an increase in the taxable value of property assessed by the
219 commission under Section 59-2-201 resulting from a change in the method of apportioning the
220 taxable value prescribed by:

221 (A) the Legislature;

222 (B) a court;

223 (C) the commission in an administrative rule; or

224 (D) the commission in an administrative order.

225 (f) For purposes of Subsection (4)(a)(ii), the taxable year end value of personal
226 property on the prior year's assessment roll does not include:

227 (i) new growth as defined in Subsection (4)(c); or

228 (ii) the total taxable year end value of personal property contained on the prior year's
229 tax rolls of the taxing entity that is:

230 (A) assessed by a county assessor in accordance with Part 3, County Assessment; and

231 (B) semiconductor manufacturing equipment.

232 (5) (a) On or before June 22, each taxing entity shall annually adopt a tentative budget.

233 (b) If the taxing entity intends to exceed the certified tax rate, it shall notify the county
234 auditor of:

235 (i) its intent to exceed the certified tax rate; and

236 (ii) the amount by which it proposes to exceed the certified tax rate.

237 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
238 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.

239 Section 2. Section 59-2-1373 is enacted to read:

240 **59-2-1373. Property taxes collected on former prison property -- Transmitted to**
241 **state treasurer -- Deposit into General Fund.**

242 (1) As used in this section:

243 (a) "Collecting county" means the county that collects property tax on developing
244 property.

245 (b) "Collection year" means a tax year any part of which falls within the period of 20
246 years immediately following the date on which any part of the former prison property is
247 transferred into private ownership.

248 (c) "Developing property" means all portions of the former prison property that have
249 been transferred into private ownership.

250 (d) "Former prison property" means the approximately 680 acres of state-owned
251 property in Draper on which the state prison is located.

252 (2) No later than February 1 of each year, a collecting county shall transmit to the state
253 treasurer the property taxes collected by the collecting county for the immediately preceding
254 tax year on developing property, if that tax year is a collection year.

255 (3) The state treasurer shall deposit into the General Fund all money transmitted to the
256 state treasurer under Subsection (2), to be expended, to the extent possible:

257 (a) to pay for infrastructure required as a result of the development of the developing
258 property; and

259 (b) to address the local impact of the development of the developing property.

Legislative Review Note
Office of Legislative Research and General Counsel