

Daniel McCay proposes the following substitute bill:

Tax Revenue Amendments

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Daniel McCay

House Sponsor:

LONG TITLE

General Description:

This bill modifies provisions related to tax revenue.

Highlighted Provisions:

This bill:

- defines terms;
- limits the amount of reserve funds maintained by cities and counties;
- ~~reduces the amount of the residential property tax exemption for rental properties;~~
with
~~certain exceptions;~~
- ~~clarifies the applicability of the residential exemption for owners of multiple primary residences in the state;~~ ←~~§~~
- requires counties to provide information to the Multicounty Appraisal Trust regarding business entities that receive the residential exemption;
- excludes certain property valuation increases from the calculation of locally assessed new growth;
- excludes increases to the value of tangible personal property from the calculation of project area new growth;
- subtracts from a city's certified tax rate calculation any amount of reserve funds maintained by the city in excess of the maximum amount authorized, beginning in fiscal year 2032;
- includes a coordination clause to incorporate changes to the Multicounty Appraisal Trust in S.B. 206, Tax Amendments; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

28 **Other Special Clauses:**

29 This bill provides a special effective date.

30 This bill provides a coordination clause.

31 **Utah Code Sections Affected:**

32 AMENDS:

33 **10-6-116**, as last amended by Laws of Utah 2021, Chapter 5234 **17-63-204**, as renumbered and amended by Laws of Utah 2025, First Special Session,
35 Chapter 1336 **59-2-103**, as last amended by Laws of Utah 2025, Chapter 23437 **59-2-924**, as last amended by Laws of Utah 2025, First Special Session, Chapter 1538 **Utah Code Sections affected by Coordination Clause:**39 **59-2-103 (05/06/26)**, as last amended by Laws of Utah 2025, Chapter 234

40

41 *Be it enacted by the Legislature of the state of Utah:*42 Section 1. Section **10-6-116** is amended to read:43 **10-6-116 . Accumulated fund balances -- Limitations -- Excess balances --**44 **Unanticipated excess of revenues -- Reserves for capital improvements.**45 (1)(a) A city may accumulate retained earnings or fund balances, as appropriate, in any
46 fund. With respect to the city general fund only, any accumulated fund balance is
47 restricted to the following purposes:48 (i) to provide working capital to finance expenditures from the beginning of the
49 budget period until general property taxes, sales taxes, or other applicable
50 revenues are collected, thereby reducing the amount the city must borrow during
51 the period;52 (ii) to provide a resource to meet emergency expenditures under Section 10-6-129;
53 and54 (iii) to cover a pending year-end excess of expenditures over revenues from an
55 unavoidable shortfall in revenues.56 (b) Notwithstanding Subsection (1)(a)(i), a city may not appropriate a fund balance for
57 budgeting purposes except as provided in Subsection (4).58 (c) Notwithstanding Subsection (1)(a)(iii), a city may not appropriate a fund balance to
59 avoid an operating deficit during any budget period except as provided under
60 Subsection (4), or for emergency purposes under Section 10-6-129.61 (2)(a) As used in this Subsection (2), "excess amount" means any fund balance in a city

62 general fund for the current fiscal year period in excess of the maximum amount
 63 permitted under Subsection (2)(b).

64 (b) The accumulation of a fund balance in the city general fund may not exceed:

65 (i) [35%] 25% of the total revenue of the city general fund for the current fiscal period,
 66 if the total amount of revenue in the city general fund is \$50,000,000 or more;

67 (ii) 28% of the total revenue of the city general fund for the current fiscal period, if
 68 the total amount of revenue in the city general fund is \$25,000,000 or more but
 69 less than \$50,000,000; or

70 (iii) 30% of the total revenue of the city general fund for the current fiscal period, if
 71 the total amount of revenue in the city general fund is less than \$25,000,000.

72 (c) For a fiscal year beginning on or after July 1, 2031, a city's budgeted ad valorem
 73 property tax revenue shall, for purposes of calculating the city's certified tax rate, be
 74 reduced by any excess amount in accordance with Subsection 59-2-924(4)(a)(ii).

75 (3) If the fund balance at the close of any fiscal period exceeds the amount permitted under
 76 Subsection (2), the excess shall be appropriated in the manner provided in Section
 77 10-6-117.

78 (4) Any fund balance in excess of 5% of the total revenues of the city general fund may be
 79 utilized for budget purposes.

80 (5)(a) Within a capital improvements fund, the governing body may, in any budget
 81 period, appropriate from estimated revenue or fund balance to a reserve for capital
 82 improvements for the purpose of financing future specific capital improvements,
 83 under a formal long-range capital plan adopted by the governing body.

84 (b) The reserves described in Subsection (5)(a) may accumulate from fiscal period to
 85 fiscal period until the accumulated total is sufficient to permit economical
 86 expenditure for the specified purposes.

87 (c) Disbursements from reserves described in Subsection (5)(a) shall be made only by
 88 transfer to a revenue or transfer account within the capital improvements fund, under
 89 a budget appropriation in a budget for the fund adopted in the manner provided by
 90 this chapter.

91 (d) Expenditures from the above appropriation budget accounts shall conform to all
 92 requirements of this chapter relating to execution and control of budgets.

93 Section 2. Section **17-63-204** is amended to read:

94 **17-63-204 . Retained earnings -- Accumulation -- Restrictions -- Disbursements.**

95 (1)(a) A county may accumulate:

- 96 (i) retained earnings in any enterprise or internal service fund; and
 97 (ii) a fund balance in any fund that is not an enterprise or internal service fund.
 98 (b) Notwithstanding Subsection (1)(a), use of the county general fund shall be restricted
 99 to the following purposes:
 100 (i) to provide cash to finance expenditures from the beginning of the budget period
 101 until general property taxes, sales taxes, or other revenues are collected;
 102 (ii) to provide a fund or reserve to meet emergency expenditures; and
 103 (iii) to cover unanticipated deficits for future years.
- 104 (2)(a) The maximum accumulated unappropriated surplus in the county general fund, as
 105 determined before adoption of the tentative budget, may not exceed an amount equal
 106 to ~~[the greater of:] 100% of the county's prior year budgeted property tax revenue.~~
 107 ~~[(i)(A) for a county with a taxable value of \$750,000,000 or more and a~~
 108 ~~population of 100,000 or more, 25% of the total revenues of the county general~~
 109 ~~fund for the current fiscal period; or]~~
 110 ~~[(B) for any other county, 65% of the total revenues of the county general fund for~~
 111 ~~the current fiscal period; and]~~
 112 ~~[(ii) the estimated total revenues from property taxes for the current fiscal period.]~~
 113 (b) Any surplus balance in excess of the above computed maximum shall be included in
 114 the estimated revenues of the county general fund budget for the next fiscal period.
- 115 (3) Any fund balance exceeding 5% of the total county general fund revenues may be used
 116 for budgetary purposes.
- 117 (4)(a) A county may appropriate funds from estimated revenue in any budget period to a
 118 reserve for capital improvements within any capital improvements fund which has
 119 been duly established by ordinance or resolution.
- 120 (b) Money in the reserves shall be allowed to accumulate from fiscal period to fiscal
 121 period until the accumulated total is sufficient to permit economical expenditure for
 122 the specified purposes.
- 123 (c) Disbursements from the reserves shall be made only by transfer to a revenue account
 124 within a capital improvements fund in accordance with an appropriation for the fund.
- 125 (d) Expenditures from the capital improvement budget accounts shall conform to all
 126 requirements of this chapter as it relates to the execution and control of budgets.

127 *The following section is affected by a coordination clause at the end of this bill.*

128 Section 3. Section **59-2-103** is amended to read:

129 **59-2-103 . Rate of assessment of property -- Residential property.**

- 130 (1) As used in this section:
- 131 (a)(i) "Business entity" means:
- 132 (A) an association;
- 133 (B) a corporation;
- 134 (C) a limited liability company;
- 135 (D) a partnership; or
- 136 (E) a business entity similar to Subsections (1)(a)(i)(A) through (D).
- 137 (ii) "Business entity" does not include a trust.
- 138 [(a)] (b)(i) "Household" means the association of individuals who live in the same
- 139 dwelling, sharing the dwelling's furnishings, facilities, accommodations, and
- 140 expenses.
- 141 (ii) "Household" includes married individuals, who are not legally separated, who
- 142 have established domiciles at separate locations within the state.
- 143 (c) "Multicounty Appraisal Trust" means the same as that term is defined in Section
- 144 59-2-1601.
- 145 [(b) ~~In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the~~
- 146 ~~commission may make rules defining the term "domicile."~~]
- 147 (2) All tangible taxable property located within the state shall be assessed and taxed at a
- 148 uniform and equal rate on the basis of its fair market value, as valued on January 1,
- 149 unless otherwise provided by law.
- 150 (3) ~~§~~ → [(a)] ← ~~§~~ Subject to Subsections (4) through (6) and Section 59-2-103.5, for a
- 150a calendar year,
- 151 the fair market value of residential property located within the state is allowed a
- 152 residential exemption equal to ~~§~~ → [:] **a 45% reduction in the value of the property.**
- 153 [(i) ~~a 45% reduction in the value of the property if the residential property:~~]
- 154 [(A) ~~is the primary residence of one or more of the residential property's owners;~~]
- 155 [(B) ~~has only one parcel identification number; and~~]
- 156 [(C) ~~has fewer than three units; or~~]
- 157 [(ii) ~~except as provided in Subsection (3)(b), a 40% reduction in the value of the~~] ← ~~§~~
- 158 ~~§~~ → [**property if the residential property:**]
- 159 [(A) ~~does not qualify for a residential exemption under Subsection (3)(a)(i); and~~]
- 160 [(B) ~~is the primary residence of a tenant, regardless of whether the residential~~] ← ~~§~~
- 161 ~~§~~ → [**property is the primary residence of one or more of the residential property's**
-] ← ~~§~~

162 ~~§~~ → [owners.]

163 ~~[(b) Notwithstanding Subsection (3)(a)(ii), the fair market value of residential property]~~ ← ~~§~~

164 ~~§~~ → [that is the primary residence of a tenant is allowed a residential exemption equal to

] ← ~~§~~

165 ~~§~~ → [45% for a calendar year if the residential property:]

166 ~~[(i) is a multi-family rental unit; and]~~

167 ~~[(ii) is subject to an extended low-income housing commitment and declaration of]~~ ← ~~§~~

168 ~~§~~ → [restrictive covenants in accordance with the low-income housing tax credit] ← ~~§~~

169 ~~§~~ → [program described in Section 42, Internal Revenue Code.]

170 ~~[(c) Residential property that does not qualify for a residential exemption under]~~ ← ~~§~~

171 ~~§~~ → [Subsection (3)(a) or (b) is not allowed a residential exemption.] ← ~~§~~

172 (4) Part-year residential property located within the state is allowed the residential

173 exemption described in Subsection (3) if the part-year residential property is used as

174 residential property for 183 or more consecutive calendar days during the calendar year

175 for which the owner seeks to obtain the residential exemption.

176 (5) No more than one acre of land per residential unit may qualify for the residential

177 exemption described in Subsection (3).

178 (6)(a) Except as provided in [Subsections (6)(b)(ii) and (iii) ~~§~~ → **Subsection (6)(c)**]

178a **Subsections (6)(b)(ii) and (iii)** ← ~~§~~ , a

179 residential exemption described in Subsection (3) is limited to one primary residence

180 per household ~~§~~ → [~~regardless of the number of ownership interests an owner has in~~

180a ~~the~~] ← ~~§~~

181 ~~§~~ → [~~state, either as an individual or through a business entity~~] ← ~~§~~ .

182 ~~§~~ → ~~[(b) For purposes of Subsection (6)(a), primary residence is where domicile is~~

182a ~~established.]~~ ← ~~§~~

183 ~~[(b) ~~§~~ → (c)] (b)~~ ← ~~§~~ An owner of multiple primary residences located within the

183a state is allowed a

184 residential exemption under Subsection (3) for:

185 [(i) subject to Subsection (6)(a), the primary residence of the owner;]

185a ~~§~~ → **(i) subject to Subsection (6)(a), the primary residence of the owner;** ← ~~§~~

186 ~~[(ii) ~~§~~ → (i)] (ii)~~ ← ~~§~~ each residential property that is the primary residence of a

186a tenant; and

187 ~~[(iii) ~~§~~ → (ii)] (iii)~~ ← ~~§~~ subject to Subsection 59-2-103.5(4), each residential

187a property described in
 188 Subsection 59-2-102(35)(b)(ii).

189 (7) If a business entity receives a residential exemption under this section, the county in
 190 which the residential property is located shall provide information regarding the
 191 property to the Multicounty Appraisal Trust for purposes of assisting counties in
 192 identifying property owners who receive a residential exemption under this section in
 193 more than one county.

194 (8) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 195 commission may by rule define what constitutes domicile.

196 Section 4. Section **59-2-924** is amended to read:

197 **59-2-924 . Definitions -- Report of valuation of property to county auditor and**
 198 **commission -- Transmittal by auditor to governing bodies -- Calculation of certified tax**
 199 **rate -- Rulemaking authority -- Adoption of tentative budget -- Notice provided by the**
 200 **commission.**

201 (1) As used in this section:

202 (a)(i) "Ad valorem property tax revenue" means revenue collected in accordance with
 203 this chapter.

204 (ii) "Ad valorem property tax revenue" does not include:

205 (A) interest;

206 (B) penalties;

207 (C) collections from redemptions; or

208 (D) revenue received by a taxing entity from personal property that is
 209 semiconductor manufacturing equipment assessed by a county assessor in
 210 accordance with Part 3, County Assessment.

211 (b) "Adjusted tax increment" means the same as that term is defined in Section
 212 17C-1-102.

213 (c)(i) "Aggregate taxable value of all property taxed" means:

214 (A) the aggregate taxable value of all real property a county assessor assesses in
 215 accordance with Part 3, County Assessment, for the current year;

216 (B) the aggregate taxable value of all real and personal property the commission
 217 assesses in accordance with Part 2, Assessment of Property, for the current
 218 year; and

219 (C) the aggregate year end taxable value of all personal property a county assessor
 220 assesses in accordance with Part 3, County Assessment, contained on the prior

- 221 year's tax rolls of the taxing entity.
- 222 (ii) "Aggregate taxable value of all property taxed" does not include the aggregate
223 year end taxable value of personal property that is:
- 224 (A) semiconductor manufacturing equipment assessed by a county assessor in
225 accordance with Part 3, County Assessment; and
- 226 (B) contained on the prior year's tax rolls of the taxing entity.
- 227 (d) "Base taxable value" means:
- 228 (i) for an authority created under Section 11-58-201, the same as that term is defined
229 in Section 11-58-102;
- 230 (ii) for the Point of the Mountain State Land Authority created in Section 11-59-201,
231 the same as that term is defined in Section 11-59-207;
- 232 (iii) for the Utah Fairpark Area Investment and Restoration District created in Section
233 11-70-201, the same as that term is defined in Section 11-70-101;
- 234 (iv) for an agency created under Section 17C-1-201.5, the same as that term is
235 defined in Section 17C-1-102;
- 236 (v) for an authority created under Section 63H-1-201, the same as that term is defined
237 in Section 63H-1-102;
- 238 (vi) for a host local government, the same as that term is defined in Section
239 63N-2-502;
- 240 (vii) for a housing and transit reinvestment zone or convention center reinvestment
241 zone created under Title 63N, Chapter 3, Part 6, Housing and Transit
242 Reinvestment Zone Act, the same as that term is defined in Section 63N-3-602;
- 243 (viii) for a home ownership promotion zone created under Title 10, Chapter 21, Part
244 5, Home Ownership Promotion Zone for Municipalities, or Title 17, Chapter 80,
245 Part 5, Home Ownership Promotion Zone, a property's taxable value as shown
246 upon the assessment roll last equalized during the base year, as that term is
247 defined in Section 10-21-101 or Section 17-80-101;
- 248 (ix) for a first home investment zone created under Title 63N, Chapter 3, Part 16,
249 First Home Investment Zone Act, a property's taxable value as shown upon the
250 assessment roll last equalized during the base year, as that term is defined in
251 Section 63N-3-1601;
- 252 (x) for a major sporting event venue zone created under Title 63N, Chapter 3, Part
253 17, Major Sporting Event Venue Zone Act, a property's taxable value as shown
254 upon the assessment roll last equalized during the property tax base year, as that

- 255 term is defined in Section 63N-3-1701; or
- 256 (xi) for an electrical energy development zone created under Section 79-6-1104, the
- 257 value of the property within an electrical energy development zone, as shown on
- 258 the assessment roll last equalized before the creation of the electrical development
- 259 zone, as that term is defined in Section 79-6-1104.
- 260 (e) "Building area" means the total floor area of a structure measured from the exterior
- 261 dimensions of the structure's enclosing walls, including each level of finished or
- 262 unfinished space designed for occupancy or use.
- 263 [(e)] (f) "Centrally assessed benchmark value" means an amount equal to the average
- 264 year end taxable value of real and personal property the commission assesses in
- 265 accordance with Part 2, Assessment of Property, for the previous three calendar
- 266 years, adjusted for taxable value attributable to:
- 267 (i) an annexation to a taxing entity;
- 268 (ii) an incorrect allocation of taxable value of real or personal property the
- 269 commission assesses in accordance with Part 2, Assessment of Property; or
- 270 (iii) a change in value as a result of a change in the method of apportioning the value
- 271 prescribed by the Legislature, a court, or the commission in an administrative rule
- 272 or administrative order.
- 273 [(f)] (g) "Centrally assessed industry" means the following industry classes the
- 274 commission assesses in accordance with Part 2, Assessment of Property:
- 275 (i) air carrier;
- 276 (ii) coal;
- 277 (iii) coal load out property;
- 278 (iv) electric generation;
- 279 (v) electric rural;
- 280 (vi) electric utility;
- 281 (vii) gas utility;
- 282 (viii) ground access property;
- 283 (ix) land only property;
- 284 (x) liquid pipeline;
- 285 (xi) metalliferous mining;
- 286 (xii) nonmetalliferous mining;
- 287 (xiii) oil and gas gathering;
- 288 (xiv) oil and gas production;

- 289 (xv) oil and gas water disposal;
 290 (xvi) railroad;
 291 (xvii) sand and gravel; and
 292 (xviii) uranium.

293 [~~(g)~~] (h)(i) "Centrally assessed new growth" means the greater of:

- 294 (A) for each centrally assessed industry, zero; or
 295 (B) the amount calculated by subtracting the centrally assessed benchmark value
 296 for each centrally assessed industry, adjusted for prior year end incremental
 297 value, from the taxable value of real and personal property the commission
 298 assesses in accordance with Part 2, Assessment of Property, for each centrally
 299 assessed industry for the current year, adjusted for current year incremental
 300 value.

- 301 (ii) "Centrally assessed new growth" does not include a change in value for a
 302 centrally assessed industry as a result of a change in the method of apportioning
 303 the value prescribed by the Legislature, a court, or the commission in an
 304 administrative rule or administrative order.

305 [~~(h)~~] (i) "Certified tax rate" means a tax rate that will provide the same ad valorem
 306 property tax revenue for a taxing entity as was budgeted by that taxing entity for the
 307 prior year.

308 [~~(i)~~] (j) "Community reinvestment agency" means the same as that term is defined in
 309 Section 17C-1-102.

310 [~~(j)~~] (k) "Eligible new growth" means the greater of:

- 311 (i) zero; or
 312 (ii) the sum of:
 313 (A) locally assessed new growth;
 314 (B) centrally assessed new growth; and
 315 (C) project area new growth or hotel property new growth.

316 [~~(k)~~] (l) "Host local government" means the same as that term is defined in Section
 317 63N-2-502.

318 [~~(l)~~] (m) "Hotel property" means the same as that term is defined in Section 63N-2-502.

319 [~~(m)~~] (n) "Hotel property new growth" means an amount equal to the incremental value
 320 that is no longer provided to a host local government as incremental property tax
 321 revenue.

322 [~~(n)~~] (o) "Incremental property tax revenue" means the same as that term is defined in

323 Section 63N-2-502.

324 [~~(o)~~] (p) "Incremental value" means:

325 (i) for an authority created under Section 11-58-201, the amount calculated by
326 multiplying:

327 (A) the difference between the taxable value and the base taxable value of the
328 property that is located within a project area and on which property tax
329 differential is collected; and

330 (B) the number that represents the percentage of the property tax differential that
331 is paid to the authority;

332 (ii) for the Point of the Mountain State Land Authority created in Section 11-59-201,
333 an amount calculated by multiplying:

334 (A) the difference between the current assessed value of the property and the base
335 taxable value; and

336 (B) the number that represents the percentage of the property tax augmentation, as
337 defined in Section 11-59-207, that is paid to the Point of the Mountain State
338 Land Authority;

339 (iii) for the Utah Fairpark Area Investment and Restoration District created in Section
340 11-70-201, the amount calculated by multiplying:

341 (A) the difference between the taxable value for the current year and the base
342 taxable value of the property that is located within a project area; and

343 (B) the number that represents the percentage of enhanced property tax revenue,
344 as defined in Section 11-70-101;

345 (iv) for an agency created under Section 17C-1-201.5, the amount calculated by
346 multiplying:

347 (A) the difference between the taxable value and the base taxable value of the
348 property located within a project area and on which tax increment is collected;
349 and

350 (B) the number that represents the adjusted tax increment from that project area
351 that is paid to the agency;

352 (v) for an authority created under Section 63H-1-201, the amount calculated by
353 multiplying:

354 (A) the difference between the taxable value and the base taxable value of the
355 property located within a project area and on which property tax allocation is
356 collected; and

- 357 (B) the number that represents the percentage of the property tax allocation from
358 that project area that is paid to the authority;
- 359 (vi) for a housing and transit reinvestment zone or convention center reinvestment
360 zone created in accordance with Title 63N, Chapter 3, Part 6, Housing and Transit
361 Reinvestment Zone Act, an amount calculated by multiplying:
- 362 (A) the difference between the taxable value and the base taxable value of the
363 property that is located within a housing and transit reinvestment zone or
364 convention center reinvestment zone and on which tax increment is collected;
365 and
- 366 (B) the number that represents the percentage of the tax increment that is paid to
367 the housing and transit reinvestment zone or convention center reinvestment
368 zone;
- 369 (vii) for a host local government, an amount calculated by multiplying:
- 370 (A) the difference between the taxable value and the base taxable value of the
371 hotel property on which incremental property tax revenue is collected; and
- 372 (B) the number that represents the percentage of the incremental property tax
373 revenue from that hotel property that is paid to the host local government;
- 374 (viii) for a home ownership promotion zone created under Title 10, Chapter 21, Part
375 5, Home Ownership Promotion Zone for Municipalities, or Title 17, Chapter 80,
376 Part 5, Home Ownership Promotion Zone, an amount calculated by multiplying:
- 377 (A) the difference between the taxable value and the base taxable value of the
378 property that is located within a home ownership promotion zone and on which
379 tax increment is collected; and
- 380 (B) the number that represents the percentage of the tax increment that is paid to
381 the home ownership promotion zone;
- 382 (ix) for a first home investment zone created in accordance with Title 63N, Chapter
383 3, Part 16, First Home Investment Zone Act, an amount calculated by multiplying:
- 384 (A) the difference between the taxable value and the base taxable value of the
385 property that is located within a first home investment zone and on which tax
386 increment is collected; and
- 387 (B) the number that represents the percentage of the tax increment that is paid to
388 the first home investment zone;
- 389 (x) for a major sporting event venue zone created pursuant to Title 63N, Chapter 3,
390 Part 17, Major Sporting Event Venue Zone Act, an amount calculated by

- 391 multiplying:
- 392 (A) the difference between the taxable value and the base taxable value of the
- 393 property located within a qualified development zone for a major sporting
- 394 event venue zone and upon which property tax increment is collected; and
- 395 (B) the number that represents the percentage of tax increment that is paid to the
- 396 major sporting event venue zone, as approved by a major sporting event venue
- 397 zone committee described in Section 63N-1a-1706; or
- 398 (xi) for an electrical energy development zone created under Section 79-6-1104, the
- 399 amount calculated by multiplying:
- 400 (A) the difference between the taxable value and the base taxable value of the
- 401 property that is located within the electrical energy developmental zone; and
- 402 (B) the number that represents the percentage of the tax increment that is paid to a
- 403 community reinvestment agency and the Electrical Energy Development
- 404 Investment Fund created in Section 79-6-1105.
- 405 ~~(p)~~ (q)(i) "Locally assessed new growth" means the greater of:
- 406 (A) zero; or
- 407 (B) the amount calculated by subtracting the year end taxable value of real
- 408 property the county assessor assesses in accordance with Part 3, County
- 409 Assessment, for the previous year, adjusted for prior year end incremental
- 410 value from the taxable value of real property the county assessor assesses in
- 411 accordance with Part 3, County Assessment, for the current year, adjusted for
- 412 current year incremental value.
- 413 (ii) "Locally assessed new growth" does not include a change in:
- 414 (A) value as a result of factoring in accordance with Section 59-2-704, reappraisal,
- 415 or another adjustment;
- 416 (B) assessed value based on whether a property is allowed a residential exemption
- 417 for a primary residence under Section 59-2-103;
- 418 (C) assessed value based on whether a property is assessed under Part 5, Farmland
- 419 Assessment Act; ~~or~~
- 420 (D) assessed value based on whether a property is assessed under Part 17, Urban
- 421 Farming Assessment Act~~;~~ or
- 422 (E) subject to Subsection (10), taxable value attributable to physical
- 423 improvements to an existing structure or the construction of a new structure
- 424 that does not add new building area related to residential or commercial use,

425 and excluding any increase in taxable value for property that was assessed in
 426 the previous year as partially completed new growth.

427 ~~[(q)]~~ (r) "Project area" means:

428 (i) for an authority created under Section 11-58-201, the same as that term is defined
 429 in Section 11-58-102;

430 (ii) for the Utah Fairpark Area Investment and Restoration District created in Section
 431 11-70-201, the same as that term is defined in Section 11-70-101;

432 (iii) for an agency created under Section 17C-1-201.5, the same as that term is
 433 defined in Section 17C-1-102;

434 (iv) for an authority created under Section 63H-1-201, the same as that term is
 435 defined in Section 63H-1-102;

436 (v) for a housing and transit reinvestment zone or convention center reinvestment
 437 zone created under Title 63N, Chapter 3, Part 6, Housing and Transit
 438 Reinvestment Zone Act, the same as that term is defined in Section 63N-3-602;

439 (vi) for a home ownership promotion zone created under Title 10, Chapter 21, Part 5,
 440 Home Ownership Promotion Zone for Municipalities, or Title 17, Chapter 80, Part
 441 5, Home Ownership Promotion Zone, the same as that term is defined in Section
 442 10-21-101 or Section 17-80-101;

443 (vii) for a first home investment zone created under Title 63N, Chapter 3, Part 16,
 444 First Home Investment Zone Act, the same as that term is defined in Section
 445 63N-3-1601; or

446 (viii) for a major sporting event venue zone established under Title 63N, Chapter 3,
 447 Part 17, Major Sporting Event Venue Zone Act, the qualified development zone,
 448 as defined in Section 63N-3-1701.

449 ~~[(t)]~~ (s)(i) "Project area new growth" means:

450 ~~[(+)]~~ (A) for an authority created under Section 11-58-201, an amount equal to the
 451 incremental value that is no longer provided to an authority as property tax
 452 differential;

453 ~~[(+)]~~ (B) for the Point of the Mountain State Land Authority created in Section
 454 11-59-201, an amount equal to the incremental value that is no longer provided
 455 to the Point of the Mountain State Land Authority as property tax
 456 augmentation, as defined in Section 11-59-207;

457 ~~[(+)]~~ (C) for the Utah Fairpark Area Investment and Restoration District created in
 458 Section 11-70-201, an amount equal to the incremental value that is no longer

- 459 provided to the Utah Fairpark Area Investment and Restoration District;
- 460 [(iv)] (D) for an agency created under Section 17C-1-201.5, an amount equal to the
- 461 incremental value that is no longer provided to an agency as tax increment;
- 462 [(v)] (E) for an authority created under Section 63H-1-201, an amount equal to the
- 463 incremental value that is no longer provided to an authority as property tax
- 464 allocation;
- 465 [(vi)] (F) for a housing and transit reinvestment zone or convention center
- 466 reinvestment zone created under Title 63N, Chapter 3, Part 6, Housing and
- 467 Transit Reinvestment Zone Act, an amount equal to the incremental value that
- 468 is no longer provided to a housing and transit reinvestment zone or convention
- 469 center reinvestment zone as tax increment;
- 470 [(vii)] (G) for a home ownership promotion zone created under Title 10, Chapter
- 471 21, Part 5, Home Ownership Promotion Zone for Municipalities, or Title 17,
- 472 Chapter 80, Part 5, Home Ownership Promotion Zone, an amount equal to the
- 473 incremental value that is no longer provided to a home ownership promotion
- 474 zone as tax increment;
- 475 [(viii)] (H) for a first home investment zone created under Title 63N, Chapter 3,
- 476 Part 16, First Home Investment Zone Act, an amount equal to the incremental
- 477 value that is no longer provided to a first home investment zone as tax
- 478 increment; or
- 479 [(ix)] (I) for a major sporting event venue zone created under Title 63N, Chapter 3,
- 480 Part 17, Major Sporting Event Venue Zone Act, an amount equal to the
- 481 incremental value that is no longer provided to the creating entity of a major
- 482 sporting event venue zone as property tax increment.
- 483 (ii) "Project area new growth" does not include, for any entity listed under Subsection
- 484 (1)(s)(i), tangible personal property.
- 485 [(s)] (t) "Project area incremental revenue" means the same as that term is defined in
- 486 Section 17C-1-1001.
- 487 [(t)] (u) "Property tax allocation" means the same as that term is defined in Section
- 488 63H-1-102.
- 489 [(u)] (v) "Property tax differential" means the same as that term is defined in Sections
- 490 11-58-102 and 79-6-1104.
- 491 [(v)] (w) "Tax increment" means:
- 492 (i) for a project created under Section 17C-1-201.5, the same as that term is defined

- 493 in Section 17C-1-102;
- 494 (ii) for a housing and transit reinvestment zone or convention center reinvestment
495 zone created under Title 63N, Chapter 3, Part 6, Housing and Transit
496 Reinvestment Zone Act, the same as the term "property tax increment" is defined
497 in Section 63N-3-602;
- 498 (iii) for a home ownership promotion zone created under Title 10, Chapter 21, Part 5,
499 Home Ownership Promotion Zone for Municipalities, or Title 17, Chapter 80, Part
500 5, Home Ownership Promotion Zone, the same as that term is defined in Section
501 10-21-101 or Section 17-80-101;
- 502 (iv) for a first home investment zone created under Title 63N, Chapter 3, Part 16,
503 First Home Investment Zone Act, the same as that term is defined in Section
504 63N-3-1601; or
- 505 (v) for a major sporting event venue zone created under Title 63N, Chapter 3, Part
506 17, Major Sporting Event Venue Zone Act, property tax increment, as that term is
507 defined in Section 63N-3-1701.
- 508 (2) Before June 1 of each year, each county assessor shall deliver to the county auditor and
509 the commission the following statements:
- 510 (a) a statement containing the aggregate valuation of all taxable real property a county
511 assessor assesses in accordance with Part 3, County Assessment, for each taxing
512 entity; and
- 513 (b) a statement containing the taxable value of all personal property a county assessor
514 assesses in accordance with Part 3, County Assessment, from the prior year end
515 values.
- 516 (3) The county auditor shall, on or before June 8, transmit to the governing body of each
517 taxing entity:
- 518 (a) the statements described in Subsections (2)(a) and (b);
- 519 (b) an estimate of the revenue from personal property;
- 520 (c) the certified tax rate; and
- 521 (d) all forms necessary to submit a tax levy request.
- 522 (4)(a)(i) Except as otherwise provided in this section and subject to Subsection
523 (4)(a)(ii), the certified tax rate shall be calculated by dividing the ad valorem
524 property tax revenue that a taxing entity budgeted for the prior year by the amount
525 calculated under Subsection (4)(b).
- 526 (ii) For a fiscal year beginning on or after July 1, 2031, the legislative body of a

527 taxing entity that is a city shall subtract any excess amount, as defined in
528 Subsection 10-6-116(2), from the ad valorem property tax revenue that the taxing
529 entity budgeted for the prior year.

530 (b) For purposes of Subsection (4)(a), the legislative body of a taxing entity shall
531 calculate an amount as follows:

532 (i) calculate for the taxing entity the difference between:

533 (A) the aggregate taxable value of all property taxed; and

534 (B) any adjustments for current year incremental value;

535 (ii) after making the calculation required by Subsection (4)(b)(i), calculate an amount
536 determined by increasing or decreasing the amount calculated under Subsection
537 (4)(b)(i) by the average of the percentage net change in the value of taxable
538 property for the equalization period for the three calendar years immediately
539 preceding the current calendar year;

540 (iii) after making the calculation required by Subsection (4)(b)(ii), calculate the
541 product of:

542 (A) the amount calculated under Subsection (4)(b)(ii); and

543 (B) the percentage of property taxes collected for the five calendar years
544 immediately preceding the current calendar year; and

545 (iv) after making the calculation required by Subsection (4)(b)(iii), calculate an
546 amount determined by:

547 (A) multiplying the percentage of property taxes collected for the five calendar
548 years immediately preceding the current calendar year by eligible new growth;
549 and

550 (B) subtracting the amount calculated under Subsection (4)(b)(iv)(A) from the
551 amount calculated under Subsection (4)(b)(iii).

552 (5) A certified tax rate for a taxing entity described in this Subsection (5) shall be calculated
553 as follows:

554 (a) except as provided in Subsection (5)(b) or (c), for a new taxing entity, the certified
555 tax rate is zero;

556 (b) for a municipality incorporated on or after July 1, 1996, the certified tax rate is:

557 (i) in a county of the first, second, or third class, the levy imposed for municipal-type
558 services under Title 17, Chapter 78, Part 5, Provision of Municipal-Type Services
559 to Unincorporated Areas; and

560 (ii) in a county of the fourth, fifth, or sixth class, the levy imposed for general county

- 561 purposes and such other levies imposed solely for the municipal-type services
562 identified in Section 17-78-501 and Subsection 17-63-101(23);
- 563 (c) for a community reinvestment agency that received all or a portion of a taxing
564 entity's project area incremental revenue in the prior year under Title 17C, Chapter 1,
565 Part 10, Agency Taxing Authority, the certified tax rate is calculated as described in
566 Subsection (4) except that the commission shall treat the total revenue transferred to
567 the community reinvestment agency as ad valorem property tax revenue that the
568 taxing entity budgeted for the prior year; and
- 569 (d) for debt service voted on by the public, the certified tax rate is the actual levy
570 imposed by that section, except that a certified tax rate for the following levies shall
571 be calculated in accordance with Section 59-2-913 and this section:
- 572 (i) a school levy provided for under Section 53F-8-301, 53F-8-302, or 53F-8-303; and
573 (ii) a levy to pay for the costs of state legislative mandates or judicial or
574 administrative orders under Section 59-2-1602.
- 575 (6)(a) A taxing entity may impose a judgment levy under Section 59-2-1328 or
576 59-2-1330 at a rate that is sufficient to generate only the revenue required to satisfy
577 one or more eligible judgments.
- 578 (b) The ad valorem property tax revenue generated by a judgment levy described in
579 Subsection (6)(a) may not be considered in establishing a taxing entity's aggregate
580 certified tax rate.
- 581 (7)(a) For the purpose of calculating the certified tax rate, the county auditor shall use:
- 582 (i) the taxable value of real property:
- 583 (A) the county assessor assesses in accordance with Part 3, County Assessment;
584 and
585 (B) contained on the assessment roll;
- 586 (ii) the year end taxable value of personal property:
- 587 (A) a county assessor assesses in accordance with Part 3, County Assessment; and
588 (B) contained on the prior year's assessment roll; and
- 589 (iii) the taxable value of real and personal property the commission assesses in
590 accordance with Part 2, Assessment of Property.
- 591 (b) For purposes of Subsection (7)(a), taxable value does not include eligible new
592 growth.
- 593 (8)(a) On or before June 30 of each year, a taxing entity shall adopt a tentative budget.
- 594 (b) If a taxing entity intends to exceed the certified tax rate, the taxing entity shall notify

- 595 the county auditor of:
- 596 (i) the taxing entity's intent to exceed the certified tax rate; and
- 597 (ii) the amount by which the taxing entity proposes to exceed the certified tax rate.
- 598 (c) The county auditor shall notify property owners of any intent to levy a tax rate that
- 599 exceeds the certified tax rate in accordance with Sections 59-2-919 and 59-2-919.1.
- 600 (9)(a) Subject to Subsection (9)(d), the commission shall provide notice, through
- 601 electronic means on or before July 31, to a taxing entity and the Revenue and
- 602 Taxation Interim Committee if:
- 603 (i) the amount calculated under Subsection (9)(b) is 10% or more of the year end
- 604 taxable value of the real and personal property the commission assesses in
- 605 accordance with Part 2, Assessment of Property, for the previous year, adjusted
- 606 for prior year end incremental value; and
- 607 (ii) the amount calculated under Subsection (9)(c) is 50% or more of the total year
- 608 end taxable value of the real and personal property of a taxpayer the commission
- 609 assesses in accordance with Part 2, Assessment of Property, for the previous year.
- 610 (b) For purposes of Subsection (9)(a)(i), the commission shall calculate an amount by
- 611 subtracting the taxable value of real and personal property the commission assesses
- 612 in accordance with Part 2, Assessment of Property, for the current year, adjusted for
- 613 current year incremental value, from the year end taxable value of the real and
- 614 personal property the commission assesses in accordance with Part 2, Assessment of
- 615 Property, for the previous year, adjusted for prior year end incremental value.
- 616 (c) For purposes of Subsection (9)(a)(ii), the commission shall calculate an amount by
- 617 subtracting the total taxable value of real and personal property of a taxpayer the
- 618 commission assesses in accordance with Part 2, Assessment of Property, for the
- 619 current year, from the total year end taxable value of the real and personal property of
- 620 a taxpayer the commission assesses in accordance with Part 2, Assessment of
- 621 Property, for the previous year.
- 622 (d) The notification under Subsection (9)(a) shall include a list of taxpayers that meet the
- 623 requirement under Subsection (9)(a)(ii).
- 624 (10) For purposes of Subsection (1)(q)(i)(B), a county assessor may not use permit value to
- 625 determine the market value of construction in progress as of January 1.

626 **Section 5. Effective Date.**

627 This bill takes effect on January 1, 2027.

628 **Section 6. Coordinating S.B. 97 with S.B. 206.**

629 If S.B. 97, Tax Revenue Amendments, and S.B. 206, Tax Amendments, both pass and
630 become law, the Legislature intends that, on January 1, 2027:
631 (1) Subsection 59-2-103(1)(c), enacted in S.B. 97, be amended to read:
632 "(c) "Program manager" means the same as that term is defined in Section
633 59-2-1601."; and
634 (2) Subsection 59-2-103(7), enacted in S.B. 97, be amended to read:
635 "(7) If a business entity receives a residential exemption under this section, the
636 county in which the residential property is located shall provide information regarding
637 the property to the program manager for purposes of assisting counties in identifying
638 property owners who receive a residential exemption under this section in more than one
639 county.".