

CONSTITUTIONAL AMENDMENT

Shall the Utah Constitution be amended to modify the period of time that a person in the military needs to serve out of state under an order to federal active duty in order to qualify for a property tax exemption for the military person's residence, allowing the military person to qualify if the period of service is at least 200 days in a continuous 365-day period?

A

Ballot Title

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FOR

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AGAINST

Legislative Votes

Utah Senate

26 Yes 0 No 3 Not Present

Utah House of Representatives

72 Yes 0 No 3 Not Present

Bill Title & Session

2017 Legislative General Session
House Joint Resolution (H.J.R.) 7
*Proposal to Amend Utah
Constitution -- Active Military
Property Tax Exemption*

IMPARTIAL ANALYSIS

Constitutional Amendment A modifies a provision of the Utah Constitution that currently authorizes the creation of a property tax exemption for the residence of a person serving out of state in the military under an order to federal active duty.

Current Provisions of the Utah Constitution

Under the current Utah Constitution, all tangible property in the state is subject to being taxed, except for property that the Constitution specifically allows to be exempt from taxation. One of the exemptions allowed under the Utah Constitution is for the residence of a person who serves out of state in the military under an order to federal active duty, if the residence is owned by the person or the person's spouse, or both. The property tax exemption is available only if the military person's period of out of state service under the order is at least 200 days in a calendar year or 200 consecutive days. A military person would fail to qualify for the property tax exemption if, for example, the person served 199 days at the end of one calendar year and then had a break in service before serving another 199 days at the beginning of the following calendar year.

Effect of Amendment A

Constitutional Amendment A changes the period of time that a military person must serve out of state under an order to federal active duty in order to qualify for the property tax exemption for the military person's residence. Under the Amendment, a military person may qualify for the property tax exemption if the period of service is at least 200 days in a continuous 365-day period. The 200 days of service do not need to fall within the same calendar year but must fall within a continuous 365-day period, even if the 365-day period spans two calendar years. Additionally, the 200 days of service do not need to be consecutive but can include one or more breaks in service. Using the same example given above, if a military person serves 199 days at the end of one calendar year and another 199 days at the beginning of the following calendar year with a break in service between the two 199-day periods, the military person would qualify for the exemption under Amendment A. The person would have served at least 200 days in a continuous 365-day period, even though the 200 days were not all in the same calendar year or consecutive.

Implementing Legislation

If Amendment A is approved by voters, a bill passed during the 2017 General Session of the Legislature will also take effect and become law. That bill is H.B. 258, Veterans Tax Amendments. H.B. 258 implements the changes to the Utah Constitution made by Amendment A and allows a military person to qualify for a property tax exemption for the person's residence if the person has served out of state under an order to federal active duty for 200 days in any continuous 365-day period, even if those 200 days are not consecutive.

Effective Date

If approved by voters, Constitutional Amendment A takes effect January 1, 2019.

CONSTITUTIONAL AMENDMENT A

Fiscal Impact

Any fiscal impact from Amendment A and its implementing legislation will result from property tax exemptions claimed by military persons who qualify for a property tax exemption only because of the changes made by Amendment A. Some military persons may qualify for a property tax exemption even without the changes made by Amendment A, and the impact of those exemptions is not considered for purposes of the fiscal impact of Amendment A. A military person with a residence valued at \$250,000 with a 1.35% property tax rate will save \$1,856 for each year the person qualifies for a property tax exemption under Amendment A. A local government taxing entity may experience a temporary decrease in property tax revenue because of a property tax exemption claimed by a military person residing within that local government taxing entity. To offset any decrease in a local government taxing entity's revenue, other property taxpayers within the local government taxing entity may experience a temporary property tax increase. The combined total amount of a revenue decrease for any single local government taxing entity and the resulting property tax increase for taxpayers within that entity will depend on the number of military persons claiming the exemption, the value of their property, and the property tax rates of those local government taxing entities.

ARGUMENT IN FAVOR

Voting for Amendment A will increase the fairness of an existing property tax exemption for active duty military members.

The Utah Constitution already allows a property tax exemption for an active duty service member's home if the member is deployed on active duty service outside the state for 200 consecutive calendar days or for 200 days in a calendar year. However, some members of the military serve on active duty on non-consecutive days that do not align to a calendar year.

Amendment A will increase fairness to all active duty members by amending the constitution to allow a military member to receive a one-year property tax exemption for the member's home each time the member serves on active duty outside the state for at least 200 days within any 365-day period.

- Representative Val L. Peterson and Senator Curtis S. Bramble

No rebuttal was submitted to the argument in favor of Constitutional Amendment A.

No argument was submitted against Constitutional Amendment A.

FULL TEXT OF CONSTITUTIONAL AMENDMENT A

PROPOSAL TO AMEND UTAH CONSTITUTION -- ACTIVE MILITARY PROPERTY TAX EXEMPTION

2017 General Session

Utah Constitution Sections Affected:

AMENDS:

ARTICLE XIII, SECTION 3

Be it resolved by the Legislature of the state of Utah, two-thirds of all members elected to each of the two houses voting in favor thereof:

Section 1. It is proposed to amend Utah Constitution, Article XIII, Section 3, to read:

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

(1) The following are exempt from property tax:

- (a) property owned by the State;
 - (b) property owned by a public library;
 - (c) property owned by a school district;
 - (d) property owned by a political subdivision of the State, other than a school district, and located within the political subdivision;
 - (e) property owned by a political subdivision of the State, other than a school district, and located outside the political subdivision unless the Legislature by statute authorizes the property tax on that property;
 - (f) property owned by a nonprofit entity used exclusively for religious, charitable, or educational purposes;
 - (g) places of burial not held or used for private or corporate benefit;
 - (h) farm equipment and farm machinery as defined by statute;
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- (i) water rights, reservoirs, pumping plants, ditches, canals, pipes, flumes, power plants, and transmission lines to the extent owned and used by an individual or corporation to irrigate land that is:
 - (i) within the State; and
 - (ii) owned by the individual or corporation, or by an individual member of the corporation; and
- (j) (i) if owned by a nonprofit entity and used within the State to irrigate land, provide domestic water, as defined by statute, or provide water to a public water supplier:
 - (A) water rights; and
 - (B) reservoirs, pumping plants, ditches, canals, pipes, flumes, and, as defined by statute, other water infrastructure;
- (ii) land occupied by a reservoir, ditch, canal, or pipe that is exempt under Subsection (1)(j)(i)(B) if the land is:
 - (1)(j)(i)(B) if the land is owned by the nonprofit entity that owns the reservoir, ditch, canal, or pipe; and
 - (iii) land immediately adjacent to a reservoir, ditch, canal, or pipe that is exempt under Subsection (1)(j)(i)(B) if the land is:
 - (A) owned by the nonprofit entity that owns the adjacent reservoir, ditch, canal, or pipe; and
 - (B) reasonably necessary for the maintenance or for otherwise supporting the operation of the reservoir, ditch, canal, or pipe.
- (2) (a) The Legislature may by statute exempt the following from property tax:
 - (i) tangible personal property constituting inventory present in the State on January 1 and held for sale in the ordinary course of business;
 - (ii) tangible personal property present in the State on January 1 and held for sale or processing and shipped to a final destination outside the State within 12 months;
 - (iii) subject to Subsection (2)(b), property to the extent used to generate and deliver electrical power for pumping water to irrigate lands in the State;
 - (iv) up to 45% of the fair market value of residential property, as defined by statute;
 - (v) household furnishings, furniture, and equipment used exclusively by the owner of that property in maintaining the owner's home; and
 - (vi) tangible personal property that, if subject to property tax, would generate an inconsequential amount of revenue.
- (b) The exemption under Subsection (2)(a)(iii) shall accrue to the benefit of the users of pumped water as provided by statute.
- (3) The following may be exempted from property tax as provided by statute:
 - (a) property owned by a disabled person who, during military training or a military conflict, was disabled in the line of duty in the military service of the United States or the State;
 - (b) property owned by the unmarried surviving spouse or the minor orphan of a person who:
 - (i) is described in Subsection (3)(a); or
 - (ii) during military training or a military conflict, was killed in action or died in the line of duty in the military service of the United States or the State; and
 - (c) real property owned by a person in the military or the person's spouse, or both, and used as the person's primary residence, if the person serves under an order to federal active duty out of state for at least 200 days in a ~~calendar year or 200 consecutive days~~ continuous 365-day period.
- (4) The Legislature may by statute provide for the remission or abatement of the taxes of the poor.

Section 2. **Submittal to voters.**

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

Section 3. **Contingent effective date.**

If the amendment proposed by this joint resolution is approved by a majority of those voting on it at the next regular general election, the amendment shall take effect on January 1, 2019.
