

1-27-21

Senate Revenue and Taxation

Bill: SB 18, Property Tax Exemption Amendments

Sponsor: Sen. Harper

Floor Sponsor: Rep. Lisonbee

UASD Position: Tracking

This Bill: modifies the Property Tax Act.

Discussion: Sen. Harper said everyone has been hit by COVID and businesses have closed down. Money has been invested into programs to save small businesses. 25% of restaurants have likely closed permanently. The spirit of this bill is to keep those businesses hit by COVID alive. It modifies the qualifications for tangible personal property tax to be exempt from property tax. This is not a tax increase, but a tax cut. Individuals are concerned this is going to cut funding to schools. The sponsor believes this tax cut will cost around eight million dollars. Sen. Harper believes we should be supporting our small business, and that this bill does that. He stated that on the local level, this will not have a large effect on roads, fire, or police departments. It will increase revenue potentially, if these businesses stay open, because of increased sales taxes. This bill is not a shift in taxes to the elderly and those on a fixed income. 1st substitute SB 18 passed. The substitute has some clarifying language on how the tax is to be implemented. This bill changes the base on which the tax collection is figured out. The Utah Association of Counties (“UAC”) has some concerns and opposes the bill because it affects local governments. UAC said there was no consultation from local government when this bill was drafted. The Tax Payers Association supports this bill because it helps small businesses. The tax cut is under .5% for most entities in the state. Sen. Cullimore voiced concern about its impact on school districts. The sponsor said the cut to school funding is between .25%-.55%, which he believes to be very low. The Utah School Sports Association and the Utah School Districts voiced concern about its impact on schools and said this money that is being cut is designed to help students. The Salt Lake Chamber supports this bill. The Cedar City Chamber of Commerce supports this bill. Sen. Davis voiced concern about this bill because any cut to schools can be detrimental. Sen. Wilson voiced concern for school districts and the elderly. Sen. Cullimore voiced concern because it is a pretty big tax policy consideration, especially for locals. The bill was held in committee.

Yeas:

Nays:

N/V:

Outcome: Bill is held to work out language.