

Date: 2-23-21

House Revenue and Taxation Committee

Bill: 4th Sub. SB 18 Property Tax Exemption Amendments

Sponsor: Sen. Harper

Floor Sponsor: Rep. Lisonbee

UASD Position: Oppose

This Bill: modifies the Property Tax Act.

Discussion: Sen. Harper introduced the bill. 82,000 businesses are subject to business personal property tax. This bill raises the threshold from \$15,000 to \$25,000 so that many of those businesses do not need to comply. It also cleans up some things in the code. Rep. Lisonbee asked if there are any businesses that were previously exempt that would need to pay personal property tax under this bill. Sen. Harper said lines 282-296 reference exemptions that were listed in code that were challenging for county assessors. Rep. Lisonbee said she hears that the reporting process is onerous for businesses and rural counties. Sen. Harper said it is valuable revenue for larger counties. He hasn't investigated it for rural counties. Rep. Seegmiller asked why he chose to set the threshold at \$25,000. Sen. Harper explained that there are diminishing returns above \$25,000. \$25,000 is also a defensible amount in the court system. The Utah Taxpayers Association supports the bill. They are still concerned about the loophole Rep. Lisonbee referenced. Steve Hunter spoke with the Utah Association of Counties. They worked on the bill. They do not feel that the exemptions were included in the negotiations. They are pleased with the degree to which the bill helps small businesses. Rep. Lisonbee said she has concerns. She understands that the fiscal impact of the fourth substitute is about \$500,000. Is that worth the onerous impact on businesses? Mr. Hunter said no. The National Federation of Independent Business is also concerned about the loophole Rep. Lisonbee discussed. Sen. Harper said he likes the fourth substitute, but the agreement he made with the parties does not include it. The fourth substitute was adopted.

Yeas: 8

Nays: 0

N/V: 5

Outcome: 4th Sub. SB 18 passed out of committee with a favorable recommendation.