

MEMO

DATE: April 10, 2020
TO: All County Assessors
FROM: Alan Dornfest, Property Tax Policy Bureau Chief
SUBJECT: New Legislation - Guidance

Legislation	Description	Guidance
HB 521 – Sales Tax Exemption – Data Centers (New Construction Roll)	Prohibits new construction roll from including “...new construction of property for which an exemption from sales and use tax has been granted...”	<ol style="list-style-type: none"> 1. The sales tax exemption applies to tangible personal property components of buildings and equipment. The assessed value of the building may still be included on the new construction roll. 2. The buildings and equipment are subject to property tax to the extent they would be without the new sales tax exemption. 3. Effective July 1, 2020.
HB 408 – Sales Tax Distribution Formula	Changes the formula for calculating distributions to cities and counties	<ol style="list-style-type: none"> 1. The bill changes future distributions to cities and counties, beginning with the October, 2020 distribution. 2. For cities, all shares will be paid directly by the STC to the cities. There will be no share paid first to counties for distribution to cities. 3. For counties, all shares will be paid directly by the STC and this will be done separately from the money paid to counties for redistribution to special purpose taxing districts. 4. (Provided for general information only; clerks have already been notified.)

Legislation	Description	Guidance
HB 560	Eliminates the speculative value exemption previously applicable to farmland	<ol style="list-style-type: none"> 1. As of July 1, 2020, there is no longer a speculative value exemption for agricultural land. Instead, there is an “actual use value” provision. Rule 617 applies to this valuation process and no changes are planned for this rule. 2. There is a change with regard to guidance found in Rule 804 regarding assignment of value increases to base or increment within an urban renewal Revenue Allocation Area (RAA). After June 30, 2020, for any agricultural land no longer actively devoted to agriculture and therefore assigned to a non-agricultural category, any value increase from the most current base value related to change of use needs to be added to the increment value for that parcel. Two examples can be envisioned: <ol style="list-style-type: none"> a. Assume an agricultural land parcel was assessed in 2020 at \$500 and, as of June 30, 2020, had a speculative value exemption of \$2,000. Assume the 2020 base value of the parcel was \$500. In 2021, the land is no longer used for agricultural purposes, but has been converted to industrial use and has an assessed value of \$10,000. The base value is \$2,500 and the increment value is \$7,500. This partial base value adjustment is permitted because it is a direct result of the loss of the speculative value exemption. b. In 2021, the land is still used for agricultural purposes and the actual use value is \$600. For 2021, the base value is \$500 and the remaining \$100 is increment value. In 2022, the land has been converted to industrial use and is no longer assessed at actual use value. The 2022 assessed value is \$10,000. The 2022 base value for the parcel is not adjusted, but remains \$500, since that reflects the most current base, which was set during a year in which there was no speculative value exemption (ie: 2021). The remaining \$9,500 is increment value. 3. This guidance note supersedes the instructions found in Paragraph 02 (d) (ii) of Rule 804, effective July 1, 2020.

Legislation	Description	Guidance
HB 562 – Homeowner’s Exemption deadline	As of January 1, 2021, there is no longer an April 15 (or any other) deadline for applying for the homeowner’s exemption	<ol style="list-style-type: none"> 1. For 2020, there is no change and the deadline is still April 15. 2. For 2021 and the future, applications through the end of the County Board of Equalization in July should be processed so that the full exemption and appropriate net taxable value is reported on the abstract of the property roll submitted to the tax commission in late July. 3. For 2021 and the future, applications that meet qualifying criteria, but are received and processed after the conclusion of the County Board of Equalization in July should be granted by means of a tax cancellation. 4. There is no proration allowed by the statute, other than existing proration related to ownership criteria. In other words, an applicant applying for the exemption in December 2021 and qualifying should be granted the full exemption, up to the \$100,000 limit. 5. There is no roll off provision, so it will not be necessary for a taxpayer to withdraw the exemption from another property entitled to the exemption in the same year. 6. Effective as of Jan. 1, 2021.