

**AIRCRAFT PROPERTY TAX MODIFICATIONS**

2024 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: Calvin R. Musselman

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to property tax assessment for aircrafts.

**Highlighted Provisions:**

This bill:

- limits the type of airline property subject to property tax assessment by the State Tax Commission to mobile flight equipment;

- provides that airline property other than mobile flight equipment is subject to local property tax assessment;

- clarifies the manner in which a fleet adjustment is made by the State Tax Commission to determine the fair market value of an aircraft fleet; and

- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**59-2-201**, as last amended by Laws of Utah 2023, Chapter 471

**59-2-202**, as last amended by Laws of Utah 2008, Chapter 382

**59-2-204**, as last amended by Laws of Utah 1999, Chapter 71

**59-2-801**, as last amended by Laws of Utah 2020, Chapter 38

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*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **59-2-201** is amended to read:

28           **59-2-201 . Assessment by commission -- Determination of value of mining**  
 29 **property -- Determination of value of aircraft -- Notification of assessment -- Local**  
 30 **assessment of property assessed by the unitary method -- Commission may consult with**  
 31 **county.**

32 (1) (a) By May 1 of each year, the following property, unless otherwise exempt under  
 33 the Utah Constitution or under Part 11, Exemptions, shall be assessed by the  
 34 commission at 100% of fair market value, as valued on January 1, in accordance with  
 35 this chapter:

- 36           (i) except as provided in Subsection (2), all property that operates as a unit across  
 37           county lines, if the values must be apportioned among more than one county or  
 38           state;
- 39           (ii) all property of public utilities;
- 40           (iii) all ~~operating property of~~ mobile flight equipment of an airline, air charter  
 41           service, and air contract service;
- 42           (iv) all geothermal fluids and geothermal resources;
- 43           (v) all mines and mining claims except in cases, as determined by the commission,  
 44           where the mining claims are used for other than mining purposes, in which case  
 45           the value of mining claims used for other than mining purposes shall be assessed  
 46           by the assessor of the county in which the mining claims are located; and
- 47           (vi) all machinery used in mining, all property or surface improvements upon or  
 48           appurtenant to mines or mining claims. For the purposes of assessment and  
 49           taxation, all processing plants, mills, reduction works, and smelters that are  
 50           primarily used by the owner of a mine or mining claim for processing, reducing,  
 51           or smelting minerals taken from a mine or mining claim shall be considered  
 52           appurtenant to that mine or mining claim, regardless of actual location.
- 53           (b) (i) ~~[For purposes of]~~ Subsection (1)(a)(iii) ~~operating property of an air charter~~  
 54           service] does not include an aircraft that is:
- 55                   (A) used by ~~the~~ an air charter service for air charter; and
- 56                   (B) owned by a person other than the air charter service.
- 57           (ii) For purposes of this Subsection (1)(b):
- 58                   (A) "person" means a natural person, individual, corporation, organization, or  
 59                   other legal entity; and
- 60                   (B) a person does not qualify as a person other than the air charter service as  
 61                   described in Subsection (1)(b)(i)(B) if the person is:

- 62 (I) a principal, owner, or member of the air charter service; or  
63 (II) a legal entity that has a principal, owner, or member of the air charter  
64 service as a principal, owner, or member of the legal entity.
- 65 (iii) Except as provided in Subsection (1)(a)(iii), property in the state owned by an  
66 airline, air charter service, or air contract service shall be assessed by the local  
67 county assessor.
- 68 (2) (a) The commission may not assess property owned by a telecommunications service  
69 provider.
- 70 (b) The commission shall assess and collect property tax on state-assessed commercial  
71 vehicles at the time of original registration or annual renewal.
- 72 (i) The commission shall assess and collect property tax annually on state-assessed  
73 commercial vehicles that are registered pursuant to Section 41-1a-222 or  
74 41-1a-228.
- 75 (ii) State-assessed commercial vehicles brought into the state that are required to be  
76 registered in Utah shall, as a condition of registration, be subject to ad valorem tax  
77 unless all property taxes or fees imposed by the state of origin have been paid for  
78 the current calendar year.
- 79 (iii) Real property, improvements, equipment, fixtures, or other personal property in  
80 this state owned by the company shall be assessed separately by the local county  
81 assessor.
- 82 (iv) The commission shall adjust the value of state-assessed commercial vehicles as  
83 necessary to comply with 49 U.S.C. Sec. 14502, and the commission shall direct  
84 the county assessor to apply the same adjustment to any personal property, real  
85 property, or improvements owned by the company and used directly and  
86 exclusively in their commercial vehicle activities.
- 87 (3) (a) The method for determining the fair market value of productive mining property  
88 is the capitalized net revenue method or any other valuation method the commission  
89 believes, or the taxpayer demonstrates to the commission's satisfaction, to be  
90 reasonably determinative of the fair market value of the mining property.
- 91 (b) The commission shall determine the rate of capitalization applicable to mines,  
92 consistent with a fair rate of return expected by an investor in light of that industry's  
93 current market, financial, and economic conditions.
- 94 (c) In no event may the fair market value of the mining property be less than the fair  
95 market value of the land, improvements, and tangible personal property upon or

96 appurtenant to the mining property.

97 (4) (a) As used in this Subsection (4), "aircraft pricing guide" means a nationally  
98 recognized publication that assigns value estimates for individual commercial aircraft  
99 that are:

100 (i) identified by year, make, and model; and

101 (ii) in average condition typical for the aircraft's type and vintage.

102 (b) (i) Except as provided in Subsection (4)(d), the commission shall use an aircraft  
103 pricing guide~~[-adjusted as provided in Subsection (4)(e);]~~ to determine the fair  
104 market value of aircraft assessed under this part.

105 (ii) The commission shall use the Airliner Price Guide as the aircraft pricing guide,  
106 except that:

107 (A) if the Airliner Price Guide is no longer published or the commission  
108 determines that another aircraft pricing guide more reasonably reflects the fair  
109 market value of aircraft, the commission, after consulting with the airlines  
110 operating in the state, shall select an alternative aircraft pricing guide;

111 (B) if an aircraft is not listed in the Airliner Price Guide, the commission shall use  
112 the Aircraft Bluebook Price Digest as the aircraft pricing guide; and

113 (C) if the Aircraft Bluebook Price Digest is no longer published or the  
114 commission determines that another aircraft pricing guide more reasonably  
115 reflects the fair market value of aircraft, the commission, after consulting with  
116 the airlines operating in the state, shall select an alternative aircraft pricing  
117 guide.

118 (c) (i) ~~[To reflect the value of an]~~ The commission shall make a fleet adjustment in  
119 accordance with Subsection (4)(c)(ii) or (iii) to assess the fair market value of a  
120 fleet of aircraft or a fleet of the same aircraft type that is used as part of the [  
121 ~~operating property]~~ mobile flight equipment of an airline, air charter service, or air  
122 contract service~~[-the fair market value of the aircraft shall include a fleet~~  
123 ~~adjustment as provided in this Subsection (4)(e)].~~

124 (ii) If the aircraft pricing guide provides ~~[a method for making]~~ for a fleet adjustment  
125 to determine the fair market value of the fleet of aircraft or the fleet of the same  
126 aircraft type, the commission shall [use the method described] make the fleet  
127 adjustment in the manner provided in the aircraft pricing guide.

128 (iii) If the aircraft pricing guide does not provide ~~[a method for making]~~ for a fleet  
129 adjustment to determine the fair market value of the fleet of aircraft or the fleet of

130 the same aircraft type, the commission shall make [a fleet adjustment by reducing  
 131 the aircraft pricing guide value of each aircraft in the fleet by .5% for each aircraft  
 132 over three aircraft up to a maximum 20% reduction] the adjustment the  
 133 commission determines most reasonably reflects the fair market value of the fleet  
 134 of aircraft or fleet of the same aircraft type.

135 (d) The commission may use an alternative method for valuing aircraft of an airline, air  
 136 charter service, or air contract service if the commission:

137 (i) has clear and convincing evidence that the aircraft values reflected in the aircraft  
 138 pricing guide do not reasonably reflect fair market value of the aircraft; and

139 (ii) cannot identify an alternative aircraft pricing guide from which the commission  
 140 may determine aircraft value.

141 (5) Immediately following the assessment, the commission shall send, by certified mail,  
 142 notice of the assessment to the owner or operator of the assessed property and the  
 143 assessor of the county in which the property is located.

144 (6) The commission may consult with a county in valuing property in accordance with this  
 145 part.

146 (7) The local county assessor shall separately assess property that is assessed by the unitary  
 147 method if the commission determines that the property:

148 (a) is not necessary to the conduct of the business; and

149 (b) does not contribute to the income of the business.

150 Section 2. Section **59-2-202** is amended to read:

151 **59-2-202 . Statement of taxpayer -- Extension of time for filing -- Assessment**

152 **without statement -- Penalty for failure to file statement or information --**

153 **Waiver, reduction, or compromise of penalty -- Appeals.**

154 (1) (a) A person, or an officer or agent of that person, owning or operating property  
 155 described in Subsection (1)(b) shall, on or before March 1 of each year, file with the  
 156 commission a statement:

157 (i) signed and sworn to by the person, officer, or agent;

158 (ii) showing in detail all real property and tangible personal property located in the  
 159 state that the person owns or operates;

160 (iii) containing the number of miles of taxable tangible personal property in each  
 161 county:

162 (A) that the person owns or operates; and

163 (B) as valued on January 1 of the year for which the person, officer, or agent is

- 164                   furnishing the statement; and
- 165           (iv) containing any other information the commission requires.
- 166   (b) Subsection (1)(a) applies to:
- 167       (i) the following property located in the state:
- 168           (A) a public utility;
- 169           (B) mobile flight equipment of an airline;
- 170           (C) mobile flight equipment of an air charter service; or
- 171           (D) mobile flight equipment of an air contract service; or
- 172       (ii) the following property located in more than one county in the state:
- 173           (A) a pipeline company;
- 174           (B) a power company;
- 175           (C) a canal company;
- 176           (D) an irrigation company; or
- 177           (E) a telephone company.
- 178   (c) (i) The commission may allow an extension for filing the statement under
- 179       Subsection (1)(a) for a time period not exceeding 30 days, unless the commission
- 180       determines that extraordinary circumstances require a longer period of extension.
- 181       (ii) The commission shall grant a person, or an officer or agent of that person, an
- 182       extension for filing the statement under Subsection (1)(a) for a time period not
- 183       exceeding 15 days if:
- 184           (A) a federal regulatory agency requires the taxpayer to file a statement that
- 185           contains the same information as the statement under Subsection (1)(a); and
- 186           (B) the person, or an officer or agent of that person, requests the commission to
- 187           grant the extension.
- 188   (2) The commission shall assess and list the property described in Subsection (1)(b) using
- 189       the best information obtainable by the commission if a person, or an officer or agent of
- 190       that person, fails to file the statement required under Subsection (1)(a) on or before the
- 191       later of:
- 192       (a) March 1; or
- 193       (b) if the commission allows an extension under Subsection (1)(c) for filing the
- 194       statement, the day after the last day of the extension period.
- 195   (3) (a) Except as provided in Subsection (3)(c), the commission shall assess a person a
- 196       penalty as provided in Subsection (3)(b), if the person, or an officer or agent of that
- 197       person, fails to file:

- 198 (i) the statement required under Subsection (1)(a) on or before the later of:  
199 (A) March 1; or  
200 (B) if the commission allows an extension under Subsection (1)(c) for filing the  
201 statement, the day after the last day of the extension period; or  
202 (ii) any other information the commission determines to be necessary to:  
203 (A) establish valuations for assessment purposes; or  
204 (B) apportion an assessment.
- 205 (b) The penalty described in Subsection (3)(a) is an amount equal to the greater of:  
206 (i) 10% of the person's estimated tax liability under this chapter for the current  
207 calendar year not to exceed \$50,000; or  
208 (ii) \$100.
- 209 (c) (i) Notwithstanding Subsections (3)(a) and (4), the commission may waive,  
210 reduce, or compromise a penalty imposed under this section if the commission  
211 finds there are reasonable grounds for the waiver, reduction, or compromise.  
212 (ii) If the commission waives, reduces, or compromises a penalty under Subsection  
213 (3)(c)(i), the commission shall make a record of the grounds for waiving,  
214 reducing, or compromising the penalty.
- 215 (4) The county treasurer shall collect the penalty imposed under Subsection (3) as provided  
216 in Section 59-2-1308.
- 217 (5) A person subject to a penalty under Subsection (3) may appeal the penalty according to  
218 procedures and requirements of Title 63G, Chapter 4, Administrative Procedures Act.  
219 Section 3. Section **59-2-204** is amended to read:  
220 **59-2-204 . Record of assessment of public utility and air travel companies --**  
221 **Review by county assessor.**
- 222 (1) Each year, the commission shall prepare a record of assessment of the following  
223 companies:  
224 (a) public utility companies;  
225 (b) airlines;  
226 (c) air charter services; and  
227 (d) air contract services.
- 228 (2) The record of assessment under Subsection (1) shall include:  
229 (a) the name of each person engaged in business within the state in a company described  
230 in Subsection (1);  
231 (b) for each company described in Subsection (1), the total value of all of the company's

- 232 tangible [~~and intangible~~] properties subject to assessment by the commission; and  
 233 (c) any other information as determined by the commission.  
 234 (3) At the request of a county assessor, the commission shall provide to the county assessor:  
 235 (a) the record of assessment described in Subsection (1); and  
 236 (b) the information upon which the assessments and apportionments contained in the  
 237 record of assessment are made.

238 Section 4. Section **59-2-801** is amended to read:

239 **59-2-801 . Apportionment of property assessed by commission.**

- 240 (1) As used in this section:
- 241 (a) (i) Except as provided in Subsection (1)(a)(ii), "designated tax area" means a tax  
 242 area created by the overlapping boundaries of only the following taxing entities:  
 243 (A) a county; and  
 244 (B) a school district.  
 245 (ii) "Designated tax area" includes a tax area created by the overlapping boundaries  
 246 of the taxing entities described in Subsection (1)(a)(i)[;] and:  
 247 (A) a city or town if the boundaries of the school district under Subsection  
 248 (1)(a)(i) and the boundaries of the city or town are identical; or  
 249 (B) a special service district if the boundaries of the school district under  
 250 Subsection (1)(a)(i) are located entirely within the special service district.  
 251 (b) "Ground hours" means the total number of hours during the calendar year  
 252 immediately preceding the January 1 described in Section 59-2-103 that aircraft  
 253 owned or operated by the following are on the ground:  
 254 (i) an air charter service;  
 255 (ii) an air contract service; or  
 256 (iii) an airline.
- 257 (2) Before May 25 of each year, the commission shall apportion to each tax area the total  
 258 assessment of all of the property the commission assesses as provided in Subsections  
 259 (2)(a) through [~~(f)~~] (e).
- 260 (a) (i) The commission shall apportion the assessments of the property described in  
 261 Subsection (2)(a)(ii):  
 262 (A) to each tax area through which the public utility or company described in  
 263 Subsection (2)(a)(ii) operates; and  
 264 (B) in proportion to the property's value in each tax area.  
 265 (ii) Subsection (2)(a)(i) applies to property owned by:



- 266 (A) a public utility, except for the rolling stock of a public utility;  
267 (B) a pipeline company;  
268 (C) a power company;  
269 (D) a canal company; or  
270 (E) an irrigation company.
- 271 (b) The commission shall apportion the assessments of the rolling stock of a railroad:  
272 (i) to the tax areas through which railroads operate; and  
273 (ii) in the proportion that the length of the main tracks, sidetracks, passing tracks,  
274 switches, and tramways of the railroads in each tax area bears to the total length of  
275 the main tracks, sidetracks, passing tracks, switches, and tramways in the state.
- 276 (c) The commission shall apportion the assessments of the property of a car company to:  
277 (i) each tax area in which a railroad is operated; and  
278 (ii) in the proportion that the length of the main tracks, passing tracks, sidetracks,  
279 switches, and tramways of all of the railroads in each tax area bears to the total  
280 length of the main tracks, passing tracks, sidetracks, switches, and tramways of all  
281 of the railroads in the state.
- 282 (d) (i) The commission shall apportion the assessments of the property described in  
283 Subsection (2)(d)(ii) to each tax area in which the property is located.  
284 (ii) Subsection (2)(d)(i) applies to the following property:  
285 (A) mines;  
286 (B) mining claims; or  
287 (C) mining property.
- 288 (e) (i) The commission shall apportion the assessments of the property described in  
289 Subsection (2)(e)(ii) to:  
290 (A) each designated tax area; and  
291 (B) in the proportion that the ground hours in each designated tax area bear to the  
292 total ground hours in the state.  
293 (ii) Subsection (2)(e)(i) applies to the mobile flight equipment owned or operated by  
294 an:  
295 (A) air charter service;  
296 (B) air contract service; or  
297 (C) airline.
- 298 [~~(f) (i) The commission shall apportion the assessments of the property described in~~  
299 ~~Subsection (2)(f)(ii) to each tax area in which the property is located as of January 1~~

- 300 of each year.]
- 301 [~~(ii) Subsection (2)(f)(i) applies to the real and tangible personal property, other than~~
- 302 ~~mobile flight equipment, owned by an:~~
- 303 [~~(A) air charter service;~~
- 304 [~~(B) air contract service; or~~
- 305 [~~(C) airline.~~]
- 306 (3) (a) (i) (A) State-assessed commercial vehicles that weigh 12,001 pounds or
- 307 more shall be taxed at a statewide average rate which is calculated from the
- 308 overall county average tax rates from the preceding year, exclusive of the
- 309 property subject to the statewide uniform fee, weighted by lane miles of
- 310 principal routes in each county.
- 311 (B) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
- 312 Act, the commission shall adopt rules to define "principal routes."
- 313 (ii) State-assessed commercial vehicles that weigh 12,000 pounds or less are subject
- 314 to the uniform fee provided in Section 59-2-405.1.
- 315 (b) The combined revenue from all state-assessed commercial vehicles shall be
- 316 apportioned to the counties based on:
- 317 (i) 40% by the percentage of lane miles of principal routes within each county as
- 318 determined by the commission; and
- 319 (ii) 60% by the percentage of total state-assessed vehicles having business situs in
- 320 each county.
- 321 (c) At least quarterly, the commission shall apportion the total taxes paid on
- 322 state-assessed commercial vehicles to the counties.
- 323 (d) Each county shall apportion its share of the revenues under this Subsection (3) to the
- 324 taxing entities within its boundaries in the same proportion as the assessments of
- 325 other:
- 326 (i) real property;
- 327 (ii) tangible personal property; and
- 328 (iii) property assessed by the commission.

329 **Section 5. Effective date.**

330 This bill takes effect for a taxable year beginning on or after January 1, 2025.