

Constitutional Amendment A

Ballot Title

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?

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.

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.