

CIVIL ASSET FORFEITURE - PROCEDURAL REFORMS

2016 GENERAL SESSION

STATE OF UTAH

LONG TITLE**General Description:**

This bill modifies the Forfeiture and Disposition of Property Act regarding civil forfeiture procedures.

Highlighted Provisions:

This bill:

- ▶ modifies the elements of qualifying as an innocent owner regarding property subject to forfeiture;
- ▶ requires a direct nexus of the property to a specific alleged criminal exchange or transaction, in order for the property to be forfeited;
- ▶ modifies the definition of proceeds that are from an offense giving rise to a forfeiture;
- ▶ requires the prosecutor to bring an action for civil forfeiture in a timely manner;
- ▶ provides that any person may assert an interest in seized property or file an answer to a forfeiture complaint without posting bond;
- ▶ provides that the hardship provisions include use of funds to allow an individual to obtain a legal defense in the forfeiture proceeding or the related criminal proceeding;
- ▶ provides that prejudgment interest shall be awarded, in addition to the current postjudgment interest;
- ▶ removes the cap of 20% of the value of the property subject to forfeiture when awarding legal costs and attorney fees; ~~and~~
- ▶ modifies the obligations of a claimant regarding illegal use of the property subject to forfeiture[-];
- ▶ modifies the allocation of the proceeds from asset forfeiture, to provide for:
 - victim restitution; and
 - reimbursement of direct costs by the prosecuting agency and the law enforcement agencies involved in the case; and

- 33 • allocating remaining proceeds to the Uniform School Fund; and
- 34 ▶ provides that if the defendant is acquitted of the criminal charge subsequent to the
- 35 civil forfeiture proceeding, the forfeited assets shall be returned and the defendant
- 36 shall be reimbursed for costs as listed.

37 **Money Appropriated in this Bill:**

38 None

39 **Other Special Clauses:**

40 None

41 **Utah Code Sections Affected:**

42 AMENDS:

43 **24-1-102**, as last amended by Laws of Utah 2014, Chapter 112

44 **24-4-102**, as enacted by Laws of Utah 2013, Chapter 394

45 **24-4-103**, as enacted by Laws of Utah 2013, Chapter 394

46 **24-4-104**, as last amended by Laws of Utah 2014, Chapter 112

47 **24-4-107**, as enacted by Laws of Utah 2013, Chapter 394

48 **24-4-108**, as enacted by Laws of Utah 2013, Chapter 394

49 **24-4-109**, as enacted by Laws of Utah 2013, Chapter 394

50 **24-4-110**, as last amended by Laws of Utah 2014, Chapter 112

51 **24-4-117**, as last amended by Laws of Utah 2015, Chapter 134

52 ENACTS:

53 **24-4-104.5**, Utah Code Annotated 1953



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

56 Section 1. Section **24-1-102** is amended to read:

57 **24-1-102. Definitions.**

58 As used in this title:

59 (1) "Account" means the Criminal Forfeiture Restricted Account created in Section
60 24-4-116.

61 (2) (a) "Acquittal" means a finding by a jury or a judge at trial that a claimant is not
62 guilty.

63 (b) An acquittal does not include:

- 64 (i) a verdict of guilty on a lesser or reduced charge;
- 65 (ii) a plea of guilty to a lesser or reduced charge; or
- 66 (iii) dismissal of a charge as a result of a negotiated plea agreement.
- 67 (3) "Agency" means any agency of municipal, county, or state government, including
- 68 law enforcement agencies, law enforcement personnel, and multijurisdictional task forces.
- 69 (4) "Claimant" means any:
- 70 (a) owner of property as defined in this section;
- 71 (b) interest holder as defined in this section; or
- 72 (c) person or entity who asserts a claim to any property seized for forfeiture under this
- 73 title.
- 74 (5) "Commission" means the Utah Commission on Criminal and Juvenile Justice.
- 75 (6) "Complaint" means a civil in rem complaint seeking the forfeiture of any real or
- 76 personal property under this title.
- 77 (7) "Constructive seizure" means a seizure of property where the property is left in the
- 78 control of the owner and the seizing agency posts the property with a notice of intent to seek
- 79 forfeiture.
- 80 (8) (a) "Contraband" means any property, item, or substance that is unlawful to
- 81 produce or to possess under state or federal law.
- 82 (b) All controlled substances that are possessed, transferred, distributed, or offered for
- 83 distribution in violation of Title 58, Chapter 37, Utah Controlled Substances Act, are
- 84 contraband.
- 85 (9) "Innocent owner" means a claimant who:
- 86 (a) held an ownership interest in property at the time the conduct subjecting the
- 87 property to forfeiture occurred, and:
- 88 [~~(i) did not have actual knowledge of the conduct subjecting the property to forfeiture;~~
- 89 ~~or]~~
- 90 [~~(ii) upon learning of the conduct subjecting the property to forfeiture, took reasonable~~
- 91 ~~steps to prohibit the illegal use of the property; or]~~
- 92 (i) did not give permission for the conduct or participate in the conduct;
- 93 (ii) did not directly commit the offense; and
- 94 (iii) did not solicit, request, command, encourage, or intentionally aid another person to

95 engage in the conduct; or

96 (b) acquired an ownership interest in the property and who had no knowledge that the
97 illegal conduct subjecting the property to forfeiture had occurred or that the property had been
98 seized for forfeiture, and:

99 (i) acquired the property in a bona fide transaction for value;

100 (ii) was a person, including a minor child, who acquired an interest in the property
101 through probate or inheritance; or

102 (iii) was a spouse who acquired an interest in property through dissolution of marriage
103 or by operation of law.

104 (10) (a) "Interest holder" means a secured party as defined in Section 70A-9a-102, a
105 mortgagee, lien creditor, or the beneficiary of a security interest or encumbrance pertaining to
106 an interest in property, whose interest would be perfected against a good faith purchaser for
107 value.

108 (b) "Interest holder" does not mean a person who holds property for the benefit of or as
109 an agent or nominee for another person, or who is not in substantial compliance with any
110 statute requiring an interest in property to be recorded or reflected in public records in order to
111 perfect the interest against a good faith purchaser for value.

112 (11) "Known address" means any address provided by a claimant to the agency at the
113 time the property was seized, or the claimant's most recent address on record with a
114 governmental entity if no address was provided at the time of the seizure.

115 (12) "Legal costs" means the costs and expenses incurred by a party in a forfeiture
116 action.

117 (13) "Legislative body" means:

118 (a) (i) the Legislature, county commission, county council, city commission, city
119 council, or town council that has fiscal oversight and budgetary approval authority over an
120 agency; or

121 (ii) the agency's governing political subdivision; or

122 (b) the lead governmental entity of a multijurisdictional task force, as designated in a
123 memorandum of understanding executed by the agencies participating in the task force.

124 (14) "Multijurisdictional task force" means a law enforcement task force or other
125 agency comprised of persons who are employed by or acting under the authority of different

126 governmental entities, including federal, state, county or municipal governments, or any
127 combination of these agencies.

128 (15) "Owner" means any person or entity, other than an interest holder, that possesses a
129 bona fide legal or equitable interest in real or personal property.

130 (16) (a) "Proceeds" means:

131 ~~[(i) property of any kind that is obtained directly or indirectly as a result of the~~
132 ~~commission of an offense that gives rise to forfeiture; or]~~

133 ~~[(ii) any property acquired directly or indirectly from, produced through, realized~~
134 ~~through, or caused by an act or omission regarding property under Subsection (16)(a)(i).]~~

135 ~~[(b) "Proceeds" includes any property of any kind without reduction for expenses~~
136 ~~incurred in the acquisition, maintenance, or production of that property, or any other purpose~~
137 ~~regarding property under Subsection (16)(a)(i).]~~

138 ~~[(c) "Proceeds" is not limited to the net gain or profit realized from the offense that~~
139 ~~gives rise to forfeiture.]~~

140 (i) property of any kind that is:

141 (A) obtained directly as a result of the commission of an offense that gives rise to
142 forfeiture; and

143 (B) is limited to only that portion of property that is obtained directly as a result of the
144 commission of the offense giving rise to the forfeiture; and

145 (ii) cash received from the direct sale of, and property received from the direct transfer
146 of, property described in Subsection (16)(a)(i).

147 (17) "Program" means the State Asset Forfeiture Grant Program established in Section
148 24-4-117.

149 (18) "Property" means all property, whether real or personal, tangible or intangible, but
150 does not include contraband.

151 (19) "Prosecuting attorney" means:

152 (a) the attorney general and any assistant attorney general;

153 (b) any district attorney or deputy district attorney;

154 (c) any county attorney or assistant county attorney; and

155 (d) any other attorney authorized to commence an action on behalf of the state under
156 this title.

157 (20) "Public interest use" means a:

158 (a) use by a government agency as determined by the legislative body of the agency's
159 jurisdiction; or

160 (b) donation of the property to a nonprofit charity registered with the state.

161 (21) "Real property" means land and includes any building, fixture, improvement,
162 appurtenance, structure, or other development that is affixed permanently to land.

163 Section 2. Section **24-4-102** is amended to read:

164 **24-4-102. Property subject to forfeiture.**

165 (1) Except as provided in Subsection (3), all property that has been used to directly
166 facilitate the commission of a federal or state offense and any direct proceeds of criminal
167 activity may be forfeited under this chapter, including:

168 (a) real property, including things growing on, affixed to, and found in land; and

169 (b) tangible and intangible personal property, including money, rights, privileges,
170 interests, claims, and securities of any kind.

171 (2) If the property is used to facilitate a violation of Section 76-10-1204, 76-10-1205,
172 76-10-1206, or 76-10-1222, the property subject to forfeiture under this section is limited to
173 property, the seizure or forfeiture of which would not constitute a prior restraint on the exercise
174 of an affected party's rights under the First Amendment to the Constitution of the United States
175 or Utah Constitution, Article I, Section 15, or would not otherwise unlawfully interfere with the
176 exercise of those rights.

177 (3) A motor vehicle used in a violation of Section 41-6a-502, 41-6a-517, a local
178 ordinance that complies with the requirements of Subsection 41-6a-510(1), Subsection
179 58-37-8(2)(g), or Section 76-5-207 may not be forfeited unless:

180 (a) the operator of the vehicle has previously been convicted of a violation, committed
181 after May 12, 2009, of:

182 (i) a felony driving under the influence violation under Section 41-6a-502;

183 (ii) a felony violation under Subsection 58-37-8(2)(g); or

184 (iii) automobile homicide under Section 76-5-207; or

185 (b) the operator of the vehicle was driving on a denied, suspended, revoked, or
186 disqualified license; and

187 (i) the denial, suspension, revocation, or disqualification under [~~Subsection (3)(c)~~]

188 Subsections (3)(b)(i)(A) through (G) was imposed because of a violation under:

189 (A) Section 41-6a-502;

190 (B) Section 41-6a-517;

191 (C) a local ordinance that complies with the requirements of Subsection 41-6a-510(1);

192 (D) Section 41-6a-520;

193 (E) Subsection 58-37-8(2)(g);

194 (F) Section 76-5-207; or

195 (G) a criminal prohibition that the person was charged with violating as a result of a
196 plea bargain after having been originally charged with violating one or more of the sections or
197 ordinances described in Subsections (3)(b)(i)(A) through (F); or

198 (ii) the denial, suspension, revocation, or disqualification described in Subsections
199 (3)(b)(i)(A) through (G):

200 (A) is an extension imposed under Subsection 53-3-220(2) of a denial, suspension,
201 revocation, or disqualification; and

202 (B) the original denial, suspension, revocation, or disqualification was imposed
203 because of a violation described in Subsections (3)(b)(i)(A) through (G).

204 Section 3. Section **24-4-103** is amended to read:

205 **24-4-103. Initiating forfeiture proceedings -- Notice of intent to seek forfeiture.**

206 (1) (a) Within 30 days from the date that property is seized, an agency seeking to forfeit
207 property shall serve a notice of intent to seek forfeiture upon any claimants known to the
208 agency.

209 (b) The notice of intent to seek forfeiture shall describe the:

210 (i) date of the seizure;

211 (ii) property seized;

212 (iii) alleged relationship of the seized property to the conduct giving rise to forfeiture;

213 [~~(iii)~~] (iv) claimant's rights and obligations under this chapter, including the availability
214 of hardship relief in appropriate circumstances; and

215 [~~(iv)~~] (v) statutory basis for the forfeiture, including the judicial proceedings by which
216 property may be forfeited under this chapter.

217 (c) The notice of intent to seek forfeiture shall be served by:

218 (i) certified mail, return receipt requested, to the claimant's known address; or

219 (ii) personal service.
 220 (d) The court may void any forfeiture made without notice under Subsection (1)(a),
 221 unless the agency demonstrates:

222 (i) good cause for the failure to give notice to the claimant; or

223 (ii) that the claimant had actual notice of the seizure.

224 (2) (a) Once the agency has served each claimant with a notice of intent to seek
 225 forfeiture, but no later than 60 days from the date that property is seized, the agency shall
 226 present a written request for forfeiture to the prosecuting attorney.

227 (b) The written request shall:

228 (i) describe the property to be forfeited; and

229 (ii) include a copy of all reports, supporting documents, and other evidence necessary
 230 for the prosecuting attorney to determine the legal sufficiency for filing a forfeiture action.

231 Section 4. Section **24-4-104** is amended to read:

232 **24-4-104. Civil forfeiture procedure.**

233 (1) (a) ~~[The]~~ A law enforcement agency shall promptly return seized property, and the
 234 prosecuting attorney may take no further action to effect the forfeiture of the property, unless
 235 within ~~[75]~~ 60 days after the property is seized the prosecuting attorney:

236 (i) files a criminal forfeiture indictment or information under Subsection 24-4-105(2);

237 (ii) obtains a restraining order under Subsection 24-4-105(3);

238 (iii) files a petition under Subsection 24-4-114(1); or

239 (iv) files a civil forfeiture complaint.

240 (b) The prosecutor shall take all reasonable steps to ensure a forfeiture proceeding
 241 initiated under this section is concluded in a timely manner.

242 ~~[(b)—A]~~ (2) The complaint for civil forfeiture under Subsection (1)(c) shall describe
 243 with reasonable particularity [the]:

244 ~~[(†)]~~ (a) the property that is the subject of the forfeiture proceeding;

245 (b) a direct nexus between the seized property and the conduct giving rise to the
 246 forfeiture under Subsection 24-4-102(2);

247 ~~[(††)]~~ (c) date and place of seizure; and

248 ~~[(†††)]~~ (d) factual allegations that constitute a basis for forfeiture.

249 ~~[(2)]~~ (3) (a) After a complaint for civil forfeiture is filed in compliance with the

250 requirements of Subsections (1) and (2), the prosecuting attorney shall serve a copy of the
251 complaint and summons upon each claimant known to the prosecuting attorney within 30 days.

252 (b) The prosecuting attorney is not required to serve a copy of the complaint or the
253 summons upon any claimant who has disclaimed, in writing, an ownership interest in the
254 seized property.

255 (c) Service of the complaint and summons shall be by:

256 (i) personal service;

257 (ii) certified mail, return receipt requested, to the claimant's known address; or

258 (iii) service by publication, if the prosecuting attorney demonstrates to the court that
259 service cannot reasonably be made by personal service or certified mail.

260 (d) Service by publication shall be by publication of two notices, in two successive
261 weeks, of the forfeiture proceeding:

262 (i) in a newspaper of general circulation in the county in which the seizure occurred;

263 and

264 (ii) on [~~Utah's Public Legal Notice Website~~] the public legal notice website established
265 in Subsection 45-1-101(2)(b).

266 (e) Service is effective upon the earlier of:

267 (i) personal service;

268 (ii) mailing of a written notice; or

269 (iii) publication.

270 (f) Upon motion of the prosecuting attorney and a showing of good cause, the court
271 may extend the period to complete service under this section for an additional 60 days.

272 (g) An answer made by a claimant under this Subsection (3) shall be filed within 30
273 days after the complaint is served upon the claimant under this Subsection (3).

274 ~~[(3)(a)]~~ (4) In any case where the prosecuting attorney files a complaint for civil
275 forfeiture, [~~a claimant may file an answer to the complaint~~] any person may assert an interest in
276 seized property or file an answer to a complaint for civil forfeiture without posting bond with
277 respect to the property which is the subject of the seizure or forfeiture action.

278 ~~[(b) The answer shall be filed within 30 days after the complaint is served upon the~~
279 ~~claimant as provided in Subsection (2)(b).]~~

280 ~~[(4)]~~ (5) Except as otherwise provided in this chapter, forfeiture proceedings are

281 governed by the Utah Rules of Civil Procedure.

282 ~~[(5)]~~ (6) The court shall take all reasonable steps to expedite civil forfeiture
283 proceedings and shall give these proceedings the same priority as is given to criminal cases.

284 ~~[(6)]~~ (7) In all suits or actions brought under this section for the civil forfeiture of any
285 property, the burden of proof is on the prosecuting attorney to establish by clear and convincing
286 evidence the extent to which, if any, the property is subject to forfeiture.

287 ~~[(7)]~~ (8) A claimant may file an answer to a complaint for civil forfeiture without
288 posting bond with respect to the property subject to forfeiture.

289 Section 5. Section **24-4-104.5** is enacted to read:

290 **24-4-104.5. Acquittal of criminal charge after civil proceeding.**

291 If in a subsequent criminal prosecution the defendant is acquitted of the criminal
292 conduct that provides the nexus for the civil forfeiture proceeding under Section 24-4-104, the
293 court shall:

294 (1) rescind the civil forfeiture order; and

295 (2) order full restitution to the defendant, including:

296 (a) return of all forfeited assets or the fair market value of any of the assets that have
297 been disposed of;

298 (b) interest on all forfeited cash; and

299 (c) court costs and reasonable attorney fees.

300 Section 6. Section **24-4-107** is amended to read:

301 **24-4-107. Innocent owners.**

302 (1) An innocent owner's interest in property may not be forfeited under any provision
303 of state law.

304 (2) In a forfeiture proceeding ~~[under this chapter]~~ regarding property belonging to a
305 claimant other than a person charged or convicted for a crime subjecting that property to
306 forfeiture, the prosecuting attorney has the burden of establishing by clear and convincing
307 evidence that [a] the claimant:

308 (a) is responsible for the conduct giving rise to the forfeiture, subject to Subsection (4);

309 (b) knew of the conduct giving rise to the forfeiture, and allowed the property to be
310 used in furtherance of the conduct, subject to Subsection (4);

311 (c) acquired the property with notice of its actual or constructive seizure for forfeiture

312 under this chapter;

313 (d) acquired the property knowing the property was subject to forfeiture under this
314 chapter; or

315 (e) acquired the property in an effort to conceal, prevent, hinder, or delay its lawful
316 seizure or forfeiture under any provision of state law.

317 (3) ~~[(a)]~~ A claimant ~~[under this chapter is not required to]~~ does not have an obligation
318 under this section to take steps to prevent illegal use or criminal activity regarding the seized
319 property [that the claimant reasonably believes would be likely to result in physical harm or
320 danger to any person].

321 ~~[(b)]~~ (4) A claimant may demonstrate that the claimant was not responsible for the
322 conduct giving rise to forfeiture or did not allow the property to be used in the furtherance of
323 the conduct by providing evidence that the claimant took reasonable action to prohibit the
324 illegal use of the property by:

325 ~~[(i)]~~ (a) making a timely notification to a law enforcement agency of information that
326 led the claimant to know that conduct subjecting the property to seizure would occur, was
327 occurring, or has occurred;

328 ~~[(ii)]~~ (b) timely revoking or attempting to revoke permission to use the property
329 regarding those engaging in the illegal conduct; or

330 ~~[(iii)]~~ (c) taking reasonable actions to discourage or prevent the illegal use of the
331 property.

332 ~~[(4)]~~ (5) If the state relies on Subsection (2)(a) to establish that a claimant is not an
333 innocent owner, and if the claimant is criminally charged with the conduct giving rise to the
334 forfeiture and is acquitted of that charge on the merits:

335 (a) the property subject to the forfeiture or the open market value of the property, if the
336 property has been disposed of under Subsection 24-4-108(13), shall be returned to the
337 claimant; and

338 (b) any payments required under this chapter regarding holding the property shall be
339 paid to the claimant.

340 ~~[(5)]~~ (6) A person may not assert under this chapter an ownership interest in
341 contraband.

342 ~~[(6)]~~ Property is presumed to be subject to forfeiture under this chapter if the

343 ~~prosecuting attorney establishes that:]~~

344 ~~[(a) the claimant has engaged in conduct giving cause for forfeiture;]~~

345 ~~[(b) the property was acquired by the claimant during that period of the conduct giving~~
346 ~~cause for forfeiture or within a reasonable time after that period; and]~~

347 ~~[(c) there was no likely source for the purchase or acquisition of the property other than~~
348 ~~the conduct giving cause for forfeiture.]~~

349 ~~[(7) A finding that property is the proceeds of conduct giving cause for forfeiture does~~
350 ~~not require proof that the property was the proceeds of any particular exchange or transaction.]~~

351 Section 7. Section **24-4-108** is amended to read:

352 **24-4-108. Release of property held for forfeiture on certain grounds.**

353 (1) After the seizing agency gives notice that the property is to be held for forfeiture, a
354 person or entity may not alienate, convey, sequester, or attach that property until the court
355 issues a final order of dismissal or an order of forfeiture regarding the property.

356 (2) The seizing agency or the prosecuting attorney may authorize the release of
357 property held for forfeiture to a claimant if retention of actual custody is unnecessary.

358 (3) With the consent of a court of competent jurisdiction, the prosecuting attorney may
359 discontinue forfeiture proceedings and transfer the action to another state or federal agency that
360 has initiated forfeiture proceedings involving the same property.

361 (4) Property held for forfeiture is considered to be in the custody of the district court
362 and subject only to:

363 (a) the orders and decrees of the court having jurisdiction over the property or the
364 forfeiture proceedings; and

365 (b) the acts of the agency that possesses the property or the prosecuting attorney
366 pursuant to this chapter.

367 (5) (a) A claimant may obtain release of property held for forfeiture by posting with the
368 district court a surety bond or cash in an amount equal to the current fair market value of the
369 property as determined by the court or by the parties' stipulation.

370 (b) The district court may refuse to order the release of the property if:

371 (i) the bond tendered is inadequate;

372 (ii) the property is contraband or is retained as evidence; or

373 (iii) the property is particularly altered or designed for use in conduct giving cause for

374 forfeiture.

375 (c) If a surety bond or cash is posted and the court later determines that the property is
376 subject to forfeiture, the court shall order the forfeiture of the surety bond or cash in lieu of the
377 property.

378 (6) A claimant is entitled to the immediate release of property held for forfeiture
379 pending the final determination of forfeiture if:

380 (a) the claimant had a possessory interest in the property at the time of seizure;

381 (b) continued possession by the agency or the state pending the final disposition of the
382 forfeiture proceedings will cause substantial hardship to the claimant, such as:

383 (i) preventing the functioning of a legitimate business;

384 (ii) preventing any individual from working;

385 (iii) preventing any child from attending elementary or secondary school;

386 (iv) preventing or hindering any person from receiving necessary medical care;

387 (v) hindering the care of an elderly or disabled dependent child or adult;

388 (vi) leaving any individual homeless; [or]

389 (vii) preventing an owner from retaining counsel to provide a defense in the forfeiture
390 proceeding or related criminal proceeding; or

391 [~~vii~~] (viii) any other condition that the court determines causes a substantial hardship;

392 (c) the hardship from the continued possession of the property by the agency outweighs
393 the risk that the property will be destroyed, damaged, lost, concealed, or transferred if it is
394 returned to the claimant during the pendency of the proceeding; and

395 (d) determination of substantial hardship under this Subsection (6) is based upon the
396 property's use prior to the seizure.

397 (7) After the seizing agency gives notice that the property is to be held for forfeiture, a
398 claimant may file a motion for hardship release:

399 (a) in the court in which forfeiture proceedings have commenced; or

400 (b) in any district court having jurisdiction over the property, if forfeiture proceedings
401 have not yet commenced.

402 (8) The motion for hardship release shall also be served upon the prosecuting attorney
403 or the seizing agency within 10 days after filing the motion.

404 (9) The court shall render a decision on a motion for hardship filed under this section

405 not later than 20 days after the date of filing, or 10 days after service upon the prosecuting
406 attorney or seizing agency, whichever is earlier, unless this period is extended by the agreement
407 of both parties or by the court for good cause shown.

408 (10) (a) If the claimant demonstrates substantial hardship pursuant to this section, the
409 court shall order the property immediately released to the claimant pending completion of
410 proceedings by the government to obtain forfeiture of the property.

411 (b) The court may place conditions on release of the property as it finds necessary and
412 appropriate to preserve the availability of the property or its equivalent for forfeiture.

413 (11) The hardship release under this section does not apply to:

414 (a) contraband;

415 (b) currency or other monetary instrument or electronic funds~~[, or]~~, unless any of these:

416 (i) are used to pay for the reasonable costs of defending against the forfeiture
417 proceedings or related criminal proceedings; or

418 (ii) constitute the assets of a legitimate business; or

419 (c) property that is likely to be used to commit additional illegal acts if returned to the
420 claimant.

421 (12) (a) The court may order property that is held for forfeiture to be sold, as allowed
422 by Subsection (13), leased, rented, or operated to satisfy a specified interest of any claimant, or
423 to preserve the interests of any party on motion of that party.

424 (b) The court may enter orders under Subsection (12)(a) after written notice to persons
425 known to have an interest in the property, and after an opportunity for a hearing.

426 (13) (a) A sale may be ordered under Subsection (12) when the property is liable to
427 perish, waste, or be significantly reduced in value, or when the expenses of maintaining the
428 property are disproportionate to its value.

429 (b) A third party designated by the court shall dispose of the property by commercially
430 reasonable public sale and distribute the proceeds in the following order of priority:

431 (i) first, for the payment of reasonable expenses incurred in connection with the sale;

432 (ii) second, for the satisfaction of any interests, including those of interest holders, in
433 the order of their priority as determined by Title 70A, Uniform Commercial Code; and

434 (iii) third, any balance of the proceeds shall be preserved in the actual or constructive
435 custody of the court, in an interest-bearing account, subject to further proceedings under this

436 chapter.

437 Section 8. Section **24-4-109** is amended to read:

438 **24-4-109. Prejudgment and postjudgment interest.**

439 In any proceeding to forfeit currency or other negotiable instruments under this chapter,
440 the court shall award a prevailing [party] claimant prejudgment and postjudgment interest on
441 the currency or negotiable instruments at the interest rate established under Section 15-1-4.

442 Section 9. Section **24-4-110** is amended to read:

443 **24-4-110. Attorney fees and costs.**

444 (1) In any forfeiture proceeding under this chapter, the court shall award a prevailing
445 [~~property owner~~] claimant reasonable:

446 (a) legal costs; and

447 (b) attorney fees.

448 [~~(2) The legal costs and attorney fees awarded by the court to the prevailing party may~~
449 ~~not exceed 20% of the value of the property.~~]

450 [~~(3)~~] (2) A [~~property owner~~] claimant that prevails only in part is entitled to recover
451 reasonable legal costs and attorney fees only on those issues on which the party prevailed, as
452 determined by the court.

453 Section 10. Section **24-4-117** is amended to read:

454 **24-4-117. State Asset Forfeiture Proceeds Allocation Program.**

455 (1) There is created the State Asset Forfeiture [~~Grant~~] Proceeds Allocation Program.

456 [~~(2) The program shall fund crime prevention, crime victim reparations, and law~~
457 ~~enforcement activities that have the purpose of:~~]

458 [~~(a) deterring crime by depriving criminals of the profits and proceeds of their illegal~~
459 ~~activities;~~]

460 [~~(b) weakening criminal enterprises by removing the instrumentalities of crime;~~]

461 [~~(c) reducing crimes involving substance abuse by supporting the creation,~~
462 ~~administration, or operation of drug court programs throughout the state;~~]

463 [~~(d) encouraging cooperation between local, state, and multijurisdictional law~~
464 ~~enforcement agencies;~~]

465 [~~(e) allowing the costs and expenses of law enforcement to be defrayed by the forfeited~~
466 ~~proceeds of crime;~~]

467 ~~[(f) increasing the equitability and accountability of the use of forfeited property used~~
468 ~~to assist law enforcement in reducing and preventing crime; and]~~

469 ~~[(g) providing aid to victims of criminally injurious conduct, as defined in Section~~
470 ~~63M-7-502, who may be eligible for assistance under Title 63M, Chapter 7, Part 5, Utah Office~~
471 ~~for Victims of Crime.]~~

472 ~~[(3)(a) When property is forfeited under this chapter and transferred to the account,~~
473 ~~upon appropriation the commission shall allocate and administer grants to state agencies, local~~
474 ~~law enforcement agencies, multijurisdictional law enforcement agencies, or political~~
475 ~~subdivisions of the state in compliance with this section and to further the program purposes~~
476 ~~under Subsection (2).]~~

477 (2) (a) The program shall provide reimbursement to the law enforcement agency or
478 agencies and the office of the prosecutor whose investigation and prosecution resulted in
479 forfeited assets under this chapter.

480 (b) The commission shall establish the standards, forms, and procedures for the
481 reimbursement process under this Subsection (2).

482 (c) Law enforcement agencies who receive reimbursement under this Subsection (1)
483 are not required to receive approval from the agency's legislative body.

484 ~~[(b)]~~ (3) The commission may retain up to 3% of the annual appropriation from the
485 account to pay for administrative costs incurred by the commission, including salary and
486 benefits, equipment, supplies, or travel costs that are directly related to the administration of
487 the program.

488 ~~[(4) Agencies or political subdivisions shall apply for an award from the program by~~
489 ~~completing and submitting forms specified by the commission.]~~

490 ~~[(5) In granting the awards, the commission shall ensure that the amount of each award~~
491 ~~takes into consideration the:]~~

492 ~~[(a) demonstrated needs of the agency;]~~

493 ~~[(b) demonstrated ability of the agency to appropriately use the award;]~~

494 ~~[(c) degree to which the agency's need is offset through the agency's participation in~~
495 ~~federal equitable sharing or through other federal and state grant programs; and]~~

496 ~~[(d) agency's cooperation with other state and local agencies and task forces.]~~

497 (4) The program shall pay restitution and costs under Section 24-4-104.5 regarding

498 defendants who are acquitted of the nexus criminal charge.

499 (5) (a) The program shall transfer all funds remaining after complying with
500 Subsections (1), (2), and (3) to the Uniform School Fund.

501 (b) The program shall liquidate any remaining forfeited assets and transfer the resulting
502 funds to the Uniform School Fund.

503 ~~[(6) Applying agencies or political subdivisions shall demonstrate compliance with all~~
504 ~~reporting and policy requirements applicable under this chapter and under Title 63M, Chapter~~
505 ~~7, Criminal Justice and Substance Abuse, in order to qualify as a potential award recipient.]~~

506 ~~[(7) (a) Recipient law enforcement agencies may only use award money after approval~~
507 ~~by the agency's legislative body.]~~

508 ~~[(b) The award money is nonlapsing.]~~

509 ~~[(8) A recipient state agency, local law enforcement agency, multijurisdictional law~~
510 ~~enforcement agency, or political subdivision shall use awards only for law enforcement~~
511 ~~purposes as described in this section or for victim reparations as described in Subsection (2)(g),~~
512 ~~and only as these purposes are specified by the agency or political subdivision in its application~~
513 ~~for the award.]~~

514 ~~[(9) Permissible law enforcement purposes for which award money may be used~~
515 ~~include:]~~

516 ~~[(a) controlled substance interdiction and enforcement activities;]~~

517 ~~[(b) drug court programs;]~~

518 ~~[(c) activities calculated to enhance future law enforcement investigations;]~~

519 ~~[(d) law enforcement training that includes:]~~

520 ~~[(i) implementation of the Fourth Amendment to the United States Constitution and~~
521 ~~Utah Constitution, Article I, Section 7, and that addresses the protection of the individual's~~
522 ~~right of due process;]~~

523 ~~[(ii) protection of the rights of innocent property holders; and]~~

524 ~~[(iii) the Tenth Amendment to the United States Constitution regarding states'~~
525 ~~sovereignty and the states' reserved rights;]~~

526 ~~[(e) law enforcement or detention facilities;]~~

527 ~~[(f) law enforcement operations or equipment that are not routine costs or operational~~
528 ~~expenses;]~~

529 ~~[(g) drug, gang, or crime prevention education programs that are sponsored in whole or~~
530 ~~in part by the law enforcement agency or its legislative body;]~~
531 ~~[(h) matching funds for other state or federal law enforcement grants; and]~~
532 ~~[(i) the payment of legal costs, attorney fees, and postjudgment interest in forfeiture~~
533 ~~actions.]~~
534 ~~[(10) Law enforcement purposes for which award money may not be granted or used~~
535 ~~include:]~~
536 ~~[(a) payment of salaries, retirement benefits, or bonuses to any person;]~~
537 ~~[(b) payment of expenses not related to law enforcement;]~~
538 ~~[(c) uses not specified in the agency's award application;]~~
539 ~~[(d) uses not approved by the agency's legislative body;]~~
540 ~~[(e) payments, transfers, or pass-through funding to entities other than law enforcement~~
541 ~~agencies; or]~~
542 ~~[(f) uses, payments, or expenses that are not within the scope of the agency's~~
543 ~~functions.]~~

Legislative Review Note
as of **6-5-15 9:30 AM**

Office of Legislative Research and General Counsel