

UTAH EXEMPTIONS ACT AMENDMENTS

1999 GENERAL SESSION

STATE OF UTAH

**Sponsor: David L. Gladwell**

AN ACT RELATING TO UTAH EXEMPTIONS ACT; PROVIDING DEFINITIONS; MODIFYING THE HOMESTEAD EXEMPTION FOR AN INDIVIDUAL; ADDING THE ROTH IRA TO THE LIST OF PROPERTY EXEMPT FROM EXECUTION; INCREASING THE AMOUNT OF THE PERSONAL EXEMPTION; MAKING TECHNICAL CORRECTIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**78-23-3**, as last amended by Chapter 138, Laws of Utah 1997

**78-23-5**, as last amended by Chapter 138, Laws of Utah 1997

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

Section 1. Section **78-23-3** is amended to read:

**78-23-3. Homestead exemption -- Definitions -- Excepted obligations -- Water rights and interests -- Conveyance -- Sale and disposition -- Property right for federal tax purposes.**

(1) For purposes of this section:

(a) "household" means a group of persons related by blood or marriage living together in the same dwelling as an economic unit, sharing furnishings, facilities, accommodations, and expenses;

(b) "primary personal residence" means a dwelling or mobile home and the land surrounding it, not exceeding one acre, as is reasonably necessary for the use of the dwelling or mobile home, in which the individual and the individual's household reside; and

(c) "property" means:

(i) a primary personal residence;

(ii) real property; or

(iii) an equitable interest in real property awarded to a person in a divorce decree by a court.

~~[(1)]~~ (2) (a) An individual is entitled to a homestead exemption consisting of property in this state in an amount not exceeding ~~[\$10,000]~~:

(i) \$5,000 in value if the property consists in whole or in part of property which is not the primary personal residence of the individual; or

(ii) \$20,000 in value if the property claimed is the primary personal residence of the individual.

(b) If the property claimed as exempt is jointly owned, each joint owner is entitled to a homestead exemption; however~~[-]~~

(i) for property exempt under Subsection ~~[(1)]~~ (2)(a)(i), the maximum exemption may not exceed ~~[\$20,000]~~ \$10,000 per household; or

(ii) for property exempt under Subsection (2)(a)(ii), the maximum exemption may not exceed \$40,000 per household.

~~[(c) For purposes of this Subsection (1), "primary personal residence" means a dwelling or mobile home and the land surrounding it, not exceeding one acre, as is reasonably necessary for the use of the dwelling or mobile home, in which the individual and the individual's household reside.]~~

~~[(d)]~~ (c) A person may claim a homestead exemption in one or more parcels of real property together with appurtenances and improvements.

~~[(2)]~~ (3) A homestead is exempt from judicial lien and from levy, execution, or forced sale except for:

(a) statutory liens for property taxes and assessments on the property;

(b) security interests in the property and judicial liens for debts created for the purchase price of the property;

(c) judicial liens obtained on debts created by failure to provide support or maintenance for dependent children; and

(d) consensual liens obtained on debts created by mutual contract.

~~[(3)]~~ (4) (a) Except as provided in Subsection (4)(b), water rights and interests, either in the form of corporate stock or otherwise, owned by the homestead claimant are exempt from execution to the extent that those rights and interests are necessarily employed in supplying water to the

homestead for domestic and irrigating purposes.

(b) Those water rights and interests are not exempt from calls or assessments and sale by the corporations issuing the stock.

~~[(4)]~~ (5) (a) When a homestead is conveyed by the owner of the property, the conveyance may not subject the property to any lien to which it would not be subject in the hands of the owner.

(b) The proceeds of any sale, to the amount of the exemption existing at the time of sale, is exempt from levy, execution, or other process for one year after the receipt of the proceeds by the person entitled to the exemption.

~~[(5)]~~ (6) The sale and disposition of one homestead does not prevent the selection or purchase of another.

~~[(6)]~~ (7) For purposes of any claim or action for taxes brought by the United States Internal Revenue Service, a homestead exemption claimed on real property in this state is considered to be a property right.

Section 2. Section **78-23-5** is amended to read:

**78-23-5. Property exempt from execution.**

(1) (a) An individual is entitled to exemption of the following property:

- (i) a burial plot for the individual and his family;
- (ii) health aids reasonably necessary to enable the individual or a dependent to work or sustain health;
- (iii) benefits the individual or his dependent have received or are entitled to receive because of disability, illness, or unemployment from any source;
- (iv) benefits paid or payable for medical, surgical, or hospital care to the extent they are used by an individual or his dependent to pay for that care;
- (v) veterans benefits;
- (vi) money or property received, and rights to receive money or property for child support;
- (vii) one clothes washer and dryer, one refrigerator, one freezer, one stove, one microwave oven, one sewing machine, all carpets in use, provisions sufficient for 12 months actually provided for individual or family use, all wearing apparel of every individual and dependent, not including

jewelry or furs, and all beds and bedding for every individual or dependent;

(viii) works of art depicting the debtor or the debtor and his resident family, or produced by the debtor or the debtor and his resident family, except works of art held by the debtor as part of a trade or business;

(ix) proceeds of insurance, a judgment, or a settlement, or other rights accruing as a result of bodily injury of the individual or of the wrongful death or bodily injury of another individual of whom the individual was or is a dependent to the extent that those proceeds are compensatory;

(x) except as provided in Subsection (1)(b), any money or other assets held for or payable to the individual as a participant or beneficiary from or an interest of the individual as a participant or beneficiary in a retirement plan or arrangement that is described in Section 401(a), 401(h), 401(k), 403(a), 403(b), 408, 408A, 409, 414(d), or 414(e) of the United States Internal Revenue Code of 1986, as amended; and

(xi) the interest of or any money or other assets payable to an alternate payee under a qualified domestic relations order as those terms are defined in Section 414(p) of the United States Internal Revenue Code of 1986, as amended.

(b) The exemption granted by Subsection (1)(a)(x) does not apply to:

(i) an alternate payee under a qualified domestic relations order, as those terms are defined in Section 414(p) of the United States Internal Revenue Code of 1986, as amended; or

(ii) amounts contributed or benefits accrued by or on behalf of a debtor within one year before the debtor files for bankruptcy.

(2) Exemptions under this section do not limit items which may be claimed as exempt under Section 78-23-8.

**Section 3. Effective date.**

If approved by two-thirds of all the members elected to each house, this act takes effect upon approval by the governor, or the day following the constitutional time limit of Utah Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the date of veto override.