

Utah Exemptions Act Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd Weiler

House Sponsor: Nelson T. Abbott

LONG TITLE

General Description:

This bill amends the Utah Exemptions Act.

Highlighted Provisions:

This bill:

- allows an individual subject to collection of an unsecured debt to exempt any federal income tax refund attributed to an earned income tax credit or child tax credit; and
makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

78B-5-505, as last amended by Laws of Utah 2025, First Special Session, Chapter 11

78B-5-507, as last amended by Laws of Utah 2020, Chapter 425

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

Section 1. Section 78B-5-505 is amended to read:

78B-5-505 . Property exempt from execution.

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

[(i)] (a) a burial plot for the individual and the individual's family;

[(ii)] (b) health aids reasonably necessary to enable the individual or a dependent to work or sustain health;

[(iii)] (c) benefits that the individual or the individual's dependent have received or are entitled to receive from any source because of:

29            ~~[(A)]~~ (i) disability;

30            ~~[(B)]~~ (ii) illness; or

31            ~~[(C)]~~ (iii) unemployment;

32            ~~[(iv)]~~ (d) benefits paid or payable for medical, surgical, or hospital care to the extent that

33            the benefits are used by an individual or the individual's dependent to pay for that

34            care;

35            ~~[(v)]~~ (e) veterans benefits;

36            ~~[(vi)]~~ (f) money or property received, and rights to receive money or property for child

37            support;

38            ~~[(vii)]~~ (g) money or property received, and rights to receive money or property for

39            alimony or separate maintenance, to the extent reasonably necessary for the support

40            of the individual and the individual's dependents;

41            ~~[(viii)]~~ (h) ~~[(A) one:]~~

42            ~~[(F)]~~ (i) one clothes washer~~[-and]~~ ;

43            ~~[(G)]~~ (ii) one clothes dryer;

44            ~~[(H)]~~ (iii) one refrigerator;

45            ~~[(I)]~~ (iv) one freezer;

46            ~~[(J)]~~ (v) one stove;

47            ~~[(K)]~~ (vi) one microwave oven;~~[-and]~~

48            ~~[(L)]~~ (vii) one sewing machine;

49            ~~[(M)]~~ (viii) all carpets in use;

50            ~~[(N)]~~ (ix) provisions sufficient for 12 months actually provided for individual or

51            family use;

52            ~~[(O)]~~ (x) all wearing apparel of ~~[every]~~ each individual and dependent, not including

53            jewelry or furs; and

54            ~~[(P)]~~ (xi) all beds and bedding for ~~[every]~~ each individual ~~[or]~~ and dependent;

55            ~~[(Q)]~~ (i) except for works of art held by the debtor as part of a trade or business, works of

56            art:

57            ~~[(A)]~~ (i) depicting the debtor or the debtor and the debtor's resident family; or

58            ~~[(B)]~~ (ii) produced by the debtor or the debtor and the debtor's resident family;

59            ~~[(R)]~~ (j) proceeds of insurance, a judgment, or a settlement, or other rights accruing as a

60            result of bodily injury of the individual or of the wrongful death or bodily injury of

61            another individual of whom the individual was or is a dependent to the extent that

62            those proceeds are compensatory;

- 63            [(xi)] (k) the proceeds or benefits of any life insurance contracts or policies paid or  
64            payable to the debtor or any trust of which the debtor is a beneficiary upon the death  
65            of the spouse or children of the debtor, provided that the contract or policy has been  
66            owned by the debtor for a continuous unexpired period of one year;
- 67            [(xii)] (l) the proceeds or benefits of any life insurance contracts or policies paid or  
68            payable to the spouse or children of the debtor or any trust of which the spouse or  
69            children are beneficiaries upon the death of the debtor, provided that the contract or  
70            policy has been in existence for a continuous unexpired period of one year;
- 71            [(xiii)] (m) proceeds and avails of any unmatured life insurance contracts owned by the  
72            debtor or any revocable grantor trust created by the debtor, excluding any payments  
73            made on the contract during the one year immediately preceding a creditor's levy or  
74            execution;
- 75            [(xiv)] (n) except as provided in Subsection [(1)(b)] (2), and except for a judgment  
76            described in Subsection 75B-2-503(2)(c), any money or other assets held for or  
77            payable to the individual as an owner, participant, or beneficiary from or an interest  
78            of the individual as an owner, participant, or beneficiary in a fund or account,  
79            including an inherited fund or account, in a retirement plan or arrangement that is  
80            described in Section 401(a), 401(h), 401(k), 403(a), 403(b), 408, 408A, 409, 414(d),  
81            414(e), or 457, Internal Revenue Code, including an owner's, a participant's, or a  
82            beneficiary's interest that arises by inheritance, designation, appointment, or  
83            otherwise;
- 84            [(xv)] (o) the interest of or any money or other assets payable to an alternate payee under  
85            a qualified domestic relations order as those terms are defined in Section 414(p),  
86            Internal Revenue Code;
- 87            [(xvi)] (p) unpaid earnings of the household of the filing individual due as of the date of  
88            the filing of a bankruptcy petition in the amount of 1/24 of the Utah [~~State~~] state  
89            annual median family income for the household size of the filing individual as  
90            determined by the Utah [~~State Annual Median Family Income~~] state annual median  
91            family income reported by the United States Census Bureau and as adjusted based  
92            upon the Consumer Price Index for All Urban Consumers for an individual whose  
93            unpaid earnings are paid more often than once a month or, if unpaid earnings are not  
94            paid more often than once a month, then in the amount of 1/12 of the Utah [~~State~~] state  
95            annual median family income for the household size of the individual as determined  
96            by the Utah [~~State Annual Median Family Income~~] state annual median family income

97 reported by the United States Census Bureau and as adjusted based upon the  
98 Consumer Price Index for All Urban Consumers;

99 ~~[(xvii)]~~ (q) except for curio or relic firearms, any three of the following:

100 ~~[(A)]~~ (i) one handgun and ammunition for the handgun not exceeding 1,000 rounds;

101 ~~[(B)]~~ (ii) one shotgun and ammunition for the shotgun not exceeding 1,000 rounds;

102 and

103 ~~[(C)]~~ (iii) one shoulder arm and ammunition for the shoulder arm not exceeding 1,000  
104 rounds;~~[-and]~~

105 ~~[(xviii)]~~ (r) money, not exceeding \$200,000, in the aggregate, that an individual deposits,  
106 more than 18 months before the day on which the individual files a petition for  
107 bankruptcy or an action is filed by a creditor against the individual, as applicable, in  
108 all tax-advantaged accounts for saving for higher education costs on behalf of a  
109 particular individual that meets the requirements of Section 529, Internal Revenue  
110 Code~~[-]~~; and

111 (s) the full amount of any federal income tax refund attributed to an earned income tax  
112 credit or any child tax credit, whether as a refundable tax credit or as a nonrefundable  
113 reduction in tax.

114 ~~[(b)(i) Any money, asset, or other interest in a fund or account that is exempt from a~~  
115 ~~claim of a creditor of the owner, beneficiary, or participant under Subsection~~  
116 ~~(1)(a)(xiv) does not cease to be exempt after the owner's, participant's, or~~  
117 ~~beneficiary's death by reason of a direct transfer or eligible rollover to an inherited~~  
118 ~~individual retirement account as defined in Section 408(d)(3), Internal Revenue~~  
119 ~~Code.]~~

120 ~~[(ii) Subsections (1)(a)(xiv) and (1)(b)(i) apply to all inherited individual retirement~~  
121 ~~accounts without regard to the date on which the account was created.]~~

122 ~~[(e)(i) The exemption granted by Subsection (1)(a)(xiv) does not apply to:]~~

123 ~~[(A) an alternate payee under a qualified domestic relations order, as those terms~~  
124 ~~are defined in Section 414(p), Internal Revenue Code; or]~~

125 ~~[(B) amounts contributed or benefits accrued by or on behalf of a debtor within~~  
126 ~~one year before the debtor files for bankruptcy, except amounts directly rolled~~  
127 ~~over from other funds that are exempt from attachment under this section.]~~

128 ~~[(ii) The exemptions in Subsections (1)(a)(xi), (xii), and (xiii) do not apply to the~~  
129 ~~secured creditor's interest in proceeds and avails of any matured or unmatured life~~  
130 ~~insurance contract assigned or pledged as collateral for repayment of a loan or~~

- 131 other legal obligation.]
- 132 (2)(a) Any money, asset, or other interest in a fund or account that is exempt from a  
133 claim of a creditor of the owner, beneficiary, or participant under Subsection (1)(n)  
134 does not cease to be exempt after the owner's, participant's, or beneficiary's death by  
135 reason of a direct transfer or eligible rollover to an inherited individual retirement  
136 account as defined in Section 408(d)(3), Internal Revenue Code.
- 137 (b) Subsections (1)(n) and (2)(a) apply to all inherited individual retirement accounts  
138 without regard to the date on which the account was created.
- 139 (c) The exemption granted by Subsection (1)(n) does not apply to:
- 140 (i) an alternate payee under a qualified domestic relations order, as those terms are  
141 defined in Section 414(p), Internal Revenue Code; or
- 142 (ii) amounts contributed or benefits accrued by or on behalf of a debtor within one  
143 year before the debtor files for bankruptcy, except amounts directly rolled over  
144 from other funds that are exempt from attachment under this section.
- 145 (3) The exemptions in Subsections (1)(k), (l), and (m) do not apply to the secured creditor's  
146 interest in proceeds and avails of any matured or unmatured life insurance contract  
147 assigned or pledged as collateral for repayment of a loan or other legal obligation.
- 148 ~~[(2)]~~ (4)(a) Disability benefits, as described in Subsection [(1)(a)(iii)(A)] (1)(c)(i), and  
149 veterans benefits, as described in Subsection [(1)(a)(v)] (1)(e), may be garnished on  
150 behalf of a victim who is a child if the person receiving the benefits has been  
151 convicted of a felony sex offense against the victim and ordered by the sentencing  
152 court to pay restitution to the victim.
- 153 (b) The exemption from execution under this Subsection [(2)] (4) shall be reinstated upon  
154 payment of the restitution in full.
- 155 ~~[(3) The exemptions under this section do not limit items that may be claimed as exempt~~  
156 ~~under Section 78B-5-506.]~~
- 157 ~~[(4)]~~ (5)(a) The exemptions described in Subsections [(1)(a)(iii), (iv), (vi), (vii), (x), (xii),  
158 (xiii), (xiv), (xv), (xvii), and (xviii)] (1)(c), (d), (f), (g), (j), (l), (m), (n), (o), (q), and (r)  
159 do not apply to a civil accounts receivable or a civil judgment of restitution for an  
160 individual who is found in contempt under Section 78B-6-317.
- 161 (b) Subsection [(4)(a)] (5)(a) does not apply to the benefits described in Subsection [  
162 (1)(a)(iii)] (1)(c) if the individual's dependent received, or is entitled to receive, the  
163 benefits.
- 164 (6) The exemptions under this section do not limit items that may be claimed as exempt

165 under Section 78B-5-506.

166 Section 2. Section **78B-5-507** is amended to read:

167 **78B-5-507 . Exemption of proceeds from property sold, taken by condemnation,**  
 168 **lost, damaged, or destroyed -- Tracing exempt property and proceeds.**

169 (1)~~(a)~~ An individual who owned property described in this Subsection (1) is entitled to  
 170 an exemption of proceeds that are traceable for one year after the compensation for  
 171 the property is received if:

172 ~~[(i)] (a)~~(A)~~ (i) the property, or a part of the property, could have been claimed~~  
 173 ~~exempt under Subsection [78B-5-505(1)(a)(i) or (ii)] 78B-5-505(1)(a) or (b); or~~

174 ~~[(B)] (ii) the property is personal property subject to a value limitation under~~  
 175 ~~Subsection 78B-5-506(1)(a), (b), or (c); and~~

176 ~~[(ii) the property has been:]~~

177 ~~[(A) sold or taken by condemnation; or]~~

178 ~~[(B) lost, damaged, or destroyed; and]~~

179 ~~[(C) the owner has been compensated for the property.]~~

180 (b)(i) the property has been sold or taken by condemnation; or

181 (ii)(A) the property has been lost, damaged, or destroyed; and

182 (B) the owner has been compensated for the property.

183 ~~[(b)] (2)~~ The exemption of proceeds under ~~[this-]~~Subsection (1) does not entitle the  
 184 individual to claim an aggregate exemption in excess of the value limitation otherwise  
 185 allowable under Section 78B-5-503 or 78B-5-506.

186 ~~[(2)] (3)~~ Money or other property exempt under Subsection ~~[78B-5-505(1)(a)(iii), (iv), (v),~~  
 187 ~~(vi), (vii), (xiii), (xiv), or (xviii)] 78B-5-505(1)(c), (d), (e), (f), (g), (m), (n), or (r)~~  
 188 remains exempt after ~~[its receipt by, and while it is in the possession of, the individual or~~  
 189 ~~in any other form into which it is traceable.]~~ receipt by the individual, while in  
 190 possession of the individual, or in any other form into which the money or property is  
 191 traceable.

192 ~~[(3)] (4)~~ Money or other property and proceeds exempt under this chapter are traceable  
 193 under this section by application of:

194 (a) the principle of:

195 (i) first-in first-out; or

196 (ii) last-in last-out; or

197 (b) any other reasonable basis for tracing selected by the individual.

198 Section 3. **Effective Date.**

199      This bill takes effect on May 6, 2026.