

1 **State Debt Collection Amendments**
 2026 GENERAL SESSION
 STATE OF UTAH
Chief Sponsor: Jefferson S. Burton
 Senate Sponsor: Keven J. Stratton

2
 3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions related to government debt collection.

6 **Highlighted Provisions:**

7 This bill:

- 8 ▶ directs the State Tax Commission to apply an overpayment of corporate income tax to
- 9 any amounts the taxpayer owes under the Crime Victims Restitution Act;
- 10 ▶ provides that a governmental entity may engage in collection activity regardless of
- 11 whether the amount due has been reduced to a judgment;
- 12 ▶ makes consistent the definitions of certain terms related to collections;
- 13 ▶ allows the Office of State Debt Collection to maintain up to one year of expenses in the
- 14 State Debt Collection Fund at the end of each fiscal year; and
- 15 ▶ makes technical and conforming changes.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 This bill provides a special effective date.

20 **Utah Code Sections Affected:**

21 AMENDS:

- 22 **59-7-522**, as last amended by Laws of Utah 2018, Second Special Session, Chapter 3
- 23 **63A-3-301**, as last amended by Laws of Utah 2024, Chapter 398
- 24 **63A-3-302**, as last amended by Laws of Utah 2022, Chapter 261
- 25 **63A-3-307**, as last amended by Laws of Utah 2024, Chapter 398
- 26 **63A-3-501**, as last amended by Laws of Utah 2021, Chapter 260
- 27 **63A-3-502**, as last amended by Laws of Utah 2025, Chapters 59, 526
- 28 **63A-3-505**, as last amended by Laws of Utah 2024, Chapter 398
- 29 **78A-2-214**, as last amended by Laws of Utah 2025, Chapter 526
- 30 **78B-5-505**, as last amended by Laws of Utah 2025, First Special Session, Chapter 11

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

Section 1. Section **59-7-522** is amended to read:

59-7-522 . Overpayments.

- (1) As used in this section, "overpayment" means the same as that term is defined in Section 59-1-1409.
- (2)(a) Subject to Subsection (2)(b), a claim for credit or refund of an overpayment that is attributable to a Utah net loss carry forward shall be filed within three years from the due date of the return for the taxable year of the Utah net loss.
- (b) The three-year period described in Subsection (2)(a) shall be extended by any extension of time provided in statute for filing the return described in Subsection (2)(a).
- (3) The commission shall make a credit against or refund of any overpayment of a tax under this chapter for a taxable year if, in accordance with Section 59-7-519:
 - (a)(i) a corporation agrees with the commissioner of internal revenue for an extension, or a renewal of an extension, of the period for proposing and assessing a deficiency in federal income tax for that taxable year; or
 - (ii) there is a change in or correction of federal taxable income for that taxable year; and
 - (b) the corporation files a claim for the credit or refund before the expiration of the time period within which the commission may assess a deficiency.
- (4) The commission shall make a credit or refund within a 30-day period after the day on which a court's decision to require the commission to credit or refund the amount of an overpayment to a taxpayer is final.
- (5) The commission shall credit an overpayment in the following order:
 - (a) against the taxpayer's liability under this chapter; and
 - (b) against the amount of a judgment against a taxpayer, including a final judgment or order requiring payment of a fine or of restitution to a victim under Title 77, Chapter 38b, Crime Victims Restitution Act, obtained through due process of law by an entity of state or local government.
- (6) If a balance remains after an overpayment is credited in accordance with Subsection (5) ,the balance shall be refunded to the taxpayer.

Section 2. Section **63A-3-301** is amended to read:

63A-3-301 . Definitions.

65 As used in this part:

66 [~~(1)~~ "Account receivable" or "receivable" means any amount due the state or any other
67 governmental entity within the state as a result of a judgment, citation, tax, or
68 administrative order, or for which materials or services have been provided but for
69 which payment has not been received by the servicing unit.]

70 (1)(a) "Accounts receivable" or "receivables" means any amount due to a governmental
71 entity from an entity for which payment has not been received by the governmental
72 entity that is servicing the debt, regardless of whether the amount due has been
73 reduced to a judgment.

74 (b) "Accounts receivable" or "receivables" includes:

75 (i) unpaid fees, licenses, taxes, loans, overpayments, fines, restitution, forfeitures,
76 surcharges, costs, contracts, interest, penalties, third-party claims, sale of goods,
77 sale of services, claims, and damages;

78 (ii) a civil accounts receivable;

79 (iii) a civil judgment of restitution; and

80 (iv) a criminal accounts receivable.

81 (2) "Civil accounts receivable" means the same as that term is defined in Section
82 77-32b-102.

83 (3) "Civil judgment of restitution" means the same as that term is defined in Section
84 77-32b-102.

85 (4) "Criminal accounts receivable" means the same as that term is defined in Section
86 77-32b-102.

87 [~~(2)~~] (5) "Debtor" means a party that owes, or is alleged to owe, an [account] accounts
88 receivable.

89 [~~(3)~~] (6) "Division" means the Division of Finance, created in Section 63A-3-101.

90 (7)(a) "Governmental entity" means any federal, state, or local government entity,
91 including any agency, department, division, board, commission, committee, council,
92 or similar government subdivision.

93 (b) "Governmental entity" includes:

94 (i) an institution of higher education listed in Section 53H-1-102;

95 (ii) an interlocal entity, as defined in Section 11-13-103; and

96 (iii) a local building authority, as defined in Section 17D-2-102.

97 [~~(4)~~] (8) "Lien" means the lien described in Section 63A-3-307.

98 [~~(5)~~] (9) "Local agency" means a nonprofit entity organized by participating political

99 subdivisions to act on behalf of the participating political subdivisions with respect to
 100 the office's efforts to collect accounts receivable of participating political subdivisions
 101 through administrative offsets.

102 [(6)] (10) "Mail" means United States Postal Service first class mail to the intended
 103 recipient's last known address.

104 [(7)] (11) "Participating political subdivision" means a political subdivision that has entered
 105 into an agreement with a local agency authorizing the local agency to act on behalf of
 106 the political subdivision with respect to the office's efforts to collect accounts receivable
 107 of the political subdivision through administrative offsets.

108 [(8)] (12) "Political subdivision" means the same as that term is defined in Section
 109 63G-7-102.

110 Section 3. Section **63A-3-302** is amended to read:

111 **63A-3-302 . Unpaid accounts receivable -- Political subdivision agreement with**
 112 **local agency.**

113 (1)(a) Except as provided in Subsections (1)(b) and (c), if any [account] accounts
 114 receivable at any point has been unpaid for 90 days or more, any agency or other
 115 authority of the state, or any political subdivision responsible for collection of the
 116 account may proceed under this part to collect the delinquent amount.

117 (b) A governmental entity within the state that is a health care provider may not proceed
 118 under this part when the [account] accounts receivable is for a medical material or
 119 service and the debtor:

120 (i) has made a payment arrangement with the health care provider; and

121 (ii) is current on payments under the payment arrangement.

122 (c) The state, a governmental entity within the state, or a local agency acting on behalf
 123 of a political subdivision within the state may proceed under this part on an [account]
 124 accounts receivable that is for a property tax imposed under Title 59, Chapter 2,
 125 Property Tax Act, only if the [account] accounts receivable is three or more years
 126 delinquent.

127 (2)(a) A political subdivision may enter into an agreement with a local agency under
 128 which the local agency, for a reasonable fee that the political subdivision and local
 129 agency agree upon, prepares and submits the political subdivision's accounts
 130 receivable for collection as provided in this part.

131 (b) Notwithstanding an agreement under Subsection (2)(a), a participating political
 132 subdivision shall:

- 133 (i) establish an agreement with the division for submitting delinquent accounts
 134 receivable under this part; and
 135 (ii) with respect to the accounts receivable that the participating political subdivision
 136 submits through a local agency for collection under this part:
 137 (A) receive and respond to an administrative hearing requested under Section
 138 63A-3-305; and
 139 (B) administer an adjudicative proceeding required under Section 63A-3-306.

140 Section 4. Section **63A-3-307** is amended to read:

141 **63A-3-307 . Liens.**

- 142 (1) The following shall constitute a lien in the amount of the receivable plus interest,
 143 penalties, and collection costs allowed by law against any state income tax overpayment,
 144 refund, or other funds in possession of the state or other governmental entity, that are
 145 due or to become due the debtor:
 146 (a) [a] an accounts receivable, judgment, citation, tax, or administrative order issued by
 147 any agency, court, or other authority of the state, or by any political subdivision;
 148 (b) an amount, that has at any point been unpaid for 90 days or more, due the state or
 149 other governmental entity for which materials or services have been provided but for
 150 which payment has not been received by the servicing unit; or
 151 (c) an amount, that:
 152 (i) the debtor is statutorily required to pay to the state or other governmental entity;
 153 and
 154 (ii) has, at any point, been unpaid for at least 90 days.
 155 (2) The lien created by this section shall, for the purposes of [~~Section~~] Sections 59-7-522 and
 156 59-10-529 only, be considered a judgment.
 157 (3) Nothing under Title 63G, Chapter 7, Part 6, Legal Actions Under this Chapter -
 158 Procedures, Requirements, Damages, and Limitations on Judgments, prohibits the state
 159 or other governmental entity from executing on a lien under this section.

160 Section 5. Section **63A-3-501** is amended to read:

161 **63A-3-501 . Definitions.**

162 As used in this part:

- 163 (1)(a) "Accounts receivable" or "receivables" means any amount due to a state agency
 164 from an entity for which payment has not been received by the state agency that is
 165 servicing the debt, regardless of whether the amount due has been reduced to a
 166 judgment.

- 167 (b) "Accounts receivable" or "receivables" includes:
- 168 (i) unpaid fees, licenses, taxes, loans, overpayments, fines, restitution, forfeitures,
- 169 surcharges, costs, contracts, interest, penalties, third-party claims, sale of goods,
- 170 sale of services, claims, and damages;
- 171 (ii) a civil accounts receivable; and
- 172 (iii) a civil judgment of restitution.
- 173 (c) "Accounts receivable" or "receivables" does not include a criminal accounts
- 174 receivable.
- 175 (2) "Administrative offset" means:
- 176 (a) a reduction of an individual's tax refund or other payments due to the individual to
- 177 reduce or eliminate accounts receivable that the individual owes to a state agency; and
- 178 (b) a reduction of an entity's tax refund or other payments due to the entity to reduce or
- 179 eliminate accounts receivable that the entity owes to a state agency.
- 180 (3) "Civil accounts receivable" means the same as that term is defined in Section
- 181 77-32b-102.
- 182 (4) "Civil judgment of restitution" means the same as that term is defined in Section
- 183 77-32b-102.
- 184 (5) "Criminal accounts receivable" means the same as that term is defined in Section
- 185 77-32b-102.
- 186 (6) "Entity" means an individual, a corporation, a partnership, or other organization that
- 187 pays taxes to, or does business[~~, with~~] within the state.
- 188 (7) "Office" means the Office of State Debt Collection created in Section 63A-3-502.
- 189 (8) "Past due" means any accounts receivable that the state has not received by the payment
- 190 due date.
- 191 (9) "Political subdivision" means the same as that term is defined in Section 63G-7-102.
- 192 (10) "Restitution" means the same as that term is defined in Section 77-38b-102.
- 193 (11)(a) "State agency" includes:
- 194 (i) an executive branch agency;
- 195 (ii) the legislative branch of state government; and
- 196 (iii) the judicial branches of state government, including justice courts.
- 197 (b) "State agency" does not include:
- 198 (i) any institution of higher education;
- 199 (ii) except in Subsection 63A-3-502(7)(g), the State Tax Commission; or
- 200 (iii) the administrator of the Uninsured Employers' Fund appointed by the Labor

- 201 Commissioner under Section 34A-2-704, solely for the purposes of collecting
 202 money required to be deposited into the Uninsured Employers' Fund under:
 203 (A) Section 34A-1-405;
 204 (B) Title 34A, Chapter 2, Workers' Compensation Act; or
 205 (C) Title 34A, Chapter 3, Utah Occupational Disease Act.
- 206 (12) "Writing-off" means the removal of an accounts receivable from an agency's accounts
 207 receivable records but does not necessarily eliminate further collection efforts.
- 208 Section 6. Section **63A-3-502** is amended to read:
- 209 **63A-3-502 . Office of State Debt Collection created -- Duties.**
- 210 (1) The state and each state agency shall comply with:
 211 (a) the requirements of this chapter; and
 212 (b) any rules established by the Office of State Debt Collection.
- 213 (2) There is created the Office of State Debt Collection in the Division of Finance.
- 214 (3) The office shall:
 215 (a) have overall responsibility for collecting and managing state receivables;
 216 (b) oversee and monitor state receivables to ensure that state agencies are:
 217 (i) implementing all appropriate collection methods;
 218 (ii) following established receivables guidelines; and
 219 (iii) accounting for and reporting receivables in the appropriate manner;
 220 (c) assist the Division of Finance to develop policies, procedures, and guidelines for
 221 accounting, reporting, and collecting money owed to the state;
 222 (d) write an inclusive receivables management and collection manual for use by each
 223 state agency;
 224 (e) prepare quarterly and annual reports of the state's receivables;
 225 (f) create or coordinate a state accounts receivable database;
 226 (g) assist the Division of Finance to establish procedures for writing off accounts
 227 receivable for accounting and collection purposes;
 228 (h) establish standard time limits after which an agency will delegate responsibility to
 229 collect state receivables to the office or the office's designee;
 230 (i) be a real party in interest for:
 231 (i) an ~~account~~ accounts receivable referred to the office by any state agency; and
 232 (ii) a civil judgment of restitution entered on a civil judgment docket by a court;
 233 (j) allocate money collected for a judgment entered on the civil judgment docket under
 234 Section 77-18-114 in accordance with Sections 51-9-402, 63A-3-506, and 78A-5-110;

- 235 (k) if a criminal accounts receivable is transferred to the office under Subsection
236 77-32b-103(2)(a)(ii), receive, process, and distribute payments for the criminal
237 accounts receivable;
- 238 (l) provide a debtor online access to the debtor's accounts receivable or criminal
239 accounts receivable in accordance with Section 63A-3-502.5;
- 240 (m) establish a written policy for each of the following:
- 241 (i) the settling of an accounts receivable, including any amount of restitution owed to
242 a victim in a civil judgment of restitution if the victim approves of the settlement;
- 243 (ii) allowing a debtor to pay off a single debt as part of an accounts receivable even if
244 the debtor has a balance on another debt as part of an accounts receivable or
245 criminal accounts receivable;
- 246 (iii) setting a payment deadline for settlement agreements and for obtaining an
247 extension of a settlement agreement deadline; and
- 248 (iv) reducing administrative costs when a settlement has been reached;
- 249 (n) consult with a state agency on whether:
- 250 (i) the office may agree to a settlement for an amount that is less than the debtor's
251 principal amount; and
- 252 (ii) the state agency may retain authority to negotiate a settlement with a debtor; and
- 253 (o) provide the terms and conditions of any payment arrangement that the debtor has
254 made with a state agency or the office when:
- 255 (i) the payment arrangement is created; or
- 256 (ii) the debtor requests a copy of the terms and conditions.
- 257 (4) The office may:
- 258 (a) recommend to the Legislature new laws to enhance collection of past-due accounts
259 by state agencies;
- 260 (b) collect [~~accounts receivables for higher education entities, if the higher education~~
261 ~~entity] accounts receivables for an institution of higher education as though the
262 institution of higher education were a state agency, if the institution of higher
263 education agrees;~~
- 264 (c) prepare a request for proposal for consulting services to:
- 265 (i) analyze the state's receivable management and collection efforts; and
- 266 (ii) identify improvements needed to further enhance the state's effectiveness in
267 collecting the state's receivables;
- 268 (d) contract with private or state agencies to collect past-due accounts;

- 269 (e) perform other appropriate and cost-effective coordinating work directly related to
270 collection of state receivables;
- 271 (f) provide information, training, and technical assistance to each state agency on
272 various collection-related topics;
- 273 (g) prepare a written receivables management and collection policy and make the policy
274 available for use by state agencies;
- 275 (h) develop reasonable criteria to gauge state agencies' efforts in maintaining an
276 effective accounts receivable program;
- 277 (i) identify any state agency that is not making satisfactory progress toward
278 implementing collection techniques and improving accounts receivable collections;
- 279 (j) coordinate information, systems, and procedures for each state agency to maximize
280 the collection of past-due accounts receivable;
- 281 (k) obtain access to records and databases of any state agency that are necessary to the
282 duties of the office by following the procedures and requirements of Section
283 63G-2-206, including the financial declaration form described in Section 77-38b-204;
- 284 (l) at rates authorized by the Legislature or set in statute, assess and collect the following
285 interest and fees:
- 286 (i) a fee to cover the administrative costs of collection on accounts administered by
287 the office;
- 288 (ii) a late penalty fee that may not be more than 10% of the ~~account~~ accounts
289 receivable on accounts administered by the office;
- 290 (iii) an interest charge that is:
- 291 (A) the postjudgment interest rate established by Section 15-1-4 in judgments
292 established by the courts; or
- 293 (B) not more than 2% above the prime rate as of July 1 of each fiscal year for
294 accounts receivable for which no court judgment has been entered; and
- 295 (iv) fees to collect accounts receivable for higher education;
- 296 (m) collect reasonable attorney fees and reasonable costs of collection that are related to
297 the collection of receivables under this chapter;
- 298 (n) for a case that is referred to the office or in which the office is a judgment creditor,
299 file a motion or other document related to the office or the accounts receivable in that
300 case, including a satisfaction of judgment, in accordance with the Utah Rules of Civil
301 Procedure;
- 302 (o) ensure that judgments for which the office is the judgment creditor are renewed, as

- 303 necessary;
- 304 (p) notwithstanding Section 63G-2-206, share records obtained under Subsection (4)(k)
- 305 with private sector vendors under contract with the state to assist state agencies in
- 306 collecting debts owed to the state agencies without changing the classification of any
- 307 private, controlled, or protected record into a public record;
- 308 (q) enter into written agreements with other governmental agencies to obtain and share
- 309 information for the purpose of collecting state accounts receivable;
- 310 (r) collect accounts receivable for a political subdivision of the state if the political
- 311 subdivision enters into an agreement or contract with the office under Title 11,
- 312 Chapter 13, Interlocal Cooperation Act, for the office to collect the political
- 313 subdivision's accounts receivable; and
- 314 (s) notwithstanding Section 63A-5b-303, hold title to real property if doing so is
- 315 incidental to execution or collection proceedings.
- 316 (5) The office shall ensure that:
- 317 (a) a record obtained by the office or a private sector vendor under Subsection (4)(p):
- 318 (i) is used only for the limited purpose of collecting accounts receivable; and
- 319 (ii) is subject to federal, state, and local agency records restrictions; and
- 320 (b) any individual employed by, or formerly employed by, the office or a private sector
- 321 vendor as referred to in Subsection (4)(p) is subject to:
- 322 (i) the same duty of confidentiality with respect to the record imposed by law on
- 323 officers and employees of the state agency from which the record was obtained;
- 324 and
- 325 (ii) any civil or criminal penalties imposed by law for violations of lawful access to a
- 326 private, controlled, or protected record.
- 327 (6)(a) The office shall have authority to collect a civil accounts receivable or a civil
- 328 judgment of restitution ordered by a court as a result of prosecution for a criminal
- 329 offense that have been transferred to the office under Subsection 77-18-114(1) or (2).
- 330 (b) The office may not assess:
- 331 (i) the interest charge established by the office under Subsection [~~(4)(g)(iii)(B) on an~~
- 332 ~~account~~] (4)(l)(iii)(B) on accounts receivable that [is] are subject to the
- 333 postjudgment interest rate established by Section 15-1-4; and
- 334 (ii) an interest charge on an amount from a criminal accounts receivable until the
- 335 amount is entered on the civil judgment docket.
- 336 (7) The office may require a state agency to:

- 337 (a) transfer collection responsibilities to the office or the office's designee according to
338 time limits established by the office;
- 339 (b) make annual progress towards implementing collection techniques and improved
340 accounts receivable collections;
- 341 (c) use the state's accounts receivable system or develop systems that are adequate to
342 properly account for and report the state's receivables;
- 343 (d) develop and implement internal policies and procedures that comply with the
344 collections policies and guidelines established by the office;
- 345 (e) provide internal accounts receivable training to staff involved in the management and
346 collection of receivables as a supplement to statewide training;
- 347 (f) bill for and make initial collection efforts of the state agency's receivables up to the
348 time the accounts must be transferred; and
- 349 (g) submit quarterly receivable reports to the office that identify the age, collection
350 status, and funding source of each receivable.
- 351 (8) All interest, fees, and other amounts authorized to be collected by the office under
352 Subsection (4)(l):
- 353 (a) are penalties that may be charged by the office;
- 354 (b) do not require an order from a court for the office to assess or collect;
- 355 (c) are not compensation for actual pecuniary loss;
- 356 (d) for a civil accounts receivable:
- 357 (i) begin to accrue on the day on which the civil accounts receivable is entered on the
358 civil judgment docket under Subsection 77-18-114(1) or (2); and
- 359 (ii) may be collected as part of the civil accounts receivable;
- 360 (e) for a civil judgment of restitution:
- 361 (i) begin to accrue on the day on which the civil judgment of restitution is entered on
362 the civil judgment docket under Subsection 77-18-114(1); and
- 363 (ii) may be collected as part of the civil judgment of restitution;
- 364 (f) for all other accounts receivable:
- 365 (i) begin to accrue on the day on which the accounts receivable is transferred to the
366 office, even if there is no court order on the day on which the accounts receivable
367 is transferred; and
- 368 (ii) may be collected as part of the accounts receivable; and
- 369 (g) may be waived by:
- 370 (i) the office; or

371 (ii) if the interest, fee, or other amount is charged in error, the court.

372 Section 7. Section **63A-3-505** is amended to read:

373 **63A-3-505 . State Debt Collection Fund.**

374 (1) There is created an expendable special revenue fund entitled the "State Debt Collection
375 Fund."

376 (2) The fund consists of:

377 (a) all amounts appropriated to the fund under this chapter;

378 (b) fees and interest described in Subsection [~~63A-3-502(4)(g)~~] 63A-3-502(4)(l); and

379 (c) except as otherwise provided by law, all postjudgment interest collected by the office
380 or the state, except postjudgment interest on a civil judgment of restitution.

381 (3) Money in this fund shall be overseen by the office and may be used to pay for:

382 (a) the costs of the office in the performance of the office's duties;

383 (b) a civil judgment of restitution for which debt is owed;

384 (c) interest accrued that is associated with the debt;

385 (d) principal on the debt to the state agencies or other entities that placed the receivable
386 for collection;

387 (e) other legal obligations including those ordered by a court; and

388 (f) deputy court clerks who work exclusively on debt collection activities.

389 (4)(a) The fund may collect interest.

390 (b) All interest earned from the fund shall be deposited into the General Fund.

391 (5)(a) [The] Except as provided in Subsection (5)(b), the office shall ensure that money
392 remaining in the fund at the end of the fiscal year that is not committed under the
393 priorities established under Subsection (3) is deposited into the General Fund.

394 (b) At the end of each fiscal year, the office may retain in the fund an amount equal to
395 up to one year of the office's operating expenses.

396 Section 8. Section **78A-2-214** is amended to read:

397 **78A-2-214 . Collection of accounts receivable.**

398 (1) As used in this section:

399 (a) "Accounts receivable" means any amount due the state from an entity for which
400 payment has not been received by the state agency that is servicing the debt.

401 (b) "Accounts receivable" includes unpaid fees, licenses, taxes, loans, overpayments,
402 fines, forfeitures, surcharges, costs, contracts, interest, penalties, restitution to
403 victims, third party claims, sale of goods, sale of services, claims, and damages.

404 (2) If a defendant is sentenced before July 1, 2021, and the Department of Corrections, or

405 the Office of State Debt Collection, is not responsible for collecting an accounts
 406 receivable for the defendant, the district court shall collect the accounts receivable for
 407 the defendant.

408 (3)(a) In the juvenile court, money collected by the court from past-due accounts
 409 receivable may be used to offset system, administrative, legal, and other costs of
 410 collection.

411 (b) The juvenile court shall allocate money collected above the cost of collection on a
 412 pro rata basis to the various revenue types that generated the accounts receivable.

413 (4) The interest charge described in Subsection [~~63A-3-502(4)(g)(iii)(B)~~]
 414 ~~63A-3-502(4)(l)(iii)(B)~~ may not be assessed on [~~an account receivable that is~~] accounts
 415 receivable that are subject to the postjudgment interest rate established by Section 15-1-4.

416 Section 9. Section **78B-5-505** is amended to read:

417 **78B-5-505 . Property exempt from execution.**

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

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

420 (ii) health aids reasonably necessary to enable the individual or a dependent to work
 421 or sustain health;

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

424 (A) disability;

425 (B) illness; or

426 (C) unemployment;

427 (iv) benefits paid or payable for medical, surgical, or hospital care to the extent that
 428 the benefits are used by an individual or the individual's dependent to pay for that
 429 care;

430 (v) veterans benefits;

431 (vi) money or property received, and rights to receive money or property for child
 432 support;

433 (vii) money or property received, and rights to receive money or property for alimony
 434 or separate maintenance, to the extent reasonably necessary for the support of the
 435 individual and the individual's dependents;

436 (viii)(A) one:

437 (I) clothes washer and dryer;

438 (II) refrigerator;

- 439 (III) freezer;
- 440 (IV) stove;
- 441 (V) microwave oven; and
- 442 (VI) sewing machine;
- 443 (B) all carpets in use;
- 444 (C) provisions sufficient for 12 months actually provided for individual or family
- 445 use;
- 446 (D) all wearing apparel of every individual and dependent, not including jewelry
- 447 or furs; and
- 448 (E) all beds and bedding for every individual or dependent;
- 449 (ix) except for works of art held by the debtor as part of a trade or business, works of
- 450 art:
- 451 (A) depicting the debtor or the debtor and the debtor's resident family; or
- 452 (B) produced by the debtor or the debtor and the debtor's resident family;
- 453 (x) proceeds of insurance, a judgment, or a settlement, or other rights accruing as a
- 454 result of bodily injury of the individual or of the wrongful death or bodily injury
- 455 of another individual of whom the individual was or is a dependent to the extent
- 456 that those proceeds are compensatory;
- 457 (xi) the proceeds or benefits of any life insurance contracts or policies paid or
- 458 payable to the debtor or any trust of which the debtor is a beneficiary upon the
- 459 death of the spouse or children of the debtor, provided that the contract or policy
- 460 has been owned by the debtor for a continuous unexpired period of one year;
- 461 (xii) the proceeds or benefits of any life insurance contracts or policies paid or
- 462 payable to the spouse or children of the debtor or any trust of which the spouse or
- 463 children are beneficiaries upon the death of the debtor, provided that the contract
- 464 or policy has been in existence for a continuous unexpired period of one year;
- 465 (xiii) proceeds and avails of any unmatured life insurance contracts owned by the
- 466 debtor or any revocable grantor trust created by the debtor, excluding any
- 467 payments made on the contract during the one year immediately preceding a
- 468 creditor's levy or execution;
- 469 (xiv) except as provided in Subsection (1)(b), and except for a judgment described in
- 470 Subsection 75B-2-503(2)(c) or (d), any money or other assets held for or payable
- 471 to the individual as an owner, participant, or beneficiary from or an interest of the
- 472 individual as an owner, participant, or beneficiary in a fund or account, including

473 an inherited fund or account, in a retirement plan or arrangement that is described
474 in Section 401(a), 401(h), 401(k), 403(a), 403(b), 408, 408A, 409, 414(d), 414(e),
475 or 457, Internal Revenue Code, including an owner's, a participant's, or a
476 beneficiary's interest that arises by inheritance, designation, appointment, or
477 otherwise;

478 (xv) the interest of or any money or other assets payable to an alternate payee under a
479 qualified domestic relations order as those terms are defined in Section 414(p),
480 Internal Revenue Code;

481 (xvi) unpaid earnings of the household of the filing individual due as of the date of
482 the filing of a bankruptcy petition in the amount of 1/24 of the Utah State annual
483 median family income for the household size of the filing individual as
484 determined by the Utah State Annual Median Family Income reported by the
485 United States Census Bureau and as adjusted based upon the Consumer Price
486 Index for All Urban Consumers for an individual whose unpaid earnings are paid
487 more often than once a month or, if unpaid earnings are not paid more often than
488 once a month, then in the amount of 1/12 of the Utah State annual median family
489 income for the household size of the individual as determined by the Utah State
490 Annual Median Family Income reported by the United States Census Bureau and
491 as adjusted based upon the Consumer Price Index for All Urban Consumers;

492 (xvii) except for curio or relic firearms, any three of the following:

493 (A) one handgun and ammunition for the handgun not exceeding 1,000 rounds;

494 (B) one shotgun and ammunition for the shotgun not exceeding 1,000 rounds; and

495 (C) one shoulder arm and ammunition for the shoulder arm not exceeding 1,000
496 rounds; and

497 (xviii) money, not exceeding \$200,000, in the aggregate, that an individual deposits,
498 more than 18 months before the day on which the individual files a petition for
499 bankruptcy or an action is filed by a creditor against the individual, as applicable,
500 in all tax-advantaged accounts for saving for higher education costs on behalf of a
501 particular individual that meets the requirements of Section 529, Internal Revenue
502 Code.

503 (b)(i) Any money, asset, or other interest in a fund or account that is exempt from a
504 claim of a creditor of the owner, beneficiary, or participant under Subsection
505 (1)(a)(xiv) does not cease to be exempt after the owner's, participant's, or
506 beneficiary's death by reason of a direct transfer or eligible rollover to an inherited

- 507 individual retirement account as defined in Section 408(d)(3), Internal Revenue
508 Code.
- 509 (ii) Subsections (1)(a)(xiv) and (1)(b)(i) apply to all inherited individual retirement
510 accounts without regard to the date on which the account was created.
- 511 (c)(i) The exemption granted by Subsection (1)(a)(xiv) does not apply to:
- 512 (A) an alternate payee under a qualified domestic relations order, as those terms
513 are defined in Section 414(p), Internal Revenue Code; or
- 514 (B) amounts contributed or benefits accrued by or on behalf of a debtor within one
515 year before the debtor files for bankruptcy, except amounts directly rolled over
516 from other funds that are exempt from attachment under this section.
- 517 (ii) The exemptions in Subsections (1)(a)(xi), (xii), and (xiii) do not apply to the
518 secured creditor's interest in proceeds and avails of any matured or unmatured life
519 insurance contract assigned or pledged as collateral for repayment of a loan or
520 other legal obligation.
- 521 (2)(a) Disability benefits, as described in Subsection (1)(a)(iii)(A), and veterans benefits,
522 as described in Subsection (1)(a)(v), may be garnished on behalf of a victim who is a
523 child if the person receiving the benefits has been convicted of a felony sex offense
524 against the victim and ordered by the sentencing court to pay restitution to the victim.
- 525 (b) The exemption from execution under this Subsection (2) shall be reinstated upon
526 payment of the restitution in full.
- 527 (3) The exemptions under this section do not limit items that may be claimed as exempt
528 under Section 78B-5-506.
- 529 (4)(a) The exemptions described in Subsections (1)(a)(iii), (iv), (vi), (vii), (x), (xii), (xiii),
530 (xiv), (xv), (xvii), and (xviii) do not apply to a civil accounts receivable or a civil
531 judgment of restitution for an individual who is found in contempt under Section
532 78B-6-317.
- 533 (b) Subsection (4)(a) does not apply to the benefits described in Subsection (1)(a)(iii) if
534 the individual's dependent received, or is entitled to receive, the benefits.

535 **Section 10. Effective Date.**

536 This bill takes effect:

537 (1) except as provided in Subsection (2), May 6, 2026; or

538 (2) if approved by two-thirds of all members elected to each house:

539 (a) upon approval by the governor;

540 (b) without the governor's signature, the day following the constitutional time limit of

541 Utah Constitution, Article VII, Section 8; or
542 (c) in the case of a veto, the date of veto override.