

Utah Exemptions Act Modifications

2026 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Todd Weiler

House Sponsor:

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:
 - an unused amount of the homestead exemption in certain circumstances; and
 - any federal or state 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

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 burial plot for the individual and the individual's family;
- (ii) health aids reasonably necessary to enable the individual or a dependent to work or sustain health;
- (iii) benefits that the individual or the individual's dependent have received or are entitled to receive from any source because of:
 - (A) disability;

- 31 (B) illness; or
32 (C) unemployment;
- 33 (iv) benefits paid or payable for medical, surgical, or hospital care to the extent that
34 the benefits are used by an individual or the individual's dependent to pay for that
35 care;
- 36 (v) veterans benefits;
- 37 (vi) money or property received, and rights to receive money or property for child
38 support;
- 39 (vii) money or property received, and rights to receive money or property for alimony
40 or separate maintenance, to the extent reasonably necessary for the support of the
41 individual and the individual's dependents;
- 42 (viii) ~~[(A) one:]~~
43 ~~[(H)]~~ (A) one clothes washer~~[-and]~~ ;
44 (B) one clothes dryer;
45 ~~[(H)]~~ (C) one refrigerator;
46 ~~[(H)]~~ (D) one freezer;
47 ~~[(IV)]~~ (E) one stove;
48 ~~[(V)]~~ (F) one microwave oven;~~[-and]~~
49 ~~[(VI)]~~ (G) one sewing machine;
50 ~~[(B)]~~ (H) all carpets in use;
51 ~~[(C)]~~ (I) provisions sufficient for 12 months actually provided for individual or
52 family use;
53 ~~[(D)]~~ (J) all wearing apparel of ~~[every]~~ each individual and dependent, not
54 including jewelry or furs; and
55 ~~[(E)]~~ (K) all beds and bedding for ~~[every]~~ each individual ~~[or]~~ and dependent;
- 56 (ix) except for works of art held by the debtor as part of a trade or business, works of
57 art:
58 (A) depicting the debtor or the debtor and the debtor's resident family; or
59 (B) produced by the debtor or the debtor and the debtor's resident family;
- 60 (x) proceeds of insurance, a judgment, or a settlement, or other rights accruing as a
61 result of bodily injury of the individual or of the wrongful death or bodily injury
62 of another individual of whom the individual was or is a dependent to the extent
63 that those proceeds are compensatory;
- 64 (xi) the proceeds or benefits of any life insurance contracts or policies paid or

- payable to the debtor or any trust of which the debtor is a beneficiary upon the death of the spouse or children of the debtor, provided that the contract or policy has been owned by the debtor for a continuous unexpired period of one year;
- (xii) the proceeds or benefits of any life insurance contracts or policies paid or payable to the spouse or children of the debtor or any trust of which the spouse or children are beneficiaries upon the death of the debtor, provided that the contract or policy has been in existence for a continuous unexpired period of one year;
- (xiii) proceeds and avails of any unmatured life insurance contracts owned by the debtor or any revocable grantor trust created by the debtor, excluding any payments made on the contract during the one year immediately preceding a creditor's levy or execution;
- (xiv) except as provided in Subsection (1)(b), and except for a judgment described in Subsection 75B-2-503(2)(c), any money or other assets held for or payable to the individual as an owner, participant, or beneficiary from or an interest of the individual as an owner, participant, or beneficiary in a fund or account, including an inherited fund or account, 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), 414(e), or 457, Internal Revenue Code, including an owner's, a participant's, or a beneficiary's interest that arises by inheritance, designation, appointment, or otherwise;
- (xv) 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), Internal Revenue Code;
- (xvi) unpaid earnings of the household of the filing individual due as of the date of the filing of a bankruptcy petition in the amount of 1/24 of the Utah [State] state annual median family income for the household size of the filing individual as determined by the Utah [~~State Annual Median Family Income~~] state annual median family income reported by the United States Census Bureau and as adjusted based upon the Consumer Price Index for All Urban Consumers for an individual whose unpaid earnings are paid more often than once a month or, if unpaid earnings are not paid more often than once a month, then in the amount of 1/12 of the Utah [State] state annual median family income for the household size of the individual as determined by the Utah [~~State Annual Median Family Income~~] state annual median family income reported by the United States Census Bureau and as

- adjusted based upon the Consumer Price Index for All Urban Consumers;
- (xvii) except for curio or relic firearms, any three of the following:
- (A) one handgun and ammunition for the handgun not exceeding 1,000 rounds;
 - (B) one shotgun and ammunition for the shotgun not exceeding 1,000 rounds; and
 - (C) one shoulder arm and ammunition for the shoulder arm not exceeding 1,000 rounds; ~~and~~
- (xviii) money, not exceeding \$200,000, in the aggregate, that an individual deposits, more than 18 months before the day on which the individual files a petition for bankruptcy or an action is filed by a creditor against the individual, as applicable, in all tax-advantaged accounts for saving for higher education costs on behalf of a particular individual that meets the requirements of Section 529, Internal Revenue Code~~[-]~~ ;
- (xix) up to \$10,000 of any unused portion of the homestead exemption described in Section 78B-5-503, which the individual may apply to the individual's aggregate interest in any real or personal property; and
- (xx) the full amount of any federal or state income tax refund attributed to an earned income tax credit or any child tax credit, whether as a refundable tax credit or as a nonrefundable reduction in tax.
- (b)(i) Any money, asset, or other interest in a fund or account that is exempt from a claim of a creditor of the owner, beneficiary, or participant under Subsection (1)(a)(xiv) does not cease to be exempt after the owner's, participant's, or beneficiary's death by reason of a direct transfer or eligible rollover to an inherited individual retirement account as defined in Section 408(d)(3), Internal Revenue Code.
- (ii) Subsections (1)(a)(xiv) and (1)(b)(i) apply to all inherited individual retirement accounts without regard to the date on which the account was created.
- (c)(i) The exemption granted by Subsection (1)(a)(xiv) does not apply to:
- (A) an alternate payee under a qualified domestic relations order, as those terms are defined in Section 414(p), Internal Revenue Code; or
 - (B) amounts contributed or benefits accrued by or on behalf of a debtor within one year before the debtor files for bankruptcy, except amounts directly rolled over from other funds that are exempt from attachment under this section.
- (ii) The exemptions in Subsections (1)(a)(xi), (xii), and (xiii) do not apply to the secured creditor's interest in proceeds and avails of any matured or unmatured life

insurance contract assigned or pledged as collateral for repayment of a loan or other legal obligation.

(2)(a) Disability benefits, as described in Subsection (1)(a)(iii)(A), and veterans benefits, as described in Subsection (1)(a)(v), may be garnished on behalf of a victim who is a child if the person receiving the benefits has been convicted of a felony sex offense against the victim and ordered by the sentencing court to pay restitution to the victim.

(b) The exemption from execution under this Subsection (2) shall be reinstated upon payment of the restitution in full.

(3) The exemptions under this section do not limit items that may be claimed as exempt under Section 78B-5-506.

(4)(a) The exemptions described in Subsections (1)(a)(iii), (iv), (vi), (vii), (x), (xii), (xiii), (xiv), (xv), (xvii), and (xviii) do not apply to a civil accounts receivable or a civil judgment of restitution for an individual who is found in contempt under Section 78B-6-317.

(b) Subsection (4)(a) does not apply to the benefits described in Subsection (1)(a)(iii) if the individual's dependent received, or is entitled to receive, the benefits.

Section 2. **Effective Date.**

This bill takes effect on May 6, 2026.