

Todd Weiler proposes the following substitute bill:

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 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:

[f] (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:

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

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

[C] (iii) unemployment;

[**(iv)**] **(d)** benefits paid or payable for medical, surgical, or hospital care to the extent that the benefits are used by an individual or the individual's dependent to pay for that care;

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

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

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

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

[+I] (i) one clothes washer[and] ;

(ii) one clothes dryer;

[H] (iii) one refrigerator;

[~~(H)~~] (iv) one freezer;

[(IV)] (v) one stove;

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

[~~(VI)~~] (vii) one sewing machine;

[**(B)**] (viii) all carpets in use;

[f(C)] (ix) provisions sufficient for 12 months actually provided for individual or family use;

[] (x) all wearing apparel of [every] each individual and dependent, not including jewelry or furs; and

[E] (xi) all beds and bedding for [every] each individual [Θ] and dependent;

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

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

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

[~~(x)~~] (j) 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

64 those proceeds are compensatory;

65 [(xi)] (k) the proceeds or benefits of any life insurance contracts or policies paid or
66 payable to the debtor or any trust of which the debtor is a beneficiary upon the death
67 of the spouse or children of the debtor, provided that the contract or policy has been
68 owned by the debtor for a continuous unexpired period of one year;

69 [(xii)] (l) the proceeds or benefits of any life insurance contracts or policies paid or
70 payable to the spouse or children of the debtor or any trust of which the spouse or
71 children are beneficiaries upon the death of the debtor, provided that the contract or
72 policy has been in existence for a continuous unexpired period of one year;

73 [(xiii)] (m) proceeds and avails of any unmatured life insurance contracts owned by the
74 debtor or any revocable grantor trust created by the debtor, excluding any payments
75 made on the contract during the one year immediately preceding a creditor's levy or
76 execution;

77 [(xiv)] (n) except as provided in Subsection [(1)(b)] (2), and except for a judgment
78 described in Subsection 75B-2-503(2)(c), any money or other assets held for or
79 payable to the individual as an owner, participant, or beneficiary from or an interest
80 of the individual as an owner, participant, or beneficiary in a fund or account,
81 including an inherited fund or account, in a retirement plan or arrangement that is
82 described in Section 401(a), 401(h), 401(k), 403(a), 403(b), 408, 408A, 409, 414(d),
83 414(e), or 457, Internal Revenue Code, including an owner's, a participant's, or a
84 beneficiary's interest that arises by inheritance, designation, appointment, or
85 otherwise;

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

89 [(xvi)] (p) unpaid earnings of the household of the filing individual due as of the date of
90 the filing of a bankruptcy petition in the amount of 1/24 of the Utah [State] state
91 annual median family income for the household size of the filing individual as
92 determined by the Utah [State Annual Median Family Income] state annual median
93 family income reported by the United States Census Bureau and as adjusted based
94 upon the Consumer Price Index for All Urban Consumers for an individual whose
95 unpaid earnings are paid more often than once a month or, if unpaid earnings are not
96 paid more often than once a month, then in the amount of 1/12 of the Utah [State] state
97 annual median family income for the household size of the individual as determined

98 by the Utah [State Annual Median Family Income] state annual median family income
99 reported by the United States Census Bureau and as adjusted based upon the
100 Consumer Price Index for All Urban Consumers;

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

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

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

104 and

105 [(C) (iii) one shoulder arm and ammunition for the shoulder arm not exceeding 1,000
106 rounds;]

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

113 (s) up to \$10,000 of any unused portion of the homestead exemption described in
114 Section 78B-5-503, which the individual may apply to the individual's aggregate
115 interest in any real or personal property; and

116 (t) the full amount of any federal income tax refund attributed to an earned income tax
117 credit or any child tax credit, whether as a refundable tax credit or as a nonrefundable
118 reduction in tax.

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

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

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

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

130 [(B) amounts contributed or benefits accrued by or on behalf of a debtor within
131 one year before the debtor files for bankruptcy, except amounts directly rolled

132 over from other funds that are exempt from attachment under this section.]

133 [(ii) The exemptions in Subsections (1)(a)(xi), (xii), and (xiii) do not apply to the
134 secured creditor's interest in proceeds and avails of any matured or unmatured life
135 insurance contract assigned or pledged as collateral for repayment of a loan or
136 other legal obligation.]

137 (2)(a) Any money, asset, or other interest in a fund or account that is exempt from a
138 claim of a creditor of the owner, beneficiary, or participant under Subsection (1)(n)
139 does not cease to be exempt after the owner's, participant's, or beneficiary's death by
140 reason of a direct transfer or eligible rollover to an inherited individual retirement
141 account as defined in Section 408(d)(3), Internal Revenue Code.

142 (b) Subsections (1)(n) and (2)(a) apply to all inherited individual retirement accounts
143 without regard to the date on which the account was created.

144 (c) The exemption granted by Subsection (1)(n) does not apply to:

145 (i) an alternate payee under a qualified domestic relations order, as those terms are
146 defined in Section 414(p), Internal Revenue Code; or
147 (ii) amounts contributed or benefits accrued by or on behalf of a debtor within one
148 year before the debtor files for bankruptcy, except amounts directly rolled over
149 from other funds that are exempt from attachment under this section.

150 (3) The exemptions in Subsections (1)(k), (l), and (m) do not apply to the secured creditor's
151 interest in proceeds and avails of any matured or unmatured life insurance contract
152 assigned or pledged as collateral for repayment of a loan or other legal obligation.

153 [(2)] (4)(a) Disability benefits, as described in Subsection [(1)(a)(iii)(A)] (1)(c)(i), and
154 veterans benefits, as described in Subsection [(1)(a)(v)] (1)(e), may be garnished on
155 behalf of a victim who is a child if the person receiving the benefits has been
156 convicted of a felony sex offense against the victim and ordered by the sentencing
157 court to pay restitution to the victim.

158 (b) The exemption from execution under this Subsection [(2)] (4) shall be reinstated upon
159 payment of the restitution in full.

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

162 [(4)] (5)(a) The exemptions described in Subsections [(1)(a)(iii), (iv), (vi), (vii), (x), (xii),
163 (xiii), (xiv), (xv), (xvii), and (xviii)] (1)(c), (d), (f), (g), (j), (l), (m), (n), (o), (q) and (r)
164 do not apply to a civil accounts receivable or a civil judgment of restitution for an
165 individual who is found in contempt under Section 78B-6-317.

166 (b) Subsection [(4)(a)] (5)(a) does not apply to the benefits described in Subsection [
167 (1)(a)(iii)] (1)(c) if the individual's dependent received, or is entitled to receive, the
168 benefits.

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

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

172 **78B-5-507 . Exemption of proceeds from property sold, taken by condemnation,**
173 **lost, damaged, or destroyed -- Tracing exempt property and proceeds.**

174 (1)[(a)] An individual who owned property described in this Subsection (1) is entitled to
175 an exemption of proceeds that are traceable for one year after the compensation for
176 the property is received if:

177 [(i)] (a)[(A)] (i) the property, or a part of the property, could have been claimed
178 exempt under Subsection [78B-5-505(1)(a)(i) or (ii)] 78B-5-505(1)(a) or (b); or
179 [(B)] (ii) the property is personal property subject to a value limitation under
180 Subsection 78B-5-506(1)(a), (b), or (c); and

181 [(ii)] (b) the property has been:

182 [(A)] (i) sold or taken by condemnation; or

183 [(B)] (ii)(A) lost, damaged, or destroyed; and

184 [(C)] (B) the owner has been compensated for the property.

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

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

194 [(3)] (4) Money or other property and proceeds exempt under this chapter are traceable
195 under this section by application of:

196 (a) the principle of:

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

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

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

200 **Section 3. Effective Date.**

201 This bill takes effect on May 6, 2026.