

Property Tax Relief

Revenue & Taxation Interim Committee

May 18, 2021



Types of Relief

Exemptions

- Excludes all or some of the property value from taxation for qualified households

Abatement/Credits

- tax credit for homeowners who meet certain income and resident qualifications

Deferrals

- All or some property taxes are deferred to a later date, oftentimes coming due when the property is sold or ownership transfers

Freezes

- Prevents property tax increases for eligible payers, whether it be through freezing the rate or dollar amount

Property Tax Relief for Seniors in the U.S.

Exemptions: 22 other states

Abatements/Credits: 28 other states

Deferrals: 20 other states (a majority of which are not local option)

Freezes: 15 other states

What Utah Currently Offers

Abatements/Credits

- Circuit Breaker for low-income seniors or the disabled

Deferrals

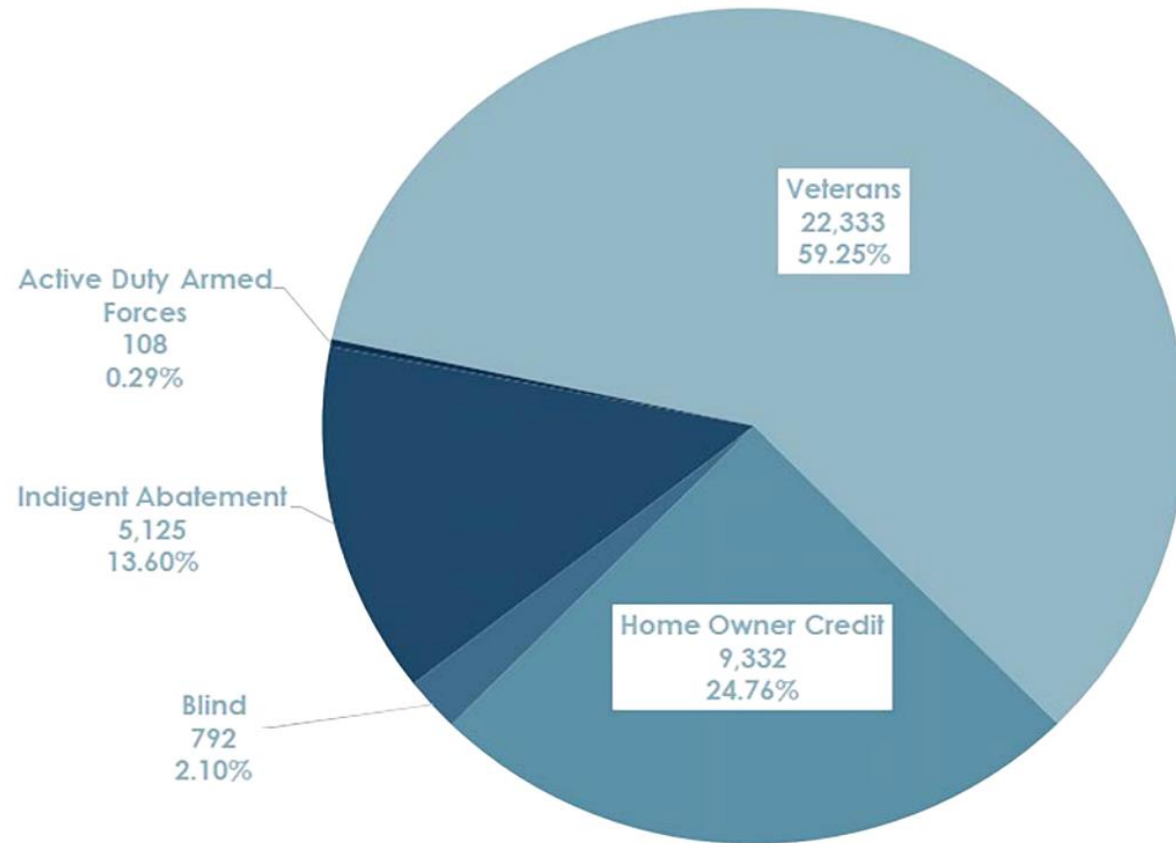
- At the discretion of the county (local option)

Exemptions

- Blind, veterans

Property Tax Relief in Utah in FY 2020

- The State of Utah and county governments provided \$39,794,687 in property tax relief to 40,593 individuals in 2019.
- The state funds property tax relief through the Circuit Breaker program. In 2019 the state provided \$5,772,396 in property tax relief.



Property Tax Relief by County

	Active Duty Armed Forces	Veterans with Disabilities	Blind	Homeowners Credit	Indigent Abatement	Total
Beaver	0	40	0	24	12	76
Box Elder	3	407	22	262	231	925
Cache	4	541	15	234	11	805
Carbon	0	192	12	192	128	524
Daggett	0	12	1	1	2	16
Davis	16	4,263	103	871	117	5,370
Duchesne	0	86	7	172	46	311
Emery	0	47	3	78	2	130
Garfield	0	48	6	64	14	132
Grand	0	73	5	157	90	325
Iron	0	492	17	313	290	1,111
Juab	0	70	0	58	5	133
Kane	0	97	5	98	58	258
Millard	1	72	2	91	9	175
Morgan	2	168	3	24	23	220
Piute	0	14	0	52	24	90
Rich	0	16	1	13	1	31
Salt Lake	32	7,645	302	2,578	971	11,528
San Juan	0	55	0	51	28	134
Sanpete	4	184	6	200	132	526
Sevier	0	167	3	258	364	832
Summit	1	143	10	104	75	333
Tooele	7	706	10	274	267	1,264
Uintah	0	131	14	268	11	422
Utah	22	1,924	68	916	243	3,173
Wasatch	0	0	0	0	0	0
Washington	0	1,663	54	978	1,694	4,389
Wayne	0	11	0	44	7	62
Weber	16	3,067	123	919	270	4,395
TOTAL	108	22,333	792	9,332	5,125	37,690

2021 SB 52

- An attempt to streamline the qualifications for deferrals
- Qualifications for a property tax deferral
 - 75 years or older
 - Below about \$69,000 in household income
 - The home must be valued at or below the median household value in the respective county or be a primary residence of at least 20 years
 - An application would need to be submitted each year
- The deferral would be paid back with interest between 3.5 – 5%
- Counties would have had three years to begin implementation, collect data, and would not be required to abide by the qualifications until the three-year period expired

Estimating the Cost of SB 52

- According to the Federal Housing Administration—as of September 2020 there are **8,173 Reverse Mortgages** in an Endorsed status in the state of Utah.
 - We assume that the demand for this program would be significantly less than the demand for reversed mortgages
- Assuming 1,000 deferrals per year at \$2,000 each:
 - **\$2 million** statewide
- Assuming 2,000 deferrals per year at \$2,000 each:
 - **\$4 million** statewide