

**PROPERTY VALUATIONS FOR THE POOR**

1998 GENERAL SESSION

STATE OF UTAH

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AN ACT RELATING TO THE PROPERTY TAX ACT; MODIFYING THE CALCULATION OF PROPERTY TAXES ACCRUED FOR HOMEOWNER'S CREDIT CLAIMANTS TO REDUCE THE PERCENTAGE OF FAIR MARKET VALUE UPON WHICH PROPERTY TAXES ARE LEVIED; CLARIFYING THAT A COUNTY LEGISLATIVE BODY MAY NOT OBTAIN PAYMENT FROM THE GENERAL FUND FOR THE FAIR MARKET VALUE REDUCTION; MAKING TECHNICAL CHANGES; PROVIDING AN EFFECTIVE DATE; AND PROVIDING A COORDINATION CLAUSE.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**59-2-1202**, as last amended by Chapters 23 and 313, Laws of Utah 1997

**59-2-1204**, as renumbered and amended by Chapter 4, Laws of Utah 1987

**59-2-1206**, as last amended by Chapter 87, Laws of Utah 1996

**59-2-1209**, as last amended by Chapter 313, Laws of Utah 1997

**59-2-1216**, as renumbered and amended by Chapter 4, Laws of Utah 1987

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

Section 1. Section **59-2-1202** is amended to read:

**59-2-1202. Definitions.**

As used in this part:

(1) (a) "Claimant" means a homeowner or renter who:

(i) has filed a claim under this part;

(ii) is domiciled in this state for the entire calendar year for which a claim for relief is filed under this part; and

(iii) has reached the age of 65 prior to the close of that calendar year.

(b) A surviving spouse, who otherwise qualifies under this section, is an eligible claimant regardless of age.

(c) If two or more individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be, but if they are unable to agree, the matter shall be referred to the county legislative body for a determination of the claimant of an owned residence and to the commission for a determination of the claimant of a rented residence.

(2) (a) "Gross rent" means rental actually paid in cash or its equivalent solely for the right of occupancy, at arm's-length, of a residence, exclusive of charges for any utilities, services, furniture, furnishings, or personal appliances furnished by the landlord as a part of the rental agreement.

(b) If a claimant occupies two or more residences in the year and does not own the residence as of the lien date, gross rent means the total rent paid for the residences during the one-year period for which the renter files a claim under this part.

(3) "Homeowner's credit" means a credit against a claimant's property tax liability.

(4) "Household" means the association of persons who live in the same dwelling, sharing its furnishings, facilities, accommodations, and expenses.

(5) "Household income" means all income received by all persons of a household in the calendar year next preceding the year in which property taxes are due or, in the case of renters, the year in which a claim is filed.

(6) (a) (i) "Income" means federal adjusted gross income as defined in Section 62, Internal Revenue Code, plus all nontaxable income as defined in Subsection (6)(b).

(ii) "Income" does not include:

(A) aid, assistance, or contributions from a tax-exempt nongovernmental source;

(B) surplus foods;

(C) relief in kind supplied by a public or private agency; or

(D) relief provided under this part, Section 59-2-1108, or Section 59-2-1109.

(b) For purposes of Subsection (6)(a)(i), "nontaxable income" means amounts excluded from adjusted gross income under the Internal Revenue Code, including:

(i) capital gains;

(ii) loss carry forwards claimed during the taxable year in which a claimant files for relief under this part, Section 59-2-1108, or Section 59-2-1109;

(iii) depreciation claimed pursuant to the Internal Revenue Code by a claimant on the residence for which the claimant files for relief under this part, Section 59-2-1108, or Section 59-2-1109;

(iv) support money received;

(v) nontaxable strike benefits;

(vi) cash public assistance or relief;

(vii) the gross amount of a pension or annuity, including benefits under the Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231, and veterans disability pensions;

(viii) payments received under the Social Security Act;

(ix) state unemployment insurance amounts;

(x) nontaxable interest received from any source;

(xi) workers' compensation;

(xii) the gross amount of "loss of time" insurance; and

(xiii) voluntary contributions to a tax-deferred retirement plan.

(7) (a) "Property taxes accrued" means property taxes, exclusive of special assessments, delinquent interest, and charges for service, levied on a claimant's residence in this state, and in the case of a mobile home includes taxes imposed on both the land upon which the home is situated and also on the structure of the home itself, whether classified as real property or personal property taxes.

(b) (i) Beginning on January 1, 1999, for a claimant who owns a residence, "property taxes accrued" are the property taxes described in Subsection (7)(a) levied for the calendar year on 35% of the fair market value of the residence.

(ii) The reduction in fair market value under Subsection (7)(b)(i) constitutes:

(A) a tax abatement for the poor in accordance with Utah Constitution Article XIII, Section 2; and

(B) the residential exemption provided for in Section 59-2-103.

~~[(b)]~~ (c) For purposes of this subsection property taxes accrued are levied on the lien date.

If a claimant owns a residence on the lien date, property taxes accrued mean taxes levied on the lien date, even if that claimant does not own a residence for the entire year.

~~[(e)]~~ (d) When a household owns and occupies two or more different residences in this state in the same calendar year, property taxes accrued shall relate only to the residence occupied on the lien date by the household as its principal place of residence.

~~[(f)]~~ (e) (i) If a residence is an integral part of a large unit such as a farm or a multipurpose or multidwelling building, property taxes accrued shall be the same percentage of the total property taxes accrued as the value of the residence is of the total value.

(ii) For purposes of this subsection, "unit" refers to the parcel of property covered by a single tax statement of which the residence is a part.

(8) (a) "Residence" means the dwelling, whether owned or rented, and so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home, and may consist of a part of a multidwelling or multipurpose building and a part of the land upon which it is built and includes a mobile home or houseboat.

(b) "Residence" does not include personal property such as furniture, furnishings, or appliances.

(c) For purposes of this subsection, "owned" includes a vendee in possession under a land contract or one or more joint tenants or tenants in common.

Section 2. Section **59-2-1204** is amended to read:

**59-2-1204. Renter's and homeowner's credits authorized -- No interest allowed.**

(1) If a claimant who owns a residence files an application for a homeowner's credit under Section 59-2-1206 and meets the requirements of this part, the claimant's property tax liability for the calendar year is equal to property taxes accrued.

(2) (a) A claimant meeting the requirements of this part may claim in any year either a renter's credit under Section 59-2-1209 [and], a homeowner's credit as provided under Section 59-2-1208[ ~~- No interest may be~~], or both.

(b) If a claimant who owns a residence claims a credit under Subsection (2)(a), the credit shall be applied against the claimant's property taxes accrued.

(3) Interest is not allowed on any payment made to a renter's or homeowner's credit claimant under this part.

Section 3. Section **59-2-1206** is amended to read:

**59-2-1206. Application for homeowner's credit -- Time for filing -- Payment from General Fund.**

(1) (a) Every claimant applying for a homeowner's credit shall file an application for the credit with the county legislative body before September 1 in each year.

(b) The application under Subsection (1)(a) shall be on forms provided by the commission and shall include a household income statement signed by the claimant stating that the income statement is correct and that the claimant qualifies for the credit.

(c) The liability of the claimant for property taxes accrued shall be reduced for that year by the full amount of the homeowner's credit allowable and the claimant shall pay only the difference, if any.

(d) Any eligible claimant who fails to submit an application before the September 1 deadline may request reimbursement for allowable credit by filing the application form directly with the commission by December 31.

(2) (a) (i) The county legislative body shall compile a list of claimants and the homeowner's credits granted to them for purposes of obtaining payment from the General Fund for that portion of the claimant's liability for property taxes accrued represented by the credits granted.

(ii) A county legislative body may not obtain payment from the General Fund for the reduction in fair market value provided for in Subsection 59-2-1202(7).

(b) Upon certification by the commission the payment shall be made to the county on or before January 1 if the list of claimants and the credits granted are received by the commission on

or before the preceding November 30. [Otherwise]

(c) If the commission receives the list of claimants after the preceding November 30, payment shall be made within 30 days of receipt of the list of claimants and credits from the county.

Section 4. Section **59-2-1209** is amended to read:

**59-2-1209. Amount of renter's credit -- Cost-of-living adjustment -- Limitation -- General Fund as source of credit -- Maximum credit.**

(1) (a) For any taxable year a claimant is entitled to a renter's credit for the previous year that does not exceed the following amounts:

If household income is	Percentage of rent [constituting] [ <del>property taxes accrued</del> ] allowed as a credit
\$0 -- \$7,358	9.5%
\$7,359 -- \$9,812	8.5%
\$9,813 -- \$12,264	7.0%
\$12,265 -- \$14,717	5.5%
\$14,718 -- \$17,171	4.0%
\$17,172 -- \$19,479	3.0%
\$19,480 -- \$21,644	2.5%

(b) (i) For taxable years beginning on or after January 1, 1999, the commission shall increase or decrease the household income eligibility amounts under Subsection (1)(a) in a percentage equal to the percentage difference between the consumer price index for the preceding calendar year and the consumer price index for calendar year 1997.

(ii) For purposes of Subsection (1)(b)(i), the commission shall calculate the consumer price index as provided in Sections (1)(f)(4) and (1)(f)(5), Internal Revenue Code.

(2) An individual who is claimed as a personal exemption on another individual's return may not receive a renter's credit.

(3) The renter's credit allowed by this section, and provided for in Section 59-2-1204, shall be derived from the General Fund and appropriate transfers made to effectuate this credit.

(4) For taxable years beginning on or after January 1, 1998, a credit under this section may

not exceed the maximum amount allowed as a homeowner's credit for each income bracket under Subsection 59-2-1208(1)(a).

Section 5. Section **59-2-1216** is amended to read:

**59-2-1216. Rented homestead -- Rent constituting property taxes.**

If a homestead is rented by a person from another person under circumstances deemed by the commission to be not at arm's-length, the commission may determine rent [~~constituting property taxes accrued~~] as at arm's-length, and the determination shall be final unless appealed within 30 days.

Section 6. **Effective date.**

This act takes effect on January 1, 1999.

Section 7. **Coordination clause.**

If this bill and H.B. 201, Property Tax - Circuit Breaker Amendments, both pass, it is the intent of the Legislature that the amendments in Subsections 59-2-1206 (1)(b) and (2)(c) in H.B. 201 supersede the amendments to Subsections 59-2-1206(1)(b) and (2)(c) in this bill.