

1 **PROPERTY VALUATIONS FOR THE POOR**

2 1998 GENERAL SESSION

3 STATE OF UTAH

4 **Sponsor: Raymond W. Short**

5 AN ACT RELATING TO THE PROPERTY TAX ACT; MODIFYING THE CALCULATION
6 OF PROPERTY TAXES ACCRUED FOR CIRCUIT BREAKER CLAIMANTS; MAKING
7 TECHNICAL CHANGES; AND PROVIDING AN EFFECTIVE DATE.

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

9 AMENDS:

10 **59-2-1202**, as last amended by Chapters 23 and 313, Laws of Utah 1997

11 **59-2-1204**, as renumbered and amended by Chapter 4, Laws of Utah 1987

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

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

14 **59-2-1202. Definitions.**

15 As used in this part:

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

17 (i) has filed a claim under this part;

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

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

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

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

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

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

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

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

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

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

16 (ii) "Income" does not include:

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

18 (B) surplus foods;

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

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

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

23 (i) capital gains;

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

26 (iii) depreciation claimed pursuant to the Internal Revenue Code by a claimant on the
27 residence for which the claimant files for relief under this part, Section 59-2-1108, or Section
28 59-2-1109;

29 (iv) support money received;

30 (v) nontaxable strike benefits;

31 (vi) cash public assistance or relief;

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

3 (viii) payments received under the Social Security Act;

4 (ix) state unemployment insurance amounts;

5 (x) nontaxable interest received from any source;

6 (xi) workers' compensation;

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

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

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

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

17 (ii) The exemption under Subsection (7)(b)(i) constitutes:

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

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

21 ~~[(b)]~~ (c) For purposes of this subsection property taxes accrued are levied on the lien date.
22 If a claimant owns a residence on the lien date, property taxes accrued mean taxes levied on the
23 lien date, even if that claimant does not own a residence for the entire year.

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

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

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

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

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

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

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

10 **59-2-1204. Renter's and homeowner's credits authorized -- No interest allowed.**

11 (1) If a claimant meets the requirements of this part, the claimant's property tax liability
12 for the calendar year is equal to property taxes accrued.

13 (2) A claimant meeting the requirements of this part may claim in any year a renter's credit
14 under Section 59-2-1209 [and] or a homeowner's credit as provided under Section 59-2-1208[-
15 No interest may be] against the claimant's property taxes accrued.

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

18 Section 3. **Effective date.**

19 This act takes effect on January 1, 1999.

Legislative Review Note
as of 2-10-98 4:02 PM

A limited legal review of this bill raises no obvious constitutional or statutory concerns.

Office of Legislative Research and General Counsel