

1                                   **PROPERTY TAX - INTEREST RATE ON**  
2   **DEFERRED TAXES**

3   2003 GENERAL SESSION  
4   STATE OF UTAH

5                                   **Sponsor: F. LaVar Christensen**

6   **This act modifies the Property Tax Act to address the interest rate imposed on certain**  
7   **deferred property taxes. This act makes technical changes. This act takes effect on**  
8   **January 1, 2004.**

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

10   AMENDS:

11           **59-2-1108**, as last amended by Chapters 221 and 310, Laws of Utah 2001

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

13           Section 1. Section **59-2-1108** is amended to read:

14           **59-2-1108. Indigent persons -- Deferral of taxes -- Interest rate -- Treatment of**  
15   **deferred taxes.**

16           (1) (a) The county may, after giving notice, defer any tax levied on residential property,  
17   subject to the conditions of Section 59-2-1109.

18           (b) If the owner of the property described in Subsection (1)(a) is poor, the property may  
19   not be subjected to a tax sale during the period of deferment.

20           (2) (a) Taxes deferred by the county accumulate with interest as a lien against the  
21   property until the property is sold or otherwise disposed of.

22           (b) Deferred taxes under this section:

23           (i) bear interest at ~~[the]~~ an interest rate [of] equal to the lesser of:

24           (A) 6% ~~[per year and]; or~~

25           (B) ~~the  $\hat{h}$  [interest rate earned by the state treasurer on public funds transferred to the state~~  
26   ~~treasurer in accordance with Section 51-7-5] TARGETED FEDERAL FUNDS RATE: (I) AS DEFINED IN~~  
26a   ~~12 C.F.R. SEC. 201.2; AND (II) THAT EXISTS ON THE JANUARY 1 IMMEDIATELY PRECEDING THE~~  
26b   ~~DAY ON WHICH THE TAXES ARE DEFERRED  $\hat{h}$  ; and~~

27           (ii) have the same status as a lien under Sections 59-2-1301 and 59-2-1325.



- 28           (3) Deferral may be granted by the county at any time if:  
29           (a) the holder of any mortgage or trust deed outstanding on the property gives written  
30 approval of the application; and  
31           (b) the applicant is not the owner of income producing assets that could be liquidated  
32 to pay the tax.  
33           (4) Any assets transferred to relatives in the prior three-year period shall be considered  
34 by the county in making the county's determination.

35           Section 2. **Effective date.**

36           This act takes effect on January 1, 2004.

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**Legislative Review Note**  
**as of 1-20-03 1:54 PM**

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

**Office of Legislative Research and General Counsel**

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**Fiscal Note****Property Tax - Interest Rate on Deferred Taxes***23-Jan-03***Bill Number HB0200***1:23 PM*

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**State Impact**

Passage of this bill could result in increased administrative costs for local governments.

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**Individual and Business Impact**

No significant fiscal impact.

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**Office of the Legislative Fiscal Analyst**