

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

2003 GENERAL SESSION
STATE OF UTAH

Sponsor: F. LaVar Christensen

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

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

AMENDS:

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

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

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

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

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

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

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

(b) Deferred taxes under this section:

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

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

(B) the interest rate earned by the state treasurer on public funds transferred to the state treasurer in accordance with Section 51-7-5; and

(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.

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

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

State Impact

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

Individual and Business Impact

No significant fiscal impact.

Office of the Legislative Fiscal Analyst