

PROPERTY TAX RELIEF

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: LaVar Christensen

LONG TITLE

General Description:

This bill amends the Property Tax Act.

Highlighted Provisions:

This bill:

- ▶ modifies the income eligibility amounts and credit amounts for the homeowner's credit and renter's credit;
- ▶ requires the State Tax Commission to make certain adjustments to the income eligibility and credit amounts for purposes of the homeowner's credit and to the income eligibility amounts for purposes of the renter's credit; and
- ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2005.

Utah Code Sections Affected:

AMENDS:

59-2-1208, as last amended by Chapter 272, Laws of Utah 2003

59-2-1209, as last amended by Chapter 272, Laws of Utah 2003

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

Section 1. Section **59-2-1208** is amended to read:



**59-2-1208. Amount of homeowner's credit -- Cost-of-living adjustment --
Limitation -- General Fund as source of credit.**

(1) (a) Subject to Subsection (2), for calendar years beginning on or after January 1, ~~[1998]~~ 2005, a claimant may claim a homeowner's credit that does not exceed the following amounts:

If household income is	Homeowner's credit
\$0 -- [\$7,358] <u>\$8,557</u>	[\$577] <u>\$892</u>
[\$7,359] <u>\$8,558</u> -- [\$9,812] <u>\$11,410</u>	[\$504] <u>\$778</u>
[\$9,813] <u>\$11,411</u> -- [\$12,264] <u>\$14,262</u>	[\$432] <u>\$668</u>
[\$12,265] <u>\$14,263</u> -- [\$14,717] <u>\$17,114</u>	[\$324] <u>\$500</u>
[\$14,718] <u>\$17,115</u> -- [\$17,171] <u>\$19,968</u>	[\$252] <u>\$389</u>
[\$17,172] <u>\$19,969</u> -- [\$19,479] <u>\$22,652</u>	[\$144] <u>\$223</u>
[\$19,480] <u>\$22,653</u> -- [\$21,644] <u>\$25,170</u>	[\$71] <u>\$109</u>

(b) (i) For the calendar year beginning on January 1, 2005 only, for a household income amount listed under Subsection (1)(a), the commission shall:

(A) determine for the household income amount listed under Subsection (1)(a) the corresponding household income amount that was in effect for calendar year 2004;

(B) after making the determination required by Subsection (1)(b)(i)(A), calculate an amount determined by increasing or decreasing the household income amount described in Subsection (1)(b)(i)(A) that was in effect for calendar year 2004, by a percentage equal to the percentage difference between the consumer price index for 2004 and the consumer price index for calendar year 2003; and

(C) after making the calculation required by Subsection (1)(b)(i)(B), if the household income amount listed under Subsection (1)(a) is:

(I) greater than the amount calculated under Subsection (1)(b)(i)(B), decrease the household income amount listed under Subsection (1)(a) by the amount by which the household income amount listed under Subsection (1)(a) exceeds the amount calculated under Subsection (1)(b)(i)(B); or

(II) less than the amount calculated under Subsection (1)(b)(i)(B), increase the household income amount listed under Subsection (1)(a) by the amount by which the amount calculated under Subsection (1)(b)(i)(B) exceeds the household income amount listed under

Subsection (1)(a).

~~[(b)(i) For]~~ (ii) (A) Subject to Subsection (1)(b)(ii)(B), for calendar years beginning on or after January 1, ~~[1999]~~ 2006, the commission shall increase or decrease the household income ~~[eligibility]~~ amounts and the credits under Subsection (1)(a) by 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]~~ 2004.

(B) If the commission increases or decreases a household income amount in accordance with Subsection (1)(b)(i)(C), the commission shall make the increase or decrease required by Subsection (1)(b)(ii)(A) to the household income amount determined under Subsection (1)(b)(i)(C).

~~[(ii)]~~ (iii) For purposes of ~~[Subsection]~~ Subsections (1)(b)(i) and (ii), 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 individual income tax return during any portion of a calendar year for which the individual seeks to claim a homeowner's credit under this section may not receive the homeowner's credit.

(3) The homeowner'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.

Section 2. 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 -- Renter's credit may be claimed only for rent that does not constitute a rental assistance payment.

(1) (a) Subject to Subsections (2) and (3), for ~~[any calendar year]~~ for calendar years beginning on or after January 1, 2005, a claimant may claim a renter's credit for the previous calendar year that does not exceed the following amounts:

If household income is	Percentage of rent allowed as a credit
\$0 -- [\$7,358] \$8,557	[9.5%] 13.5%
[\$7,359] \$8,558 -- [\$9,812] \$11,410	[8.5%] 12%
[\$9,813] \$11,411 -- [\$12,264] \$14,262	[7.0%] 10%

90	[\$12,265] <u>\$14,263</u> -- [\$14,717] <u>\$17,114</u>	[5.5%] <u>7.5%</u>
91	[\$14,718] <u>\$17,115</u> -- [\$17,171] <u>\$19,968</u>	[4.0%] <u>5.5%</u>
92	[\$17,172] <u>\$19,969</u> -- [\$19,479] <u>\$22,652</u>	[3.0%] <u>4%</u>
93	[\$19,480] <u>\$22,653</u> -- [\$21,644] <u>\$25,170</u>	[2.5%] <u>3.5%</u>

94 (b) (i) For the calendar year beginning on January 1, 2005 only, for a household income
 95 amount listed under Subsection (1)(a), the commission shall:

96 (A) determine for the household income amount listed under Subsection (1)(a) the
 97 corresponding household income amount that was in effect for calendar year 2004;

98 (B) after making the determination required by Subsection (1)(b)(i)(A), calculate an
 99 amount determined by increasing or decreasing the household income amount described in
 100 Subsection (1)(b)(i)(A) that was in effect for calendar year 2004, by a percentage equal to the
 101 percentage difference between the consumer price index for 2004 and the consumer price index
 102 for calendar year 2003; and

103 (C) after making the calculation required by Subsection (1)(b)(i)(B), if the household
 104 income amount listed under Subsection (1)(a) is:

105 (I) greater than the amount calculated under Subsection (1)(b)(i)(B), decrease the
 106 household income amount listed under Subsection (1)(a) by the amount by which the
 107 household income amount listed under Subsection (1)(a) exceeds the amount calculated under
 108 Subsection (1)(b)(i)(B); or

109 (II) less than the amount calculated under Subsection (1)(b)(i)(B), increase the
 110 household income amount listed under Subsection (1)(a) by the amount by which the amount
 111 calculated under Subsection (1)(b)(i)(B) exceeds the household income amount listed under
 112 Subsection (1)(a).

113 ~~[(b) (i)]~~ (ii) (A) For calendar years beginning on or after January 1, ~~[1999]~~ 2006, the
 114 commission shall increase or decrease the household income ~~[eligibility]~~ amounts under
 115 Subsection (1)(a) by a percentage equal to the percentage difference between the consumer
 116 price index for the preceding calendar year and the consumer price index for calendar year
 117 ~~[1997]~~ 2004.

118 (B) If the commission increases or decreases a household income amount in
 119 accordance with Subsection (1)(b)(i)(C), the commission shall make the increase or decrease
 120 required by Subsection (1)(b)(ii)(A) to the household income amount determined under

121 Subsection (1)(b)(i)(C).

122 ~~[(ii)]~~ (iii) For purposes of ~~[Subsection]~~ Subsections (1)(b)(i) and (ii), the commission
123 shall calculate the consumer price index as provided in Sections 1(f)(4) and 1(f)(5), Internal
124 Revenue Code.

125 (2) A claimant may claim a renter's credit under this part only for rent that does not
126 constitute a rental assistance payment.

127 (3) An individual who is claimed as a personal exemption on another individual's
128 individual income tax return during any portion of a calendar year for which the individual
129 seeks to claim a renter's credit under this section may not receive a renter's credit.

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

132 (5) For calendar years beginning on or after January 1, 1998, a credit under this section
133 may not exceed the maximum amount allowed as a homeowner's credit for each income
134 bracket under Subsection 59-2-1208(1)(a).

135 Section 3. **Effective date.**

136 This bill takes effect on January 1, 2005.

Legislative Review Note
as of 2-3-04 9:16 AM

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

Office of Legislative Research and General Counsel

Fiscal Note
Bill Number HB0306

Property Tax Relief*11-Feb-04**10:58 AM*

State Impact

Passage of this bill could decrease the General Fund by \$1,500,000 in FY 2006.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
General Fund	\$0	\$0	\$0	(\$1,500,000)
TOTAL	\$0	\$0	\$0	(\$1,500,000)

Individual and Business Impact

Impacted individuals would receive additional property tax relief.

Office of the Legislative Fiscal Analyst