

PROPERTY TAX EXEMPTION FOR VETERANS

2005 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Gregory H. Hughes

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends provisions of the Property Tax Act regarding the property tax exemption relating to a disabled veteran, a veteran who is killed in action or dies in the line of duty, and an unmarried surviving spouse or minor orphan of a disabled veteran or a veteran who was killed in action or died in the line of duty.

Highlighted Provisions:

This bill:

▶ limits the property that is eligible for the exemption described in this bill to either or both of the following:

- the claimant's primary residence; or
- tangible personal property that is held exclusively for personal use and is not used in a trade or business;

▶ increases the limitation on the property tax exemption relating to disabled veterans and veterans who are killed in action or die in the line of duty from \$82,500 to:

- for 2005, \$200,000; and
- for each year after 2005, \$200,000 plus an amount calculated by multiplying the amount of the limitation for the previous year by the actual percent change in the Consumer Price Index during the previous calendar year;

▶ provides that the property tax exemption relating to a disabled veteran with a service related disability of 10% or more is equal to the greater of:

- the percentage of the service related disability multiplied by the limitation described previously; or

- if the veteran served in the military prior to January 1, 1921, 100% of the value of the property entitled to the exemption;
 - ▶ provides that the property tax exemption relating to a veteran who is killed in action or dies in the line of duty, or that veteran's unmarried surviving spouse or minor orphan, is equal to 100% of the value of the property entitled to the exemption;
 - ▶ provides that the property tax exemption relating to disabled veterans may not exceed the total value of the property entitled to the exemption; and
 - ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-2-1104, as last amended by Chapter 333, Laws of Utah 2004

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

Section 1. Section **59-2-1104** is amended to read:

59-2-1104. Definitions -- Veteran's exemption -- Amount of veteran's exemption.

(1) As used in this section and Section 59-2-1105:

(a) "adjusted taxable value limit" means:

(i) for the year 2005, \$200,000; and

(ii) for each year after 2005, the amount of the adjusted taxable value limit for the previous year, plus an amount calculated by multiplying the amount of the adjusted taxable value limit for the previous year by the actual percent change in the Consumer Price Index during the previous calendar year;

~~(a)~~ (b) "claimant" means:

(i) a disabled veteran who files an application under Section 59-2-1105 for a veteran's

exemption;

(ii) the unmarried surviving spouse:

(A) of a:

(I) deceased disabled veteran; or

(II) veteran who was killed in action or died in the line of duty; and

(B) who files an application under Section 59-2-1105 for a veteran's exemption;

(iii) a minor orphan:

(A) of a:

(I) deceased disabled veteran; or

(II) veteran who was killed in action or died in the line of duty; and

(B) who files an application under Section 59-2-1105 for a veteran's exemption;

(c) "consumer price index" is as described in Section 1(f)(4), Internal Revenue Code, and defined in Section 1(f)(5), Internal Revenue Code;

~~[(b)]~~ (d) "deceased disabled veteran" means a deceased person who was a disabled veteran at the time the person died;

~~[(c)]~~ (e) "disabled veteran" means a disabled person who, during military training or a military conflict, was disabled in the line of duty in the military service of the United States or the state;

~~[(d)]~~ (f) "military entity" means:

(i) the federal Department of Veterans Affairs; or

(ii) a component of the armed forces of:

(A) the United States; or

(B) the state;

~~[(e)]~~ (g) "residence" is as defined in Section 59-2-1202, except that a rented dwelling is not considered to be a residence;

~~[(f)]~~ (h) "veteran who was killed in action or died in the line of duty" means a person who was killed in action or died in the line of duty in the military service of the United States or the state, regardless of whether that person was disabled at the time that person was killed in

action or died in the line of duty; and

~~[(g)]~~ (i) "veteran's exemption" means a property tax exemption provided for in Subsection (2).

(2) (a) The amount of taxable value of the property described in Subsection (2)(b) is exempt from taxation as calculated under Subsections (2)(c) through (e) if the property described in Subsection (2)(b) is owned by:

- (i) a disabled veteran; or
- (ii) the unmarried surviving spouse ~~[and]~~ or a minor ~~[orphans]~~ orphan of a:
 - (A) deceased disabled veteran; or
 - (B) veteran who was killed in action or died in the line of duty.

(b) Subsection (2)(a) applies to the following property:

- (i) ~~[real property, including a]~~ the claimant's primary residence;
- (ii) tangible personal property~~[-or]~~ that:
 - (A) is held exclusively for personal use; and
 - (B) is not used in a trade or business; or
- (iii) a combination of Subsections (2)(b)(i) and (ii).

(c) Except as provided in Subsection (2)(d) or (e), the amount of taxable value of property described in Subsection (2)(b) that is exempt under Subsection (2)(a) is ~~[equal to the lesser of]:~~

~~[(i) the product of:]~~

~~[(A) the percentage of disability listed on the certificate described in Subsection 59-2-1105(3)(a); and]~~

~~[(B) \$82,500; or]~~

(i) as described in Subsection (2)(f), if the property is owned by:

- (A) a disabled veteran;
- (B) the unmarried surviving spouse of a deceased disabled veteran; or
- (C) a minor orphan of a deceased disabled veteran; or

(ii) equal to the total taxable value of the claimant's property described in Subsection

(2)(b)[:] if the property is owned by:

(A) the unmarried surviving spouse of a veteran who was killed in action or died in the line of duty; or

(B) a minor orphan of a veteran who was killed in action or died in the line of duty.

(d) Notwithstanding Subsection (2)(c)(i), a veteran's exemption may not be allowed under this Subsection (2) if the percentage of disability listed on the certificate described in Subsection 59-2-1105(3)(a) is less than 10%.

(e) [(†)] Notwithstanding Subsection (2)(c)(i), a claimant who is the unmarried surviving spouse or minor orphan of a deceased disabled veteran may claim a veteran's exemption [as provided in Subsection (2)(e)(ii)] for the total value of the property described in Subsection (2)(b) if:

[(A)] (i) the deceased disabled veteran served in the military service of the United States or the state prior to January 1, 1921; and

[(B)] (ii) the percentage of disability listed on the certificate described in Subsection 59-2-1105(3)(a) for the deceased disabled veteran is 10% or more.

[(ii) For purposes of Subsection (2)(c)(i), the amount of taxable value of property described in Subsection (2)(b) that is exempt under Subsection (2)(a) is equal to the lesser of:]

[(A) \$82,500; or]

[(B) the total taxable value of the claimant's property described in Subsection (2)(b).]

(f) Except as provided in Subsection (2)(g), the amount of the taxable value of the property described in Subsection (2)(b) that is exempt under Subsection (2)(c)(i) is equal to the percentage of disability listed on the certificate described in Subsection 59-2-1105(3)(a) multiplied by the adjusted taxable value limit.

(g) Notwithstanding Subsection (2)(f), the amount of the taxable value of the property described in Subsection (2)(b) that is exempt under Subsection (2)(c)(i) may not be greater than the taxable value of the property described in Subsection (2)(b).

Section 2. Retrospective operation.

This bill provides retrospective operation to January 1, 2005.

