

Representative Jack R. Draxler proposes the following substitute bill:

PROPERTY TAXATION OF LOW-INCOME HOUSING

2012 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jack R. Draxler

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill makes changes to property tax provisions related to low-income housing.

Highlighted Provisions:

This bill:

- ▶ requires the owner of property subject to a low-income housing covenant to annually provide certain information to a county assessor;
- ▶ provides for assessment when the required information is not provided;
- ▶ provides for a penalty for failure to provide certain information to an assessor; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect on January 1, 2013.

Utah Code Sections Affected:

AMENDS:

59-2-301.3, as enacted by Laws of Utah 2003, Chapter 113

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



26 Section 1. Section **59-2-301.3** is amended to read:

27 **59-2-301.3. Definitions -- Assessment of real property subject to a low-income**
28 **housing covenant.**

29 (1) As used in this section:

30 (a) "low-income housing covenant" means an agreement:

31 (i) between:

32 (A) the Utah Housing Corporation; and

33 (B) an owner of real property upon which residential rental housing is located; and

34 (ii) in which the owner described in Subsection (1)(a)(i)(B) agrees to limit the amount
35 of rent that a renter may be charged for the residential rental housing; and

36 (b) "residential rental housing" means housing that:

37 (i) is used:

38 (A) for residential purposes; and

39 (B) as a primary residence; and

40 (ii) is rental property.

41 (2) ~~[In assessing the fair market value of real property that is subject to a low-income~~
42 ~~housing covenant, a] A county assessor shall [include as part of the assessment], in determining~~
43 ~~the fair market value of real property subject to a low-income housing covenant, take into~~
44 ~~account all relevant factors that affect the fair market value of the property, including:~~

45 (a) the information provided in Subsection (3); and

46 (b) any effects the low-income housing covenant may have on the fair market value of
47 the real property.

48 (3) (a) Except as provided in Subsection (3)(b), to have a county assessor take into
49 account a low-income housing covenant under Subsection (2), the owner of a property subject
50 to a low-income housing covenant shall, by April 30 of each year, provide to the county
51 assessor:

52 (i) a signed statement from the property owner that the project continues to meet the
53 requirements of the low-income housing covenant;

54 (ii) a financial operating statement for the property for the prior year;

55 (iii) rent rolls for the property for the prior year; and

56 (iv) federal and commercial financing terms and agreements for the property.

57 (b) If the April 30 described in Subsection (3)(a) falls within the first twelve months
58 after a low-income housing operation begins on the property, a property owner shall provide
59 estimates of the information required by Subsections (3)(a)(ii) through (iv).

60 (4) If the owner of a property subject to a low-income housing covenant fails to meet
61 the requirements of Subsection (3):

62 (a) the assessor shall:

63 (i) make a record of the failure to meet the requirements of Subsection (3); and

64 (ii) make an estimate of the fair market value of the property in accordance with

65 Subsection (2) based on information available to the assessor; and

66 (b) the owner shall pay a penalty equal to the greater of:

67 (i) \$250; or

68 (ii) ~~H~~→ [10%] 5% ←~~H~~ of the tax due on the property for that year.

68a **§→ (5) Upon making a record of the action, and upon reasonable cause shown, an assessor**
68b **may waive, reduce, or compromise the penalty imposed under Subsection (4)(b). ←§**

69 Section 2. **Effective date.**

70 This bill takes effect on January 1, 2013.