

1                   **PROPERTY TAXATION OF LOW-INCOME HOUSING**

2                                   2012 GENERAL SESSION

3                                   STATE OF UTAH

4                                   **Chief Sponsor: Jack R. Draxler**

5                                   Senate Sponsor: Lyle W. Hillyard

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7 **LONG TITLE**

8 **General Description:**

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

10 **Highlighted Provisions:**

11           This bill:

- 12           ▶ requires the owner of property subject to a low-income housing covenant to
- 13 annually provide certain information to a county assessor;
- 14           ▶ provides for assessment when the required information is not provided;
- 15           ▶ provides for a penalty for failure to provide certain information to an assessor;
- 16           ▶ provides authority to waive, reduce, or compromise the penalty in certain
- 17 circumstances; and
- 18           ▶ makes technical and conforming changes.

19 **Money Appropriated in this Bill:**

20           None

21 **Other Special Clauses:**

22           This bill takes effect on January 1, 2013.

23 **Utah Code Sections Affected:**

24 AMENDS:

25           **59-2-301.3**, as enacted by Laws of Utah 2003, Chapter 113

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

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

29           **59-2-301.3. Definitions -- Assessment of real property subject to a low-income**

30 **housing covenant.**

31 (1) As used in this section:

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

33 (i) between:

34 (A) the Utah Housing Corporation; and

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

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

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

39 (i) is used:

40 (A) for residential purposes; and

41 (B) as a primary residence; and

42 (ii) is rental property.

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

47 ~~(a) the information provided in Subsection (3); and~~

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

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

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

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

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

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

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

64           (a) the assessor shall:  
65           (i) make a record of the failure to meet the requirements of Subsection (3); and  
66           (ii) make an estimate of the fair market value of the property in accordance with  
67 Subsection (2) based on information available to the assessor; and

68           (b) subject to Subsection (5), the owner shall pay a penalty equal to the greater of:  
69           (i) \$250; or  
70           (ii) 5% of the tax due on the property for that year.

71           (5) (a) Only one penalty per year may be imposed per housing project subject to a  
72 low-income housing covenant.

73           (b) Upon making a record of the action, and upon reasonable cause shown, an assessor  
74 may waive, reduce, or compromise the penalty imposed under Subsection (4)(b).

75           Section 2. **Effective date.**

76           This bill takes effect on January 1, 2013.