

Senator Todd Weiler 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;
- ▶ provides authority to waive, reduce, or compromise the penalty in certain circumstances; 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



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

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

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

(1) As used in this section:

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

(i) between:

(A) the Utah Housing Corporation; and

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

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

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

(i) is used:

(A) for residential purposes; and

(B) as a primary residence; and

(ii) is rental property.

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

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

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

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

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

(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.