

**PROPERTY TAX REVISIONS**

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Curtis S. Bramble**

House Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies provisions related to property taxes.

**Highlighted Provisions:**

This bill:

- ▶ provides a process for real estate developers to seek deferral of property taxes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

ENACTS:

**59-2-1116**, Utah Code Annotated 1953

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

Section 1. Section **59-2-1116** is enacted to read:

**59-2-1116. Deferral for developer's unsold property.**

(1) As used in this section, "real estate developer" means a person having an ownership interest in real property that:

(a) (i) contracts with a person that is licensed as a contractor or is exempt from licensure under Title 58, Chapter 55, Utah Construction Trades Licensing Act, for the



28 construction of an improvement to real property that is offered for sale to the public and that  
29 has not been sold; or

30 (ii) (A) is a licensed contractor under Title 58, Chapter 55, Utah Construction Trades  
31 Licensing Act; and

32 (B) engages in the construction of an improvement to real property that is offered for  
33 sale to the public and that has not been sold;

34 (b) has, as the person's primary business, the development of real property for sale to  
35 the public; and

36 (c) in a calendar year owns five or more lots or commercial pads that are or will be  
37 developed for sale to the public.

38 (2) (a) A real estate developer seeking a deferral of taxes under this chapter shall file an  
39 application for the deferral of taxes on or before September 1 with the county in which the real  
40 property is located.

41 (b) The application shall include a signed statement setting forth the following:

42 (i) a description of the real property;

43 (ii) the value of the real property for the current year;

44 (iii) the amount of delinquent taxes, interest, and penalties applicable to the real  
45 property;

46 (iv) the amount proposed to be deferred;

47 (v) all of the owners of the real property; and

48 (vi) evidence that the applicant's primary business is the development of real property  
49 for sale to the public.

50 (c) A county may extend the deadline for filing under Subsection (2)(a) until December  
51 31 if the county finds that good cause exists to extend the deadline.

52 (3) The county shall defer any tax levied on real property that is owned by a real estate  
53 developer that complies with Subsection (2).

54 (4) (a) The deferral of taxes is for the period:

55 (i) beginning on the January 1 immediately preceding the date on which the county  
56 defers the tax; and

57 (ii) ending the sooner of:

58 (A) the date that the real estate developer sells or otherwise conveys the real property;

59 or

60 (B) December 31 of the year that is five years after the day described in Subsection

61 (4)(a)(i).

62 (b) If the real estate developer obtains a deferral under this section for real property, the

63 real property may not be subjected to a tax sale before one year after the day on which the

64 period of deferral ends under Subsection (4).

65 (5) (a) Taxes deferred by the county accumulate with interest as a lien against the

66 property until the period of deferral ends under Subsection (4).

67 (b) Deferred taxes under this section:

68 (i) bear interest at an interest rate equal to the lesser of:

69 (A) 6%; or

70 (B) the federal funds target rate established by the Federal Open Market Committee

71 that exists on the January 1 immediately preceding the day on which the taxes are deferred; and

72 (ii) have the same status as a lien under Sections [59-2-1301](#) and [59-2-1325](#).

73 (c) The amount deferred together with accrued interest shall be due and payable when

74 the property is sold or otherwise conveyed.

75 (6) A county may grant a real estate developer a deferral under this section only once

76 for each lot or commercial pad for which the real estate developer seeks a deferral under this

77 section and in which the real estate developer has an ownership interest.

78 (7) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the

79 commission may adopt rules to implement this section.

80 **Section 2. Effective date.**

81 This bill takes effect on January 1, 2017.