

## HB0230S02 compared with HB0230S01

~~deleted text~~ shows text that was in HB0230S01 but was deleted in HB0230S02.

Inserted text shows text that was not in HB0230S01 but was inserted into HB0230S02.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Representative Keven J. Stratton proposes the following substitute bill:

### EXEMPTIONS FROM COLLECTION AMENDMENTS

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Keven J. Stratton**

Senate Sponsor: \_\_\_\_\_

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#### LONG TITLE

##### General Description:

This bill modifies provisions related to exemptions.

##### Highlighted Provisions:

This bill:

- ▶ addresses the value of a homestead exemption;
- ▶ includes certain savings plans; and
- ▶ makes technical changes.

##### Money Appropriated in this Bill:

None

##### Other Special Clauses:

None

##### Utah Code Sections Affected:

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AMENDS:

**78B-5-503**, as last amended by Laws of Utah 2013, Chapter 192

**78B-5-505**, as last amended by Laws of Utah 2016, Chapter 262

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

Section 1. Section **78B-5-503** is amended to read:

**78B-5-503. Homestead exemption -- Definitions -- Excepted obligations -- Water rights and interests -- Conveyance -- Sale and disposition -- Property right for federal tax purposes.**

(1) For purposes of this section:

(a) "Household" means a group of persons related by blood or marriage living together in the same dwelling as an economic unit, sharing furnishings, facilities, accommodations, and expenses.

(b) "Mobile home" [~~is as~~] means the same as that term is defined in Section 57-16-3.

(c) "Primary personal residence" means a dwelling or mobile home, and the land surrounding it, not exceeding one acre, as is reasonably necessary for the use of the dwelling or mobile home, in which the individual and the individual's household reside.

(d) "Property" means:

(i) a primary personal residence;

(ii) real property; or

(iii) an equitable interest in real property awarded to a person in a divorce decree by a court.

(2) (a) An individual is entitled to a homestead exemption consisting of property in this state in an amount not exceeding:

(i) \$5,000 in value if the property consists in whole or in part of property [~~which~~] that is not the primary personal residence of the individual; or

(ii) [~~\$30,000~~] \$42,000 in value if the property claimed is the primary personal residence of the individual.

(b) If the property claimed as exempt is jointly owned, each joint owner is entitled to a homestead exemption[~~;~~ ~~however~~], except that:

(i) for property exempt under Subsection (2)(a)(i), the maximum exemption may not

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exceed \$10,000 per household; or

(ii) for property exempt under Subsection (2)(a)(ii), the maximum exemption may not exceed [~~\$60,000~~] \$84,000 per household.

(c) A person may claim a homestead exemption in either or both of the following:

(i) one or more parcels of real property together with appurtenances and improvements;

or

(ii) a mobile home in which the claimant resides.

(d) A person may not claim a homestead exemption for property that the person acquired as a result of criminal activity.

(e) (i) As used in this Subsection (2)(e), "index number" means the average of the **four** most recent ~~four quarter~~ **quarterly** index numbers for the not seasonally adjusted, purchase-only ~~house price index~~ **House Price Index** for ~~the state of~~ Utah as published in the ~~Third Quarter~~ **House Price Index** Report **for the third quarter** by the Federal Housing Finance Agency in the year previous to the calendar year that is calculated in ~~Subsections~~ **Subsection (2)(e)(iii) ~~and (vi)~~**.

(ii) The dollar amounts in ~~Subsection~~ **Subsections** (2)(a) and (b) are for May 14, 2019, through December 31, 2019.

(iii) For the calendar year 2020 **and a calendar year after the calendar year 2020**, the state auditor shall:

(A) calculate new dollar amounts for Subsections (2)(a) and (b) by multiplying the dollar amount in Subsections (2)(a) and (b) by the index number, dividing the result by 400, and rounding to the nearest 100 dollars;

~~(iv) For a calendar year after the calendar year 2020, the state auditor shall calculate new dollar amounts for Subsections (2)(a) and (b) by multiplying the dollar amount calculated in the previous calendar year for Subsections (2)(a) and (b) by the index number, dividing the result by 400, and rounding to the nearest 100 dollars.~~

~~(v) For the calendar year 2020 and a calendar year after the calendar year 2020, the state auditor shall; **and**~~

(B) publish on the Office of the State Auditor website the new dollar amounts calculated under Subsection (2)(e)(iii) ~~or (vi)~~ no later than January 1 of the applicable calendar year.

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(3) A homestead is exempt from judicial lien and from levy, execution, or forced sale except for:

(a) statutory liens for property taxes and assessments on the property;

(b) security interests in the property and judicial liens for debts created for the purchase price of the property;

(c) judicial liens obtained on debts created by failure to provide support or maintenance for dependent children; and

(d) consensual liens obtained on debts created by mutual contract.

(4) (a) Except as provided in Subsection (4)(b), water rights and interests, either in the form of corporate stock or otherwise, owned by the homestead claimant are exempt from execution to the extent that those rights and interests are necessarily employed in supplying water to the homestead for domestic and irrigating purposes.

(b) Those water rights and interests are not exempt from calls or assessments and sale by the corporations issuing the stock.

(5) (a) When a homestead is conveyed by the owner of the property, the conveyance may not subject the property to any lien to which [it] the property would not be subject in the hands of the owner.

(b) The proceeds of any sale, to the amount of the exemption existing at the time of sale, is exempt from levy, execution, or other process for one year after the receipt of the proceeds by the person entitled to the exemption.

(6) The sale and disposition of one homestead does not prevent the selection or purchase of another.

(7) For purposes of any claim or action for taxes brought by the United States Internal Revenue Service, a homestead exemption claimed on real property in this state is considered to be a property right.

Section 2. Section **78B-5-505** is amended to read:

### **78B-5-505. Property exempt from execution.**

(1) (a) An individual is entitled to exemption of the following property:

(i) a burial plot for the individual and the individual's family;

(ii) health aids reasonably necessary to enable the individual or a dependent to work or sustain health;

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(iii) benefits the individual or the individual's dependent have received or are entitled to receive from any source because of:

(A) disability;

(B) illness; or

(C) unemployment;

(iv) benefits paid or payable for medical, surgical, or hospital care to the extent they are used by an individual or the individual's dependent to pay for that care;

(v) veterans benefits;

(vi) money or property received, and rights to receive money or property for child support;

(vii) money or property received, and rights to receive money or property for alimony or separate maintenance, to the extent reasonably necessary for the support of the individual and the individual's dependents;

(viii) (A) one:

(I) clothes washer and dryer;

(II) refrigerator;

(III) freezer;

(IV) stove;

(V) microwave oven; and

(VI) sewing machine;

(B) all carpets in use;

(C) provisions sufficient for 12 months actually provided for individual or family use;

(D) all wearing apparel of every individual and dependent, not including jewelry or furs; and

(E) all beds and bedding for every individual or dependent;

(ix) except for works of art held by the debtor as part of a trade or business, works of art:

(A) depicting the debtor or the debtor and [~~his~~] the debtor's resident family; or

(B) produced by the debtor or the debtor and [~~his~~] the debtor's resident family;

(x) proceeds of insurance, a judgment, or a settlement, or other rights accruing as a result of bodily injury of the individual or of the wrongful death or bodily injury of another

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individual of whom the individual was or is a dependent to the extent that those proceeds are compensatory;

(xi) the proceeds or benefits of any life insurance contracts or policies paid or payable to the debtor or any trust of which the debtor is a beneficiary upon the death of the spouse or children of the debtor, provided that the contract or policy has been owned by the debtor for a continuous unexpired period of one year;

(xii) the proceeds or benefits of any life insurance contracts or policies paid or payable to the spouse or children of the debtor or any trust of which the spouse or children are beneficiaries upon the death of the debtor, provided that the contract or policy has been in existence for a continuous unexpired period of one year;

(xiii) proceeds and avails of any unexpired life insurance contracts owned by the debtor or any revocable grantor trust created by the debtor, excluding any payments made on the contract during the one year immediately preceding a creditor's levy or execution;

(xiv) except as provided in Subsection (1)(b), any money or other assets held for or payable to the individual as a participant or beneficiary from or an interest of the individual as a participant or beneficiary in a retirement plan or arrangement that is described in Section 401(a), 401(h), 401(k), 403(a), 403(b), 408, 408A, 409, 414(d), 414(e), or 457, Internal Revenue Code;

(xv) the interest of or any money or other assets payable to an alternate payee under a qualified domestic relations order as those terms are defined in Section 414(p), Internal Revenue Code;

(xvi) unpaid earnings of the household of the filing individual due as of the date of the filing of a bankruptcy petition in the amount of 1/24 of the Utah State annual median family income for the household size of the filing individual as determined by the Utah State Annual Median Family Income reported by the United States Census Bureau and as adjusted based upon the Consumer Price Index for All Urban Consumers for an individual whose unpaid earnings are paid more often than once a month or, if unpaid earnings are not paid more often than once a month, then in the amount of 1/12 of the Utah State annual median family income for the household size of the individual as determined by the Utah State Annual Median Family Income reported by the United States Census Bureau and as adjusted based upon the Consumer Price Index for All Urban Consumers; [~~and~~]

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(xvii) except for curio or relic firearms, as defined in Section 76-10-501, any three of the following:

- (A) one handgun and ammunition for the handgun not exceeding 1,000 rounds;
- (B) one shotgun and ammunition for the shotgun not exceeding 1,000 rounds; and
- (C) one shoulder arm and ammunition for the shoulder arm not exceeding 1,000

rounds[-]; and

(xviii) money, not exceeding \$200,000, in the aggregate, that an individual deposits, more than 18 months before the day on which the individual files a petition for bankruptcy, in ~~fa~~all tax-advantaged ~~account~~accounts for saving for higher education costs on behalf of a particular individual that meets the requirements of Section 529, Internal Revenue Code.

(b) The exemption granted by Subsection (1)(a)(xiv) does not apply to:

(i) an alternate payee under a qualified domestic relations order, as those terms are defined in Section 414(p), Internal Revenue Code; or

(ii) amounts contributed or benefits accrued by or on behalf of a debtor within one year before the debtor files for bankruptcy[- ~~This may not include~~], except amounts directly rolled over from other funds [~~which~~] that are exempt from attachment under this section.

(2) The exemptions in Subsections (1)(a)(xi), (xii), and (xiii) do not apply to proceeds and avails of any matured or unmatured life insurance contract assigned or pledged as collateral for repayment of a loan or other legal obligation.

(3) Disability benefits, as described in Subsection (1)(a)(iii)(A), and veterans benefits, as described in Subsection (1)(a)(v), may be garnished on behalf of a child victim if the person receiving the benefits has been convicted of a felony sex offense against a child and ordered by the convicting court to pay restitution to the victim. The exemption from execution under this section shall be reinstated upon payment of the restitution in full.

(4) Exemptions under this section do not limit items that may be claimed as exempt under Section 78B-5-506.