

1 **PROPERTY TAX DEFERRAL MODIFICATIONS**

2 2021 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Lincoln Fillmore**

5 House Sponsor: Robert M. Spendlove

7 **LONG TITLE**

8 **Committee Note:**

9 The Revenue and Taxation Interim Committee recommended this bill.

10 Legislative Vote: 14 voting for 4 voting against 1 absent

11 **General Description:**

12 This bill modifies the deferral provisions of the Property Tax Act.

13 **Highlighted Provisions:**

14 This bill:

- 15 ▶ requires a county to grant a property tax deferral to an owner of a single-family
- 16 residence who is 66 years old or older and whose residence is valued at less than
- 17 \$500,000 under certain circumstances;
- 18 ▶ provides an inflation adjustment for the value threshold;
- 19 ▶ clarifies the application requirements for a compulsory property tax deferral; and
- 20 ▶ makes technical and conforming changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 This bill provides retrospective operation.

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **59-2-1802**, as enacted by Laws of Utah 2019, Chapter 453



28 [59-2-1804](#), as enacted by Laws of Utah 2019, Chapter 453

29

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

31 Section 1. Section **59-2-1802** is amended to read:

32 **59-2-1802. Tax deferral.**

33 (1) (a) In accordance with this part and after giving notice to the taxpayer, a county
34 may defer a tax on residential property [~~after giving notice to the taxpayer~~], allowing the
35 taxpayer to pay the tax at a later date.

36 (b) In determining a deferral, a county shall consider an asset transferred to a relative
37 by an applicant for deferral, if the transfer took place during the three years prior to the day on
38 which the applicant applied for deferral.

39 (2) A county may grant a deferral described in Subsection (1) at any time:

40 (a) after the holder of each mortgage or trust deed outstanding on the property gives
41 written approval of the application; and

42 (b) if the applicant is not the owner of income-producing assets that could be liquidated
43 to pay the tax.

44 (3) In accordance with this part, a county shall defer a tax on a single-family residence
45 if:

46 (a) the owner of the single-family residence is:

47 (i) an individual who is 66 years old or older on or before December 31 of the year for
48 which the individual applies for a deferral; or

49 (ii) a trust described in Section [59-2-1805](#) for which the grantor is an individual who is
50 66 years old or older on or before December 31 of the year for which the individual applies for
51 a deferral;

52 (b) the single-family residence was the owner's primary residence as of January 1 of the
53 year for which the owner applies for a deferral;

54 (c) subject to Subsection (4), the value of the single-family residence for the year in
55 which the owner applies for a deferral is, according to the county assessment roll, less than
56 \$500,000; and

57 (d) the holder of each mortgage or trust deed outstanding on the single-family
58 residence gives written approval of the deferral.

59 (4) (a) For a calendar year beginning on or after January 1, 2022, the commission shall
 60 increase the dollar amount described in Subsection (3)(c):

61 (i) by a percentage equal to the percentage difference between the consumer price
 62 index for the preceding calendar year and the consumer price index for calendar year 2020; and

63 (ii) up to the nearest \$100 increment.

64 (b) For purposes of this Subsection (4), the commission shall calculate the consumer
 65 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

66 (c) If the percentage difference under Subsection (4)(a)(i) is zero or a negative
 67 percentage, the consumer price index increase for the year is zero.

68 ~~[(3)]~~ (5) Taxes deferred by the county accumulate with interest as a lien against the
 69 residential property, as described in Subsection ~~[(4)]~~ (6), until the owner sells or otherwise
 70 disposes of the residential property.

71 ~~[(4)]~~ (6) Deferred taxes under this section:

72 (a) bear interest at an interest rate equal to the lesser of:

73 (i) 6%; or

74 (ii) the federal funds rate target:

75 (A) established by the Federal Open Markets Committee; and

76 (B) that exists on the January 1 immediately preceding the day on which the taxes are
 77 deferred; and

78 (b) have the same status as a lien as described in Sections 59-2-1301 and 59-2-1325.

79 ~~[(5)]~~ (7) If the owner of residential property that is granted deferral under this section is
 80 an indigent individual, during the period of deferral the county may not subject the residential
 81 property to a tax sale.

82 Section 2. Section **59-2-1804** is amended to read:

83 **59-2-1804. Application for tax deferral or tax abatement.**

84 (1) (a) Except as provided in Subsection (1)(b), an applicant for deferral or abatement
 85 for the current tax year shall file annually an application on or before September 1 with the
 86 county in which the applicant's property is located.

87 (b) If a county finds good cause exists, the county may extend until December 31 the
 88 deadline described in Subsection (1)(a).

89 (c) An indigent individual may apply and potentially qualify for deferral, abatement, or

90 both.

91 (2) (a) An applicant shall include in an application a signed statement that describes the
92 eligibility of the applicant for deferral or abatement.

93 (b) For an application for a deferral under Subsection 59-2-1802(3), the requirements
94 described in Subsection (2)(a) include:

95 (i) proof that the applicant resides at the single-family residence for which the applicant
96 seeks the deferral; and

97 (ii) proof of age.

98 (3) Both spouses shall sign an application if the application seeks a deferral or
99 abatement on a residence:

100 (a) in which both spouses reside; and

101 (b) that the spouses own as joint tenants.

102 (4) If an applicant is dissatisfied with a county's decision on the applicant's application
103 for deferral or abatement, the applicant may appeal the decision to the commission in
104 accordance with Section 59-2-1006.

105 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
106 commission may make rules to implement this section.

107 Section 3. **Retrospective operation.**

108 This bill has retrospective operation to January 1, 2021.