

**Senator Wayne A. Harper** proposes the following substitute bill:

**PROPERTY TAX DEFERRAL MODIFICATIONS**

2021 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lincoln Fillmore**

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

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**LONG TITLE**

**General Description:**

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

**Highlighted Provisions:**

This bill:

- ▶ provides certain circumstances under which a county must grant a property tax deferral to an owner of a single-family residence who is 66 years old or older;
- ▶ clarifies the application requirements for a compulsory property tax deferral; and
- ▶ makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides retrospective operation.

**Utah Code Sections Affected:**

AMENDS:

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

**59-2-1804**, as enacted by Laws of Utah 2019, Chapter 453

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



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

27 **59-2-1802. Tax deferral.**

28 (1) As used in this section:

29 (a) "Base year" means the year immediately preceding the year for which the owner  
30 applies for a deferral under this section.

31 (b) "Tax increase from the base year" mean the amount equal to:

32 (i) the tax on an owner's real property for the current year; minus

33 (ii) the tax on an owner's real property for the base year.

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

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

40 ~~[(2)]~~ (3) A county may grant a deferral described in Subsection (2) at any time:

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

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

45 (4) Upon application and in accordance with this part, a county shall defer a tax on a  
46 single-family residence if:

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

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

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

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

55 (c) subject to Subsection (6), the value of the single-family residence for the year in  
56 which the owner applies for a deferral is, according to the county assessment roll, less than

57 \$500,000; and

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

60 (5) An owner described in Subsection (3) who applies for a deferral may elect whether  
61 to defer an amount equal to the tax increase from the base year or the full amount of the tax on  
62 the owner's single-family residence.

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

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

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

68 (b) For purposes of this Subsection (6), the commission shall calculate the consumer  
69 price index as provided in Sections 1(f)(4) and 1(f)(5), Internal Revenue Code.

70 (c) If the percentage difference under Subsection (6)(a)(i) is zero or a negative  
71 percentage, the consumer price index increase for the year is zero.

72 ~~[(3)]~~ (7) Taxes deferred by the county accumulate with interest as a lien against the  
73 residential property, as described in Subsection ~~[(4)]~~ (8), until the owner sells or otherwise  
74 disposes of the residential property.

75 ~~[(4)]~~ (8) Deferred taxes under this section:

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

77 (i) 6%; or

78 (ii) the federal funds rate target:

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

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

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

83 ~~[(5)]~~ (9) If the owner of residential property that is granted deferral under this section is  
84 an indigent individual, during the period of deferral the county may not subject the residential  
85 property to a tax sale.

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

87 **59-2-1804. Application for tax deferral or tax abatement.**

88 (1) (a) Except as provided in Subsection (1)(b), an applicant for deferral or abatement  
89 for the current tax year shall file annually an application on or before [~~September 1~~] January 31  
90 with the county in which the applicant's property is located.

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

93 (c) An indigent individual may apply and potentially qualify for deferral, abatement, or  
94 both.

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

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

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

101 (ii) proof of age.

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

104 (a) in which both spouses reside; and

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

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

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

111 Section 3. **Retrospective operation.**

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