

SB0052S01 compared with SB0052

~~{deleted text}~~ shows text that was in SB0052 but was deleted in SB0052S01.

inserted text shows text that was not in SB0052 but was inserted into SB0052S01.

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.

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: _____

LONG TITLE

~~{Committee Note:~~

~~_____The Revenue and Taxation Interim Committee recommended this bill.~~

~~_____Legislative Vote: 14 voting for 4 voting against _____ 1 absent~~

~~{General Description:~~

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

Highlighted Provisions:

This bill:

- ▶ ~~{requires}~~ provides certain circumstances under which a county ~~{to}~~ must grant a property tax deferral to an owner of a single-family residence who is 66 years old or older ~~{and whose residence is valued at less than \$500,000 under certain circumstances;~~

~~_____→ provides an inflation adjustment for the value threshold};~~

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- ▶ 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

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

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

59-2-1802. Tax deferral.

(1) As used in this section:

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

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

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

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

~~(1)~~ (2) (a) In accordance with this part and after giving notice to the taxpayer, a county may defer a tax on residential property [after giving notice to the taxpayer], allowing the taxpayer to pay the tax at a later date.

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

~~(2)~~ (3) A county may grant a deferral described in Subsection ~~(1)~~ (2) at any time:

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

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

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~~(3)4~~ ~~fin~~ Upon application and in accordance with this part, a county shall defer a tax on a single-family residence if:

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

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

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

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

(c) subject to Subsection (~~4~~6), the value of the single-family residence for the year in which the owner applies for a deferral is, according to the county assessment roll, less than \$500,000; and

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

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

~~(4)6~~ (a) For a calendar year beginning on or after January 1, 2022, the commission shall increase the dollar amount described in Subsection ~~(3)4~~(c):

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

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

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

(c) If the percentage difference under Subsection (~~4~~6)(a)(i) is zero or a negative percentage, the consumer price index increase for the year is zero.

~~(3)~~ ~~(5)7~~ Taxes deferred by the county accumulate with interest as a lien against the residential property, as described in Subsection ~~(4)~~ ~~(6)8~~, until the owner sells or otherwise disposes of the residential property.

~~(4)~~ ~~(6)8~~ Deferred taxes under this section:

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

(i) 6%; or

(ii) the federal funds rate target:

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

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

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

~~[(5)]~~ ~~(47;9)~~ If the owner of residential property that is granted deferral under this section is an indigent individual, during the period of deferral the county may not subject the residential property to a tax sale.

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

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

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

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

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

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

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

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

(ii) proof of age.

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

(a) in which both spouses reside; and

(b) that the spouses own as joint tenants.

(4) If an applicant is dissatisfied with a county's decision on the applicant's application

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for deferral or abatement, the applicant may appeal the decision to the commission in accordance with Section 59-2-1006.

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

Section 3. Retrospective operation.

This bill has retrospective operation to January 1, 2021.