

SB0052S02 compared with SB0052

~~{deleted text}~~ shows text that was in SB0052 but was deleted in SB0052S02.

inserted text shows text that was not in SB0052 but was inserted into SB0052S02.

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 Lincoln Fillmore 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 a county to grant a}~~ defines terms;
- ▶ addresses property tax deferral ~~{to an owner}~~ for certain owners 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}~~ meet specified age and

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income requirements:

- ▶ modifies the interest rate that applies to deferred property taxes;
- ▶ clarifies the required contents of an 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:

59-2-1801, as enacted by Laws of Utah 2019, Chapter 453

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 59-2-1801 is amended to read:

59-2-1801. Definitions.

As used in this part:

- (1) "Abatement" means a tax abatement described in Section 59-2-1803.
- (2) "Deferral" means a tax deferral described in Section 59-2-1802.

(3) "Eligible owner" means an owner of an attached or a detached single-family residence:

(a) who is 75 years old or older on or before December 31 of the year for which the individual applies for a deferral under this part; and

(b) whose household income, as defined in Section 59-2-1202, does not exceed 200% of the maximum household income certified to a homeowner's credit described in Section 59-2-1208.

~~[(3)]~~ (4) "Indigent individual" is a poor individual as described in Utah Constitution, Article XIII, Section 3, Subsection (4), who:

- (a) (i) is at least 65 years old; or

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(ii) is less than 65 years old and:

(A) the county finds that extreme hardship would prevail on the individual if the county does not defer or abate the individual's taxes; or

(B) the individual has a disability;

(b) has a total household income, as defined in Section 59-2-1202, of less than the maximum household income certified to a homeowner's credit described in ~~Subsection 59-2-1208(1)~~ Section 59-2-1208;

(c) resides for at least 10 months of the year in the residence that would be subject to the requested abatement or deferral; and

(d) cannot pay the tax assessed on the individual's residence when the tax becomes due.

~~(4)~~ (5) "Property taxes due" means the taxes due on an indigent individual's property:

(a) for which a county granted an abatement under Section 59-2-1803; and

(b) for the calendar year for which the county grants the abatement.

~~(5)~~ (6) "Property taxes paid" means an amount equal to the sum of:

(a) the amount of property taxes the indigent individual paid for the taxable year for which the indigent individual applied for the abatement; and

(b) the amount of the abatement the county grants under Section 59-2-1803.

~~(6)~~ (7) "Relative" means a spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or a spouse of any of these individuals.

~~(7)~~ (8) "Residence" means real property where an individual resides, including:

(a) a mobile home, as defined in Section 41-1a-102; or

(b) a manufactured home, as defined in Section 41-1a-102.

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

59-2-1802. Tax deferral.

(1) (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.

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(2) A county may grant a deferral described in Subsection (1) 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.

(3) In accordance with this part, ~~if a county shall~~ if the conditions described in Subsection (4) are satisfied, a county:

(a) on or after January 1, 2021, may defer a tax on ~~an~~ an attached single-family residence ~~if~~ or a detached single-family residence; or

(b) on or after January 1, 2024, shall defer a tax on an attached single-family residence or a detached single-family residence.

(4) The conditions described in Subsection (3) are as follows:

(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~~ eligible owner; 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~~ eligible owner;

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

(c) (i) subject to Subsection (~~4~~5), the value of the single-family residence for the year ~~in~~ for which the eligible owner applies for a deferral is ~~according to the county assessment roll, less than \$500,000~~ no greater than 100% of the median property value of attached and detached single-family residences within the county; or

(ii) the eligible owner has owned the single-family residence for a continuous 20-year period as of January 1 of the year for which the eligible owner applies for a deferral; and

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

~~(4) (a) For a calendar year beginning on or after January 1, 2022, the commission shall increase the dollar amount~~ 5) The values described in Subsection (~~3~~) (c):

~~(i) by a percentage equal to the percentage difference between the consumer price~~

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~~index for the preceding calendar year and the consumer price index for calendar year 2020; and~~

~~— (ii) up to the nearest \$100 increment;~~

~~— (b)4(c) are based on the county assessment roll for the county in which the single-family residence is located.~~

~~(6) For purposes of this Subsection (4), 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)(a)(i) is zero or a negative percentage, the consumer price index increase for the year is zero.~~

~~— (3)5(c)(ii), if a single-family residence is transferred between an eligible owner and a trust described in Section 59-2-1805, ownership is considered continuous if the eligible owner is the grantor of the trust.~~

~~(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:

~~[(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]~~

(a) bear interest at an interest rate equal to 50% of the rate described in Subsections 59-2-1331(2)(c) and (d); and

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

~~[(5)]~~ ~~(7)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)3~~. 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 file an application on or before September 1 with

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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~~;~~ and

(iii) proof of household income.

(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 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~~4. **Retrospective operation.**

This bill has retrospective operation to January 1, 2021.