

PROPERTY TAX DEFERRAL AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Robert M. Spendlove

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

- ▶ defines terms;
- ▶ addresses property tax deferral for certain owners of a single-family residence;
- ▶ modifies the interest rate that applies to deferred property taxes;
- ▶ clarifies the required contents of an application for a deferral;
- ▶ directs the State Tax Commission to reimburse a requesting county for the amount of any property taxes that the county defers during a specified time period;
- ▶ addresses repayment of any money a county receives; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

This bill appropriates in fiscal year 2023:

- ▶ to the Utah State Tax Commission -- Tax Administration -- Property Tax Deferral, as a one-time appropriation:
 - from the General Fund \$8,000,000.

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

30 [59-2-1802](#), as enacted by Laws of Utah 2019, Chapter 453
31 [59-2-1804](#), as enacted by Laws of Utah 2019, Chapter 453
32 [63I-2-263](#), as last amended by Laws of Utah 2021, First Special Session, Chapter 4
33 [63J-1-602.2](#), as last amended by Laws of Utah 2021, Chapters 179, 344, 412, 421, and
34 424

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

37 Section 1. Section **59-2-1801** is amended to read:

38 **59-2-1801. Definitions.**

39 As used in this part:

- 40 (1) "Abatement" means a tax abatement described in Section [59-2-1803](#).
41 (2) "Deferral" means a tax deferral described in Section [59-2-1802](#).
42 (3) "Eligible owner" means an owner of an attached or a detached single-family
43 residence:
44 (a) who is 75 years old or older on or before December 31 of the year in which the
45 individual applies for a deferral under this part;
46 (b) whose household income does not exceed 200% of the maximum household
47 income certified to a homeowner's credit described in Section [59-2-1208](#); and
48 (c) whose household liquid resources do not exceed 20 times the amount of property
49 taxes levied on the owner's residence for the preceding calendar year.
50 (4) "Household" means the same as that term is defined in Section [59-2-1202](#).
51 (5) "Household income" means the same as that term is defined in Section [59-2-1202](#).
52 (6) "Household liquid resources" means the following resources that are not included
53 in an individual's household income and held by one or more members of the individual's
54 household:
55 (a) cash on hand;
56 (b) money in a checking or savings account;
57 (c) savings certificates;

58 (d) stocks or bonds; and

59 (e) lump sum payments.

60 ~~[(3)]~~ (7) "Indigent individual" is a poor individual as described in Utah Constitution,
61 Article XIII, Section 3, Subsection (4), who:

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

63 (ii) is less than 65 years old and:

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

66 (B) the individual has a disability;

67 (b) has a total household income, as defined in Section [59-2-1202](#), of less than the
68 maximum household income certified to a homeowner's credit described in ~~[Subsection~~
69 ~~59-2-1208~~~~(1)]~~ Section [59-2-1208](#);

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

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

73 ~~[(4)]~~ (8) "Property taxes due" means the taxes due on an indigent individual's property:

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

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

76 ~~[(5)]~~ (9) "Property taxes paid" means an amount equal to the sum of:

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

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

80 ~~[(6)]~~ (10) "Relative" means a spouse, child, parent, grandparent, grandchild, brother,
81 sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, first cousin, or a
82 spouse of any of these individuals.

83 ~~[(7)]~~ (11) "Residence" means real property where an individual resides, including:

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

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

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

87 **59-2-1802. Tax deferral.**

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

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

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

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

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

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

101 (a) on or after January 1, 2022, may defer a tax on an attached single-family residence
102 or a detached single-family residence; or

103 (b) on or after January 1, 2025, shall defer a tax on an attached single-family residence
104 or a detached single-family residence.

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

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

107 (i) an eligible owner; or

108 (ii) a trust described in Section [59-2-1805](#) for which the grantor is an eligible owner;

109 (b) the single-family residence was the eligible owner's primary residence as of January
110 1 of the year for which the eligible owner applies for a deferral;

111 (c) (i) subject to Subsection (5), the value of the single-family residence for the year for
112 which the eligible owner applies for a deferral is no greater than 100% of the median property
113 value of attached and detached single-family residences within the county; or

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

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

118 (5) The values described in Subsection (4)(c) are based on the county assessment roll
119 for the county in which the single-family residence is located.

120 (6) For purposes of Subsection (4)(c)(ii), if a single-family residence is transferred
121 between an eligible owner and a trust described in Section 59-2-1805, ownership is considered
122 continuous if the eligible owner is the grantor of the trust.

123 ~~[(3)]~~ (7) Taxes deferred by the county accumulate with interest as a lien against the
124 residential property, as described in Subsection [(4)] (8), until the owner sells or otherwise
125 disposes of the residential property.

126 ~~[(4)]~~ (8) Deferred taxes under this section:

127 ~~[(a) bear interest at an interest rate equal to the lesser of:]~~

128 ~~[(i) 6%; or]~~

129 ~~[(ii) the federal funds rate target:]~~

130 ~~[(A) established by the Federal Open Markets Committee; and]~~

131 ~~[(B) that exists on the January 1 immediately preceding the day on which the taxes are~~
132 ~~deferred; and]~~

133 (a) bear interest at an interest rate equal to 50% of the rate described in Subsections
134 59-2-1331(2)(c) and (d); and

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

136 ~~[(5)]~~ (9) If the owner of residential property that is granted deferral under this section is
137 an indigent individual, during the period of deferral the county may not subject the residential
138 property to a tax sale.

139 (10) (a) Upon written application from a county in a form prescribed by the
140 commission, the commission shall reimburse the county for the amount of any tax that the
141 county defers in accordance with Subsections (3) through (6).

142 (b) The commission may not reimburse a county for:
143 (i) an amount of a tax before the county grants the eligible owner a deferral of the tax;

144 or

145 (ii) a tax assessed after December 31, 2026.

146 (11) A county that receives money in accordance with this section for a deferred tax
147 shall:

148 (a) distribute the money to the taxing entities in the same proportion the county would
149 have distributed the revenue from the deferred tax; and

150 (b) repay the money:

151 (i) in an amount equal to the amount necessary to satisfy the lien described in
152 Subsection (7) as of the earlier of:

153 (A) the day on which the county repays the money; or

154 (B) the day on which the lien described in Subsection (7) is satisfied; and

155 (ii) no later than June 30 of the calendar year immediately following the calendar year
156 in which the lien described in Subsection (7) is satisfied.

157 (12) The commission shall deposit money received under this section into the General
158 Fund.

159 Section 3. Section **59-2-1804** is amended to read:

160 **59-2-1804. Application for tax deferral or tax abatement.**

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

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

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

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

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

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

174 (ii) proof of age; and

175 (iii) proof of household income.

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

178 (a) in which both spouses reside; and

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

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

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

185 Section 4. Section 63I-2-263 is amended to read:

186 **63I-2-263. Repeal dates, Title 63A to Title 63N.**

187 (1) Section 63A-3-111 is repealed June 30, 2021.

188 (2) Title 63C, Chapter 19, Higher Education Strategic Planning Commission is
189 repealed July 1, 2021.

190 (3) Title 63C, Chapter 22, Digital Wellness, Citizenship, and Safe Technology
191 Commission is repealed July 1, 2023.

192 (4) Section 63G-1-502 is repealed July 1, 2022.

193 (5) The following sections regarding the World War II Memorial Commission are
194 repealed on July 1, 2022:

195 (a) Section 63G-1-801;

196 (b) Section 63G-1-802;

197 (c) Section 63G-1-803; and

- 198 (d) Section [63G-1-804](#).
- 199 (6) Section [63H-7a-303](#) is repealed July 1, 2024.
- 200 (7) Subsection [63J-1-206\(3\)\(c\)](#), relating to coronavirus, is repealed July 1, 2021.
- 201 (8) Subsection [63J-1-602.2\(42\)](#), which lists appropriations to the State Tax
- 202 Commission for property tax deferral reimbursements, is repealed July 1, 2027.
- 203 ~~[(8)]~~ (9) Sections [63M-7-213](#) and [63M-7-213.5](#) are repealed on January 1, 2023.
- 204 ~~[(9)]~~ (10) Section [63M-7-217](#) is repealed on July 1, 2022.
- 205 ~~[(10)]~~ (11) Title 63N, Chapter 13, Part 3, Facilitating Public-private Partnerships Act,
- 206 is repealed January 1, 2024.
- 207 ~~[(11)]~~ (12) Title 63N, Chapter 15, COVID-19 Economic Recovery Programs, is
- 208 repealed December 31, 2021.
- 209 Section 5. Section **63J-1-602.2** is amended to read:
- 210 **63J-1-602.2. List of nonlapsing appropriations to programs.**
- 211 Appropriations made to the following programs are nonlapsing:
- 212 (1) The Legislature and the Legislature's committees.
- 213 (2) The State Board of Education, including all appropriations to agencies, line items,
- 214 and programs under the jurisdiction of the State Board of Education, in accordance with
- 215 Section [53F-9-103](#).
- 216 (3) The Percent-for-Art Program created in Section [9-6-404](#).
- 217 (4) The LeRay McAllister Critical Land Conservation Program created in Section
- 218 [11-38-301](#).
- 219 (5) Dedicated credits accrued to the Utah Marriage Commission as provided under
- 220 Subsection [17-16-21\(2\)\(d\)\(ii\)](#).
- 221 (6) The Trip Reduction Program created in Section [19-2a-104](#).
- 222 (7) The Division of Wildlife Resources for the appraisal and purchase of lands under
- 223 the Pelican Management Act, as provided in Section [23-21a-6](#).
- 224 (8) The ~~[emergency medical services grant program]~~ Emergency Medical Services
- 225 Grant Program in Section [26-8a-207](#).

- 226 (9) The primary care grant program created in Section [26-10b-102](#).
- 227 (10) Sanctions collected as dedicated credits from Medicaid [~~provider~~] providers under
228 Subsection [26-18-3\(7\)](#).
- 229 (11) The Utah Health Care Workforce Financial Assistance Program created in Section
230 [26-46-102](#).
- 231 (12) The Rural Physician Loan Repayment Program created in Section [26-46a-103](#).
- 232 (13) The Opiate Overdose Outreach Pilot Program created in Section [26-55-107](#).
- 233 (14) Funds that the Department of Alcoholic Beverage Control retains in accordance
234 with Subsection [32B-2-301\(9\)\(a\)](#) or (b).
- 235 (15) The General Assistance program administered by the Department of Workforce
236 Services, as provided in Section [35A-3-401](#).
- 237 (16) The Utah National Guard, created in Title 39, Militia and Armories.
- 238 (17) The State Tax Commission under Section [41-1a-1201](#) for the:
- 239 (a) purchase and distribution of license plates and decals; and
- 240 (b) administration and enforcement of motor vehicle registration requirements.
- 241 (18) The Search and Rescue Financial Assistance Program, as provided in Section
242 [53-2a-1102](#).
- 243 (19) The Motorcycle Rider Education Program, as provided in Section [53-3-905](#).
- 244 (20) The Utah Board of Higher Education for teacher preparation programs, as
245 provided in Section [53B-6-104](#).
- 246 (21) The Medical Education Program administered by the Medical Education Council,
247 as provided in Section [53B-24-202](#).
- 248 (22) The Division of Services for People with Disabilities, as provided in Section
249 [62A-5-102](#).
- 250 (23) The Division of Fleet Operations for the purpose of upgrading underground
251 storage tanks under Section [63A-9-401](#).
- 252 (24) The Utah Seismic Safety Commission, as provided in Section [63C-6-104](#).
- 253 (25) [~~Appropriations to the~~] The Division of Technology Services for technology

254 innovation as provided under Section [63A-16-903](#).

255 (26) The Office of Administrative Rules for publishing, as provided in Section
256 [63G-3-402](#).

257 (27) The Colorado River Authority of Utah, created in Title 63M, Chapter 14,
258 Colorado River Authority of Utah Act.

259 (28) The Governor's Office of Economic Opportunity to fund the Enterprise Zone Act,
260 as provided in Title 63N, Chapter 2, Part 2, Enterprise Zone Act.

261 (29) [~~Appropriations to fund the~~] The Governor's Office of Economic Opportunity's
262 Rural Employment Expansion Program, as described in Title 63N, Chapter 4, Part 4, Rural
263 Employment Expansion Program.

264 (30) [~~Appropriations to fund programs~~] Programs for the Jordan River Recreation Area
265 as described in Section [65A-2-8](#).

266 (31) The Division of Human Resource Management user training program, as provided
267 in Section [63A-17-106](#).

268 (32) A public safety answering point's emergency telecommunications service fund, as
269 provided in Section [69-2-301](#).

270 (33) The Traffic Noise Abatement Program created in Section [72-6-112](#).

271 (34) The money appropriated from the Navajo Water Rights Negotiation Account to
272 the Division of Water Rights, created in Section [73-2-1.1](#), for purposes of participating in a
273 settlement of federal reserved water right claims.

274 (35) The Judicial Council for compensation for special prosecutors, as provided in
275 Section [77-10a-19](#).

276 (36) A state rehabilitative employment program, as provided in Section [78A-6-210](#).

277 (37) The Utah Geological Survey, as provided in Section [79-3-401](#).

278 (38) The Bonneville Shoreline Trail Program created under Section [79-5-503](#).

279 (39) Adoption document access as provided in Sections [78B-6-141](#), [78B-6-144](#), and
280 [78B-6-144.5](#).

281 (40) Indigent defense as provided in Title 78B, Chapter 22, Part 4, Utah Indigent

282 Defense Commission.

283 (41) The program established by the Division of Facilities Construction and
284 Management under Section 63A-5b-703 under which state agencies receive an appropriation
285 and pay lease payments for the use and occupancy of buildings owned by the Division of
286 Facilities Construction and Management.

287 (42) The State Tax Commission for reimbursing counties for deferred property taxes in
288 accordance with Section 59-2-1802.

289 Section 6. **Appropriations.**

290 The following sums of money are appropriated for the fiscal year beginning July 1,
291 2022, and ending June 30, 2023. These are additions to amounts previously appropriated for
292 fiscal year 2023. Under the terms and conditions of Title 63J, Chapter 1, Budgetary Procedures
293 Act, the Legislature appropriates the following sums of money from the funds or accounts
294 indicated for the use and support of the government of the state of Utah.

295 ITEM 1

296 To Utah State Tax Commission -- Tax Administration

297 From General Fund, One-time \$8,000,000

298 Schedule of Programs:

299 Property Tax Deferral \$8,000,000

300 The Legislature intends that:

301 (1) appropriations provided under this section be used to reimburse counties for
302 deferred property taxes in accordance with Section 59-2-1802; and

303 (2) under Section 63J-1-603, appropriations provided under this section not lapse at the
304 close of fiscal year 2023 and the use of any nonlapsing funds is limited to reimbursing counties
305 for deferred property taxes in accordance with Section 59-2-1802.

306 Section 7. **Retrospective operation.**

307 This bill has retrospective operation to January 1, 2022.