PROPERTY TAX DEFERRAL AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Steve Eliason

LONG TITLE

General Description:

This bill provides for the deferral of tax notice charges.

Highlighted Provisions:

This bill:

- defines terms;
- provides authority for a county to defer charges that are listed on a property tax notice (tax notice charges);
- provides authority and circumstances for a county to receive reimbursement from the State Tax Commission for deferred tax notice charges; 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 (Effective 05/01/24), as last amended by Laws of Utah 2023, Chapter 354

59-2-1802 (Effective 05/01/24), as last amended by Laws of Utah 2023, Chapter 354

59-2-1802.5 (Effective 05/01/24), as enacted by Laws of Utah 2023, Chapter 354

63I-2-263 (Effective 05/01/24), as last amended by Laws of Utah 2023, Chapters 33, 139, 212, 354, and 530

63J-1-602.2 (Effective 05/01/24) (Superseded 07/01/24), as last amended by Laws of Utah 2023, Chapters 33, 34, 134, 139, 180, 212, 246, 330, 345, 354, and 534

63J-1-602.2 (Effective 07/01/24), as last amended by Laws of Utah 2023, Chapters 33, 34, 134, 139, 180, 212, 246, 310, 330, 345, 354, and 534

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

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

59-2-1801 (Effective 05/01/24). Definitions.

As used in this part:

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

(2) "Deferral" means a postponement of a tax due date or a tax notice charge granted in accordance with Section 59-2-1802 or 59-2-1802.5.

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

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

(ii) whose household income does not exceed 200% of the maximum household income certified to a homeowner's credit described in Section 59-2-1208; and

(iii) whose household liquid resources do not exceed 20 times the amount of property taxes levied on the owner's residence for the preceding calendar year; or

(b) that is a trust described in Section 59-2-1805 if the grantor of the trust is an individual described in Subsection (3)(a).

(4) "Household" means the same as that term is defined in Section 59-2-1202.

(5) "Household income" means the same as that term is defined in Section 59-2-1202.

(6) "Household liquid resources" means the following resources that are not included in an individual's household income and held by one or more members of the individual's household:

(a) cash on hand;

(b) money in a checking or savings account;

(c) savings certificates; and

(d) stocks or bonds.

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

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

(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 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.

(8) "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.

(9) "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.

(10) "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.

(11) "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.

(12) "Tax notice charge" means the same as that term is defined in Section 59-2-1301.5.

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

59-2-1802 (Effective 05/01/24). Tax and tax notice charge deferral -- County discretion to grant deferral -- Creation of lien and due date.

(1) (a) In accordance with this part and after receiving an application and giving notice to the taxpayer, a county may grant a deferral [~~of a tax~~] on residential property.

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

(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) (a) Taxes and tax notice charges deferred under this part accumulate with interest and applicable recording fees as a lien against the residential property.

(b) A lien described in this Subsection (3) has the same legal status as a lien described in Section 59-2-1325.

(c) To release the lien described in this Subsection (3), an owner shall pay the total amount subject to the lien:

(i) upon the owner selling or otherwise disposing of the residential property; or

(ii) when the residential property is no longer the owner's primary residence.

(d) (i) Notwithstanding Subsection (3)(c), an owner that receives a deferral does not have to pay the deferred taxes[~~ and~~] , deferred tax notice charges, or applicable recording fees when the residential property transfers:

(A) to the owner's surviving spouse as a result of the owner's death; or

(B) between the owner and a trust described in Section 59-2-1805 for which the owner is the grantor.

(ii) After the residential property transfers to the owner's surviving spouse, the deferred taxes, deferred tax notice charges, and applicable recording fees are due:

(A) upon the surviving spouse selling or otherwise disposing of the residential property; or

(B) when the residential property is no longer the surviving spouse's primary residence.

(e) When the deferral period ends:

(i) the lien becomes due [~~as a property tax~~] and subject to the collection procedures described in Section 59-2-1331; and

(ii) the date of levy is the date that the deferral period ends.

(4) (a) If a county grants an owner more than one deferral for the same single-family residence, the county is not required to submit for recording more than one lien.

(b) Each subsequent deferral relates back to the date of the initial lien filing.

(5) (a) For each residential property for which the county grants a deferral, the treasurer shall maintain a record that is an itemized account of the total amount of deferred property taxes and deferred tax notice charges subject to the lien [~~for deferred property taxes~~].

(b) The record described in this Subsection (5) is the official record of the amount of the lien.

(6) Taxes and tax notice charges deferred under this part bear interest at a rate equal to 50%

of the rate described in Subsections 59-2-1331(2)(c) and (d).

Section 3. Section **59-2-1802.5** is amended to read:

59-2-1802.5 (Effective 05/01/24). Nondiscretionary tax and tax notice charge deferral for elderly property owners.

(1) An eligible owner may apply for a deferral under this section if:

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

(b) with respect to the single-family residence, there are no:

(i) delinquent property taxes;

(ii) delinquent tax notice charges; or

(iii) outstanding penalties, interest, or administrative costs related to a delinquent property tax or a delinquent tax notice charge;

(c) (i) the value of the single-family residence for which the eligible owner applies for the deferral is no greater than the median property value of:

(A) attached single-family residences within the county, if the single-family residence is an attached single-family residence; or

(B) detached single-family residences within the county, if the single-family residence is a detached single-family residence; 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 the deferral; and

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

(2) If the conditions in Subsection (1) are satisfied and the applicant complies with the other applicable provisions of this part[~~: (a)~~] , a county shall defer the property tax and tax notice charges on an attached single-family residence or a detached single-family residence for an application of deferral made on or after January 1, 2024[~~; and~~] .

[~~(b) a county may defer the property tax on an attached single-family residence or a detached single-family residence for an application of deferral made before January 1, 2024.~~]

(3) The values described in Subsection (1)(c) are based on the county assessment roll for the county in which the single-family residence is located.

(4) For purposes of Subsection (1)(c)(ii), ownership is considered continuous regardless of

whether the single-family residence is transferred between an eligible owner who is an individual and an eligible owner that is a trust.

(5) (a) Upon application from a county in a form prescribed by the commission, the commission shall reimburse the county for the amount of any tax or tax notice charge that the county defers in accordance with this section.

(b) The commission may not reimburse a county:

(i) before the county approves the deferral; or

(ii) for a tax or tax notice charge assessed after December 31, 2026.

(c) A county that receives money in accordance with this Subsection (5) shall:

(i) distribute the money to the taxing entities in the same proportion the county would have distributed the revenue from the deferred tax and deferred tax notice charge; and

(ii) repay the money no later than 30 days after the day on which the deferral lien is satisfied.

(d) The commission shall deposit money received under Subsection (5)(c)(ii) into the General Fund.

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

63I-2-263 (Effective 05/01/24). Repeal dates: Title 63A to Title 63N.

(1) Title 63A, Chapter 2, Part 5, Educational Interpretation and Translation Services Procurement Advisory Council is repealed July 1, 2025.

(2) Section 63A-17-303 is repealed July 1, 2023.

(3) Section 63A-17-806 is repealed June 30, 2026.

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

(5) Section 63H-7a-303 is repealed July 1, 2024.

(6) Subsection 63H-7a-403(2)(b), regarding the charge to maintain the public safety communications network, is repealed July 1, 2033.

(7) Subsection 63J-1-602.2(45), which lists appropriations to the State Tax Commission for[~~property tax~~] deferral reimbursements, is repealed July 1, 2027.

(8) Subsection 63N-2-213(12)(a), relating to claiming a tax credit in the same taxable year as the targeted business income tax credit, is repealed December 31, 2024.

(9) Title 63N, Chapter 2, Part 3, Targeted Business Income Tax Credit in an Enterprise Zone, is repealed December 31, 2024.

Section 5. Section **63J-1-602.2** is amended to read:

63J-1-602.2 (Effective 05/01/24) (Superseded 07/01/24). List of nonlapsing appropriations to programs.

Appropriations made to the following programs are nonlapsing:

(1) The Legislature and the Legislature's committees.

(2) The State Board of Education, including all appropriations to agencies, line items, and programs under the jurisdiction of the State Board of Education, in accordance with Section 53F-9-103.

(3) The Rangeland Improvement Act created in Section 4-20-101.

(4) The Percent-for-Art Program created in Section 9-6-404.

(5) The LeRay McAllister Working Farm and Ranch Fund created in Section 4-46-301.

(6) The Utah Lake Authority created in Section 11-65-201.

(7) Dedicated credits accrued to the Utah Marriage Commission as provided under Subsection 17-16-21(2)(d)(ii).

(8) The Wildlife Land and Water Acquisition Program created in Section 23A-6-205.

(9) Sanctions collected as dedicated credits from Medicaid providers under Subsection 26B-3-108(7).

(10) The Emergency Medical Services Grant Program in Section 26B-4-107.

(11) The primary care grant program created in Section 26B-4-310.

(12) The Opiate Overdose Outreach Pilot Program created in Section 26B-4-512.

(13) The Utah Health Care Workforce Financial Assistance Program created in Section 26B-4-702.

(14) The Rural Physician Loan Repayment Program created in Section 26B-4-703.

(15) The Utah Medical Education Council for the:

(a) administration of the Utah Medical Education Program created in Section 26B-4-707;

(b) provision of medical residency grants described in Section 26B-4-711; and

(c) provision of the forensic psychiatric fellowship grant described in Section 26B-4-712.

(16) The Division of Services for People with Disabilities, as provided in Section 26B-6-402.

(17) Funds that the Department of Alcoholic Beverage Services retains in accordance with Subsection 32B-2-301(8)(a) or (b).

(18) The General Assistance program administered by the Department of Workforce Services, as provided in Section 35A-3-401.

(19) The Utah National Guard, created in Title 39A, National Guard and Militia Act.

(20) The Search and Rescue Financial Assistance Program, as provided in Section 53-2a-1102.

(21) The Motorcycle Rider Education Program, as provided in Section 53-3-905.

(22) The Utah Board of Higher Education for teacher preparation programs, as provided in Section 53B-6-104.

(23) Innovation grants under Section 53G-10-608, except as provided in Subsection 53G-10-608(6).

(24) The Division of Fleet Operations for the purpose of upgrading underground storage tanks under Section 63A-9-401.

(25) The Utah Seismic Safety Commission, as provided in Section 63C-6-104.

(26) The Division of Technology Services for technology innovation as provided under Section 63A-16-903.

(27) The State Capitol Preservation Board created by Section 63C-9-201.

(28) The Office of Administrative Rules for publishing, as provided in Section 63G-3-402.

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

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

(31) The Governor's Office of Economic Opportunity's Rural Employment Expansion Program, as described in Title 63N, Chapter 4, Part 4, Rural Employment Expansion Program.

(32) County correctional facility contracting program for state inmates as described in Section 64-13e-103.

(33) Programs for the Jordan River Recreation Area as described in Section 65A-2-8.

(34) The Division of Human Resource Management user training program, as provided in Section 63A-17-106.

(35) A public safety answering point's emergency telecommunications service fund, as provided in Section 69-2-301.

(36) The Traffic Noise Abatement Program created in Section 72-6-112.

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

(38) The Judicial Council for compensation for special prosecutors, as provided in Section 77-10a-19.

(39) A state rehabilitative employment program, as provided in Section 78A-6-210.

(40) The Utah Geological Survey, as provided in Section 79-3-401.

(41) The Bonneville Shoreline Trail Program created under Section 79-5-503.

(42) Adoption document access as provided in Sections 78B-6-141, 78B-6-144, and 78B-6-144.5.

(43) Indigent defense as provided in Title 78B, Chapter 22, Part 4, Utah Indigent Defense Commission.

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

(45) The State Tax Commission for reimbursing counties for [~~deferred property taxes~~] <u>deferrals</u> in accordance with Section 59-2-1802.5.

(46) The Veterinarian Education Loan Repayment Program created in Section 4-2-902.

Section 6. Section **63J-1-602.2** is amended to read:

63J-1-602.2 (Effective 07/01/24). List of nonlapsing appropriations to programs.

Appropriations made to the following programs are nonlapsing:

(1) The Legislature and the Legislature's committees.

(2) The State Board of Education, including all appropriations to agencies, line items, and programs under the jurisdiction of the State Board of Education, in accordance with Section 53F-9-103.

(3) The Rangeland Improvement Act created in Section 4-20-101.

(4) The Percent-for-Art Program created in Section 9-6-404.

(5) The LeRay McAllister Working Farm and Ranch Fund created in Section 4-46-301.

(6) The Utah Lake Authority created in Section 11-65-201.

(7) Dedicated credits accrued to the Utah Marriage Commission as provided under Subsection 17-16-21(2)(d)(ii).

(8) The Wildlife Land and Water Acquisition Program created in Section 23A-6-205.

(9) Sanctions collected as dedicated credits from Medicaid providers under Subsection 26B-3-108(7).

(10) The primary care grant program created in Section 26B-4-310.

(11) The Opiate Overdose Outreach Pilot Program created in Section 26B-4-512.

(12) The Utah Health Care Workforce Financial Assistance Program created in Section 26B-4-702.

(13) The Rural Physician Loan Repayment Program created in Section 26B-4-703.

(14) The Utah Medical Education Council for the:

(a) administration of the Utah Medical Education Program created in Section 26B-4-707;

(b) provision of medical residency grants described in Section 26B-4-711; and

(c) provision of the forensic psychiatric fellowship grant described in Section 26B-4-712.

(15) The Division of Services for People with Disabilities, as provided in Section 26B-6-402.

(16) Funds that the Department of Alcoholic Beverage Services retains in accordance with Subsection 32B-2-301(8)(a) or (b).

(17) The General Assistance program administered by the Department of Workforce Services, as provided in Section 35A-3-401.

(18) The Utah National Guard, created in Title 39A, National Guard and Militia Act.

(19) The Search and Rescue Financial Assistance Program, as provided in Section 53-2a-1102.

(20) The Emergency Medical Services Grant Program in Section 53-2d-207.

(21) The Motorcycle Rider Education Program, as provided in Section 53-3-905.

(22) The Utah Board of Higher Education for teacher preparation programs, as provided in Section 53B-6-104.

(23) Innovation grants under Section 53G-10-608, except as provided in Subsection 53G-10-608(6).

(24) The Division of Fleet Operations for the purpose of upgrading underground storage tanks under Section 63A-9-401.

(25) The Utah Seismic Safety Commission, as provided in Section 63C-6-104.

(26) The Division of Technology Services for technology innovation as provided under Section 63A-16-903.

(27) The State Capitol Preservation Board created by Section 63C-9-201.

(28) The Office of Administrative Rules for publishing, as provided in Section 63G-3-402.

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(32) County correctional facility contracting program for state inmates as described in Section 64-13e-103.

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(34) The Division of Human Resource Management user training program, as provided in Section 63A-17-106.

(35) A public safety answering point's emergency telecommunications service fund, as provided in Section 69-2-301.

(36) The Traffic Noise Abatement Program created in Section 72-6-112.

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(39) A state rehabilitative employment program, as provided in Section 78A-6-210.

(40) The Utah Geological Survey, as provided in Section 79-3-401.

(41) The Bonneville Shoreline Trail Program created under Section 79-5-503.

(42) Adoption document access as provided in Sections 78B-6-141, 78B-6-144, and 78B-6-144.5.

(43) Indigent defense as provided in Title 78B, Chapter 22, Part 4, Utah Indigent Defense Commission.

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

(45) The State Tax Commission for reimbursing counties for [~~deferred property taxes~~] deferrals in accordance with Section 59-2-1802.5.

(46) The Veterinarian Education Loan Repayment Program created in Section 4-2-902.

Section 7. **Effective date.**

This bill takes effect on May 1, 2024.

Section 8. **Retrospective operation.**

The following sections have retrospective operation to January 1, 2024:

(1) Section 59-2-1801;

(2) Section 59-2-1802; and

(3) Section 59-2-1802.5.