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PROPERTY TAX RELIEF AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

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3 **LONG TITLE**

4 **General Description:**

5 This bill modifies provisions relating to the property tax relief commonly known as "circuit
6 breaker."

7 **Highlighted Provisions:**

8 This bill:

- 9 ▶ defines terms;
- 10 ▶ modifies the income qualifications for circuit breaker tax relief;
- 11 ▶ authorizes the State Tax Commission to make rules to establish the circumstances that
- 12 would allow an extension of the application deadline for circuit breaker tax relief; and
- 13 ▶ makes technical and conforming changes.

14 **Money Appropriated in this Bill:**

15 None

16 **Other Special Clauses:**

17 This bill provides retrospective operation.

18 **Utah Code Sections Affected:**

19 AMENDS:

20 **59-2-1202**, as last amended by Laws of Utah 2021, Chapter 391

21 **59-2-1220**, as last amended by Laws of Utah 2021, Chapter 391

22

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

24 Section 1. Section **59-2-1202** is amended to read:

25 **59-2-1202 . Definitions.**

26 As used in this part:

27 (1) (a) "Claimant" means a homeowner or renter who:

28 (i) files a claim under this part for a residence;

29 (ii) is domiciled in this state for the entire calendar year for which a claim for relief is
30 filed under this part; and

31 (iii) on or before December 31 of the year for which a claim for relief is filed under
32 this part, is:

33 (A) 66 years old or older if the individual was born on or before December 31,
34 1959; or

35 (B) 67 years old or older if the individual was born on or after January 1, 1960.

36 (b) Notwithstanding Subsection (1)(a), "claimant" includes a surviving spouse:

37 (i) regardless of:

38 (A) the age of the surviving spouse; or

39 (B) the age of the deceased spouse at the time of death;

40 (ii) if the surviving spouse meets the requirements of this part except for the age
41 requirement;

42 (iii) if the surviving spouse is part of the same household of the deceased spouse at
43 the time of death of the deceased spouse; and

44 (iv) if the surviving spouse is unmarried at the time the surviving spouse files the
45 claim.

46 (c) If two or more individuals of a household are able to meet the qualifications for a

47 claimant, they may determine among them as to who the claimant shall be, but if they

48 are unable to agree, the matter shall be referred to the county legislative body for a

- 49 determination of the claimant of an owned residence and to the commission for a
50 determination of the claimant of a rented residence.
- 51 (2) "Consumer price index housing" means the Consumer Price Index - All Urban
52 Consumers, Housing United States Cities Average, published by the Bureau of Labor
53 Statistics of the United States Department of Labor.
- 54 (3) (a) "Gross rent" means rent actually paid in cash or its equivalent solely for the right
55 of occupancy, at arm's-length, of a residence, exclusive of charges for any utilities,
56 services, furniture, furnishings, or personal appliances furnished by the landlord as a
57 part of the rental agreement.
- 58 (b) If a claimant occupies two or more residences in the year, "gross rent" means the
59 total rent paid for the residences during the one-year period for which the renter files
60 a claim under this part.
- 61 (4) (a) "Homeowner" means:
62 (i) an individual whose name is listed on the deed of a residence; or
63 (ii) if a residence is owned in a qualifying trust, an individual who is a grantor,
64 trustor, or settlor or holds another similar role in the trust.
- 65 (b) "Homeowner" does not include:
66 (i) if a residence is owned by any type of entity other than a qualifying trust, an
67 individual who holds an ownership interest in that entity; or
68 (ii) an individual who is listed on a deed of a residence along with an entity other
69 than a qualifying trust.
- 70 (5) "Homeowner's credit" means a credit against a claimant's property tax liability.
- 71 (6) "Household" means the association of individuals who live in the same dwelling,
72 sharing the dwelling's furnishings, facilities, accommodations, and expenses.
- 73 (7) (a) Except as provided in Subsection (7)(b), "household income" means all income
74 received by all members of a claimant's household in:
75 (i) for a claimant who owns a residence, the calendar year preceding the calendar
76 year in which property taxes are due; or
77 (ii) for a claimant who rents a residence, the year for which a claim is filed.
- 78 (b) "Household income" does not include income received by a member of a claimant's
79 household who is:
80 (i) under the age of 18; or
81 (ii) a parent or a grandparent, through blood, marriage, or adoption, of the claimant or
82 the claimant's spouse.

83 (8) ~~[(a)]~~ "Income" means the sum of:

84 ~~[(i)]~~ (a) federal adjusted gross income as defined in Section 62, Internal Revenue Code;

85 and

86 ~~[(ii)]~~ (b) nontaxable income.

87 ~~[(b)]~~ "Income" does not include:

88 ~~[(i)]~~ aid, assistance, or contributions from a tax-exempt nongovernmental source;

89 ~~[(ii)]~~ surplus foods;

90 ~~[(iii)]~~ relief in kind supplied by a public or private agency;

91 ~~[(iv)]~~ relief provided under this part or Part 18, Tax Deferral and Tax Abatement; or]

92 ~~[(v)]~~ Social Security Disability Income payments received under the Social Security Act.]

93 (9) (a) "Nontaxable income" means amounts excluded from adjusted gross income under
94 the Internal Revenue Code, including:

95 ~~[(a)]~~ (i) capital gains;

96 ~~[(b)]~~ (ii) loss carry forwards claimed during the taxable year in which a claimant files
97 for relief under this part or Part 18, Tax Deferral and Tax Abatement;

98 ~~[(e)]~~ (iii) depreciation claimed pursuant to the Internal Revenue Code by a claimant
99 on the residence for which the claimant files for relief under this part or Part 18,
100 Tax Deferral and Tax Abatement;

101 ~~[(d)]~~ (iv) support money received;

102 ~~[(e)]~~ (v) nontaxable strike benefits;

103 ~~[(f)]~~ cash public assistance or relief;

104 ~~[(g)]~~ (vi) the gross amount of a pension or annuity, including benefits under the
105 Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et seq., and veterans
106 disability pensions;

107 ~~[(h)]~~ (vii) except for payments described in Subsection ~~[(8)(b)(v)]~~ (9)(b)(vi), payments
108 received under the Social Security Act;

109 ~~[(i)]~~ (viii) state unemployment insurance amounts;

110 ~~[(j)]~~ (ix) nontaxable interest received from any source;

111 ~~[(k)]~~ (x) workers' compensation;

112 ~~[(l)]~~ (xi) the gross amount of "loss of time" insurance; and

113 ~~[(m)]~~ (xii) voluntary contributions to a tax-deferred retirement plan.

114 (b) "Nontaxable income" does not include:

115 (i) public assistance;

116 (ii) aid, assistance, or contributions from a tax-exempt nongovernmental source;

- 117 (iii) surplus foods;
118 (iv) relief in kind supplied by a public or private agency;
119 (v) relief provided under this part or Part 18, Tax Deferral and Tax Abatement;
120 (vi) Social Security Disability Income payments received under the Social Security
121 Act;
122 (vii) federal tax refunds;
123 (viii) federal child tax credits received under 26 U.S.C. Sec. 24;
124 (ix) federal earned income tax credits received under 26 U.S.C. Sec. 32;
125 (x) payments received under a reverse mortgage;
126 (xi) payments or reimbursements to senior program volunteers under 42 U.S.C. Sec.
127 5058; or
128 (xii) gifts or bequests.
- 129 (10) (a) "Property taxes accrued" means property taxes, exclusive of special
130 assessments, delinquent interest, and charges for service, levied on 35% of the fair
131 market value, as reflected on the assessment roll, of a claimant's residence in this
132 state.
- 133 (b) For a mobile home, "property taxes accrued" includes taxes imposed on both the land
134 upon which the home is situated and on the structure of the home itself, whether
135 classified as real property or personal property taxes.
- 136 (c) The relief described in Subsection (10)(a) constitutes:
- 137 (i) a tax abatement for the poor in accordance with Utah Constitution, Article XIII,
138 Section 3; and
- 139 (ii) the residential exemption provided for in Section 59-2-103.
- 140 (d) For purposes of this Subsection (10), property taxes accrued are levied on the lien
141 date.
- 142 (e) When a household owns and occupies two or more different residences in this state
143 in the same calendar year, and neither residence is acquired or sold during the
144 calendar year for which relief is claimed under this part, property taxes accrued shall
145 relate only to the residence occupied on the lien date by the household as the
146 household's principal place of residence.
- 147 (f) (i) If a residence is an integral part of a large unit such as a farm or a multipurpose
148 or multidwelling building, property taxes accrued shall be calculated on the
149 percentage that the value of the residence is of the total value of the unit.
- 150 (ii) For purposes of this Subsection (10)(f), "unit" refers to the parcel of property

151 covered by a single tax statement of which the residence is a part.

152 (11) "Public assistance" means:

153 (a) medical assistance provided under Title 26B, Chapter 3, Health Care -
 154 Administration and Assistance;

155 (b) SNAP benefits as defined in Section 35A-1-102;

156 (c) services or benefits provided under Title 35A, Chapter 3, Employment Support Act;
 157 and

158 (d) foster care maintenance payments provided from the General Fund or under Title
 159 IV-E of the Social Security Act.

160 ~~(11)~~ (12) "Qualifying trust" means a trust holding title to real or tangible personal property
 161 for which an individual:

162 (a) makes a claim under this part;

163 (b) proves to the satisfaction of the county that title to the portion of the trust will revert
 164 in the individual upon the exercise of a power:

165 (i) by:

166 (A) the individual as grantor, trustor, settlor, or in another similar role of the trust;

167 (B) a nonadverse party; or

168 (C) both the individual and a nonadverse party; and

169 (ii) regardless of whether the power is a power:

170 (A) to revoke;

171 (B) to terminate;

172 (C) to alter;

173 (D) to amend; or

174 (E) to appoint; and

175 (c) is obligated to pay the taxes on that portion of the trust property beginning January 1
 176 of the year the individual makes the claim.

177 ~~(12)~~ (13) (a) "Rental assistance payment" means any payment that:

178 (i) is made by a:

179 (A) governmental entity;

180 (B) charitable organization; or

181 (C) religious organization; and

182 (ii) is specifically designated for the payment of rent of a claimant:

183 (A) for the calendar year for which the claimant seeks a renter's credit under this
 184 part; and

185 (B) regardless of whether the payment is made to the claimant or the landlord.

186 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 187 commission may make rules defining the terms:

- 188 (i) "governmental entity";
- 189 (ii) "charitable organization"; or
- 190 (iii) "religious organization."

191 ~~[(13)]~~ (14) (a) (i) "Residence" means the dwelling in this state, whether owned or
 192 rented, and so much of the land surrounding the dwelling, not exceeding one acre,
 193 as is reasonably necessary for use of the dwelling as a home.

194 (ii) "Residence" includes a dwelling that is:

- 195 (A) a part of a multidwelling or multipurpose building and a part of the land upon
 196 which the multidwelling or multipurpose building is built; and
- 197 (B) a mobile home or houseboat.

198 (b) "Residence" does not include personal property such as furniture, furnishings, or
 199 appliances.

200 (c) For purposes of this Subsection ~~[(13)]~~ (14), "owned" includes a vendee in possession
 201 under a land contract or one or more joint tenants or tenants in common.

202 Section 2. Section **59-2-1220** is amended to read:

203 **59-2-1220 . Extension of time for filing application -- Rulemaking authority --**
 204 **County authority to make refunds.**

205 (1) (a) The commission or a county may extend the time for filing an application until
 206 December 31 of the year the application is required to be filed~~[-]~~ if, subject to any
 207 rules made by the commission under Subsection (1)(b), the commission or county
 208 finds that good cause exists to extend the deadline.

209 (b) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
 210 commission may make rules to establish the circumstances under which the
 211 commission or a county may, for good cause, extend the deadline for filing an
 212 application under Subsection (1)(a).

213 (2) (a) For purposes of this Subsection (2):

- 214 (i) "Abatement" means the amount of property taxes accrued that constitutes a tax
 215 abatement for the poor in accordance with Subsection 59-2-1202(10).
- 216 (ii) "Credit" means a homeowner's credit or renter's credit authorized by this part.
- 217 (iii) "Property taxes due" means the taxes due on a claimant's property:
 218 (A) for which the county or the commission grants an abatement or a credit; and

- 219 (B) for the calendar year for which the abatement or credit is granted.
- 220 (iv) "Property taxes paid" is an amount equal to the sum of:
- 221 (A) the amount of the property taxes paid for the taxable year for which the
- 222 claimant is applying for the abatement or credit; and
- 223 (B) the amount of the abatement or credit the county or the commission grants.
- 224 (b) A county or the commission granting an abatement or a credit to a claimant shall
- 225 refund to that claimant an amount equal to the amount by which the claimant's
- 226 property taxes paid exceed the claimant's property taxes due, if that amount is \$1 or
- 227 more.

228 Section 3. **Effective date.**

229 This bill takes effect on May 1, 2024.

230 Section 4. **Retrospective operation.**

231 This bill has retrospective operation for a taxable year beginning on or after January
232 1, 2024.