

**PROPERTY TAX - HOME OWNER EXEMPTION**

**MODIFICATION**

2010 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Gage Froerer**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill makes changes to the residential property tax exemption.

**Highlighted Provisions:**

This bill:

- ▶ changes certain qualifications for the residential property tax exemption;
- ▶ establishes procedures for certain residential properties to receive the exemption;
- ▶ provides a penalty for making a false statement to obtain a residential property tax exemption; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill takes effect January 1, 2011.

**Utah Code Sections Affected:**

AMENDS:

**59-2-103**, as last amended by Laws of Utah 2004, Chapters 90 and 281

**59-2-103.5**, as last amended by Laws of Utah 2008, Chapter 382

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



28 Section 1. Section **59-2-103** is amended to read:

29 **59-2-103. Rate of assessment of property -- Residential property.**

30 (1) All tangible taxable property located within the state shall be assessed and taxed at  
31 a uniform and equal rate on the basis of its fair market value, as valued on January 1, unless  
32 otherwise provided by law.

33 ~~[(2) Subject to Subsections (3) and (4), beginning on January 1, 1995, the fair market~~  
34 ~~value of residential property located within the state shall be reduced by 45%, representing a~~  
35 ~~residential exemption allowed under Utah Constitution Article XIII, Section 2.]~~

36 (2) (a) As allowed under Utah Constitution, Article XIII, Section 3, and subject to  
37 Subsections (2)(b) and (c), the taxable value of residential property, as defined in Section  
38 59-2-102, is the amount remaining after applying an exemption consisting of a 45% reduction  
39 to the property's fair market value.

40 ~~[(3) No]~~ (b) (i) Except as provided in Subsection (2)(b)(ii), no more than one acre of  
41 land per residential unit [may qualify] qualifies for the residential exemption under Subsection  
42 (2)(a).

43 (ii) A residential property consisting of more than one acre of land per residential unit  
44 qualifies for the residential exemption under Subsection (2)(a) if:

45 (A) the amount of land per residential unit is six acres or less; and

46 (B) the property is prohibited from being subdivided by:

47 (I) an applicable county or municipal ordinance; or

48 (II) an applicable covenant, condition, or restriction recorded with the county recorder.

49 ~~[(4) (a) Except as provided in Subsection (4)(b)(ii), beginning on January 1, 2005, the~~  
50 ~~residential exemption in Subsection (2) is limited to one primary residence per household.]~~

51 ~~[(b) (c) [An owner of multiple residential properties located within the state is allowed~~  
52 ~~a] A residential exemption under Subsection (2)(a) is allowed for:~~

53 (i) ~~[subject to Subsection (4)(a), the]~~ one owner-occupied primary residence [of the  
54 owner] per household; and

55 (ii) each residential property that is the primary residence of a tenant.

56 Section 2. Section **59-2-103.5** is amended to read:

57 **59-2-103.5. Procedures to obtain an exemption for residential property.**

58 (1) (a) Subject to the other provisions of this section, a county ~~[legislative body may by~~

59 ~~ordinance require that in order for residential property to be allowed]~~ assessor may, prior to  
 60 allowing a residential exemption in accordance with Section 59-2-103, require an owner of  
 61 ~~[the] residential property [shall] to file with the county [board of equalization a]~~ assessor the  
 62 statement[:] described in Subsection (2) if:

63 (i) the residential property is sold;  
 64 (ii) the residential property meets the qualifications of Subsection 59-2-103(2)(b)(ii); or  
 65 (iii) the county assessor determines that there is reason to believe that the residential  
 66 property does not qualify for the residential exemption under Section 59-2-103.

67 (b) A county assessor shall allow a residential exemption for residential property that  
 68 meets the qualifications of Subsection 59-2-103(2)(b)(ii) if the owner files with the county  
 69 assessor:

70 (i) the statement described in Subsection (2); and

71 (ii) a copy of the applicable:

72 (A) county or municipal ordinance; or

73 (B) covenant, condition, or restriction recorded with the county recorder.

74 (c) For purposes of Subsection (1)(a)(i), the commission shall, in accordance with Title  
 75 63G, Chapter 3, Utah Administrative Rulemaking Act, make a rule to exclude from the term  
 76 "sold" instances where a legal transfer of title occurs, but no bona fide sale occurs.

77 (2) A statement under Subsection (1) shall:

78 (a) be on a form prescribed by the commission by rule;

79 (b) be signed by all of the owners of the residential property;

80 (c) [certifying] certify that the residential property is residential property; and

81 (d) [containing] contain other information as required by the commission by rule.

82 ~~[(2) (a) Subject to Section 59-2-103 and except as provided in Subsection (3), a county~~  
 83 ~~board of equalization shall allow an owner described in Subsection (1) a residential exemption~~  
 84 ~~for the residential property described in Subsection (1) if: (i) the county legislative body enacts~~  
 85 ~~the ordinance described in Subsection (1); and (ii) the county board of equalization determines~~  
 86 ~~that the requirements of Subsection (1) are met.]~~

87 ~~[(b) A county board of equalization may require an owner of the residential property~~  
 88 ~~described in Subsection (1) to file the statement described in Subsection (1) only if:]~~

89 ~~[(i) that residential property was ineligible for the residential exemption authorized~~

90 under Section 59-2-103 during the calendar year immediately preceding the calendar year for  
 91 which the owner is seeking to claim the residential exemption for that residential property;]

92 [~~(ii) an ownership interest in that residential property changes; or]~~

93 [~~(iii) the county board of equalization determines that there is reason to believe that  
 94 that residential property no longer qualifies for the residential exemption in accordance with  
 95 Section 59-2-103;]~~

96 [~~(3) Notwithstanding Subsection (2)(a), if a county legislative body does not enact an  
 97 ordinance requiring an owner to file a statement in accordance with this section, the county  
 98 board of equalization:]~~

99 [~~(a) may not require an owner to file a statement for residential property to be eligible  
 100 for a residential exemption in accordance with Section 59-2-103; and]~~

101 [~~(b) shall allow a residential exemption for residential property in accordance with  
 102 Section 59-2-103;]~~

103 (3) If a county assessor does not allow a residential property owner a residential  
 104 exemption under this section, the property owner may file an application to appeal with the  
 105 county board of equalization as provided in Section 59-2-1004.

106 (4) (a) A property owner shall pay the penalty described in Subsection (4)(b) for each  
 107 tax year the property owner:

108 (i) knowingly provides false information on the statement described in Subsection (2);

109 or

110 (ii) falsely claims the owner's property is residential property that qualifies for the  
 111 residential exemption in Section 59-2-103.

112 (b) The penalty for a violation under Subsection (4)(a) is an amount equal to the sum  
 113 of:

114 (i) the property tax that would have been due on the property without the residential  
 115 exemption for the tax year in which the property owner received the residential exemption and  
 116 violated Subsection (4)(a); and

117 (ii) 10% of the amount described in Subsection (4)(b)(i).

118 [~~(4)~~ (5) (a) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking  
 119 Act, the commission shall make rules providing[~~-(1)~~] the form and contents for the statement  
 120 described in Subsection [~~(1)~~; and] (2).

121            [~~ii~~] the contents of the form for the statement described in Subsection (1):]  
122            (b) The commission shall make the form described in Subsection [~~4~~] (5)(a) available  
123 to counties.

124            Section 3. **Effective date.**

125            This bill takes effect January 1, 2011.

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**Legislative Review Note**

as of 2-3-10 10:43 AM

**Office of Legislative Research and General Counsel**

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**H.B. 182 - Property Tax - Home Owner Exemption Modification**

**Fiscal Note**

2010 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill could result is a property tax shift from primary residences over an acre to other property owners. Due to truth in taxation local revenues will be revenue neutral.

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