



INCOME-RESTRICTED TAX RELIEF (PROGRAMS)

Utah State Tax Commission—2023

Important Notes

- The burden is on the applicant to prove eligibility for any tax relief program. The county may request any evidence to establish eligibility required by statute. If the applicant fails to provide the information, the county may deny the tax relief.
- Applicants for tax relief are limited to taxes on the residence and a maximum of one acre of land (and non-business personal property for veterans with a disability and/or blind exemption applicants). **Discretionary** adjustments/deferrals may apply to any taxable property (§59-2-1347).

Tax Relief

- Tax relief is guaranteed by the Utah State Constitution
 - Utah Constitution, Article XIII, Section 3, Subsection (4)

“The Legislature may by statute provide for the remission or abatement of the taxes of the poor”

- §59-2-1801 (7)
 - “Indigent individual” is a poor individual as described in Utah Constitution, Article XIII, Section 3, Subsection (4)...



2023 KEY STATISTICS

“Indigency” in Utah

- One of the most confusing parts of “indigency” for taxpayers in Utah is understanding what is meant by that term
 - Indigency is defined a little bit differently based on what programs are being offered
 - Federal oversight (i.e., §[78B-22-202](#)) vs. State oversight (i.e., §[59-2-1208](#))
- For purposes of these statistics, “indigency” and “poverty” are interchangeable
 - Living below the federally determined poverty threshold
 - 2021—\$12,880 for single individual
 - +\$4,540 for each individual thereafter
 - 8.6% (281,673) of Utah residents were living in poverty in 2021 ⁽¹⁾
 - 4th lowest poverty rate in the nation (tied with Colorado)⁽²⁾
 - 6.2% of senior citizens in Utah live in poverty ⁽³⁾
 - 12.0% of Utah’s population is age 65 and older⁽⁴⁾
 - 405,696 senior citizens living in the state of Utah
 - 25,153 senior citizens living in poverty

Income-Restricted Tax Relief in Utah

- 34.45% of tax relief granted to applicants was income-restricted
 - 13,668 parcels were granted income-restricted tax relief in 2022
 - 9,607 were granted the homeowner's credit
 - 4,061 were granted indigent abatements
- 23.43% of the total value of tax relief granted was from income-restricted applications
 - \$11,495,282 in taxes payable was abated
 - \$5,378,317 was abated through homeowner's credit
 - \$6,116,965 was abated through indigent abatements



RECENT LEGISLATION (2023)

Bills passed in the 2023 general session the relate to income-restricted tax relief

SB 81

- Clean-up bill for the “eligible owner” (CB75+) deferral (§59-2-1802.5)
 - Makes the “eligible owner” (CB75+) mandatory tax relief by 2024
 - Interest for applicants who receive deferrals under U.S.C. §59-2 Part 18 accrues at half the rate as described in §59-2-1331(2)(c)&(d)
 - Allows up to a 1-year extension for taxpayers who were previously approved for the deferral but didn't file a deferral for the following year
 - Codifies penalties for fraudulent and/or negligent representation on tax abatements/deferrals (Part 18)
 - Negligent
 - Reduce by 10% the amount of any deferral or abatement and recover 1% per month (plus interest) beginning when the relief was approved
 - Fraudulent
 - Deny/Revoke relief and recover 1% per month (plus interest) beginning the day the person knowingly provided the false information



HB 260

- Increased the income limits and credit amounts for homeowner's and renter's credits (circuit breaker tax relief)
 - Increased income values by roughly 30% with cap being at \$50,000
 - Increased max credit amount by roughly 7%

DID NOT PASS





KEY DEFINITIONS

Definitions as they pertain to income-restricted tax relief

Indigent Individual

§59-2-1801 (7)

- At least 65 years old;
 - Or is less than 65 years old and:
 - The county finds that extreme hardship would prevail on the individual if the county does not defer or abate the individual's taxes; or
 - The individual has a disability
 - No age limit for unmarried surviving spouse of a claimant
- **Has a total household income... of less than the maximum household income certified to a homeowner's credit**
- Resides for at least 10 months of the year in the residence that would be subject to the requested abatement or deferral; and
- Cannot pay the tax assessed on the individual's residence when the tax becomes due

Indigent Individual (cont.)

- Not claimed as a dependent or the subject of a tax credit on another person's federal tax return
- Household income did not exceed \$38,369 in 2022
- Only one claimant per household is allowed
 - Claimants may decide amongst themselves who files the application

Household Income

§59-2-1202 (8) & (9)

Includes all taxable and the following non-taxable income:

- **Taxable**

- Federally Adjusted Gross Income (FAGI)

- **Nontaxable**

- State unemployment insurance amounts
- Social Security Benefits and Medicare payments (except Disability income)
- Nontaxable strike benefits
- Child Tax and Earned Income Credits **that exceed the federal tax liability**
- Loss carry forwards
- Rental depreciation
- Wages and salaries

- Interest and dividends
- Trust income
- Support payments
 - Examples
 - Alimony
 - Disability payments
 - Public assistance payments
- Retirement income and voluntary contributions to a tax-deferred retirement plan
- Pensions and annuities
- Capital gains
- Workers' compensation

Household Income (cont.)

Specific Exceptions:

- Payments or reimbursements to senior program volunteers
- Minor/Elderly Wages ⁽¹⁾
- Social Security **Disability** Income
- Gifts & bequests
- Aid, assistance, or contributions from a tax-exempt NGO source
- Property tax relief provided by the state of Utah (Part 18 relief) ⁽²⁾
- Reverse mortgages ⁽³⁾
- Only the portion of the rent paid **by the tenant** may be claimed under the terms of the Circuit Breaker Act
 - The portion of the rent paid by the federal government to the landlord will not be considered as part of household income since it is not subject to a claim for rebate

Eligible Owners

§59-2-1801 (3)

- All 3 requirements must be met to be considered an eligible owner:
 - 75 years or older on or before December 31st in the year which the individual applies for a deferral
 - **Household income** does not exceed 200% of the maximum household income certified to a homeowner's credit
 - In 2022, the max income was \$38,369
 - 200% is \$76,738
 - **Household liquid resources** do not exceed 20x the amount of property taxes levied on the owner's residence for the preceding calendar year

Eligible Owner (CB75+) Requirements

§59-2-1802.5 (1)

- Owner of single-family residence is an eligible owner or is the (eligible owner) grantor of a trust
- Single-family residence was primary residence as of January 1st
- House value/ownership
 - Value of the single-family residence is no greater than the median property value of attached and detached single-family residences within the county (based on assessment roll for each county)
- or**
- Eligible owner has owned the single-family residence for a continuous 20-year period as of January 1 for they year which they are applying for the deferral (transfer to trusts count as continuous ownership)
- No delinquent property taxes, tax notice charges or outstanding penalties, interest, or administrative costs related to delinquent property taxes or tax notice charges
- The holder of each mortgage or trust deed outstanding on the single-family residence gives written approval of the deferral

Household Liquid Resources

§59-2-1801 (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**
 - Cash on hand
 - Money in a checking or savings account
 - Savings certificates
 - Stocks or bonds
- **Household §59-2-1202 (6)**
 - Association of individuals who live in the same dwelling, sharing the dwelling's furnishings, facilities, accommodations, and expenses.

Property Taxes Accrued

§59-2-1202 (10)

- a) Property taxes, exclusive of special assessment, delinquent interest, and charges for service, levied on 35% of the fair market value, as reflected on the assessment roll, of a claimant's residence in this state
- b) For a mobile home, "property taxes accrued" includes taxes imposed on both the land upon which the home is situated and on the structure of the home itself, whether classified as real property or personal property taxes
- c) The relief described in subsection (10)(a) constitutes:
 - i. A tax abatement for the poor in accordance with Utah Constitution, Article XIII, Section 3; and
 - ii. The residential exemption provided for in section 59-2-103



TAX RELIEF PROGRAMS

Circuit Breakers

- Homeowner's Credit (**TC-90CY**)
 - Application due to county by September 1st
 - Up to \$1,186 based on income level
 - Abates taxes due in current calendar year
- Renter's Credit (**TC-90CB**)
 - Application due to USTC by December 31st
 - Up to \$1,137 based on income level
 - Refunds rent of previous calendar year

Property Tax Credit Refund Schedule		
2022 Household Income		Maximum Homeowner Tax Credit
\$0	\$13,044	\$1,186
13,045	17,395	1,041
17,369	21,741	899
21,742	26,090	685
26,091	30,441	545
30,442	34,531	332
34,532	38,369	188

Renter Refund Schedule			
2022 Household Income Limits		Renter Refund % of Gross Rent	Maximum Renter Refund
Lower	Upper		
\$0	\$13,044	9.5%	\$1,137
13,045	17,395	8.5%	992
17,396	21,741	7.0%	850
21,742	26,090	5.5%	636
26,091	30,441	4.0%	496
30,442	34,531	3.0%	283
34,532	38,369	2.5%	139

Circuit Breakers (cont.)

- Homeowner's Valuation Reduction (§59-2-1204)
 - Taxpayers who qualify for the homeowner's credit automatically receive this reduction
 - 20% credit on taxable value of primary property ⁽¹⁾
 - Total tax bill reduced from 55% of total fair market value to 35% of total fair market value
 - Interest is not allowed on any payment made to a renter's or homeowner's credit claimant under this part

Indigent Abatement

- File by September 1st annually
 - Proof of ownership
 - Statement certifying that household income was equal to or less than max allowed by statute
 - 2022 is \$38,369
 - Signed statement of disability/hardship (if applicable)*
 - Must have resided at property at least 10 months of the year
- May abate the **lesser** of ½ tax due or up to \$1,186 on owner-occupied residence

Indigent Deferral

- Eligibility
 - Same as indigent abatement
 - Household income did not exceed \$38,369 in 2022
- File by September 1st annually
 - Same as indigent abatement **plus**:
 - A listing of all liquid and fixed assets other than items of nominal value
 - A listing of all assets transferred to relatives within the past three years
 - Written approval by the holder of any mortgage or trust deed outstanding on the property
 - Cannot have any income-producing assets
- All or any portion of tax on owner-occupied residence may be deferred
 - Continues until property changes hands
 - Accrues interest at 50% the rate described in §59-2-1331(2)(c)&(d)

Eligible Owner Circuit Breaker (CB75+ Deferral)

- If the conditions in subsection (1) are satisfied and the applicant complies with the other applicable provisions of this part:
 - A county **may** defer the property tax on an attached single-family residence or a detached single-family residence for an application made before January 1, 2024
 - A county **shall** defer the property tax on an attached single-family residence or a detached single-family residence for an application made on or after January 1, 2024

§59-2-1802.5(2)

Discretionary Deferrals/Abatements

§59-2-1347

- (1)(a) If an interested person applies to a county legislative body for an adjustment or deferral of taxes levied against property located in the county, the county legislative body may accept a sum less than the full amount due, or defer the full amount due, where, **in the judgment of the county legislative body, the best human interests and the interests of the state and the county are served.**