House Revenue and Taxation Committee
February 28th, 2025

Bill: HB 553 – State Process Grant Amendments
Sponsor: Representative Val L. Peterson
Floor Sponsor:
UASD Position: TBD

This Bill modifies provisions related to state grants.

Discussion: The sponsor explained that the Bill defines what qualifies as a grant agreement and establishes that administrative funds may only be used if explicitly stated in the grant's intent language. It also prohibits administering agencies from using grant funds for administrative purposes in direct award grants unless specifically authorized. Additionally, the Bill incorporates grant agreement provisions across various sections, outlining fund distribution, agreement operations, and modifications to reporting requirements for competitive grants.

Representative Shepherd asked whether a county receiving a state grant could allocate funds for administrative costs. The sponsor confirmed that this is only allowed if specified in the grant's intent language. No further discussion followed.

Yeas: 10
Nays: 0
N/V: 1

Outcome: HB 553 passed out of the Committee with a favorable recommendation.

Bill: 2nd substitute SB 197 – Property Tax Amendments
Sponsor: Senator Daniel McCay
Floor Sponsor: Representative Steve Eliason
UASD Position: Tracking

This Bill modifies provisions related to property tax.

Discussion: Senator McCay presented the 2nd substitute of the Bill, which was adopted by the Committee. He explained that "circuit breaker" programs for senior housing have expanded, with one program offering a homeowner's credit tax abatement and another providing a property tax deferral. As more homeowners remain in their properties longer, the impact on property tax revenues has grown, prompting the introduction of SB 197.

The Bill phases out homeowner's credit programs by gradually reducing the maximum tax relief over five years, beginning in 2026. However, property tax deferrals would remain available, allowing eligible homeowners to defer tax payments. Under the non-discretionary tax deferral process, qualifying homeowners would have their property tax frozen, ensuring they never pay more than $3,000 annually. Any tax amount exceeding this threshold would be deferred and subject to repayment later, accruing interest at 1% below the federal fund rate—currently 3.25%. Acknowledging the Bill's complexity, the sponsor welcomed further questions.

Representative Strong asked if a deferred tax amount remains unpaid when a property changes ownership, whether the new owner would be responsible for repayment. The sponsor confirmed this, except when transferred to a spouse. Representative Dailey-Provost inquired about eligibility changes over time, and the sponsor clarified that homeowners exceeding the threshold in future years would not owe past deferred amounts but would have to resume payments. Representative Nguyen asked about state efforts to assist eligible individuals in enrolling in the new program. The sponsor stated that notices would be sent out and county staff would assist with enrollment.

Representative Strong requested an explanation of the fiscal note. The sponsor stated that the fiscal note reflects the General Fund impact and that savings from eliminating the homeowner's credit program would balance out over approximately 30 years. Representative Strong further inquired about the income tax portion, and the sponsor confirmed that the Bill eliminates the income tax requirement. Representative Shepherd asked whether there were any asset ownership requirements for eligibility, and the sponsor clarified that no such asset test exists. Representative Elison asked whether the Bill would expand eligibility, to which the sponsor confirmed that more people would qualify. Representative Shepherd also inquired whether mortgage companies had been consulted, and the sponsor stated that discussions had taken place, though the notification process is still being worked on.

Steve Waldrip, Senior Advisor to the Governor for Housing Policy, spoke in support of the Bill. However, multiple organizations, including the Chief Deputy Treasurer for Davis County, the Utah Housing Coalition, the Utah County Auditor's Office, the Crossroads Urban Center, and the Iron County Auditor, expressed opposition, along with several concerned citizens. AARP Utah also raised concerns but expressed interest in continued discussions with the sponsor.

In closing, the sponsor highlighted the Bill's benefits and expressed openness to adding further deferral options to address concerns. A motion to hold the Bill in Committee failed. No further discussion followed.

Yeas: 7
Nays: 3
N/V: 1

Outcome: 2nd substitute SB 197 passed out of the Committee with a favorable recommendation.