

Senate Revenue and Taxation Committee
01/28/2026

Bill: 1st substitute SB 78 – Property Tax Relief Amendments

Sponsor: Senator McCay

Floor Sponsor:

UASD Position: Track

This Bill modifies property tax relief provisions.

Discussion: Senator McCay presented the 1st substitute, which was adopted by the Committee. He explained that the Bill makes several changes to Utah's property tax relief programs, including revisions to the circuit breaker program. He showed data indicating a large gap between residents who qualify for relief and those who actually use the programs, and said the Bill is intended to increase participation without requiring long-term tax rate increases. He added that the Bill would allow eligible taxpayers to lock in a base tax amount rather than experience rising obligations over time.

Senator McCay also stated that the Bill revises the veterans' residential exemption, though he noted that further changes to that provision are planned in a forthcoming substitute. He explained that beginning in 2027, the Bill expands household income eligibility and increases credit amounts through the renter's credit program. The Bill also removes the requirement for annual inflation adjustments to the homeowner's credit and modifies the qualifications, scope, duration, and interest rates for both discretionary and nondiscretionary property tax deferral programs.

Four members of the public testified with concerns about the Bill, and the Utah Housing Coalition spoke in opposition. Senator McCay emphasized that the language currently before the Committee does not represent the final version of the Bill and that additional revisions will be made before final passage.

Senator Brammer discussed how the Bill would change property tax deferrals by allowing taxes to be deferred to the estate, with any remaining value passing to heirs, and expressed support for using property value rather than income as a qualifying metric. Senators Fillmore and Harper also spoke in support of the Bill.

Yea: 5

Nay: 1

N/V: 1

Outcome: 1st substitute SB 78 passed out of the Committee with a favorable recommendation.

Bill: 1st substitute SB 97 – Property Tax Rate Amendments

Sponsor: Senator McCay

Floor Sponsor:

UASD Position: Track and amend

This Bill addresses property tax rates.

Discussion: Senator McCay presented the 1st substitute, which was adopted by the Committee. He explained that the intent of the Bill is to reduce volatility in property tax payments for taxpayers while ensuring stable and reliable revenue for local taxing entities. He stated that the Bill limits the amount of surplus funds cities may accumulate and requires reductions to the certified tax rate equal to the interest earned on reserve accounts. He said this is intended to reduce incentives for maintaining large reserve balances. Senator McCay expressed his belief that cities, and other governmental entities, do not need substantial “rainy day” funds because property taxes provide a steady revenue source. He noted that he plans to include additional governmental entities in the reserve-balance limitations in a future substitute. He also stated that reducing reserve accounts and returning funds to taxpayers poses a low financial risk to taxing entities and supports local economic activity.

The sponsor further explained that the Bill limits the residential property tax exemption to one primary residence per household and establishes a rebuttable presumption that property owned by a business entity does not qualify for the residential exemption. Notwithstanding any other provisions in law, the Bill prohibits taxing entities from depositing property tax revenue into reserve funds designated for capital improvement projects. It modifies how new growth is calculated and excludes tangible personal property from new growth calculations. The Bill also requires tax rates to be reduced by the amount of interest earned on reserve accounts retained by taxing entities and prohibits taxing entities from accounting for physical improvements to a property until those improvements have actually occurred. The Bill changes the definition of “new growth” to mean physical improvements that increase taxable value by more than 200%. It also places a 5% cap on the total amount of additional property tax revenue a taxing entity may obtain through truth-in-taxation.

Senator Fillmore asked for clarification regarding language affecting trusts and business classifications. Senator McCay responded that trusts would not be considered businesses and that individuals would need to rebut their classification or be subject to the higher tax rate. Senator Escamilla questioned the proposed five percent revenue cap and raised concerns about its effect on local government operations. Senator Brammer observed that most property tax increases are driven by school district rates and expressed concern that the 5% cap could harm small cities with limited budgets. Senator McCay acknowledged that the cap would need to be changed because underwriting risks associated with a strict property tax increase limit could negatively affect bond ratings for governmental entities statewide. He stated that while revenue caps are appealing in theory, they are difficult to implement in practice, and that a forthcoming substitute would revise that provision.

Senator Brammer asked that the Bill be amended to change the 5% cap to a 500% cap to ensure the measure would not leave the Senate with the current limit in place. That amendment was not adopted, but the sponsor testified that the issue would be resolved before the Bill leaves the Senate floor.

The Director of the Utah League of Cities and Towns expressed concerns with the legislation while also noting appreciation for the sponsor's willingness to continue refining the Bill.

Yea: 3

Nay: 2

N/V: 2

Outcome: 1st substitute SB 97 passed out of the Committee with a favorable recommendation.

