APPEAL # 25-1189
TAX TYPE: HOMEOWNERS CREDIT
TAX YEAR: 2025
DATE SIGNED: 07/09/2026
COMMISSIONERS: J.VALENTINE, R.ROCKWELL, J.FRESQUES, AND J.DEEDS

BEFORE THE UTAH STATE TAX COMMISSION

PROPERTY OWNER, Petitioner, v. COUNTY-1 TAX ADMINISTRATION, STATE OF UTAH, Respondent.	**INITIAL HEARING ORDER** Appeal No. 25-1189 Parcel No: ##### Tax Type: Homeowner's Credit Tax Year: 2025 Judge: Phan

Presiding:
Jane Phan, Administrative Law Judge

Appearances:
For Petitioner: PROPERTY OWNER
For Respondent: RESPONDENT'S REP-1, Division Manager, Tax Administration, COUNTY-1
RESPONDENT'S REP-2, Tax Relief Program Coordinator, COUNTY-1
RESPONDENT'S REP-3, Tax Relief Coordinator, COUNTY-1

STATEMENT OF THE CASE

Petitioner ("Property Owner") brings this appeal from the decision of the COUNTY-1 Tax Administration ("County") under Utah Code Ann. §59-2-1217. This matter was argued in an Initial Hearing on October 20, 2025, in accordance with Utah Code §59-1-502.5. Petitioner is appealing the County's decision to deny the homeowner's credit, which is provided under Utah Code Ann. Title 59, Chapter 2, Part 12, Property Tax Relief.[1] The County's decision letter was issued on DATE. In that letter, the County explained the reason for its decision was, "Your application has been denied because your

[1] The homeowner's credit is commonly referred to as "circuit breaker" tax relief.

home's square footage cannot be claimed both as a business to reduce income tax liability and as a residence to reduce property tax liability."

APPLICABLE LAW

Utah Code Ann. §59-2-103(2) (2025)[2] provides for the assessment of property, as follows:

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

Utah Code Ann. Title 59, Chapter 2, Part 12, Property Tax Relief, provides as general tax relief the homeowner's credit under Utah Code Ann. §59-2-1208 as follows:

> (1)(a) Subject to Subsections (2) and (4), for a calendar year beginning on or after January 1, 2021, a claimant may claim a homeowner's credit that does not exceed the following amounts:

If household income is	Homeowner's credit
$0 -- $11,785	$1,027
$11,786 -- $15,716	$896
$15,717 -- $19,643	$768
$19,644 -- $23,572	$575
$23,573 -- $27,503	$448
$27,504 -- $31,198	$256
$31,199 -- $34,666	$126

> (b)For a calendar year beginning on or after January 1, 2022, the commission shall increase or decrease the household income eligibility amounts and the credits under Subsection (1)(a) by a percentage equal to the percentage difference between the consumer price index housing for the preceding calendar year and the consumer price index housing for calendar year 2020.

Utah Code Ann. §59-2-1207 provides that only one claim per household may be made as follows:

> (1) A county shall apply as provided in Subsection 59-2-1206(1)(c) the amount of a credit under this part against:
> (a) a claimant's property tax liability; or
> (b) the property tax liability of a spouse who was a member of the claimant's household in the year in which the claimant applies for a homeowner's credit under this part.
> (2) Only one claimant per household per year is entitled to payment under this part.

Utah Code Ann. §59-2-1202 provides the following definitions for purposes of the homeowner's credit as follows:

> (1)(a) "Claimant" means a homeowner or renter who:
> (i) files a claim under this part for a residence;
> (ii) is domiciled in this state for the entire calendar year for which a claim for relief is filed under this part; and

[2] This decision cites to, and is applying the substantive law in effect for tax year 2025.

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

(A) 66 years of age or older if the individual was born on or before December 31, 1959; or

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

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

(i) regardless of:

(A) the age of the surviving spouse; or

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

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

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

(iv) if the surviving spouse is unmarried at the time the surviving spouse filed the claim.

. . . .

(4)(a) "Homeowner" means:

(i) an individual whose name is listed on the deed of a residence; or

(ii) if a residence is owned in a qualifying trust, an individual who is a grantor, trustor, or settlor or holds another similar role in the trust.

(b) "Homeowner" does not include:

(i) if a residence is owned by any type of entity other than a qualifying trust, an individual who holds an ownership interest in that entity; or

(ii) an individual who is listed on a deed of a residence along with an entity other than a qualifying trust.

(5) "Homeowner's credit" means a credit against a claimant's property tax liability.

(6) "Household" means the association of individuals who live in the same dwelling, sharing the dwelling's furnishings, facilities, accommodations, and expenses.

(7)(a) Except as provided in Subsection (7)(b), "household income" means all income received by all members of a claimant's household in:

(i) for a claimant who owns a residence, the calendar year preceding the calendar year in which property taxes are due; or

(ii) for a claimant who rents a residence, the year for which a claim is filed.

(b) "Household income" does not include income received by a member of a claimant's household who is:

(i) under the age of 18; or

(ii) a parent or a grandparent, through blood, marriage, or adoption, of the claimant or the claimant's spouse.

(8) "Income" means the sum of:

(a) federal adjusted gross income as defined in Section 62, Internal Revenue Code; and

(b) nontaxable income.

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

(i) capital gains;

(ii) loss carry forwards claimed during the taxable year in which a claimant files for relief under this part or Part 18, Tax Deferral and Tax Abatement;
(iii) depreciation claimed pursuant to the Internal Revenue Code by a claimant on the residence for which the claimant files for relief under this part or Part 18, Tax Deferral and Tax Abatement;
(iv) support money received;
(v) nontaxable strike benefits;
(vi) the gross amount of a pension or annuity, including benefits under the Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et seq., and veterans disability pensions;
(vii) except for payments described in Subsection (9)(b)(vi), payments received under the Social Security Act;
(viii) state unemployment insurance amounts;
(ix) nontaxable interest received from any source;
(x) workers' compensation;
(xi) the gross amount of "loss of time" insurance; and
(xii) voluntary contributions to a tax-deferred retirement plan.
(b) "Nontaxable income" does not include:
(i) public assistance;
(ii) aid, assistance, or contributions from a tax-exempt nongovernmental source;
(iii) surplus foods;
(iv) relief in kind supplied by a public or private agency;
(v) relief provided under this part or Part 18, Tax Deferral and Tax Abatement;
(vi) Social Security Disability Income payments received under the Social Security Act;
(vii) federal tax refunds;
(viii) federal child tax credits received under 26 U.S.C. Sec. 24;
(ix) federal earned income tax credits received under 26 U.S.C. Sec. 32;
(x) payments received under a reverse mortgage;
(xi) payments or reimbursements to senior program volunteers under 42 U.S.C. Sec. 5058; or
(xii) gifts or bequests.

(10) (a) "Property taxes accrued" means property taxes, exclusive of special assessments, 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.
(d) For purposes of this Subsection (10), property taxes accrued are levied on the lien date.
(e) When a household owns and occupies two or more different residences in this state in the same calendar year, and neither residence is acquired or sold during the calendar year for which relief is claimed under this part, property taxes accrued shall relate only to the residence occupied on the lien date by the household as the household's principal place of residence.

> (f) (i) If a residence is an integral part of a large unit such as a farm or a multipurpose or multidwelling building, property taxes accrued shall be calculated on the percentage that the value of the residence is of the total value of the unit.
> (ii) For purposes of this Subsection (10)(f), "unit" refers to the parcel of property covered by a single tax statement of which the residence is a part.
> . . . .
>
> (14) (a)(i) "Residence" means the dwelling in this state, whether owned or rented, and so much of the land surrounding the dwelling, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home.
> (ii) "Residence" includes a dwelling that is: (A) a part of a multidwelling or multipurpose building and a part of the land upon which the multidwelling or multipurpose building is built; and (B) a mobile home or houseboat.
> (b) "Residence" does not include personal property such as furniture, furnishings, or appliances.
> (c) For purposes of this Subsection (14), "owned" includes a vendee in possession under a land contract or one or more joint tenants or tenants in common.

Utah Admin. Rule R865-9I-34(1)(a) addresses "household" for purposes of circuit breaker tax relief as follows:

> (1) "Household" is determined as follows:
> (a) For purposes of the homeowner's credit under Section 59-2-1208, household shall be determined as of January 1 of the year in which the claim under that section is filed.
> . . .
> (8) Persons claiming a property tax exemption, deferral, reduction, or abatement under Title 59, Chapter 2, Parts 11, 18, or 19 are not precluded from claiming a homeowner's or renter's credit.

A person has the right to appeal decisions of the county regarding the homeowner's credit as described in Utah Code Ann. §59-2-1217, which states:

> Any person aggrieved by the denial in whole or in part of relief claimed under this part, except when the denial is based upon late filing of claim for relief, may appeal the denial to the commission by filing a petition within 30 days after the denial.

A person who claims an exemption has the burden of proof, and must demonstrate facts to support the application of the exemption. *See Butler v. State Tax Commission*, 367 P.2d 852, 854 (Utah 1962). Further, in *Corporation of the Episcopal Church in Utah v. Utah State Tax Comm'n*, 919 P.2d 556 (Utah 1996), the Supreme Court of Utah determined that "[t]he burden of establishing the exemption lies with the entity claiming it, although that burden must not be permitted to frustrate the exemption's objectives." In addition, the Supreme Court of Utah noted that "[e]xemptions are strictly construed[,]" but noted that the strict construction "should not be so narrowly applied, however, that it defeats the purpose of the exemption." Although Utah Code Ann. §59-2-1201 provides that the purpose of Title 59, Chapter 2, Part 12, Property Tax Relief, is to provide "relief for certain persons who own or rent their

places of residence through a system of tax credits, refunds, and appropriations . . . .” and the homeowner’s credit is a credit rather than an exemption, the homeowner’s credit operates similarly to an exemption in that it relieves a property owner from tax liability that would otherwise be owed. Absent a showing of any statute or case law to the contrary, the Commission finds no reason to treat the burden of proof in homeowner’s credit matters differently from how the Commission treats the burden of proof for purposes of a property tax exemption.

DISCUSSION

I. Property Owner’s Position

The Property Owner explained at the hearing that she is ##### years old and she lived in the residence that was subject to the request for the homeowner’s credit, which is located at ADDRESS-1. She also was domiciled in Utah for all of 2025. The Property Owner explained that for ##### years she had been operating at a separate property, the BUSINESS-1. She stated that the salon property is located at ADDRESS-2. She explained that she does not own the salon building, but that she leases the building from the owner and then she rents booths in the building to several stylists. She stated at the Initial Hearing that she never used her residence as a location for doing hair, and all of the salon services occurred at the salon building. She explained that although she did not have customers come to her residence for their hair treatments, she did receive mail relating to the salon business at her residence. She stated that the accountant who had prepared her tax return for tax year 2024 had mistakenly listed the subject property as the corporate location of her business, while listing the salon building as a rental property and listing the rental income she received from the beauty shop as rental income on her federal return. Then on her federal return, the accountant had listed expenses for the residence, such as utilities, as business expenses which were deducted from her business income. At this Initial Hearing, the Property Owner argued that her tax preparer had prepared her tax returns incorrectly and her residence should not have been listed as the business. However, there was no indication that she had filed an amended return to change this filing, which she now argued was incorrect.

II. County’s Position

It was the County’s position that the Property Owner did not qualify for the homeowner’s credit because she had claimed the residence on her federal return as the location of her business and had not designated some percentage of the home as her residence and some percentage as her business on her federal return. The County pointed out that there was commingling of the residence expenses and the business expenses on the federal tax return for utilities and other expenses. The County explained at the hearing that the County does allow the homeowner’s credit for homes that have a home based business based on the percentage of the home that is used for the home and not for the business based on how that

is claimed on the federal return. However, in this case, the County concluded that the Property Owner had claimed her entire residence as the business on her federal returns.

In addition, the County stated the Taxpayer's household income was over the limit regardless of whether the home was used for business purposes. The County's representatives stated that for tax year 2025 the household income limit was $42,623. The County calculated the Taxpayer's household income as follows:

Social Security Income	$$$$$
Salon Income	$$$$$
Investment Income	$$$$$
Add back Short Term Loss Carryover	$$$$$
Total	$$$$$

The County forwarded to the Tax Commission with the appeal the application that the Property Owner had filed with the County for the homeowner's credit and this included a copy of the Property Owner's federal income tax return plus her SSA-1099 and 1099-INT statements. These documents confirmed the amount of Social Security income of $$$$$ and interest income totaling $$$$$. The Investment Earned Income Credit from the Property Owner's return showed an additional income of $$$$$ from "passive activities for a total investment income of $$$$$." The return also showed a loss carryover of $$$$$, which is required to be added back in determining "household income" for purposes of calculating the homeowner's credit. *See* Utah Code Ann. § 59-2-1202(7)-(9) (2025).

III. Commission Conclusions

Upon reviewing the facts and the applicable law, the Property Owner has not provided sufficient evidence to establish that she was entitled to the homeowner's credit for tax year 2025 with respect to the subject parcel.[3] Utah Code Ann. §59-2-1208 provides that "a claimant may claim a homeowner's credit" that does not exceed certain specified amounts listed in statute that are subject to annual inflationary adjustments. The Property Owner was clearly over the age required to claim the homeowner's credit, she owned the subject property and resided at that property, and had been domiciled in Utah for all of 2025. However, the Property Owner was over the household income limit of $42,623 for tax year 2025. To receive the homeowner's credit all the statutory requirements must be met. The Tax Commission has heard many appeals involving the homeowner's credit and previously concluded that it does not have discretion to allow the homeowner's credit where the statutory requirements were not fully met, even in

[3] *See Utah State Tax Commission Findings of Fact, Conclusions of Law and Final Decision, Appeal No. 15-460* (5/9/2016); *Utah State Tax Commission Initial Hearing Orders Appeal No. 15-2092* (5/9/2016); *Appeal No. 16-1310* (2/21/2017); *Appeal No. 16-1565* (4/10/2017); *Appeal No. 17-2036* (8/14/2018); and *Appeal No. 19-231* (05/26/2021). These Tax Commission decisions are available for review in a redacted format at: https://tax.utah.gov/commission/decision.

cases where the homeowner was only a small amount over the household limit. Because the Property Owner does not qualify for the homeowner's credit due to household income, the Commission does not consider further the issues presented by the County regarding the Property Owner's claiming her residence as a business on her federal income tax return.[4]

It is the property owner who has the burden of proof in this matter and who must demonstrate facts to support the application for the homeowner's credit. The Property Owner has not done so and the County's decision should be upheld.

Jane Phan
Administrative Law Judge

DECISION AND ORDER

Based on the foregoing, the Tax Commission finds that the County properly denied the homeowner's credit on the subject parcel for tax year 2025 and the Property Owner's appeal is denied. It is so ordered.

This decision does not limit a party's right to a Formal Hearing. However, this Decision and Order will become the Final Decision and Order of the Commission unless any party to this case files a written request within thirty (30) days of the date of this decision to proceed to a Formal Hearing. Such a request shall be mailed, or emailed, to the address listed below and must include the Petitioner's name, address, and appeal number:

Utah State Tax Commission
Appeals Division
210 North 1950 West
Salt Lake City, Utah 84134

or emailed to:
taxappeals@utah.gov

Failure to request a Formal Hearing will preclude any further appeal rights in this matter.

[4] Utah Code Ann. §59-2-1202(10)(f) clarifies how the homeowner's credit applies where the residence has more than one use. Utah Code 59-2-1202(10)(f)(i) states, "If a residence is an integral part of a large unit such as a farm or a multipurpose or multidwelling building, property taxes accrued shall be calculated on the percentage that the value of the residence is of the total value of the unit." Unit is then defined in that subsection to be "the parcel of property covered by a single tax statement of which the residence is a part."

DATED this _____ day of _____, 2026.

John L. Valentine
Commission Chair

Rebecca L. Rockwell
Commissioner

Jennifer N. Fresques
Commissioner

John T. Deeds
Commissioner