

STATEMENT OF PURPOSE

RS25939

Property taxes for timberland owners with more than 5,000 acres are taxed differently than other types of property. Owners of 5,000 or more acres pay county property taxes according to a formula developed by the Committee of Forestland Taxation Methodology, which is codified in Title 63, chapter 17. The formula takes into account several variables. One variable is how productive a particular parcel of land is for growing timber. Based on the results of several different forestry measurements, a parcel is classified as either poor, medium, or good for this purpose, which is referred to as the land's productivity classification.

The Tax Commission and the Committee on Forestland Taxation set rules and procedures for county assessors to follow when considering changes to a parcel's productivity classification. The current rules have not provided a consistent, objective, or transparent process. Landowners in some counties have received assessment notices reflecting substantial (50% to 200%) increases in valuations due to productivity class changes, but no documentation exists to show the forest measurements required by the current rule were ever performed.

This bill would require the Idaho Tax Commission and the Committee on Forest Land Taxation to review and revise the rule for forestland productivity classification to provide a professional and consistent process for all counties, including notification to landowners, qualifications for those conducting forestry measurements, and standards for documentation and retention. The bill would set productivity classifications at their 2016 levels until the rule is complete and approved by the legislature.

FISCAL NOTE

This bill will have no fiscal impact to the general fund. Costs include a meeting of CFTM members, which may or may not be conducted electronically, and state tax commission staff time. These actions are already required under existing law so should not result in increases.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).