

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 564

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO HOMESTEAD TAX EXEMPTIONS; AMENDING SECTION 63-602G, IDAHO CODE,
2 TO PROVIDE FOR AN INVESTIGATION BY A COUNTY ASSESSOR, TO PROVIDE FOR A
3 DISCLOSURE OF INFORMATION BY THE STATE TAX COMMISSION, TO PROVIDE FOR AN
4 APPEAL, AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY
5 AND PROVIDING AN EFFECTIVE DATE.
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 63-602G, Idaho Code, be, and the same is hereby
9 amended to read as follows:

10 63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD. (1) For each tax
11 year, the first one hundred twenty-five thousand dollars (\$125,000) of the
12 market value for assessment purposes of the homestead as that term is defined
13 in section 63-701, Idaho Code, or fifty percent (50%) of the market value
14 for assessment purposes of the homestead as that term is defined in section
15 63-701, Idaho Code, whichever is the lesser, shall be exempt from property
16 taxation.

17 (2) The exemption allowed by this section may be granted only if:

18 (a) The homestead is owner-occupied and used as the primary dwelling
19 place of the owner. The homestead may consist of part of a multidwelling
20 or multipurpose building and shall include all of such dwelling or
21 building except any portion used exclusively for anything other than
22 the primary dwelling of the owner. The presence of an office in a home-
23 stead, which office is used for multiple purposes, including business
24 and personal use, shall not prevent the owner from claiming the exemp-
25 tion provided in this section; and

26 (b) The state tax commission has certified to the board of county com-
27 missioners that all properties in the county ~~which are~~ subject to ap-
28 praisal by the county assessor have, in fact, been appraised uniformly
29 so as to secure a just valuation for all property within the county; and

30 (c) The owner has certified to the county assessor that:

31 (i) He is making application for the exemption allowed by this
32 section;

33 (ii) The homestead is his primary dwelling place; and

34 (iii) He has not made application in any other county for the ex-
35 emption, and has not made application for the exemption on any
36 other homestead in the county.

37 (d) For the purpose of this section, the definition of "owner" shall be
38 the same definition set forth in section 63-701(7), Idaho Code.

39 When an "owner," pursuant to the provisions of section 63-701(7), Idaho
40 Code, is any person who is the beneficiary of a revocable or irrevocable
41 trust, or who is a partner of a limited partnership, a member of a lim-
42 ited liability company, or shareholder of a corporation, he or she may

1 provide proof of the trust, limited partnership, limited liability com-
2 pany, or corporation in the manner set forth in section 63-703(4), Idaho
3 Code.

4 (e) Any owner may request in writing the return of all copies of any
5 documents submitted with the affidavit set forth in section 63-703(4),
6 Idaho Code, that are held by a county assessor, and the copies shall
7 be returned by the county assessor upon submission of the affidavit in
8 proper form.

9 (f) For the purpose of this section, the definition of "primary
10 dwelling place" shall be the same definition set forth in section
11 63-701(8), Idaho Code.

12 (g) For the purpose of this section, the definition of "occupied" shall
13 be the same definition set forth in section 63-701(6), Idaho Code.

14 (3) An owner need only make application for the exemption described in
15 subsection (1) of this section once, as long as all of the following condi-
16 tions are met:

17 (a) The owner has received the exemption during the previous year as
18 a result of his making a valid application as set forth in subsection
19 (2)(c) of this section.

20 (b) The owner or beneficiary, partner, member or shareholder, as appro-
21 priate, still occupies the same homestead for which the owner made ap-
22 plication.

23 (c) The homestead described in paragraph (b) of this subsection is
24 owner-occupied or occupied by a beneficiary, partner, member or share-
25 holder, as appropriate, and used as the primary dwelling place of the
26 owner or beneficiary, partner, member or shareholder, as appropriate.

27 (4) The exemption allowed by this section shall be effective upon the
28 date of the application and must be taken before the reduction in taxes pro-
29 vided by sections 63-701 through 63-710, Idaho Code, is applied.

30 (5) Recovery of property tax exemptions allowed by this section but im-
31 properly claimed or approved:

32 (a) (i) Prior to granting an exemption, the county assessor shall
33 investigate whether an applicant for the exemption has claimed the
34 exemption for another homestead and shall not grant the exemption
35 where it appears the exemption has been improperly claimed. The
36 applicant shall be notified of the county assessor's refusal to
37 grant the exemption.

38 (ii) Upon discovery of evidence, facts or circumstances indicat-
39 ing any exemption allowed by this section was improperly claimed
40 or approved, the county assessor shall decide whether the exemp-
41 tion claimed should have been allowed and, if not, notify the tax-
42 payer in writing, assess a recovery of property tax and notify the
43 county treasurer of this assessment. If the county assessor de-
44 termined that an exemption was improperly approved as a result of
45 county error, the county assessor shall present the discovered evi-
46 dence, facts or circumstances from the improperly approved ex-
47 emption to the board of county commissioners, at which time the
48 board may waive a recovery of the property tax, and notify such
49 taxpayer in writing.

1 (b) Upon request by a county assessor conducting an investigation un-
2 der paragraph (a) of this subsection, or when information indicating
3 that an improper claim for the exemption allowed by this section is dis-
4 covered by the state tax commission, the state tax commission ~~may~~ shall
5 disclose ~~this~~ relevant information to the appropriate county assessor,
6 board of county commissioners, and county treasurer. Information dis-
7 closed to county officials by the state tax commission under this sub-
8 section may be used to decide the validity of any entitlement to the ex-
9 emption provided in this section and is not otherwise subject to public
10 disclosure pursuant to chapter 1, title 74, Idaho Code.

11 (c) The assessment and collection of the recovery of property tax must
12 begin within the seven (7) year period beginning the date the assessment
13 notice reflecting the improperly claimed or approved exemption was re-
14 quired to be mailed to the taxpayer.

15 (d) (i) An applicant for an exemption under this section may appeal
16 to the county board of equalization the county assessor's refusal
17 to grant an exemption pursuant to paragraph (a) of this subsection
18 within thirty (30) days of the date the county assessor sent notice
19 of the refusal.

20 (ii) The taxpayer may appeal to the county board of equalization
21 the decision by the county assessor to assess the recovery of prop-
22 erty tax within thirty (30) days of the date the county assessor
23 sent the notice to the taxpayer pursuant to this section. The
24 board may waive the collection of all or part of any costs, late
25 charges, and interest in order to facilitate the collection of the
26 recovery of the property tax.

27 (e) For purposes of calculating the tax, the amount of the recovered
28 property tax shall be for each year the exemption allowed by this sec-
29 tion was improperly claimed or approved, up to a maximum of seven (7)
30 years. The amount of the recovery of property tax shall be calculated
31 using the product of the amount of exempted value for each year multi-
32 plied by the levy for that year plus costs, late charges, and interest
33 for each year at the rates equal to those provided for delinquent prop-
34 erty taxes during that year.

35 (f) Any recovery of property tax shall be due and payable no later than
36 the date provided for property taxes in section 63-903, Idaho Code, and
37 if not timely paid, late charges and interest, beginning the first day
38 of January in the year following the year the county assessor sent the
39 notice to the taxpayer pursuant to this section, shall be calculated at
40 the current rate provided for property taxes.

41 (g) Recovered property taxes shall be billed, collected and dis-
42 tributed in the same manner as property taxes, except each taxing dis-
43 trict or unit shall be notified of the amount of any recovered property
44 taxes included in any distribution.

45 (h) Thirty (30) days after the taxpayer is notified, as provided in
46 paragraph (a) of this subsection, the assessor shall record a notice
47 of intent to attach a lien. Upon the payment in full of such recov-
48 ered property taxes prior to the attachment of the lien as provided in
49 paragraph (i) of this subsection, or upon the successful appeal by the
50 taxpayer, the county assessor shall record a rescission of the intent to

1 attach a lien within seven (7) business days of receiving such payment
2 or within seven (7) business days of the county board of equalization
3 decision granting the appeal. If the real property is sold to a bona
4 fide purchaser for value prior to the recording of the notice of the in-
5 tent to attach a lien, the county assessor and treasurer shall cease the
6 recovery of such unpaid recovered property tax.

7 (i) Any unpaid recovered property taxes shall become a lien upon the
8 real property in the same manner as provided for property taxes in sec-
9 tion 63-206, Idaho Code, except such lien shall attach as of the first
10 day of January in the year following the year the county assessor sent
11 the notice to the taxpayer pursuant to this section.

12 (j) For purposes of the limitation provided by section 63-802, Idaho
13 Code, moneys received pursuant to this subsection as recovery of prop-
14 erty tax shall be treated as property tax revenue.

15 (6) The legislature declares that this exemption is necessary and just.

16 (7) A homestead, having previously qualified for exemption under this
17 section in the preceding year, shall not lose such qualification due to: the
18 owner's, beneficiary's, partner's, member's or shareholder's absence in the
19 current year by reason of active military service, or because the homestead
20 has been leased because the owner, beneficiary, partner, member or share-
21 holder is absent in the current year by reason of active military service.
22 An owner subject to the provisions of this subsection must apply for the ex-
23 emption with the county assessor every year on or before a deadline date as
24 specified by the county assessor for the county in which the homestead is
25 claimed. If an owner fails to apply on or before the established deadline,
26 the county may, at its discretion, discontinue the exemption for that year.

27 (8) A homestead, having previously qualified for exemption under this
28 section in the preceding year, shall not lose such qualification due to
29 the owner's, beneficiary's, partner's, member's or shareholder's death
30 during the year of the owner's, beneficiary's, partner's, member's or share-
31 holder's death and the tax year immediately following such death, provided
32 that the homestead continues to be a part of the owner's, beneficiary's,
33 partner's, member's or shareholder's estate. After such time, the new owner
34 shall reapply to receive the exemption pursuant to this section and shall
35 meet the qualification criteria contained in this section.

36 (9) The amount by which each exemption approved under this section ex-
37 ceeds one hundred thousand dollars (\$100,000) may, in the discretion of the
38 governing board of a taxing district, be deducted from the new construction
39 roll for the following year prepared by the county assessor in accordance
40 with section 63-301A, Idaho Code, but only to the extent that the amount ex-
41 ceeds the same deduction made in the previous year.

42 SECTION 2. An emergency existing therefor, which emergency is hereby
43 declared to exist, this act shall be in full force and effect on and after
44 July 1, 2022.