

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 329

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602GG, IDAHO CODE, TO REVISE  
2 PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR LOW-INCOME HOUSING  
3 OWNED BY NONPROFIT ORGANIZATIONS; AND DECLARING AN EMERGENCY AND PRO-  
4 VIDING AN EFFECTIVE DATE.  
5

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

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

9 63-602GG. PROPERTY EXEMPT FROM TAXATION -- LOW-INCOME HOUSING OWNED  
10 BY NONPROFIT ORGANIZATIONS. (1) As provided in this section, low-income  
11 housing owned by nonprofit organizations shall be exempt from taxation.

12 (2) In order to qualify as a nonprofit organization under this section,  
13 an organization must demonstrate that:

14 (a) It is organized as a nonprofit corporation pursuant to chapter 30,  
15 title 30, Idaho Code, ~~or pursuant to equivalent laws in the applicable~~  
16 ~~state of incorporation;~~ and

17 (b) It has received an exemption from taxation from the internal rev-  
18 enue service pursuant to section 501(c)(3) of the Internal Revenue  
19 Code; ~~and.~~

20 ~~(c) No proceeds or tax benefits of the organization or from the low-in-~~  
21 ~~come housing property owned by the organization shall inure to any indi-~~  
22 ~~vidual or for-profit entity other than normal employee compensation.~~

23 (3) In order to qualify for the exemption provided in this section, the  
24 low-income housing property shall meet the following qualifications:

25 (a) ~~Both legal and equitable title to the property is solely owned by~~  
26 ~~the nonprofit organization seeking the exemption and is managed by the~~  
27 ~~owner or a related nonprofit organization qualifying for the exemption~~  
28 ~~set forth in section 63-602C, Idaho Code; and The property is owned and~~  
29 ~~operated by, or is a wholly owned subsidiary of, a corporation that is~~  
30 ~~qualified pursuant to section 501(c)(3) or section 501(c)(4) of the In-~~  
31 ~~ternal Revenue Code, or is a limited partnership or limited liability~~  
32 ~~company in which the general partner or the managing member, as appli-~~  
33 ~~cable, is an eligible nonprofit corporation or a single purpose entity~~  
34 ~~that is wholly owned by one (1) or more eligible nonprofit corporations;~~

35 (b) Tenants shall not be evicted based upon their inability to pay for  
36 a period of three (3) months if such inability is due to a catastrophic  
37 event that is not under the tenant's control. For purposes of this sub-  
38 section, "catastrophic event" means a medical condition or injury in  
39 which sudden, serious and unexpected symptoms of illness or injury are  
40 sufficiently severe to render the tenant unable to participate in em-  
41 ployment and such illness or injury has been certified by one (1) or more  
42 licensed physicians and/or psychiatrists or psychologists. The term

1 "catastrophic event" does not apply to individuals who voluntarily re-  
2 move themselves from the workforce; and

3 (c) Except for a manager's unit, all of the housing units in the  
4 low-income housing property are dedicated to low-income housing ~~in the~~  
5 ~~following manner: Fifty-five percent (55%) of the units and shall be~~  
6 ~~rented to those earning an average of sixty percent (60%) or less of~~  
7 ~~the median income for the county or metropolitan statistical area in~~  
8 ~~which the housing is located; twenty percent (20%) of the units shall be~~  
9 ~~rented to those earning fifty percent (50%) or less of the median income~~  
10 ~~of the county in which the housing is located; and twenty-five percent~~  
11 ~~(25%) of the units shall be rented to those earning thirty percent (30%)~~  
12 ~~or less of the median income for the county in which the housing is lo-~~  
13 ~~cated.~~

14 (4) The exemption provided in this section shall not apply:

15 (a) If the project is financed after the effective date of this act and  
16 applicable law permits the payment of property taxes with federal or  
17 state funds, grants, loans or subsidies; or

18 ~~(b) If the property is receiving federal project-based assistance,~~  
19 ~~as provided by 42 U.S.C. sections 1437f(d)(2), 1437f(f)(6) and~~  
20 ~~1437f(e)(13); or~~

21 ~~(c) To any property used by a taxpayer to qualify for tax credits under~~  
22 ~~the provisions of 26 U.S.C. chapter 42 or any successor programs until~~  
23 ~~such time as the property is solely owned by a nonprofit organization as~~  
24 ~~defined in this section and is no longer utilized to receive federal tax~~  
25 ~~credits.~~

26 (b) To any property whose financing has already closed as of July 1,  
27 2023, or to a property that is already in service and housing tenants as  
28 of July 1, 2023, unless such property is being rehabilitated pursuant to  
29 section 42 of the Internal Revenue Code or is already receiving the ex-  
30 emption pursuant to this section on or before July 1, 2023.

31 (5) Notwithstanding any other provision of this section, a low-income  
32 housing property shall be exempt from taxation due to undue hardship if:

33 (a) The property was financed prior to the effective date of this act;  
34 and

35 (b) Such financing was dependent upon the tax-exempt status of the  
36 property; and

37 (c) The law does not allow additional federal or state revenues to be  
38 available for the payment of property taxes.

39 (6) Nothing in this section shall affect the qualification of proper-  
40 ties for tax-exempt status under other provisions of title 63, Idaho Code.

41 (7) Property that is exempted under the provisions of this section  
42 shall not be included on any new construction roll prepared by a county as-  
43 essor in accordance with section 63-301A, Idaho Code.

44 SECTION 2. An emergency existing therefor, which emergency is hereby  
45 declared to exist, this act shall be in full force and effect on and after  
46 July 1, 2023.