

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 4

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX EXEMPTION FOR HOMESTEADS; AMENDING
 2 SECTION 63-602G, IDAHO CODE, TO REQUIRE THAT THE STATE TAX
 3 COMMISSION SHALL PUBLISH ADJUSTMENTS TO THE MAXIMUM AMOUNT
 4 SUBJECT TO PROPERTY TAX EXEMPTION TO REFLECT ANNUAL CHANGES
 5 IN THE COST-OF-LIVING FLUCTUATIONS BY A PERCENTAGE EQUAL AS
 6 NEAR AS PRACTICABLE TO THE ANNUAL CHANGE IN THE IDAHO HOUSING
 7 PRICE INDEX AND TO MAKE A TECHNICAL CORRECTION; DECLARING AN
 8 EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.
 9

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

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

13 63-602G. PROPERTY EXEMPT FROM TAXATION – HOMESTEAD. (1) During
 14 the tax year 2006 and each year thereafter, subject to annual adjustment as provided herein,
 15 the first seventy-five thousand dollars (\$75,000) of the market value for assessment purposes
 16 of the homestead as that term is defined in section 63-701, Idaho Code, or fifty percent
 17 (50%) of the market value for assessment purposes of the homestead as that term is defined
 18 in section 63-701, Idaho Code, whichever is the lesser, shall be exempt from property
 19 taxation. Beginning for tax year 2007, the state tax commission shall publish adjustments to
 20 the maximum amount subject to property tax exemption to reflect cost-of-living fluctuations.
 21 The adjustments shall effect changes in the amount subject to tax exemption by a percentage
 22 equal as near as practicable to the annual ~~increase~~ change in the Idaho housing price index as
 23 determined by the United States office of federal housing enterprise oversight. The state tax
 24 commission shall publish the adjustments required by this subsection each and every year the
 25 office of federal housing enterprise oversight announces a change in the Idaho housing price
 26 index. The adjustments shall be published no later than October 1 of each year and shall
 27 be effective for claims filed in and for the following property tax year. The publication of
 28 adjustments under this subsection shall be exempt from the provisions of chapter 52, title 67,
 29 Idaho Code, but shall be provided to each county and to members of the public upon request
 30 and without charge.

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

32 (a) The homestead is owner-occupied and used as the primary dwelling place of the
 33 owner as of January 1, provided that in the event the homestead is owner-occupied after
 34 January 1 but before April 15, the owner of the property is entitled to the exemption.
 35 The homestead may consist of part of a multidwelling or multipurpose building and shall
 36 include all of such dwelling or building except any portion used exclusively for anything
 37 other than the primary dwelling of the owner. The presence of an office in a homestead,

1 which office is used for multiple purposes, including business and personal use, shall not
2 prevent the owner from claiming the exemption provided in this section; and

3 (b) The tax commission has certified to the board of county commissioners that all
4 properties in the county which are subject to appraisal by the county assessor have, in
5 fact, been appraised uniformly so as to secure a just valuation for all property within the
6 county; and

7 (c) The owner has certified to the county assessor by April 15 that:

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

9 (ii) That the homestead is his primary dwelling place; and

10 (iii) That he has not made application in any other county for the exemption, and
11 has not made application for the exemption on any other homestead in the county.

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

14 When an "owner," pursuant to the provisions of section 63-701(7), Idaho Code, is
15 any person who is the beneficiary of a revocable or irrevocable trust, or who is a partner
16 of a limited partnership, a member of a limited liability company, or shareholder of a
17 corporation, he or she may provide proof of the trust, limited partnership, limited liability
18 company, or corporation in the manner set forth in section 63-703(4), Idaho Code.

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

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

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

27 (3) An owner need only make application for the exemption described in subsection (1)
28 of this section once, as long as all of the following conditions are met:

29 (a) The owner has received the exemption during the previous year as a result of his
30 making a valid application as defined in subsection (2)(c) of this section.

31 (b) The owner or beneficiary, partner, member or shareholder, as appropriate, still
32 occupies the same homestead for which the owner made application.

33 (c) The homestead described in subsection (3)(b) of this section is owner-occupied or
34 occupied by a beneficiary, partner, member or shareholder, as appropriate, and used as
35 the primary dwelling place of the owner or beneficiary, partner, member or shareholder,
36 as appropriate, as of January 1; provided however, that in the event the homestead is
37 owner-occupied after January 1, but before April 15, the owner of the property is entitled
38 to the exemption.

39 (4) The exemption allowed by this section must be taken before the reduction in taxes
40 provided by sections 63-701 through 63-710, Idaho Code, is applied.

41 (5) Recovery of property tax exemptions allowed by this section but improperly claimed
42 or approved:

43 (a) Upon discovery of evidence, facts or circumstances indicating any exemption
44 allowed by this section was improperly claimed or approved, the county assessor shall
45 decide whether the exemption claimed should have been allowed and if not, notify the
46 taxpayer in writing, assess a recovery of property tax and notify the county treasurer of

1 this assessment. If the county assessor determined that an exemption was improperly
2 approved as a result of county error, the county assessor shall present the discovered
3 evidence, facts or circumstances from the improperly approved exemption to the board of
4 county commissioners, at which time the board may waive a recovery of the property tax
5 and notify such taxpayer in writing.

6 (b) When information indicating that an improper claim for the exemption allowed
7 by this section is discovered by the state tax commission, the state tax commission
8 may disclose this information to the appropriate county assessor, board of county
9 commissioners and county treasurer. Information disclosed to county officials by the
10 state tax commission under this subsection may be used to decide the validity of any
11 entitlement to the exemption provided in this section and is not otherwise subject to
12 public disclosure pursuant to chapter 3, title 9, Idaho Code.

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

16 (d) The taxpayer may appeal to the board of county commissioners the decision by the
17 county assessor to assess the recovery of property tax within thirty (30) days of the date
18 the county assessor sent the notice to the taxpayer pursuant to this section. The board
19 may waive the collection of all or part of any costs, late charges and interest, in order to
20 facilitate the collection of the recovery of the property tax.

21 (e) For purposes of calculating the tax, the amount of the recovered property tax shall be
22 for each year the exemption allowed by this section was improperly claimed or approved,
23 up to a maximum of seven (7) years. The amount of the recovery of property tax shall be
24 calculated using the product of the amount of exempted value for each year multiplied by
25 the levy for that year plus costs, late charges and interest for each year at the rates equal
26 to those provided for delinquent property taxes during that year.

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

32 (g) Recovered property taxes shall be billed, collected and distributed in the same
33 manner as property taxes, except each taxing district or unit shall be notified of the
34 amount of any recovered property taxes included in any distribution.

35 (h) Thirty (30) days after the taxpayer is notified, as provided in subsection (5)(a) of this
36 section, the assessor shall record a notice of intent to attach a lien. Upon the payment
37 in full of such recovered property taxes prior to the attachment of the lien as provided
38 in subsection (5)(i) of this section, or upon the successful appeal by the taxpayer, the
39 county assessor shall record a rescission of the intent to attach a lien within seven (7)
40 business days of receiving such payment or within seven (7) business days of the county
41 commissioners' decision granting the appeal. If the real property is sold to a bona fide
42 purchaser for value, prior to the recording of the notice of the intent to attach a lien, the
43 county assessor and treasurer shall cease the recovery of such unpaid recovered property
44 tax.

45 (i) Any unpaid recovered property taxes shall become a lien upon the real property in the
46 same manner as provided for property taxes in section 63-206, Idaho Code, except such

1 lien shall attach as of the first day of January in the year following the year the county
2 assessor sent the notice to the taxpayer pursuant to this section.

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

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

7 (7) A homestead, having previously qualified for exemption under this section in the
8 preceding year, shall not lose such qualification due to: the owner's, beneficiary's, partner's,
9 member's or shareholder's absence in the current year by reason of active military service in
10 a designated combat zone, as defined in section 112 of the Internal Revenue Code, or because
11 the homestead has been leased because the owner, beneficiary, partner, member or shareholder
12 is absent in the current year by reason of active military service in a designated combat zone,
13 as defined in section 112 of the Internal Revenue Code. If an owner fails to timely apply for
14 exemption as required in this section solely by reason of active duty in a designated combat
15 zone by the owner, beneficiary, partner, member or shareholder, as appropriate, as defined
16 in section 112 of the Internal Revenue Code, and such homestead would have otherwise
17 qualified under this section, then the board of county commissioners of the county in which the
18 homestead is located shall refund property taxes, if previously paid, in an amount equal to the
19 exemption which would otherwise have applied.

20 SECTION 2. An emergency existing therefor, which emergency is hereby declared to
21 exist, this act shall be in full force and effect on and after its passage and approval, and
22 retroactively to January 1, 2009.