

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 387, As Amended

BY LOCAL GOVERNMENT COMMITTEE

AN ACT

1 RELATING TO REVENUE AND TAXATION; AMENDING SECTION 63-602G, IDAHO CODE, TO
2 REVISE PROVISIONS RELATING TO A HOMESTEAD HAVING PREVIOUSLY QUALIFIED
3 FOR EXEMPTION IN THE PRECEDING YEAR, TO PROVIDE THAT A CERTAIN EXEMPTION
4 SHALL NOT BE IMPAIRED FOR CERTAIN REASONS, TO PROVIDE THAT A CERTAIN
5 EXEMPTION SHALL FAIL FOR CERTAIN REASONS, TO PROVIDE THAT THE OWNER OF A
6 HOMESTEAD PREVIOUSLY QUALIFIED FOR EXEMPTION IS NOT REQUIRED TO MAKE A
7 SEPARATE APPLICATION TO CONTINUE QUALIFICATION OF THE EXEMPTION DURING
8 THE TIME OF MILITARY, HUMANITARIAN OR RELIGIOUS SERVICE, TO PROVIDE FOR
9 NOTICE, TO PROVIDE THAT SUCH NOTICE SHALL IDENTIFY CERTAIN MATTERS,
10 TO PROVIDE FOR A DECLARATION, TO PROVIDE FOR A FILING, TO PROVIDE FOR A
11 REBUTTABLE PRESUMPTION, TO ESTABLISH PROVISIONS RELATING TO A REFUND,
12 TO PROVIDE FOR A CONTESTED CASE, TO PROVIDE FOR INTEREST AND TO PROVIDE
13 THAT THE BOARD OF COUNTY COMMISSIONERS SHALL REFUND CERTAIN TAXES IN
14 CERTAIN INSTANCES; AMENDING SECTION 63-701, IDAHO CODE, TO PROVIDE FOR
15 APPLICATION OF LAW; AND AMENDING SECTION 63-1305, IDAHO CODE, TO REVISE
16 PROVISIONS RELATING TO REFUNDS OR CREDITS OF PROPERTY TAXES AND TO MAKE
17 A TECHNICAL CORRECTION.
18

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

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

22 63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD. (1) During the
23 tax year 2006 and each year thereafter, subject to annual adjustment as pro-
24 vided herein, the first seventy-five thousand dollars (\$75,000) of the mar-
25 ket value for assessment purposes of the homestead as that term is defined
26 in section 63-701, Idaho Code, or fifty percent (50%) of the market value
27 for assessment purposes of the homestead as that term is defined in section
28 63-701, Idaho Code, whichever is the lesser, shall be exempt from property
29 taxation. Beginning for tax year 2007, the state tax commission shall pub-
30 lish adjustments to the maximum amount subject to property tax exemption to
31 reflect cost-of-living fluctuations. The adjustments shall effect changes
32 in the amount subject to tax exemption by a percentage equal as near as prac-
33 ticable to the annual change in the Idaho housing price index as determined
34 by the United States office of federal housing enterprise oversight. The
35 state tax commission shall publish the adjustments required by this subsec-
36 tion each and every year the office of federal housing enterprise oversight
37 announces a change in the Idaho housing price index. The adjustments shall
38 be published no later than October 1 of each year and shall be effective for
39 claims filed in and for the following property tax year. The publication
40 of adjustments under this subsection shall be exempt from the provisions of
41 chapter 52, title 67, Idaho Code, but shall be provided to each county and to
42 members of the public upon request and without charge.

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

2 (a) The homestead is owner-occupied and used as the primary dwelling
3 place of the owner as of January 1, provided that in the event the home-
4 stead is owner-occupied after January 1 but before April 15, the owner
5 of the property is entitled to the exemption. The homestead may consist
6 of part of a multidwelling or multipurpose building and shall include
7 all of such dwelling or building except any portion used exclusively for
8 anything other than the primary dwelling of the owner. The presence of
9 an office in a homestead, which office is used for multiple purposes,
10 including business and personal use, shall not prevent the owner from
11 claiming the exemption provided in this section; and

12 (b) The tax commission has certified to the board of county commission-
13 ers that all properties in the county which are subject to appraisal by
14 the county assessor have, in fact, been appraised uniformly so as to se-
15 cure a just valuation for all property within the county; and

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

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

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

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

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

25 When an "owner," pursuant to the provisions of section 63-701(7),
26 Idaho Code, is any person who is the beneficiary of a revocable or irrev-
27 ocable trust, or who is a partner of a limited partnership, a member of
28 a limited liability company, or shareholder of a corporation, he or she
29 may provide proof of the trust, limited partnership, limited liability
30 company, or corporation in the manner set forth in section 63-703(4),
31 Idaho Code.

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

37 (f) For the purpose of this section, the definition of "primary
38 dwelling place" shall be the same definition set forth in section
39 63-701(8), Idaho Code.

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

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

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

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

1 (c) The homestead described in subsection (3) (b) of this section is
2 owner-occupied or occupied by a beneficiary, partner, member or share-
3 holder, as appropriate, and used as the primary dwelling place of the
4 owner or beneficiary, partner, member or shareholder, as appropriate,
5 as of January 1; provided however, that in the event the homestead is
6 owner-occupied after January 1, but before April 15, the owner of the
7 property is entitled to the exemption.

8 (4) The exemption allowed by this section must be taken before the re-
9 duction in taxes provided by sections 63-701 through 63-710, Idaho Code, is
10 applied.

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

13 (a) Upon discovery of evidence, facts or circumstances indicating any
14 exemption allowed by this section was improperly claimed or approved,
15 the county assessor shall decide whether the exemption claimed should
16 have been allowed and if not, notify the taxpayer in writing, assess
17 a recovery of property tax and notify the county treasurer of this
18 assessment. If the county assessor determined that an exemption was
19 improperly approved as a result of county error, the county assessor
20 shall present the discovered evidence, facts or circumstances from the
21 improperly approved exemption to the board of county commissioners, at
22 which time the board may waive a recovery of the property tax and notify
23 such taxpayer in writing.

24 (b) When information indicating that an improper claim for the exemp-
25 tion allowed by this section is discovered by the state tax commission,
26 the state tax commission may disclose this information to the ap-
27 propriate county assessor, board of county commissioners and county
28 treasurer. Information disclosed to county officials by the state tax
29 commission under this subsection may be used to decide the validity of
30 any entitlement to the exemption provided in this section and is not
31 otherwise subject to public disclosure pursuant to chapter 3, title 9,
32 Idaho Code.

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

37 (d) The taxpayer may appeal to the board of county commissioners the
38 decision by the county assessor to assess the recovery of property tax
39 within thirty (30) days of the date the county assessor sent the notice
40 to the taxpayer pursuant to this section. The board may waive the col-
41 lection of all or part of any costs, late charges and interest, in order
42 to facilitate the collection of the recovery of the property tax.

43 (e) For purposes of calculating the tax, the amount of the recovered
44 property tax shall be for each year the exemption allowed by this sec-
45 tion was improperly claimed or approved, up to a maximum of seven (7)
46 years. The amount of the recovery of property tax shall be calculated
47 using the product of the amount of exempted value for each year multi-
48 plied by the levy for that year plus costs, late charges and interest for
49 each year at the rates equal to those provided for delinquent property
50 taxes during that year.

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

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

11 (h) Thirty (30) days after the taxpayer is notified, as provided in
12 subsection (5) (a) of this section, the assessor shall record a notice
13 of intent to attach a lien. Upon the payment in full of such recovered
14 property taxes prior to the attachment of the lien as provided in sub-
15 section (5) (i) of this section, or upon the successful appeal by the
16 taxpayer, the county assessor shall record a rescission of the intent to
17 attach a lien within seven (7) business days of receiving such payment
18 or within seven (7) business days of the county commissioners' decision
19 granting the appeal. If the real property is sold to a bona fide pur-
20 chaser for value, prior to the recording of the notice of the intent to
21 attach a lien, the county assessor and treasurer shall cease the recov-
22 ery of such unpaid recovered property tax.

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

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

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

32 (7) (a) A homestead, having previously qualified for exemption under
33 this section in the preceding year, shall not lose such qualification
34 due to the owner's, beneficiary's, partner's, member's or share-
35 holder's absence in the current year by reason of active military
36 service in a designated combat zone, as defined in section 112 of the In-
37 ternal Revenue Code, or any branch of the United States armed services,
38 or during temporary humanitarian or religious service with a sponsoring
39 organization. "Temporary service" is service not exceeding thirty-six
40 (36) months from the last occupancy by the owner.

41 (b) Notwithstanding any provisions to the contrary, the retention of
42 the homestead exemption provided under this subsection shall not be im-
43 paired because the homestead has been leased because the owner, benefi-
44 ciary, partner, member or shareholder is absent in the current year by
45 reason of active military service in a designated combat zone, as de-
46 fined in section 112 of the Internal Revenue Code or costs of utilities
47 or maintenance have been paid by others.

48 (c) The homestead exemption during military, temporary humanitarian or
49 religious service shall fail if the owner declares another location as
50 their primary dwelling place, or obtains any homestead exemption for a

1 different location, or if it is otherwise established after notice and
2 hearing before the board of county commissioners or designated hearing
3 officer that the owner has in fact changed primary dwelling places or
4 does not intend to continue the homestead as the primary dwelling place.

5 (d) The owner of a homestead previously qualified for exemption is not
6 required to make a separate application to continue qualification of
7 the homestead exemption during the time of military, temporary humani-
8 tarian or religious service. An owner may file with the county assessor
9 a notice of military, temporary humanitarian or religious service.
10 Such notice shall identify the property subject to the homestead exemp-
11 tion, the nature of service causing the absence, the military unit or
12 sponsoring organization, the dates of anticipated service and return,
13 a contact address during absence, and a declaration that the owner in-
14 tends to continue use of the homestead as the owner's primary dwelling
15 place. Such notice filed with the assessor shall create a rebuttable
16 presumption of the facts stated in the declaration.

17 (e) Taxes, penalties and interest erroneously assessed and collected
18 during qualified military, temporary humanitarian or religious service
19 shall be refunded to the owner according to the refund provisions of
20 section 63-1305, Idaho Code, with payment or notice of credit deliv-
21 ered to the owner within ninety (90) days of an application for refund
22 request by the owner, unless disputed by the county assessor, in which
23 case the matter shall be processed as a contested case. If a notice of
24 military, temporary humanitarian or religious service has been filed
25 before the assessment notice date for paying assessed taxes, any over-
26 payment shall be refunded with interest from the date of collection on
27 all amounts erroneously assessed and collected. If a notice of mili-
28 tary, temporary humanitarian or religious service has not been filed,
29 the owner must make a claim for refund within one (1) year after the
30 first day of January following the owner's return to the homestead, and
31 shall be limited to a refund not exceeding the last five (5) years of
32 erroneous collection. If such notice was filed, no time limits shall
33 apply to subsequent erroneous assessments. For purposes of this para-
34 graph, interest shall be at the rate provided for in section 63-1001,
35 Idaho Code.

36 (f) If an owner fails to timely apply for a homestead exemption as re-
37 quired in this section solely by reason of the owner's active duty in a
38 designated combat zone ~~by the owner, beneficiary, partner, member or~~
39 ~~shareholder, as appropriate,~~ as defined in section 112 of the Internal
40 Revenue Code, and such homestead would have otherwise qualified ~~under~~
41 ~~this section~~ for homestead exemption, then the board of county commis-
42 sioners of the county in which the homestead is located shall refund
43 property taxes, if previously paid, in an amount equal to the exemption
44 which would otherwise have applied.

45 SECTION 2. That Section 63-701, Idaho Code, be, and the same is hereby
46 amended to read as follows:

47 63-701. DEFINITIONS. As used in this chapter:

48 (1) "Claimant" means a person who has filed an application under sec-
49 tion 63-602G, Idaho Code, and has filed a claim under the provisions of

1 sections 63-701 through 63-710, Idaho Code. Except as provided in section
 2 63-702(2), Idaho Code, on January 1, or before April 15, of the year in which
 3 the claimant first filed a claim on the homestead in question, a claimant
 4 must be an owner of the homestead and on January 1 of said year a claimant must
 5 be:

- 6 (a) Not less than sixty-five (65) years old; or
- 7 (b) A child under the age of eighteen (18) years who is fatherless or
 8 motherless or who has been abandoned by any surviving parent or parents;
 9 or
- 10 (c) A widow or widower; or
- 11 (d) A disabled person who is recognized as disabled by the social se-
 12 curity administration pursuant to title 42 of the United States Code,
 13 or by the railroad retirement board pursuant to title 45 of the United
 14 States Code, or by the office of management and budget pursuant to title
 15 5 of the United States Code; or
- 16 (e) A disabled veteran of any war engaged in by the United States, whose
 17 disability is recognized as a service-connected disability of a degree
 18 of ten percent (10%) or more, or who has a pension for nonservice-con-
 19 nected disabilities, in accordance with laws and regulations adminis-
 20 tered by the United States department of veterans affairs; or
- 21 (f) A person, as specified in 42 U.S.C. 1701, who was or is entitled
 22 to receive benefits because he is known to have been taken by a hostile
 23 force as a prisoner, hostage or otherwise; or
- 24 (g) Blind.

25 (2) "Homestead" means the dwelling, owner-occupied by the claimant
 26 as described in this chapter and used as the primary dwelling place of the
 27 claimant and may be occupied by any members of the household as their home,
 28 and so much of the land surrounding it, not exceeding one (1) acre, as is
 29 reasonably necessary for the use of the dwelling as a home. It may consist
 30 of a part of a multidwelling or multipurpose building and part of the land
 31 upon which it is built. "Homestead" does not include personal property such
 32 as furniture, furnishings or appliances, but a manufactured home may be a
 33 homestead.

34 (3) "Household" means the claimant and the claimant's spouse. The term
 35 does not include bona fide lessees, tenants, or roomers and boarders on con-
 36 tract. "Household" includes persons described in subsection (8) (b) of this
 37 section.

38 (4) "Household income" means all income received by the claimant and,
 39 if married, all income received by the claimant's spouse, in a calendar year.

40 (5) "Income" means the sum of federal adjusted gross income as defined
 41 in the Internal Revenue Code, as defined in section 63-3004, Idaho Code, and
 42 to the extent not already included in federal adjusted gross income:

- 43 (a) Alimony;
- 44 (b) Support money;
- 45 (c) Nontaxable strike benefits;
- 46 (d) The nontaxable amount of any individual retirement account, pen-
 47 sion or annuity, (including railroad retirement benefits, all payments
 48 received under the federal social security act except the social secu-
 49 rity death benefit as specified in this subsection, state unemployment
 50 insurance laws, and veterans disability pensions and compensation, ex-

1 including any return of principal paid by the recipient of an annuity and
2 excluding rollovers as provided in section 402 or 403 of the Internal
3 Revenue Code);

4 (e) Nontaxable interest received from the federal government or any of
5 its instrumentalities or a state government or any of its instrumentality;
6

7 (f) Worker's compensation; and

8 (g) The gross amount of loss of earnings insurance.

9 It does not include gifts from nongovernmental sources or inheritances.
10 To the extent not reimbursed, the cost of medical care as defined in section
11 213(d) of the Internal Revenue Code, incurred or paid by the claimant
12 and, if married, the claimant's spouse, may be deducted from income. To
13 the extent not reimbursed, personal funeral expenses, including prepaid
14 funeral expenses and premiums on funeral insurance, of the claimant and
15 claimant's spouse only, may be deducted from income up to an annual maximum
16 of five thousand dollars (\$5,000) per claim. "Income" does not include
17 veterans disability pensions received by a person described in subsection
18 (1) (e) who is a claimant or a claimant's spouse if the disability pension
19 is received pursuant to a service-connected disability of a degree of forty
20 percent (40%) or more. "Income" does not include dependency and indemnity
21 compensation or death benefits paid to a person described in subsection
22 (1) of this section by the United States department of veterans affairs and
23 arising from a service-connected death or disability. "Income" does not
24 include lump sum death benefits made by the social security administration
25 pursuant to 42 U.S.C. section 402(i). Documentation of medical expenses
26 may be required by the county assessor and state tax commission in such form
27 as the county assessor or state tax commission shall determine. "Income"
28 shall be that received in the calendar year immediately preceding the year
29 in which a claim is filed. Where a claimant and/or the claimant's spouse
30 does not file a federal tax return, the claimant's and/or the claimant's
31 spouse's federal adjusted gross income, for purposes of this section, shall
32 be an income equivalent to federal adjusted gross income had the claimant
33 and/or the claimant's spouse filed a federal tax return, as determined by the
34 county assessor. The county assessor or state tax commission may require
35 documentation of income in such form as each shall determine, including, but
36 not limited to: copies of federal or state tax returns and any attachments
37 thereto; and income reporting forms such as the W-2 and 1099.

38 For determining income for certain married individuals living apart,
39 the provisions of sections 2(c) and 7703(b) of the Internal Revenue Code
40 shall apply.

41 (6) "Occupied" means actual use and possession.

42 (7) "Owner" means a person holding title in fee simple or holding a certificate
43 of motor vehicle title (either of which may be subject to mortgage,
44 deed of trust or other lien) or who has retained or been granted a life estate
45 or who is a person entitled to file a claim under section 63-702, Idaho Code.
46 "Owner" shall also include any person who:

47 (a) Is the beneficiary of a revocable or irrevocable trust which is the
48 owner of such homestead and under which the claimant or the claimant's
49 spouse has the primary right of occupancy of the homestead; or

1 (b) Is a partner of a limited partnership, member of a limited liabil-
2 ity company or shareholder of a corporation if such entity holds title
3 in fee simple or holds a certificate of motor vehicle title and if the
4 person holds at least a five percent (5%) ownership in such entity, as
5 determined by the county assessor; or

6 (c) Has retained or been granted a life estate.

7 "Owner" includes a vendee in possession under a land sale contract. Any
8 partial ownership shall be considered as ownership for determining initial
9 qualification for property tax reduction benefits; however, the amount of
10 property tax reduction under section 63-704, Idaho Code, and rules promul-
11 gated pursuant to section 63-705, Idaho Code, shall be computed on the value
12 of the claimant's partial ownership. "Partial ownership," for the purposes
13 of this section, means any one (1) person's ownership when property is owned
14 by more than one (1) person or where the homestead is held by an entity, as set
15 forth in this subsection, but more than one (1) person has the right of occu-
16 pancy of such homestead. A person holding either partial title in fee simple
17 or holding a certificate of motor vehicle title together with another person
18 but who does not occupy the dwelling as his primary dwelling place, shall
19 not be considered an owner for purposes of this section, if such person is a
20 cosignatory of a note secured by the dwelling in question and at least one (1)
21 of the other cosignatories of the note occupies the dwelling as his primary
22 dwelling place. The combined community property interests of both spouses
23 shall not be considered partial ownership so long as the combined commu-
24 nity property interests constitute the entire ownership of the homestead,
25 including where the spouses are occupying a homestead owned by an entity,
26 as set forth in this subsection, and the spouses have the primary right of
27 occupancy of the homestead. The proportional reduction required under this
28 subsection shall not apply to community property interests. Where title
29 to property was held by a person who has died without timely filing a claim
30 for property tax reduction, the estate of the deceased person shall be the
31 "owner," provided that the time periods during which the deceased person
32 held such title shall be attributed to the estate for the computation of any
33 time periods under subsection (8) (a) or (8) (b) of this section.

34 (8) (a) "Primary dwelling place" means the claimant's dwelling place
35 on January 1 or before April 15 of the year for which the claim is made.
36 The primary dwelling place is the single place where a claimant has
37 his true, fixed and permanent home and principal establishment, and to
38 which whenever the individual is absent he has the intention of return-
39 ing. A claimant must establish the dwelling to which the claim relates
40 to be his primary dwelling place by clear and convincing evidence or by
41 establishing that the dwelling is where the claimant resided on January
42 1 or before April 15 and:

43 (i) At least six (6) months during the prior year; or

44 (ii) The majority of the time the claimant owned the dwelling if
45 owned by the claimant less than one (1) year; or

46 (iii) The majority of the time after the claimant first occupied
47 the dwelling if occupied by the claimant for less than one (1)
48 year. The county assessor may require written or other proof of
49 the foregoing in such form as the county assessor may determine.

1 (b) Notwithstanding the provisions of paragraph (a) of this subsec-
 2 tion, the property upon which the claimant makes application shall be
 3 deemed to be the claimant's primary dwelling place if the claimant is
 4 otherwise qualified and resides in a care facility and does not allow
 5 the property upon which the claimant has made application to be occu-
 6 pied by persons paying a consideration to occupy the dwelling. Payment
 7 of utilities shall not be payment of a consideration to occupy the
 8 dwelling. A claimant's spouse who resides in a care facility shall be
 9 deemed to reside at the claimant's primary dwelling place and to be a
 10 part of the claimant's household. A care facility is a hospital, nurs-
 11 ing facility or intermediate care facility for people with intellectual
 12 disabilities as defined in section 39-1301, Idaho Code, or a facility
 13 as defined in section 39-3302(14), Idaho Code, or a dwelling other than
 14 the one upon which the applicant makes application where a claimant who
 15 is unable to reside in the dwelling upon which the application is made
 16 lives and receives help in daily living, protection and security.

17 (c) The provisions of this subsection shall be read and interpreted in
 18 a manner that gives full effect to the provisions of section 63-602G(7),
 19 Idaho Code.

20 SECTION 3. That Section 63-1305, Idaho Code, be, and the same is hereby
 21 amended to read as follows:

22 63-1305. REFUND OR CREDIT OF PROPERTY TAXES ~~BY ORDER OF COURT OR BOARD~~
 23 ~~OF TAX APPEALS~~. (1) When any court or the board of tax appeals orders a re-
 24 fund of any property taxes imposed under chapters 1 through 17, title 63,
 25 Idaho Code, or a refund is due pursuant to section 63-602G(7), Idaho Code,
 26 the county commissioners of the county or counties which collected the taxes
 27 may either refund taxes or apply the amount to be refunded as a credit against
 28 taxes due from the taxpayer in the following year. The county commissioners
 29 may use a combination of both a payment and a credit to effect the refund.

30 (2) As used in this section, "refund" includes property tax described
 31 in subsection (1) of this section found by the court or the board of tax ap-
 32 peals to have been overpaid and not lawfully due, interest due on the refund
 33 of such tax, costs and other amounts ordered paid by a court or the board of
 34 tax appeals.

35 (3) In the event a refund is paid, payments must be made by warrants
 36 drawn on the county's current expense fund by the county auditor. The audi-
 37 tor shall apportion the amount of property taxes cancelled as credit to the
 38 tax collector. The auditor shall charge the various funds and taxing dis-
 39 tricts with their proportionate share of the refund and credit the current
 40 expense account.

41 (4) If a credit is given the following year, the credit shall be allowed
 42 against actual property taxes assessed to the taxpayer by the taxing dis-
 43 tricts which received the taxes ordered to be refunded.

44 (5) Amounts equal to the refunds or credits allowed in this section may
 45 be included in amounts certified pursuant to sections 63-802 through 63-807,
 46 Idaho Code, but shall not be a part of the operating budget within the meaning
 47 of section 63-802, Idaho Code.