

STATEMENT OF PURPOSE

RS22201C1

This bill relates to the business personal property tax. The legislation proposes three changes to the exemption granted under section 63-602KK, Idaho Code. 1. The proposal creates a new \$1,500 exemption on a de minimis item of tangible personal property that is purchased on or after January 1, 2013 and has a purchase price of \$1,500 or less. An item falling under this category will not be placed on the personal property tax rolls and will not be tracked for personal property tax purposes. 2. The proposal triggers the \$100,000 exemption granted by H0599a on January 1, 2013. The exemption is for the first \$100,000 of business personal property. The exemption is for locally assessed business personal property and does not include operating property. The replacement amount will be based on the 2013 personal property tax certification provided by the county clerk to the state tax commission. The replacement amount is estimated to be between \$18 and \$19 million. The amount of the exemption will be fixed in time and appropriated annually to taxing districts based on the apportionment of personal property by district in the county. Replacement funding will come annually from the state general fund through the sales tax revenue distribution formula provided for in section 63-3638, Idaho Code. 3. The proposal creates a uniform application process to be prescribed by the state tax commission intended to simplify reporting. The county assessor will be required to mail or email, at the request of the taxpayer, the annual application to all tax payers and include the prior year application, declaration, and supporting documents to make reporting easier on the taxpayer. The annual affidavit to be filed by those with market values less than \$100,000 will also be included in the mailing to eligible taxpayers with changes to the form to prescribe what is to be included in the affidavit.

FISCAL NOTE

Replacement funding to local governments is expected to be between \$18 and \$19 million annually. The replacement funding will be paid for annual out of the sales tax distribution formula and will remove \$18 to \$19 million annually from the state general fund. There is no fiscal impact on local governments.

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