

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 594

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY EXEMPT FROM TAXATION; AMENDING SECTION 63-602G, IDAHO
2 CODE, TO REVISE THE MAXIMUM AMOUNT OF A HOMESTEAD THAT MAY BE EXEMPT FROM
3 TAXATION, TO DELETE ADJUSTMENTS TO REFLECT THE COST OF LIVING FLUCTU-
4 ATIONS AND TO MAKE TECHNICAL CORRECTIONS; AND PROVIDING AN EFFECTIVE
5 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) During the
11 tax year ~~2006~~¹⁵ and each year thereafter, ~~subject to annual adjustment as~~
12 ~~provided herein,~~ the first ~~seventy-five~~ ^{ninety} thousand dollars (\$~~7590~~⁹⁰,000)
13 of the market value for assessment purposes of the homestead as that term is
14 defined in section 63-701, Idaho Code, or fifty percent (50%) of the mar-
15 ket value for assessment purposes of the homestead as that term is defined
16 in section 63-701, Idaho Code, whichever is the lesser, shall be exempt from
17 property taxation. ~~Beginning for tax year 2007, the state tax commission~~
18 ~~shall publish adjustments to the maximum amount subject to property tax ex-~~
19 ~~emption to reflect cost-of-living fluctuations. The adjustments shall ef-~~
20 ~~fect changes in the amount subject to tax exemption by a percentage equal as~~
21 ~~near as practicable to the annual change in the Idaho housing price index as~~
22 ~~determined by the United States office of federal housing enterprise over-~~
23 ~~sight. The state tax commission shall publish the adjustments required by~~
24 ~~this subsection each and every year the office of federal housing enterprise~~
25 ~~oversight announces a change in the Idaho housing price index. The adjust-~~
26 ~~ments shall be published no later than October 1 of each year and shall be ef-~~
27 ~~fective for claims filed in and for the following property tax year. The pub-~~
28 ~~lication of adjustments under this subsection shall be exempt from the pro-~~
29 ~~visions of chapter 52, title 67, Idaho Code, but shall be provided to each~~
30 ~~county and to members of the public upon request 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
33 place of the owner as of January 1, provided that in the event the home-
34 stead is owner-occupied after January 1 but before April 15, the owner
35 of the property is entitled to the exemption. The homestead may consist
36 of part of a multidwelling or multipurpose building and shall include
37 all of such dwelling or building except any portion used exclusively for
38 anything other than the primary dwelling of the owner. The presence of
39 an office in a homestead, which office is used for multiple purposes,
40 including business and personal use, shall not prevent the owner from
41 claiming the exemption provided in this section; and

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

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

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

8 (ii) ~~That t~~The homestead is his primary dwelling place; and

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

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

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

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

26 (f) For the purpose of this section, the definition of "primary
 27 dwelling place" shall be the same definition set forth in section
 28 63-701(8), Idaho Code.

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

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

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

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

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

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

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

3 (a) Upon discovery of evidence, facts or circumstances indicating any
4 exemption allowed by this section was improperly claimed or approved,
5 the county assessor shall decide whether the exemption claimed should
6 have been allowed and, if not, notify the taxpayer in writing, assess
7 a recovery of property tax and notify the county treasurer of this as-
8 sessment. If the county assessor determined that an exemption was im-
9 properly approved as a result of county error, the county assessor shall
10 present the discovered evidence, facts or circumstances from the im-
11 properly approved exemption to the board of county commissioners, at
12 which time the board may waive a recovery of the property tax and notify
13 such taxpayer in writing.

14 (b) When information indicating that an improper claim for the exemp-
15 tion allowed by this section is discovered by the state tax commission,
16 the state tax commission may disclose this information to the ap-
17 propriate county assessor, board of county commissioners and county
18 treasurer. Information disclosed to county officials by the state tax
19 commission under this subsection may be used to decide the validity of
20 any entitlement to the exemption provided in this section and is not
21 otherwise subject to public disclosure pursuant to chapter 3, title 9,
22 Idaho Code.

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

27 (d) The taxpayer may appeal to the county board of equalization the
28 decision by the county assessor to assess the recovery of property tax
29 within thirty (30) days of the date the county assessor sent the notice
30 to the taxpayer pursuant to this section. The board may waive the col-
31 lection of all or part of any costs, late charges and interest, in order
32 to facilitate the collection of the recovery of the property tax.

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

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

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

1 (h) Thirty (30) days after the taxpayer is notified, as provided in
2 subsection (5) (a) of this section, the assessor shall record a notice
3 of intent to attach a lien. Upon the payment in full of such recovered
4 property taxes prior to the attachment of the lien as provided in sub-
5 section (5) (i) of this section, or upon the successful appeal by the
6 taxpayer, the county assessor shall record a rescission of the intent to
7 attach a lien within seven (7) business days of receiving such payment
8 or within seven (7) business days of the county board of equalization
9 decision granting the appeal. If the real property is sold to a bona
10 fide purchaser for value, prior to the recording of the notice of the
11 intent to attach a lien, the county assessor and treasurer shall cease
12 the recovery of such unpaid recovered property tax.

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

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

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

22 (7) A homestead, having previously qualified for exemption under this
23 section in the preceding year, shall not lose such qualification due to: the
24 owner's, beneficiary's, partner's, member's or shareholder's absence in
25 the current year by reason of active military service in a designated combat
26 zone, as defined in section 112 of the Internal Revenue Code, or because the
27 homestead has been leased because the owner, beneficiary, partner, member or
28 shareholder is absent in the current year by reason of active military ser-
29 vice in a designated combat zone , as defined in section 112 of the Internal
30 Revenue Code. If an owner fails to timely apply for exemption as required
31 in this section solely by reason of active duty in a designated combat zone
32 by the owner, beneficiary, partner, member or shareholder, as appropriate,
33 as defined in section 112 of the Internal Revenue Code, and such homestead
34 would have otherwise qualified under this section, then the board of county
35 commissioners of the county in which the homestead is located shall refund
36 property taxes, if previously paid, in an amount equal to the exemption which
37 would otherwise have applied.

38 (8) A homestead, having previously qualified for exemption under this
39 section in the preceding year, shall not lose such qualification due to
40 the owner's, beneficiary's, partner's, member's or shareholder's death
41 during the year of the owner's, beneficiary's, partner's, member's or share-
42 holder's death and the tax year immediately following such death provided
43 that the homestead continues to be a part of the owner's, beneficiary's,
44 partner's, member's or shareholder's estate. After such time, the new owner
45 shall reapply to receive the exemption pursuant to this section and shall
46 meet the qualification criteria contained in this section.

47 SECTION 2. This act shall be in full force and effect on and after Jan-
48 uary 1, 2015.