

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 534

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE TAXATION OF THE SOLAR ENERGY PRODUCTION OF ELECTRICITY;  
2 REPEALING SECTION 63-602JJ, IDAHO CODE, RELATING TO CERTAIN PROPERTY  
3 EXEMPT FROM PROPERTY TAXATION; AMENDING CHAPTER 6, TITLE 63, IDAHO  
4 CODE, BY THE ADDITION OF A NEW SECTION 63-602JJ, IDAHO CODE, TO PROVIDE  
5 FOR THE EXEMPTION OF CERTAIN PROPERTY; AMENDING SECTION 63-802, IDAHO  
6 CODE, TO ADD A LIMITATION ON BUDGET REQUESTS BY TAXING DISTRICTS TO AC-  
7 COUNT FOR SOLAR ENERGY TAX RECEIVED AND TO MAKE TECHNICAL CORRECTIONS;  
8 AMENDING SECTION 63-802, IDAHO CODE, AS AMENDED BY SECTION 2, CHAPTER  
9 10, LAWS OF 2015, TO ADD A LIMITATION ON BUDGET REQUESTS BY TAXING DIS-  
10 TRICTS TO ACCOUNT FOR SOLAR ENERGY TAX RECEIVED AND TO MAKE TECHNICAL  
11 CORRECTIONS; AMENDING SECTION 63-3501, IDAHO CODE, TO REMOVE AND TO  
12 REVISE DEFINITIONS; AMENDING SECTION 63-3502, IDAHO CODE, TO CLARIFY  
13 THE TYPE OF PROPERTY SUBJECT TO THE GROSS RECEIPTS TAX; AMENDING SECTION  
14 63-3502A, IDAHO CODE, TO CLARIFY THE TYPE OF PROPERTY SUBJECT TO THE  
15 GROSS EARNINGS TAX; AMENDING SECTION 63-3502B, IDAHO CODE, TO LEVY A TAX  
16 OF THREE AND ONE-HALF PERCENT ON GROSS SOLAR ENERGY EARNINGS; AMENDING  
17 SECTION 63-3503, IDAHO CODE, TO CLARIFY THE TYPE OF PROPERTY SUBJECT  
18 TO THE GROSS RECEIPTS TAX; AMENDING SECTION 63-3503A, IDAHO CODE, TO  
19 CLARIFY THE TYPE OF PROPERTY SUBJECT TO THE GROSS RECEIPTS TAX; AMENDING  
20 SECTION 63-3503B, IDAHO CODE, TO REQUIRE A REPORT OF GROSS SOLAR EN-  
21 ERGY EARNINGS, TO PROVIDE FOR THE APPORTIONMENT OF THE SOLAR ENERGY TAX  
22 AND TO CLARIFY THE TYPE OF PROPERTY SUBJECT TO THE GROSS RECEIPTS TAX;  
23 AMENDING SECTION 63-3504, IDAHO CODE, TO PROVIDE FOR NOTICE OF THE TAX  
24 OWED BY SOLAR ENERGY ELECTRICITY PRODUCERS; AMENDING SECTION 63-3505,  
25 IDAHO CODE, TO AUTHORIZE A LIEN ON PROPERTY FOR UNPAID SOLAR ENERGY  
26 TAXES; AMENDING SECTION 63-3506, IDAHO CODE, TO PROVIDE THAT CERTAIN  
27 PROPERTY OF SOLAR ENERGY ELECTRICITY PRODUCERS IS TAXABLE AND IS SUB-  
28 JECT TO A LIEN FOR UNPAID TAXES; AMENDING SECTION 43-1510, IDAHO CODE,  
29 TO CLARIFY THE TYPE OF IRRIGATION PROPERTY THAT IS EXEMPT FROM TAXATION;  
30 AMENDING SECTION 63-602N, IDAHO CODE, TO CLARIFY THE TYPE OF IRRIGATION  
31 PROPERTY THAT IS EXEMPT FROM TAXATION; AND PROVIDING AN EFFECTIVE DATE.  
32

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

34 SECTION 1. That Section [63-602JJ](#), Idaho Code, be, and the same is hereby  
35 repealed.

36 SECTION 2. That Chapter 6, Title 63, Idaho Code, be, and the same is  
37 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
38 ignated as Section 63-602JJ, Idaho Code, and to read as follows:

39 63-602JJ. PROPERTY EXEMPT FROM TAXATION -- CERTAIN PROPERTY OF PRO-  
40 DUCER OF ELECTRICITY BY MEANS OF WIND, SOLAR OR GEOTHERMAL ENERGY. Real es-  
41 tate, fixtures or personal property is exempt from taxation if it is:

1 (1) Owned, controlled, operated or managed by an electrical or natu-  
 2 ral gas association or producer of electricity by means of wind energy, solar  
 3 energy or geothermal energy, excluding entities that are regulated by the  
 4 Idaho public utilities commission as to price;

5 (2) Held or used in connection with or to facilitate the generation,  
 6 transmission, distribution, delivery or measuring of electric power, nat-  
 7 ural gas or electrical energy generated, manufactured or produced by means  
 8 of wind energy, solar energy or geothermal energy, and all conduits, ducts  
 9 or other devices, materials, apparatus or property for containing, holding  
 10 or carrying conductors used for the transmission, distribution and delivery  
 11 of electric power, natural gas or electric energy generated, manufactured or  
 12 produced by means of wind energy, solar energy or geothermal energy, includ-  
 13 ing construction tools, materials and supplies; and

14 (3) Subject to the taxes on gross wind, solar or geothermal energy earn-  
 15 ings pursuant to chapter 35, title 63, Idaho Code.

16 SECTION 3. That Section 63-802, Idaho Code, be, and the same is hereby  
 17 amended to read as follows:

18 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES  
 19 -- EXCEPTIONS. (1) Except as provided in subsections (3) and (4) of this  
 20 section, no taxing district shall certify a budget request for an amount of  
 21 property tax revenues to finance an annual budget that exceeds the greater of  
 22 paragraphs (a) through (j) of this subsection inclusive:

23 (a) The dollar amount of property taxes certified for its annual bud-  
 24 get for any one (1) of the three (3) tax years preceding the current tax  
 25 year, whichever is greater, for the past tax year, which amount may be  
 26 increased by a growth factor of not to exceed three percent (3%) plus  
 27 the amount of revenue calculated as described in this subsection. Mul-  
 28 tiple the levy of the previous year, not including any levy described  
 29 in subsection (4) of this section, or any school district levy reduc-  
 30 tion resulting from a distribution of state funds pursuant to section  
 31 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-  
 32 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the  
 33 value of annexation during the previous calendar year, as certified by  
 34 the state tax commission for market values of operating property of pub-  
 35 lic utilities and by the county assessor;

36 (b) The dollar amount of property taxes certified for its annual budget  
 37 during the last year in which a levy was made;

38 (c) The dollar amount of the actual budget request, if the taxing dis-  
 39 trict is newly created except as may be provided in subsection (1) (h) of  
 40 this section;

41 (d) In the case of school districts, the restriction imposed in section  
 42 33-802, Idaho Code;

43 (e) In the case of a nonschool district for which less than the maxi-  
 44 mum allowable increase in the dollar amount of property taxes is certi-  
 45 fied for annual budget purposes in any one (1) year, such a district may,  
 46 in any following year, recover the ~~foregone~~ forgone increase by certi-  
 47 fying, in addition to any increase otherwise allowed, an amount not to  
 48 exceed one hundred percent (100%) of the increase originally ~~foregone~~

1 forgone. Said additional amount shall be included in future calcula-  
2 tions for increases as allowed;

3 (f) In the case of cities, if the immediately preceding year's levy  
4 subject to the limitation provided by this section, is less than 0.004,  
5 the city may increase its budget by an amount not to exceed the differ-  
6 ence between 0.004 and actual prior year's levy multiplied by the prior  
7 year's market value for assessment purposes. The additional amount  
8 must be approved by sixty percent (60%) of the voters voting on the ques-  
9 tion at an election called for that purpose and held on the date in May or  
10 November provided by law, and may be included in the annual budget of the  
11 city for purposes of this section;

12 (g) A taxing district may submit to the electors within the district  
13 the question of whether the budget from property tax revenues may be  
14 increased beyond the amount authorized in this section, but not beyond  
15 the levy authorized by statute. The additional amount must be approved  
16 by sixty-six and two-thirds percent (66 2/3%) or more of the voters  
17 voting on the question at an election called for that purpose and held  
18 on the May or November dates provided by section 34-106, Idaho Code.  
19 If approved by the required minimum sixty-six and two-thirds percent  
20 (66 2/3%) of the voters voting at the election, the new budget amount  
21 shall be the base budget for the purposes of this section;

22 (h) When a nonschool district consolidates with another nonschool  
23 district or dissolves and a new district performing similar governmen-  
24 tal functions as the dissolved district forms with the same boundaries  
25 within three (3) years, the maximum amount of a budget of the district  
26 from property tax revenues shall not be greater than the sum of the  
27 amounts that would have been authorized by this section for the district  
28 itself or for the districts that were consolidated or dissolved and in-  
29 corporated into a new district;

30 (i) In the instance or case of cooperative service agencies, the re-  
31 strictions imposed in sections 33-315 through 33-318, Idaho Code;

32 (j) The amount of money received in the twelve (12) months immediately  
33 preceding June 30 of the current tax year as a result of distributions of  
34 the tax provided in section 63-3502B(2), Idaho Code.

35 (2) In the case of fire districts, during the year immediately follow-  
36 ing the election of a public utility or public utilities to consent to be pro-  
37 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum  
38 amount of property tax revenues permitted in subsection (1) of this section  
39 may be increased by an amount equal to the current year's taxable value of the  
40 consenting public utility or public utilities multiplied by that portion of  
41 the prior year's levy subject to the limitation provided by subsection (1) of  
42 this section.

43 (3) No board of county commissioners shall set a levy, nor shall the  
44 state tax commission approve a levy for annual budget purposes, which ex-  
45 ceeds the limitation imposed in subsection (1) of this section unless au-  
46 thority to exceed such limitation has been approved by a majority of the tax-  
47 ing district's electors voting on the question at an election called for that  
48 purpose and held pursuant to section 34-106, Idaho Code, provided however,  
49 that such voter approval shall be for a period of not to exceed two (2) years.

1 (4) The amount of property tax revenues to finance an annual budget does  
 2 not include revenues from nonproperty tax sources, and does not include rev-  
 3 enue from levies to satisfy judgments pursuant to section 63-1305A, Idaho  
 4 Code, and revenue from levies that are voter approved for bonds, override  
 5 levies or supplemental levies, plant facilities reserve fund levies, school  
 6 emergency fund levies or for levies applicable to newly annexed property or  
 7 for levies applicable to new construction as evidenced by the value of prop-  
 8 erty subject to the occupancy tax pursuant to section 63-317, Idaho Code, for  
 9 the preceding tax year.

10 SECTION 4. That Section 63-802, Idaho Code, as amended by Section 2,  
 11 Chapter 10, Laws of 2015, be, and the same is hereby amended to read as fol-  
 12 lows:

13 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES  
 14 -- EXCEPTIONS. (1) Except as provided in subsections (3) and (4) of this  
 15 section, no taxing district shall certify a budget request for an amount of  
 16 property tax revenues to finance an annual budget that exceeds the greater of  
 17 paragraphs (a) through (j) of this subsection inclusive:

18 (a) The dollar amount of property taxes certified for its annual bud-  
 19 get for any one (1) of the three (3) tax years preceding the current tax  
 20 year, whichever is greater, for the past tax year, which amount may be  
 21 increased by a growth factor of not to exceed three percent (3%) plus  
 22 the amount of revenue calculated as described in this subsection. Mul-  
 23 tiple the levy of the previous year, not including any levy described  
 24 in subsection (4) of this section, or any school district levy reduc-  
 25 tion resulting from a distribution of state funds pursuant to section  
 26 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-  
 27 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the  
 28 value of annexation during the previous calendar year, as certified by  
 29 the state tax commission for market values of operating property of pub-  
 30 lic utilities and by the county assessor;

31 (b) The dollar amount of property taxes certified for its annual budget  
 32 during the last year in which a levy was made;

33 (c) The dollar amount of the actual budget request, if the taxing dis-  
 34 trict is newly created except as may be provided in subsection (1) (h) of  
 35 this section;

36 (d) In the case of school districts, the restriction imposed in section  
 37 33-802, Idaho Code;

38 (e) In the case of a nonschool district for which less than the maxi-  
 39 mum allowable increase in the dollar amount of property taxes is certi-  
 40 fied for annual budget purposes in any one (1) year, such a district may,  
 41 in any following year, recover the ~~foregone~~ forgone increase by certi-  
 42 fying, in addition to any increase otherwise allowed, an amount not to  
 43 exceed one hundred percent (100%) of the increase originally ~~foregone~~  
 44 forgone. Said additional amount shall be included in future calcula-  
 45 tions for increases as allowed;

46 (f) In the case of cities, if the immediately preceding year's levy  
 47 subject to the limitation provided by this section, is less than 0.004,  
 48 the city may increase its budget by an amount not to exceed the differ-  
 49 ence between 0.004 and actual prior year's levy multiplied by the prior

1 year's market value for assessment purposes. The additional amount  
2 must be approved by sixty percent (60%) of the voters voting on the ques-  
3 tion at an election called for that purpose and held on the date in May or  
4 November provided by law, and may be included in the annual budget of the  
5 city for purposes of this section;

6 (g) A taxing district may submit to the electors within the district  
7 the question of whether the budget from property tax revenues may be  
8 increased beyond the amount authorized in this section, but not beyond  
9 the levy authorized by statute. The additional amount must be approved  
10 by sixty-six and two-thirds percent (66 2/3%) or more of the voters  
11 voting on the question at an election called for that purpose and held  
12 on the May or November dates provided by section 34-106, Idaho Code.  
13 If approved by the required minimum sixty-six and two-thirds percent  
14 (66 2/3%) of the voters voting at the election, the new budget amount  
15 shall be the base budget for the purposes of this section;

16 (h) When a nonschool district consolidates with another nonschool  
17 district or dissolves and a new district performing similar governmen-  
18 tal functions as the dissolved district forms with the same boundaries  
19 within three (3) years, the maximum amount of a budget of the district  
20 from property tax revenues shall not be greater than the sum of the  
21 amounts that would have been authorized by this section for the district  
22 itself or for the districts that were consolidated or dissolved and in-  
23 corporated into a new district;

24 (i) In the instance or case of cooperative service agencies, the re-  
25 strictions imposed in sections 33-315 through 33-318, Idaho Code;

26 (j) The amount of money received in the twelve (12) months immediately  
27 preceding June 30 of the current tax year as a result of distributions of  
28 the tax provided in section 63-3502B(2), Idaho Code.

29 (2) In the case of fire districts, during the year immediately follow-  
30 ing the election of a public utility or public utilities to consent to be pro-  
31 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum  
32 amount of property tax revenues permitted in subsection (1) of this section  
33 may be increased by an amount equal to the current year's taxable value of the  
34 consenting public utility or public utilities multiplied by that portion of  
35 the prior year's levy subject to the limitation provided by subsection (1) of  
36 this section.

37 (3) No board of county commissioners shall set a levy, nor shall the  
38 state tax commission approve a levy for annual budget purposes, which ex-  
39 ceeds the limitation imposed in subsection (1) of this section unless au-  
40 thority to exceed such limitation has been approved by a majority of the tax-  
41 ing district's electors voting on the question at an election called for that  
42 purpose and held pursuant to section 34-106, Idaho Code, provided however,  
43 that such voter approval shall be for a period of not to exceed two (2) years.

44 (4) The amount of property tax revenues to finance an annual budget  
45 does not include revenues from nonproperty tax sources, and does not include  
46 revenue from levies that are voter approved for bonds, override levies or  
47 supplemental levies, plant facilities reserve fund levies, school emergency  
48 fund levies or for levies applicable to newly annexed property or for levies  
49 applicable to new construction as evidenced by the value of property subject

1 to the occupancy tax pursuant to section 63-317, Idaho Code, for the preced-  
2 ing tax year.

3 SECTION 5. That Section 63-3501, Idaho Code, be, and the same is hereby  
4 amended to read as follows:

5 63-3501. DEFINITIONS. For the purposes of this chapter:

6 (a) The term "cooperative electrical association" means any nonprofit,  
7 cooperative association organized and maintained by its members, whether  
8 incorporated or unincorporated, for the purpose of transmitting, distribut-  
9 ing or delivering electric power to its members.

10 (b) The term "cooperative natural gas association" means any nonprofit  
11 cooperative association organized and maintained by its members, whether  
12 incorporated or unincorporated, for the purpose of transmitting, distribut-  
13 ing or delivering natural gas to its members.

14 (c) The term "cost of power" means the cost of power purchases and gen-  
15 eration included in reports to, and in accordance with applicable require-  
16 ments of, the rural electrification administration, United States depart-  
17 ment of agriculture, by cooperative electrical associations which are bor-  
18 rowers from the rural electrification administration, and for cooperative  
19 electrical associations which are not borrowers from the rural electrifica-  
20 tion administration, such costs which could have been included by such co-  
21 operative electrical associations using equivalent reporting and account-  
22 ing requirements. The state tax commission shall prescribe necessary rules  
23 for the purpose of providing a uniform method of reporting cost of power pur-  
24 chases and generation by cooperative electrical associations, consistent  
25 with the reporting and accounting requirements of the rural electrification  
26 administration.

27 (d) The term "cost of gas" means the cost of natural gas purchased by co-  
28 operative natural gas associations from wholesale or other suppliers of nat-  
29 ural gas for delivery to members of the cooperative natural gas association.

30 (e) The term "gross electrical earnings" means the gross receipts of  
31 a cooperative electrical association from the distribution, delivery and  
32 sale of electric power within the state of Idaho, but shall not include any  
33 earnings or receipts from the distribution, delivery or sale of electric  
34 power consumed in pumping water for irrigation or drainage purposes within  
35 the state of Idaho, upon the land of such consumer and for the use and benefit  
36 of his own land, and where such consumer has received from the association a  
37 refund, rebate, or credit of three and one-half percent (3 1/2%) of the cost  
38 to him of the electric power so used and consumed.

39 (f) The term "gross natural gas earnings" means the gross receipts of  
40 a cooperative natural gas association from the distribution, delivery and  
41 sale of natural gas within the state of Idaho.

42 (g) The term "gross wind, solar or geothermal energy earnings" means  
43 the gross receipts of a wind energy generator, solar energy generator or a  
44 geothermal energy generator from the distribution, delivery and sale to a  
45 customer for the direct use or resale of electrical energy generated, manu-  
46 factured or produced by means of wind energy, solar energy or geothermal en-  
47 ergy within the state of Idaho.

48 (h) ~~The term "operating property" means and includes all real estate,~~  
49 ~~fixtures or personal property owned, controlled, operated or managed by such~~

1 ~~electrical or natural gas association, or producer of electricity by means~~  
 2 ~~of wind energy or geothermal energy, excluding entities that are regulated~~  
 3 ~~by the Idaho public utilities commission as to price, in connection with or~~  
 4 ~~to facilitate the generation, transmission, distribution, delivery, or mea-~~  
 5 ~~suring of electric power, natural gas, or electrical energy generated, man-~~  
 6 ~~ufactured or produced by means of wind energy or geothermal energy, exclud-~~  
 7 ~~ing entities that are regulated by the Idaho public utilities commission as~~  
 8 ~~to price, and all conduits, ducts, or other devices, materials, apparatus or~~  
 9 ~~property for containing, holding or carrying conductors used for the trans-~~  
 10 ~~mission, distribution and delivery of electric power, natural gas, or elec-~~  
 11 ~~trical energy generated, manufactured or produced by means of wind energy or~~  
 12 ~~geothermal energy, excluding entities that are regulated by the Idaho public~~  
 13 ~~utilities commission as to price, including construction tools, materials~~  
 14 ~~and supplies.~~

15 ~~(i) The term "nonoperating property" means all other property, real or~~  
 16 ~~personal, owned, controlled or managed by such electrical or natural gas as-~~  
 17 ~~sociation.~~

18 ~~(j) The term "taxing unit" shall include any of the following that had~~  
 19 ~~property taxes levied in the prior year: the separate taxing districts of~~  
 20 ~~the county as well as the county itself and any such taxing district's fund~~  
 21 ~~having a different geographical boundary than such taxing district itself.~~

22 ~~(k) The term "tax levy" means the total tax levies fixed by each taxing~~  
 23 ~~district, as defined herein, in the prior calendar year.~~

24 ~~(l) The term "WPPSS 4 and 5 costs" means, for a cooperative electrical~~  
 25 ~~association which is a participant under the Washington public power supply~~  
 26 ~~system nuclear projects numbers 4 and 5 participants' agreement, dated July~~  
 27 ~~14, 1976, all of its costs in connection with Washington public power supply~~  
 28 ~~system nuclear projects numbers 4 and 5.~~

29 ~~(m) The term "weighted wire mileage factor" means a figure which is ar-~~  
 30 ~~rived at by multiplying the tax levy of each taxing unit by the number of wire~~  
 31 ~~miles of transmission and distribution lines of such cooperative electrical~~  
 32 ~~association situated in such taxing unit.~~

33 ~~(n) The term "gas line mileage factor" means a figure which is arrived~~  
 34 ~~at by multiplying the tax levy of each taxing unit by the number of miles of~~  
 35 ~~natural gas transmission and distribution lines of such cooperative natural~~  
 36 ~~gas association situated in such taxing unit.~~

37 SECTION 6. That Section 63-3502, Idaho Code, be, and the same is hereby  
 38 amended to read as follows:

39 63-3502. LEVY OF TAX ON ANNUAL GROSS ELECTRICAL EARNINGS. There shall  
 40 be levied against every cooperative electrical association in this state a  
 41 tax of three and one-half percent (3 1/2%) of its annual gross earnings, af-  
 42 ter first reducing such gross earnings by its cost of power and WPPSS 4 and  
 43 5 costs in such sum as the amount of its gross earnings bear to its gross re-  
 44 ceipts from the distribution, delivery and sale of electric power within the  
 45 state of Idaho. This tax shall be in lieu of all other taxes on the ~~operating~~  
 46 property of such association exempted pursuant to section 63-602JJ, Idaho  
 47 Code, for the tax year next preceding the filing of the statement hereinafter  
 48 provided for, and which shall be paid in the manner and at the time prescribed  
 49 herein.

1 SECTION 7. That Section 63-3502A, Idaho Code, be, and the same is hereby  
2 amended to read as follows:

3 63-3502A. LEVY OF TAX ON ANNUAL GROSS NATURAL GAS EARNINGS. There  
4 shall be levied against every cooperative natural gas association in this  
5 state a tax of three and one-half percent (3 1/2%) of its annual gross earn-  
6 ings, after first reducing such gross earnings by its cost of natural gas.  
7 This tax shall be in lieu of all other taxes on the ~~operating~~ property of such  
8 association exempted pursuant to section 63-602JJ, Idaho Code, of the tax  
9 year next preceding the filing of the statement hereinafter provided for,  
10 and which shall be paid in the manner and at the time prescribed herein.

11 SECTION 8. That Section 63-3502B, Idaho Code, be, and the same is hereby  
12 amended to read as follows:

13 63-3502B. LEVY OF TAX ON WIND ENERGY, SOLAR ENERGY OR GEOTHERMAL EN-  
14 ERGY ELECTRICAL PRODUCTION. (1) There A wind energy tax or a geothermal en-  
15 ergy tax shall be levied against every producer of electricity by means of  
16 wind energy or geothermal energy ~~a wind energy tax or a geothermal energy tax~~  
17 ~~equal to~~ in the amount of three percent (3%) of such producer's gross wind en-  
18 ergy earnings or geothermal energy earnings.

19 (2) A solar energy tax shall be levied against every producer of elec-  
20 tricity by means of solar energy in the amount of three and one-half percent  
21 (3.5%) of the producer's gross solar energy earnings.

22 (3) This wind energy tax, solar energy tax or geothermal energy tax  
23 shall be in lieu of all other taxes on the ~~operating~~ property, as defined in  
24 section 63-3501(h), Idaho Code, of such wind energy producer, of such solar  
25 energy producer or of such geothermal energy producer exempted pursuant to  
26 section 63-602JJ, Idaho Code.

27 (4) For purposes of the certification required by section 63-803, Idaho  
28 Code, and the limitations provided by section 63-802, Idaho Code, the taxes  
29 levied pursuant to subsection (2) of this section shall reduce the property  
30 tax to be levied to finance an annual budget, and shall not be included in the  
31 amount of property tax revenues to finance an annual budget for purposes of  
32 limitations on increases in the annual budget as provided in section 63-802,  
33 Idaho Code.

34 SECTION 9. That Section 63-3503, Idaho Code, be, and the same is hereby  
35 amended to read as follows:

36 63-3503. FILING OPERATORS' STATEMENT -- ALLOTMENT AND APPORTIONMENT  
37 OF TAX DUE FROM ELECTRICAL ASSOCIATIONS BY STATE TAX COMMISSION. Every co-  
38 operative electrical association in this state shall file with the state  
39 tax commission of the state of Idaho the operators' statement provided for  
40 in section 63-404, Idaho Code, and shall include thereon a statement of the  
41 amount of its gross earnings for the calendar year next preceding. Upon  
42 examining and verifying said statement the state tax commission shall com-  
43 pute the amount of the tax measured by the gross earnings and shall allot to  
44 each county in which the ~~operating~~ property of such association is situate,  
45 and otherwise exempted from taxation by section 63-602JJ, Idaho Code, that  
46 proportion of the total tax of such association shown to be due as the number



1 of wire miles of transmission and distribution lines of such association  
 2 situate in such county bears to the total wire miles of transmission and  
 3 distribution lines of such association. The state tax commission shall  
 4 then, for each county, apportion the tax so allotted to the county among the  
 5 several taxing units thereof within which any ~~operating~~ property of such  
 6 association is situate, and otherwise exempted from taxation by section  
 7 63-602JJ, Idaho Code, by apportioning to each such taxing unit that propor-  
 8 tion of the tax so allotted to the county as the weighted wire mileage factor  
 9 for each such taxing unit bears to the total of the weighted wire mileage  
 10 factors of all such taxing units in the county, and shall immediately notify  
 11 the state superintendent of public instruction and the county treasurer of  
 12 such allotment and apportionment and the amounts thereof.

13 SECTION 10. That Section 63-3503A, Idaho Code, be, and the same is  
 14 hereby amended to read as follows:

15 63-3503A. FILING OPERATORS' STATEMENT -- ALLOTMENT AND APPORTIONMENT  
 16 OF TAX DUE FROM NATURAL GAS ASSOCIATIONS BY STATE TAX COMMISSION. Every co-  
 17 operative natural gas association in this state shall file with the state  
 18 tax commission of the state of Idaho the operators' statement provided for  
 19 in section 63-404, Idaho Code, and shall include thereon a statement of the  
 20 amount of its gross earnings for the calendar year next preceding. Upon  
 21 examining and verifying said statement the state tax commission shall com-  
 22 pute the amount of the tax measured by the gross earnings and shall allot to  
 23 each county in which the ~~operating~~ property of such association is situate,  
 24 and otherwise exempted from taxation by section 63-602JJ, Idaho Code, that  
 25 proportion of the total tax of such association shown to be due as the number  
 26 of gas line miles of transmission and distribution lines of such associa-  
 27 tion situate in such county bears to the total wire miles of transmission  
 28 and distribution lines of such association. The state tax commission shall  
 29 then, for each county, apportion the tax so allotted to the county among the  
 30 several taxing units thereof within which any ~~operating~~ property of such  
 31 association is situate, and otherwise exempted from taxation by section  
 32 63-602JJ, Idaho Code, by apportioning to each such taxing unit that propor-  
 33 tion of the tax so allotted to the county as the gas line mileage factor for  
 34 each such taxing unit bears to the total of the gas line mileage factors of  
 35 all such taxing units in the county, and shall immediately notify the state  
 36 superintendent of public instruction and the county treasurer of such allot-  
 37 ment and apportionment and the amounts thereof.

38 SECTION 11. That Section 63-3503B, Idaho Code, be, and the same is  
 39 hereby amended to read as follows:

40 63-3503B. FILING OPERATORS' STATEMENTS -- ALLOTMENT AND APPORTION-  
 41 MENT OF TAX DUE FROM PRODUCERS OF ELECTRICITY BY MEANS OF WIND ENERGY, SOLAR  
 42 ENERGY OR GEOTHERMAL ENERGY BY STATE TAX COMMISSION. Every producer of  
 43 electricity by means of wind energy, by means of solar energy or by means  
 44 of geothermal energy in this state shall file with the state tax commission  
 45 of the state of Idaho an operator's statement in the manner as provided for  
 46 in section 63-404, Idaho Code, and shall include thereon a statement of the  
 47 prior calendar year's gross wind energy earnings, gross solar energy earn-

1 ings or gross geothermal energy earnings. Upon examining and verifying said  
2 statement, the state tax commission shall compute the amount of the wind  
3 energy tax, solar energy tax or the geothermal energy tax based on the gross  
4 wind energy earnings, gross solar energy earnings or the gross geothermal  
5 energy earnings and shall allot to each county in which the ~~operating~~ prop-  
6 erty of such producer is situate, and otherwise exempted from taxation by  
7 section 63-602JJ, Idaho Code, either: that proportion of the total wind en-  
8 ergy tax, that proportion of the total solar energy tax or that proportion of  
9 the total geothermal energy tax of such producer shown to be due as the same  
10 proportion that the total original cost of ~~operating~~ property situate in  
11 such county, and otherwise exempted from taxation by section 63-602JJ, Idaho  
12 Code, bears to the total original cost of ~~operating~~ such property of such  
13 producer for the wind energy project, of such producer for the solar energy  
14 project or of such producer for the geothermal energy project. The state tax  
15 commission shall then, for each county, apportion the wind energy tax, solar  
16 energy tax or geothermal energy tax so allotted to such county among the sev-  
17 eral taxing units thereof within which any ~~operating~~ property of such pro-  
18 ducer is situate, and otherwise exempted from taxation by section 63-602JJ,  
19 Idaho Code, by apportioning to each such taxing unit that proportion of the  
20 wind energy tax, solar energy tax or geothermal energy tax so allotted to  
21 such county. For such apportionment, the state tax commission shall calcu-  
22 late the weighted original cost which shall be the product of the original  
23 cost of such ~~operating~~ property within such taxing unit times such taxing  
24 unit's property tax levy for the prior year and the weighted apportionment  
25 rate which shall be the ratio of the wind energy tax, of the solar energy tax  
26 or of the geothermal energy tax, as the case may be, allotted to such county,  
27 to the aggregate weighted original cost for all such taxing units within  
28 which the ~~operating~~ property is located and then shall calculate the appor-  
29 tionment of the wind energy tax, solar energy tax or geothermal energy tax  
30 for each such taxing unit to be equal to the product of the weighted original  
31 cost times the weighted apportionment rate. The state tax commission shall,  
32 on or before the second Monday in August, notify the state superintendent  
33 of public instruction, the county auditor, and the county treasurer of such  
34 allotment and apportionment and the amounts thereof. On or before the third  
35 Monday in August, the county auditor shall notify the appropriate taxing  
36 units of the amount of wind energy tax, the amount of solar energy tax or the  
37 amount of the geothermal energy tax being apportioned.

38 SECTION 12. That Section 63-3504, Idaho Code, be, and the same is hereby  
39 amended to read as follows:

40 63-3504. COLLECTION BY COUNTY TREASURER -- PENALTY AND INTEREST IM-  
41 POSED WHEN DELINQUENT. Upon receipt of the notification of the allotment and  
42 apportionment of such taxes by the state tax commission by the county trea-  
43 surer, said county treasurer shall, not later than June 15 of each year, no-  
44 tify each cooperative electrical association, natural gas cooperative, and  
45 producer of electricity by means of wind energy, by means of solar energy  
46 or by means of geothermal energy, of the amount of taxes owed, and the ap-  
47 portionment thereof to the county and to the several taxing districts in the  
48 county and such tax shall be due and payable not later than July 1, following  
49 and, upon the payment thereof, the county treasurer shall pay over to each

1 taxing district its apportionment as herein determined. Any such taxes not  
 2 paid by July 1, as aforesaid, shall become delinquent and a penalty of five  
 3 percent (5%) thereof shall be imposed, together with interest at the rate of  
 4 one percent (1%) per month from July 1 until paid.

5 SECTION 13. That Section 63-3505, Idaho Code, be, and the same is hereby  
 6 amended to read as follows:

7 63-3505. TAXES A LIEN ON PROPERTY OF ASSOCIATION OR PRODUCER UNTIL  
 8 PAID. All taxes due and payable under this chapter shall be a lien on all  
 9 property, real and personal, of the electrical, or natural gas association,  
 10 or the producer of electricity by means of wind energy, by means of solar  
 11 energy or by means of geothermal energy, owing the same, as of June 15 of each  
 12 year and shall be discharged only by the payment thereof. In any action to  
 13 enforce payment of any delinquent taxes due under this chapter, the county  
 14 prosecuting such action shall be entitled to a judgment for the reason-  
 15 able costs of prosecuting such action, as well as for the delinquent taxes,  
 16 penalty and interest.

17 SECTION 14. That Section 63-3506, Idaho Code, be, and the same is hereby  
 18 amended to read as follows:

19 63-3506. ASSESSMENT OF ~~NONOPERATING~~ PROPERTY BY ASSESSOR. ~~The nonop-~~  
 20 ~~erating~~ Any property not subject to the gross receipts tax levied in this  
 21 chapter of any cooperative electrical or natural gas association, or pro-  
 22 ducer of electricity by means of wind energy, by means of solar energy or by  
 23 means of geothermal energy, shall be assessed by the county assessor of the  
 24 county wherein such property is situate, and taxes levied against the same  
 25 shall be a lien, and shall be due and payable, in the same manner as are any  
 26 other taxes on property.

27 SECTION 15. That Section 43-1510, Idaho Code, be, and the same is hereby  
 28 amended to read as follows:

29 43-1510. TAX EXEMPTIONS. The following irrigation district property  
 30 and the revenue therefrom shall be exempt from taxation: (1) water rights  
 31 for the irrigation of lands; (2) irrigation structures described in section  
 32 63-602N(2), Idaho Code; (3) all ~~operating~~ property described in section  
 33 63-602N(3), Idaho Code; and (4) all parks and recreational facilities owned  
 34 or maintained by an irrigation district pursuant to this title. Such prop-  
 35 erty tax exemption shall not be subject to approval by the county board of  
 36 equalization. Bonds and interim notes, and interest thereon, issued pur-  
 37 suant to the authority contained in this title shall be exempt from taxation  
 38 under the Idaho income tax law.

39 SECTION 16. That Section 63-602N, Idaho Code, be, and the same is hereby  
 40 amended to read as follows:

41 63-602N. PROPERTY EXEMPT FROM TAXATION -- IRRIGATION WATER AND STRUC-  
 42 TURES -- ~~OPERATING CERTAIN~~ PROPERTY OF IRRIGATION DISTRICTS OR CANAL COMPA-  
 43 NIES. (1) Water rights for the irrigation of lands are exempt from taxation.

1 (2) Canals, ditches, pipelines, flumes, aqueducts, reservoirs, dams,  
 2 and any other necessary facility used primarily for the conveyance, storage,  
 3 or providing of water for the irrigation of lands, are exempt from taxation  
 4 to the extent irrigation water is thereby conveyed, stored or diverted; pro-  
 5 vided that if any portion of such property is used for purposes other than ir-  
 6 rigation of lands or the conveyance, storage, or providing of water to a non-  
 7 profit irrigation company or irrigation district, the assessor shall deter-  
 8 mine the entire value of such property so used and assess the proportionate  
 9 part of such property that is devoted to such use.

10 (3) All real and personal property is exempt that is owned, used, oper-  
 11 ated or occupied:

12 (a) Primarily for the maintenance and operation of any irrigation  
 13 project or irrigation works or system in conducting the business of fur-  
 14 nishing water to landowners, members or shareholders; or

15 (b) ~~The operating property of all~~ By any organizations, whether incor-  
 16 porated or unincorporated, heretofore organized or which shall here-  
 17 after be organized, for the operation, maintenance, or management of an  
 18 irrigation project or irrigation works or system ~~or~~ and for the purpose  
 19 of furnishing water to ~~its~~ landowners, members or shareholders, the  
 20 control of which is actually vested in those entitled to the use of the  
 21 water from such irrigation works or system for the irrigation of lands  
 22 to which the water from such irrigation works or system is appurtenant,  
 23 ~~is exempt from taxation. The term "operating property" as used in this~~  
 24 ~~section shall include all real and personal property owned, used, oper-~~  
 25 ~~ated or occupied primarily for the maintenance and operation of such~~  
 26 ~~irrigation project or irrigation works and system or in conducting its~~  
 27 ~~business of furnishing water to its landowners, members or shareholders~~  
 28 ~~and shall include~~ including all title and interest in such property as  
 29 owner, lessee, or otherwise.

30 ~~Provided~~, that if any portion of such ~~operating~~ property is used for com-  
 31 mercial purposes by others than its landowners, members or shareholders, the  
 32 assessor shall determine the entire value of such portion of the ~~operating~~  
 33 property so used and assess the proportionate part of ~~such operating the~~  
 34 property that is used for commercial purposes.

35 SECTION 17. The provisions of Section 4 of this act shall be in full  
 36 force and effect on and after July 1, 2017.