

## STATEMENT OF PURPOSE

### RS25509

This bill partially restores and partially returns property tax revenue back to counties and cities that have significant new development growth by reducing the period of time that the 63-602W exemption can be used and reduces the improvement exemption value to a more realistic value based upon our now recovered economy while still preserving a significant portion of the exemption. The change still preserves the ability of the developer to submit a comparative market analysis to substantiate a higher exemption. The prior historical adjustment to the exemption was made in response to the economic down turn which has since been abated.

### FISCAL NOTE

There is no fiscal impact to the state as the revenue is entirely local. In terms of fiscal impact, In general, there is no fiscal impact to taxing districts either. However, in some cases, budget capacity may be increased slightly. The tax base would be broader so levy rates could be lower. The assessor's office in each county is expected to save labor related to annual field trips to each property for inspections.

1. There would be about 100 homes losing the exemption by reason of having had it for at least two years. In addition, some site improvement exemptions have been granted for two or more years and these would be lost. These two changes would result in a tax shift of about \$1.5 million in property taxes to those properties and away from other properties. In some cases, the shift away from other properties could be nullified because of increased budget capacity for taxing districts. However, not all districts are eligible and some may not levy additional taxes permitted.
2. The reduction in the site improvement exemption from 75% to 35% would further reduce this exemption and shift an additional \$1.7 million in property taxes to these properties. Any tax reduction on other properties would be subject to the same considerations noted in (1).
3. Although we cannot obtain sufficient detail to provide figures, there would be a small positive effect on overall property taxes for the Boise and Lewiston school districts.
4. In Kootenai County, for 2016 there were 630 lots with a total value of \$64,428,700 of which \$48,321,525 was exempted by the 75% infrastructure exemption. That 75% exemption shifted the tax burden over to all other property owners.

**Contact:**

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**