

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 593

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO LOW-INCOME HOUSING; AMENDING SECTION 63-602GG, IDAHO CODE, TO EXEMPT CHURCH-OWNED LOW-INCOME HOUSING FROM A CERTAIN PROPERTY MANAGEMENT REQUIREMENT IN ORDER TO QUALIFY FOR A PROPERTY TAX EXEMPTION.

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

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

63-602GG. PROPERTY EXEMPT FROM TAXATION -- LOW-INCOME HOUSING OWNED BY NONPROFIT ORGANIZATIONS. (1) As provided in this section, low-income housing owned by nonprofit organizations shall be exempt from taxation.

(2) In order to qualify as a nonprofit organization under this section, an organization must demonstrate that:

(a) It is organized as a nonprofit corporation pursuant to chapter 30, title 30, Idaho Code, or pursuant to equivalent laws in the applicable state of incorporation; and

(b) It has received an exemption from taxation from the internal revenue service pursuant to section 501(c)(3) of the Internal Revenue Code; and

(c) No proceeds or tax benefits of the organization or from the low-income housing property owned by the organization shall inure to any individual or for-profit entity other than normal employee compensation.

(3) In order to qualify for the exemption provided in this section, the low-income housing property shall meet the following qualifications:

(a) Both legal and equitable title to the property is solely owned by the nonprofit organization seeking the exemption and, except for property owned solely by a bona fide church or by a separate legal entity held solely by a bona fide church, is managed by the owner or a related nonprofit organization qualifying for the exemption set forth in section 63-602C, Idaho Code; and

(b) Tenants shall not be evicted based upon their inability to pay for a period of three (3) months if such inability is due to a catastrophic event that is not under the tenant's control. For purposes of this subsection, "catastrophic event" means a medical condition or injury in which sudden, serious and unexpected symptoms of illness or injury are sufficiently severe to render the tenant unable to participate in employment and such illness or injury has been certified by one (1) or more licensed physicians and/or psychiatrists or psychologists. The term "catastrophic event" does not apply to individuals who voluntarily remove themselves from the workforce; and

(c) Except for a manager's unit, all of the housing units in the low-income housing property are dedicated to low-income housing in the following manner: Fifty-five percent (55%) of the units shall be rented

1 to those earning sixty percent (60%) or less of the median income for
2 the county in which the housing is located; twenty percent (20%) of the
3 units shall be rented to those earning fifty percent (50%) or less of the
4 median income of the county in which the housing is located; and twenty-
5 five percent (25%) of the units shall be rented to those earning thirty
6 percent (30%) or less of the median income for the county in which the
7 housing is located.

8 (4) The exemption provided in this section shall not apply:

9 (a) If the project is financed after the effective date of this act and
10 applicable law permits the payment of property taxes with federal or
11 state funds, grants, loans or subsidies; or

12 (b) If the property is receiving federal project-based assistance,
13 as provided by 42 U.S.C. sections 1437f(d)(2), ~~1437f(f)(6)~~ and
14 ~~1437f(o)(13)~~; or

15 (c) To any property used by a taxpayer to qualify for tax credits under
16 the provisions of 26 U.S.C. chapter 42 or any successor programs until
17 such time as the property is solely owned by a nonprofit organization as
18 defined in this section and is no longer utilized to receive federal tax
19 credits.

20 (5) Notwithstanding any other provision of this section, a low-income
21 housing property shall be exempt from taxation due to undue hardship if:

22 (a) The property was financed prior to the effective date of this act;
23 and

24 (b) Such financing was dependent upon the tax-exempt status of the
25 property; and

26 (c) The law does not allow additional federal or state revenues to be
27 available for the payment of property taxes.

28 (6) Nothing in this section shall affect the qualification of proper-
29 ties for tax-exempt status under other provisions of title 63, Idaho Code.