LEGISLATURE OF THE STATE OF IDAHO
Sixty-seventh Legislature Second Regular Session - 2024

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 449

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING SECTION 63-602G, IDAHO CODE, TO PROVIDE FOR CERTAIN FORMS, TO REQUIRE TAXPAYERS TO PROVIDE CERTAIN INFORMATION TO COUNTY ASSESSORS, TO PROVIDE PENALTIES FOR IMPROPER HOMESTEAD EXEMPTION CLAIMS, TO PROVIDE QUALIFICATIONS, TO PROVIDE PROCEDURES FOR APPEALS, AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 63-3077, IDAHO CODE, TO REVISE PROVISIONS REGARDING TAXPAYER INFORMATION COLLECTED BY THE STATE TAX COMMISSION; AMENDING SECTION 63-301A, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

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

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

63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD. (1) For each tax year, the first one hundred twenty-five thousand dollars ($125,000) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, or fifty percent (50%) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, whichever is the lesser, shall be exempt from property taxation.

(2) The exemption allowed by this section may be granted only if:

(a) The homestead is owner-occupied and used as the primary dwelling place of the owner. The homestead may consist of part of a multidwelling or multipurpose building and shall include all of such dwelling or building except any portion used exclusively for anything other than the primary dwelling of the owner. The presence of an office in a homestead, which office is used for multiple purposes, including business and personal use, shall not prevent the owner from claiming the exemption provided in this section; and

(b) The state tax commission has certified to the board of county commissioners that all properties in the county subject to appraisal by the county assessor have, in fact, been appraised uniformly so as to secure a just valuation for all property within the county; and

(c) The owner has certified to the county assessor that:

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

(ii) The homestead is his primary dwelling place; and

(iii) He has not made application in any other county for the exemption and has not made application for the exemption on any other homestead in the county.

(d) For the purpose of this section, the definition of "owner" shall be the same definition set forth in section 63-701(7), Idaho Code. When
an "owner," as pursuant to the provisions of section 63-701(7), Idaho Code, is any person who is the beneficiary of a revocable or irrevocable trust, or who is a partner of a limited partnership, a member of a limited liability company, or a shareholder of a corporation, he or she may provide proof of the trust, limited partnership, limited liability company, or corporation in the manner set forth in section 63-703(4), Idaho Code.

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

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

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

(3) The county assessor of each county shall prescribe and make available forms to be used by a homeowner to apply for the homestead exemption provided in this section. The homeowner shall provide on such forms the homeowner's full name, date of birth, complete address, and most recent previous complete address. The homeowner shall also provide, if applicable, such homeowner's state-issued driver's license number or state-issued identification card number.

(4) An owner need only make application for the exemption described in subsection (1) of this section only once, as long as all of the following conditions are met:

(a) The owner has received the exemption during the previous year as a result of making a valid application as set forth in subsection (2) (c) of this section.

(b) The owner or beneficiary, partner, member or shareholder, as appropriate, still occupies the same homestead for which the owner made application.

(c) The homestead described in paragraph (b) of this subsection is owner-occupied or occupied by a beneficiary, partner, member or shareholder, as appropriate, and used as the primary dwelling place of the owner or beneficiary, partner, member or shareholder, as appropriate.

(5) The exemption allowed by this section shall be effective upon the date of the application and must be taken before the reduction in taxes provided by sections 63-701 through 63-710, Idaho Code, is applied.

(6) Recovery of property tax exemptions allowed by this section but improperly claimed or approved:

(a) (i) Prior to granting an exemption, the county assessor shall investigate whether an applicant for the exemption has claimed the exemption for another homestead and shall not grant the exemption where it appears the exemption has been improperly claimed. The applicant shall be notified of the county assessor's refusal to grant the exemption.

(ii) Upon discovery of evidence, facts or circumstances indicating any exemption allowed by this section was improperly claimed
or approved, the county assessor shall decide whether the exemption claimed should have been allowed and, if not, notify the taxpayer in writing, assess a recovery of property tax and notify the county treasurer of this assessment. If the county assessor determined that an exemption was improperly approved as a result of county error, the county assessor shall present the discovered evidence, facts or circumstances from the improperly approved exemption to the board of county commissioners, at which time the board may waive a recovery of the property tax and notify such taxpayer in writing.

(iii) Upon the first instance of a taxpayer being discovered to have claimed more than one (1) homestead exemption, the taxpayer shall be subject to a penalty, payable to the county treasurer, in an amount equal to the amount of property tax recovered pursuant to subparagraph (ii) of this paragraph, which shall be paid in addition to such recovery amount. The taxpayer shall be notified of the assessment of such penalty at the same time as the notice of the assessor's refusal to grant the exemption in subparagraph (i) of this paragraph.

(iv) Any subsequent violation within seven (7) years of an instance pursuant to subparagraph (iii) of this paragraph shall be a misdemeanor, subject to the penalties provided in section 18-113, Idaho Code. The county assessor shall notify the county prosecuting attorney of any conduct that would constitute a misdemeanor pursuant to this subparagraph.

(v) Nothing in this paragraph shall prohibit a taxpayer from claiming a homestead exemption after January 1 for a property that is not already subject to the homestead exemption, provided any claim for an exemption is consistent with the requirements of subsection (2)(c)(iii) of this section.

(b) Upon request by a county assessor conducting an investigation under paragraph (a) of this subsection, or when information indicating that an improper claim for the exemption allowed by this section is discovered by the state tax commission, the state tax commission shall disclose relevant information to the appropriate county assessor, board of county commissioners, county clerk, and county treasurer and to the secretary of state. Information disclosed to county officials and the secretary of state by the state tax commission under this subsection:

(i) May be used to decide the validity of any entitlement to the exemption provided in this section;

(ii) Shall, as necessary, be used to determine a person's residence for voting purposes under title 34, Idaho Code; and

(iii) Is not otherwise subject to public disclosure pursuant to chapter 1, title 74, Idaho Code.

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

(d)(i) An applicant for an exemption under this section may appeal to the county board of equalization the county assessor's refusal
to grant an exemption pursuant to paragraph (a) of this subsection within thirty (30) days of the date the county assessor sent notice of the refusal.

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

(iii) The taxpayer may appeal the imposition of the penalty provided in paragraph (a)(iii) of this subsection within thirty (30) days of the date the county assessor sent the notice to the taxpayer pursuant to this section.

(e) For purposes of calculating the tax, the amount of the recovered property tax shall be for each year the exemption allowed by this section was improperly claimed or approved, up to a maximum of seven (7) years. The amount of the recovery of property tax shall be calculated using the product of the amount of exempted value for each year multiplied by the levy for that year plus costs, late charges, and interest for each year at the rates equal to those provided for delinquent property taxes during that year.

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

(g) Recovered property taxes shall be billed, collected and distributed in the same manner as property taxes, except each taxing district or unit shall be notified of the amount of any recovered property taxes included in any distribution.

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

(i) Any unpaid recovered property taxes shall become a lien upon the real property in the same manner as provided for property taxes in section 63-206, Idaho Code, except such lien shall attach as of the first day of January in the year following the year the county assessor sent the notice to the taxpayer pursuant to this section.
(j) For purposes of the limitation provided by section 63-802, Idaho Code, moneys received pursuant to this subsection as recovery of property tax shall be treated as property tax revenue.

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

(8) A homestead, having that previously qualified for exemption under this section in the preceding year, shall not lose such qualification due to: the owner's, beneficiary's, partner's, member's or shareholder's absence in the current year by reason of active military service or because the homestead has been leased because the owner, beneficiary, partner, member or shareholder is absent in the current year by reason of active military service. An owner subject to the provisions of this subsection must apply for the exemption with the county assessor every year on or before a deadline date as specified by the county assessor for the county in which the homestead is claimed. If an owner fails to apply on or before the established deadline, the county may, at its discretion, discontinue the exemption for that year.

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

(10) The amount by which each exemption approved under this section exceeds one hundred thousand dollars ($100,000) may, in the discretion of the governing board of a taxing district, be deducted from the new construction roll for the following year prepared by the county assessor in accordance with section 63-301A, Idaho Code, but only to the extent that the amount exceeds the same deduction made in the previous year.

(11) By July 1, 2023, the state tax commission shall establish a database of all active exemptions claimed under this section, which database shall be searchable by a person’s name and by the address of the homestead for which the exemption is claimed. The database shall be made accessible to officials listed in subsection (5) (6) (b) of this section for the purpose of verifying that:

(a) Multiple active exemptions have not been claimed by the same person; and

(b) A person's residence for voting purposes is the same as the homestead for which such person has an active exemption pursuant to this section, if an exemption is so claimed.

SECTION 2. That Section 63-3077, Idaho Code, be, and the same is hereby amended to read as follows:

63-3077. INFORMATION FURNISHED TO CERTAIN OFFICIALS. (1) The state tax commission, under such rules as it may prescribe, may disclose tax returns or tax information to:
(a) The commissioner of internal revenue of the United States or his
delegate or the financial management services of the department of the
treasury of the United States; or
(b) The proper officer of any state imposing a tax similar to a tax to
which this section applies or the multistate tax commission or its dele-
gate or the governing entity of the international fuels tax agreement or
its delegate;
of any taxpayer making or who may be required to make returns, with the state
tax commission or may furnish to such officer or his authorized representa-
tive an abstract or copy of any tax return or tax information or any inform-
ation disclosed by the report of any audit or investigation relating to any
taxpayer; but such permission shall be granted or information furnished to
such officer or his representatives only if the statutes of the United States
or such other state, as the case may be, grant substantially similar privi-
leges to the state tax commission.

(2) Notwithstanding the provisions of this chapter as to secrecy, any
duly constituted committee of either branch of the state legislature shall
have the right to inspect returns upon request.

(3) Nothing in this chapter shall prohibit a taxpayer, or his au-
thorized representative, upon proper identification, from inspecting or
obtaining a copy of his own tax returns or tax information or authorizing, in
writing, the disclosure of information to a third party.

(4) Any resident or part-year resident individual taxpayer making an
income tax return shall furnish the state tax commission with the location
of any residential property owned by the taxpayer and occupied by the tax-
payer as his primary dwelling place on the first day of January of the year
following the year to which the tax return relates. The state tax commission
is hereby authorized and empowered to deliver to the county assessor of any
county of the state of Idaho and the Idaho secretary of state information
relating to a taxpayer's place of residence or domicile. The information
may be used by county assessors and boards of equalization to assist in
determining the validity of any homeowner's entitlement to the exemption
provided in section 63-602G, Idaho Code. Each county assessor shall de-
lever to the state tax commission all information such assessor has received
from a taxpayer pursuant to the provisions of section 63-602G(3), Idaho
Code. All information relating to a taxpayer that is furnished to the Idaho
secretary of state may be used by the Idaho secretary of state to assist in
determining a person's residence for voting purposes as provided in section
34-107(2), Idaho Code, and for candidate qualifications as provided in sec-
tion 34-701(3), Idaho Code. Information disclosed to county officials under
this subsection may be used only to determine the validity of any homeowner's
entitlement to the exemption provided in section 63-602G, Idaho Code, for
purposes described in this subsection and is not otherwise subject to public
disclosure.

(5) The state tax commission additionally is authorized to utilize any
centralized state computer facility.

(6) Nothing in this section or section 63-3076, Idaho Code, shall re-
quire the state tax commission to disclose information not required to be
disclosed under the provisions of chapter 1, title 74, Idaho Code, or prevent
the state tax commission from disclosing the current validity of any permit
or license issued by the state tax commission or information that is otherwise publicly available.

SECTION 3. That Section 63-301A, Idaho Code, be, and the same is hereby amended to read as follows:

63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare a new construction roll, which shall be in addition to the property roll, which new construction roll shall show:
(a) The name of the taxpayer;
(b) The description of the new construction, suitably detailed to meet the requirements of the individual county;
(c) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction;
(d) The amount of taxable market value added as provided in subsection (3) (f) of this section as a result of dissolution of any revenue allocation area; and
(e) The amount of taxable market value to be deducted to reflect the adjustments required in this paragraph:
   (i) Any board of tax appeals or court-ordered value change, if property has a taxable value lower than that shown on any new construction roll in any one (1) of the immediate five (5) tax years preceding the current tax year;
   (ii) Any reduction in value resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;
   (iii) Any reduction in value resulting from the exemption provided in section 63-602W(4), Idaho Code, in any one (1) of the immediate five (5) tax years preceding the current tax year; and
   (iv) Any voluntary reduction in value reflecting a portion of certain homestead exemptions as provided in section 63-602G(9), 63-602G(10), Idaho Code.

(2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit shall be forwarded to the state tax commission on or before the fourth Monday in July. Provided however, the value shown in subsection (3) (e) of this section shall be reported to the appropriate county auditor by the state tax commission by the third Monday in July and the value sent by the county auditor to each taxing district. The value established pursuant to subsection (3) (e) of this section is subject to correction by the state tax commission until the first Monday in September, and any such corrections shall be sent to the appropriate county auditor, who shall notify any affected taxing districts.

(3) Except as otherwise provided in this subsection, the value shown on the new construction roll shall include ninety percent (90%) of the taxable market value increase from:
(a) Construction of any new structure that previously did not exist, once it is completed and taxable;
(b) Additions or alterations to existing nonresidential structures;
(c) Installation of new or used manufactured housing that did not previously exist within the county;
(d) Property newly taxable as a result of loss of the exemption provided by section 63-602W(3) or (4), Idaho Code;
(e) The construction of any improvement or installation of any equipment used for or in conjunction with the generation of electricity and the addition of any improvement or equipment intended to be so used, except property that has a value allocated or apportioned pursuant to section 63-405, Idaho Code, or that is owned by a cooperative or municipality as those terms are defined in section 61-332A, Idaho Code, or that is owned by a public utility as that term is defined in section 61-332A, Idaho Code, owning any other property that is allocated or apportioned.
No replacement equipment or improvements may be included;
(f) Provided such increases do not include increases already reported on the new construction roll as permitted in paragraphs (i) and (j) of this subsection, increases in value over the base value of property on the base assessment roll within an urban renewal revenue allocation area that has been terminated pursuant to section 50-2909(4), Idaho Code, to the extent that this increment exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, eighty percent (80%) of the increment value. Notwithstanding other provisions of this section, the new construction roll shall not include new construction located within an urban renewal district's revenue allocation area, except as provided in this paragraph;
(g) New construction, in any one (1) of the immediately five (5) tax years preceding the current tax year, allowable but never included on a new construction roll, provided however, that for such property the value on the new construction roll shall reflect the taxable value that would have been included on the new construction roll for the first year in which the property should have been included;
(h) Formerly exempt improvements on state college-owned or state university-owned land for student dining, housing, or other education-related purposes approved by the state board of education and board of regents of the university of Idaho as proper for the operation of such state college or university, provided such improvements were never included on any previous new construction roll;
(i) Increases in base value when due to previously determined increment value added to the base value as required in sections 50-2903 and 50-2903A, Idaho Code, due to a modification of the urban renewal plan. In this case, the amount added to the new construction roll will equal eighty percent (80%) of the amount by which the increment value in the year immediately preceding the year in which the base value adjustment described in this subsection occurs exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value; and
(j) Increases in base value when due to previously determined increment value added to the base value as a result of a de-annexation within a revenue allocation area as defined in section 50-2903, Idaho Code. In this case, the amount added to the new construction roll will equal eighty percent (80%) of the amount by which the increment value in the
year immediately preceding the year in which the de-annexation described in this subsection occurs exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value within the area subject to the de-annexation.

(4) The amount of taxable market value of new construction shall be the change in net taxable market value that is attributable directly to the new construction or loss of the exemption provided by section 63-602W(3) or (4), Idaho Code. It shall not include any change in value of existing property that is due to external market forces such as general or localized inflation, except as provided in subsection (3)(f) of this section.

(5) The amount of taxable market value of new construction shall not include any new construction of property that has been granted a provisional property tax exemption, pursuant to section 63-1305C, Idaho Code. A property owner may apply to the board of county commissioners, if an application is required pursuant to section 63-602, Idaho Code, for an exemption from property tax at the time the initial building permits are applied for or at the time construction of the property has begun, whichever is earlier, or at any time thereafter.

(6) The amount of taxable market value of new construction shall not include any new construction of property for which an exemption from sales and use tax has been granted pursuant to section 63-3622VV, Idaho Code.

SECTION 4. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after July 1, 2024.