

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 406

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602GG, IDAHO CODE, TO REVISE  
2 PROVISIONS REGARDING PROPERTY TAX EXEMPTIONS FOR LOW-INCOME HOUSING  
3 OWNED BY NONPROFIT ORGANIZATIONS; AND DECLARING AN EMERGENCY AND PRO-  
4 VIDING AN EFFECTIVE DATE.  
5

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

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

9 63-602GG. PROPERTY EXEMPT FROM TAXATION -- LOW-INCOME HOUSING OWNED  
10 BY NONPROFIT ORGANIZATIONS. (1) As provided in this section, low-income  
11 housing owned by nonprofit organizations shall be exempt from taxation.

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

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

17 (b) It has received an exemption from taxation from the internal rev-  
18 enue service pursuant to section 501(c)(3) of the Internal Revenue  
19 Code; ~~and.~~

20 ~~(c) No proceeds or tax benefits of the organization or from the low-in-~~  
21 ~~come housing property owned by the organization shall inure to any indi-~~  
22 ~~vidual or for-profit entity other than normal employee compensation.~~

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

26 (a) Both legal and equitable title to the property is solely owned by  
27 the nonprofit organization seeking the exemption and is managed by the  
28 owner or a related nonprofit organization qualifying for the exemption  
29 set forth in section 63-602C, Idaho Code; and The property shall be  
30 owned and operated by, or shall be a wholly owned subsidiary of, a quali-  
31 fied nonprofit organization pursuant to subsection (2) of this section,  
32 or shall be owned by a limited partnership, limited liability limited  
33 partnership, or limited liability company in which a general partner or  
34 a managing member, as applicable, is a qualified nonprofit organization  
35 pursuant to subsection (2) of this section or a single-purpose entity  
36 that is wholly owned by one (1) or more qualified nonprofit organiza-  
37 tions pursuant to subsection (2) of this section.

38 (b) Tenants shall not be evicted based ~~upon~~ on their inability to pay  
39 for a period of three (3) months if such inability is due to a cata-  
40 strophic event that is not under the tenant's control. For purposes  
41 of this subsection, "catastrophic event" means a medical condition or  
42 injury in which sudden, serious and unexpected symptoms of illness or

1 injury are sufficiently severe to render the tenant unable to partici-  
 2 pate in employment and such illness or injury has been certified by one  
 3 (1) or more licensed physicians and/or psychiatrists or psychologists.  
 4 The term "catastrophic event" does not apply to individuals who volun-  
 5 tarily remove themselves from the workforce, ~~and.~~

6 (c) Except for a the manager's unit(s), all of the housing units in the  
 7 low-income housing property are shall be dedicated to low-income hous-  
 8 ing in the following manner: Fifty-five percent (55%) of the units and  
 9 shall be rented to those earning an average of sixty percent (60%) or  
 10 less of the area median gross income for the county in which the housing  
 11 is located; twenty percent (20%) of the units shall be rented to those  
 12 earning fifty percent (50%) or less of the median income of the county in  
 13 which the housing is located; and twenty-five percent (25%) of the units  
 14 shall be rented to those earning thirty percent (30%) or less of the me-  
 15 edian income for the county in which the housing is located as determined  
 16 in a manner consistent with 26 U.S.C. 42 (g), and rents on such housing  
 17 units shall meet the requirements of 26 U.S.C. 42 (g) (2).

18 (d) In each year following a year in which the exemption was allowed un-  
 19 der this section, the owner of a low-income housing property shall sub-  
 20 mit to the county assessor of the county in which such property is lo-  
 21 cated a statement certifying that the low-income housing property is in  
 22 compliance with the provisions of paragraph (c) of this subsection. If  
 23 the owner of such low-income housing property fails to submit the state-  
 24 ment required by this paragraph, the low-income housing property shall  
 25 not be eligible for the exemption provided in this section for the imme-  
 26 diately succeeding tax year.

27 (4) The exemption provided in this section shall not apply+ to any  
 28 property on which financing has already closed as of July 1, 2025, or to a  
 29 property that is already in service and housing tenants as of July 1, 2025,  
 30 unless such property is being rehabilitated pursuant to 26 U.S.C. 42 or is  
 31 already receiving the exemption pursuant to this section on or before July  
 32 1, 2025.

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

36 ~~(b) If the property is receiving federal project-based assistance,~~  
 37 ~~as provided by 42 U.S.C. sections 1437f(d)(2), 1437f(f)(6) and~~  
 38 ~~1437f(o)(13); or~~

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

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

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

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

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

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

5 (7) Property that is exempted pursuant to the provisions of this sec-  
6 tion shall not be included on any new construction roll prepared by a county  
7 assessor in accordance with section 63-301A, Idaho Code.

8 SECTION 2. An emergency existing therefor, which emergency is hereby  
9 declared to exist, this act shall be in full force and effect on and after  
10 July 1, 2025.