

IN THE SENATE

SENATE BILL NO. 1074

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX; AMENDING SECTION 63-602G, IDAHO CODE, TO RE-
2 VISE PROVISIONS REGARDING THE HOMESTEAD EXEMPTION, TO ESTABLISH AN
3 ADDITIONAL PROPERTY TAX EXEMPTION FOR CERTAIN HOMESTEADS OCCUPIED BY
4 CERTAIN SCHOOL-AGE CHILDREN NOT ENROLLED IN PUBLIC SCHOOLS, AND TO PRO-
5 VIDE QUALIFICATIONS; AMENDING SECTION 63-301A, IDAHO CODE, TO PROVIDE A
6 CORRECT CODE REFERENCE; AMENDING SECTION 63-3077, IDAHO CODE, TO PRO-
7 VIDE A CORRECT CODE REFERENCE; AND DECLARING AN EMERGENCY AND PROVIDING
8 RETROACTIVE APPLICATION.
9

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

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

13 63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD -- SCHOOL LEVY EX-
14 EMPTION. (1) For each tax year, the first one hundred twenty-five thousand
15 dollars (\$125,000) of the market value for assessment purposes of the home-
16 stead as that term is defined in section 63-701, Idaho Code, or fifty percent
17 (50%) of the market value for assessment purposes of the homestead as that
18 term is defined in section 63-701, Idaho Code, whichever is the lesser, shall
19 be exempt from property taxation.

20 (2) (a) Beginning in 2025, an additional property tax exemption shall
21 be granted to a homeowner who qualifies under this section, to exempt
22 the homestead from all property tax levies authorized in title 33, Idaho
23 Code, for a homestead that is occupied by at least one (1) qualifying
24 school-age child.

25 (b) For purposes of this subsection, "qualifying school-age child"
26 means any child five (5) to eighteen (18) years of age who is not en-
27 rolled in a taxpayer-funded public school district or public charter
28 school, is not the beneficiary of any education-related public assis-
29 tance from the state of Idaho, and is either enrolled in a private school
30 or privately instructed by, or at the direction of, such child's parent
31 or guardian.

32 (c) A homeowner is not entitled to this exemption if the homestead is
33 occupied by any number of children five (5) to eighteen (18) years of
34 age who do not meet the qualifications provided in paragraph (b) of this
35 subsection.

36 ~~(2) (3)~~ (3) The exemption allowed by this section may be granted only if:

37 (a) The homestead is owner-occupied and used as the primary dwelling
38 place of the owner. The homestead may consist of part of a multidwelling
39 or multipurpose building and shall include all of such dwelling or
40 building except any portion used exclusively for anything other than
41 the primary dwelling of the owner. The presence of an office in a home-
42 stead, which office is used for multiple purposes, including business

1 and personal use, shall not prevent the owner from claiming the exemp-
2 tion provided in this section; and

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

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

8 (i) He is making application for the exemption or exemptions al-
9 lowed by this section;

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

11 (iii) He has not made application in any other county for the ex-
12emption or exemptions and has not made application for the exemp-
13tion or exemptions on any other homestead in the county.

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

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

27 (f) For the purpose of this section, the definition of "primary
28 dwelling place" shall be the same definition set forth in section
29 63-701(8), Idaho Code.

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

32 ~~(3)~~ (4) The county assessor of each county shall prescribe and make
33 available forms to be used by a homeowner to apply for the homestead exemp-
34 tion or exemptions provided in this section. The homeowner shall provide on
35 such forms the homeowner's full name, date of birth, complete address, and
36 most recent previous complete address. The homeowner shall also provide,
37 if applicable, such homeowner's state-issued driver's license number or
38 state-issued identification card number.

39 ~~(4)~~ (5) An owner need make application for the exemption or exemptions
40 described in ~~subsection (1)~~ subsection (1) or (2) of this section only once,
41 as long as all of the following conditions are met:

42 (a) The owner has received the exemption or exemptions during the pre-
43 vious year as a result of making a valid application as set forth in sub-
44 section ~~(2)(e)~~ (3)(c) of this section.

45 (b) The owner or beneficiary, partner, member or shareholder, as appro-
46 priate, still occupies the same homestead for which the owner made ap-
47 plication.

48 (c) The homestead described in paragraph (b) of this subsection is
49 owner-occupied or occupied by a beneficiary, partner, member or share-

holder, as appropriate, and used as the primary dwelling place of the owner or beneficiary, partner, member or shareholder, as appropriate.

~~(5)~~ (6) The ~~exemption~~ exemptions 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)~~ (7) 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~~ any 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)(e)(iii)~~ (3)(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 dis-

1 close relevant information to the appropriate county assessor, board
2 of county commissioners, county clerk, and county treasurer and to the
3 secretary of state. Information disclosed to county officials and the
4 secretary of state by the state tax commission under this subsection:

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

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

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

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

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

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

27 (iii) The taxpayer may appeal the imposition of the penalty pro-
28 vided in paragraph (a) (iii) of this subsection within thirty (30)
29 days of the date the county assessor sent the notice to the tax-
30 payer pursuant to this section.

31 (e) For purposes of calculating the tax, the amount of the recovered
32 property tax shall be for each year the ~~exemption~~ exemptions allowed by
33 this section ~~was~~ were improperly claimed or approved, up to a maximum
34 of seven (7) years. The amount of the recovery of property tax shall be
35 calculated using the product of the amount of exempted value for each
36 year multiplied by the levy for that year plus costs, late charges, and
37 interest for each year at the rates equal to those provided for delin-
38 quent property taxes during that year.

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

45 (g) Recovered property taxes shall be billed, collected and dis-
46 tributed in the same manner as property taxes, except each taxing dis-
47 trict or unit shall be notified of the amount of any recovered property
48 taxes included in any distribution.

49 (h) Thirty (30) days after the taxpayer is notified, as provided in
50 paragraph (a) of this subsection, the assessor shall record a notice

1 of intent to attach a lien. Upon the payment in full of such recov-
 2 ered property taxes prior to the attachment of the lien as provided in
 3 paragraph (i) of this subsection, or upon the successful appeal by the
 4 taxpayer, the county assessor shall record a rescission of the intent to
 5 attach a lien within seven (7) business days of receiving such payment
 6 or within seven (7) business days of the county board of equalization
 7 decision granting the appeal. If the real property is sold to a bona
 8 fide purchaser for value prior to the recording of the notice of the in-
 9 tent to attach a lien, the county assessor and treasurer shall cease the
 10 recovery of such unpaid recovered property tax.

11 (i) Any unpaid recovered property taxes shall become a lien on the real
 12 property in the same manner as provided for property taxes in section
 13 63-206, Idaho Code, except such lien shall attach as of the first day of
 14 January in the year following the year the county assessor sent the no-
 15 tice to the taxpayer pursuant to this section.

16 (j) For purposes of the limitation provided by section 63-802, Idaho
 17 Code, moneys received pursuant to this subsection as recovery of prop-
 18 erty tax shall be treated as property tax revenue.

19 ~~(7)~~ (8) The legislature declares that ~~this exemption is~~ these exemp-
 20 tions are necessary and just.

21 ~~(8)~~ (9) A homestead that previously qualified for exemption under this
 22 section in the preceding year shall not lose such qualification due to: the
 23 owner's, beneficiary's, partner's, member's or shareholder's absence in the
 24 current year by reason of active military service or because the homestead
 25 has been leased because the owner, beneficiary, partner, member or share-
 26 holder is absent in the current year by reason of active military service.
 27 An owner subject to the provisions of this subsection must apply for the ex-
 28 emption with the county assessor every year on or before a deadline date as
 29 specified by the county assessor for the county in which the homestead is
 30 claimed. If an owner fails to apply on or before the established deadline,
 31 the county may, at its discretion, discontinue the exemption for that year.
 32 This subsection shall not apply to the additional homeowner exemption autho-
 33 riized in subsection (2) of this section.

34 ~~(9)~~ (10) A homestead that previously qualified for exemption under
 35 this section in the preceding year shall not lose such qualification due
 36 to the owner's, beneficiary's, partner's, member's or shareholder's death
 37 during the year of the owner's, beneficiary's, partner's, member's or share-
 38 holder's death and the tax year immediately following such death, provided
 39 that the homestead continues to be a part of the owner's, beneficiary's,
 40 partner's, member's or shareholder's estate. After such time, the new owner
 41 shall reapply to receive ~~the~~ any exemption pursuant to this section and shall
 42 meet the qualification criteria contained in this section.

43 ~~(10)~~ (11) The amount by which each exemption approved under this sec-
 44 tion exceeds one hundred thousand dollars (\$100,000) may, in the discretion
 45 of the governing board of a taxing district, be deducted from the new con-
 46 struction roll for the following year prepared by the county assessor in ac-
 47 cordance with section 63-301A, Idaho Code, but only to the extent that the
 48 amount exceeds the same deduction made in the previous year.

49 ~~(11)~~ (12) By July 1, 2023, the state tax commission shall establish a
 50 database of all active exemptions claimed under this section, which database

1 shall be searchable by a person's name and by the address of the homestead for
 2 which the exemption is claimed. The database shall be made accessible to of-
 3 ficials listed in subsection ~~(6) (b)~~ (7) (b) of this section for the purpose of
 4 verifying that:

- 5 (a) Multiple active exemptions have not been claimed by the same per-
 6 son; and
 7 (b) A person's residence for voting purposes is the same as the home-
 8 stead for which such person has an active exemption pursuant to this
 9 section, if an exemption is so claimed.

10 SECTION 2. That Section 63-301A, Idaho Code, be, and the same is hereby
 11 amended to read as follows:

12 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare
 13 a new construction roll, which shall be in addition to the property roll,
 14 which new construction roll shall show:

- 15 (a) The name of the taxpayer;
 16 (b) The description of the new construction, suitably detailed to meet
 17 the requirements of the individual county;
 18 (c) The amount of taxable market value added to the property on the cur-
 19 rent year's property roll that is directly the result of new construc-
 20 tion;
 21 (d) The amount of taxable market value added as provided in subsection
 22 (3) (f) of this section as a result of dissolution of any revenue alloca-
 23 tion area; and
 24 (e) The amount of taxable market value to be deducted to reflect the ad-
 25 justments required in this paragraph:
 26 (i) Any board of tax appeals or court-ordered value change, if
 27 property has a taxable value lower than that shown on any new con-
 28 struction roll in any one (1) of the immediate five (5) tax years
 29 preceding the current tax year;
 30 (ii) Any reduction in value resulting from correction of value im-
 31 properly included on any previous new construction roll as a re-
 32 sult of double or otherwise erroneous assessment;
 33 (iii) Any reduction in value resulting from the exemption provided
 34 in section 63-602W(4), Idaho Code, in any one (1) of the immediate
 35 five (5) tax years preceding the current tax year; and
 36 (iv) Any voluntary reduction in value reflecting a portion of cer-
 37 tain homestead exemptions as provided in section 63-602G~~(10)~~ (11),
 38 Idaho Code.

39 (2) As soon as possible, but in any event by no later than the first Mon-
 40 day in June, the new construction roll shall be certified to the county audi-
 41 tor and a listing showing the amount of value on the new construction roll in
 42 each taxing district or unit shall be forwarded to the state tax commission
 43 on or before the fourth Monday in July. Provided however, the value shown
 44 in subsection (3) (e) of this section shall be reported to the appropriate
 45 county auditor by the state tax commission by the third Monday in July and the
 46 value sent by the county auditor to each taxing district. The value estab-
 47 lished pursuant to subsection (3) (e) of this section is subject to correc-
 48 tion by the state tax commission until the first Monday in September, and any

1 such corrections shall be sent to the appropriate county auditor, who shall
2 notify any affected taxing districts.

3 (3) Except as otherwise provided in this subsection, the value shown on
4 the new construction roll shall include ninety percent (90%) of the taxable
5 market value increase from:

6 (a) Construction of any new structure that previously did not exist,
7 once it is completed and taxable;

8 (b) Additions or alterations to existing nonresidential structures;

9 (c) Installation of new or used manufactured housing that did not pre-
10 viously exist within the county;

11 (d) Property newly taxable as a result of loss of the exemption provided
12 by section 63-602W(3) or (4), Idaho Code;

13 (e) The construction of any improvement or installation of any equip-
14 ment used for or in conjunction with the generation of electricity and
15 the addition of any improvement or equipment intended to be so used, ex-
16 cept property that has a value allocated or apportioned pursuant to sec-
17 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-
18 ity as those terms are defined in section 61-332A, Idaho Code, or that
19 is owned by a public utility as that term is defined in section 61-332A,
20 Idaho Code, owning any other property that is allocated or apportioned.
21 No replacement equipment or improvements may be included;

22 (f) Provided such increases do not include increases already reported
23 on the new construction roll as permitted in paragraphs (i) and (j) of
24 this subsection, increases in value over the base value of property on
25 the base assessment roll within an urban renewal revenue allocation
26 area that has been terminated pursuant to section 50-2909(4), Idaho
27 Code, to the extent that this increment exceeds the incremental value as
28 of December 31, 2006, or, for revenue allocation areas formed after De-
29 cember 31, 2006, eighty percent (80%) of the increment value. Notwith-
30 standing other provisions of this section, the new construction roll
31 shall not include new construction located within an urban renewal dis-
32 trict's revenue allocation area, except as provided in this paragraph;

33 (g) New construction, in any one (1) of the immediate five (5) tax years
34 preceding the current tax year, allowable but never included on a new
35 construction roll, provided however, that for such property the value
36 on the new construction roll shall reflect the taxable value that would
37 have been included on the new construction roll for the first year in
38 which the property should have been included;

39 (h) Formerly exempt improvements on state college-owned or state uni-
40 versity-owned land for student dining, housing, or other education-re-
41 lated purposes approved by the state board of education and board of
42 regents of the university of Idaho as proper for the operation of such
43 state college or university, provided such improvements were never in-
44 cluded on any previous new construction roll;

45 (i) Increases in base value when due to previously determined incre-
46 ment value added to the base value as required in sections 50-2903 and
47 50-2903A, Idaho Code, due to a modification of the urban renewal plan.
48 In this case, the amount added to the new construction roll will equal
49 eighty percent (80%) of the amount by which the increment value in the
50 year immediately preceding the year in which the base value adjustment

1 described in this subsection occurs exceeds the incremental value as of
 2 December 31, 2006, or, for revenue allocation areas formed after Decem-
 3 ber 31, 2006, the entire increment value; and

4 (j) Increases in base value when due to previously determined incre-
 5 ment value added to the base value as a result of a de-annexation within
 6 a revenue allocation area as defined in section 50-2903, Idaho Code.
 7 In this case, the amount added to the new construction roll will equal
 8 eighty percent (80%) of the amount by which the increment value in the
 9 year immediately preceding the year in which the de-annexation de-
 10 scribed in this subsection occurs exceeds the incremental value as of
 11 December 31, 2006, or, for revenue allocation areas formed after Decem-
 12 ber 31, 2006, the entire increment value within the area subject to the
 13 de-annexation.

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

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

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

31 SECTION 3. That Section 63-3077, Idaho Code, be, and the same is hereby
 32 amended to read as follows:

33 63-3077. INFORMATION FURNISHED TO CERTAIN OFFICIALS. (1) The state
 34 tax commission, under such rules as it may prescribe, may disclose tax re-
 35 turns or tax information to:

36 (a) The commissioner of internal revenue of the United States or his
 37 delegate or the financial management services of the department of the
 38 treasury of the United States; or

39 (b) The proper officer of any state imposing a tax similar to a tax to
 40 which this section applies or the multistate tax commission or its dele-
 41 gate or the governing entity of the international fuels tax agreement or
 42 its delegate;

43 of any taxpayer making or who may be required to make returns, with the state
 44 tax commission or may furnish to such officer or his authorized representa-
 45 tive an abstract or copy of any tax return or tax information or any infor-
 46 mation disclosed by the report of any audit or investigation relating to any
 47 taxpayer; but such permission shall be granted or information furnished to
 48 such officer or his representatives only if the statutes of the United States

1 or such other state, as the case may be, grant substantially similar privi-
2 leges to the state tax commission.

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

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

10 (4) Any resident or part-year resident individual taxpayer making an
11 income tax return shall furnish the state tax commission with the location
12 of any residential property owned by the taxpayer and occupied by the tax-
13 payer as his primary dwelling place on the first day of January of the year
14 following the year to which the tax return relates. The state tax commis-
15 sion is hereby authorized and empowered to deliver to the county assessor
16 of any county of the state of Idaho and the Idaho secretary of state infor-
17 mation relating to a taxpayer's place of residence or domicile. The infor-
18 mation may be used by county assessors and boards of equalization to assist
19 in determining the validity of any homeowner's entitlement to the exemption
20 provided in section 63-602G, Idaho Code. Each county assessor shall deliver
21 to the state tax commission all information such assessor has received from
22 a taxpayer pursuant to the provisions of section 63-602G~~(3)~~(4), Idaho Code.
23 All information relating to a taxpayer that is furnished to the Idaho sec-
24 retary of state may be used by the Idaho secretary of state to assist in de-
25 termining a person's residence for voting purposes as provided in section
26 34-107(2), Idaho Code, and for candidate qualifications as provided in sec-
27 tion 34-701(3), Idaho Code. Information disclosed to county officials under
28 this subsection may be used only for purposes described in this subsection
29 and is not otherwise subject to public disclosure.

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

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

38 SECTION 4. An emergency existing therefor, which emergency is hereby
39 declared to exist, this act shall be in full force and effect on and after its
40 passage and approval, and retroactively to January 1, 2025.