

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 610

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING SECTION 63-602G, IDAHO CODE, TO REVISE A PROVISION REGARDING THE HOMESTEAD TAX EXEMPTION; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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, 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.

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

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

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

11 (3) The county assessor of each county shall prescribe and make avail-
12 able forms to be used by a homeowner to apply for the homestead exemp-
13 tion provided in this section. The homeowner shall provide on such forms the home-
14 owner's full name, date of birth, complete address, and most recent previ-
15 ous complete address. The homeowner shall also provide, as applicable, such
16 homeowner's Idaho state-issued driver's license number or Idaho state-is-
17 sued identification card number, except that such requirement shall not ap-
18 ply to a homeowner in active military service for the initial application for
19 the exemption and during such time as the homeowner meets the qualifications
20 provided in subsection (8) of this section. If the homeowner applying for
21 the exemption provided in this section has not been domiciled in Idaho for
22 at least ninety (90) days and does not have an Idaho state-issued driver's
23 license or Idaho state-issued identification card, the homeowner shall pro-
24 vide an Idaho state-issued driver's license number or an Idaho state-issued
25 identification card number to the county assessor within ninety (90) days of
26 submitting such homeowner's initial application for the exemption.

27 (4) An owner need make application for the exemption described in sub-
28 section (1) of this section only once, as long as all of the following condi-
29 tions are met:

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

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

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

40 (5) (a) The exemption allowed by this section shall be effective on the
41 date of eligibility status change provided on the approved application
42 for the current tax year and must be taken before the reduction in taxes
43 provided by sections 63-701 through 63-710, Idaho Code, is applied.

44 (b) If the eligibility status of the property eligible for the exemp-
45 tion changes during the tax year, the property taxes shall be prorated
46 based on the property's eligibility status during the year. The levy
47 rate shall be multiplied against the market value for assessment pur-
48 poses of the property, and the resulting tax due shall be divided by
49 three hundred sixty-five (365) days, or by three hundred sixty-six
50 (366) days if the tax year is a leap year, for the daily tax amount and

1 then multiplied by the number of days of the year such property has a
 2 given exemption eligibility status. For an owner who qualifies for the
 3 homeowner exemption, the property taxes shall be calculated using the
 4 market value for assessment purposes, reduced by the exemption amount
 5 provided in subsection (1) of this section. The levy rate shall be
 6 multiplied against such value and divided by three hundred sixty-five
 7 (365) days, or by three hundred sixty-six (366) days if the tax year is
 8 a leap year, and then multiplied by the number of days such person is
 9 eligible for the exemption.

10 (c) If the eligibility status of the property changes during the tax
 11 year, the taxable value of the homestead or the tax amount shall be ad-
 12 justed in one (1) of the following ways:

13 (i) If the property becomes eligible before the second Monday of
 14 July, the reduced taxable value shall be entered on the property
 15 roll pursuant to section 63-301, Idaho Code, and the homeowner
 16 property tax relief roll pursuant to section 63-724(4), Idaho
 17 Code;

18 (ii) If the property becomes eligible on or after the second Mon-
 19 day of July, property taxes due shall be calculated as provided
 20 in paragraph (b) of this subsection and any reduction in property
 21 tax will result in a cancellation or refund as provided in section
 22 63-1202, Idaho Code;

23 (iii) If the property becomes ineligible for the exemption before
 24 the second Monday of July, any additional taxable value shall be
 25 entered on the property roll pursuant to section 63-301, Idaho
 26 Code, and the homeowner property tax relief roll pursuant to sec-
 27 tion 63-724(4), Idaho Code;

28 (iv) If the property becomes ineligible for the exemption on or
 29 after the second Monday of July but no later than the fourth Monday
 30 of November, the additional value shall be assessed and entered on
 31 the subsequent or missed property roll pursuant to the provisions
 32 of section 63-301, Idaho Code; or

33 (v) If the property becomes ineligible for the exemption on or af-
 34 ter the fourth Monday of November, the tax on the additional value
 35 may be calculated as provided in paragraph (b) of this subsection
 36 and billed as provided for the recovery of the property tax exemp-
 37 tion pursuant to this subsection.

38 (6) Recovery of property tax exemptions allowed by this section but im-
 39 properly claimed or approved:

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

46 (ii) Upon discovery of evidence, facts or circumstances indicat-
 47 ing any exemption allowed by this section was improperly claimed
 48 or approved, the county assessor shall decide whether the exemp-
 49 tion claimed should have been allowed and, if not, notify the tax-
 50 payer in writing, assess a recovery of property tax and notify the

1 county treasurer of this assessment. If the county assessor de-
2 termined that an exemption was improperly approved as a result of
3 county error, the county assessor shall present the discovered ev-
4 idence, facts or circumstances from the improperly approved ex-
5 emption to the board of county commissioners, at which time the
6 board may waive a recovery of the property tax and notify such tax-
7 payer in writing.

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

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

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

28 (b) Upon request by a county assessor conducting an investigation under
29 paragraph (a) of this subsection, or when information indicating that
30 an improper claim for the exemption allowed by this section is discov-
31 ered by the state tax commission, the state tax commission shall dis-
32 close relevant information to the appropriate county assessor, board
33 of county commissioners, county clerk, and county treasurer and to the
34 secretary of state. Information disclosed to county officials and the
35 secretary of state by the state tax commission under this subsection:

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

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

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

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

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

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

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

12 (e) For purposes of calculating the tax, the amount of the recovered
13 property tax shall be for each year the exemption allowed by this sec-
14 tion was improperly claimed or approved, up to a maximum of seven (7)
15 years. The amount of the recovery of property tax shall be calculated
16 using the product of the amount of exempted value for each year multi-
17 plied by the levy for that year plus costs, late charges, and interest
18 for each year at the rates equal to those provided for delinquent prop-
19 erty taxes during that year.

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

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

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

42 (i) Any unpaid recovered property taxes shall become a lien on the real
43 property in the same manner as provided for property taxes in section
44 63-206, Idaho Code, except such lien shall attach as of the first day of
45 January in the year following the year the county assessor sent the no-
46 tice to the taxpayer pursuant to this section.

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

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

1 (8) A homestead that previously qualified for exemption under this sec-
2 tion in the preceding year shall not lose such qualification due to: the
3 owner's, beneficiary's, partner's, member's or shareholder's absence in the
4 current year by reason of active military service or religious mission or be-
5 cause the homestead has been leased because the owner, beneficiary, partner,
6 member or shareholder is absent in the current year by reason of active mil-
7 itary service or religious mission. For purposes of this subsection, "reli-
8 gious mission" means service performed for a religious organization, where
9 the owner, beneficiary, partner, member, or shareholder is required to relo-
10 cate from the homestead for the duration of the mission but intends to return
11 to the homestead upon the completion of the mission. An owner subject to the
12 provisions of this subsection must apply for the exemption with the county
13 assessor every year on or before a deadline date as specified by the county
14 assessor for the county in which the homestead is claimed. If an owner fails
15 to apply on or before the established deadline, the county may, at its dis-
16 cretion, discontinue the exemption for that year.

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

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

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

38 (a) Multiple active exemptions have not been claimed by the same per-
39 son; and

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

43 (12) Increases in taxable value resulting from any change in status of
44 a property formerly or newly receiving the homeowner exemption shall be in-
45 cluded by the county assessor on the property roll or subsequent property
46 roll required pursuant to section 63-301, Idaho Code.

47 SECTION 2. An emergency existing therefor, which emergency is hereby
48 declared to exist, this act shall be in full force and effect on and after its
49 passage and approval, and retroactively to January 1, 2026.