

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 345

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE TAXATION OF FOREST LANDS; AMENDING SECTION 63-1703, IDAHO  
2 CODE, TO ESTABLISH AN APPEALS PROCESS IF A COUNTY ASSESSOR DETERMINES  
3 THAT A PROPERTY NO LONGER MEETS THE DEFINITION OF "FOREST LAND" AND TO  
4 MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY.  
5

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

7 SECTION 1. That Section 63-1703, Idaho Code, be, and the same is hereby  
8 amended to read as follows:

9 63-1703. CERTAIN FOREST LANDS TO BE DESIGNATED FOR TAXATION BY OWNER  
10 -- LIMITATIONS. For the purposes of appraisal, assessment and taxation un-  
11 der the provisions of this chapter, all forest lands in parcels of five (5) or  
12 more acres but less than five thousand (5,000), whether contiguous or not, as  
13 long as such parcels are held in common ownership, must be designated by the  
14 forest landowner to be subject to the provisions of either subsection (a) or  
15 (b) of this section. A forest landowner cannot have parcels designated un-  
16 der the provisions of both subsections (a) and (b) of this section at one (1)  
17 time. If the forest landowner fails to make a designation, his forest lands  
18 shall be subject to appraisal, assessment and taxation under the provisions  
19 of section 63-1702, Idaho Code. Once a designation is made by the forest  
20 landowner, such designation must remain in effect until the designation pe-  
21 riod expires, unless the forest lands are transferred to another owner using  
22 a different taxing category; in such case, the taxing category of the trans-  
23 ferred forest lands shall be the same as that maintained by the new owner.

24 A forest landowner may change the designation of all forest lands in  
25 common ownership at the end of any designation period, subject to the re-  
26 capture of any deferred taxes due as a result of such change. After January  
27 1 and by December 31 of the tenth year of each designation period, the for-  
28 est landowner must notify the county assessor of any change in forest land  
29 designation. Failure to notify the county assessor will result in the con-  
30 tinuation of the landowner's present designation until the end of the next  
31 designation period.

32 Any substantial change in the use of forest lands not conforming with  
33 the definition of "forest land" in section 63-1701, Idaho Code, during such  
34 ten (10) year period under the designations made in subsection (a) or (b) of  
35 this section shall be reported by the landowner to the county assessor within  
36 thirty (30) days of the change in use. Upon notification of the change in use  
37 or a determination by the assessor that the land no longer meets the defini-  
38 tion of "forest land" in section 63-1701, Idaho Code, the assessor shall ap-  
39 praise, assess and tax those acres as provided by applicable laws and rules.  
40 Failure to notify the assessor of the change in use when forest lands have  
41 been designated as subject to the provisions of subsection (a) or (b) of this  
42 section shall cause forfeiture of such designation, and cause that property

1 to be appraised, assessed and taxed as provided in section 63-1702, Idaho  
2 Code. If there are deferred taxes subject to recapture as a result of loss  
3 of forest land designation, the assessor shall take no action to supply de-  
4 ferred tax amounts to the county treasurer before the taxpayer has been no-  
5 tified and provided an opportunity to appeal the decision of the assessor to  
6 the county board of equalization. Said appeal shall be considered timely if  
7 filed with the county clerk within thirty (30) days of receipt of the notifi-  
8 cation of the decision of the assessor. Upon the filing of a timely appeal,  
9 the taxpayer shall be given at least ten (10) days' notice of the date and lo-  
10 cation of the next meeting of the county board of equalization at which the  
11 appeal shall be considered. Once the appeal is considered, the county board  
12 of equalization shall notify the appellant of the decision, which is further  
13 appealable pursuant to section 63-511, Idaho Code.

14 Forest lands designated for assessment pursuant to the provisions of  
15 section 63-1706, Idaho Code, shall be subject to the recapture of deferred  
16 taxes upon removal of such designation, a substantial change in use, or  
17 ownership transfer, except that there shall be no recapture initiated upon  
18 ownership transfer of forest lands designated as subject to the provisions  
19 of section 63-1706, Idaho Code, to a landowner with forest lands already des-  
20 ignated as subject to the provisions of section 63-1706, Idaho Code, prior to  
21 the transfer, or who so designates his lands to be subject to the provisions  
22 of section 63-1706, Idaho Code. In the event payment is offered or made, it  
23 shall be accepted by the county treasurer and applied in the manner of pay-  
24 ment of other property tax.

25 The dollar amount of deferred taxes subject to recapture shall be deter-  
26 mined by the county assessor by applying current tax levies against the cur-  
27 rent values that would have been in effect if the lands were subject to ap-  
28 praisal and assessment during the current year under the provisions of sec-  
29 tion 63-1705, Idaho Code, if there has been a change in ownership or a re-  
30 moval of designation, or section 63-1702, Idaho Code, if there has been a  
31 change in use with no change in ownership, which amount shall be multiplied  
32 by the number of years that the lands have been subject to the designation un-  
33 der section 63-1706, Idaho Code. The amount of the deferred tax shall accrue  
34 through designation periods, up to a maximum of ten (10) years, and shall ap-  
35 ply to the most recent ten (10) years in which the parcel has been designated  
36 under the provisions of section 63-1706, Idaho Code. A credit shall be al-  
37 lowed for taxes actually paid under the provisions of section 63-1706, Idaho  
38 Code, for an identical ten (10) year period, up to the total amount of the  
39 deferred taxes. All deferred amounts shall be a lien against the land. De-  
40 ferred tax amounts shall be calculated by the county assessor on forms pre-  
41 scribed by the state tax commission. Deferred tax amounts shall be supplied  
42 by the county assessor to the county treasurer by May 15 of the year follow-  
43 ing conveyance or within thirty (30) days of the lapsing or conclusion of the  
44 appeals procedure provided in this section with regard to the removal of the  
45 forest land designation, or of learning of a change in use. All deferred tax  
46 amounts shall be due and payable to the county treasurer on demand and shall  
47 become delinquent if not paid by the demand due date specified by the county  
48 treasurer on the forms prescribed by the state tax commission. If the de-  
49 ferred tax is not paid as provided ~~above~~ in this section, the payment becomes  
50 delinquent and subject to late charges, and interest in the amounts provided

1 in sections 63-201(12) and 63-1001, Idaho Code, and subject to collection in  
2 the manner as set forth in chapter 10, title 63, Idaho Code. Estimated de-  
3 ferred tax amounts may be held by the county treasurer in a tax anticipation  
4 account from the date of conveyance until June 1 of the year following con-  
5 veyance.

6 The county treasurer shall cause the deferred taxes and any penalty and  
7 interest paid pursuant to the provisions of this section to be apportioned to  
8 the various taxing authorities within which the property subject to the tax  
9 is located in the same manner as property taxes.

10 (a) A forest landowner may choose to have his forest land assessed, ap-  
11 praised and taxed under the provisions of section 63-1705, Idaho Code, by  
12 filing such choice with the county assessor on a form prescribed by the state  
13 tax commission. Designation filed pursuant to section 63-1705, Idaho Code,  
14 shall become effective the first day of January following the year of desig-  
15 nation.

16 (b) A forest landowner may choose to have his forest land assessed, ap-  
17 praised and taxed under the provisions of section 63-1706, Idaho Code, by  
18 filing such choice with the county assessor on a form prescribed by the state  
19 tax commission. Designation filed pursuant to section 63-1706, Idaho Code,  
20 shall become effective the first day of January following the year of desig-  
21 nation.

22 (c) All forest products or timber harvested from investment lands  
23 not designated as subject to the provisions of section 63-1702, 63-1705  
24 or 63-1706, Idaho Code, and delivered to a point of utilization as logs or  
25 semiprocessed forest products, except those forest products harvested for  
26 the domestic use of the landowner under the provisions of section 63-1708,  
27 Idaho Code, shall be subject to the yield tax at the time of harvest in the  
28 same manner provided for in section 63-1706, Idaho Code.

29 SECTION 2. An emergency existing therefor, which emergency is hereby  
30 declared to exist, this act shall be in full force and effect on and after its  
31 passage and approval.