

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 560, As Amended in the Senate

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO TAXATION; AMENDING SECTION 63-602K, IDAHO CODE, TO PROVIDE FOR
2 THE VALUATION OF AGRICULTURAL LAND, TO PROVIDE FOR CERTAIN RATES AND
3 PRICES, AND TO REDESIGNATE THE SECTION; AMENDING SECTION 63-509, IDAHO
4 CODE, TO REMOVE A CODE REFERENCE AND TO MAKE A TECHNICAL CORRECTION; AND
5 AMENDING SECTION 63-602, IDAHO CODE, TO REMOVE A CODE REFERENCE AND TO
6 MAKE TECHNICAL CORRECTIONS.
7

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

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

11 ~~63-602K205C. PROPERTY EXEMPT FROM TAXATION -- SPECULATIVE PORTION OF~~
12 ~~VALUE VALUATION OF AGRICULTURAL LAND. (1) The speculative portion of the~~
13 ~~market value of land actively devoted to agriculture is exempt from taxation~~
14 ~~its actual use value. Actual use value shall be established by capitaliza-~~
15 ~~tion of economic rent or long-term average crop rental at a capitalization~~
16 ~~rate that shall be either the rate of interest charged by lenders in the~~
17 ~~local area for agricultural property loans or by the Spokane office of the~~
18 ~~farm credit system, each averaged over the immediate past five (5) years,~~
19 ~~whichever is higher, plus the local tax rate.~~

20 (2) "Land actively devoted to agriculture" means that property defined
21 by section 63-604, Idaho Code. For purposes of this section, the act of plat-
22 ting land actively devoted to agriculture does not, in and of itself, cause
23 the land to lose its status as land being actively devoted to agriculture if
24 the land otherwise qualifies for the exemption under this section.

25 (3) ~~"Speculative portion" shall mean that portion of the value of agri-~~
26 ~~cultural land which represents the excess over the actual use value of such~~
27 ~~land established by comparable sales data compared to value established by~~
28 ~~capitalization of economic rent or long-term average crop rental at a cap-~~
29 ~~italization rate which shall be the rate of interest charged by the Spokane~~
30 ~~office of the farm credit system averaged over the immediate past five (5)~~
31 ~~years plus a component for the local tax rate Land actively devoted to agri-~~
32 ~~culture shall not be valued at its speculative value as development property~~
33 ~~until the use has changed and it is no longer actively devoted to agricul-~~
34 ~~ture.~~

35 (4) Rental rates, interest rates, commodity prices, and input prices or
36 other landlord expenses typical to the county of the property being assessed
37 shall be used.

38 (5) The state tax commission shall adopt rules implementing the pro-
39 visions of this section which that shall provide the procedure by which
40 it shall establish economic rent, average crop rental, and capitalization
41 rates and for the publication of crop prices and the discount rate to be used
42 to determine the capitalization rate shall be established.

1 SECTION 2. That Section 63-509, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 63-509. DELIVERY OF ROLLS TO COUNTY AUDITOR -- ABSTRACTS OF ROLLS. (1)
4 On or before the second Monday of July, the board of equalization must de-
5 liver the property rolls, with all changes, corrections and additions and
6 exemptions from taxation entered therein, to the county auditor. It shall
7 be the duty of the county auditor to cause to be prepared the roll for de-
8 livery to the county tax collector on or before the first Monday of Novem-
9 ber. It shall be the duty of the county auditor to cause to be prepared a
10 total of the amount and value of each category of property and prepare an
11 abstract of all the property entered upon the roll in the manner and form
12 required by the state tax commission. Such forms must show, but need not
13 be limited to, the market value for assessment purposes of all property by
14 categories and the exemptions from taxation allowed by categories. Any ab-
15 stracts needed by and prepared for the state tax commission must be deliv-
16 ered to the state tax commission by the fourth Monday of July. The abstracts
17 will show the increment value as defined in section 50-2903, Idaho Code, in
18 any revenue allocation area established pursuant to chapters 20 and 29, ti-
19 tle 50, Idaho Code, and the value of exemptions granted pursuant to sections
20 63-602G, ~~63-602K~~, 63-602P, 63-602X, 63-602AA, 63-602BB and 63-602CC, Idaho
21 Code, as well as the net taxable value for each of the categories. The ab-
22 stracts shall be prepared and duly verified and must show a correct classi-
23 fication of all the property in accordance with the classification of such
24 property upon the property roll, and all matters and things required to be
25 shown upon the abstracts must be entered.

26 (2) The subsequent property roll shall be delivered to the county audi-
27 tor as soon as possible after the first Monday in December. The county au-
28 ditor shall deliver the subsequent property roll to the county tax collector
29 without delay.

30 (3) The missed property roll shall be delivered to the county auditor as
31 soon as possible, but no later than the first Monday in March of the succeed-
32 ing year. The county auditor shall deliver the missed property roll to the
33 county tax collector without delay.

34 (4) The county auditor must cause to be prepared abstracts of the com-
35 bined subsequent and missed property rolls as prescribed in subsection (1)
36 of this section and submit the abstracts to the state tax commission on or be-
37 fore the first Monday in March of the succeeding year.

38 SECTION 3. That Section 63-602, Idaho Code, be, and the same is hereby
39 amended to read as follows:

40 63-602. PROPERTY EXEMPT FROM TAXATION. (1) Property shall be exempt
41 from taxation as provided in titles 21, 22, 25, 26, 31, 33, 39, 41, 42, 49, 50,
42 67 and 70, Idaho Code, and in chapters 6, 24, 30, 35 and 45, title 63, Idaho
43 Code; provided, that no deduction shall be made in assessment of shares of
44 capital stock of any corporation or association for exemptions claimed under
45 this section, and provided further, that the term "full cash value" wherever
46 used in this act shall mean the actual assessed value of the property as to
47 which an exemption is claimed.

1 (2) The use of the words "exclusive" or "exclusively" in this chapter
2 shall mean used exclusively for any one (1) or more, or any combination, of,
3 the exempt purposes provided hereunder and property used for more than one
4 (1) exempt purpose, pursuant to the provisions of sections 63-602A through
5 63-60200, Idaho Code, shall be exempt from taxation hereunder as long as the
6 property is used exclusively for one (1) or more or any combination of the
7 exempt purposes provided hereunder.

8 (3) All exemptions from property taxation claimed shall be approved an-
9 nually by the board of county commissioners or unless otherwise provided:

10 (a) Exemptions pursuant to sections 63-602A, 63-602F, 63-602I,
11 63-602J, ~~63-602K for land of more than five (5) contiguous acres,~~
12 63-602L(1), 63-602M, 63-602R, 63-602S, 63-602U, 63-602V, 63-602W,
13 63-602Z, 63-602DD(1), 63-602EE, 63-60200, 63-2431, 63-3502, 63-3502A
14 and 63-3502B, Idaho Code, do not require application or approval by the
15 board of county commissioners. For all other exemptions in title 63,
16 Idaho Code, the process of applying is as specified in the exemption
17 statutes or, if no process is specified and application is necessary to
18 identify the property eligible for the exemption, annual application is
19 required. Exemptions in other titles require no application.

20 (b) For exemptions that require an application, provided such exemp-
21 tions are for property otherwise subject to assessment by the county
22 assessor, the application must be made to the county commissioners by
23 April 15 and the taxpayer and county assessor must be notified of any de-
24 cision by May 15, unless otherwise provided by law. The decision of the
25 county commissioners and any subsequent assessment notices sent to the
26 taxpayer may be appealed to the county board of equalization pursuant to
27 sections 63-501 and 63-501A, Idaho Code.

28 (c) For exemptions that require an application, provided such exemp-
29 tions are for property otherwise subject to assessment by the state tax
30 commission, application for exemption shall be included with the an-
31 nual operator's statement as required pursuant to section 63-404, Idaho
32 Code. Notice of the decision and its effect on the assessment will be
33 provided in accordance with procedures specified in chapter 4, title
34 63, Idaho Code. Appeals shall be made to the state tax commission in ac-
35 cordance with section 63-407, Idaho Code.

36 (4) An owner of property that is intended for a tax-exempt purpose may
37 apply to the board of county commissioners for a provisional property tax ex-
38 emption, pursuant to section 63-1305C, Idaho Code.