

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 560

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 PROVIDE THAT CERTAIN RULES MUST BE APPROVED BY BOTH THE  
4 SENATE AND THE HOUSE OF REPRESENTATIVES; AMENDING SECTION 63-509, IDAHO  
5 CODE, TO REMOVE A CODE REFERENCE AND TO MAKE A TECHNICAL CORRECTION; AND  
6 AMENDING SECTION 63-602, IDAHO CODE, TO REMOVE A CODE REFERENCE AND TO  
7 MAKE TECHNICAL CORRECTIONS.  
8

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

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

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

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

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

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

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

1 used to determine the capitalization rate shall be established. However,  
2 notwithstanding the provisions of section 67-5291, Idaho Code, or any other  
3 provision of law to the contrary, any such rule, if not approved by both the  
4 senate and the house of representatives by concurrent resolution, shall be  
5 deemed rejected and shall not be effective.

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

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

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

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

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

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

45 63-602. PROPERTY EXEMPT FROM TAXATION. (1) Property shall be exempt  
46 from taxation as provided in titles 21, 22, 25, 26, 31, 33, 39, 41, 42, 49, 50,  
47 67 and 70, Idaho Code, and in chapters 6, 24, 30, 35 and 45, title 63, Idaho

1 Code; provided, that no deduction shall be made in assessment of shares of  
2 capital stock of any corporation or association for exemptions claimed under  
3 this section, and provided further, that the term "full cash value" wherever  
4 used in this act shall mean the actual assessed value of the property as to  
5 which an exemption is claimed.

6 (2) The use of the words "exclusive" or "exclusively" in this chapter  
7 shall mean used exclusively for any one (1) or more, or any combination, of  
8 the exempt purposes provided hereunder and property used for more than one  
9 (1) exempt purpose, pursuant to the provisions of sections 63-602A through  
10 63-60200, Idaho Code, shall be exempt from taxation hereunder as long as the  
11 property is used exclusively for one (1) or more or any combination of the  
12 exempt purposes provided hereunder.

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

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

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

33 (c) For exemptions that require an application, provided such exemp-  
34 tions are for property otherwise subject to assessment by the state tax  
35 commission, application for exemption shall be included with the an-  
36 nual operator's statement as required pursuant to section 63-404, Idaho  
37 Code. Notice of the decision and its effect on the assessment will be  
38 provided in accordance with procedures specified in chapter 4, title  
39 63, Idaho Code. Appeals shall be made to the state tax commission in ac-  
40 cordance with section 63-407, Idaho Code.

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