

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 633

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXES; AMENDING SECTION 63-602GG, IDAHO CODE, TO REVISE
A REQUIREMENT FOR A PROPERTY TAX EXEMPTION FOR CERTAIN LOW-INCOME HOUS-
ING AND TO MAKE TECHNICAL CORRECTIONS.

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

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

63-602GG. PROPERTY EXEMPT FROM TAXATION -- LOW-INCOME HOUSING OWNED
BY NONPROFIT ORGANIZATIONS. (1) As provided in this section, low-income
housing owned by nonprofit organizations shall be exempt from taxation.

(2) In order to qualify as a nonprofit organization under this section,
an organization must demonstrate that:

(a) It is organized as a nonprofit corporation pursuant to chapter 30,
title 30, Idaho Code, or pursuant to equivalent laws in the applicable
state of incorporation; and

(b) It has received an exemption from taxation from the internal rev-
enue service pursuant to section 501(c)(3) of the Internal Revenue
Code; and

(c) No proceeds or tax benefits of the organization or from the low-in-
come housing property owned by the organization shall inure to any indi-
vidual or for-profit entity other than normal employee compensation.

(3) In order to qualify for the exemption provided in this section, the
low-income housing property shall meet the following qualifications:

(a) Both legal and equitable title to the property is solely owned by
the nonprofit organization seeking the exemption and is managed by the
owner or a ~~related~~ another nonprofit organization qualifying for the
exemption set forth in section 63-602C, Idaho Code; and

(b) Tenants shall not be evicted based upon their inability to pay for
a period of three (3) months if such inability is due to a catastrophic
event that is not under the tenant's control. For purposes of this sub-
section, "catastrophic event" means a medical condition or injury in
which sudden, serious and unexpected symptoms of illness or injury are
sufficiently severe to render the tenant unable to participate in em-
ployment and such illness or injury has been certified by one (1) or more
licensed physicians and/or psychiatrists or psychologists. The term
"catastrophic event" does not apply to individuals who voluntarily re-
move themselves from the workforce; and

(c) Except for a manager's unit, all of the housing units in the low-in-
come housing property are dedicated to low-income housing in the fol-
lowing manner: Fifty-five percent (55%) of the units shall be rented
to those earning sixty percent (60%) or less of the median income for
the county in which the housing is located; twenty percent (20%) of the

1 units shall be rented to those earning fifty percent (50%) or less of the
2 median income of the county in which the housing is located; and twenty-
3 five percent (25%) of the units shall be rented to those earning thirty
4 percent (30%) or less of the median income for the county in which the
5 housing is located.

6 (4) The exemption provided in this section shall not apply:

7 (a) If the project is financed after the effective date of this act and
8 applicable law permits the payment of property taxes with federal or
9 state funds, grants, loans or subsidies; or

10 (b) If the property is receiving federal project-based assistance,
11 as provided by 42 U.S.C. ~~sections~~ 1437f(d)(2), 1437f(f)(6), and
12 1437f(o)(13); or

13 (c) To any property used by a taxpayer to qualify for tax credits under
14 the provisions of 26 U.S.C. chapter 42 or any successor programs until
15 such time as the property is solely owned by a nonprofit organization as
16 defined in this section and is no longer utilized to receive federal tax
17 credits.

18 (5) Notwithstanding any other provision of this section, a low-income
19 housing property shall be exempt from taxation due to undue hardship if:

20 (a) The property was financed prior to the effective date of this act;
21 and

22 (b) Such financing was dependent upon the tax-exempt status of the
23 property; and

24 (c) The law does not allow additional federal or state revenues to be
25 available for the payment of property taxes.

26 (6) Nothing in this section shall affect the qualification of proper-
27 ties for tax-exempt status under other provisions of title 63, Idaho Code.