

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 78

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXES; PROVIDING A SHORT TITLE; AMENDING SECTION 63-602G, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE HOMEOWNER PROPERTY TAX EXEMPTION AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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

SECTION 1. SHORT TITLE. This act shall be known and may be cited as the "Property Tax Fairness Act."

SECTION 2. That Section 63-602G, Idaho Code, be, and the same is hereby amended to read as follows:

63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD HOMEOWNER.

(1) (a) For each tax year 2023 and each year thereafter, subject to annual adjustment as provided in paragraph (b) of this subsection, 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%) fifty-five percent (55%) 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, not to exceed two hundred twenty-four thousand three hundred sixty dollars (\$224,360), shall be exempt from property taxation.

(b) For tax year 2024 and each year thereafter, the state tax commission shall calculate adjustments to the maximum property tax exemption pursuant to this section by a percentage equal, as near as practicable, to the annual change in the United States all-transactions house price index for the state of Idaho as determined by the federal housing finance agency. Each year, the state tax commission shall divide the quarterly all-transactions house price index for the state of Idaho from the fourth quarter of the most recently completed year by the same index from the fourth quarter of the prior year. The calculated adjustment shall be multiplied by the most recent maximum exemption amount in order to determine the new maximum exemption amount to be effective that year. Provided, however, the maximum property tax exemption under this section shall not be less than two hundred twenty-four thousand three hundred sixty dollars (\$224,360). The state tax commission shall publish the adjustment and new maximum property tax exemption amount no later than April 15 each year. The publication of adjustments under this subsection shall be exempt from the provisions of chapter 52, title 67, Idaho Code, but shall be posted on the website of the state tax commission and provided to each county assessor.

(2) The exemption allowed by this section may be granted only if:

1 (a) The homestead is owner-occupied and used as the primary dwelling  
2 place of the owner. The homestead may consist of part of a multidwelling  
3 or multipurpose building and shall include all of such dwelling or  
4 building except any portion used exclusively for anything other than  
5 the primary dwelling of the owner. The presence of an office in a home-  
6 stead, which office is used for multiple purposes, including business  
7 and personal use, shall not prevent the owner from claiming the exemp-  
8 tion provided in this section; and

9 (b) The state tax commission has certified to the board of county com-  
10 missioners that all properties in the county subject to appraisal by the  
11 county assessor have, in fact, been appraised uniformly ~~so as~~ to secure  
12 a just valuation for all property within the county; and

13 (c) The owner has certified to the county assessor that:

14 (i) He is making application for the exemption allowed by this  
15 section;

16 (ii) The homestead is his primary dwelling place; and

17 (iii) He has not made application in any other county for the ex-  
18 emption and has not made application for the exemption on any other  
19 homestead in the county.

20 (d) For the purpose of this section, the definition of "owner" shall be  
21 the same definition set forth in section 63-701(7), Idaho Code. When  
22 an "owner," pursuant to the provisions of section 63-701(7), Idaho  
23 Code, is any person who is the beneficiary of a revocable or irrevoca-  
24 ble trust, or who is a partner of a limited partnership, a member of a  
25 limited liability company, or a shareholder of a corporation, he or she  
26 may provide proof of the trust, limited partnership, limited liability  
27 company, or corporation in the manner set forth in section 63-703(4),  
28 Idaho Code.

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

34 (f) For the purpose of this section, the definition of "primary  
35 dwelling place" shall be the same definition set forth in section  
36 63-701(8), Idaho Code.

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

39 (h) For the purpose of this section, the definition of "homestead"  
40 shall be the same definition set forth in section 63-701, Idaho Code.

41 (3) An owner need ~~only~~ make application for the exemption described in  
42 subsection (1) of this section only once, as long as all of the following con-  
43 ditions are met:

44 (a) The owner has received the exemption during the previous year as a  
45 result of ~~his~~ making a valid application as set forth in subsection (2)  
46 (c) of this section.

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

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

5 (4) The exemption allowed by this section shall be effective upon the  
6 date of the application and must be taken before the reduction in taxes pro-  
7 vided by sections 63-701 through 63-710, Idaho Code, is applied.

8 (5) Recovery of property tax exemptions allowed by this section but im-  
9 properly claimed or approved:

10 (a) (i) Prior to granting an exemption, the county assessor shall  
11 investigate whether an applicant for the exemption has claimed the  
12 exemption for another homestead and shall not grant the exemption  
13 where it appears the exemption has been improperly claimed. The  
14 applicant shall be notified of the county assessor's refusal to  
15 grant the exemption.

16 (ii) Upon discovery of evidence, facts, or circumstances indicat-  
17 ing any exemption allowed by this section was improperly claimed  
18 or approved, the county assessor shall decide whether the exemp-  
19 tion claimed should have been allowed and, if not, notify the tax-  
20 payer in writing, assess a recovery of property tax, and notify the  
21 county treasurer of this assessment. If the county assessor de-  
22 termined that an exemption was improperly approved as a result of  
23 county error, the county assessor shall present the discovered ev-  
24 idence, facts, or circumstances from the improperly approved ex-  
25 emption to the board of county commissioners, at which time the  
26 board may waive a recovery of the property tax, and notify such  
27 taxpayer in writing.

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

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

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

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

38 (i) Any unpaid recovered property taxes shall become a lien ~~upon~~ on the  
39 real property in the same manner as provided for property taxes in sec-  
40 tion 63-206, Idaho Code, except such lien shall attach as of the first  
41 day of January in the year following the year the county assessor sent  
42 the notice to the taxpayer pursuant to this section.

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

46 (6) The legislature declares that this exemption is necessary and just.

47 (7) A homestead, ~~having that~~ that previously qualified for exemption under  
48 this section in the preceding year, shall not lose such qualification due  
49 to: the owner's, beneficiary's, partner's, member's or shareholder's ab-  
50 sence in the current year by reason of active military service or because the

1 homestead has been leased because the owner, beneficiary, partner, member or  
2 shareholder is absent in the current year by reason of active military ser-  
3 vice. An owner subject to the provisions of this subsection must apply for  
4 the exemption with the county assessor every year on or before a deadline  
5 date as specified by the county assessor for the county in which the home-  
6 stead is claimed. If an owner fails to apply on or before the established  
7 deadline, the county may, at its discretion, discontinue the exemption for  
8 that year.

9 (8) A homestead, ~~having that~~ previously qualified for exemption under  
10 this section in the preceding year, shall not lose such qualification due  
11 to the owner's, beneficiary's, partner's, member's or shareholder's death  
12 during the year of the owner's, beneficiary's, partner's, member's or share-  
13 holder's death and the tax year immediately following such death, provided  
14 that the homestead continues to be a part of the owner's, beneficiary's,  
15 partner's, member's or shareholder's estate. After such time, the new owner  
16 shall reapply to receive the exemption pursuant to this section and shall  
17 meet the qualification criteria contained in this section.

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

24 (10) By July 1, 2023, the state tax commission shall establish a data-  
25 base of all active exemptions claimed under this section, which database  
26 shall be searchable by a person's name and by the address of the homestead  
27 for which the exemption is claimed. The database shall be made accessible  
28 to officials listed in subsection (5) (b) of this section for the purpose of  
29 verifying that:

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

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

35 SECTION 3. An emergency existing therefor, which emergency is hereby  
36 declared to exist, this act shall be in full force and effect on and after its  
37 passage and approval, and retroactively to January 1, 2023.