

## **Property Tax Frequently Asked Questions**

- **How is property assessed in Idaho?**

All taxable property must be assessed at current market value each year. The county assessor must estimate how much a buyer would pay for the property on January 1. To do this the assessor uses the sales prices from properties in the county to develop guidelines for the assessment of each property. The assessor considers the features that influence what a buyer would pay for property. Some of these features are size, location, quality, age, and condition.

- **Why does the property assessment show a value for improvements when I haven't made any changes to the property?**

For the purpose of assessment for property taxes, the term improvement refers to any buildings, paving, or other structures that add value to the land, regardless of when they were constructed. Improvement does not refer to remodeling, renovating, or upgrading.

- **Am I required to pay property taxes on personal property?**

All non-exempt property, including personal property, is subject to property taxation. Any non-exempt furniture, fixtures, equipment, or machinery used in a business or to generate income is subject to assessment and property taxation. Contact your county assessor for specific exemptions and the form to declare your personal property.

- **What if I disagree with (or want to appeal) the value estimated for my property by the assessor?**

Your county assessor maintains a file of information about your property. If you have questions about the assessment, you may contact your county assessor.

You may contact your county clerk to file an appeal with the board of equalization. (The board of county commissioners meets as the board of equalization.) Most appeals must be filed by the fourth Monday in June. For most assessments, the board of equalization meets to hear appeals between the fourth Monday in June and the second Monday in July.

If you disagree with a decision from the board of equalization, you may appeal that decision within 30 days to the state board of tax appeals or to the district court. Your county clerk has information for filing such an appeal.

- **How is the amount of property taxes that I pay decided?**

The amount of property tax is based on the budget needs of the taxing districts (local governmental units like the county, city, school district, fire district, etc.) within which the property is located. Officials for each taxing district decide the annual budget needed to provide services. The part of the approved budget to be funded by property taxes is

divided by the total taxable value of all properties within the district. The resulting property tax rate is multiplied by the value of your property to calculate the taxes you are to pay. The sum of the taxes to be paid to each district within which your property is located is the total property tax you are to pay.

- **Doesn't the law limit the amount the value can increase from one year to the next?**

No, the law requires current market value as of January 1 each year. This may mean a large or a small decrease or increase in value from the previous year. The market value of all properties in your neighborhood may have increased or decreased from the previous year or the assessor may have discovered better information resulting in the decrease or increase in the estimated value of your property.

- **Doesn't the law limit the amount the property taxes can increase from one year to the next?**

The law does not limit the increase in the property taxes on an individual property but does limit the amount taxing districts (local governmental units) can increase the total revenue to be received from property taxes. Each taxing district can increase the total property tax revenue it will receive by 3% plus a growth factor for new construction and annexation. If the rate of increase in property tax revenue is less than the rate of increase in total taxable value of all property within the taxing district, the property tax rate will decrease. However, property taxes may increase on individual properties if the rate of change in value of that specific property exceeds the rate of change in value of all properties. Additionally, voter approved issues like bonds and overrides may exceed the limitation.

- **Are different types of property taxed at different rates?**

All property types are assessed at 100% of current market value less statutory exemptions and all property types within the boundaries of the same taxing district have the same property tax rate for that taxing district. If the property tax rate is different, the property is within the boundaries of a different taxing district.

- **Is any tax relief available to homeowners?**

Yes, each owner-occupied primary residence (house or manufactured home) is eligible for a homeowner's exemption. You must own and occupy the home prior to April 15, and you must apply at your county assessor's office by April 15. Once you qualify for this exemption, you do not have to reapply unless you move. This exempts 50% of the value of the home up to a maximum exemption of \$50,000 in value.

Additionally, you may qualify for a property tax reduction if you own and occupy your home as your primary residence, meet income requirements, and are either age 65 or older, widow(er), blind, former POW, fatherless or motherless minor, or a qualifying disabled person. You must file an application with the county assessor between January 1 and April 15 each year.

- **I purchased my home after the April 15<sup>th</sup> filing deadline. Will I be able to apply for a homeowner's exemption or property tax reduction benefit for this year?**

A home must be owner occupied before April 15<sup>th</sup> to be eligible for the homeowner's exemption or property tax reduction benefit. You can apply for the homeowner's exemption but will not be eligible to receive the exemption until next year. You cannot apply for the property tax reduction benefit until next year and must meet the remaining eligibility requirements before you will be eligible for this benefit.

- **I applied for a property tax reduction benefit in 2000. Must I apply again this year when nothing has changed?**

Yes, each eligible person must make application each year and document his or her eligibility to receive the property tax reduction benefit.

- **When I was applying for a property tax reduction benefit, I was told I would need to include non-taxable income. If I include the non-taxable income, my income exceeds the limit to qualify for the benefit. If I don't have to pay taxes on this money, why do I have to include it on my property tax reduction application?**

Idaho law defines income for the property tax reduction benefit to be the total income from all sources of the applicant (and spouse if married) minus allowable expenses such as medical expenses.

- **I qualified for a property tax reduction benefit in the amount of \$600.00. Will I owe any property taxes?**

If the total property taxes owed are less than \$600.00 (the amount of your benefit), you will not owe property taxes, but may owe other fees or special taxes. If the total property taxes owed exceed \$600.00, you will owe the difference between the property taxes owed and the \$600.00 plus any other fees or special taxes.

- **I didn't know about this program. I have been eligible for several years. Can I apply for the property tax reduction benefit from prior years?**

You can only apply for and receive the property tax reduction benefit for the current year.

- **What is an occupancy tax?**

If you buy and occupy property after January 1 that has not previously been occupied, you are required to pay the occupancy tax. You will pay the occupancy tax on the building instead of the property tax for the portion of the year after first occupancy. The amount of the occupancy tax is the value of the building(s) prorated for the part of the year after first occupancy multiplied by the property tax rate.