

PROPERTY TAX RULES COMMITTEE
AGENDA

The Committee convenes on Tuesday June 12, 2018, at **9:00 a.m.** at:

Idaho State Tax Commission / Room 1CR5
Plaza IV / 800 Park Ave / Boise, Idaho 83712

Welcome & Introductions	<i>Committee Chair Alan Dornfest</i>
Approval of Minutes – February 27 & May 22, 2018 (3-8)	<i>Committee Chair Alan Dornfest</i>
Temporary Rules Report – 600T, 802T, 803T (9-26)	<i>Committee Chair Alan Dornfest</i>
Rules Status Report – Today, June 12, 2018 (27-30)	<i>Rick Anderson</i>

Rules:

- 1) Rules 613, 614 – Speculation Value for Agricultural Land and Examples (31-44)
- 2) Rule 312 - Application of I.C. 63-602Y to property owned by the government transferred to private party (45)
- 3) Rule 408 - Assessor's request to re-examine operating property value must be filed before July 15 (46)
- 4) Rule 600 – Property tax exemption – Provisional exemption (HB459) (47-48)
- 5) Rule 610 & Rule 709 - Clarification that HOE and Circuit Breaker partial ownership rules apply only when the deed does not contain specific allocation percentages (49-53)
- 6) Rule 630 – New Capital Investments – (adds operating property, HB591) (54-57)
- 7) Rule 702 – Veteran's Benefit – Continued Eligibility After Death of Claimant (58)

- 8) Rule 802 – 1) HB559 deduct provisional exemption 2) New districts or districts newly annexed into RAAs with respect to increment value to be added as new construction later (59-65)
- 9) Rule 803 – 1) HB559 – provisional exemption 2) HB392 – change solar farm 3) HB 567a- cemetery consolidation (66-74)
- 10) Rule 804 – Definition of “base assessment roll” [(I.C. 50-2903(4))] in respect to exempt property (63-602NN) becoming taxable (75-84)
- 11) Rule 962 – (HB462) Forest Land Taxation Rule – Re-classification process to be determined by the Committee on Forest Land Taxation Methodology (85-86)

Discussion Items:

- 1) Agricultural equipment exemption – HB 594a (hops) (87-90)

Next meeting date is July 10, 2018

Adjourn Meeting

For more information, please contact the Committee Chair at alan.dornfest@tax.idaho.gov or at 208.334.7742, or the Rules Coordinator at kimberlee.stratton@tax.idaho.gov or at 208.334.7544. All agendas and rules related documents are posted on our website under the appropriate committee.

Date: February 27, 2018
Time: 9:30 am
Location: 1CR5

ATTENDEES:

Committee Members:	Alan Dornfest, Rick Anderson, Betty Dressen, Bob McQuade, Brian Stender, Chris Rich, Jan Barnard, Janet James, Kathlynn Ireland, Sharon Worley, Steve Fiscus, Glenna Young via phone
Commissioners:	Tom Katsilometes
Rules Coordinator:	Sherry Briscoe
State Tax Commission Staff:	George Brown, Jerott Rudd, Pam Waters
Guests:	Brad Vanderpool, Joe Cox, June Fullmer (via phone), Linda Jones, Meghan Sullivan, Sabrina Young, Terry Accordino

The February 27, 2018, minutes were motioned for approval by Betty Dressen, seconded by Sharon Worley.

Alan Dornfest reviewed the Legislative Report. All of the agency’s rules have been approved. But it was noted, that as far as the question to the assessors, why isn’t the Tax Commission at the table for discussions on operating property tax.

Rick Anderson skimmed through the current Rules Status Report. Only one rule to review, the Incorporation by Reference rule.

Discussion of Open Items:

Property Tax (35.01.03)		
RULE NUMBER	TITLE	STATUS
802	NEW DISTRICTS OR DISTRICTS NEWLY ANNEXED INTO RAAs Discussed change of boundary issues.	Will be reviewed
804	TAX LEVY – CERTIFICATION – URBAN RENEWAL DISTRICTS	
312	PARTIAL YEAR ASSESSMENT OF REAL AND PERSONAL PROPERTY Talked about the NN exemption.	Will be reviewed
408	RE-EXAMINATION OF VALUE – COMPLAINT BY ASSESSOR Problematic date of July 15. Is this in code too? Jerott suggested having a meeting and discussing this further. An afternoon meeting for March 14?	Will be reviewed
610	HOMEOWNER EXEMPTIONS	Will be reviewed

Property Tax Meeting MINUTES

Date: February 27, 2018
 Time: 9:30 am
 Location: 1CR5

	Clarification of the homeowners and partial circuit breaker rules.	
709	PROPERTY TAX REDUCTION BENEFIT PROGRAM – SPECIAL SITUATIONS	
	(was not discussed)	

Next meeting will be in 1CR5 on Tuesday, April 3, at 9:30 am.

Alan Dornfest
Committee Chair

Sherry Briscoe
Rules Coordinator

PROPERTY TAX RULES COMMITTEE MEETING MINUTES

Tuesday May 22, 2018, at 9:00 AM

Idaho State Tax Commission / Room 1CR5 / Plaza IV / 800 Park Ave / Boise, Idaho

ATTENDEES:

Committee Members:	Alan Dornfest, Rick Anderson, Betty Dressen, Brian Stender, Chris Rich, Janet James, Kathlynn Ireland, Sharon Worley, Glenna Young
Commissioners:	Ken Roberts, Tom Katsilometes
Rules Coordinator:	Kimberlee Stratton
State Tax Commission Staff:	George Brown, Jerott Rudd, Pam Waters, Mat Cundiff, Robert Rios, Shauna Roeber
Guests:	Brad Vanderpool, Carlie Foster, Joe Cox, John Foster, June Fullmer, Justin Aman, Linda Jones, Miguel Legarreta, Ray Moore, Sabrina Young, Sally Finlayson, Seth Grigg, Sharon Wiley, Terry Accordinio

Welcome & Introductions

Committee Chair Alan Dornfest

Minutes from last 2 meetings

Committee Chair Alan Dornfest

- Minutes unavailable but will be ready for approval at the next meeting.

Temporary Rules Report – 600, 802 & 803

Committee Chair Alan Dornfest

- Rules will be presented at the open meeting on May 23.
- The chair gave a brief explanation of each rule and said the rule draft was the same as the proposed rule.

Review of Rules Status Report (as attached to agenda)

Rick Anderson

Rules: (Action items are underlined.)

Rule 005 - Future change of address for the ISTC

- The chair stated this rule would not be negotiated. There was a question as to whether the fax number would be the same. Rule was tabled until July

Rule 312 - Application of I.C. 63-602Y to property owned by the government transferred to private party

- Discussion about the wording “owner” and “non-exempt status”.
- Discussion about possibly removing subsection 02.
- The chair said we should send this to the assessors and solicit comments, for consideration, along with George Brown’s legal comments, by the end of May.

Rule 408 - Assessor’s request to re-examine operating property value must be filed before July 15

- The chair stated we are only changing one word, “final” to “preliminary”. Jerott Rudd will contact Katrina (Idaho Power) to see if she has any comments.
- Will make decision on this rule in June.

Rule 600 - Property tax exemption – Provisional exemption (HB459)

- This rules packet was sent to all assessors and they were asked to reply or call the Idaho State Tax Commission with comments.
- Will discuss the permanent version again in June.

Rule 610 & Rule 709 - Clarification that HOE and Circuit Breaker partial ownership rules apply only when the deed does not contain specific allocation percentages

- The chair wants to be as explicit as possible that we will default to the exact words of a deed when there is partial ownership.
- George Brown is okay with this and noted one of the legislators brought this up.
- The draft will be discussed again in June.

Rules 613, 614 - Speculation Value for Agricultural Land and Examples – Subcommittee report

- The sub-committee chairman, Kathlynn Ireland, gave a report. They met two times.
- **Rule 613**
 - Irrigation exemption – decided there needs to be a methodology for calculation that works.
 - Decided there needs to be definitions.
 - Discussed extending the expense timeframe to mirror the one used for income.
 - The chair asked if the Farm Bureau was involved, and they were not. Brian Stender will contact them.
 - The chair gave his timeline for doing this rule this year.
- **Rule 614**
 - They are introducing a third methodology by combining cash rent and crop sharing techniques in a new example.
 - The draft also addresses what crops should be used as typical when developing crop rotation information.
 - The sub-committee will bring a second draft to the June meeting.
 - Discussed adding an example and the sub-committee will look into it.
- **Discussion about both rules**
 - Discussed doing the rule now or waiting due to the revaluation of agricultural land which is happening this year. There was discussion of a temporary rule and the chair clarified that a temporary rule is only done for a limited circumstance and would not be appropriate in this case.
 - Discussed that the assessors are sending their notices next week and they are using the current rule.
 - Discussed if the new methodology will result in a major shift in agricultural values and the sub-committee chair said it would not.
 - Commissioner Roberts asked if we should do these rules for review by the 2020 Legislature. The chair agreed we needed more time. George Brown and Rick Anderson noted we have three months in which we could finish these rules. The group discussed that there are 12 new assessors and it would be good to have this in place.

- Regarding costs related to exempt irrigation equipment, Commissioner Moyle asked if the counties would need additional resources for tracking and if they would need to keep track of actual equipment costs. The sub-committee chair stated that they would only need to use typical benchmark values.
- The chair stated the sub-committee must have a final draft by early August to include these rules this year and this can't wait until after the County Assessors' Conference.
- The chair wants the sub-committee to think about including an example on the irrigation equipment issue.
- Rick Anderson suggested we continue discussion at the next meeting to give more people and the assessors time to review these rules. The chair agreed more comments are needed. It was decided discussion should be carried forward.

Rule 630 - New Capital Investments – (adds operating property, HB591)

- Will relook at the wording. Will change the wording in 6b to clarify that this section addresses locally assessed property rather than “real or personal property”.
- The chair will contact Ken McClure, who presented the legislation, about the rule.
- The chair will redraft this and then send to Ken McClure for review. He will bring this back to the June meeting.

Rule 802 – Budget Certification relating to new construction and annexation: 1) Based on HB559 the rule provides for a deduction of property granted a provisional exemption, but previously included on a new construction roll. 2) The rule also creates procedures for calculating the amount to be added to the new construction roll when there are new districts or districts newly annexed into RAAs

- This is not as clear as it needs to be. The chair will redraft for the June meeting.

Rule 803 - Budget Certification: 1) HB559 – provisional exemption refunds and recapture 2) HB392 – change solar farms date 3) HB 567a- cemetery district consolidation

- Discussed whether taxing districts should know what they've been billed in addition to what they received.
- Discussed if we should add this (first bullet point) back in the permanent rule.
- Committee will readdress.
- Betty Dressen will contact the clerks and the four counties involved with the solar farm issue.

Rule 804 – Tax levy Certification – Urban Renewal Districts. Definition of “base assessment roll” [(I.C. 50-2903(4))] in respect to exempt property becoming taxable

- The committee will read this over to see if this is consistent with practice.
- The committee will also look at the language.
- The chair will rewrite, as necessary, for the June meeting.

Rule 962 - (HB462) Forest Land Taxation Rule – Re-classification process to be determined by the Committee on Forest Land Taxation Methodology (CFTM)

- It was noted that some industry representatives want a lot of detail in the rules.
- Discussed that some industry has requested more notice than just one assessment.
- Discussed the certification of the inspector.

- The chair will redraft and send to CFTM within 2 weeks. He will then bring to the committee to approve, pending additional input from the CFTM.

Discussion Items:

❖ **Veterans' benefit program – surviving spouse**

- Sub-committee chair gave report. They will design the application.
- The chair asked for a draft to be brought to the June meeting.
- The chair asked for the draft to be sent to some veteran's associations for their review and input.

❖ **Agricultural equipment exemption for Hops related equipment – HB594a**

- Rick Anderson has material from some Oregon cases to review.
- Commissioner Roberts wants:
 - Consistency between counties and clarity in the law
 - To clearly delineate in these industries where the line of production stops and processing begins.
- George Brown said the administering agency for each crop needs to define for each crop what that line is.
- Brian Stender said when the crop hits the road the exemption is done.
- George Brown asked when is it a product and not a crop and stated an agriculture expert needs to define that for each crop.
- Commissioner Roberts stated we need to define the words 'production" and "process". He and Brian Stender suggested to the committee that they tour the hops facility and palletizer.
- The chair asked the committee if he should submit a request to the Division of Financial Management to work on a rule. The group affirmed.

The chair asked if Tuesday, June 12 would work for the next meeting and it was affirmed by the group.

The meeting was adjourned.

Alan Dornfest
Committee Chair

Kimberlee Stratton
Rules Coordinator

600T. PROPERTY EXEMPT FROM TAXATION (Rule 600).

Sections 63-602 and 63-1305C, Idaho Code

01. Burden of Proof. The burden of proof of entitlement to the exemption is on the person claiming exemption for the property. (4-4-13)

02. Notice of Decision. (4-4-13)

a. For property subject to local assessment with exemptions requiring annual application as specified in the statute providing the exemption or in Section 63-602(3), Idaho Code, the taxpayer must be notified of the decision of the county commissioners to grant or deny the exemption by May 15 unless a different date is prescribed in the law providing the exemption or if the exemption is provisional, pursuant to Section 63-1305C, Idaho Code. (4-4-13)

b. For property subject to assessment by the State Tax Commission, application for any exemption shall be included with the operator's statement to be submitted as provided in Rule 404 of these rules. (4-4-13)

03. Confidentiality. Information disclosed as part of an application for an exemption is confidential to the extent provided by in Section 74-107, Idaho Code, or elsewhere in law. Information disclosed to the county commissioners as part of the application process for an exemption shall be deemed submitted to the assessor and entitled to any confidentiality that would have been conferred had such information been disclosed initially to the assessor. (4-4-13)

04. Provisional Exemptions. The following definitions apply in determining the extent and process for applying for the provisional exemption provided in section 63-1305C, Idaho Code. (1/1/18)

a. "Property that is being constructed." Property that is being constructed or renovated may include land, buildings, and associated personal property that would receive an exemption once the construction is complete and the property is used for exempt purposes. (1/1/18)

i. If part of the land or other property owned by the entity seeking the exemption is to be used for non-exempt purposes, that part shall not be eligible for the provisional exemption. (1-1-18)

ii. Renovations and personal property related to the exempt purpose of the property, but that add value after the granting of the provisional exemption, shall not be taxed. (1-1-18)

iii. Application for the provisional exemption may be filed with the county commissioners at any time once a building permit is issued or renovation begins. Deadlines for application and notification of the decision of the county commissioners found in Section 63-602(3) do not apply. (1-1-18)

b. “Property owner.” The property owner may apply for the provisional exemption provided the intended use of the property is to fulfill a purpose that is exempt from property tax. The owner must apply for the exemption, but need not be an exempt entity or the intended user.

(1-1-18)

802T. BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION (RULE 802).

Sections 63-802, 63-301A, 63-602W, and 63-602NN, Idaho Code

01. Definitions. (4-5-00)

a. “Change of Land Use Classification.” “Change of land use classification” shall mean any change in land use resulting in a secondary category change and in a change in taxable land value to be reflected on the current property roll. (4-7-11)

b. “Incremental Value as of December 31, 2006.” “Incremental value as of December 31, 2006” means the total of the increment values on the property roll, subsequent property roll, missed property roll, and operating property roll for the 2006 tax year. (4-7-11)

c. “Nonresidential Structure.” “Nonresidential structure” shall mean any structure listed by the assessor in any secondary category not described as residential, manufactured homes, or improvements to manufactured homes in Rule 511 of these rules. (4-2-08)

02. New Construction Roll Listing. “Listing” shall mean a summary report of the net taxable value of property listed on the new construction roll. This listing shall include the taxable value of qualifying new construction throughout each taxing district or unit, but shall not include otherwise qualifying new construction, the value of which will be included in the increment value of any revenue allocation area (RAA) within any urban renewal district encompassed by the taxing district or unit. In addition, new construction related to change of land use classification, but required by section 50-2903(4) to be added to the base assessment roll, cannot be added to any new construction roll. This report is to summarize the value reported on the new construction roll by taxing district or unit. Taxing districts and units shall be listed in the same order that is used for the certification of value required pursuant to Section 63-510(1), Idaho Code. (3-29-12)

a. Qualifying new construction which is valued by the State Tax Commission shall be reported to the county assessor for each applicable taxing district by October 1 and shall be listed by the assessor on the immediate next new construction roll. (3-25-16)

b. Previously allowable new construction that has never been included. When a taxing district proves new construction described by Section 63-301A(3), Idaho Code, occurred during any one of the immediately preceding five (5) years and has never been included on a new construction roll, the county assessor must list that property on the immediate next new construction roll at the value proven by the taxing district. Any such additional new construction must also be separately listed for each taxing district or unit. The taxing district has the burden of proving the new construction was omitted from a new construction roll and the value that would have been listed for that property had it been listed on the appropriate new construction roll. No taxing district shall ever be granted any increase in budget authority greater than the amount that would have resulted had the property been listed on the appropriate new construction roll. Regardless of the year that the new construction should have been listed on the appropriate new construction roll, additional budget authority resulting from new construction previously omitted from a new construction roll and listed on the current year’s new construction roll shall be permitted only if the taxing district is in compliance with the budget hearing notification requirements of Section 63-802A, Idaho Code, for the current year. (3-29-12)

c. Reporting the amount of taxable market value to be deducted. For each taxing district or unit, the new construction roll listing shall separately identify the total amount of taxable market value to be deducted as required in Section 63-301A(1)(f), Idaho Code and Subparagraph 02(c) of this rule. In addition to other requirements, the amount of value deducted shall never exceed the amount originally added to a new construction roll. (3-29-12)(7-1-18)T

d. Determining the amount of taxable market value to be deducted - appeals. The amount of taxable market value to be deducted under Section 63-301A(1)(f)(i), Idaho Code, shall be determined by the highest authority to which the assessment is ultimately appealed. Accordingly, adjustments should not be made until there has been a final decision on any appeal. In addition, the deduction for lower values resulting from appeals shall be made only for

property that was placed on a new construction roll within the immediately preceding five (5) years.

~~(3-29-12)~~(7-1-18)T

e. Determining the amount of taxable market value to be deducted – provisional exemptions. The amount of taxable market value added to the 2016 or 2017 new construction rolls for property subsequently granted a provisional exemption under Section 63-1305C, Idaho Code, shall be deducted from the taxable market value otherwise included on the immediate next new construction roll prepared following the granting of the provisional exemption. (7-1-18)T

03. Special Provisions for Value Increases and Decreases. Special provisions for value increases and decreases related to change of land use classification as defined in Paragraph 802.01.a. of this rule or increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code. (4-4-13)

a. Value increases. Certain related land value increases are to be included on the new construction roll. (4-7-11)

i. Except as provided in Subparagraph 802.03.a.iii., increases in land value shall be reported on the new construction roll in the year in which the new category appears on the current property roll. (4-4-13)

ii. Except as provided in Subparagraph 802.03.a.iii., the increase in taxable land value to be reported shall be computed by subtracting the taxable land value, had the land remained in its previous use category, from the taxable land value in the current use category. (4-4-13)

iii. Subject to the limitations found in Paragraph 802.06.a. of this rule, increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code, shall be reported on the new construction roll in the year the exemption is lost, provided this occurs no later than June 30 of that year. If the exemption is lost after June 30 of a given year, the resulting increase in land value shall be reported on the new construction roll in the immediate following year. (4-4-13)

b. Value decreases. Certain related land value decreases are to be included on the new construction roll and subtracted from total new construction value for any taxing district. The amount of decrease in any one year shall never exceed the amount of value originally added to the new construction roll for the same property. (4-4-13)

i. Value decreases are to be reported only for land for which taxable market value was reduced as a result of change of land use classification or granting of the exemption for site improvements provided in Section 63-602W(4), Idaho Code, during any one (1) of the immediately preceding five (5) years and for which an increase in value due to addition of site improvements or change of land use classification during the same five-year period had been added to a new construction roll. For the site improvement exemption provided in Section 63-602W(4), Idaho Code, the five-year period shall commence with the year following the year the exemption is first granted. For example, if a parcel first received the exemption in 2012, any site improvement related addition to a new construction roll for 2008 or more recently must be subtracted from the 2013 new construction roll, unless the exemption is lost by June 30, 2013, in which case there is no subtraction and no addition to the new construction roll for the loss of this exemption. (4-4-13)

ii. If the current land category is the same as the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall equal the amount originally added. For example, a dry grazing land parcel that would have had a value of ten thousand dollars (\$10,000) became commercial land and was assessed at fifty thousand dollars (\$50,000). The forty thousand dollar (\$40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as dry grazing land and is to be assessed at fifteen thousand dollars (\$15,000). The forty thousand dollar (\$40,000) difference that was added to the year one (1) new construction roll must be deducted from the value shown on the new construction roll in year two (2). (4-7-11)

iii. If the current land category is different than the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall be the lesser of the amount originally added or the amount that would have been added had the first change in land use been from the current land category. For example, a dry grazing land parcel that would have had a value of ten thousand dollars (\$10,000) became commercial

land and was assessed at fifty thousand dollars (\$50,000). The forty thousand dollar (\$40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as irrigated agricultural land and would have had a value in year one (1) of twenty thousand dollars (\$20,000). The amount to be subtracted from the value shown on the new construction roll in year two (2) is thirty thousand dollars (\$30,000). (4-7-11)

iv. Provided the criteria in Subparagraph 802.03.b.i. are met, value decreases resulting from previously included land value becoming exempt are to be reported and subtracted. (4-4-13)

v. Except as provided in Subparagraph 802.03.b.vi., only land value decreases that meet the criteria listed in Subparagraphs 802.03.b.i. or 802.03.b.iv. of this rule and include and result from a change in land secondary category can be considered. (4-4-13)

vi. Provided the criteria in Subparagraph 802.03.b.i. are met, land value decreases resulting from the exemption provided in Section 63-602W(4), Idaho Code, are to be subtracted from the new construction roll in the year immediately following the most recent year in which the exemption has been granted. To comply with the budget adjustments required by Section 63-802, Idaho Code, which limits taxing district budgets based on the highest amount of property tax revenue requested during the previous three (3) years, such subtraction shall be required for up to three (3) years, provided the property continues to receive the exemption. For example, a property for which five hundred thousand dollars (\$500,000) was added to the 2011 new construction roll for site improvements that were added and taxable at that time receives a five hundred thousand dollar (\$500,000) exemption pursuant to Section 63-602W(4), Idaho Code, in 2012. The property continues to receive the exemption in the same amount in 2013, but the exempt amount increases to five hundred twenty thousand dollars (\$520,000) in 2014. The property loses the exemption before June 30, 2015. However, the 2015 value of the site improvements has been determined to be only four hundred thousand dollars (\$400,000) because of market value changes. Therefore, only four hundred thousand dollars (\$400,000) in value is added as a result of the loss of the exemption. Table A shows the effect on each year's new construction roll, while Table B shows the effect on a hypothetical taxing district's maximum allowable property tax budget. (4-4-13)

vii. Table A - Effect on New Construction Roll:

Table A - Effect on New Construction Roll		
Year	Occurrence	Effect on New Construction Roll (for that year)
2011	Site improvements added and taxable	+ \$500,000
2012	Site improvements exempt	NA (no prior year's exemption)
2013	Site improvements exempt	- \$500,000
2014	Site improvements exempt	- \$500,000
2015	Loses site improvement exemption before June 30	+ \$400,000

(4-4-13)

viii. In Table B, assume that the taxing district has a tax levy rate of zero point zero zero two five (0.0025) in 2010, a total taxable value of one hundred million dollars (\$100,000,000) in 2010 and a property tax budget in 2010 that is two hundred fifty thousand dollars (\$250,000) and was the highest of the preceding three (3) years. The total amount of new construction is the amount due to the site improvements and no other value change occurs in the district during the period shown. There are no property tax replacement monies for this district. Beginning in 2011 the taxing district levies the maximum it is allowed each year. The factor of one point zero three (1.03) shown in Table B is used to calculate the allowable three percent (3%) increase. (4-4-13)

ix. Table B - Effect on Hypothetical Taxing District's Maximum Allowable Property Tax Budget:

Table B - Effect on Hypothetical Taxing District's Maximum Allowable Property Tax Budget				
Year	Occurrence	Effect on New Construction Roll (for that year)	Maximum Allowable Property Tax Budget	Calculations
2011	Site improvements added and taxable	+ \$500,000	\$258,750	$(\$250,000 \times 1.03) + (\$500,000 \times 0.0025)$ (tax levy rate = $\$258,750 / \$100,500,000 = 0.002574627$)
2012	Site improvements exempt	NA (no prior year's exemption; no new construction value)	\$266,512	$\$258,750 \times 1.03$ (tax levy rate = $\$266,512 / \$100,000,000 = 0.002665120$)
2013	Site improvements exempt	- \$500,000	\$273,174	$(\$266,512 \times 1.03) - (\$500,000 \times 0.002665120)$ (tax levy rate = $\$273,174 / \$100,000,000 = 0.002731744$)
2014	Site improvements exempt	- \$500,000	\$280,003	$(\$273,174 \times 1.03) - (\$500,000 \times 0.002731744)$ (tax levy rate = $\$280,003 / \$100,000,000 = 0.002800033$)
2015	Loses site improvement exemption before June 30	+ \$400,000	\$289,523	$(\$280,003 \times 1.03) + (\$400,000 \times 0.002731744)$ (tax levy rate = $\$289,523 / \$100,400,000 = 0.002883696$)

(4-4-13)

04. Manufactured Housing. "Installation" of new or used manufactured housing shall mean capturing the net taxable market value of the improvement(s) that did not previously exist within the county. (7-1-97)

05. Partial New Construction Values. Except as provided in Subsection 802.06 of this rule, the net taxable market value attributable directly to new construction shall be reported on the new construction roll in the tax year it is placed on the current assessment roll. Except as provided in Subsection 802.06 of this rule, any increase in a nonresidential parcel's taxable value, due to new construction, shall be computed by subtracting the previous year's or years' partial taxable value(s) from the current taxable value. If any of this difference is attributable to inflation, such value, except as provided in Subsection 802.06 of this rule, shall not be included on the new construction roll.

Example: Assume a partially completed, nonresidential improvement was assessed at ten thousand dollars (\$10,000) as of January 1, 2009. The improvement was occupied February 2, 2009. Assume the ten thousand dollar (\$10,000) value was on the 2009 new construction roll. Assume that in 2010 the improvement is assessed at ninety thousand dollars (\$90,000). Assume there has been no inflation. The value that can be reported on the 2010 new construction roll is calculated as follows:

2010 Value	\$90,000
2009 Value Already Reported on New Construction Roll	<\$10,000>
2010 New Construction Roll Value (this improvement)	\$80,000

(4-7-11)

06. Change in Status.

(4-2-08)

a. A previously exempt improvement which becomes taxable shall not be included on the new construction roll, unless the loss of the exemption occurs during the year in which the improvement was constructed or unless the improvement has lost the exemption provided in Section 63-602W(3) or (4), Section 63-602E(3), or Section 63-602NN, Idaho Code. For any such property, the amount that may be included on the new construction roll shall be the value of the portion of the property subject to the exemption at the time the exemption was first granted. Examples of special cases for the exemption provided in Section 63-602W(4), Idaho Code, follow: (4-4-13)

i. If the exemption is lost by June 30 of the year in which the exempt amount was to be subtracted from the new construction roll, then there shall be no subtraction, nor shall the formerly exempt amount be added, to the new construction roll, unless it had been previously subtracted from a new construction roll. For example, the property first became exempt in 2012, but lost the exemption by June 30, 2013. The 2013 new construction roll was not adjusted downward, so any previous inclusion of the exempt value would not be added in the future. Had the property lost the exemption later in 2013, there would have been a subtraction from the 2013 new construction roll and a subsequent addition to the 2014 new construction roll. (4-4-13)

ii. If the exemption was granted to property for which no value had been added to any new construction roll, the value of the property (site improvements) at the time the exemption was first granted may be added to the new construction roll following loss of the exemption. (4-4-13)

b. Upon receipt by the State Tax Commission of a resolution recommending adoption of an ordinance for termination of an RAA under Section 50-2903(5), Idaho Code, any not previously included positive difference of the most current increment value minus the “incremental value as of December 31, 2006,” or the entire current increment value, if there was no such value as of December 31, 2006, shall be added to the appropriate year’s new construction roll. Upon the effective date of any de-annexation of a portion of an RAA, the immediate prior year’s increment value associated with the parcels in the de-annexed area is to be included in the appropriate year’s new construction roll as described in Paragraph 802.06.d. of this rule, provided such value has not been previously included on any new construction roll. When this information is received after the fourth Monday in July, this positive net increment value shall be added to the following year’s new construction roll. (3-29-17)

c. Upon receipt by the State Tax Commission of an attestation indicating that an urban renewal plan has been modified in such a way as to result in resetting the base value in an RAA, as provided in Section 50-2903A, Idaho Code, increases in base value due to the addition of previously determined increment value may be added to the new construction roll as described in Section 63-301A(3)(j), Idaho Code, provided such value has not previously been included on any new construction roll. In such a case, at termination of the RAA, only new additional increment value following the reset of the base value shall be included on the new construction roll. (3-29-17)

d. When a portion of an RAA is de-annexed, the following steps must be used to determine the amount to be added to the current year’s new construction roll and the amount to be subtracted from the “incremental value as of December 31, 2006.” (4-7-11)

i. Step 1. For the parcels in the de-annexed area, determine the December 31, 2006, increment value. (4-7-11)

ii. Step 2. Subtract the increment value determined in Step 1 from the immediate prior year’s increment

value for the parcels in the de-annexed area. (3-29-17)

iii. Step 3. Add any positive difference calculated in Step 2 to the current year's new construction roll value. (4-7-11)

iv. Step 4. Adjust the "incremental value as of December 31, 2006" for the RAA by subtracting the increment value determined in Step 1. (4-7-11)

v. The following table shows the amount to be added to the current year's new construction roll and the amount to be subtracted from the "incremental value as of December 31, 2006" applicable to the adjusted remaining RAA. The table assumes an area is de-annexed from an original RAA effective December 31, 2016.

Steps (as designated in Paragraph 802.06.c.)	Area	Value
	December 31, 2006, increment value of the original RAA	\$10,000,000
Step 1	December 31, 2006, increment value of the de-annexed area	\$1,000,000
	December 31, 2015, increment value of the de-annexed area	\$3,000,000
Steps 2 and 3	Amount related to the de-annexed area to be added to the 2017 new construction roll	\$2,000,000
Step 4	Adjustment amount to be deducted from the original RAA's "incremental value as of December 31, 2006"	<\$1,000,000>
	Adjusted "incremental value as of December 31, 2006" for the remaining RAA (base for future new construction roll additions upon dissolution of all or part of remaining RAA)	\$9,000,000

(3-29-17)

vi. If the de-annexation in the example in sub-paragraph v. had taken effect prior to the fourth Monday of July, 2016, the 2015 increment value for the affected parcels would have been added to the 2016 new construction roll after subtracting the 2006 increment value. (3-29-17)

vii. The value of operating property increment value to be included on the new construction roll when a de-annexation occurs is computed as shown in the following example:

Sum the previous year's increment values of the locally assessed parcels in the area to be de-annexed	\$15,000,000
Divide this sum by the previous year's increment value of all locally assessed parcels in the RAA	$\$15,000,000 \div \$130,000,000 = .1154$
Multiply by 100 to determine the percentage applicable to the locally assessed parcels located within the area to be de-annexed	$.1154 \times 100 = 11.54\%$
Determine the difference between the operating property increment value in the whole RAA for the year preceding the de-annexation from the 2006 increment value of all operating in the whole RAA	$\$2,000,000 - \$500,000 = \$1,500,000$

Multiply the locally assessed percentage by the increase in the operating property increment value	$11.54\% \times \$1,500,000 = \$173,100$
The value of operating property increment to be included on the new construction roll when a de-annexation occurs	\$173,100

(3-29-17)

07. Limitation on Annexation and New Construction Roll Value. For any taxing district annexing property in a given year, the new construction roll for the following year shall not include value that has been included in the annexation value. When an annexation includes any part of a revenue allocation area, only taxable value that is part of the current base value of the taxing district is to be included in the annexation value reported for that taxing district for the year following the year of the annexation. (3-29-10)

08. Notification of New Construction Roll and Annexation Values. On or before the fourth Monday in July, each county auditor must report the net taxable values on the new construction roll and within annexed areas for each appropriate taxing district or unit to that taxing district or unit. (3-20-04)

803T. BUDGET CERTIFICATION -- DOLLAR CERTIFICATION FORM (L-2 FORM) (RULE 803). Sections 63-602G(5), 63-802, 63-803, 63-3029B(4), 63-3502B, 50-2903A, 50-2913, ~~and~~ 63-3638(11) and (13), and 63-1305C, Idaho, Code.

01. Definitions. (4-5-00)

a. “Dollar Certification Form” (L-2 Form). The Dollar Certification Form (L-2 Form) is the form used to submit to the State Tax Commission the budget request from each board of county commissioners for each taxing district. This form shall be presumed a true and correct representation of the budget previously prepared and approved by a taxing district. The budget will be presumed adopted in accordance with pertinent statutory provisions unless clear and convincing documentary evidence establishes that a budget results in an unauthorized levy and action as provided in Section 63-809, Idaho Code. (4-6-05)

b. “Prior Year’s Market Value for Assessment Purposes.” Prior year’s market value for assessment purposes shall mean the value used to calculate levies during the immediate prior year. This value shall be used for calculating the permanent budget increase permitted for cities, pursuant to Section 63-802(1)(g~~f~~), Idaho Code. (4-2-08)

c. “Annual Budget.” For the purpose of calculating dollar amount increases permitted pursuant to Section 63-802(1), Idaho Code, the annual budget shall include any amount approved as a result of an election held pursuant to Sections 63-802(1)(g~~f~~) or 63-802(1)(h~~g~~), Idaho Code, provided that said amount is certified on the L-2 Form as part of the budget request. If the amount certified does not include the entire amount approved as a result of the election held pursuant to Sections 63-802(1)(g~~f~~) or 63-802(1)(h~~g~~), Idaho Code, then the amount not used shall be added to the foregone increase amount determined for the taxing district. See the following example.

CERTIFIED PROPERTY TAX BUDGET LIBRARY DISTRICT*				
	FY 1999	FY 2000	FY 2001	FY 2002
Annual Budget	\$10,000	\$10,000	\$10,700	\$11,621
3% Increase	\$0	\$300	\$321	\$349
Subtotal	\$10,000	\$10,300	\$11,021	\$11,970
1999 Election Amount	\$0	\$400 of \$1,000	\$600 of \$1,000	\$0
Certified Budget	\$10,000	\$10,700	\$11,621	\$11,970

*The Library District with zero dollars (\$0) in value for new construction and/or annexation approves an additional budget amount of one thousand dollars (\$1,000) in 1999, but only certifies four hundred dollars (\$400) for the year 2000. Note the example does not account for any foregone amount resulting from the district's decision to not increase its budget by three percent (3%) in 1997, 1998 or 1999. (~~4-6-05~~)(7-1-18)T

d. “Property Tax Funded Budget.” Property tax funded budget means that portion of any taxing district’s budget certified to the board of county commissioners, approved by the State Tax Commission, and subject to the limitations of Section 63-802, Idaho Code. (3-20-04)

e. “Recovered/Recaptured Property Tax and Refund Substitute Funds Tax List.” Recovered/recaptured property tax and refund substitute funds list means the report sent by the

county auditor to the appropriate taxing district(s)/unit(s) by the first Monday in August and to the State Tax Commission with the L-2 Forms, listing the amount of revenue distributed, or refunds charged, to each appropriate taxing district/unit ~~as recovery of property tax or other payments~~ during the twelve (12) month period ending June 30 each year under the following sections:

~~(5-8-09)~~(7-1-18)T

- i. Section 63-602G(5), Idaho Code; and (5-8-09)
- ii. Section 63-3029B(4), Idaho Code; and (5-8-09)
- iii. Section 63-602KK(7), Idaho Code, for personal property exempted after 2013 for which no replacement money was paid; and (3-29-17)
- iv. Section 63-3502B(2), Idaho Code, for distributions of gross earnings tax on solar farms; and (3-29-17)
- v. Section 50-2903A(3), Idaho Code, for distributions of urban renewal allocations in excess of the amount necessary to pay indebtedness, when required; and (3-29-17)
- vi. Section 50-2913(3)(c), Idaho Code, for distributions of urban renewal allocations in excess of the amount received during the immediate prior tax year, when required; and ~~(3-29-17)~~ (7-1-18)T
- vii. Section 63-1305C(3), Idaho Code for revoked provisional property tax exemptions; and (7-1-18)T
- viii. Section 63-1305C(6), Idaho Code, for refunds related to provisional property tax exemptions. (7-1-18)T

f. “Taxing District/Unit.” Taxing district/unit means any governmental entity with authority to levy property taxes as defined in Section 63-201, Idaho Code, and those noncountywide governmental entities without authority to levy property taxes but on whose behalf such taxes are levied or allocated by an authorized entity such as the county or city for such entities as county road and bridge funds or urban renewal agencies, respectively. (4-6-05)

g. “New Taxing District.” For property tax budget and levy purposes, new taxing district means any taxing district for which no property tax revenue has previously been levied. See the Idaho Supreme Court case of Idaho County Property Owners Association, Inc. v. Syringa General Hospital District, 119 Idaho 309, 805 P.2d 1233 (1991). (4-2-08)

02. Budget Certification. The required budget certification shall be made to each board of county commissioners representing each county in which the district is located by submitting the completed and signed L-2 Form prescribed by the State Tax Commission. Unless otherwise provided for in Idaho Code, budget requests for the property tax funded portions of the budget shall not exceed the amount published in the notice of budget hearing if a budget hearing notice is

required in Idaho Code for the district. The levy approved by the State Tax Commission shall not exceed the levy computed using the amount shown in the notice of budget hearing. (3-20-14)

03. Budget Certification Requested Documents. Using the completed L-2 Form, each board of county commissioners shall submit to the State Tax Commission a budget request for each taxing district in the county that certifies a budget request to finance the property tax funded portion of its annual budget. The board of county commissioners shall only submit documentation specifically requested by the State Tax Commission. (3-29-17)

a. Forgone increase documentation. For any taxing district submitting a budget including previously forgone increases, required documentation includes a copy of the resolution certifying the amount of the forgone increase being included and the specific purpose for which this increase is being budgeted. Each such taxing district must submit the resolution to the board of county commissioners representing each county in which the district is located along with the L-2 Form. The board of county commissioners must attach a copy of the resolution to be submitted to the State Tax Commission along with the L-2 Form. Such submittal will constitute submittal to the State Tax Commission. (3-29-17)

b. Forgone increase disclaimer. Any resolution to disclaim the right to recover an annual increase in the forgone amount must state the amount of such forgone increase being disclaimed and must be submitted to the board of county commissioners representing each county in which the district is located along with the L-2 Form. The board of county commissioners must attach a copy of the resolution to be submitted to the State Tax Commission along with the L-2 Form. Such submittal will constitute submittal to the State Tax Commission. The following table illustrates calculation of the maximum forgone amount that may be disclaimed in 2018:

Step	Description	Comments
1	2017 maximum property tax \$10,000. This is an increase of \$1,000 from 2016.	The district has no prior forgone balance.
2	The district certifies \$9,800 in 2017.	The district now has \$200 in forgone balance.
3	2018 maximum property tax \$11,000. (not including \$200 forgone)	
4	2018 property tax budgeted (to be submitted for certification) is \$10,600	This amount is approved to be levied and would generate \$400 in additional forgone balance.
5	2018 maximum amount of forgone increase that may be disclaimed by the district is \$400.	If the district disclaims the full \$400, their forgone balance remains at \$200.

(3-28-18)

04. L-2 Form Contents. Each taxing district or unit-completing an L-2 Form shall include the following information on or with this form. (3-20-04)

a. “Department or Fund.” Identify the department or fund for which the taxing district is requesting a budget for the current tax year. (4-5-00)

b. “Total Approved Budget.” List the dollar amount of the total budget for each department or fund identified. The amounts must include all money that a taxing district has a potential to spend at the time the budget is set, regardless of whether funds are to be raised from property tax. (4-5-00)

c. “Cash Forward Balance.” List any money retained, but intended to be fund the approved budget being certified on the L-2 form. ~~(4-11-15)~~(7-1-18)T

d. “Other Revenue not Shown in Column 5.” List the revenue included in the total approved budget to be derived from sources other than property tax or money brought forward from a prior year. For example, sales tax revenue is included. (3-15-02)

e. “Property Tax Replacement.” Report the following amounts received for the 12 month period ending June 30 of the current tax year: ~~(5-8-09)~~ (7-1-18)T

i. The amount of money received annually under Section 63-3638(11), Idaho Code, as replacement revenue for the agricultural equipment exemption under Section 63-602EE, Idaho Code; (4-11-15)

ii. The amount of money received as recovery of property tax exemption under Section 63-602G(5), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(5-8-09)~~(7-1-18)T

iii. The amount of money received as recapture of the property tax benefit under Section 63-3029B(4), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(4-11-15)~~(7-1-18)T

iv. The amount of money received ~~annually~~ under Section 63-3638(13), for the personal property exemption under 63-602KK(2), Idaho Code; ~~(3-29-17)~~(7-1-18)T

v. The amount of money received ~~annually~~ under Section 63-602KK(7), Idaho Code, for personal property exempted after 2013, for which no replacement money was paid, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(3-29-17)~~(7-1-18)T

vi. The amount of money received ~~in the 12 month period ending June 30 of the current tax year~~ as a result of distributions of the gross earning tax on solar farms, as provided in Section 63-3502B(2), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(3-29-17)~~(7-1-18)T

vii. The amount of money received ~~in the 12 month period ending June 30 of the current tax year~~ as a result of distributions of urban renewal allocations in excess of the amount necessary to pay indebtedness, as provided in Section 50-2903A(3), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(3-29-17)~~ (7-1-18)T

viii. The amount of money received ~~in the 12-month period ending June 30 of the current tax year~~ as a result of distributions of urban renewal allocations in excess of the amount received by the urban renewal agency in the immediate prior year, as provided in Section 50-2913(3)(c), Idaho Code and listed on the “Recovered/recaptured property tax and refund substitute funds list;” and ~~(3-29-17)~~(7-1-18)T

ix. The amount of money received as a result of distributions of recovered property tax for revoked provisional property tax exemptions pursuant to Section 63-1305C(3), Idaho Code.
(7-1-18)T

f. “Balance to be Levied.” Report the amount of money included in the total approved budget to be derived from property tax. (3-15-02)

g. Other Information. Provide the following additional information. (4-5-00)

i. The name of the taxing district or unit; (3-20-04)

ii. The date of voter approval (if required by statute) and effective period for any new or increased fund which is exempt from the budget limitations in Section 63-802, Idaho Code; (4-5-00)

iii. The signature, date signed, printed name, address, and phone number of an authorized representative of the taxing district; and (5-3-03)

iv. For a hospital district which has held a public hearing, a signature certifying such action. (4-5-00)

v. For any taxing district including previously forgone increases in their budget or disclaiming any forgone increase, an attestation to having held the required public hearing on the resolution to include or disclaim the forgone amount. (3-28-18)

h. Attached Information. Other information submitted to the county auditor with the L-2 Form. (4-6-05)

i. For all taxing districts, L-2 worksheet. (3-20-04)

ii. For newly formed recreation or auditorium districts, a copy of the petition forming the district showing any levy restrictions imposed by that petition. (3-20-04)

iii. For any new ballot measures (bonds, overrides, permanent overrides, supplemental maintenance and operations funds and plant facility funds), notice of election and election results. (3-20-04)

iv. Voter approved fund tracker. (3-20-04)

v. For fire districts, a copy of any new agreements with utility companies providing for payment of property taxes by that utility company to that fire district. (3-20-04)

vi. For any city with city funded library operations and services at the time of consolidation with any library district, each such city must submit a certification to the board of county commissioners and the board of the library district reporting the dedicated portion of that city's property tax funded library fund budget and separately reporting any portion of its property tax funded general fund budget used to fund library operations or services at the time of the election for consolidation with the library district. (3-20-04)

vii. For any library district consolidating with any city that had any portion of its property tax funded budget(s) dedicated to library operations or services at the time of the election for consolidation, each such library district must submit to the board of county commissioners a copy of the certification from that city reporting the information provided for in Subparagraph 803.04.h.vi. of this rule. (4-6-05)

viii. For any taxing district including previously forgone increases in their budget or disclaiming any forgone increase, a copy of the resolution describing the amount of the forgone increase being disclaimed or the amount included and specific purpose for which it is being included. (3-28-18)

05. Special Provisions for Fire Districts Levying Against Operating Property. To prevent double counting of public utility property values, for any year following the first year in which any fire district increases its budget using the provision of Section 63-802(2), Idaho Code, such fire district shall not be permitted further increases under this provision unless the following conditions are met: (3-30-01)

a. The fire district and public utility have entered into a new agreement of consent to provide fire protection to the public utility; and (3-30-01)

b. Said new agreement succeeds the original agreement; and (3-30-01)

c. In the first year in which levies are certified following the new agreement, the difference between the current year's taxable value of the consenting public utility and public utility value used in previous budget calculations made pursuant to this section is used in place of the current year's taxable value of the consenting public utility. (3-30-01)

06. Special Provisions for Property Tax Replacement and Refunds Pursuant to Section 63-1305C(6), Idaho Code. Property tax replacement monies must be reported on the L-2 Form and separately identified on accompanying worksheets. Except as provided in Paragraph 803.06.f of this rule, for all taxing districts, these monies must be subtracted from or, in the case of refunds, not included in, the "balance to be levied". The reduced balance shall be used to compute levies, ~~but~~ The maximum amount permitted pursuant to Section 63-802(1), Idaho Code, shall be based on the sum of these property tax replacement monies including recoveries received pursuant to Section 63-1305C(3), Idaho Code, but excluding monies received pursuant to 63-3502B(2), Idaho Code, and the amount actually levied. Each taxing district's proportionate share

of refunds pursuant to Section 63-1305C(6), Idaho Code, as reported in Paragraph 01(e) of this rule, must be subtracted from the maximum amount permitted pursuant to Section 63-802(1), Idaho Code. ~~(3-29-17)~~ (7-1-18)T

a. The State Tax Commission shall, by the fourth Monday of July, notify each county clerk if the amount of property tax replacement money, pursuant to Sections 63-3638(11) and (13), Idaho Code, to be paid to a taxing district changes from the amount paid in the preceding year. By the first Monday of May, the State Tax Commission shall further notify each school district and each county clerk of any changes in the amount of property tax replacement money to be received by that school district pursuant to Sections 63-3638(11) and (13), Idaho Code. (4-11-15)

b. By no later than the first Monday of August of each year, each county clerk shall notify each appropriate taxing district or unit of the total amount of property tax replacement monies and the type of replacement money as described in Paragraph 04(e) of this rule. For charter school districts subject to the provisions of Paragraph (06)(f) of this rule, the amount to be subtracted shall be reported. (3-29-17)

c. Except as provided in Paragraph 803.06.d. of this rule, the subtraction required in Subsection 803.06 of this rule may be from any fund(s) subject to the limitations of Section 63-802, Idaho Code. For school districts this subtraction must be first from funds subject to the limitations of Section 63-802, Idaho Code, then from other property tax funded budgets. (5-8-09)

d. For taxing districts receiving distributions of the gross earning tax on solar farms described in Section 63-3502B(2), Idaho Code, the amount of any such distribution received during the 12 months ending June 30 of the current tax year shall be subtracted from the maximum amount of property tax revenue permitted pursuant to Section 63-802, Idaho Code. In addition to the amounts reported as described in Paragraph (06)(b) of this rule, the county clerk shall, by the ~~third~~ first Monday in August, notify each taxing unit of the total amount of the gross earnings tax on solar farms billed for the current tax year. ~~(3-29-17)~~(7-1-18)T

e. Levy limits shall be tested against the amount actually levied. (3-15-02)

f. For charter school districts with a levy in 2013 for maintenance and operations, as provided in Section 33-802(6), Idaho Code, a portion of the property tax replacement money received for property subject to the exemption in Section 63-602KK, Idaho Code, is not required to be subtracted in determining the “balance to be levied.” Said portion shall be the amount calculated by applying the 2013 levy rate for the maintenance and operations levy amount, as authorized in the district’s charter, to the 2013 exempt value of personal property used to compute replacement money provided to the school district. (4-11-15)

g. For recovered personal property exemptions, as provided in Section 63-602KK(7), Idaho Code, for personal property exempted in 2013 for which replacement money was paid, recovered amounts shall be distributed to the State Tax Commission. Once received, the amount of future payments to the affected taxing districts shall be reduced by the amount received. (3-25-16)

07. Special Provisions for Library Districts Consolidating with Any City's Existing Library Operations or Services. For any library district consolidating with any city's existing library operations or services, the amount of the dedicated property tax funded general fund and library fund budgets certified by the city under Subparagraph 803.04.h.vi., of this rule shall be added to that library district's property tax funded budget in effect at the time of the election for consolidation. This total shall be used as this district's property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code.
(4-6-05)

08. Special Provisions for Cities with Existing Library Operations or Services Consolidating with Any Library District. For any city with existing library operations or services at the time of consolidation with any library district, the amount of the dedicated property tax funded library fund budget included in the certification by the city under Subparagraph 803.04.h.vi., of this rule shall be subtracted from that city's total property tax funded budget in effect at the time of the election for the consolidation. This difference shall be used as this city's property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code.
(4-6-05)

09. Special Provisions for Calculating Total Levy Rate for Taxing Districts or Units with Multiple Funds. Whenever the "Calculated Levy Rate" column of the L-2 Form indicates that a levy rate has been calculated for more than one (1) fund for any taxing district or unit, the "Column Total" entry must be the sum of the levy rates calculated for each fund. Prior to this summation, the levy rates to be summed must be rounded or truncated at the ninth decimal place. No additional rounding is permitted for the column total.
(4-6-05)

10. Special Provisions for School Districts' Tort Funds - Hypothetical New Construction Levy. To calculate the new construction portion of the allowed annual increase in a school district's tort fund under Section 63- 802(1), Idaho Code, calculate a Hypothetical New Construction Levy. To calculate this hypothetical levy, sum the amount of the school district's tort fund levied for the prior year, the agricultural equipment replacement revenue, and personal property replacement revenue, then divide this sum by the school district's taxable value used to determine the tort fund's levy for the prior year. For the current year, the allowed tort fund increase for new construction is this Hypothetical New Construction Levy times the current year's new construction roll value for the school district.
(3-25-16)

11. Special Provisions for Interim Abatement Districts. When an interim abatement district transitions into a formally defined abatement district under Section 39-2812, Idaho Code, the formally defined abatement district shall not be considered a new taxing district as defined in Paragraph 803.01.g. of this rule for the purposes of Section 63-802, Idaho Code. For the formally defined abatement district, the annual budget subject to the limitations of Section 63-802, Idaho Code, shall be the amount of property tax revenue approved for the interim abatement district.
(4-02-08)

12. Cross Reference for School Districts with Tuition Funds. School district tuition fund levies are exempt from the limitations of Section 63-802, Idaho Code. See Section 33-1408, Idaho Code. (4-11-15)

**Property Tax Rules Status Report
2018 – 2019 Rules
June 12, 2018**

Rule No.	Neg? notice date	Subject Matter	Date Sent/ DFM Track No.	Date-DFM-ARRF Approved	Rule Status	Most Recent Draft	Comments	Date Sent For Publication
005	No, None	Contact Information	4/04/18, 2018-14	4/06/18	Tabled until the July meeting	Draft 2, 5/15/18	Address Change, verify other contact information – Addresses for field offices verified; need confirmation on P. O. Box #	
006	No, None	Incorporation by Reference	2/26/18, 2018-1	3/19/18	Tabled until the July meeting	Draft 1, 3/20/18	Standard updates – prepared synopsis of change; so far only the rail-road register dates need updating	
312	Yes, May 2	Partial Year Assessment	2/26/18, 2018-2	3/6/18	On Today's Agenda – Approval?	Draft 2, 5/25/18	Government property transferred to private sector to be taxed based on quarterly proration of value per I.C. 63-602Y; Sent substantially conforming draft to Brian/Sharon	
408	Yes, May 2	Assessor's review of Operating Property	2/23/18, 2018-3	3/6/18	On Today's Agenda – Approval?	Draft 1, 5/2/18	Final value - change to Preliminary value	
600	Yes,	General Exemptions Rules	4/13/81	4/30/18	Discussion only – need to publish notice	Same as Temp. Rule	Adds provisional exemption procedures to general exemption rule; Will be same content as 600T.	
600T	No	General Exemptions Rules	4/13/18	4/30/18	6/13 open meet.	Draft 1, 5/29/18	Adds provisional exemption procedures to general exemption rule; Defines “property that is being constructed” and explains “property owner”.	
610	Yes, May 2	Partial ownership - HOE	2/26/18, 2018-4	3/6/18	On Today's Agenda – Approval?	Draft1, 5/15/18	HOE Clarification: Clarify when examples are to be considered - If specified in the deed, the ownership interest are determined as specified	

Rule No.	Neg? notice date	Subject Matter	Date Sent/ DFM Track No.	Date-DFM-ARRF Approve	Rule Status	Most Recent Draft	Comments	Date Sent For Publication
613	Yes, May 2	Spec. value – agricultural land	3/7/18, 2018-10	3/19/18	Continue review	Working Draft	Includes an example for the calculation of the income attributable to exempt irrigation equipment in new subsection .02	
614	Yes, May 2	Spec. value – agricultural land - Examples	3/7/18, 2018-11	3/19/18	Continue review	Working Draft	The May 17 new table and updated tables are presented separately and subsection .05 will become subsection .06	
616	Yes, ?	Ag. M&E exemption			Submitted Arrf	None	needs to be a clear line drawn between the production of field crops and the processing of field crops [HB594]	
630	Yes, May 2	New Capital Investments – The Billion \$ to qualify one	4/4/18, 2018-13	4/4/18	On Today's Agenda – Cont. review	Draft 2, 6/5/18	HB591 – IC 63-4502, exemption expanded to include operating property; in paragraph 06.b replace “real and personal” with “locally assessed” [property]	
702	Yes, June 6	100% SCD Veterans Benefit -	5/22/18	5/22/18	On Today's agenda – Cont. review	Draft 1, 6/6/18	HB492 Veterans benefit– Continued eligibility after the death of the claimant – Pam has sent a copy to veterans organization(s)	
709	Yes, May 2	Partial owner-ship - PTR	4/3/18, 2018-12	4/4/18	On Today's Agenda – Approval?	Draft 1, 5/15/18	Circuit Breaker Clarification: Clarify when examples are to be considered - If specified in the deed, the ownership interest are determined as specified – see Rules 610	
802	Yes, May 2	Budget Certification – New	2/21/18, 2018-5	3/6/18	On Today's Agenda – Cont. review	Draft 2, 6/4/18	HB 559 – Provisional exemption Deduction – Plus how new construction is counted when a dissolving RAA that has expanded into a taxing district or when a taxing district has expanded into the RAA; Draft 2 addresses new 602NN property	

Rule No.	Neg? notice date	Subject Matter	Date Sent/ DFM Track No.	Date-DFM-ARRF Approved	Rule Status	Most Recent Draft	Comments	Date Sent For Publication
802T	No	Budget Certification – New Construction	4/5/18, 2018-18	4/6/18	5/23 open meet - approved	Resol. 18-01	HB 559 – Provisional exemption – New Construction Deduction	
803	Yes, May 2	Budget Certification-Dollar Amount (L2)	3/30/18, 2018-16	4/6/18	On Today's Agenda – Cont. review	Draft 1, 5/2/18	HB559 – provisional exemption; HB392 - solar farm date change; HB567a – cemetery district consolidations.	

803T	No	Budget Certification-Dollar Amount (L2)	4/5/18, 2018-17	4/6/18	5/23 open meet - Approved	Resol. 18-01	HB 559 administration. Provisional exemption.	
804	Yes, May 2	Urban Renewal	2/23/18, 2018-6	4/4/18	On Today's Agenda – Cont. review	Draft 2, 6/4/18	C. 50-2903(4) – says that property that becomes taxable after the date of the base assessment roll is added to the base? Does this mean only [exempt] property that existed when the base was formed – But what about new [exempt] property added later? 602NN exemption	
962	Yes, May 2	Forest Land Taxation – process to change productivity class	3/30/18, 2018-15	4/6/18	CFTM sub-committee is working-	<u>Coming</u>	HB462 directs the CFTM to designate a process to follow when the assessor changes the productivity classifications which shall be implemented by administrative rule. At a minimum, the process must address landowner notification, inspector qualifications, and records retention.	

Other Open Items for Discussion	
Issue	Rule
Annexation Value	Rule Computation of operating property value in an annexation

613. PROPERTY EXEMPT FROM TAXATION -- SPECULATIVE PORTION OF VALUE OF AGRICULTURAL LAND (RULE 613).

Section 63-602K, Idaho Code

01. Definitions. (4-5-00)

a. Taxable Value of Agricultural Land. The taxable value of agricultural land shall be the landlord's share of net income per acre, capitalized by the annual rate required by Section 63-602K, Idaho Code, plus a component for the local tax rate. The component for local taxes achieves the necessary allowance for the expense of property taxes. (4-5-00)

b. Speculative Portion. The speculative portion is the difference between the current market value and the taxable value of agricultural land. The market value of agricultural land is established from market sales of similar land. (4-5-00)

c. Economic Rent. Economic rent is the average gross income per acre received by a landlord from ~~either a whole farm or individual crop~~ cash rent, or crop share rental agreement. ~~The rent attributable to exempt irrigation equipment is not included in economic rent. Only the rent solely attributable to the agricultural land is included in economic rent.~~ (4-7-11)()

d. Net Income. Net income per acre is determined by deducting the landlord's share of ~~current~~ typical expenses, including any income attributable to irrigation equipment, from the economic rent ~~per acre~~. (4-5-00)()

e. Landlord's share of typical expenses. The landlord's share of expenses, as part of a whole farm or individual crop cash rent, or crop share rental agreement may include, but not limited to: water, electricity, materials and application of materials, management and harvest. The average expenses, from immediate past five (5) growing seasons, should be typical of local farming practices. ()

f. Agricultural Area. An Agricultural Area is an identified geographic area of like or comparable Agricultural land, which may have similar characteristics, such as: topography, crops grown, soil types, or irrigation practices. ()

02. Calculation of Rent Attributable to Exempt Irrigation Equipment. Rent attributable to exempt irrigation equipment is calculated in the following manner: ()

a. Cash rent of irrigated cropland. To determine the cash rents of irrigated cropland, free of income attributable to exempt irrigation equipment, find rents of cropland that utilize non-mechanized irrigation practices, such as gravity fed furrow. If no information is available, use the reserves for replacement calculation to determine the income attributable to the exempt irrigation equipment. ()

b. Irrigation system. Determine the irrigation systems typically found in the area. ()

- c. Reserves for replacement calculation of irrigation systems cost. Determine the replacement cost new of the irrigation system. ()
- d. Acres irrigated. Determine the number of acres irrigated by the irrigation system. To calculate the irrigation system cost per acre, divide the irrigation equipment cost by the number of acres serviced by the irrigation equipment. ()
- e. Reserves for replacement. To determine the reserves required to replace the irrigation system, divide the cost of the irrigation equipment per acre by the estimated number of years in the economic life of the irrigation system. ()
- f. Income attributable to the exempt irrigation system. Multiply the per acre reserves for replacement of the irrigation system by the five year rolling average interest rate required by 63-602K, plus a component for the local tax rate. ()
- g. The rent attributable to exempt irrigation equipment. The rent shall be deducted from the gross income received by the landlord as part of a whole farm or crop specific cash rent, or crop share rental agreement.
- h. The following table demonstrates the calculations of the rent attributable to irrigation equipment given hypothetical data:

<u>Replacement Cost New of the Irrigation Equipment</u>	<u>\$40,000</u>
<u>Acres Serviced by the Irrigation Equipment</u>	<u>40 Acres</u>
<u>Irrigation Equipment Cost Per Acre</u>	<u>\$40,000 ÷ 40 Acres = \$1,000 Per Acre</u>
<u>Reserves for Replacement</u>	<u>\$1,000 ÷ 30 Year Economic Life = \$33.33</u>
	-
<u>5 Yr Interest Rate (63-602K)</u>	<u>5.84%</u>
<u>Local Levy Rate</u>	<u>1.12%</u>
<u>Capitalization Rate</u>	<u>6.96%</u>
<u>Formula: Income = Value X Capitalization Rate</u>	
<u>Income Attributable to Exempt Irrigation Equipment</u>	<u>\$33.33 X 6.96% = \$2.32</u>

023. Calculation of Net Income from Cash Rent. Net Income from cash rent is calculated in the following manner. (4-5-00)

- a.** Crops Grown. Determine the crops typically grown in the area. (4-5-00)

b. Economic Rent. Determine the average per acre gross income over the immediate past five (5) growing seasons from individual crop rents or the whole farm cash rent per acre as reported by local farmers, or third party providers such as the USDA. Gross income from individual crop rent is to be based on crops which are typically grown in to the Agricultural Area over the immediate past five (5) years. (4-5-00)()

c. Landlord's Expenses. Determine the landlord's share of typical contracted expenses paid in the ~~immediately preceding~~ past five (5) growing seasons. (4-5-00)()

d. Landlord's Net Income. Subtract the landlord's share of typical contracted expenses from the average gross income per acre for the ~~immediately preceding~~ past five (5) growing seasons to determine net income. (4-5-00)()

034. Calculation of Net Income from Crop Share Rent. Net income from crop share rent is calculated in the following manner. (4-5-00)

a. Crops Grown. Determine the crops typically grown in the area. (4-5-00)

b. Average Crop Production. Determine average crop production per acre based on the ~~most recent~~ immediate past five (5) years growing seasons. (4-5-00)()

c. Average Commodity Prices. Determine average commodity prices based on the ~~most recent~~ immediate past five (5) years growing seasons. (4-5-00)()

d. Gross Income. Multiply average crop production per acre times the average commodity price to determine gross income per acre. (4-5-00)

e. Landlord's Share of Gross Income. Determine the landlord's share of gross income per acre from a crop rotation typical to the area. (4-5-00)

f. Expenses. Determine the landlord's share of water, fertilizer, chemical, seed and harvest cost per acre for the ~~immediately preceding~~ past five (5) growing season. (4-5-00)()

g. Net Income. Subtract the landlord's share of expenses from the landlord's share of gross income to determine net income. (4-5-00)

045. Determination of Five Year Average Crop Prices. The State Tax Commission shall determine the five (5) year average crop prices ~~to be used in determining net income~~ by surveying publicly available data from various sources, including the annual crop summary published by the Idaho Agricultural Statistics Service. Average crop prices determined in this manner by the State Tax Commission ~~should~~ may be considered guidelines in determining net income, subject to modification based on local market data. (4-6-05)()

056. Farm Credit System Interest Rate. Annually, the State Tax Commission shall

calculate the five (5) year rolling average Farm Credit System interest rate (FSCIR). Using the twenty (20) year fixed rate interest rates received bi-monthly from Northwest Farm Credit Services in Spokane, Washington, calculate the average Farm Credit System interest rate for the prior year applying the formula in Paragraph 613.056.a. of this rule. Calculate the five (5) year rolling average Farm Credit System interest rate applying the formula in Paragraph 613.056.b. of this rule.
 (3-30-07)(_____)

- a.** Formula for Calculating Average Farm Credit System Interest Rate for Prior Year.

$$FCSIR_5 = (R_1 + R_2 + R_3 + R_4 + R_5 + R_6 + R_7 + R_8 + R_9 + R_{10} + R_{11} + R_{12})/12.$$

b.

FCSIR ₅	is the average Farm Credit System interest rate for the prior year.
R ₁	is the interest rate received for January of the prior year.
R ₂	is the interest rate received for February of the prior year.
R ₃	is the interest rate received for March of the prior year.
R ₄	is the interest rate received for April of the prior year.
R ₅	is the interest rate received for May of the prior year.
R ₆	is the interest rate received for June of the prior year.
R ₇	is the interest rate received for July of the prior year.
R ₈	is the interest rate received for August of the prior year.
R ₉	is the interest rate received for September of the prior year.
R ₁₀	is the interest rate received for October of the prior year.
R ₁₁	is the interest rate received for November of the prior year.
R ₁₂	is the interest rate received for December of the prior year.

(3-30-07)

b. Formula for Calculating Five (5) Year Rolling Average Farm Credit System Interest Rate. $FCSIR = (FCSIR_1 + FCSIR_2 + FCSIR_3 + FCSIR_4 + FCSIR_5)/5$.

FCSIR ₅	is the average Farm Credit System interest rate for the prior year.
FCSIR ₄	is the average Farm Credit System interest rate for two (2) years ago.
FCSIR ₃	is the average Farm Credit System interest rate for three (3) years ago.
FCSIR ₂	is the average Farm Credit System interest rate for four (4) years ago.
FCSIR ₁	is the average Farm Credit System interest rate for five (5) years ago.

(3-30-07)

067. Notification. In addition to providing notification of the Farm Credit System interest rate, the State Tax Commission will annually notify each county assessor of the most recent five (5) year average crop prices for the state. (4-6-05)

078. Cross Reference. For agricultural land taxable value calculation examples, see Rule 614 of these rules. For eligibility criteria, see Rule 645 of these rules. For information relating to Christmas tree farms, other annual forest products, and yield tax, see Rule 968 of these rules. (3-30-07)

614. SPECULATIVE PORTION OF VALUE OF AGRICULTURAL LAND - EXAMPLES (RULE 614).

Sections 63-602K and 63-604, Idaho Code. The following examples show calculations for the taxable value of agricultural land. The example in Subsection 614.01 of this rule shows one (1) calculation of an average property tax rate, the example in Subsection 614.02 of this rule shows one (1) calculation of a capitalization rate (cap rate), the example in Subsection 614.03 of this rule shows calculations using individual crop cash rent agreements, ~~and~~ the example in Subsection 614.04 of this rule shows calculations using crop share agreements-, and the example in Subsection 614.05 of this rule shows calculations using a combination of both individual crop cash rent and crop share. Only the crops grown on a typical farm in an Agricultural Area should be included in the crop rotation. The choice to use cash rent or crop share analysis or a combination of both in determining the taxable value of agricultural land should be predicated on the quantity and quality of data available and the analysis that produces the most reliable and supportable value conclusion. (4-7-11)()

01. Average Property Tax Rate Calculation Example.

	Tax Code Areas	Property Tax Rates
	8	1.1323951%
	9	1.1186222%
	10	1.1226782%
	11	1.1714841%
	12	1.1674300%
	13	1.0692041%
	15	1.1603100%
	16	1.1323951%
	17	1.1323951%
Average Property Tax Rate		1.1341015%

(3-30-07)

02. Capitalization Rate Calculation Example.

Average Property Tax Rate	1.13%
5-Year Average Farm Credit Bank Interest Rate	8.22%
Total Capitalization Rate (Cap Rate)	9.35%

(3-30-07)

03. ~~Cash Rent Agreement Calculation Example.~~

Crops	Contract Rents Per Acre (Land Only)	Rotation In Percent	Weighted Income Per Acre
Barley	\$100.00	14.42%	\$14.42
Beans	\$100.00	22.46%	\$22.46
Beets	\$170.00	20.33%	\$34.56
Corn/Grain	\$100.00	0.00%	\$0.00
Corn/Silage	\$110.00	0.00%	\$0.00
Hay/Alfalfa	\$120.00	21.32%	\$25.58
Potatoes	\$200.00	0.00%	\$0.00
Wheat	\$100.00	21.48%	\$21.48
Peas	\$125.00	0.00%	\$0.00
Oats	\$110.00	0.00%	\$0.00
Total Income Per Acre			\$118.50

Value per acre equals net income per acre divided by Cap rate:

Total Income Per Acre	\$118.50
Less Water Costs	\$23.00
Less Management (@ 5%)	\$5.93
Net Income Per Acre	\$88.57
Cap Rate	9.35%
Value Per Acre	\$958

(4-7-11)

04. Crop Share Agreement Calculation Example:

Crop	Yield	Price	Gross Income	Landlord Share	Landlord Share Gross Income to Land	Rotation Percent	Per Acre Share of Gross Inc. to Land
-------------	--------------	--------------	---------------------	-----------------------	--	-------------------------	---

Rule 614 Proposed Changes working draft marked from existing rule; See examples dated May 17.

Barley	100.00	\$2.83	\$283.00	33.33%	\$94.32	14.42%	\$13.60
Beans	20.00	\$21.20	\$424.00	33.33%	\$141.32	22.46%	\$31.74
Beets	23.00	\$39.74	\$914.02	25.00%	\$228.51	20.33%	\$46.46
G/Corn	0.00	\$3.22	\$0.00	33.33%	\$0.00	0.00%	\$0.00
S/Corn	0.00	\$24.40	\$0.00	33.33%	\$0.00	0.00%	\$0.00
Hay	5.50	\$84.10	\$462.55	50.00%	\$231.28	21.32%	\$49.31
Potatoes	0.00	\$4.74	\$0.00	25.00%	\$0.00	0.00%	\$0.00
Wheat	98.00	\$3.73	\$365.54	33.33%	\$121.83	21.48%	\$26.17
Peas	0.00	\$8.68	\$0.00	33.33%	\$0.00	0.00%	\$0.00
Oats	0.00	\$1.66	\$0.00	33.33%	\$0.00	0.00%	\$0.00
Total Income Per Acre						100.00%	\$167.28

Value per acre equals net income per acre divided by Cap rate:

Total Income Per Acre \$167.28		Expenses
Water	=	\$23.00
Fertilizer	=	\$14.77
Chemicals	=	\$9.04
Seed	=	\$2.05
Management	=	\$8.36
Harvest	=	\$14.67
Total Expense Per Acre	=	\$71.89
Net Income	=	\$95.39
Cap Rate	=	9.35%
Value Per Acre	=	\$1,020

(4-7-11)

056. Cross Reference. For definitions and general principles relating to the taxable value of land actively devoted to agriculture, see Rule 613 of these rules. For eligibility criteria, see Rule 645 of these rules. For information relating to Christmas tree farms, other annual forest products, and yield tax, see Rule 968 of these rules. (3-30-07)

Rule 614 Proposed Changes working draft marked from existing rule; See examples dated May 17.

Draft of May 17, 2018

.03 Cash Rent Analysis Examples:

Individual Crop Cash Rent Example.

Crop	Contract Rents per Acre (Land Only)	Rotation in Percent	Weighted Income per Acre
Barley	\$150.00	14.00%	\$21.00
Beans	\$150.00	22.00%	\$33.00
Beets	\$300.00	11.00 %	\$33.00
G/Corn			
S/Corn			
Hay	\$150.00	23.00%	\$34.50
Potatoes	\$350.00	9.00%	\$31.50
Wheat	\$150.00	21.00%	\$31.50
Peas			
Oats			

Total Gross Income Per Acre	\$184.50
-----------------------------	----------

Total Gross Income Per Acre	\$184.50
Less Water Cost	\$26.00
Less Electricity Cost	\$20.00
Less Management (@ 5%)	\$9.22
Less Income Attributable to Exempt Equipment	\$3.54
Total Net Income Per Acre	\$125.74

Total Net Income Per Acre	\$125.74
Cap Rate	7.00%
Individual Crop Cash Rent Value Per Acre	\$1796.28

Whole Farm Cash Rent Analysis Example.

Total Gross Income Per Acre from Whole Farm Cash Rent Data	\$200.00
Less Water Cost	\$26.00
Less Electricity Cost	\$20.00
Less Management (@ 5%)	\$10.00
Less Income Attributable to Exempt Equipment	\$3.54
Total Whole Farm Cash Rent Net Income	\$140.46
Cap Rate	7.00%
Whole Farm Cash Rent Value Per Acre	\$2006.57

.04 Crop Share Analysis Example:

Crop	Yield	Price	Gross Income	Landlord Share	Landlord Share Gross Income to Land	Rotation Percent	Per Acre Share of Gross inc. to Land
Barley	130.00	\$3.00	\$390.00	50.00%	\$195.00	14.00%	\$27.30
Beans	25.00	\$27.00	\$675.00	50.00%	\$337.50	22.00%	\$74.25
Beets	38.00	\$45.00	\$1710.00	33.33%	\$569.94	11.00%	\$62.69
G/Corn							
S/Corn							
Hay	6.00	\$120.00	\$720.00	50.00%	\$360.00	23.00%	\$82.80
Potatoes	450.00	\$5.00	\$2250.00	33.33%	\$749.92	9.00%	\$67.49
Wheat	120.00	\$4.50	\$540.00	50.00%	\$270.00	21.00%	\$56.70
Peas							
Oats							

Total Gross Income Per Acre	\$371.23
-----------------------------	----------

Total Gross Income Per Acre	\$371.23
Less Water Cost	\$26.00
Less Electricity Cost	\$20.00
Less Management (@ 5%)	\$18.56
Less Landlord Share of Fertilizer Cost	\$60.00
Less Landlord Share of Chemicals Cost	\$32.00
Less Landlord Share of Seed Cost	\$27.00
Less Landlord Share of Harvest Cost	\$69.00
Less Income Attributable to Exempt Equipment	\$3.54
Total Net Income Per Acre	\$115.13

Total Net Income Per Acre	\$115.13
Cap Rate	7.00%
Crop Share Value Per Acre	\$1644.71

05. Combination of Cash Rent and Crop Share Analysis Example:

Crops in the Rotation for which Cash Rent agreement data is available.

Crop	Contract Rents per Acre (Land Only)	Rotation in Percent	Weighted Income per Acre
Beets	\$300.00	11.00 %	\$33.00
Potatoes	\$350.00	9.00%	\$31.50
	Total	20.00%	\$64.50

Total Gross Income for Cash Rent Portion	\$64.50
Less Cash Rent Rotation % of Water Cost (20%)	\$5.20
Less Cash Rent Rotation % of Electricity Cost (20%)	\$4.00
Less Management (@ 5%)	\$3.23
Less Income Attributable to Exempt Equipment (20%)	\$0.71
Total Net Income for Cash Rent Portion	\$51.36

Crops in the Rotation with Accurate Data for a Crop Share Agreement Analysis.

Crop	Yield	Price	Gross Income	Landlord Share	Landlord Share Gross Income to Land	Rotation Percent	Per Acre Share of Gross inc. to Land
Barley	130.00	\$3.00	\$390.00	50.00%	\$195.00	14.00%	\$27.30
Beans	25.00	\$27.00	\$675.00	50.00%	\$337.50	22.00%	\$74.25
Hay	6.00	\$120.00	\$720.00	50.00%	\$360.00	23.00%	\$82.80
Wheat	120.00	\$4.50	\$540.00	50.00%	\$270.00	21.00%	\$56.70
					Total	80.00%	\$241.05

Total gross Income for Crop Share Portion	\$241.05
Less Crop Share Rotation % of Water Cost (80%)	\$20.80
Less Cash Rent Rotation % of Electricity Cost (80%)	\$16.00
Less Management (@ 5%)	\$12.05
Less Fertilizer Cost for Crop Share Portion	\$38.00
Less Chemicals Cost for Crop Share Portion	\$14.00
Less Seed Cost for Crop Share Portion	\$13.00
Less Harvest Cost for Crop Share Portion	\$49.00
Less Income Attributable to Exempt Equipment (80%)	\$2.83
Total Net Income for Crop Share Portion	\$75.37

Total Combined Cash Rent + Crop Share Net Income	\$126.73
Cap Rate	7.00%
Value Per Acre	\$1810.42

312. PARTIAL YEAR ASSESSMENT OF REAL AND PERSONAL PROPERTY (RULE 312).

Sections 63-311 and 63-602Y, Idaho Code. (5-3-03)

01. Quarterly Assessment. For each partial year assessment of any non-transient personal property, the assessment shall comply with the quarterly schedules provided in Sections 63-311 and 63-602Y, Idaho Code.

(5-3-03)

02. Change of Status. The real or personal property that has a change of status as described in Section 63-602Y, Idaho Code, ~~does not include~~ exempt governmental federal or state of Idaho property. The Such property of the United States, except when taxation thereof is authorized by the Congress of the United States, the this state and its instrumentalities, including counties, cities, urban renewal agencies, school districts, and other taxing districts, that is transferred to a private non-exempt owner or otherwise ceases to qualify for a property tax exemption is to be assessed as described in Section 63-602Y, Idaho Code ~~continues to maintain a non-taxable status until January 1 of the year immediately after transfer. However, property owned by an urban renewal agency that is transferred to a private owner is subject to property tax according to the proration as described in Section 63-602Y, Idaho Code.~~ (3-29-12)(____)

043. Cross Reference. The partial year assessment of any non-transient personal property shall comply with the Idaho Supreme Court decision in Xerox Corporation v. Ada County Assessor, 101 Idaho 138, 609 P.2d 1129 (1980). When assessing all non-transient personal property, each assessor should be aware of the following quotation from this decision: “Where the county undertakes to update its initial (personal property) declarations during the course of the tax year, it cannot increase a taxpayer’s tax burden to reflect the taxpayer’s acquisition of non-exempt property without decreasing that tax burden to reflect the fact that property reported by the taxpayer in an earlier declaration was no longer subject to the county’s ad valorem tax.” (Clarification added.)(5-3-03)

408. RE-EXAMINATION OF VALUE -- COMPLAINT BY ASSESSOR (RULE 408).

01. Request for Reexamination of Value. Section 63-408, Idaho Code, entitles the assessor (complainant) of any county in which the value of operating property is apportioned, to request that the State Tax Commission reexamine the valuation. (7-1-99)

02. Information to be Provided by the State Tax Commission. After ~~final~~ preliminary values are established and sent to the respective taxpayers, the State Tax Commission shall send to each County Assessor a statement of the value allocated to Idaho for each centrally assessed taxpayer, together with the previous year's Idaho value for that taxpayer. ~~(7-1-99)~~(____)

03. Complaint. On or before July 15, a complainant may file a complaint under Section 63-408, Idaho Code. A complaint by an assessor to the State Tax Commission to examine the valuation and allocation of value of operating property must be in writing and contain clear and concise questions regarding the valuation and allocation in question. The State Tax Commission shall send a copy of the complaint promptly to the taxpayer. (7-1-99)

04. Meeting to Examine Valuation and Allocation. Upon receipt of a complaint under Section 63-408, Idaho Code, the staff of the State Tax Commission shall schedule a meeting between the staff appraiser(s) who performed the valuation and allocation and the complainant. Notice of this meeting shall be sent to the taxpayer in question. At this meeting, the staff appraiser(s) shall answer the complainant's questions to the best of his knowledge. The taxpayer or representative may participate in this meeting. (7-1-99)

600. PROPERTY EXEMPT FROM TAXATION (Rule 600).

Sections 63-602 and 63-1305C, Idaho Code

01. Burden of Proof. The burden of proof of entitlement to the exemption is on the person claiming exemption for the property. (4-4-13)

02. Notice of Decision. (4-4-13)

a. For property subject to local assessment with exemptions requiring annual application as specified in the statute providing the exemption or in Section 63-602(3), Idaho Code, the taxpayer must be notified of the decision of the county commissioners to grant or deny the exemption by May 15 unless a different date is prescribed in the law providing the exemption or if the exemption is provisional, pursuant to Section 63-1305C, Idaho Code. (4-4-13)

b. For property subject to assessment by the State Tax Commission, application for any exemption shall be included with the operator's statement to be submitted as provided in Rule 404 of these rules. (4-4-13)

03. Confidentiality. Information disclosed as part of an application for an exemption is confidential to the extent provided by in Section 74-107, Idaho Code, or elsewhere in law. Information disclosed to the county commissioners as part of the application process for an exemption shall be deemed submitted to the assessor and entitled to any confidentiality that would have been conferred had such information been disclosed initially to the assessor. (4-4-13)

04. Provisional Exemptions. The following definitions apply in determining the extent and process for applying for the provisional exemption provided in section 63-1305C, Idaho Code. ()

a. "Property that is being constructed." Property that is being constructed or renovated may include land, buildings, and associated personal property that would receive an exemption once the construction is complete and the property is used for exempt purposes. ()

i. If part of the land or other property owned by the entity seeking the exemption is to be used for non-exempt purposes, that part shall not be eligible for the provisional exemption. ()

ii. Renovations and personal property related to the exempt purpose of the property, but that add value after the granting of the provisional exemption, shall not be taxed. ()

iii. Application for the provisional exemption may be filed with the county commissioners at any time once a building permit is issued or renovation begins. Deadlines for application and notification of the decision of the county commissioners found in Section 63-602(3) do not apply. ()

b. “Property owner.” The property owner may apply for the provisional exemption provided the intended use of the property is to fulfill a purpose that is exempt from property tax. The owner must apply for the exemption, but need not be an exempt entity or the intended user.

()

610. PROPERTY EXEMPT FROM TAXATION -- RESIDENTIAL IMPROVEMENTS -- SPECIAL SITUATIONS (RULE 610).

Sections 63-602G and 63-701(2), Idaho Code

01. Scope. This rule addresses issues relating to the homeowner's exemption as it applies to certain unusual factual situations. It states general principles applicable to unusual cases and provides some illustrative examples. The rule cannot address every conceivable situation that may arise, but the principles established may apply to the resolution of situations not addressed in the rule. (7-1-99)

02. Definitions. The following definitions apply to this rule: (4-7-11)

a. Dual Residency Couples. As used in this rule, "dual residency couple" means a husband and wife, each of whom has established a different dwelling place as his or her primary dwelling place as defined in Section 63-602G, Idaho Code, and Subsection 609.03 of these rules. (4-2-08)

b. Multidwelling or Multipurpose Building. "Multidwelling or Multipurpose Building" means a building which is the primary dwelling place of the owner and which has a portion used for any purpose other than the primary dwelling place of the owner. (4-7-11)

c. Related Land. "Related Land" means land, not to exceed one (1) acre, that is reasonably necessary for the use of the dwelling as a home. (4-7-11)

03. Dual Residency Couples -- General Principles. (7-1-99)

a. Whether a particular residential improvement is an individual's primary dwelling place is a question of fact for each individual. Each spouse of a dual residency couple can maintain a separate primary dwelling place for purposes of the homeowner's exemption. The test to be applied is the general test set out in Subsection 609.03 of these rules. (4-2-08)

b. If a residential improvement is community property, either the husband or wife may exercise full management or control over it, except that neither the husband nor the wife can sell or encumber the property without the written consent of the other. Thus, either the husband or the wife can file an application for the homeowner's exemption regarding community property on his or her own authority. The signature of the other spouse is not required on the application. See Section 32-912, Idaho Code. (7-1-99)

c. Neither spouse is a partial owner of community property. (This principle is an exception to laws generally governing community property interests. It applies only for matters relating to the homeowner's exemption or the circuit breaker property tax relief program. See Section 63-701(7) Idaho Code.) Thus, there is no authority to reduce the value of the improvement proportionally to reflect one (1) spouse's ownership in community property before determining the amount of the homeowner's exemption. For purposes of the homeowner's exemption, a community property interest is treated the same as a full ownership interest. (3-15-02)

d. An owner may apply only once for the homeowner's exemption. See Section 63-602G(c), Idaho Code. Thus, an application by one (1) spouse regarding a residential improvement that is community property, precludes the other spouse from making a second application on any other residential improvement whether held by the other spouse as community or separate property except as provided in Subsection 610.07. (3-15-02)

04. Example -- Both Residences are Community Property. (7-1-99)

a. Each member of a dual residency couple maintains his or her primary dwelling in a different residential improvement, each of which is owned by the couple as community property. Each applies for the homeowner's exemption for the residence in which he or she resides. (7-1-99)

b. The first application is valid. Any subsequent application, though filed by the other spouse, is not valid because the couple can not make more than one (1) application. The homeowner's exemption applies to the full

value of the first residential improvement to qualify without any proportional reduction. The other residential improvement does not qualify. (3-15-02)

05. Example -- One Residence Is Community Property, the Other Is Separate Property. (7-1-99)

a. Each member of a dual residency couple maintains his or her primary dwelling in a different residential improvement. One (1) is owned by the spouse who resides in it as his or her separate property, the other is owned by the couple as community property. Each applies for the homeowner's exemption for the residence in which he or she resides. (7-1-99)

b. The first application is valid. Any subsequent application, though filed by the other spouse, is not valid. If the first application relates to the community property, it is an application on behalf of both members of the community. Thus, the other spouse can not file a second application relating to his or her separate property. If the first application relates to the separate property, then the subsequent application relating to the community property is a second application by the spouse owning the separate property and is not valid. The homeowner's exemption applies to the full value of the first residential improvement to qualify without any proportional reduction. The other residential improvement does not qualify. (3-15-02)

06. Example -- Both Residences are Separate Property. (7-1-99)

a. Each member of a dual residency couple maintains his or her primary dwelling in a different residential improvement, each of which is owned by the spouse residing in it as his or her separate property. Each applies for the homeowner's exemption for the residence in which he or she resides. (7-1-99)

b. Both residential improvements qualify for the full homeowner's exemption. Neither application is a second application by the same owner. Each spouse is a sole owner of the residential improvement, so the proportional reduction provisions for partial ownership do not apply. (7-1-99)

07. Apportionment of Homeowner's Exemption by Dual Residency Couples. Both spouses of a dual residency couple may elect to equally apportion the homeowner's exemption between the two (2) residential improvements if each files a written election with the county assessor of the county in which each property is located. When the election is made each residential improvement shall be entitled to one-half (1/2) of the exemption applicable to that property alone. The total exempted value of both properties shall not exceed the amount of exemption available to the individual residential improvement with the greatest market value if no election were made. (4-5-00)

08. Multiple Ownerships Including Community Interests as Partial Owners. A community property interest in a residential improvement is a partial ownership when combined with the ownership of another individual who is not a member of the marital community. For example, if a deed conveys title to real property to a husband and wife and to an adult child of theirs, the husband and wife hold a community property interest in the improvement and the child is a tenant-in-common provided ownership interests are not specified in the deed. The parents collectively hold a one-half (1/2) partial interest and the child holds a one-half (1/2) partial interest in the property. Ownership interests specified in the deed supersede this guidance. Qualification of the property for the homeowner's exemption is as follows: (~~3-28-18~~)(____)

a. If the residential improvement is the primary dwelling of the husband and wife but not the child, the homeowner's exemption applies to one-half (1/2) of the value of the improvement. (3-28-18)

b. If the residential improvement is the primary dwelling of the child, but not of the husband or wife, the homeowner's exemption applies to one-half (1/2) of the value of the improvement. (3-28-18)

c. If the residential improvement is the primary dwelling of the husband, wife and child, the homeowner's exemption applies to the full value of the improvement. (3-15-02)

d. If the residential improvement is the primary dwelling of one (1) spouse but of neither the other

spouse nor the child, the homeowner's exemption applies to one-half (1/2) of the value of the improvement unless the residential improvement of the other spouse has previously qualified for the homeowner's exemption under the dual residency couple rules set out in Subsections 610.02 through 610.07. The one-half (1/2) qualification results from the statutory provision that a community property interest is not considered a partial interest of either spouse. See Paragraph 610.03.c. of this rule. (3-28-18)

e. If the residential improvement is the primary dwelling of one (1) spouse and the child, the homeowner's exemption applies to the full value of the improvement unless the residential improvement of the other spouse has previously qualified for the homeowner's exemption under the dual residency couple rules set out in Subsections 610.02 through 610.07. (3-15-02)

09. Determining the Qualifying Portion of a Multidwelling or Multipurpose Building and the Related Land. The portion of a Multidwelling or Multipurpose Building and Related Land used for the primary dwelling place of the owner qualifies for the homeowner's exemption. When determining the value of the qualifying portion, the assessor shall include the Related Land value. (4-7-11)

709. PROPERTY TAX REDUCTION BENEFIT PROGRAM -- SPECIAL SITUATIONS (RULE 709).
Section 63-701, Idaho Code

01. Scope. This rule addresses issues relating to the property tax reduction benefit program as it applies to certain unusual factual situations. It states general principles applicable to unusual cases and provides some illustrative examples. The rule cannot address every conceivable situation that may arise, but the principles established may apply to the resolution of situations not addressed in the rule. The following examples apply to qualified property tax reduction claimants. (3-30-01)

02. General Principles. Benefits under the property tax reduction program are only available to owners of property that have first qualified for the homeowner's exemption under Section 63-602G, Idaho Code. See Rule 610 of these rules. (3-15-02)

03. Dual Residency Couples. The definition of "dual residency couple" in Rule 610.02 of these rules applies to this rule. (3-15-02)

a. Example -- Both residences are community property. Property tax reduction is available in regard only to the residential improvement qualifying for the homeowner's exemption. See Rule 610.04 of these rules. (3-15-02)

b. Example -- One (1) residence is community property, the other is separate property. Property tax reduction is available in regard only to the residential improvement qualifying for the homeowner's exemption. See Rule 610.05 of these rules. (3-15-02)

c. Example -- Both residences are separate property. Property tax reduction is available in regard to both residential improvements. See Rule 610.06 of these rules. (3-15-02)

d. Household income. In the three (3) examples in Subsection 709.03, the household income upon which qualification is determined is the total of one-half (1/2) the community income plus any separate income of the spouse residing in the residence. (3-15-02)

04. Apportionment of Property Tax Reduction Benefits by Dual Residency Couples. If a dual residency couple makes the election provided in Subsection 610.07 of these rules and the applicable county assessor provided the State Tax Commission with a copy of the election required under that rule, each spouse shall be entitled to one-half (1/2) of the amount of any property tax reduction available to that spouse alone. The household income of the spouse shall be one-half (1/2) of the community income plus any separate income of the spouse residing in the residence. The total property tax reduction benefit shall not exceed the amount of benefit available to the individual spouse with the least household income if no election were made. (3-15-02)

05. Multiple Ownerships Including Community Interests as Partial Owners. Example: A deed conveys title to real property to a husband and wife and to an adult child of theirs. The husband and wife hold a community property interest in the improvement and the child is a tenant-in-common provided ownership interests are not specified in the deed. The parents collectively hold a one-half (1/2) partial interest and the child holds a one-half (1/2) partial interest in the property. Ownership interests specific in the deed supersede this guidance. For clarification of the calculation of the net taxable value, see Rule 700.05.b. of these rules. Qualification for the property tax reduction is as follows: ~~(3-28-18)()~~ ()

a. If the residential improvement is the primary dwelling of the husband and wife but not of the child, the claimant qualifies for full benefits applied on one-half (1/2) of the value of the property less the homeowner's exemption. Household income is the total of the community and separate income of the spouses. (3-28-18)

b. If the residential improvement is the primary dwelling of the qualifying child, but neither the husband or wife, the claimant qualifies for full benefits applied on one-half (1/2) of the value of the property less the homeowner's exemption. Household income is the total of the child's income. (3-28-18)

c. If the residential improvement is the primary dwelling of the husband, wife and a qualifying child, the claimant qualifies for the full benefits applied on full value of the property less the homeowner's exemption. Household income is the total of the community and separate income of the spouses and the income of the child.

(3-15-02)

d. If the residential improvement is the primary dwelling of one (1) spouse but of neither the other spouse nor the child, the claimant qualifies for full benefits applied on one-half (1/2) of the value of the property less the homeowner's exemption unless the residential improvement of the other spouse has qualified for the homeowner's exemption. Household income is the total income of both spouses.

(3-28-18)

e. If the residential improvement is the primary dwelling of one (1) spouse and a qualifying child, the claimant qualifies for the full benefits applied on the full value of the property less the homeowner's exemption unless the residential improvement of the other spouse has previously qualified for the homeowner's exemption.

Household income is the total income of both spouses plus the income of the child.

(3-15-02)

630. TAX EXEMPTION FOR NEW CAPITAL INVESTMENTS (Rule 630).

Section 63-4502, Idaho Code

01. Notification of New Capital Investment – Locally Assessed Property.

~~(3-29-12)~~(____)

a. Prior to receiving the benefit of the tax exemption, the taxpayer shall notify the county in which the project site is located that the taxpayer expects to meet the criteria of the New Capital Investments Tax exemption. Notification shall be accomplished by submitting a written declaration or notification with the board of county commissioners containing the following information: (4-4-13)

i. The name and address of the taxpayer; (3-29-12)

ii. A description of the new capital investment project; (3-29-12)

iii. The assessor's parcel number(s) identifying the location of the project site; (3-29-12)

iv. The date that the qualifying period began; (3-29-12)

v. A statement that the taxpayer will make a qualified new capital investment of at least one billion dollars (\$1,000,000,000) within the qualifying period, which shall be specified. (3-29-12)

b. The notification required hereunder may be submitted by the taxpayer to the board of county commissioners at any time after the qualifying period begins. However, if the notification is submitted after April 15 in a given year, a taxpayer may receive the benefit of the exemption only for tax years following the year in which the notification is filed. Submittal of the notification required hereunder shall constitute application for the exemption in compliance with Section 63-602, Idaho Code. Until the taxpayer meets all the requirements for the New Capital Investments Tax exemption, for each year after the first year in which the exemption is granted, the notice must identify the name and address of the taxpayer and the location of the project site, but does not need to provide additional information as required in Paragraph 630.01.a. of this rule. (4-4-13)

02. Notification of New Capital Investment – Centrally Assessed Operating Property. For taxpayers applying for the exemption for operating property subject to assessment by the state tax commission, the taxpayer shall notify the state tax commission, as part of the operator's statement required pursuant to Section 63-404, Idaho Code, and Rule 404 of these rules, that the taxpayer expects to meet the criteria of the New Capital Investments Tax exemption.

(____)

a. To be eligible for the exemption, information to be provided on the operator's statement must include: (____)

- i. A description of the new capital investment project; ()
- ii. The location of the project site, including county and tax code area(s); ()
- iv. The date that the qualifying period began; ()
- v. A statement that the taxpayer will make a qualified new capital investment of at least one billion dollars (\$1,000,000,000) within the qualifying period, which shall be specified. ()

b. The notification required hereunder may be submitted by the taxpayer to the state tax commission at any time after the qualifying period begins. However, if the notification is submitted after April 30 in a given year, a taxpayer may receive the benefit of the exemption only for tax years following the year in which the notification is filed. Submittal of the operator’s statement including notification information required hereunder shall constitute application for the exemption in compliance with Section 63-602, Idaho Code. Until the taxpayer meets all the requirements for the New Capital Investments Tax exemption, for each year after the first year in which the exemption is granted, the notice must identify the location of the project site, but does not need to provide additional information as required in Paragraph 630.02.a. of this rule.

03. **Notification of New Capital Investment – Taxpayers Applying on Behalf of Locally and Centrally Assessed Property.** A taxpayer may apply for this exemption on behalf of locally and centrally assessed property. In this case, the taxpayer must comply with notice requirements in Paragraphs 630.01 and 630.02 of this rule. The exemption will apply to the total value of the locally and centrally assessed property of the taxpayer within the county in which the project site is located. At the end of the project period, taxpayers wishing to continue receiving the exemption on behalf of both locally and centrally assessed property must comply with the notice requirements of Paragraphs 630.07 and 630.08 of this rule.

04 2. **Property of the Taxpayer.** Property of a taxpayer includes all real, ~~or~~ personal, or operating property that is owned by or leased to the taxpayer under an agreement that makes the taxpayer responsible for the payment of any property taxes on the property. (3-29-12)()

05 3. **New Construction.** Property taxable under Section 63-4502, Idaho Code and that qualifies for listing on the new construction roll as described by Section 63-301(A)3, Idaho Code, should be listed on the new construction roll. (3-29-12)

06 4. **Failure to Make the Qualifying New Capital Investment.** (4-4-13)

a. If the taxpayer fails to make the qualifying new capital investment during the qualifying period, the property shall lose the exemption granted by this section at the conclusion of the qualifying period. (4-4-13)

b. In the event that, at any time during the project period, the taxpayer receiving the exemption for ~~real or personal locally assessed~~ property no longer intends to fulfill the qualified new capital investment requirements, the taxpayer must notify the county commissioners who shall

notify the county assessor. Upon receipt of such notification, the property shall be taxable for the remainder of the year in which the notification is provided, pursuant to Section 63-602Y, Idaho Code. Failure of the taxpayer to provide such notice does not prevent the county assessor from discovering the taxpayer's intent through alternate procedures and then notifying the county commissioners that the requirements for the exemption are no longer met. In such an instance, the taxpayer must be notified and may appeal loss of the exemption to the county board of equalization as provided in Section 63-501A, Idaho Code. (4-4-13)(____)

c. In the event that, at any time during the project period, the taxpayer receiving the exemption for operating property no longer intends to fulfill the qualified new capital investment requirements, the taxpayer must notify the state tax commission. Upon receipt of such notification, the property previously granted the exemption shall be taxable. If the notification is received by before the state tax commission has completed the assessment of the operating property for a given year, the exemption shall not be granted for that year. If the notification is received after the assessment is completed, the exemption shall be rescinded beginning the following tax year. (____)

07 5. Continuation of Tax Exemption Following the End of the Project Period – Locally Assessed Property. (4-4-13)(____)

a. At any time during the qualifying period, but not later than ninety (90) days after the conclusion of the qualifying period, the taxpayer must provide notice to the county commissioners with sufficient evidence to prove that the required qualifying new capital investment has been made. (4-4-13)

b. Once the taxpayer has successfully met all the requirements pursuant to Section 63-4502, Idaho Code, and provided notice to the county commissioners pursuant to Paragraph 630.07 5.a. of this rule, the county commissioners shall notify the county assessor and taxpayer of the taxpayer's continuing qualification for the exemption for all years thereafter. The county assessor shall retain this notice. (4-4-13)(____)

c. After the year in which the taxpayer has been notified of continuing qualification as provided in Paragraph 630.07 5.b. of this rule, the taxpayer must continue to notify the county annually to identify the property to be exempted pursuant to Subsection 630.05. Failure to make such notification will not invalidate the exemption; the county assessor must then apply the exemption against the assessed value of the taxpayer's highest value parcel within the county. (4-4-13)(____)

08. Continuation of Tax Exemption Following the End of the Project Period – Centrally Assessed Operating Property. (____)

a. At any time during the qualifying period, but not later than ninety (90) days after the conclusion of the qualifying period, the taxpayer must provide notice to the state tax commission with sufficient evidence to prove that the required qualifying new capital investment has been made. (____)

b. Once the taxpayer has successfully met all the requirements pursuant to Section

63-4502, Idaho Code, and provided notice to the state tax commission pursuant to Paragraph 630.08.a. of this rule, the state tax commission shall notify the taxpayer that the exemption will continue to be granted in perpetuity, provided the taxpayer annually identifies the property qualifying for the exemption in its annual operator's statements. Failure to provide such notification will not invalidate the exemption; the state tax commission must then apply the exemption against the assessed value of the taxpayer's highest value parcel within the county. ()

09 6. Cross Reference. For an explanation of the treatment of new construction relating to Sections 63-802 and 63-301A, Idaho Code, see Rule 802 of these rules. (3-29-12)

702. VETERAN’S BENEFIT – CONTINUED ELIGIBILITY AFTER DEATH OF CLAIMANT (RULE 702).

Section 63-705, Idaho Code

The veterans benefit can only be applied to the qualifying homestead of the veteran. The surviving spouse may not transfer the benefit to a different homestead. ()

802. BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION (RULE 802).

Sections 63-802, 63-301A, 63-602W, and 63-602NN, Idaho Code

01. Definitions. (4-5-00)

a. “Change of Land Use Classification.” “Change of land use classification” shall mean any change in land use resulting in a secondary category change and in a change in taxable land value to be reflected on the current property roll. (4-7-11)

b. “Incremental Value as of December 31, 2006.”
“Incremental value as of December 31, 2006” means the total of the increment values on the property roll, subsequent property roll, missed property roll, and operating property roll for the 2006 tax year. (4-7-11)

c. “Nonresidential Structure.” “Nonresidential structure” shall mean any structure listed by the assessor in any secondary category not described as residential, manufactured homes, or improvements to manufactured homes in Rule 511 of these rules. (4-2-08)

02. New Construction Roll Listing. “Listing” shall mean a summary report of the net taxable value of property listed on the new construction roll. This listing shall include the taxable value of qualifying new construction throughout each taxing district or unit, but shall not include otherwise qualifying new construction, the value of which will be included in the increment value of any revenue allocation area (RAA) within any urban renewal district encompassed by the taxing district or unit. In addition, new construction related to change of land use classification, but required by section 50-2903(4) to be added to the base assessment roll, cannot be added to any new construction roll. This report is to summarize the value reported on the new construction roll by taxing district or unit. Taxing districts and units shall be listed in the same order that is used for the certification of value required pursuant to Section 63-510(1), Idaho Code. (3-29-12)

a. Qualifying new construction which is valued by the State Tax Commission shall be reported to the county assessor for each applicable taxing district by October 1 and shall be listed by the assessor on the immediate next new construction roll. (3-25-16)

b. Previously allowable new construction that has never been included. When a taxing district proves new construction described by Section 63-301A(3), Idaho Code, occurred during any one of the immediately preceding five (5) years and has never been included on a new construction roll, the county assessor must list that property on the immediate next new construction roll at the value proven by the taxing district. Any such additional new construction must also be separately listed for each taxing district or unit. The taxing district has the burden of proving the new construction was omitted from a new construction roll and the value that would have been listed for that property had it been listed on the appropriate new construction roll. No taxing district shall ever be granted any increase in budget authority greater than the amount that would have resulted had the property been listed on the appropriate new construction roll. Regardless of the year that the new construction should have been listed on the appropriate new construction roll, additional budget authority resulting from new construction previously omitted from a new construction roll and listed on the current year’s new construction roll shall be permitted only if the taxing district is in compliance with the budget hearing notification requirements of Section 63-802A, Idaho Code, for the current year. (3-29-12)

c. Reporting the amount of taxable market value to be deducted. For each taxing district or unit, the new construction roll listing shall separately identify the total amount of taxable market value to be deducted as required in Section 63-301A(1)(f), Idaho Code and Subparagraph 02(e) of this rule. In addition to other requirements, the amount of value deducted shall never exceed the amount originally added to a new construction roll.

~~(3-29-12)~~()T&P

d. Determining the amount of taxable market value to be deducted - appeals. The amount of taxable market value to be deducted under Section 63-301A(1)(f)(i), Idaho Code, shall be determined by the highest authority to which the assessment is ultimately appealed. Accordingly, adjustments should not be made until there has been a final decision on any appeal. In addition, the deduction for lower values resulting from appeals shall be made only for

property that was placed on a new construction roll within the immediately preceding five (5) years.

(3-29-12)() T&P

e. Determining the amount of taxable market value to be deducted – provisional exemptions. Provided the addition occurred within the immediate preceding five years but not earlier than 2016, the amount of taxable market value added to ~~any~~~~delete 2016 or 2017~~ new construction roll for property subsequently granted a provisional exemption under Section 63-1305C, Idaho Code, shall be deducted from the taxable market value otherwise included on the immediate next new construction roll prepared following the granting of the provisional exemption.

(3-29-12)() T&P

03. Special Provisions for Value Increases and Decreases. Special provisions for value increases and decreases related to change of land use classification as defined in Paragraph 802.01.a. of this rule or increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code. (4-4-13)

a. Value increases. Certain related land value increases are to be included on the new construction roll. (4-7-11)

i. Except as provided in Subparagraph 802.03.a.iii., increases in land value shall be reported on the new construction roll in the year in which the new category appears on the current property roll. (4-4-13)

ii. Except as provided in Subparagraph 802.03.a.iii., the increase in taxable land value to be reported shall be computed by subtracting the taxable land value, had the land remained in its previous use category, from the taxable land value in the current use category. (4-4-13)

iii. Subject to the limitations found in Paragraph 802.06.a. of this rule, increases in land value resulting from loss of the exemption provided in Section 63-602W(4), Idaho Code, shall be reported on the new construction roll in the year the exemption is lost, provided this occurs no later than June 30 of that year. If the exemption is lost after June 30 of a given year, the resulting increase in land value shall be reported on the new construction roll in the immediate following year. (4-4-13)

b. Value decreases. Certain related land value decreases are to be included on the new construction roll and subtracted from total new construction value for any taxing district. The amount of decrease in any one year shall never exceed the amount of value originally added to the new construction roll for the same property. (4-4-13)

i. Value decreases are to be reported only for land for which taxable market value was reduced as a result of change of land use classification or granting of the exemption for site improvements provided in Section 63-602W(4), Idaho Code, during any one (1) of the immediately preceding five (5) years and for which an increase in value due to addition of site improvements or change of land use classification during the same five-year period had been added to a new construction roll. For the site improvement exemption provided in Section 63-602W(4), Idaho Code, the five-year period shall commence with the year following the year the exemption is first granted. For example, if a parcel first received the exemption in 2012, any site improvement related addition to a new construction roll for 2008 or more recently must be subtracted from the 2013 new construction roll, unless the exemption is lost by June 30, 2013, in which case there is no subtraction and no addition to the new construction roll for the loss of this exemption. (4-4-13)

ii. If the current land category is the same as the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall equal the amount originally added. For example, a dry grazing land parcel that would have had a value of ten thousand dollars (\$10,000) became commercial land and was assessed at fifty thousand dollars (\$50,000). The forty thousand dollar (\$40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as dry grazing land and is to be assessed at fifteen thousand dollars (\$15,000). The forty thousand dollar (\$40,000) difference that was added to the year one (1) new construction roll must be deducted from the value shown on the new construction roll in year two (2). (4-7-11)

iii. If the current land category is different than the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall be the lesser of the amount originally added or the amount that would have been added had the first change in land use been from the current land category. For

example, a dry grazing land parcel that would have had a value of ten thousand dollars (\$10,000) became commercial land and was assessed at fifty thousand dollars (\$50,000). The forty thousand dollar (\$40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as irrigated agricultural land and would have had a value in year one (1) of twenty thousand dollars (\$20,000). The amount to be subtracted from the value shown on the new construction roll in year two (2) is thirty thousand dollars (\$30,000). (4-7-11)

iv. Provided the criteria in Subparagraph 802.03.b.i. are met, value decreases resulting from previously included land value becoming exempt are to be reported and subtracted. (4-4-13)

v. Except as provided in Subparagraph 802.03.b.vi., only land value decreases that meet the criteria listed in Subparagraphs 802.03.b.i. or 802.03.b.iv. of this rule and include and result from a change in land secondary category can be considered. (4-4-13)

vi. Provided the criteria in Subparagraph 802.03.b.i. are met, land value decreases resulting from the exemption provided in Section 63-602W(4), Idaho Code, are to be subtracted from the new construction roll in the year immediately following the most recent year in which the exemption has been granted. To comply with the budget adjustments required by Section 63-802, Idaho Code, which limits taxing district budgets based on the highest amount of property tax revenue requested during the previous three (3) years, such subtraction shall be required for up to three (3) years, provided the property continues to receive the exemption. For example, a property for which five hundred thousand dollars (\$500,000) was added to the 2011 new construction roll for site improvements that were added and taxable at that time receives a five hundred thousand dollar (\$500,000) exemption pursuant to Section 63-602W(4), Idaho Code, in 2012. The property continues to receive the exemption in the same amount in 2013, but the exempt amount increases to five hundred twenty thousand dollars (\$520,000) in 2014. The property loses the exemption before June 30, 2015. However, the 2015 value of the site improvements has been determined to be only four hundred thousand dollars (\$400,000) because of market value changes. Therefore, only four hundred thousand dollars (\$400,000) in value is added as a result of the loss of the exemption. Table A shows the effect on each year's new construction roll, while Table B shows the effect on a hypothetical taxing district's maximum allowable property tax budget. (4-4-13)

vii. Table A - Effect on New Construction Roll:

Table A - Effect on New Construction Roll		
Year	Occurrence	Effect on New Construction Roll (for that year)
2011	Site improvements added and taxable	+ \$500,000
2012	Site improvements exempt	NA (no prior year's exemption)
2013	Site improvements exempt	- \$500,000
2014	Site improvements exempt	- \$500,000
2015	Loses site improvement exemption before June 30	+ \$400,000

(4-4-13)

viii. In Table B, assume that the taxing district has a tax levy rate of zero point zero zero two five (0.0025) in 2010, a total taxable value of one hundred million dollars (\$100,000,000) in 2010 and a property tax budget in 2010 that is two hundred fifty thousand dollars (\$250,000) and was the highest of the preceding three (3) years. The total amount of new construction is the amount due to the site improvements and no other value change occurs in the district during the period shown. There are no property tax replacement monies for this district. Beginning in 2011 the taxing district levies the maximum it is allowed each year. The factor of one point zero three (1.03) shown in Table B is used

to calculate the allowable three percent (3%) increase.

(4-4-13)

ix. Table B - Effect on Hypothetical Taxing District’s Maximum Allowable Property Tax Budget:

Table B - Effect on Hypothetical Taxing District’s Maximum Allowable Property Tax Budget				
Year	Occurrence	Effect on New Construction Roll (for that year)	Maximum Allowable Property Tax Budget	Calculations
2011	Site improvements added and taxable	+ \$500,000	\$258,750	$(\$250,000 \times 1.03) + (\$500,000 \times 0.0025)$ (tax levy rate = $\$258,750 / \$100,500,000 = 0.002574627$)
2012	Site improvements exempt	NA (no prior year’s exemption; no new construction value)	\$266,512	$\$258,750 \times 1.03$ (tax levy rate = $\$266,512 / \$100,000,000 = 0.002665120$)
2013	Site improvements exempt	- \$500,000	\$273,174	$(\$266,512 \times 1.03) - (\$500,000 \times 0.002665120)$ (tax levy rate = $\$273,174 / \$100,000,000 = 0.002731744$)
2014	Site improvements exempt	- \$500,000	\$280,003	$(\$273,174 \times 1.03) - (\$500,000 \times 0.002731744)$ (tax levy rate = $\$280,003 / \$100,000,000 = 0.002800033$)
2015	Loses site improvement exemption before June 30	+ \$400,000	\$289,523	$(\$280,003 \times 1.03) + (\$400,000 \times 0.002731744)$ (tax levy rate = $\$289,523 / \$100,400,000 = 0.002883696$)

(4-4-13)

04. Manufactured Housing. “Installation” of new or used manufactured housing shall mean capturing the net taxable market value of the improvement(s) that did not previously exist within the county. (7-1-97)

05. Partial New Construction Values. Except as provided in Subsection 802.06 of this rule, the net taxable market value attributable directly to new construction shall be reported on the new construction roll in the tax year it is placed on the current assessment roll. Except as provided in Subsection 802.06 of this rule, any increase in a nonresidential parcel’s taxable value, due to new construction, shall be computed by subtracting the previous year’s or years’ partial taxable value(s) from the current taxable value. If any of this difference is attributable to inflation, such value, except as provided in Subsection 802.06 of this rule, shall not be included on the new construction roll.

Example: Assume a partially completed, nonresidential improvement was assessed at ten thousand dollars (\$10,000) as of January 1, 2009. The improvement was occupied February 2, 2009. Assume the ten thousand dollar (\$10,000) value was on the 2009 new construction roll. Assume that in 2010 the improvement is assessed at ninety thousand dollars (\$90,000). Assume there has been no inflation. The value that can be reported on the 2010 new construction roll is calculated as follows:

2010 Value	\$90,000
2009 Value Already Reported on New Construction Roll	<\$10,000>
2010 New Construction Roll Value (this improvement)	\$80,000

(4-7-11)

06. Change in Status.

(4-2-08)

a. A previously exempt improvement which becomes taxable shall not be included on the new construction roll, unless the loss of the exemption occurs during the year in which the improvement was constructed or unless the improvement has lost the exemption provided in Section 63-602W(3) or (4), Section 63-602E(3), or Section 63-602NN, Idaho Code. For any such property, the amount that may be included on the new construction roll shall be the value of the portion of the property subject to the exemption at the time the exemption was first granted. **For otherwise qualifying property that loses the exemption provided in Section 63-602NN, Idaho Code, but that has had its value added to the base assessment roll in a revenue allocation area as provided in Rule 804 of these rules, the value so added may be added to the new construction roll.** Examples of special cases for the exemption provided in Section 63-602W(4), Idaho Code, follow: (4-4-13)(____)

i. If the exemption is lost by June 30 of the year in which the exempt amount was to be subtracted from the new construction roll, then there shall be no subtraction, nor shall the formerly exempt amount be added, to the new construction roll, unless it had been previously subtracted from a new construction roll. For example, the property first became exempt in 2012, but lost the exemption by June 30, 2013. The 2013 new construction roll was not adjusted downward, so any previous inclusion of the exempt value would not be added in the future. Had the property lost the exemption later in 2013, there would have been a subtraction from the 2013 new construction roll and a subsequent addition to the 2014 new construction roll. (4-4-13)

ii. If the exemption was granted to property for which no value had been added to any new construction roll, the value of the property (site improvements) at the time the exemption was first granted may be added to the new construction roll following loss of the exemption. (4-4-13)

b. Except as provided in paragraph (06)(e) of this rule, Upon receipt by the State Tax Commission of a resolution recommending adoption of an ordinance for termination of an RAA under Section 50-2903(5), Idaho Code, any not previously included positive difference of the most current increment value minus the “incremental value as of December 31, 2006,” or the entire current increment value, if there was no such value as of December 31, 2006, shall be added to the appropriate year’s new construction roll. Upon the effective date of any de-annexation of a portion of an RAA, the immediate prior year’s increment value associated with the parcels in the de-annexed area is to be included in the appropriate year’s new construction roll as described in Paragraph 802.06.d. of this rule, provided such value has not been previously included on any new construction roll. When this information is received after the fourth Monday in July, this positive net increment value shall be added to the following year’s new construction roll. (3-29-17)(____)

c. Upon receipt by the State Tax Commission of an attestation indicating that an urban renewal plan has been modified in such a way as to result in resetting the base value in an RAA, as provided in Section 50-2903A, Idaho Code, increases in base value due to the addition of previously determined increment value may be added to the new construction roll as described in Section 63-301A(3)(j), Idaho Code, provided such value has not previously been included on any new construction roll. In such a case, at termination of the RAA, only new additional increment value following the reset of the base value shall be included on the new construction roll. (3-29-17)

d. When a portion of an RAA is de-annexed, the following steps must be used to determine the amount to be added to the current year’s new construction roll and the amount to be subtracted from the “incremental value as of December 31, 2006.” (4-7-11)

Proposed Property Tax Rule 802
Draft 2, June 4, 2018(changes from draft 1 bolded in .02.e, .06.a and e.

- i. Step 1. For the parcels in the de-annexed area, determine the December 31, 2006, increment value. (4-7-11)
- ii. Step 2. Subtract the increment value determined in Step 1 from the immediate prior year's increment value for the parcels in the de-annexed area. (3-29-17)
- iii. Step 3. Add any positive difference calculated in Step 2 to the current year's new construction roll value. (4-7-11)
- iv. Step 4. Adjust the "incremental value as of December 31, 2006" for the RAA by subtracting the increment value determined in Step 1. (4-7-11)
- v. The following table shows the amount to be added to the current year's new construction roll and the amount to be subtracted from the "incremental value as of December 31, 2006" applicable to the adjusted remaining RAA. The table assumes an area is de-annexed from an original RAA effective December 31, 2016.

Steps (as designated in Paragraph 802.06.c.)	Area	Value
	December 31, 2006, increment value of the original RAA	\$10,000,000
Step 1	December 31, 2006, increment value of the de-annexed area	\$1,000,000
	December 31, 2015, increment value of the de-annexed area	\$3,000,000
Steps 2 and 3	Amount related to the de-annexed area to be added to the 2017 new construction roll	\$2,000,000
Step 4	Adjustment amount to be deducted from the original RAA's "incremental value as of December 31, 2006"	<\$1,000,000>
	Adjusted "incremental value as of December 31, 2006" for the remaining RAA (base for future new construction roll additions upon dissolution of all or part of remaining RAA)	\$9,000,000

(3-29-17)

- vi. If the de-annexation in the example in sub-paragraph v. had taken effect prior to the fourth Monday of July, 2016, the 2015 increment value for the affected parcels would have been added to the 2016 new construction roll after subtracting the 2006 increment value. (3-29-17)

- vii. The value of operating property increment value to be included on the new construction roll when a de-annexation occurs is computed as shown in the following example:

Sum the previous year's increment values of the locally assessed parcels in the area to be de-annexed	\$15,000,000
Divide this sum by the previous year's increment value of all locally assessed parcels in the RAA	$\$15,000,000 \div \$130,000,000 = .1154$
Multiply by 100 to determine the percentage applicable to the locally assessed parcels located within the area to be de-annexed	$.1154 \times 100 = 11.54\%$

Determine the difference between the operating property increment value in the whole RAA for the year preceding the de-annexation from the 2006 increment value of all operating in the whole RAA	$\$2,000,000 - \$500,000 = \$1,500,000$
Multiply the locally assessed percentage by the increase in the operating property increment value	$11.54\% \times \$1,500,000 = \$173,100$
The value of operating property increment to be included on the new construction roll when a de-annexation occurs	\$173,100

(3-29-17)

e. For taxing districts formed after December 31, 2006 or annexing **or being annexed** into a revenue allocation area after that date, the amount of increment value to be added to the new construction roll will equal any positive difference between the increment value at the time of formation of the taxing district or annexation **by or** into the revenue allocation area and the increment value at the time of dissolution of the revenue allocation area or the increment value within the area deannexed from the revenue allocation area. ()

07. Limitation on Annexation and New Construction Roll Value. For any taxing district annexing property in a given year, the new construction roll for the following year shall not include value that has been included in the annexation value. When an annexation includes any part of a revenue allocation area, only taxable value that is part of the current base value of the taxing district is to be included in the annexation value reported for that taxing district for the year following the year of the annexation. (3-29-10)

08. Notification of New Construction Roll and Annexation Values. On or before the fourth Monday in July, each county auditor must report the net taxable values on the new construction roll and within annexed areas for each appropriate taxing district or unit to that taxing district or unit. (3-20-04)

803. BUDGET CERTIFICATION -- DOLLAR CERTIFICATION FORM (L-2 FORM) (RULE 803). Sections 63-602G(5), 63-802, 63-803, 63-3029B(4), 63-3502B, 50-2903A, 50-2913, ~~and~~ 63-3638(11) and (13), and 63-1305C, Idaho, Code.

01. Definitions. (4-5-00)

a. “Dollar Certification Form” (L-2 Form). The Dollar Certification Form (L-2 Form) is the form used to submit to the State Tax Commission the budget request from each board of county commissioners for each taxing district. This form shall be presumed a true and correct representation of the budget previously prepared and approved by a taxing district. The budget will be presumed adopted in accordance with pertinent statutory provisions unless clear and convincing documentary evidence establishes that a budget results in an unauthorized levy and action as provided in Section 63-809, Idaho Code. (4-6-05)

b. “Prior Year’s Market Value for Assessment Purposes.” Prior year’s market value for assessment purposes shall mean the value used to calculate levies during the immediate prior year. This value shall be used for calculating the permanent budget increase permitted for cities, pursuant to Section 63-802(1)(g~~f~~), Idaho Code. (4-2-08)

c. “Annual Budget.” For the purpose of calculating dollar amount increases permitted pursuant to Section 63-802(1), Idaho Code, the annual budget shall include any amount approved as a result of an election held pursuant to Sections 63-802(1)(g~~f~~) or 63-802(1)(h~~g~~), Idaho Code, provided that said amount is certified on the L-2 Form as part of the budget request. If the amount certified does not include the entire amount approved as a result of the election held pursuant to Sections 63-802(1)(g~~f~~) or 63-802(1)(h~~g~~), Idaho Code, then the amount not used shall be added to the foregone increase amount determined for the taxing district. See the following example.

CERTIFIED PROPERTY TAX BUDGET LIBRARY DISTRICT*				
	FY 1999	FY 2000	FY 2001	FY 2002
Annual Budget	\$10,000	\$10,000	\$10,700	\$11,621
3% Increase	\$0	\$300	\$321	\$349
Subtotal	\$10,000	\$10,300	\$11,021	\$11,970
1999 Election Amount	\$0	\$400 of \$1,000	\$600 of \$1,000	\$0
Certified Budget	\$10,000	\$10,700	\$11,621	\$11,970

*The Library District with zero dollars (\$0) in value for new construction and/or annexation approves an additional budget amount of one thousand dollars (\$1,000) in 1999, but only certifies four hundred dollars (\$400) for the year 2000. Note the example does not account for any foregone amount resulting from the district's decision to not increase its budget by three percent (3%) in 1997, 1998 or 1999. (4-6-05)()T&P

d. “Property Tax Funded Budget.” Property tax funded budget means that portion of any taxing district’s budget certified to the board of county commissioners, approved by the State Tax Commission, and subject to the limitations of Section 63-802, Idaho Code. (3-20-04)

e. “Recovered/Recaptured Property Tax and Refund Substitute Funds Tax List.” Recovered/recaptured property tax and refund substitute funds list means the report sent by the

county auditor to the appropriate taxing district(s)/unit(s) by the first Monday in August and to the State Tax Commission with the L-2 Forms, listing the amount of revenue distributed, or refunds charged, to each appropriate taxing district/unit ~~as recovery of property tax or other payments~~ during the twelve (12) month period ending June 30 each year under the following sections:

~~(5-8-09)~~ ()T&P

i. Section 63-602G(5), Idaho Code; ~~and~~ (5-8-09)

ii. Section 63-3029B(4), Idaho Code; ~~and~~ (5-8-09)

iii. Section 63-602KK(7), Idaho Code, for personal property exempted after 2013 for which no replacement money was paid; ~~and~~ (3-29-17)

iv. Section 63-3502B(2), Idaho Code, for distributions of gross earnings tax on solar farms; ~~and~~ (3-29-17)

v. Section 50-2903A(3), Idaho Code, for distributions of urban renewal allocations in excess of the amount necessary to pay indebtedness, when required; ~~and~~ (3-29-17)

vi. Section 50-2913(3)(c), Idaho Code, for distributions of urban renewal allocations in excess of the amount received during the immediate prior tax year, when required; ~~;~~
~~(3-29-17)~~()T&P

vii. Section 63-1302C(3), Idaho Code for revoked provisional property tax exemptions;
~~and~~ ()T&P

viii. Section 63-1305C(6), Idaho Code, for refunds related to provisional property tax exemptions.
()T&P

f. “Taxing District/Unit.” Taxing district/unit means any governmental entity with authority to levy property taxes as defined in Section 63-201, Idaho Code, and those ~~noncountywide~~ governmental entities without authority to levy property taxes but on whose behalf such taxes are levied ~~or allocated~~ by an authorized entity such as the county or city ~~for such entities as county road and bridge funds or urban renewal agencies, respectively.~~ (4-6-05)()T&P

g. “New Taxing District.” For property tax budget and levy purposes, new taxing district means any taxing district for which no property tax revenue has previously been levied. See the Idaho Supreme Court case of Idaho County Property Owners Association, Inc. v. Syringa General Hospital District, 119 Idaho 309, 805 P.2d 1233 (1991). (4-2-08)

02. Budget Certification. The required budget certification shall be made to each board of county commissioners representing each county in which the district is located by submitting the completed and signed L-2 Form prescribed by the State Tax Commission. Unless otherwise provided for in Idaho Code, budget requests for the property tax funded portions of the budget shall not exceed the amount published in the notice of budget hearing if a budget hearing notice is required in Idaho Code for the district. The levy approved by the State Tax Commission shall not exceed the levy computed using the amount shown in the notice of budget hearing. (3-20-14)

03. Budget Certification Requested Documents. Using the completed L-2 Form, each board of county commissioners shall submit to the State Tax Commission a budget request for each taxing district in the county that certifies a budget request to finance the property tax funded portion of its annual budget. The board of county commissioners shall only submit documentation specifically requested by the State Tax Commission. (3-29-17)

a. Forgone increase documentation. For any taxing district submitting a budget including previously forgone increases, required documentation includes a copy of the resolution certifying the amount of the forgone increase being included and the specific purpose for which this increase is being budgeted. Each such taxing district must submit the resolution to the board of county commissioners representing each county in which the district is located along with the L-2 Form. The board of county commissioners must attach a copy of the resolution to be submitted to the State Tax Commission along with the L-2 Form. Such submittal will constitute submittal to the State Tax Commission. (3-29-17)

b. Forgone increase disclaimer. Any resolution to disclaim the right to recover an annual increase in the forgone amount must state the amount of such forgone increase being disclaimed and must be submitted to the board of county commissioners representing each county in which the district is located along with the L-2 Form. The board of county commissioners must attach a copy of the resolution to be submitted to the State Tax Commission along with the L-2 Form. Such submittal will constitute submittal to the State Tax Commission. The following table illustrates calculation of the maximum forgone amount that may be disclaimed in 2018:

Step	Description	Comments
1	2017 maximum property tax \$10,000. This is an increase of \$1,000 from 2016.	The district has no prior forgone balance.
2	The district certifies \$9,800 in 2017.	The district now has \$200 in forgone balance.
3	2018 maximum property tax \$11,000. (not including \$200 forgone)	
4	2018 property tax budgeted (to be submitted for certification) is \$10,600	This amount is approved to be levied and would generate \$400 in additional forgone balance.
5	2018 maximum amount of forgone increase that may be disclaimed by the district is \$400.	If the district disclaims the full \$400, their forgone balance remains at \$200.

(3-28-18)

04. L-2 Form Contents. Each taxing district ~~or unit~~ completing an L-2 Form shall include the following information on or with this form. (3-20-04)

a. “Department or Fund.” Identify the department or fund for which the taxing district is requesting a budget for the current tax year. (4-5-00)

b. “Total Approved Budget.” List the dollar amount of the total budget for each department or fund identified. The amounts must include all money that a taxing district has a potential to spend at the time the budget is set, regardless of whether funds are to be raised from property tax. (4-5-00)

c. “Cash Forward Balance.” List any money retained, but intended to fund the approved budget being certified on the L-2 form (4-11-15)

d. “Other Revenue not Shown in Column 5.” List the revenue included in the total approved budget to be derived from sources other than property tax or money brought forward from a prior year. For example, sales tax revenue is included. (3-15-02)

e. “Property Tax Replacement.” Report the following amounts received for the 12 month period ending June 30 of the current tax year: ~~(5-8-09)~~()T&P

i. The amount of money received annually under Section 63-3638(11), Idaho Code, as replacement revenue for the agricultural equipment exemption under Section 63-602EE, Idaho Code; (4-11-15)

ii. The amount of money received as recovery of property tax exemption under Section 63-602G(5), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(5-8-09)~~()T&P

iii. The amount of money received as recapture of the property tax benefit under Section 63-3029B(4), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(4-11-15)~~()T&P

iv. The amount of money received ~~annually~~ under Section 63-3638(13), for the personal property exemption under 63-602KK(2), Idaho Code; (3-29-17)

v. The amount of money received ~~annually~~ under Section 63-602KK(7), Idaho Code, for personal property exempted after 2013, for which no replacement money was paid, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(3-29-17)~~()T&P

vi. The amount of money received ~~in the 12 month period ending June 30 of the current tax year~~ as a result of distributions of the gross earning tax on solar farms, as provided in Section 63-3502B(2), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~(3-29-17)~~()T&P

vii. The amount of money received ~~in the 12 month period ending June 30 of the current tax year~~ as a result of distributions of urban renewal allocations in excess of the amount necessary to pay indebtedness, as provided in Section 50-2903A(3), Idaho Code, and listed on the “Recovered/recaptured property tax and refund substitute funds list”; ~~and (3-29-17)~~()T&P

viii. The amount of money received ~~in the 12 month period ending June 30 of the current tax year~~ as a result of distributions of urban renewal allocations in excess of the amount received by the urban renewal agency in the immediate prior year, as provided in Section 50-2913(3)(c),

Idaho Code and listed on the “Recovered/recaptured property tax and refund substitute funds list”;
and .” ~~(3-29-17)~~(____)T&P

ix. The amount of money received as a result of distributions of recovered property tax for
revoked provisional property tax exemptions pursuant to Section 63-1305C(3), Idaho Code.
____(____)T&P

f. “Balance to be Levied.” Report the amount of money included in the total approved
budget to be derived from property tax. (3-15-02)

g. Other Information. Provide the following additional information. (4-5-00)

i. The name of the taxing district or unit; (3-20-04)

ii. The date of voter approval (if required by statute) and effective period for any new or
increased fund which is exempt from the budget limitations in Section 63-802, Idaho Code;
(4-5-00)

iii. The signature, date signed, printed name, address, and phone number of an authorized
representative of the taxing district; and (5-3-03)

iv. For a hospital district which has held a public hearing, a signature certifying such action.
(4-5-00)

v. For any taxing district including previously forgone increases in their budget or
disclaiming any forgone increase, an attestation to having held the required public hearing on the
resolution to include or disclaim the forgone amount. (3-28-18)

h. Attached Information. Other information submitted to the county auditor with the L-2
Form. (4-6-05)

i. For all taxing districts, L-2 worksheet. (3-20-04)

ii. For newly formed recreation or auditorium districts, a copy of the petition forming the
district showing any levy restrictions imposed by that petition. (3-20-04)

iii. For any new ballot measures (bonds, overrides, permanent overrides, supplemental
maintenance and operations funds, cooperative service agency funds, and plant facility funds),
notice of election and election results. ~~(3-20-04)~~(____)

iv. Voter approved fund tracker. (3-20-04)

v. For fire districts, a copy of any new agreements with utility companies providing for
payment of property taxes by that utility company to that fire district. (3-20-04)

vi. For any city with city funded library operations and services at the time of consolidation with any library district, each such city must submit a certification to the board of county commissioners and the board of the library district reporting the dedicated portion of that city's property tax funded library fund budget and separately reporting any portion of its property tax funded general fund budget used to fund library operations or services at the time of the election for consolidation with the library district. (3-20-04)

vii. For any library district consolidating with any city that had any portion of its property tax funded budget(s) dedicated to library operations or services at the time of the election for consolidation, each such library district must submit to the board of county commissioners a copy of the certification from that city reporting the information provided for in Subparagraph 803.04.h.vi. of this rule. (4-6-05)

viii. For any taxing district including previously forgone increases in their budget or disclaiming any forgone increase, a copy of the resolution describing the amount of the forgone increase being disclaimed or the amount included and specific purpose for which it is being included. (3-28-18)

05. Special Provisions for Fire Districts Levying Against Operating Property. To prevent double counting of public utility property values, for any year following the first year in which any fire district increases its budget using the provision of Section 63-802(2), Idaho Code, such fire district shall not be permitted further increases under this provision unless the following conditions are met: (3-30-01)

a. The fire district and public utility have entered into a new agreement of consent to provide fire protection to the public utility; and (3-30-01)

b. Said new agreement succeeds the original agreement; and (3-30-01)

c. In the first year in which levies are certified following the new agreement, the difference between the current year's taxable value of the consenting public utility and public utility value used in previous budget calculations made pursuant to this section is used in place of the current year's taxable value of the consenting public utility. (3-30-01)

06. Special Provisions for Property Tax Replacement and Refunds Pursuant to Section 63-1305C(6), Idaho Code. Property tax replacement monies must be reported on the L-2 Form and separately identified on accompanying worksheets. Except as provided in Paragraph 803.06.f of this rule, for all taxing districts, these monies must be subtracted from or, in the case of refunds, not included in, the "balance to be levied". The reduced balance shall be used to compute levies; ~~but~~ The maximum amount permitted pursuant to Section 63-802(1), Idaho Code, shall be based on the sum of these property tax replacement monies including recoveries received pursuant to Section 63-1305C(3), Idaho Code, but excluding monies received pursuant to 63-3502B(2), Idaho Code, and the amount actually levied. Each taxing district's proportionate share of refunds pursuant to Section 63-1305C(6), Idaho Code, as reported in Paragraph 01(e) of this rule, must be subtracted from the maximum amount permitted pursuant to Section 63-802(1), Idaho Code. (3-29-17)()T&P

a. The State Tax Commission shall, by the fourth Monday of July, notify each county clerk if the amount of property tax replacement money, pursuant to Sections 63-3638(11) and (13), Idaho Code, to be paid to a taxing district changes from the amount paid in the preceding year. By the first Monday of May, the State Tax Commission shall further notify each school district and each county clerk of any changes in the amount of property tax replacement money to be received by that school district pursuant to Sections 63-3638(11) and (13), Idaho Code. (4-11-15)

b. By no later than the first Monday of August of each year, each county clerk shall notify each appropriate taxing district or unit of the total amount of property tax replacement monies, and the type of replacement money, as described in Paragraph 04(e) of this rule. For charter school districts subject to the provisions of Paragraph (06)(f) of this rule, the amount to be subtracted shall be reported. ~~(3-29-17)~~(____)

c. Except as provided in Paragraph 803.06.d. of this rule, the subtractions required in Subsection 803.06 of this rule may be from any fund(s) subject to the limitations of Section 63-802, Idaho Code. For school districts these ~~is~~ subtractions must be first from funds subject to the limitations of Section 63-802, Idaho Code, then from other property tax funded budgets. (5-8-09)

d. For taxing districts receiving distributions of the gross earning tax on solar farms described in Section 63-3502B(2), Idaho Code, the amount of any such distribution received during the 12 months ending June 30 of the current tax year shall be subtracted from the maximum amount of property tax revenue permitted pursuant to Section 63-802, Idaho Code. ~~In addition to the amounts reported as described in Paragraph (06)(b) of this rule, the county clerk shall, by the third Monday in August, notify each taxing unit of the total amount of the gross earnings tax on solar farms billed for the current tax year.~~ (3-29-17)(____)

e. Levy limits shall be tested against the amount actually levied. (3-15-02)

f. For charter school districts with a levy in 2013 for maintenance and operations, as provided in Section 33-802(6), Idaho Code, a portion of the property tax replacement money received for property subject to the exemption in Section 63-602KK, Idaho Code, is not required to be subtracted in determining the “balance to be levied.” Said portion shall be the amount calculated by applying the 2013 levy rate for the maintenance and operations levy amount, as authorized in the district’s charter, to the 2013 exempt value of personal property used to compute replacement money provided to the school district. (4-11-15)

g. For recovered personal property exemptions, as provided in Section 63-602KK(7), Idaho Code, for personal property exempted in 2013 for which replacement money was paid, recovered amounts shall be distributed to the State Tax Commission. Once received, the amount of future payments to the affected taxing districts shall be reduced by the amount received. (3-25-16)

07. Special Provisions for Library Districts Consolidating with Any City’s Existing Library Operations or Services. For any library district consolidating with any city’s existing library operations or services, the amount of the dedicated property tax funded general fund and

library fund budgets certified by the city under Subparagraph 803.04.h.vi., of this rule shall be added to that library district's property tax funded budget in effect at the time of the election for consolidation. This total shall be used as this district's property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code.
(4-6-05)

08. Special Provisions for Cities with Existing Library Operations or Services Consolidating with Any Library District. For any city with existing library operations or services at the time of consolidation with any library district, the amount of the dedicated property tax funded library fund budget included in the certification by the city under Subparagraph 803.04.h.vi., of this rule shall be subtracted from that city's total property tax funded budget in effect at the time of the election for the consolidation. This difference shall be used as this city's property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code.
(4-6-05)

09. Special Provisions for Calculating Total Levy Rate for Taxing Districts or Units with Multiple Funds. Whenever the "Calculated Levy Rate" column of the L-2 Form indicates that a levy rate has been calculated for more than one (1) fund for any taxing district or unit, the "Column Total" entry must be the sum of the levy rates calculated for each fund. Prior to this summation, the levy rates to be summed must be rounded or truncated at the ninth decimal place. No additional rounding is permitted for the column total.
(4-6-05)

10. Special Provisions for School Districts' Tort Funds - Hypothetical New Construction Levy. To calculate the new construction portion of the allowed annual increase in a school district's tort fund under Section 63- 802(1), Idaho Code, calculate a Hypothetical New Construction Levy. To calculate this hypothetical levy, sum the amount of the school district's tort fund levied for the prior year, the agricultural equipment replacement revenue, and personal property replacement revenue, then divide this sum by the school district's taxable value used to determine the tort fund's levy for the prior year. For the current year, the allowed tort fund increase for new construction is this Hypothetical New Construction Levy times the current year's new construction roll value for the school district.
(3-25-16)

11. Special Provisions for Interim Abatement Districts. When an interim abatement district transitions into a formally defined abatement district under Section 39-2812, Idaho Code, the formally defined abatement district shall not be considered a new taxing district as defined in Paragraph 803.01.g. of this rule for the purposes of Section 63-802, Idaho Code. For the formally defined abatement district, the annual budget subject to the limitations of Section 63-802, Idaho Code, shall be the amount of property tax revenue approved for the interim abatement district.
(4-02-08)

12. Special Provisions for Consolidating Cemetery Districts. When two or more cemetery districts consolidate, the first year in which the consolidated cemetery district levies property tax, the maximum budget subject to the limitations of section 63-802, Idaho Code, shall be computed as follows:
()

- a. Determine the highest levy rate of any of the former cemetery districts now consolidating, based on the sum of the immediate prior year’s levies subject to the limitations of section 63-802, Idaho Code. ()
- b. Multiply this levy rate by the current taxable value of property within the area of the former cemetery districts other than the district with the highest rate. ()
- c. Multiply this levy rate by the current taxable value of new construction, as reported on the new construction roll, within the area of the former cemetery district with the highest levy rate. ()
- d. Add: ()
 - i. the amounts computed in subparagraphs 12 (b) and (c), ()
 - ii. 3% of the highest amount of property taxes certified by the former cemetery district determined in subparagraph 12 (a) of this rule to have had the highest levy rate, for its annual budget, as defined in Section 63-802(1)(a), Idaho Code, ()
 - iii. any forgone amounts of the former cemetery districts now consolidating. ()

132. Cross Reference for School Districts with Tuition Funds. School district tuition fund levies are exempt from the limitations of Section 63-802, Idaho Code. See Section 33-1408, Idaho Code. (4-11-15)

804. TAX LEVY - CERTIFICATION – URBAN REVEWAL DISTRICTS (RULE 804).

Section 50-2908, 50-2033, 50-2903, 50-2903A, 50-2905A, 50-2913, 63-803, and 63-811, Idaho Code.

01. Definitions. (4-5-00)

a. “Urban renewal district.” An urban renewal district, as referred to in Section 63-215, Idaho Code, shall mean an urban renewal area formed pursuant to an urban renewal plan adopted in accordance with Section 50-2008, Idaho Code. Urban renewal districts are not taxing districts.

(4-5-00)

b. “Revenue allocation area (RAA).” A revenue allocation area (RAA) as referred to in Section 50-2908, Idaho Code, shall be the area defined in Section 50-2903, Idaho Code, in which base and increment values are to be determined. A new urban renewal plan is required when an urban renewal agency establishes a new RAA. Revenue allocation areas (RAAs) are not taxing districts.

(3-29-17)

c. “Current base value.” The current base value of each parcel in a taxing district or unit shall be the value of that parcel on the current base assessment roll as defined under Section 50-2903, Idaho Code. Current base value does not include value found on the occupancy roll.

(4-5-00)

d. “Initial base value.” The initial base value for each parcel is the sum of the taxable value of each category of property in the parcel for the year the RAA is established. In the case of annexation to an RAA, initial base value of each annexed parcel shall be the value of that parcel as of January 1 of the year in which the annexation takes place.

(4-11-15)

e. “Increment value.” The increment value is the difference between the current equalized value of each parcel of taxable property in the RAA and that parcel’s current base value, provided such difference is a positive value.

(4-5-00)

f. “Revenue allocation financing provision.” A revenue allocation area (RAA) shall be considered to be a revenue allocation financing provision.

(3-29-17)

02. Establishing and Adjusting Base and Increment Values. (4-5-00)

a. Establishing initial base value. If a parcel’s legal description has changed prior to computing initial base year value, the value that best reflects the prior year’s taxable value of the parcel’s current legal description must be determined and will constitute the initial base year value for such parcel. The initial base value includes the taxable value, as of the effective date of the ordinance adopting the urban renewal plan, of all otherwise taxable property, as defined in Section 50-2903, Idaho Code. Initial base value does not include value found on the occupancy roll.

(4-5-00)

b. Adjustments to base value - general value changes. Adjustments to base values will be calculated on a parcel by parcel basis, each parcel being a unit and the total value of the unit

being used in the calculation of any adjustment. Base values are to be adjusted downward when the current taxable value of any parcel in the RAA is less than the most recent base value for such parcel. In the case of parcels containing some categories of property which increase in value and some which decrease, the base value for the parcel will only decrease provided the sum of the changes in category values results in a decrease in total parcel value. Any adjustments shall be made by category and may result in increases or decreases to base values for given categories of property for any parcel. Adjustments to base values for any real, personal, or operating property shall establish new base values from which future adjustments may be made. In the following examples the parcel's initial base value is one hundred thousand dollars (\$100,000), including Category 21 value of twenty thousand dollars (\$20,000) and Category 42 value of eighty thousand dollars (\$80,000). (4-5-00)

i. Case 1: Offsetting decreases and increases in value. One (1) year later the parcel has a one thousand dollar (\$1,000) decrease in value in Category 21 and a one thousand dollar (\$1,000) increase in Category 42 value. There is no change in the base value for the parcel. (4-5-00)

ii. Case 2: Partially offsetting decreases and increases in value. One (1) year later the parcel has a three thousand dollars (\$3,000) decrease in value in Category 21 and a one thousand dollars (\$1,000) increase in Category 42 value. The base value decreases two thousand dollars (\$2,000) to ninety-eight thousand dollars (\$98,000). (4-5-00)

iii. Case 3: Future increase in value following decreases. One (1) year after the parcel in Case 2 has a base value reduced to ninety-eight thousand dollars (\$98,000), the value of the parcel increases by five thousand dollars (\$5,000) which is the net of category changes. The base value remains at ninety-eight thousand dollars (\$98,000). (4-5-00)

c. Adjustments to base value - splits and combinations. Before other adjustments can be made, the most recent base value must be adjusted to reflect changes in each parcel's legal description. This adjustment shall be calculated as described in the following subsections. (4-5-00)

i. When a parcel has been split, the most recent base year value is transferred to the new parcels, making sure that the new total equals the most recent base year value. Proportions used to determine the amount of base value assigned to each of the new parcels shall be based on the value of the new parcels had they existed in the year preceding the year for which the value of the new parcels is first established. (4-11-15)

ii. When a parcel has been combined with another parcel, the most recent base year values are added together. (4-5-00)

iii. When a parcel has been split and combined with another parcel in the same year, the value of the split shall be calculated as set forth in Subsection 804.02.c.i. and then the value of the combination will be calculated as set forth in Subsection 804.02.c.ii. (4-5-00)

d. Adjustments to base values when exempt parcels become taxable. Base values shall be adjusted as described in the following subsections. (4-5-00)

i. Fully exempt parcels at time of RAA establishment. When a parcel that was exempt at the time the RAA was established becomes taxable, the base value is to be adjusted upwards to reflect the estimated value of the formerly exempt parcel as it existed at the time the RAA was established.

(4-5-00)

ii. Partially exempt parcels losing the speculative value exemption. When a partially exempt parcel with a speculative value exemption that applies to farmland within the RAA becomes fully taxable, the base value of the RAA shall be adjusted upwards by the difference between the taxable value of the parcel for the year in which the exemption is lost and the taxable value of the parcel included in the base value of the RAA. For example, assume a parcel of farmland within an RAA had a taxable value of five hundred dollars (\$500) in the year the RAA base value was established. Assume also that this parcel had a speculative value exemption of two thousand dollars (\$2,000) at that time. Two (2) years later the parcel is reclassified as industrial land, loses the speculative value exemption, and has a current taxable value of fifty thousand dollars (\$50,000). The base value within the RAA would be adjusted upwards by forty-nine thousand five hundred dollars (\$49,500), the difference between fifty thousand dollars (\$50,000) and five hundred (\$500). The preceding example applies only in cases of loss of the speculative value exemption that applies to land actively devoted to agriculture and does not apply to timberland. Site improvements, such as roads and utilities, that become taxable after the loss of the speculative value exemption are not to be added to the base value. For example, if, in addition to the fifty thousand dollars (\$50,000) current taxable value of the undeveloped land, site improvements valued at twenty-five thousand dollars (\$25,000) are added, the amount reflected in the base value remains fifty thousand dollars (\$50,000), and the additional twenty-five thousand dollars (\$25,000) is added to the increment value. In addition, this example applies only to land that loses the speculative value exemption as a result of changes occurring in 2010 or later and first affecting taxable values in 2011 or later. Parcels that lost speculative value exemptions prior to 2010 had base value adjustments as described in Subsection 804.02.d.iii. of this rule.

(3-29-12)

iii. Partially exempt parcels other than those losing the speculative value exemption. ~~W~~Except as provided in subparagraph vi of this rule, when a partially exempt parcel, other than one subject to the speculative value exemption that applies to farmland, within the RAA becomes fully taxable, the base value of the RAA shall be adjusted upwards by the difference between the value that would have been assessed had the parcel been fully taxable in the year the RAA was established and the taxable value of the parcel included in the base value of the RAA. For example, assume a residential parcel within an RAA had a market value of one hundred thousand dollars (\$100,000), a homeowner's exemption of fifty thousand dollars (\$50,000), and a taxable value of fifty thousand dollars (\$50,000) in the year the RAA base value was established. After five (5) years, this parcel is no longer used for owner-occupied residential purposes and loses its partial exemption. At that time the parcel has a taxable value of one hundred eighty thousand dollars (\$180,000). The base value within the RAA would be adjusted upwards by fifty thousand dollars

(\$50,000) to one hundred thousand (\$100,000) to reflect the loss of the homeowner's exemption, but not any other value increases. (3-29-12)

iv. Partially exempt properties for which the amount of the partial exemption changes. For partially exempt properties that do not lose an exemption, but for which the amount of the exemption changes, there shall be no adjustment to the base value, unless the current taxable value is less than the most recent base value for the property. For example, assume a home has a market value of two hundred thousand dollars (\$200,000) and a homeowner's exemption of one hundred thousand dollars (\$100,000), leaving a taxable value of one hundred thousand dollars (\$100,000), all of which is base value. The following year the homeowner's exemption limit changes to ninety thousand dollars (\$90,000), so the property's taxable value increases to one hundred ten thousand dollars (\$110,000). The base value remains at one hundred thousand dollars (\$100,000). Alternatively, assume the property in the preceding example increases in market value to two hundred twenty thousand dollars (\$220,000) and the homeowner's exemption drops to ninety thousand dollars (\$90,000) because of the change in the maximum amount of this exemption. The base value remains at one hundred thousand dollars (\$100,000). Finally, assume the property decreases in value to one hundred eighty-eight thousand dollars (\$188,000) at the same time the homeowner's exemption limit changes to ninety thousand dollars (\$90,000). The property now has a taxable value of ninety-eight thousand dollars (\$98,000), requiring an adjustment in the base value to match this amount, since it is lower than the original base value of one hundred thousand dollars (\$100,000). (3-29-12)

v. Change of exempt status. Except as provided in subparagraph vi of this rule, W when a parcel that is taxable and included in the base value at the time the RAA is established subsequently becomes exempt, the base value is reduced by the most current value of the parcel included in the base value. If this parcel subsequently becomes taxable, the base value is to be adjusted upward by the same amount that was originally subtracted. For example, assume a land parcel had a base value of twenty thousand dollars (\$20,000). One (1) year later the parcel has a value of nineteen thousand dollars (\$19,000), so the base value is reduced to nineteen thousand dollars (\$19,000). Three (3) years later, an improvement valued at one hundred thousand dollars (\$100,000) was added. The land at this later date had a value of thirty thousand dollars (\$30,000). Both land and improvements were purchased by an exempt entity. The base would be reduced by nineteen thousand dollars (\$19,000). Five (5) years later, the land and improvement will become taxable. The base value is to be adjusted upwards by nineteen thousand dollars (\$19,000).

(4-11-15)(____)

vi. Special case for exemption provided in section 63-602NN, Idaho Code. The base and increment values of any parcel in the tax year immediately prior to the first granting of the exemption pursuant to section 63-602NN, Idaho Code, are not to be reduced for that parcel as a result of the granting of this exemption. Upon loss of the exemption, any taxable value in excess of the taxable value of the property in the year immediately preceding the first year of the exemption is to be added to the increment value provided the property was within an RAA when the exemption was granted and remains within the RAA at the time the exemption expires. If the parcel was annexed to an RAA during the period of the exemption, the value that would have been added to the base at the time of annexation had the property not received the exemption would be added to

the base at the time the exemption expires, while any remaining taxable value would be added to the increment. ()

e. Adjustments to base values when property is removed. Base values are to be adjusted downward for real, personal, and operating property removed from the RAA. Property shall be considered removed only under the conditions described in the following subsections. (4-5-00)

i. For real property, all of the improvement is physically removed from the RAA, provided that there is no replacement of said improvement during the year the original improvement was removed. If said improvement is replaced during the year of removal, the reduction in base value will be calculated by subtracting the value of the new improvement from the current base value of the original improvement, provided that such reduction is not less than zero (0). (4-5-00)

ii. For personal property, all of the personal property associated with one (1) parcel is physically removed from the RAA or any of the personal property associated with a parcel becomes exempt. In the case of exemption applying to personal property, the downward adjustment will first be applied to the increment value and then, if the remaining taxable value of the parcel is less than the most current base value, to the base value. Assume, for example that a parcel consists entirely of personal property with a base value of twenty thousand dollars (\$20,000) and an increment value of ninety thousand dollars (\$90,000). The next year the property receives a one hundred thousand (\$100,000) personal property exemption. The increment value is reduced to zero and the base value is reduced to ten thousand dollars (\$10,000). (4-11-15)

iii. For operating property, any of the property under a given ownership is removed from the RAA. (4-5-00)

f. Adjustments to base value for annexation. When property is annexed into an RAA, the base value in the RAA shall be adjusted upwards to reflect the value of the annexed property as of January 1 of the year in which the annexation takes effect. As an example, assume that parcels with current taxable value of one million dollars (\$1,000,000) are annexed into an RAA with an existing base value of two million dollars (\$2,000,000). The base value of the RAA is adjusted upwards to three million dollars (\$3,000,000). (4-11-15)

g. Adjustments to increment values. In addition to the adjustment illustrated in subsection (02)(e)(ii) of this rule, decreases in total parcel value below the initial base value decrease the base value for the parcel. This leads to greater increment value if the parcel increases in value in future years. For example, if a parcel with a initial base value of one hundred thousand dollars (\$100,000) decreases in value to ninety-five thousand dollars (\$95,000), but later increases to ninety-eight thousand dollars (\$98,000), an increment value of three thousand dollars (\$3,000) is generated. If the same parcel increases in value to one hundred two thousand dollars (\$102,000) after the decrease to ninety-five thousand dollars (\$95,000), the increment value would be seven thousand dollars (\$7,000). (4-11-15)

h. Apportioning operating property values. For operating property, the original base value shall be apportioned to the RAA on the same basis as is used to apportion operating property to taxing districts and units. The operating property base value shall be adjusted as required under Section 50-2903, Idaho Code. (4-5-00)

03. Levy Computation for Taxing Districts Encompassing RAAs Within Urban Renewal Districts. Beginning in 2008, levies shall be computed in one (1) of two (2) ways as follows: (5-8-09)

a. For taxing district or taxing unit funds other than those meeting the criteria listed in Subsection 804.05 of this rule, the property tax levy shall be computed by dividing the dollar amount certified for the property tax portion of the budget of the fund by the market value for assessment purposes of all taxable property within the taxing district or unit, including the value of each parcel on the current base assessment roll (base value), but excluding the increment value. For example, if the taxable value of property within a taxing district or unit is one hundred million dollars (\$100,000,000) but fifteen million dollars (\$15,000,000) of that value is increment value, the levy of the taxing district must be computed by dividing the property tax portion of the district's or unit's budget by eighty-five million dollars (\$85,000,000). (5-8-09)

b. For taxing district or taxing unit funds meeting the criteria listed in Subsections 804.05 and 804.07 of this rule, the property tax levy shall be computed by dividing the dollar amount certified for the property tax portion of the budget of the fund by the market value for assessment purposes of all taxable property within the taxing district or unit, including the increment value. Given the values in the example in Paragraph 804.03.a. of this rule, the levy would be computed by dividing the property tax portion of the fund by one hundred million dollars (\$100,000,000). (5-8-09)

04. Modification of an Urban Renewal Plan. Except when inapplicable as described in Paragraphs 804.04.a, b, or c, of this rule, when an authorized municipality passes an ordinance modifying an urban renewal plan containing a revenue allocation financing provision, for the tax year immediately following the year in which the modification occurs, the base value of property in the RAA shall be reset by being adjusted to reflect the current taxable value of the property. All modifications to boundaries of RAAs must comply with the provisions of Rule 225 of these rules. (3-29-17)

a. Modification by consolidation of RAAs. If such modification involves combination or consolidation of two (2) or more RAAs, the base value shall be determined by adding together independently determined current base values for each of the areas to be combined or consolidated. The current taxable value of property in an area not previously included in any RAA shall be added to determine the total current base value for the consolidated RAA. (4-5-00)

b. Modification by annexation. (5-8-09)

i. If an RAA is modified by annexation, the current taxable value of property in the area annexed shall be added to the most current base value determined for the RAA prior to the annexation. (5-8-09)

ii. For levies described in Paragraphs 804.05.b., c., or d. of this rule approved prior to December 31, 2007, and included within the boundaries of a revenue allocation area by a change in the boundaries of either the revenue allocation area or the area subject to the levy by the taxing district or unit fund after December 31, 2007, the property tax levy shall be computed by dividing the dollar amount certified for the property tax portion of the budget of the fund by the market value for assessment purposes of all taxable property within the taxing district or unit, including the increment value. The example below shows the value to be used for setting levies for various funds within an urban renewal district “A” that annexes area “B” within a school district. Area (B) was annexed after December 31, 2007. Therefore, the Area (B) increment was added back to the base for all funds shown except the tort fund. The Area (A) increment value was added back to the base for the bond and override funds which were certified or passed after December 31, 2007.

2009 Value Table	School District (base only)	\$500 Million
	RAA (A) increment	\$40 Million
	RAA annex (B) increment	\$10 Million

<p>School District Area \$500 M base</p> <div style="border: 1px solid black; width: 150px; height: 100px; margin: 20px auto; position: relative;"> <div style="position: absolute; top: 10px; left: 10px; width: 80%; height: 80%; border: 1px solid black; text-align: center; vertical-align: middle;"> Pre 2008 RAA (A) Boundaries \$40 M Increment </div> <div style="position: absolute; top: 10px; right: 10px; width: 80%; height: 80%; border: 1px solid black; text-align: center; vertical-align: middle;"> 2008 RAA Annexation (B) \$10 M Increment </div> </div>	<p>2009 School Levies</p> <table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Fund</th> <th style="text-align: left;">Value for Setting Levies \$ Millions</th> </tr> </thead> <tbody> <tr> <td>Tort</td> <td style="text-align: center;">500</td> </tr> <tr> <td>2001 Plant</td> <td style="text-align: center;">510</td> </tr> <tr> <td>2008 Bond (Passed and first levied in 2008)</td> <td style="text-align: center;">550</td> </tr> <tr> <td>2009 Supplemental</td> <td style="text-align: center;">550</td> </tr> </tbody> </table>	Fund	Value for Setting Levies \$ Millions	Tort	500	2001 Plant	510	2008 Bond (Passed and first levied in 2008)	550	2009 Supplemental	550
Fund	Value for Setting Levies \$ Millions										
Tort	500										
2001 Plant	510										
2008 Bond (Passed and first levied in 2008)	550										
2009 Supplemental	550										

(4-11-15)

iii. An annexation permitted pursuant to section 50-2033, Idaho Code, to an RAA in existence prior to July 1, 2016 shall not change the status of the urban renewal agency or the RAA and its related plan regarding inapplicability of the base reset or attestation provisions found in section 50-2903A, Idaho Code. (3-29-17)

c. Other modifications – attestation requirements. Modification resulting in adjustment of base value to reflect the current taxable value of the property within the RAA shall

not be deemed to have occurred when the urban renewal agency attests to having made no modifications to a plan or is not required to attest to plan modifications. Certain urban renewal agencies are required to attest annually to having made or not made plan modifications. These include: (3-29-17)

i. Urban renewal agencies that establish new RAAs on or after July 1, 2016, provided however that such agencies are only required to attest to having made or not made modifications with regard to any new RAA. (3-29-17)

ii. Urban renewal agencies that enact new plans including an RAA on or after July 1, 2016. (3-29-17)

d. Modifications when there is outstanding indebtedness. When any urban renewal agency attests to having had a plan modification that is not an exception identified in Paragraphs 804.04.a. or b. or c. of this rule or fails to provide the required attestation, the base value will be determined without regard to the modification, provided that the agency certifies to the State Tax Commission by June 30 of the tax year that there is outstanding indebtedness as defined in section 50-2903A(2), Idaho Code. In this case, the allocation of revenue to the urban renewal agency shall be limited to the amount certified as necessary to pay the indebtedness. Any additional revenue shall be distributed to each taxing district or unit in the same manner as property taxes. Such revenue shall be treated as property tax revenue for the purpose of the limitations in section 63-802, Idaho Code. The county clerk will notify the tax commission of the amount so distributed for each year beginning July 1 of the prior year and ending June 30 of the current tax year. (3-29-17)

e. Failure to submit attestation regarding plan modification. For any urban renewal agency subject to the requirements of section 50-2903A, Idaho Code, attestation of plan modification or attestation that there has been no plan modification is required to be made to the State Tax Commission by the first Monday of June each year. Except as provided in Paragraph 04.d of this rule, if such agency fails to provide the required attestation, the State Tax Commission will proceed to reset the base value or limit allocation of property tax to the urban renewal agency as otherwise required in section 50-2903A, Idaho Code. Provided there is no new plan, an urban renewal agency with a plan including one or more revenue allocation financing provisions (RAAs) in existence prior to July 1, 2016 shall only be required to provide this attestation or be subject to base resetting or other limitations for failure to submit this attestation with respect to new RAAs formed on or after July 1, 2016. If such an agency develops a new plan, on or after July 1, 2016, or provides for a new RAA under an existing plan, the agency shall be subject to the attestation requirements and other provisions of Section 50-2903A, Idaho Code, with respect to any RAAs formed July 1, 2016 or later. (3-28-18)

f. Notice of actions related to base reset or revenue allocation limitations. (3-29-17)

i. The State Tax Commission will notify any urban renewal agency within thirty (30) days of the time the State Tax Commission receives an attestation that an urban renewal plan has been modified, or by July 30 in any year in which an attestation is required but none is received,

of the State Tax Commission's intent to initiate the process to reset the base value in the following tax year. Said notice will be provided to affected county commissioners and city officials.

(3-29-17)

ii. In the case of base reset due to failure to attest to a modification or to having made no modification in an urban renewal plan, despite being required to provide this attestation, the agency and county and city officials will be so notified and will be given an opportunity to provide the necessary attestation. This further notice will provide that, if the State Tax Commission has not received the attestation by December 31 of the tax year, the base will be reset in the immediate following year.

(3-29-17)

iii. In the case of a revenue allocation limitation pursuant to section 50-2913, Idaho Code, notice will be provided to the agency and county and city officials including the county assessor and county clerk, within thirty (30) days of the due date of the plan or plan update.

(3-29-17)

iv. In the case of a revenue allocation limitation due to a plan modification but outstanding indebtedness, notice will be provided to the agency and county and city officials, including the county assessor and county clerk, within thirty (30) days of receipt by the tax commission of the certification of the amount needed to repay the indebtedness.

(3-29-17)

v. Once decisions about base reset or revenue allocation limitations are final, additional notice will be sent to the agency and county and city officials, including the county assessor and county clerk, within thirty (30) days of any such final decision. Said notice will include an identification of the year in which the reset or revenue allocation limitation will take effect and the amount of any revenue allocation limitation.

(3-29-17)

05. Criteria for Determining Whether Levies for Funds Are to Be Computed Using Base Value or Market Value for Assessment Purposes. Beginning in 2008, levies to be certified for taxing district or unit funds meeting the following criteria or used for any of the following purposes will be computed as described in Paragraph 804.03.b. of this rule. (5-8-09)

a. Refunds or credits pursuant to Section 63-1305, Idaho Code, and any school district judgment pursuant to Section 33-802(1), Idaho Code, provided the refunds, credits, or judgments were pursuant to actions taken no earlier than January 1, 2008; (5-8-09)

b. Voter approved overrides of the limits provided in Section 63-802, Idaho Code, provided such overrides are for a period not to exceed two (2) years and were passed after December 31, 2007, or earlier as provided in the criteria found in Paragraph 804.05.e.; (5-8-09)

c. Voter approved bonds and plant facilities reserve funds passed after December 31, 2007, or earlier as provided in the criteria found in Paragraph 804.05.e.; (5-8-09)

d. Voter approved school or charter school district temporary supplemental maintenance and operation levies passed after December 31, 2007; or (3-29-10)

e. Levies described in Paragraphs 804.05.b., c., or d. approved prior to December 31, 2007, and included within the boundaries of a revenue allocation area by a change in the boundaries of either the revenue allocation area or the area subject to the levy by the taxing district or unit fund after December 31, 2007; (3-29-10)

f. Levies authorized by Section 33-317A, Idaho Code, known as the cooperative service agency school plant facility levy. (3-29-10)

g. Levies authorized by Section 33-909, Idaho Code, known as the state-authorized plant facility levy. (4-11-15)

h. Levies authorized by Section 33-805, Idaho Code, known as the school emergency fund levy. (3-29-17)

06. Setting Levies When There is a Deannexation From an RAA. In any deannexation from an RAA, levies will be set using the base value and, as indicated in paragraph 05 of this rule, the appropriate amount of increment value associated with the parcels and operating property remaining in the RAA after the deannexation, provided that the deannexation is in effect no later than September 1 of the current tax year and provided further that the deannexation is approved by the State Tax Commission in accordance with Rule 225 of these rules. (3-29-17)

07. Setting Levies When There is a Refinancing of Bonded Indebtedness. Refinancing of bonded indebtedness in existence as of December 31, 2007 does not create new bonded indebtedness for any taxing district with respect to the levy setting criteria in Paragraph 05 of this rule. (3-28-18)

08. Cross Reference. The county auditor shall certify the full market value by taxing district as specified in Rule 995 of these rules. See also Rule 802 of these rules for calculation of new construction given deannexation from an RAA and see Rule 805 of these rules for penalties for failure to submit plans. (3-29-17)

962. TAXATION OF FORESTLANDS UNDER THE PRODUCTIVITY OPTION (Rule 962).

Section 63-1705, Idaho Code

01. Forestland Valuation Process. The process used to determine the forestland value under the productivity option shall be as specified in the User's Guide referenced in Section 63-1701, Idaho Code. (4-11-06)

02. Forest Valuation Zones. The state shall be divided into four (4) forest valuation zones: (7-1-99)

a. ZONE 1 - Boundary, Bonner, Kootenai counties. (7-1-97)

b. ZONE 2 - Benewah, Shoshone, Latah, Clearwater, Nez Perce, Lewis, Idaho counties. (7-1-97)

c. ZONE 3 - Adams, Valley, Washington, Payette, Gem, Boise, Canyon, Ada, Elmore, Camas, Blaine, Gooding, Lincoln, Jerome, Minidoka counties. (7-1-97)

d. ZONE 4 - The remaining nineteen (19) counties. (7-1-97)

03. Classification of Forestlands. In all forest valuation zones, there shall be three (3) separate productivity classes of forestland: poor, medium, and good. These broad classes are related in the following manner by definition to the "Meyer Tables" published in "Yield of Even-Aged Stands of Ponderosa Pine" and "Haig Tables" published in "Second-Growth Yield, Stand, and Volume Table for the Western White Pine Type" as both documents are referenced in Rule 006 of these rules. These classes apply to forestland which may or may not be stocked with commercial or young growth timber. (4-11-06)

a. Poor productivity class is defined as forestland having a mean annual increment, MAI, of one hundred twenty-five (125) board feet per acre per year, based on a seventy-three (73) year rotation. This productivity class includes western white pine site index 35-45 and ponderosa pine site index 45-80. One hundred twenty-five (125) board feet per acre MAI shall be used in the valuation process. (4-11-06)

b. Medium productivity class is defined as forestland having a mean annual increment, MAI, of two hundred twenty-five (225) board feet per acre per year, based on an sixty-eight (68) year rotation. This productivity class includes western white pine site index 46-60 and ponderosa pine site index 81-110. Two hundred twenty-five (225) board feet per acre MAI shall be used in the valuation process. (4-11-06)

c. Good productivity class is defined as forestland having a mean annual increment, MAI, of three hundred fifty (350) board feet per acre per year, based on an sixty-three (63) year rotation. This productivity class includes western white pine site index 61 and above and ponderosa pine site index 111 and above. Three hundred fifty (350) board feet per acre MAI shall be used in the valuation process. (4-11-06)

d. For forest valuation zones 1 and 2, forestland shall be stratified into areas of similar productive potential using the habitat typing methodology described in “Forest Habitat Types of Northern Idaho: A Second Approximation,” referenced in Rule 006 of these rules. Within these stratified areas, site index trees will be selected and measured that will identify the site index to be used to place the land in one (1) of the three (3) productivity classes listed above. (5-3-03)

e. For forest valuation zones 3 and 4, the criteria for stratification shall be generally the same as that used in zones 1 and 2 based on the habitat typing methodology described in “Forest Habitat Types of Central Idaho,” as referenced in Rule 006 of these rules, with the following adjustments made in growth rates for lower moisture levels. Poor productivity class, one hundred twenty-five (125) board feet per acre MAI shall be used in the valuation process. Medium productivity class, two hundred thirteen (213) board feet per acre MAI shall be used in the valuation process. Good productivity class, three hundred twenty (320) board feet per acre MAI shall be used in the valuation process. (4-11-06)

04. Deficient Areas. Lakes, solid rock bluffs, talus slopes, and continuously flooded swampy areas, larger than five contiguous acres in size which can be identified through remote sensing shall be valued at forty percent (40%) of the poor bare land value as defined in Section 63-1706, Idaho Code. These areas are defined as being incapable of growing trees. (4-11-06)

APPROVAL OF DIVISION ADMINISTRATOR _____ DATE _____

DATE SUBMITTED TO DFM _____ DATE APPROVED BY DFM _____



Idaho Division of
Financial Management
Executive Office of the Governor

DFM Tracking No.

Administrative Rules Request Form

Section 1 (To be Completed by Agency)

Idaho State Tax Commission			Date: May 23, 2018
Contact Person: Kimberlee Stratton	Title: Rules Coordinator	Phone: 208.334.7544	Email: Kimberlee.stratton@tax.idaho.gov
Person Authorizing Rule: Alan Dornfest	Title: Tax Policy Bureau Chief	Phone: 208.334.7742	Email: Alan.dornfest@tax.idaho.gov
Statutory Authority for the rule making (Idaho Code, Federal Statute or Regulation): 63-105A, Idaho Code			
Title, Chapter, and Possible Docket (IDAPA) Number: 35-01-03-616			
This rule is: <input checked="" type="checkbox"/> Proposed <input type="checkbox"/> Temporary <input type="checkbox"/> Proposed/Temporary		Effective Date:	
Agency has determined according to Idaho Code 67-52201(1): <input checked="" type="checkbox"/> This rule is to be negotiate <input type="checkbox"/> Negotiation of this rule is not feasible <input type="checkbox"/> Rule is temporary; or <input type="checkbox"/> Lack of identifiable representatives of affected interests; or <input type="checkbox"/> Rule is simple in nature; or <input type="checkbox"/> Affected interests are not likely to reach consensus; or <input type="checkbox"/> Other.			
Please explain:			
Does this rule adopt amendments to materials previously incorporated by reference? []yes <input checked="" type="checkbox"/> No file name:			
Provide a short explanation of the need for the change to this rule: Currently agricultural equipment that is personal property and used exclusively for the production of field crops is exempt from property tax (I.C. 63-602EE). There needs to be a clear line drawn between the production of crops and the processing of crops as was made abundantly clear by the recent enactment of HB594a naming such items as kilns and conveyors as exempt from property tax under I. C. 63-602EE. An attempt will be made to clarify the exemption found in I.C 63-602EE.			
Provide a fiscal impact statement for all programs affected. Be sure to reflect both positive and negative impacts and to include all fund sources including both the General Fund and dedicated funds: There is no fiscal impact			
Provide a short summary of the changes this rule makes: An attempt will be made to clarify this exemption by linking the exemption to either equipment used in the field to harvest the crop or equipment used to make a final product saleable or some other concept yet to be voiced.			
Provide a list of those persons or interest group(s) affected by this rule: Payers of property tax and both State and local			

property tax administrators.

Section 2 (To be Completed by DFM)

DFM Analyst Comments:

DFM Analyst Fiscal Impact Review:

DFM Analyst Signature & Date:

Recommend:

Yes No

Gov Special Assistant Signature & Date:

Recommend:

Yes No

DFM Administrator Action:

- Approved
- Authorized to Advance Rulemaking Process, DFM to review draft rule prior to publication (See Section 3)
- Not Approved

DFM Administrator Signature & Date:

Section 3 (To Be Completed By DFM if Required)

DFM Analyst Signature & Date:

Recommend:

Yes No

DFM Administrator Signature & Date:

Approved:

Yes No

Return via email to: info@dfm.idaho.gov

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 594, As Amended in the Senate

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY EXEMPT FROM TAXATION; AMENDING SECTION 63-602EE, IDAHO CODE, TO REVISE THE DEFINITION OF "AGRICULTURAL MACHINERY AND EQUIPMENT"; REPEALING SECTION 63-602EE, IDAHO CODE, RELATING TO CERTAIN TANGIBLE PERSONAL PROPERTY EXEMPT FROM TAXATION; AMENDING CHAPTER 6, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-602EE, IDAHO CODE, TO PROVIDE THAT CERTAIN TANGIBLE PERSONAL PROPERTY IS EXEMPT FROM TAXATION; AND DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.

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

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

63-602EE. PROPERTY EXEMPT FROM TAXATION -- CERTAIN TANGIBLE PERSONAL PROPERTY. The following property is exempt from taxation: class 2 property that is agricultural machinery and equipment and exclusively used in agriculture during the immediately preceding tax year. For purposes of this section:

(1) "Agricultural machinery and equipment" shall mean any machinery and equipment that is used in:

(a) Production of field crops including, but not limited to, grains, feed crops, fruits and vegetables or the production of or caring for nursery stock as defined in section 22-2302, Idaho Code; ~~or~~

(b) Production of hop crops including, but not limited to, stationary picking machines, drying kilns, fans and burners, conveyors and other equipment to move hop crops and baling equipment; hop crops including, but not limited to, rhizomes, bines, leaves, stems and cones; or

(c) The grazing, feeding or raising of livestock, fur-bearing animals, fish, fowl and bees to be sold or used as part of a net profit-making agricultural enterprise or dairy.

(2) Buildings shall not be considered to be agricultural machinery and equipment.

SECTION 2. That Section 63-602EE, Idaho Code, be, and the same is hereby repealed.

SECTION 3. That Chapter 6, Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION, to be known and designated as Section 63-602EE, Idaho Code, and to read as follows:

63-602EE. PROPERTY EXEMPT FROM TAXATION -- CERTAIN TANGIBLE PERSONAL PROPERTY. The following property is exempt from taxation: class 2 property that is agricultural machinery and equipment and exclusively used in agri-

1 culture during the immediately preceding tax year. For purposes of this sec-
2 tion:

3 (1) "Agricultural machinery and equipment" shall mean any machinery
4 and equipment that is used in:

5 (a) Production of field crops including, but not limited to, grains,
6 feed crops, fruits and vegetables or the production of or caring for
7 nursery stock as defined in section 22-2302, Idaho Code; or

8 (b) The grazing, feeding or raising of livestock, fur-bearing animals,
9 fish, fowl and bees to be sold or used as part of a net profit-making
10 agricultural enterprise or dairy.

11 (2) Buildings shall not be considered to be agricultural machinery and
12 equipment.

13 SECTION 4. An emergency existing therefor, which emergency is hereby
14 declared to exist, Section 1 of this act shall be in full force and effect on
15 and after passage and approval, and retroactively to January 1, 2018. Sec-
16 tions 2 and 3 of this act shall be in full force and effect on and after Jan-
17 uary 1, 2020.