

PROPERTY TAX RULES COMMITTEE MEETING AGENDA

Tuesday, July 30th , 2019

9:00 AM

State Tax Commission

1st Floor Conference Room (1CR5)

GENERAL BUSINESS:

Pages

Welcome & Introductions – Attendance sign-in sheet [Chair Alan Dornfest]
Approval: July 9, 2019 meeting minutes [Chair Alan Dornfest].....2
Rules Status Report [Kathlynn Ireland].....6

CURRENT BUSINESS

- 130 – Description of Primary Categories Used to Test for Equalization.....9
- 131 – Use of Ratio Study or Other Method to Test for Equalization.....12
- 317 – Occupancy Tax on Newly Constructed Improvements on Real Property.....17
- 804 – Tax Levy – Certification – Urban Renewal Districts.....19
- 617 – Agricultural Land Valuation Definitions and Guidelines.....27

NEW BUSINESS

Next meeting – August 8, 2019 – **10:00 AM**

New Location – **Idaho State Tax Commission**

11321 Chinden Blvd Bldg 2

Boise, Idaho 83714

Room: TAX Coral South C101C

Meeting adjourns

PROPERTY TAX RULES COMMITTEE MEETING MINUTES

Tuesday, July 9, 2019

9 a.m. – 12 p.m.

Welcome & Introductions

Chair Alan Dornfest

Approve June 7, 2019 Minutes

Chair Alan Dornfest

- Three additions were made to the minutes. Revised minutes follow these minutes.
- Betty Dressen, Payette County Clerk, moved to approve the minutes with three changes. Sabrina Young, Washington County Treasurer, seconded the motion.

Rules Status Report

Kathlynn Ireland

RULES:

225 – DOCUMENTATION FOR NEWLY ORGANIZED OR ALTERED TAXING DISTRICTS OR REVENUE ALLOCATION AREAS (RAA’S) UNDER THE JURISDICTION OF URBAN RENEWAL AGENCIES

- **This rule will go forward as a proposed rule.**
 - In section 07, change one restrictive word from “shall” to “will” and fix two punctuation.
 - The rule should go into effect 01/01/2020, as the law was effective July 1, 2019. This rule change is in response to legislative change.
 - The Tax Commission is no longer able to deny boundary changes based on legal review.
 - Kathlynn discussed this rule with Jeff Servetus and he is fine with it.
 - Betty Dressen, Payette County Clerk, moved to approve this rule draft with the three changes. Janet James, Tax Commission, seconded the motion.

317 – OCCUPANCY TAX ON NEWLY CONSTRUCTED IMPROVEMENTS ON REAL PROPERTY

- **This rule was tabled to be discussed at the July 30 meeting.**

317.04

- Terry Accordino, Micron, and Miguel Legarreta, ATI, both think this is a good example not addressed elsewhere in rule and should be kept.
- The main issue is whether occupancy tax can go to the Urban Renewal Agencies in the year of annexation or formation. Is this not possible, or is this not being done?

317.05(b)

- The goal is to clarify. The chair asked Meghan Conrad, Elam & Burke, if she could suggest language. Meghan agreed and will work on it. She will send language to the chair before the next meeting.

804 – TAX LEVY – CERTIFICATION – URBAN RENEWAL DISTRICTS

- **This rule was tabled to be discussed at the July 30 meeting.**

804.01(c)

- The committee all agreed the changes are consistent with other parts of this rule.

804.01(e)

- Meghan Conrad stated this language makes sense.
- The question of timing for IC 63-602Y property coming in during the year was put forth to Brad and Dwight. Their answer is they wait until the following year to assess equipment under this provision.
- Meghan wants to consider and research this issue of timing.
- Janet James, Tax Commission, commented transients aren't getting categorized as increment in the year of RAA formation.
- The chair solicited the assessors to research urban renewal properties procedure with respect to 63-313 transient property.

717 – PROCEDURE AFTER CLAIM APPROVAL – Property Tax Reduction

- **This rule will go forward as a proposed rule.**

- The draft needs two changes: a comma in 717.03 and leaving in the word "who" in 717.04(r).
- The purpose of this rule change was to get us in compliance with the new circuit breaker.
- It is the county's choice if they process these at the end of the year or as they come in.
- Betty Dressen, Payette County Clerk, moved to approve the rule draft with two changes. Sabrina Young, Washington County Treasurer, seconded the motion.

RULES 130 AND 131 Subcommittee Report – Alan Dornfest, Chair

- **The sub-committee working on rules 130 and 131, which will provide guidance on compliance standards for equalization of agricultural land and will report at the July 30 meeting.**

RULES 613 AND 614 Subcommittee Report – Shaunna Roeber, Chair

- **These rules provide guidance on agricultural land valuation and were tabled to be discussed at the July 30 meeting, and for a vote on August 8.**
- These will be combined into a new rule, 617.
- 617 will be incorporate provisions of 613 and 614 and provide further clarification of procedures.
- The subcommittee is meeting later today.

RULES WITH EXAMPLES TO CONSIDER MOVING TO A MANUAL:

627 – PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL PROPERTY OWNERSHIP CLARIFICATION

- **This rule was tabled until December.**
- Terry Accordino, Micron, gave some history on this rule. In 5/2013 Rick Anderson, Tax Commission, wrote a memo to the assessors with the precursor to all these examples.
- These examples help to explain income tax concepts versus property tax concepts to help the assessors understand. This understanding is still important.
- The chair stated we need to look at this rule for the long term and proposed we resume discussion in December.
- The chair stated we could remove the example and add more verbiage to clarify.
- Miguel Legarreta, ATI, voiced reservations about removing examples in this area of complexity.
- The group discussed if this was an example of how to apply the rule, but not the rule itself - and if it could be moved to a manual.

803– BUDGET CERTIFICATION – DOLLAR CERTIFICATION FORM (L-2 Form)

- **This rule be voted on August 8 to consider deletion of a seldom used example.**
- Betty Dressen, Payette County clerk, said this was a good change and agreed this example had a very narrow scope.
- The word “shall” will be removed in 803.01(c) and the next word, “include”, will be changed to “includes”. The word “shall” later in the same sub-section will be changed to the word “will”.
- Betty Dressen, Payette County Clerk, moved to approve the rule draft with two changes. Sabrina Young, Washington County Treasurer, seconded the motion.

988 – QUALIFIED PROPERTY FOR EXEMPTION

- **Terry Accordino and Payette County Assessor Mark Harvey recommended that the examples in the rule should be retained. No further action will be taken at this time.**

219 – UNIFORM PARCEL NUMBERING SYSTEM

- **This rule will be tabled until the August 8 meeting, at which time a vote will be taken to delete the following:**
 - The last sentence in 05d
 - The examples in 05 and related verbiage
 - The example in 08h
 - And to consider deletion of the verbiage in 08g.

220 – RULES PERTAINING TO ASSESSMENT OF INTERNAL REVENUE CODE (IRC) SECTION 42 LOW-INCOME PROPERTIES

- **Maryann Prescott stated this example was better served in a manual, instead of rule.**

315 – USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT

- **No changes to this rule will be considered this year.**
- The table in this rule is different than the table in Rule 130 and the group agreed it should be kept.

645 – LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED

- **This rule will be voted on at the August 8 meeting.**

619 – PROPERTY EXEMPT FROM TAXATION – FACILITIES FOR WATER OR AIR POLLUTION CONTROL

- **F.O.B. needs to be changed to “freight on board”.**
- The chair asked the group if it would be helpful to have a cross reference to operating property rules. Jerott Rudd, Tax Commission, said it would be useful but not necessary.
- The committee will vote on August 8 on the issue of deleting the example

628 – PARTIAL EXEMPTION FOR REMEDIATED LAND

- **The committee will vote on removal of the calculation example on August 8.**
- There have been examples of remediated land exemptions being used in a few counties.
- The chair asked the assessors if they use the calculation example found in the rule. The assessors present indicating not using the example

961 – HOMESITE ASSESSMENT AND FOREST LANDS OF LESS THAN FIVE ACRES AND CONTIGUOUS PARCELS

- **The example of homesite categories in 02d of the rule is not necessary and the committee will vote on eliminating it on August 8.**

802 – BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION

- **The group agreed to retain the examples beginning on page 27 of the packet. These examples relate to urban renewal revenue allocation areas with deannexations.**
- Other examples relating to the site improvement exemption and found in 03b vi – ix and the partial new construction value calculation found in section 05 are to be deleted.
- The changes to this rule will be voted on during the August 8 meeting.

Property Tax Rules Status Report

July 30, 2019

Examples in Rule to be Deleted				
Rule No.	Title	DFM AARF Submission	Status	Page in handout
219	Uniform Parcel Numbering System	6/17/2019	Approved - 6/27/19	1
220	Rules Pertaining to Assessment of Internal Revenue Code Section 42 Low Income	6/17/2019	Approved - 6/27/19	6
317	Occupancy Tax on Newly Constructed Improvements on Real Property	7/5/2019	On Today's Agenda	--
613	Property Exempt from Taxation – Speculative Portion of Value of Agricultural Land	7/5/2019	On Today's Agenda as Rule 617	--
614	Speculative Portion of Value of Agricultural Land – Examples	7/5/2019	On Today's Agenda as Rule 617	--
619	Property Exempt from Taxation – Facilities for Water or Air Pollution Control	6/17/2019	Approved - 6/27/19	13
627	Property Exempt from Taxation – Certain Personal Property – Ownership Clarification	Tabled	Tabled - December	--
628	Partial Exemption for Remediated Land	6/17/2019	Approved - 6/27/19	15
645	Land Actively Devoted to Agriculture Defined	6/17/2019	Approved - 6/27/19	17
802	Budget Certification Relating to New Construction and Annexation	6/17/2019	Approved - 6/27/19	19
803	Budget Certification – Dollar Certification Form (L-2 Form)	7/5/2019	Approved – 7/9/2019	26
961	Homesite Assessment and Forestlands of Less Than Five Acres and Contiguous Parcels	6/17/2019	Approved - 6/27/19	33
964	Yield Tax on Applicable Forest Products	Tabled	Tabled - December	--

Proposed Rules					
Rule No.	Neg? Notice Date	Subject Matter	DFM – ARRF Approved	Rule Status	Comments
006	Yes - May 2019	Adoption by Reference	4/02/2019	Committee Approved 06/07/2019	This rule currently references the Official Railway Equipment Register which the operating property appraisers no longer use.
411	Yes - May 2019	Private car reporting by railroad companies	4/02/2019	Committee Approved 06/07/2019	This rule also references the Official Railway Equipment Register which the operating property appraisers no longer use.
130	Yes - May 2019	Description of primary categories used to test for equalization	4/02/2019	On today's agenda – Draft 1	This rule is to be amended to add agricultural categories to the list of categories considered for equalization for compliance testing.
131	Yes - May 2019	Use of ratio study to test for equalization	4/02/2019	On today's agenda – Draft 1	This rule is to be amended to provide for standards for agricultural assessments and the processes to study compliance with statutory requirements to achieve market value for assessment purposes.
225	Yes – June 2019	Documentation for newly organized or altered taxing districts.	4/29/2019	Committee Approved 07/09/2019	Section 63-215 Idaho Code was amended reducing the number of days the Tax Commission has to notify taxing districts of errors in the boundary maps submitted for review from 30 to 28 days. This rule requires amending to be consistent with this change.
613	Yes - May 2019	Speculative portion of value of Ag land	4/10/2019	Now Rule 617	This rule provides definitions which assist assessors to correctly calculate the assessed value of agricultural land for assessment purposes.
614	Yes - May 2019	Speculative portion of value of Ag land - examples	4/10/2019	Now Rule 617	This rule provides examples which assist assessors to correctly calculate the assessed value of agricultural land for assessment purposes.
617	Yes – May 2019	Ag Land Valuations - definitions	4/10/2019	On today's agenda – Draft 1	This rule provides definitions which assist assessors to correctly calculate the assessed value of agricultural land for assessment purposes.
317	Yes – July	Occupancy tax on newly constructed improvements	4/29/2019	On today's agenda – Draft 2	Amendments concerning occupancy tax and part year property tax payments to urban renewal agencies in the year of formation of a RAA.

804	Yes – July 2019	Tax Levy – Certification - Urban Renewal Districts	4/29/2019	On today's agenda – Draft 2	Companion rule to Rule 317 concerning the base and increment allocation for newly constructed improvements on the occupancy roll and part year assessments in the year of formation of the RAA.
717	Yes – May 2019	Procedure after claim approval	4/29/2019	Committee Approved 07/09/2019	This rule is to be amended to comply with provisions in HB62 and permit certification of late reimbursement to counties for claimants seeking circuit breaker benefits on the occupancy roll.

130. DESCRIPTION OF PRIMARY CATEGORIES USED TO TEST FOR EQUALIZATION (RULE 130).

Sections 63-109 and 63-315, Idaho Code. The State Tax Commission establishes the primary categories listed herein for the purpose of testing values in each county and each school district for equalization by the State Tax Commission under Section 63-109, Idaho Code. (3-30-07)

01. Definitions. The following definitions apply for the purposes of testing for equalization under Section 63-109, Idaho Code, notification under Sections 63-301 and 63-308, Idaho Code, and reporting under Section 63-509, Idaho Code. (3-30-07)

a. Primary Category. Primary category means the ~~six~~ ~~five~~ categories established and described in Subsections 130.02 through 130.07~~6~~ of this rule and, except for the use of secondary categories described in Subsection 130.07 of this rule and Subsection 131.05b of Rule 131, used by the State Tax Commission to test for equalization under Section 63-109, Idaho Code. (3-30-07)

b. Secondary Category. Secondary category means the categories established and described in Rules 510, 511, and 512 of these rules and used by county assessors to list property values on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and report values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules. Secondary categories may be subject to equalization as provided in Subsection 130.07 of this rule or 131.05b of Rule 131. (3-30-07)

02. Vacant Residential Land Category. Vacant residential land is all vacant land used for residential purposes. The assessor listed this land in secondary categories 12, 15, 18, or 20, as described in Rule 510 of these rules, for the purposes of listing property values on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and reporting values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules. (3-30-07)

03. Improved Residential Property Category. Improved residential property is all improvements used for residential purposes and the land upon which these improvements are located. The assessor listed this property in secondary categories 10 and 31, 46, or 48, 12 and 34, 46, or 48, 15 and 37, 46, or 48, 18 and 40, 20 and 41, 46, or 48, 26, 46, 48, or 50 together with secondary category 47 as appropriate for inclusion when valuing this property, as described in Rules 510 and 511 of these rules, for the purposes of listing property on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and reporting values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules. (3-30-07)

04. Vacant Commercial or Industrial Land Category. Vacant commercial or industrial land is all vacant land used for commercial or industrial purposes. The assessor listed this property in secondary categories 11, 13, 14, 16, 17, 21, or 22, as described in Rule 510 of these rules, for the purposes of listing property values on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and reporting values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules. (3-30-07)

05. Improved Commercial or Industrial Property Category. Improved commercial

or industrial property is all improvements used for commercial or industrial purposes and the land upon which these improvements are located. The assessor listed this property in secondary categories 11 and 33, 13 and 35, 14 and 36, 16 and 38, 17 and 39, 21 and 42, 22 and 43, 27, or 51, as described in Rules 510 and 511 of these rules, for the purposes of listing property values on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and reporting values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules.

(3-30-07)

06. Manufactured Homes on Leased Land Category. Manufactured homes on leased land are all manufactured homes on leased land that the assessor listed in secondary categories 49 or 65 together with secondary category 47 as appropriate for inclusion when valuing this property, as described in Rule 511 of these rules, for the purposes of listing property values on the valuation assessment notice under Sections 63-301 and 63-308, Idaho Code, and reporting values to the State Tax Commission under Section 63-509, Idaho Code, and Rule 509 of these rules.

(3-30-07)

07. Agricultural Land Category. Agricultural land is all land that the assessor listed in secondary categories 1 through 5 as described in Rule 510 of these rules. For agricultural land, secondary, rather than primary, category values are to be tested if significant in any county as defined in Rule 131 of these rules.

087. Conversion Table: Secondary Categories to Primary Categories.

Conversion Table: Secondary Categories to Primary Categories	
Secondary Categories	Primary Categories
12, 15, 18, or 20	Vacant Residential Land
10, 12, 15, 18, 20, 26, 31, 34, 37, 40, 41, 46, 47, 48, or 50	Improved Residential Property
11, 13, 14, 16, 17, 21, or 22	Vacant Commercial or Industrial Land
11, 13, 14, 16, 17, 21, 22, 27, 33, 35, 36, 38, 39, 42, 43, or 51	Improved Commercial or Industrial Property
47, 49, or 65	Manufactured Housing on Leased Land
<u>1 - 5</u>	<u>Agricultural Land</u>

(3-30-07)

098. Cross Reference. For clarification of responsibilities relating to listing values on the valuation assessment notices or reporting values on the abstracts, see Rules 114, 115, 509, 510, 511, and 512 of these rules. For descriptions of secondary categories used to list land values on

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the valuation assessment notices and report land values on the abstracts, see Rule 510 of these rules, used to list improvement values on the valuation assessment notices and report improvement values on the abstracts, see Rule 511 of these rules, and used to list values for all property other than land or improvements on the valuation assessment notices and report these values on the abstracts, see Rule 512 of these rules. (3-30-07)

131. USE OF RATIO STUDY OR OTHER METHOD TO TEST FOR EQUALIZATION IN COUNTIES (RULE 131).

Section 63-109, Idaho Code

01. Equalization Ratio Study – primary categories other than agricultural land.

Each year the State Tax Commission shall conduct a ratio study to assist in the equalization of assessments of property within and among the primary categories, other than agricultural land, established in Rule 130 of these rules. The ratio study shall be conducted in accordance with the “Standard on Ratio Studies” and the “Standard on Verification and Adjustment of Sales” both referenced in Rule 006 of these rules. The annual ratio study shall test assessments as of January 1 of each year. Except when sales or appraisals must be added or deleted to improve representativeness, sales used will be those occurring within each county between October 1 of the year preceding the year for which assessments are to be tested and September 30 of the year for which assessments are to be tested. Each sale price is to be adjusted for time and compared to market value for assessment purposes for the year for which assessments are to be tested, to compute ratios to be analyzed. The State Tax Commission may use sales from extended time periods and may add appraisals when data is lacking. Equalization ratio studies must consist of at least five (5) sales and/or appraisals. The State Tax Commission may delete sales when necessary to improve representativeness. Sales should be considered as potentially valid if a financial institution is the seller, provided that:

(4-4-13)

a. Such sales comprise more than twenty (20) percent of the sales in any primary category or other category tested for equalization; (4-4-13)

b. Such sales are validated to account for changes in property characteristics; and (4-4-13)

c. Any properties that have been vandalized are excluded. (4-4-13)

d. The study shall be completed in February following the end of the period studied. Timing and notification of county officials is described in the “Timing and Notification Table. For non-agricultural categories, tThe appropriate ratio study statistical measure of level shall be the median. (4-4-13)

02. Equalization Study – Agricultural Land.

Each year the State Tax Commission shall conduct a study to assist in the equalization of assessments of agricultural land. Any such study shall analyze agricultural land values throughout each significant secondary agricultural land category using appraisal methods found in section 63-602K, Idaho Code, and rule 617 of these rules.

a. Notice of results and compliance will be provided to county officials according to the timing shown in the “Timing and Notification Table” found in this rule.

b. Agricultural land secondary categories considered significant in any county will be subject to preliminary and follow up studies of assessment level. Both studies will be based on methodology described in Rule 617 of these rules. The preliminary study will be in comparison to prior year’s assessed values. The follow up studies will test current year’s assessed values and will only be required when preliminary studies fail the criteria in the “Compliance Chart” or as described in subparagraph 02.d. of this rule. Agricultural land secondary categories that meet the criteria will otherwise be considered in compliance.

Compliance Chart

<u>Year</u>	<u>Level not less than</u>	<u>Level not greater than</u>
<u>2020</u>	<u>60%</u>	<u>110%</u>
<u>2021</u>	<u>70%</u>	<u>110%</u>
<u>2022</u>	<u>80%</u>	<u>110%</u>
<u>2023 and thereafter</u>	<u>90%</u>	<u>110%</u>

As shown in the Compliance Chart, “level” shall be the ratio of the median per acre assessed value and the median per acre value for the secondary category determined by the state tax commission appraiser.

c. A secondary agricultural land category will be considered significant provided the category includes at least 10% of the acreage and at least 5% of the value of the primary agricultural land category.

d. Agricultural land categories may also be subject to follow-up studies if the tax commission has received information indicating that county boards of equalization have changed values in such a way as to produce likely non-compliance. Notice for such follow-up studies shall comport, to the extent possible, with the procedures found in Subsection 131.06 of this rule. The time table for completing preliminary and follow-up studies and providing notice is shown in the “Timing and Notification Table” found in paragraph 03 of this rule.

03. Timing and Notification Table

<u>Date</u>	<u>Activity</u>	<u>Responsible Party</u>
<u>April – 1st Monday</u>	<u>Assessors notified of preliminary ratio and agricultural study results assessments.</u>	<u>Tax Commission with assessors to be notified</u>
<u>April – 3rd Monday</u>	<u>Board of County Commissioners (BOCC) notified of non-compliant primary ratio study and agricultural land categories.</u>	<u>Tax Commission and county commissioners</u>
<u>May – 2nd Monday</u>	<u>Additional studies conducted</u>	<u>Tax Commission and</u>

	<u>for non-compliant categories using current year assessments. Assessors and county commissioners notified of results and compliance status.</u>	<u>county assessor and commissioners</u>
<u>July – 3rd Monday</u>	<u>County equalization complete – final follow up studies conducted for originally non complying categories using county equalized values Additional studies may be conducted if there is indication that county boards of equalization have taken actions which may have resulted in non-compliance for previously complying categories. Assessors and county commissioners notified of results and compliance status.</u>	<u>Tax Commission, assessors, and BOCC</u>

The additional studies in May are optional at the request of county assessors or commissioners.

042. **Tested for Equalization.** Except as provided in Subsection 131.053 of this rule, categories, other than agricultural land, to be tested for equalization purposes are the primary categories, described in Subsections 130.02 through 130.06 of these rules, provided adequate samples can be obtained. Agricultural land is to be tested as provided in Subsection 131.02 of this rule. (4-7-11)

053. **Follow-Up Ratio Study.** When indicated, based on criteria in Paragraph 131.053 a. and 131.053.b. of this rule, a follow-up ratio study shall be conducted to test the assessments for January 1 of the year following the year tested by the preliminary agricultural study or annual ratio study and, if a ratio study is to be done, it shall be based on property sales occurring during the calendar year immediately preceding that date. A follow-up ratio study shall be indicated whenever: (4-2-08)

a. The annual ratio study provided in Subsections 131.01 and 131.022 of this rule, discloses that assessments in any primary category as described in Subsections 130.02 through 130.06 of these rules are out of compliance with the equalization standards of this rule; or (4-2-08)

b. The State Tax Commission is informed after the county board of equalization adjourns and before the state board of equalization adjourns of the implementation of assessment changes likely to result in a finding that a category found in compliance with equalization standards

following the [agricultural land study](#) or annual ratio study would be found out of compliance with these standards for the current year's assessments. The follow-up [agricultural land study](#) or ratio study authorized under this option shall be conducted for the primary category likely to be out of compliance with equalization standards and for any secondary categories comprising the primary category, provided adequate samples can be obtained. (4-7-11)

064. Notice of Follow-Up Ratio Study. The State Tax Commission shall notify the county assessor of the reason for and results of the follow-up ratio study. If the follow-up ratio study is conducted as provided in Paragraph 131.053.b. or 131.02.d of this rule, the notice shall be sent to the county [commissioners](#) or board of equalization and county assessor and shall describe the assessment changes that resulted in the need for the follow-up ratio study. The notice shall indicate whether any adjustments will be considered by the State Tax Commission at its next equalization meeting in August based on either the annual, or any follow-up ratio study, and the reason for the proposed adjustments. (4-2-08)

075. Use of Ratio Study Results. The results of the annual ratio study or any follow-up ratio study shall be one (1) source of information upon which the State Tax Commission may rely when testing assessments for equalization purposes under Section 63-109, Idaho Code. When the results of any ratio study on any primary, or, if applicable under the provisions of Subsections [131.02](#) or 131.053.b. of this rule, secondary category, described in Subsections 130.02 through 130.097 of these rules, show, with reasonable statistical certainty as defined in Subsection 131.1109 of this rule, that the appropriate measure of level of the category studied is less than ninety percent (90%) or greater than one hundred ten percent (110%), the assessment of property within that category may be considered not equalized. When this occurs, the State Tax Commission may, at its annual meeting commencing on the second Monday in August, order the county auditor to adjust the value of all property in the category or any portion of the category included in the analysis conducted in an amount the State Tax Commission finds necessary to accomplish equalization of assessments of property. Within any primary category, except as provided in Subsections [131.02](#) or 131.086 of this rule, adjustment will not be considered for any secondary category, described in Rule 510, 511, or 512 of these rules, that does not have at least one (1) observation in the ratio study conducted for that primary category. (4-7-11)

086. Exception from Requirement for at Least One (1) Observation for Use of Secondary Category in Adjusted Value Determination. Properties identified as secondary categories 10 and 31 rarely sell separately from farms and therefore do not appear in any ratio study. However, the level of assessment typically is similar to that of other rural residential property, including property in secondary categories 12, 15, 34, and 37. For any ratio study where there is an adjustment to be made to the assessed values in the residential designation, such adjustment shall be applied to any assessed value in secondary category 10, provided there is at least one observation (sale) of property identified in either secondary category 12 or 15. Such adjustment shall also be applied to any assessed value in secondary category 31, provided there is at least one (1) observation (sale) of property identified in either secondary category 34 or 37. (3-30-07)

097. Use of Alternate Ratio Study. When the follow-up ratio study required by Subsection 131.053 of this rule does not measure the true assessment level, the State Tax Commission may consider adjustment based on the most recent annually conducted ratio study or other information relevant to equalization. If the State Tax Commission has reason to question the representativeness of the sample used in an annual or follow-up ratio study conducted on any primary category, the State Tax Commission may delay implementation of any order to adjust property values until two (2) successive years' ratio studies fail to produce an appropriate measure of level between ninety percent (90%) and one hundred ten percent (110%). (3-30-07)

0108. Submission of Additional Information. Any party may petition the State Tax Commission to consider any information or studies relevant to equalization. The petition shall include a description of the information to be presented and the petitioner's conclusions drawn from the information. (4-5-95)

0119. Reasonable Statistical Certainty. For the purposes of Rule 131 and equalization pursuant to Section 63-109, Idaho Code, "reasonable statistical certainty" that any primary category is not equalized shall mean that the appropriate measure of level determined by the ratio study for any category tested for equalization must be provably less than ninety percent (90%) or greater than one hundred ten percent (110%) of market value for assessment purposes. Such a determination shall occur if: (4-7-11)

a. The appropriate measure of level for the category(ies) being tested is less than ninety percent (90%) or greater than one hundred ten percent (110%) and a ninety percent (90%) two-tailed confidence interval around the appropriate measure of level fails to include ninety percent (90%) or one hundred ten percent (110%); or (4-7-11)

b. The appropriate measure of level for the category(ies) being tested has been less than ninety percent (90%) or greater than one hundred ten percent (110%) as determined by the most recent previous two (2) ratio studies on the category(ies) and an eighty percent (80%) two-tailed confidence interval around the appropriate measure of level fails to include ninety percent (90%) or one hundred ten percent (110%). No ratio study completed prior to August 31, 2007 will be considered as one of the most recent previous two (2) ratio studies. (4-7-11)

120. Cross References. The primary categories are described in Subsections 130.02 through 130.076 of these rules, and the secondary categories are described in Rules 510, 511, and 512 of these rules. (3-30-07)

317. OCCUPANCY TAX ON NEWLY CONSTRUCTED IMPROVEMENTS ON REAL PROPERTY (RULE 317).

Section 63-317, Idaho Code

01. Property Subject to Occupancy Tax. Excluding additions to existing improvements, the occupancy tax shall apply to improvements upon real property, whether under the same or different ownership. The occupancy tax shall also apply to new manufactured housing, as defined in Section 63-317, Idaho Code, excluding additions to existing manufactured housing. (4-6-05)

02. Prorated Market Value. The market value for occupancy tax purposes shall be the full market value on January 1 and shall be prorated at least monthly from the occupancy date to the end of the year. (3-29-10)

03. Notice of Appraisal. When notifying each owner of the appraisal, the county assessor shall include at a minimum the full market value before any exemptions and before any prorating of the value, the length of time subject to the occupancy tax, and the prorated value. (5-3-03)

~~**04. Examples for Calculation of Value Less Homestead Exemption (HO).** The following examples show the procedure for the calculation of the taxable value subject to the occupancy tax less the homestead exemption (HO): (3-30-07)~~

~~**a. Example for prorated market value exceeding maximum amount of the homestead exemption for improvements subject to the occupancy tax beginning July 1, 2016.**~~

Full Market Value of Home	- \$300,000
Prorated Market Value for 11 Month Occupancy	- \$300,000 x 11/12 = \$275,000
Taxable Value	- \$275,000 - \$100,000 (HO) = \$175,000

~~(3-29-17)~~

~~**b. Example for prorated market value resulting in less than the maximum amount of the homestead exemption.**~~

Full Market Value of Home	- \$120,000
Prorated Market Value for 3 Month Occupancy	- \$120,000 x 3/12 = \$30,000
Taxable Value	- \$30,000 - \$15,000 (HO) = \$15,000

~~(3-30-07)~~

~~**054. Market Value.** The market value for occupancy tax purposes shall be entered on an occupancy tax valuation roll. Occupancy tax valuation shall not be included in the assessed value of any taxing district, but occupancy tax must be declared in the certified budget. (3-30-07)~~

~~**065. Allocation to Urban Renewal Agencies.** Occupancy tax revenue shall be distributed to urban renewal agencies in the same manner as property taxes, except as provided in Paragraphs 5 a and 5 b of this rule. (4-7-11)~~

~~**a.** The portion of the occupancy tax raised for funds specified in Section 50-2908, Idaho Code, and Rule 804 of these rules must be distributed to the taxing districts levying property taxes for those funds and, therefore, must not be distributed to the urban renewal agency. (5-8-09)~~

~~**b.** Except for occupancy tax raised for funds specified in Section 50-2908, Idaho Code, and Rule 804~~

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~~of these rules, f~~For parcels within a newly formed revenue allocation area or within an area newly annexed to an existing revenue allocation area, occupancy tax for the tax year during which the formation or annexation took effect is not ~~must~~ be distributed to the urban renewal agency. (4-7-11)

076. **Property Qualifying for the Homestead Exemption on Occupancy Value.** When property is subject to occupancy tax, only the improvements shall be eligible for the homestead exemption found in Section 63-602G, Idaho Code.

(3-30-07)

804. TAX LEVY - CERTIFICATION - URBAN RENEWAL DISTRICTS (RULE 804).

Sections 50-2908, 50-2033, 50-1903, 50-2903A, 50-2905A, 50-2913, 63-313, 63-602Y, 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. Current base value includes the previous year’s non-prorated value of current taxable property subject to assessment under Section 63-602Y and 63-313 Idaho Code during the year the initial base value was established. (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. The initial base value includes any prorated value added for property subject to Sections 63-602Y and 63-313 Idaho Code. (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. Newly constructed improvements whose value is listed on the occupancy roll within a newly formed RAA or within an area newly annexed to an existing RAA will be added as increment value in the year following the year of formation or annexation. (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

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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 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

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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. 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. 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 becomes taxable. The base value is to be adjusted upwards by nineteen thousand dollars (\$19,000). (4-11-15)

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).

(3-28-18)

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

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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)

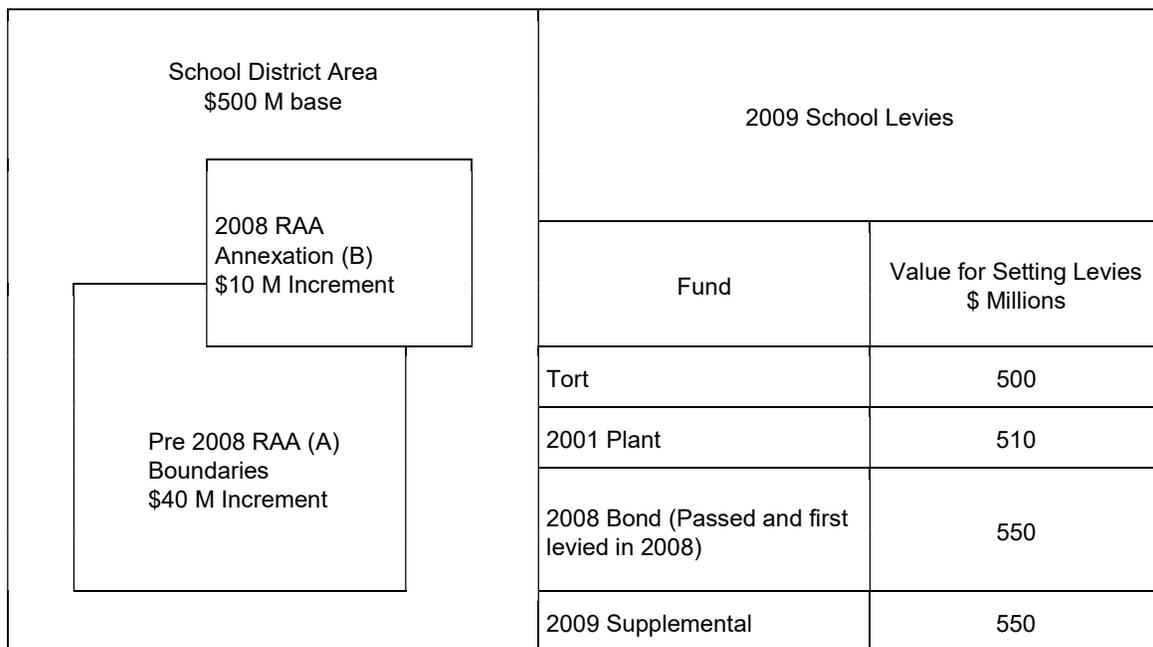
a. Modification by consolidation of RAAs. If such modification involves combination or consolidation of two (2) or more RAAs, the base value shall be determined by adding together independently determined current base values for each of the areas to be combined or consolidated. The current taxable value 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 annexation (B) increment	\$10 Million



(3-29-17)

iii. An annexation permitted pursuant to section 50-2033, Idaho Code, to an RAA in existence prior to

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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.

(3-28-18)

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 804.04.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)

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iii. In the case of a revenue allocation limitation pursuant to Section 50-2913, Idaho Code, notice will be provided to the agency, 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 State 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 school emergency fund levy. (3-29-17)

06. Setting Levies When There is a De-annexation From an RAA. In any de-annexation from an RAA, levies will be set using the base value and, as indicated in Subsection 804.05 of this rule, the appropriate amount of increment value associated with the parcels and operating property remaining in the RAA after the de-annexation, provided that the de-annexation is in effect no later than September 1 of the current tax year and provided further that the de-annexation 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

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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 Subsection 804.05 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 de-annexation from an RAA and see Rule 805 of these rules for penalties for failure to submit plans. (3-29-17)

617. AGRICULTURAL LAND VALUATION DEFINITIONS AND GUIDELINES.

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.

(4-5-00)

b. Economic Rent. Economic rent is the average gross income per acre received by a landlord from either a cash rent or crop share rental agreement. Only the rent solely attributable to the agricultural land is included in economic rent. (4-7-11)

c. Net Income (Rent). Net income is determined by deducting the landlord's share of all typical current expenses from economic rent per acre. (4-5-00)

d. Agricultural Area. An identifiable geographical area of similar agricultural land. (0-0-20)

02. Determination of Average Crop Rental Prices. Crop Rental rates will be determined in the following manner. (4-5-00)

a. Determine the average per acre gross income from individual crop cash rents, whole farm cash rents, or crop share typical to the Agricultural Area over the immediate past five (5) growing seasons as reported by local farmers. If data from the local farmers is unavailable, data typical to the Agricultural Area from third party providers as referenced in the Property Tax Rules Guide. (0-0-20)

b. The choice to use cash rent or crop share analysis in determining the taxable value of agricultural land should be predicated on the quantity and quality of data available when developing a supportable value conclusion. (0-0-20)

03. Determination of Farm Credit Systems Capitalization Rate. Capitalization rate shall be determined in the following manner. (4-5-00)

a. The State Tax Commission shall gather the interest rate data from the Spokane office of the farm credit system and average the rate over the immediate past five (5) years and distribute the rate annually to Assessors by the second Monday in September (0-0-20).

b. The local tax rate component shall be the rate most applicable to the agricultural area (0-0-20).

c. The local tax rate shall be added to the farm credit systems capitalization rate to develop the overall capitalization rate. Examples of how to apply the rate are found in the Property Tax Rules Guide (0-0-20)

04. Calculation of Net Income from a Cash Rent Analysis. Net Income from cash rent for land secondary categories 1 and 3 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 from individual crop rents typical to the area over the immediate past five (5) years. (4-5-00)

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

d. Landlord's Net Income. Subtract the landlord's share of all typical contracted expenses from the

Proposed Rule 617

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average gross income per acre for the immediately preceding year to determine net income. (4-5-00)

e. See Property Tax Rules Guide for detailed example.

05. Calculation of Net Income from a Crop Share Analysis. Net income from crop share rent for secondary land categories 1 and 3 is calculated in the following manner. (4-5-00)

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

b. Average Crop Production. Determine the most recent 5 year average production for typical crops grown in a agricultural area. (0-0-20)

c. Average Commodity Prices. The State Tax Commission shall publish five (5) year average crop prices 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 be considered guidelines when determining net income, subject to modification based on local market data. (4-5-00)

d. Gross Income. Multiply average crop production per acre by 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 agricultural area. (4-5-00)

f. Landlord's Expenses. Determine the landlord's share of all typical contracted expenses paid in the immediately preceding growing season.. (4-5-00)

g. Net Income. Subtract the landlord's share of all typical contracted expenses from the landlord's share of gross income to determine net income. (0-0-20)

h. See Property Tax Rules Guide for detailed example. (0-0-20)

06. Calculation of Grazing and Meadow Land Net Income. Net income from grazing and meadow rent for land secondary categories 2,4, and 5 is calculated in the following manner. (0-0-20)

a. Determine the income for a price per Animal Unit Month (AUM). An AUM should consist of 30 pounds of dry-air forage per day for a 1,000-pound cow-calf pair or equivalent. (0-0-20)

b. Determine the gross yearly income of an AUM by multiplying the five-year average of locally reported rent per AUM or third-party provider equivalent by the average number of months of the grazing season. (0-0-20)

c. Divide the total acres grazed by the total number of animals, or cow-calf pairs, to determine the number of acres making up an AUM. (0-0-20)

d. Divide the income per AUM by the number of acres per AUM to determine a gross annual income per acre. (0-0-20)

e. Subtract landlord's typical contracted expenses from the immediately preceding year to determine net income per acre. (0-0-20)

07. Calculating a Value Estimate per Acre to be used for Categories 1-5. Divide the Net Operating Income by the overall capitalization rate to calculate a value estimate per acre. (0-0-20)

08. Cross Reference. For eligibility criteria, see Rule 645 and 131 of these rules. (3-30-07)

PROPERTY TAX RULES COMMITTEE MEETING

Date: June 7, 2019

Time: 9 AM – 12 PM

Location: Room 1CR5, Idaho State Tax Commission, 800 Park Blvd Plaza IV

Welcome & Introductions

Committee Chair Alan Dornfest

Welcome to the State Tax Commission's new chairman, Chairman Tom Harris.

Minutes Approved from April 10, 2018

Rules Status Report

Committee Co-chair Kathlynn Ireland

EXAMPLES AND RULES DISCUSSED TO BE MOVED TO A MANUAL:

The chair explained three categories we want to use for each example we discuss today:

1. An example we really need to have the full force of law.
2. An example that's purely an example and is fine to be moved to a manual or a web link.
3. An example we're unsure if it can be moved out of rule or if it needs the full force of law.

Rule and Consensus of Committee:

130

- **Move to the Ratio Manual.**
- **Keep rule and take out example.**

219

- **Keep rule but take out examples.**
- Good for class material. **Add this example to the Mapping Rules/Laws Manual.** One suggestion was to have one manual per topic and not let these manuals become too big.

220

- The committee agreed **moving the example to manual** would be more user friendly.
- **Keep rule but take out example.**

315

- The entire committee agreed this example is not needed.
- **Keep rule but take out example.**

317

- **Table until July** after the Bulletin is published so we can discuss the rule in depth.

613/614

- Subcommittee will meet this afternoon and provide a report at the next meeting.
- **Table until July.**

619

- The counties and Commission are not using the example regarding the calculation of the pollution control exemption amount.
- Some members saw value in preserving the example in a manual.
- **Keep rule but take out example.**

627

- This rule was originally written for a new law so everyone could understand how to implement it. Now we have a history and widespread understanding.
- Some members want to keep the rule to avoid introducing ambiguity.
- **We will ask for approval to remove the example but continue discussion at the next meeting.**
- The questions of how assessable the manuals will be was asked. They will be available on the website.

628

- **Keep rule but take out examples.**

645

- The definition of these categories are in other rules.
- **We will correct the rule for references to other rules being deleted.** These are non-substantive changes and don't require approval.
- **Remove categories from rule.**

802

- Originally, this table was a reaction to a new exemption for site improvements.
- Some thought it could be moved to the manual for new assessors and included in their training.
- Others felt the example IS the rule and should be kept.
- **We will ask for approval to remove the example but continue discussion at the next meeting.**

803

- This rule was written for a specific one-time problem.
- The committee wanted to know what changed to create the need for a temporary rulemaking.
- **The Disclaimer Table will stay.**
- **We will ask for approval to remove the example but continue discussion at the next meeting.**

961

- **Remove example from the rule.**

964

- There was no negative feedback from assessors but we'll **table until winter.**
- **Ask for approval (ARRF) in December.**

988

- **Table until the next meeting.**

- **Terry Accordino (Micron) will research this rule and advise.**

989

- **Keep the example in rule.**

RULES DISCUSSION:

006/411

- These are companion rules and the main rule is 411. If we're not using it in 411 there is no reason to have it in 006.
- This reference has become obsolete for our purposes. There are more comprehensive guides available online. This is no longer the definitive.
- **Betty Dressen moved to delete highlighted sections of 006 and 411, and add the word "identifying" to 411.** The motion was seconded.

130/131

- Will be discussed in subcommittee this afternoon.
- **The subcommittee will report at the next meeting.**

225

- We can't approve or disapprove mapping. The Commission can only not recognize.
- We can only require notification.
- The statute is clear so minimal is needed in rule.
- **Will continue to discuss at next meeting.**

317

- **Will discuss in depth at next meeting after the notice is published.**
- The basic premise is that partial occupancy value is recognized as increment value, not base value. In the first year, annexation results in a prorated occupancy tax.
- There is no Tax Code Area established in our software for RAA's during the first year of formation, so there's no way to distribute the tax generated from occupancies.
- Direction in rule conflicts with law.

804

- There's a meeting on June 20th with the city association and this will be discussed.
- **A draft will be brought to the next meeting.**

613/614

- Will be discussed in subcommittee this afternoon.
- Option 1: Rewrite 613, incorporating what's needed from 614. Then delete 614.
- Option 2: Delete 613 & 614 and make a new rule.
- Everyone was invited to attend the sub-committee meeting at 1:00.
- **The subcommittee will report at the next meeting.**

717

- This draft is the temporary version.
- **The chair asked everyone to go through the language to see if everything works for the permanent version. It will be discussed in depth at the next meeting.**

945

- If we delete this rule, does the statute alone protect the taxpayer? Is there more protection by double stating?
- The counties only use this action after two or three years of working with a taxpayer where the taxpayer won't participate by providing the list.
- The law still provides for that action without the rule.
- **This rule will expire on June 30.**

968

- This is redundant. It's all in the statute with one exception: the rule allows the Commission to be silent on the category so the county can do what is right in their situation.
- **This rule expires on June 30.**

980

- The market value is used in statute, but the original price is used in rule.
- This was discussed at length with Jerry White and he's ok with changes.
- **Will discuss in depth at the July meeting after the notice is published.**