

Idaho State Tax Commission  
**PROPERTY TAX RULES COMMITTEE**  
Meeting Minutes  
February 28, 2012  
9:30 am – 12:30 pm, 1CR5

**ATTENDEES:** Alan Dornfest, Rick Anderson, Gene Kuehn, Betty Dressen, Christopher Rich, Tom Katsilometes, Jan Barnard, Shelley Sheridan, Janet James, Pam Waters, Bob McQuade, June Fullmer, Brett Endicott, Dwight Davis, Brent Adamson, Ron Fisher, Glenna Young, Sharon Worley, Terry Accordino, Rich Jackson

**MINUTES:** Gene Kuehn made a motion to approve the minutes of January 24, 2012, as amended. Chris Rich seconded the motion. The motion carried.

**LEGISLATIVE UPDATE:** HB 354 deletes custom computer programs from the list of intangible personal property and is in the House Revenue and Taxation Committee (House Rev/Tax). IAC has no position, but is watching the bill. IAC doesn't suspect its going anywhere. The impact on operating property is unknown.  
HB 356 provides a rational exemption process for the county BOE.  
HB 357 deals with timberland valuation and codifies what is done by the CFTM. No substantive changes; continues what is currently in practice.  
HB 358a cleans up administrative issues and corrects procedures for erroneous levies. HB 358a is in the House, 2<sup>nd</sup> reading as amended.  
HB 387a provides that taxpayers would not lose homeowners exemption for military, humanitarian, or religious service. Alan is concerned there is no clear definition of "humanitarian." Statute should include that taxpayers provide proof that they belong to a humanitarian group. Rules may be necessary.  
HB 576 (formerly HB 453) provides new requirements for levies. Rules may be needed quickly for next round of levy elections in May.  
HB 519 exempts site improvements with a five-year look back from January 2012.  
HB 562 requires community college levies to be computed based on the full value including increment value. May see an amended version, and rules may be necessary.  
HB 584 continues the homeowners exemption after death of owner for current year plus one additional year. HB 584 has no language restricting a vacant home.  
HB 585 allows non-school taxing districts to exceed budget limitations for paying certain judgments and that equalized assessed value including increment value will be used in computing related levy rates.  
HB 592 requires that total of certain exemptions is multiplied by last year's levy rate then be deducted from each of the prior three years' property tax budgets. That revised budget amount would be used to establish the highest budget to which the 3 percent increase would be allowed. Properties exempt would require subtraction from budget completed for past three years. HB 592 is designed to prevent tax shift. Temporary rules will be needed.  
SB 1249 increases the maximum homeowners exemption to \$150,000 for tax year 2012.

Brent Adamson stated that personal property has been a topic in the House. Where its headed is unknown. Alan stated for operating property the Tax Commission developed groups for industry and designated each group a percentage of personal property.

**RULES STATUS  
REPORT:**

Rule 006 is tabled until June 2012.

Rules 000, 003, 131, 313, 612, 605, 714, and 995 is on the agenda for discussion. Rule 225, at some point, will need to address urban renewal agencies formed after July 1, 2011, and to clarify election requirements.

**OLD BUSINESS:**

Rule 000 Rule 000 adds correct and pertinent chapters of Idaho Code. Alan suggested adding chapters 20 and 29 of Title 50. Terry suggested also adding chapter 3 of Title 9. Committee will consider other chapters that should be included. Rick will check with legal to see if best to reference only Title 63.

Rule 003 Rule 003 corrects references to Idaho Code referring to appeals. Alan suggested adding references to code sections dealing with circuit breaker appeals.

Rule 313 Rule 313 deals with taxing property that has left Idaho but has not been taxed in another state. The number of days the property was in Idaho should be counted and the property taxed accordingly.

Terry questioned the time limit of 30 days as stated in Subparagraph 313.01.b. because the statute does not reflect the 30 day limitation. Alan suggested creating another rule to address property out of state for part of the year.

Rick will prepare another draft for the next meeting.

Rule 605 Rule 605 addresses property leased for educational purposes. Terry suggested clarifying in Subparagraph 605.01.a. the portion of time the property is used for educational purposes.

Alan will prepare another draft for the next meeting.

Rule 612 New Subsection 612.06 was added based on the subcommittee's recommendation addressing licensing recreational vehicles if over 8½ feet wide. Gene asked if ITD agreed with added language. Rick confirmed ITD would not license anything over 8½ feet wide, therefore would need to be included on the assessment roll.

Motion Gene Kuehn made a motion to approve Rule 612 pending DFM approval. June Fulmer seconded the motion. The motion carried.

Rule 995 Outdated language in Subsection 995.04 regarding revenue sharing program was stricken. Language in Subsection 995.01 was added to specify where census information is obtained; Report of Annual Estimates of the Resident Population for Incorporated Places in Idaho.

**NEW BUSINESS:**

Rule 131 Reference to the Standard on Verification and Adjustment of Sales was added to Subsection 131.01 to provide clarity as to where short sales fall. Rick noted page 13 of the Standard that states if 20 percent of sales reflect short sales, then those sales are counted.

Alan hadn't had the opportunity to review the language and may want to add language or a table.

Rule 714 New Rule 714 addresses property tax deferral and the issue of reverse mortgages and the application of the deferral program. Pam noted two issues to be addressed. First is with the calculations. The claimant has to have 50 percent equity in the property to qualify. The statute doesn't state that. Was it the legislative intent? The legal staff agrees that language in Paragraph 714.01.a. doesn't agree with the statute or what is in practice. The second issue is reverse mortgages which would not be eligible for the property tax deferral program.

Pam stated there needs to be rules addressing the property tax deferral program and how calculations are done, and guidelines are needed to administer the program appropriately.

Rick agreed that sufficient equity needs to be addressed. Brian Whitlock with the Governor's office intended for the statute to clarify the 50 percent equity requirement. Legal believes the 50 percent test is too stiff and unreasonable.

IMPROVEMENTS vs. IMPROVED PROPERTY Rule 808 may need clearer definitions of improvements and improved property to make sure the right property is being taxed. Rick recommended Rule 808 be specific by category. Rule 808 will be tabled until next meeting.

**NEXT MEETING:** March 27, 2012, at 9:00 a.m. in 1CR5.

**ADJOURNMENT:** There being no further business, the meeting was adjourned.

**Alan Dornfest**  
**Chairman**

**Shelley Sheridan**  
**Committee Secretary**