

PROPERTY TAX RULES COMMITTEE
MINUTES

The Committee convened 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	<i>Committee Chair Alan Dornfest</i>
Temporary Rules Report – 600T, 802T, 803T	<i>Committee Chair Alan Dornfest</i>
Rules Status Report – Today, June 12, 2018	<i>Rick Anderson</i>

Rules:

1. Rules 613, 614 – Speculative Value for Agricultural Land and Examples
 - a. A letter from the Farm Bureau was entered into the record.
 - b. Kathlynn Ireland (ISTC, chair of the sub-committee) stated she thought the five year rolling values were best for all counties as a whole. There was considerable discussion on this topic. The Farm Bureau objects.
 - c. The chair asked if it was worthwhile to pursue other aspects of these rules that have broad agreement, but leave the contested one alone. A representative from the Farm Bureau noted that the average farm will be taxed unfairly because this is figured to the advantage of specialty farms.
 - d. Commissioner Katsilometes asked the committee to wait until the next meeting so more Farm Bureau members could attend.
 - e. The chair tabled this discussion until the next meeting and deferred to Kathlynn Ireland so that she could meet again with her sub-committee.
 - f. Steve Fiscus (ISTC) offered to talk to the grain producers for their feedback. They had expressed concern to him previously.
2. Rule 312 - Application of I.C. 63-602Y to property owned by the government transferred to private party
 - a. George Brown (DAG/ISTC) gave a history of the partial year assessments.
 - b. The chair had a call from Dan Anderson (Nez Perce County Assessor) in opposition. This was the only opposing call he had. Brian Stender (Canyon County Assessor) said he had no communication in opposition.
 - c. Rick Anderson (ISTC) moved to approve this rule. Brian Stender seconded. The committee voted with none opposing.
 - d. Steve Fiscus pointed out one edit that needs made, changing a paragraph number.

3. Rule 408 - Assessor's request to re-examine operating property value must be filed before July 15
 - a. The committee decided on a clarification by calling the values sent out before July 15 "preliminary values".
 - b. Brian Stender moved to approve this rule section. Steve Fiscus seconded. The committee voted with none opposing.
4. Rule 600 – Property tax exemption – Provisional exemption (HB459)
 - a. Rick Anderson stated we should not discuss any details not in the temporary version because the intent statement has not yet been published in a Bulletin. The chair agreed and tabled this until the next meeting.
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
 - a. The chair stated these are companion rules, Homeowner's and Circuit Breaker. Specificity in the deed supersedes the default 50% ownership interest to husband and wife (community interest).
 - b. Steve Fiscus made a motion to adopt both rules. Brian Stender seconded. The committee voted with none opposing.
6. Rule 630 – New Capital Investments – (adds operating property, HB591)
 - a. Terry Accordino (Micron) gave Alan suggestions and edits.
 - b. Steve Fiscus posed a question about locally versus state versus county assessed for the appeals process.
 - c. The chair will add that the combined value should not exceed 400 million.
 - d. The chair will rewrite and include Terry's edits for the next meeting.
7. Rule 702 – Veteran's Benefit – Continued Eligibility After Death of Claimant
 - a. The committee discussed and Pam Waters (ISTC) offered several comments. The rule was sent to at least one veteran's organization for review. The chair asked if this should be sent to all the assessors. Brian Stender stated he sent it in the packet he sent to them and had no comments on this.
 - b. The chair asked if we should state that this applies to an "unremarried surviving spouse". It was decided this was not necessary because the law is clear that a subsequent marriage terminates the benefit.
 - c. This rule will continue to be developed by Pam.
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
 - a. The committee discussed the effect of urban renewal on farm ground at length. The chair stated he would address those issues and rewrite the draft.
 - b. The chair asked everyone to read this entire rule, especially section e, and let him know what they think.
 - c. The chair asked Meghan Conrad (Elam Burke) to review and send this rule draft to other groups for their comments.
 - d. The chair will include the farmland change of land use new construction roll issue raised by Brian Stender in the next draft.

9. Rule 803 – 1) HB559 – provisional exemption 2) HB392 – change solar farm 3) HB 567a-cemetery consolidation
 - a. The only difference between the temporary and proposed version is the inclusion of how to calculate maximum budgets in cases of cemetery districts consolidation.
 - b. The chair asked if Betty Dressen (not present, Payette County Clerk) had shared this with the clerks. He said we should wait a month to be sure of what concerns the clerks have.
 - c. The chair will redraft and include the edit to change the date from the 3rd Monday to the 1st Monday in August and to include billing information.

10. Rule 804 – Definition of “base assessment roll” [(I.C. 50-2903(4))] in respect to exempt property (63-602NN) becoming taxable
 - a. The chair stated he will rewrite the first sentence and asked Meghan Conrad (Elam & Burke) to help. He asked the committee if he should delete the first sentence and if it adds confusion.
 - b. The chair stated the purpose of the rule is to express an exception to NN.
 - c. The chair asked for help rewriting this rule from anyone who wanted.

11. Rule 962 – (HB462)Forest Land Taxation Rule – Re-classification process to be determined by the Committee on Forest Land Taxation Methodology (85-86)
 - a. The classifications of timberland are: poor, medium, good.
 - b. There was a sub-committee for this rule.
 - c. The chair stated he was waiting for more comments on his draft. He stated some verbal comments said his draft was too detailed and too specific. He will continue to solicit comments. Jerott Rudd (STC) said the counties will comment prior to the next meeting.
 - d. The chair stated he was hopeful this would be done this season but was not sure. Commissioner Katsilometes said we need something next meeting. The chair asked him to contact CFTM members for comments so he isn’t blindsided later. (The CFTM is a committee the Commissioner chairs.)

Discussion Items:

1. Agricultural equipment exemption – HB 594a (hops)
 - a. Joe Cox gave a historical perspective.
 - b. The question before the committee is where does the exemption begin and end. One suggestion was that it ends when the product hits the road.
 - c. The equipment used to process the crop after it is brought in from the field—is it harvesting or is it processing?
 - d. George Brown stated they need to reach out to the Department of Agriculture. He also stated that the exemption should end when it is a basic saleable unit--not when it is sold but when they could sell it. The example was given that hops must be in a bale before it is a saleable unit. This is different depending on the crop. The example of mint versus hops was given. The committee needs to define this for each crop.
 - e. The chair asked Rick Anderson to report on his research. Rick Anderson stated that the statute was first sent to George Brown to decipher. He wonders if the word dairy means anything and why it is in the statute.
 - f. Where is the line? The chair stated we need to better define “production”. He is not convinced we can write the rule and have it make sense. He put this question to the committee.

- g. Rick Anderson asked if we are writing law in the rule. The chair asked if we could at least do good by defining the word “production” in a rule. George Brown brought up the point we need to decide what we are doing in the rule before we discuss.
- h. Representative Anderst stated that this needs to be done and we owe closure to this issue for consensus and consistency. George Brown suggested we sub-committee this and reminded the committee that Commissioner Roberts had already said we should look at resources available.
- i. We may need to gather information and present to the legislature if they want us to continue because we are outside their boundaries and seem like we would be making law. It was suggested the committee spend 6 months getting information since we have 2 years to address this issue (2 year sunset in the statute). Representative Anderst liked the idea of looking at what we can do with the rule and going to the Legislature to ask for more law. The chair asked if this was a request to move this off the rules committee. Representative Anderst stated that this needs a statutory fix so we aren’t overstepping.

Next meeting date is July 10, 2018.

Meeting was adjourned.

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.