IDAHO State Tax Commission
PO Box 36 • Boise ID 83722-0410
800 Park Blvd., Plaza IV • Boise ID 83712-7742

PROPERTY TAX RULES COMMITTEE
AGENDA

The Committee convenes on Tuesday February 24, 2015, at **9:30 a.m.** at:

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

Welcome & Introductions — *Committee Chair Alan Dornfest*
Legislation Report — *Committee Chair Alan Dornfest*
January 27, 2015 minutes……..……..2
Rules Status Report — Rick Anderson……..4

Rules Discussion (Property Tax Rules)

Rule 006 – Incorporation by Reference……5
Rule 312 – Partial Year Assessment of Real and Personal Property……..10
Rule 802 – Budget Certification Relating to New Construction and Annexation……..13

Misc. Matters for Discussion

Classification of modular buildings
Uniformity in dairy/milking operations

Next meeting date:

Meeting adjourned

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

DRAFT

Idaho State Tax Commission
PROPERTY TAX RULES COMMITTEE
Meeting Minutes
January 27, 2015
9:30 am -Room 1CR5

ATTENDEES:

Committee Members:	Rick Anderson, Betty Dressen, Christopher Rich, Erick Shaner, Gene Kuehn, Glenna Young, Jan Barnard, Janet James, Sharon Worley, Steve Fiscus
Commissioners:	Tom Katsilometes
Rules Coordinator:	Sherry Briscoe
State Tax Commission Staff:	Greg Himes, Pam Waters
Guests:	Bob McQuade, Brad Vanderpool, Brett Endicott, Brian Stender, Caitlin Rusche, David Eastman, Georgia Plischke, Joe Cox, John Peiserich, June Fullmer, Katrina Basye, Linda Jones, Meghan Sullivan, Michael Christian, Rick Johnston, Ron Fisher, Terry Accordino, and Allison Garton via phone

Rick reviewed the 2015 Legislative Session Property Tax – House and Senate Bill Tracking Report.
HB 0027 (recreation districts), HB 0028 (school districts), and HB 0029 (personal property exemptions) are all technical corrections and have all three moved on in the House for a second reading with a do-pass recommendation.

STATUS REPORT: Rick presented a brief status report on the rules

006	**Adopt by reference – updates standard reference manuals and guides**
632	Property Exempt From Taxation – Oil or Gas Related
802	Budget Certification Relating to New Construction
	These three rules have not been presented for approval to administration. Rule 006 did not get published, which turned out good as there were dates that needed to be changed. So the commissioners approved a temporary rule to take us through the year.

NEW BUSINESS:

Rule 006: INCORPORATION BY REFERENCE. The temporary rule will expire the end of the session, but we will have a concurrent resolution that will carry to the end of the year.

Rule 632: PROPERTY EXEMPT FROM TAXATION – OIL OR GAS RELATED WELLS. This is a technical change – no discussion.

DRAFT

Rule 802: BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION. Discussed solar farms and 301A – new construction statute. The preliminary analysis is that this will qualify for a new construction. This will be reported to the counties on the new construction roll. Katrina questioned if this was geared just for solar farms, or for everyone? And why was this brought up now? This will be discussed more later.

MISC. MATTERS FOR DISCUSSION:

The change in status of property was discussed. Gene brought up the site exemption issue. This regards people having a site vs ag exemption on developed property. Some subdivisions do both exemptions. 602Y loss of exemption was part of the problem. Steve Fiscus said he would work on some language and we'll look at this again.

Betty asked about 67-450E, and thought the state tax commission was going to send the Clerks a list of who they should be reporting on, who is an entity and who is a taxing district. She had a question about irrigation districts, and should they be included? She would like some clarification. Steve Fiscus will prompt Alan to look into this.

Next Meeting Date: Tuesday, February 24, 2015, 9:30 a.m. in 1CR5

Alan Dornfest
Chairman

Sherry Briscoe
Rules Coordinator

2015-2016
Property Tax Rules Status Report
February 24, 2015

Rule #	Date PARF Approved By Agency	Date DFM Sent (ISTC Number)	Date Approved By DFM	Rule Status	Date of Draft	Comments	Date Sent For Publication
006 **(TBD)**				On today's agenda	Draft 1, Dec 9, 2014	Adopt by reference – updates standard reference manuals and guides	
132 **(TBD)**				Technical change only; Schedule for Committee approval in June 2015.	Draft 1, Jan. 27, 2015	Conforms rule to law (SB 1213, 2014) 63-602 by deleting application requirement	
312 **(TBD)**				On today's agenda	Draft 2, February 17, 2015	Loss of site improvement exemption – change of status- IC 63-602Y	
802 **(TBD)**				On Today's agenda	Draft 1, January 22, 2015	Relates to new construction and solar farms valued by the operating Bureau	

Discussion Issues	
Issue	**Comments**
Classification of modular buildings	
Uniformity in dairy/milking operations	
Loss of exemption – timing of assessment {63-602Y}(See proposed rule 312)	

006. INCORPORATION BY REFERENCE (RULE 006).
Unless provided otherwise, any reference in these rules to any document identified in Rule 006 of these rules shall constitute the full incorporation into these rules of that document for the purposes of the reference, including any notes and appendices therein. The term "documents" includes codes, standards, or rules adopted by an agency of the state or of the United States or by any nationally recognized organization or association. (5-3-03)

01. Availability of Reference Material. Copies of the documents incorporated by reference into these rules are available at the main office of the State Tax Commission as listed in Rule 005 of these rules or can be electronically accessed as noted in Subsection 006.02 of this rule. (5-8-09)

02. Documents Incorporated by Reference. The following documents are incorporated by reference into these rules: (5-3-03)

a. "Standard on Ratio Studies" published in 2013, "Standard on Digital Cadastral Maps and Parcel Identifiers" published in 2012, "Standard on Mass Appraisal of Real Property" published in 2013, "Standard on Verification and Adjustment of Sales" published in 2010, all published by the International Association of Assessing Officers. These documents can be electronically accessed at ~~http://www.iaao.org/documents/index.cfm?Category=23~~
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which was last accessed and verified on ~~June~~ December ~~14~~ 8, 201~~2~~ 4. ~~(3-20-14)~~(____)

b. "Recreation Vehicle Guide of the National Automobile Dealers Association" published in 201~~3~~5 for the September through December period by the National Appraisal Guides Incorporated. ~~(3-20-14)~~(____)

c. "Van/Truck Conversion and Limousine Appraisal Guide of the National Automobile Dealers Association" published in 201~~3~~5 for the September through December period by the National Appraisal Guides Incorporated. ~~(3-20-14~~(____)

d. "Official Railway Equipment Register" published for the last three (3) quarters in 201~~2~~5and the first quarter in 201~~4~~6 by R. E. R. Publishing Corporation, Agent as a publication of UBM Global Trade. ~~(3-20-14)~~(____)

e. "Forest Habitat Types of Northern Idaho: A Second Approximation" published by the Government Printing Office for the U. S. Forest Service in 1991, General Technical Report INT-236, written by Cooper, Stephen V., Neiman, Kenneth E., Rev, David W., and Roberts, Kenneth E. (4-6-05)

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g. "Yield of Even-Aged Stands of Ponderosa Pine" published by the Government

Printing Office for the U. S. Department of Agriculture in 1938, Technical Bulletin No. 630. (5-3-03)

h. "Second-Growth Yield, Stand, and Volume Table for the Western White Pine Type" published by the Government Printing Office for the U. S. Department of Agriculture in 1932, Technical Bulletin No. 323. (5-3-03)

i. "Manual of Surveying Instructions" published by the Federal Bureau of Land Management and the Public Land Survey System Foundation in 2009. (4-04-13)

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Idaho Statutes

TITLE 63
REVENUE AND TAXATION

CHAPTER 6
EXEMPTIONS FROM TAXATION

63-602Y. PROPERTY EXEMPT FROM TAXATION -- EFFECT OF CHANGE OF STATUS. (1) If any property, real or personal, which is exempted from taxation on the first day of January shall thereafter have a changed status during the year, either by change in ownership or otherwise, in a manner that if the changed status had existed on the first day of January the property would have been taxable at that time, then the property shall be assessed in the following manner: If the status changed before the first day of April, then for its full market value for assessment purposes; if on the first day of April and before the first day of July, then for three-fourths (3/4) of its full market value for assessment purposes; if on the first day of July and before the first day of October, then for one-half (1/2) of its full market value for assessment purposes; and if the status changed on or after the first day of October, then for one-fourth (1/4) of its full market value for assessment purposes. However, if the changed status results from the leasing or rental of property normally constituting business inventory, the same shall be subject to property tax only for the period it is so leased or rented and upon its return to business inventory shall again be exempt. Each owner of such property shall, on the first Monday of November of each year, file with the assessor for the home county of the owner with a copy for every other county involved, a statement listing and sufficiently identifying such property, the counties where it was situated and the periods of the preceding twelve (12) calendar months during which the property was leased or rented within each county.

(2) At the time of filing such statement with the assessor of his home county, the owner of such leased or rented property shall provide such assessor with a copy for every other county involved.

(3) The assessor of such home county shall ascertain the portion of said preceding twelve (12) calendar months during which such property was leased or rented in the home county and shall enter such property upon the subsequent or missed property roll and the tax collector of the home county shall compute and collect the property tax thereon. The assessor shall indorse the full market value for assessment purposes of each item of such property upon copies of the statement and the owner of the property shall, within five (5) days, furnish an indorsed copy of the owner's statement to the assessor of each county of the state wherein such property was located during the lease or rental period, and each such other county assessor shall likewise assess and the tax collector shall collect the property taxes due for the portion of the preceding twelve (12) calendar months the leased or rented property was situate in their county.

(4) The property taxes due thereon shall be a first and prior lien upon such property and all real and personal property of the owner thereof within the state until all property taxes due have been paid.

History:

[63-602Y added 1996, ch. 98, sec. 7, p. 358.]

The Idaho Code is the property of the state of Idaho and is made available on the Internet as a public service. Any person who reproduces or distributes the Idaho Code for commercial purposes is in violation of the provisions of Idaho law and shall be deemed to be an infringer of the state of Idaho's copyright.

312. PARTIAL YEAR ASSESSMENT OF REAL AND PERSONAL PROPERTY (RULE 312).
Sections 63-311 and 63-602Y, Idaho Code. (5-3-03)

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

(5-3-03)

02. Change of Status.

a. Except as described in Section 03 of this rule, the "Change of Status" provision of Section 63-602Y, Idaho Code, applies only to any property which is fully exempt on January 1 and becomes taxable after January 1. ( )

b. The real or personal property that has a change of status as described in Section 63-602Y, Idaho Code, does not include federal or state of Idaho property. The property of the United States, except when taxation thereof is authorized by the Congress of the United States, the state, counties, cities, school districts, and other taxing districts that is transferred to a private owner continues to maintain a non-taxable status until January 1 of the year immediately after transfer. However, property owned by an urban renewal agency that is transferred to a private owner is subject to property tax according to the proration as described in Section 63-602Y, Idaho Code.

03. Special Provisions for Site Improvements. Site improvements that have been exempt as provided in Section 63-602W(4), Idaho Code, but no longer qualify for this exemption shall be subject to the provisions of Section 63-602Y, Idaho Code, provided that the land on which the site improvement exemption had been granted would have otherwise been considered actively devoted to agriculture. In all other cases leading to loss of the site improvement exemption, said exemption shall be removed effective January 1 of the year following loss of the exemption. ~~(3-29-12~~)

04~~3~~. Cross Reference. The partial year assessment of any non-transient personal property shall comply with the Idaho Supreme Court decision in Xerox Corporation v. Ada County Assessor, 101 Idaho 138, 609 P.2d 1129 (1980). When assessing all non-transient personal property, each assessor should be aware of the following quotation from this decision: "Where the county undertakes to update its initial (personal property) declarations during the course of the tax year, it cannot increase a taxpayer's tax burden to reflect the taxpayer's acquisition of non-exempt property without decreasing that tax burden to reflect the fact that property reported by the taxpayer in an earlier declaration was no longer subject to the county's ad valorem tax." (Clarification added.) (5-3-03)

TITLE 63
REVENUE AND TAXATION

CHAPTER 4
APPRAISAL, ASSESSMENT AND TAXATION OF OPERATING PROPERTY

63-405. ASSESSMENT OF OPERATING PROPERTY. (1) The state tax commission must assess all operating property at a meeting of the commission convening on the second Monday of August in each year, and must complete the assessment of such property on the fourth Monday in August.

(2) The state tax commission shall determine the system value and calculate the allocation and apportionment of the system value for all operating property and specifically determine:

(a) The number of miles and the value per mile of each railroad in the state and for each taxing district in which such railroad may exist.

(b) The number of miles and the value per mile of each telephone corporation in the state and for each taxing district in which such telephone corporation may exist.

(c) The number of miles and the value per mile of each pipeline in the state and for each taxing district in which such pipeline may exist.

(d) The number of miles and the value per mile of each water company under the jurisdiction of the public utilities commission in the state, and for each taxing district in which such water company may exist. The value per mile of any line included in this subsection, except railroads, shall be determined by dividing the total value of such line within the state by the number of miles of such line within the state. The value per mile of railroad line shall be determined by apportionment of the total value of line within the state. The apportionment shall be based twenty percent (20%) on the ratio of line miles in the state to line miles in the county; forty percent (40%) on the ratio of net ton miles in the state to net ton miles in the county; and forty percent (40%) on the ratio of station revenues in the state to station revenues in the county. All operating property of railroads shall be apportioned to the counties as part of the railroad line in the county. The apportionment for taxing districts shall be the same as the apportionment among counties.

(e) The system value, the number of miles and the value per mile of each electric current transmission line and each electric current distribution line in each county separately, and for each taxing district within said county in which such transmission and distribution lines may exist. The value per mile of any line included in this subsection shall be determined by dividing the apportioned value of such line within each county by the number of miles of such line within said county.

(f) The system value of private railcar fleets entering or standing in Idaho in the year preceding the constituted lien as provided in section 63-411(3), Idaho Code.

(g) The system value and calculate the allocation and apportionment of the system value for all other operating property.

(3) On and after January 1, 2004, any newly installed or constructed equipment located within a city corporate limit or within five (5) miles of a city corporate limit and used for and in conjunction with the thermal generation of electricity shall be apportioned based on physical location. For purposes of this subsection newly installed or constructed equipment used for and in conjunction with the thermal generation of electricity shall not include the remodeling, retrofitting, rehabilitation, refurbishing or modification of an existing electrical generation facility, or integration or transformation facilities such as substations

or transmission lines. Notwithstanding the provisions of section 63-301A, Idaho Code, property apportioned based on physical location pursuant to this subsection shall be placed on the new construction roll.

(4) If the value of property of any company assessable under this section is of such a nature that it cannot reasonably be apportioned on the basis of rail, wire, pipeline mileage, such as microwave and radio relay stations, the tax commission may adopt such other method or basis of apportionment to the county and taxing districts in which the property is situate as may be feasible and proper.

History:

[63-405, added 1996, ch. 98, sec. 5, p. 338; am. 1997, ch. 117, sec. 17, p. 317; am. 1998, ch. 400, sec. 3, p. 1252; am. 2004, ch. 105, sec. 1, p. 379; am. 2006, ch. 302, sec. 3, p. 935.]

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802. BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION (RULE 802).
Sections 63-802, 63-301A, 63-602W, and 63-602NN, Idaho Code. (5-8-09)

01. Definitions. (4-5-00)

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

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

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

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

a. Qualifying new construction which is valued by the State Tax Commission shall be reported to the applicable taxing district by October 1st and shall be listed on the immediate next new construction roll. ( )

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

construction roll, additional budget authority resulting from new construction previously omitted from a new construction roll and listed on the current year's new construction roll shall be permitted only if the taxing district is in compliance with the budget hearing notification requirements of Section 63-802A, Idaho Code, for the current year. (3-29-12)

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

~~c~~d. Determining the amount of taxable market value to be deducted. The amount of taxable market value to be deducted under Section 63-301A(1)(f)(i), Idaho Code, shall be determined by the highest authority to which the assessment is ultimately appealed. Accordingly, adjustments should not be made until there has been a final decision on any appeal. In addition, the deduction for lower values resulting from appeals shall be made only for property that was placed on a new construction roll within the immediately preceding five (5) years. (3-29-12)

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

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

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

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

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

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

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

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

iii. If the current land category is different than the category prior to the change that resulted in an addition to the new construction roll, the amount to be subtracted shall be the lesser of the amount originally added or the amount that would have been added had the first change in land use been from the current land category. For example, a dry grazing land parcel that would have had a value of ten thousand dollars ($10,000) became commercial land and was assessed at fifty thousand dollars ($50,000). The forty thousand dollar ($40,000) difference was reported on the new construction roll in year one (1). In year two (2), the parcel is reclassified as irrigated agricultural land and would have had a value in year one (1) of twenty thousand dollars ($20,000). The amount to be subtracted from the value shown on the new construction roll in year two (2) is thirty thousand dollars ($30,000). (4-7-11)

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

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

vi. Provided the criteria in Subparagraph 802.03.b.i. are met, land value decreases resulting from the exemption provided in Section 63-602W(4), Idaho Code, are to be subtracted from the new construction roll in the year immediately following the most recent year in which the exemption has been granted. To comply with the budget adjustments required by Section 63-

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

vii. Table A - Effect on New Construction Roll:

Table A - Effect on New Construction Roll

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

(4-4-13)

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

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

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

(4-4-13)

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

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

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

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

(4-7-11)

06. Change in Status. (4-2-08)

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

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

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

b. Upon receipt by the State Tax Commission of a resolution recommending adoption of an ordinance for termination of an RAA under Section 50-2903(5), Idaho Code, any positive difference of the most current increment value minus the "incremental value as of December 31, 2006," shall be added to the appropriate year's new construction roll.
When this information is received after the fourth Monday in July, this positive net increment value shall be added to the following year's new construction roll. (4-7-11)

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

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

ii. Step 2. Subtract the increment value determined in Step 1 from the most current increment value for the parcels in the de-annexed area. (4-7-11)

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

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

v. The following table shows the amount to be added to the current year's new construction roll and the amount to be subtracted from the "incremental value as of December 31, 2006" applicable to the adjusted remaining RAA. The table assumes an area is de-annexed from an original RAA effective December 31, 2009.

Steps (as designated in Paragraph 802.06.c.)	Area	Value
	December 31, 2006, increment value of the original RAA	$10,000,000
Step 1	December 31, 2006, increment value of the de-annexed area	$1,000,000
	December 31, 2009, increment value of the de-annexed area	$3,000,000
Steps 2 and 3	Amount related to the de-annexed area to be added to the 2010 new construction roll	$2,000,000
Step 4	Adjustment amount to be deducted from the original RAA's "incremental value as of December 31, 2006"	<$1,000,000>
	Adjusted "incremental value as of December 31, 2006" for the remaining RAA (base for future new construction roll additions upon dissolution of all or part of remaining RAA)	$9,000,000

(4-7-11)

07. Limitation on Annexation and New Construction Roll Value. For any taxing district annexing property in a given year, the new construction roll for the following year shall

not include value that has been included in the annexation value. When an annexation includes any part of a revenue allocation area, only taxable value that is part of the current base value of the taxing district is to be included in the annexation value reported for that taxing district for the year following the year of the annexation. (3-29-10)

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

State Tax Commission Negotiated Rule Making Checklist

Determination of Feasibility of Negotiated Rule Making

Title and Description of rule under consideration:

_____

_____

Issues that may lessen feasibility of Negotiated Rule Making	Applicable Issue(s)	Explanation of Applicability of issue(s)
Requirement to comply with existing federal statute or regulation		
Requirement to comply with existing state statute		
Requirement to comply with controlling judicial precedent		
Confidentiality of issues under consideration		
Need for temporary rule making		
Simple nature of the proposed rule change		
Lack of identifiable representatives of affected interests		
Determination that affected interests are not likely to reach a consensus on the proposed rule		

Based on an examination of the issues related to the feasibility of negotiated rule making with regards to the proposed rule under consideration, it is the decision of the _____ tax rules committee to:

a. Recommend _____
b. Consider infeasible _____

negotiated rule making.

_____

Signature

Chair of _____ tax rules committee

_____

Date