

**PROPERTY TAX RULES COMMITTEE  
AGENDA**

The Committee convenes on Tuesday, April 1, 2014, at **9:00 a.m.** at:

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

Welcome & Introductions

*Committee Chair Alan Dornfest*

Approval of Minutes

*Alan Dornfest*

Legislative Report:

*Alan Dornfest*

Rules Status Report

*Rick Anderson*

**Rules Discussion (Property Tax Rules)**

Rule 120 – Investigation of Written Complaints

Rule 205T & P – Personal and Real Property – Definitions and Guidelines

Rule 315 – Use of Ratio Study to Equalize Boise School District

Rule 508 – Notification of Personal Property Exempt Value

Rule 509 – Personal Property Exempt Value Listed on the Abstracts of Value

Rule 609 – Property Exempt from Taxation - Homestead

Rule 645 – Land Actively Devoted to Agriculture Defined

Rule 804 – Tax Levy - Certification - Urban Renewal Districts

Rule 805 – Penalty for Failure to Provide Notice of Budget Hearing

Rule 988 – Qualified Property for Exemption (QIE)

Rule 995T & P – Certification of Sales Tax Distribution

Next meeting date:

Meeting adjourned

*For more information, please contact the Committee Chair, or the Rules Coordinator at [sherry.briscoe@tax.idaho.gov](mailto: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

February 25, 2014 ~ 9:30 am – 12:30 pm 1CR5

**ATTENDEES:**

<b>Committee Members:</b>	Alan Dornfest, Rick Anderson, Betty Dressen, Dwayne Hines, Erick Shaner, Gene Kuehn, Sharon Worley, Glenna Young, Janet James, Kathlynn Ireland, Jan Barnard, Steve Fiscus
<b>Commissioners:</b>	Ken Roberts, Tom Katsilometes
<b>Rules Coordinator:</b>	Sherry Briscoe
<b>State Tax Commission Staff:</b>	Greg Heinrich, George Brown, Pam Waters
<b>Guests:</b>	Bob McQuade, Brad Vanderpool, June Fullmer, Katrina Basye, Ron Fisher, Terry Accordino, Justin Baldwin, Linda Jones, Parker Papworth, Benjamin Davenport

**MINUTES:** The January 30, 2014 minutes were approved.

Alan explained there is still no action as of yet on any of the property tax rules from last year in the legislature.

**LEGISLATIVE REPORT:** Alan reviewed the House and Senate Bill tracking report for property tax.

<b>HB 376</b>	this bill is a technical correction, and is replaced by HB 442	
<b>HB 383</b>	amends existing Idaho Code 63-803(4) and fixes levy calculation problem.	Passed the House
<b>HB 440</b>	Codifies the procedure agreed to in the settlement with Idaho Power	Passed the House
<b>HB 441</b>	Counties association correction contains 3 elements, amends 331103	Passed the House
<b>HB 442</b>	Successor to HB 376 - contains 4 issues, State Board of Equalization can conclude when they are done. Amends occupancy tax statute. Gives the taxpayer a 28-day appeal period. Requires Treasurer to notify taxpayer for tax due	Passed the House
<b>HB 474</b>	Come back under 523, the successor bill	
<b>HB 482</b>	Removes rate regulated public utilities and railroads from the personal property exemption	
<b>HB 486</b>		
<b>HB 496</b>	Requiring audits of taxing districts and other entities	
<b>HB 506</b>	Limits the exemption that's provided for wind & geothermal producers, has some questions	
<b>HB 523</b>	provides for audits and registry, and reporting information, excludes school districts. Excludes any district with a total budget of less than \$100,000. Thinks this is being rewritten to address the pass through issue.	
<b>HB 533</b>	Will watch	

# DRAFT

<b>S 1213</b> –	Senator Rice rewrote this to say there is no application for oil & gas well exemptions.	Passed the Senate
<b>S 1236</b> –	we are just monitoring this bill.	This is already law

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

<b>006</b>	<b>Draft 1 – updates standard reference manuals and guides, tabled for July meeting</b>	<b>Non-negotiated</b>
<b>120</b>	Draft 2 – adds subsection 5 – budget and levy investigations. Discussion continues to next meeting	negotiated
<b>217</b>	Market value rule – fee simple provision discussion	
<b>315</b>	Draft 1 – Boise School district –ratio studies naming all the individual exemptions	Non-negotiated
<b>508</b>	Deletes entire rule – reporting by taxing district	Non-negotiated
<b>509</b>	Deletes exempt Personal property reporting requirements	Non-negotiated
<b>609</b>	Draft 1 provides optional removal of Home Owner’s exemption for part year ownership, need to study this for direct conflicts with the statute	
<b>645</b>	No draft yet, land devoted to agriculture	
<b>803</b>	Draft 1 – budget certification-602KK exemption adjustments. Personal property in the L2 reporting	Non-negotiated
<b>804</b>	Draft 1 – urban renewal, annexation base value	negotiated
<b>988</b>	Designation for property	
<b>995P</b>	Draft 1 – adjust market value for assess purposes for pers. property exemption, certification of sales tax distribution	negotiated
<b>995T</b>	Draft 1 - adjust market value for assess purposes for pers. property exemption	Non-negotiated

**RULES DISCUSSION:**

<b>Rule 006:</b>	<b>INCORPORATION BY REFERENCE.</b> This is moved to the July agenda.	non-negotiated
<b>Rule 120:</b>	<b>INVESTIGATION OF WRITTEN COMPLAINTS.</b> Rule needs to clarify investigation procedure. this rule is being held for more input. Betty will ask clerks for comments. We will continue to consider what can be done to insure that agreed upon mitigating actions get done.	negotiated
<b>Rule 315</b>	<b>USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT.</b> For the equalization of the Boise School district. This rule will be reviewed at the next meeting.	non-negotiated
<b>Rule 508</b>	<b>NOTIFICATION OF PERSONAL PROPERTY EXEMPT VALUE BY TAXING DISTRICT OR UNIT.</b> Asking this rule to be deleted after the end of the legislation.	non-negotiated

# DRAFT

<b>Rule 509</b>	<b>CITY, COUNTY, SCHOOL DISTRICT, AND SPECIAL DISTRICT OR UNIT OF GOVERNMENT ABSTRACTS OF VALUE AND IDENTIFICATION OF URBAN RENEWAL INCREMENT AND PARTIAL EXEMPTION VALUES.</b> This will be reviewed at the next meeting. Will wait until after the legislature is over to look at this again.	non-negotiated
<b>Rule 609</b>	<b>PROPERTY EXEMPT FROM TAXATION – HOMESTEAD.</b> Hold this rule for discussion at the next meeting.	
<b>Rule 645</b>	<b>LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED.</b> Rick will chat with Scott about this rule. conflict came from mixing appraisal methods and the computing of the \$1,000.	
<b>Rule 803:</b>	<b>BUDGET CERTIFICATION – DOLLAR CERTIFICATION FORM (L-2 FORM).</b> Clarifies that personal property replacement money is to be included with other replacement money. Refers to the KK exemption. Discussion of this Rule will be deferred until the June meeting.	Non-negotiated
<b>Rule 804:</b>	<b>TAX LEVY – CERTIFICATION – URBAN RENEWAL DISTRICTS.</b> Do we need to reestablish a subcommittee? It would also be good to get some input from the mapping folks. Issues to be addressed include clarifying whether property in annexed area is included in base or increment. Discuss at next meeting.	negotiated
<b>Rule 988:</b>	<b>Qualified Property for Exemption.</b> We will revisit this next month. Terry Accordino will also look at this. Issue relates to reporting of exempt personal property.	
<b>Rule 995T:</b>	<b>CERTIFICATION OF SALES TAX DISTRIBUTION. Temporary and Proposed</b> Cities are the stake holders of this issue of whether to include exempt personal property. Invite Association of Idaho Cities to discuss this rule.	negotiated

**Next Meeting Date:** April 1, 2014 at 9:00 a.m.

*Alan Dornfest*  
Chairman

*Sherry Briscoe*  
Rules Coordinator

**2014-2015  
Property Tax Rules Status Report**

**April 1, 2014**

Rule No.	Rule Description and Proposed Change	Draft No. and date	Status of Proposed Administrative Rules Form			Comments/Status	Date Sent For Publication
			PARF Approved By Agency	Date DFM Sent to (ISTC Number)	Date Approved By DFM		
006	Incorporation by Reference – Update dates of publications that are referenced in the Property Tax Rules	1, Jan 22, 2014	<b>Note: No approvals to date</b>			Tabled until the July Meeting	
120 (NR) <sup>1</sup>	Investigation of written complaints –Confines subject of investigation to property tax assessment or administration matters but not personnel matters or matters relating to expenditure of funds. Restricts complainant to past or present employees or contractors or to one who resides or owns property in the county. Provides time frame for hearing the complaint	2, Feb 4, 2014				Draft 2 adds subsection 5 – budget and levy investigations. Discussion continuing at next rules meeting  The Challenge: Suggest a method to insure that previously agreed upon remedies are completed.	

1/ Denotes a Negotiated Rule

<b>Rule No.</b>	<b>Rule Description and Proposed Change</b>	<b>Draft No. and date</b>	<b>PARF Approved By Agency</b>	<b>Date DFM Sent to (ISTC Number)</b>	<b>Date Approved By DFM</b>	<b>Comments/Status</b>	<b>Date Sent For Publication</b>
205T &P (NR)	Delete 205.03.b.,a portion of fixture definition					Wait for signature -Conform to HB441	
315	Use of Ratio Study to equalize Boise School District	1, Feb. 19, 2014				Deletes the list of exemptions and replaces the list with the phrase “property exempt from Property Tax	
508	Notification of personal property exempt value- Deletes entire rule because this is covered by Rule 626	1, Jan.2 9, 2014				Discussion continuing at next rules meeting; this is covered in Rule 626(13)	
509	Reporting values on the abstract; Deletes personal property (602KK) reporting requirement	1, Jan.2 9, 2014				Discussion continuing at next rules meeting.	
609 (NR)	HOE – Provides for optional removal if by April 15 the home is no longer owned by the applicant	1, Feb., 2014	Note: No approvals to date				
645 (TBA)	Land Actively Devoted to Agriculture	None				Net vs gross income for 5Acres or less. For discussion purposes	

1/ Denotes a Negotiated Rule

<b>Rule No.</b>	<b>Rule Description and Proposed Change</b>	<b>Draft No. and date</b>	<b>PARF Approved By Agency</b>	<b>Date DFM Sent to (ISTC Number)</b>	<b>Date Approved By DFM</b>	<b>Comments/Status</b>	<b>Date Sent For Publication</b>
803	Budget Certification Form (L-2) Provide instructions to report personal property replacement funds	2, Feb 4, 2014				Deferred until the June meeting	
804 (NR)	Tax Levy Certification - Urban Renewal – dealing with annexation base value and property splits and the handling of the PP exemption	1, Jan 17, 2014				Discuss at next meeting	
805 (TBD)	Includes HB560 provisions for policing compliance with reporting	1, Feb 26, 2014				Pending Signature by the Governor	
988 (TBD)	(QIE) Designation of property for which the exemption is elected.	2, Feb 6, 2014				Discuss at next meeting	
995T	Certification of Sales Tax Distribution – Defining Market Value for Assessment Purposes – include the 602KK(2) exemption	1, Jan 22, 2014				Adjust market value for assessment purposes to include pp exemption? Discuss at next meeting Need legal review? Affects distribution of tax to cities.	

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<b>Rule No.</b>	<b>Rule Description and Proposed Change</b>	<b>Draft No. and date</b>	<b>PARF Approved By Agency</b>	<b>Date DFM Sent to (ISTC Number)</b>	<b>Date Approved By DFM</b>	<b>Comments/Status</b>	<b>Date Sent For Publication</b>
995 (NR)	Certification of Sales Tax Distribution – Defining Market Value for Assessment Purposes – include the 602KK(2) exemption	1, Jan 22, 2014				Adjust market value for assessment purposes to include pp exemption? Discuss at next meeting Need legal review? Affects distribution of sales tax to cities.	

**Discussion Issues**

<b>Issue</b>	<b>Comments</b>
Rule 217 Market Value Rule – Fee Simple Instruction	See NY Standard - Property Interests and Rights
Rule 218 Assessors Plat Book - Review	Hold for IAAO Standard Review

1/ Denotes a Negotiated Rule

**120. INVESTIGATION OF WRITTEN COMPLAINTS (RULE 120).**

Section 63-105A, Idaho Code.

**01. Definitions.** ~~To investigate written complaints, the following terms are defined~~  
:  
(7-1-99)(\_\_\_\_)

**a. Complaint.** Complaint means a signed, written statement submitted to the tax commission requesting that this agency for the State Tax Commission to investigate any actions by public county officials relating to property tax assessment or administration, provided such actions are not related to personnel matter or matters relating to the expenditure of funds.  
(7-1-99)(\_\_\_\_)

**b. Complainant.** Complainant means any individual making a complaint, provided the complainant is or has been an employee or contractor of the county or who resides in or owns property in the county about which the complaint is being made.  
(7-1-99)(\_\_\_\_)

**c. Investigation.** Investigation means observation and close examination of a public county official's application of property tax assessment or administration law and State Tax Commission rules. The investigation may require field inspections of property, analysis of public records or the interviewing of witnesses. The formal investigation will be focused or limited to specific issues identified in the complaint cover only those issues raised by the complainant.  
(7-1-99)(\_\_\_\_)

**d. Public County official.** The term public county official means the elected or appointed official whose actions are the subject of the complaint.  
(7-1-99)(\_\_\_\_)

**02. Investigation Procedure.** The following procedures apply to an investigation of a complaint.  
(7-1-99)

**a. Filed in writing.** ~~All complaints must be submitted to the State Tax Commission in writing and signed by the complainant.~~  
(7-1-99)(\_\_\_\_)

**b. Examination of complaint.** The complaint will be examined by the State Tax Commission to decide if a formal investigation will be conducted.  
(7-1-99)

**eb.** ~~Notification of public official subject to investigation.~~ Within thirty (30) days of receipt of a complaint, the State Tax Commission will notify the complainant of the decision regarding initiation of an investigation. If an investigation is initiated, the affected county official(s) shall also be notified within this time frame public official to review the complaint, as soon as a formal investigation is contemplated.  
(7-1-99)(\_\_\_\_)

**dc.** Delivery of investigation order. Within thirty (30) days of receipt of a complaint, the State Tax Commission will deliver to the public affected county official(s) a copy of the investigation order naming the investigators and outlining what is to be investigated.  
(7-1-99)(\_\_\_\_)

**ed.** Preliminary report. A preliminary report will be prepared by the investigator and legal counseel. The report will include findings and recommendations, and may include responses information from the public official(s). (7-1-99)(\_\_\_\_)

**fe.** Presentation of preliminary report. The preliminary report will be presented to the complainant and the affected county public official(s). The State Tax Commission investigators will be present when the report is discussed with the affected county public official(s), subject to investigation, and the complainant. (7-1-99)(\_\_\_\_)

**gf.** Comment period. The complainant and the public county official(s) will be given a specified time to review and comment on the preliminary report, particularly to correct any errors of fact. (7-1-99)(\_\_\_\_)

**hg.** Final report. At the end of the review by the complainant and the public official a final report will be prepared by the investigator and legal counseel and submitted to any affected county official(s) with any changes from the preliminary report highlighted. (7-1-99)(\_\_\_\_)

**03. Public County Official's' Response to Final Report.** After the final report is completed, the public county official(s) shall outline how the investigator's recommendations will be implemented and provide a written explanation of why any recommendation has been rejected. (7-1-99)(\_\_\_\_)

**04. Conclusion of Investigation.** The investigator's final report and the public county official's' written response to the report shall conclude the investigation. The conclusion of the investigation does not preclude the State Tax Commission from enforcing additional powers and duties as prescribed by law or the complainant and public county official(s) from exercising his or her right to appeal property valuations before a County Board of Equalization, the State Board of Tax Appeals or in District Court. (7-1-99)(\_\_\_\_)

**05. Special rules for investigation of complaints about property tax budgets or levies.** When complaints are made about property tax budgets or levies of taxing districts, the results of any investigation will also be reported to the appropriate taxing district and the county prosecuting attorney. The tax commission's investigatory authority is limited to determining whether a levy rate or property tax budget increase exceeds any statutory maximum. Any such investigation must be conducted in accordance with the time constraints found in Section 63-809, Idaho Code. (\_\_\_\_)

**205.T PERSONAL AND REAL PROPERTY -- DEFINITIONS AND GUIDELINES (RULE 205).**

Sections 39-4105, 39-4301, 63-201, 63-302, 63-309, 63-602KK, 63-1703, 63-2801, Idaho Code. (5-8-09)

**01. Real Property.** Real property is defined in Section 63-201, Idaho Code. Real property consists of land and improvements. (5-8-09)

**a. Land.** Land is real property as well as all rights and privileges thereto belonging or any way appertaining to the land. (5-8-09)

**b. Law and Courts.** Real property also consists of all other property which the law defines, or the courts may interpret, declare, and hold to be real property under the letter, spirit, intent, and meaning of the law. (5-8-09)

**c. Improvements.** Improvements are buildings, structures, fences, and similar property that is built upon land. Improvements are real property regardless of whether or not such improvements are owned separately from the ownership of the land upon or to which the same may be erected, affixed, or attached. (5-8-09)

**02. Personal Property.** Personal property is defined in Section 63-201, Idaho Code, as everything that is the subject of ownership that is not real property. (5-8-09)

**03. Fixtures.** Fixtures are defined in Section 63-201, Idaho Code as articles that were once moveable personal property items but have become real property as determined by the application of the three factor test. ~~(5-8-09)~~(1-1-14)T&P

**a. The three part factor test consists of annexation, adaptation and intent as explained below. If an item of property satisfies all three tests, the item becomes a fixture and therefore real property.** ~~(5-8-09)~~(1-1-14)T&P

**i. Annexation.** Although once moveable chattels, articles become accessory to and a part of improvements to real property by having been physically or constructively incorporated therein or annexed or affixed thereto in such a manner that removing them would cause material injury or damage to the real property; and (5-8-09)

**ii. Adaptation.** The use or purpose of an item is integral to the use of the real property to which it is affixed; and (5-8-09)

**iii. Intent.** Items should be considered personal property unless a person would reasonably be considered to intend to make the articles, during their useful life, permanent additions to the real property. The intent depends on an objective standard and what a reasonable person would consider permanent and not the subjective intention of the owner of the property. (5-8-09)

**b.** ~~Fixtures does not include machinery, equipment, or other articles that are affixed to real property to enable the proper utilization of such articles.~~ If an item of property satisfies all three tests, the item becomes a fixture and therefore real property. (5-8-09)(1-1-14)T&P

**04. Operating Property.** Operating Property is defined in Section 63-201, Idaho Code. For any purpose for which the distinction between personal property and real property is relevant or necessary for operating property, operating property will be characterized as personal or real based upon the criteria stated in this guideline and the rules of the State Tax Commission.

(5-8-09)

**315. USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT (RULE 315).**

Section 63-315, Idaho Code.

(3-30-07)

**01. Procedures for Boise School District Ratio Studies.** The ratio study conducted by the State Tax Commission to comply with the requirements of Section 63-315, Idaho Code, shall be conducted in accordance with the “Standard on Ratio Studies” referenced in Rule 006 of these rules. The following specific procedures will be used. (4-2-08)

**a.** Information on property sales, which meet the requirements of arm’s length and market value sales, will be obtained and assembled into samples representing various primary categories, described in Subsections 130.02 through 130.06 of these rules, and secondary categories, described in Rules 510, 511, and 512 of these rules, within designations defined in Subsection 315.02 of this rule in the Boise School District. Except when sales or appraisals must be added or deleted to improve representativeness, sales used will be those occurring within the Boise School District between October 1 of the year preceding the year for which adjusted market value is to be computed and September 30 of the year for which adjusted market value is to be computed. Each sale price is to be adjusted for time and compared to market value for assessment purposes for the year for which adjusted market value is to be computed, 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. The State Tax Commission may delete sales when necessary to improve representativeness. (4-2-08)

**b.** A ratio will be determined for each sale by dividing the market value for assessment purposes of the property by the adjusted sale price or appraised value. (7-1-98)

**c.** A statistical analysis is to be conducted for the sales and any appraisals in each property designation described in Subsection 315.02 of this rule in the Boise School District and appropriate measures of central tendency, uniformity, reliability, and normality computed. (4-2-08)

**d.** With the exception of any property designations with extended time frames or added appraisals, if fewer than five (5) sales and appraisals are available, no adjustment to the taxable value of the designation will be made. (7-1-98)

**e.** If there are five (5) or more sales and appraisals and it is determined with reasonable statistical certainty that the property designation is not already at market value for assessment purposes, an adjusted market value will be computed for the Boise School District by dividing the taxable value for the year for which adjusted market value is to be determined by the appropriate ratio derived from the ratio study. The appropriate ratio to be used shall be the weighted mean ratio calculated from the sample for each designation, unless it can be clearly demonstrated that this statistic has been distorted by nonrepresentative ratios. In this case the median may be substituted: (4-2-08)

**f.** Within the Boise School District, adjusted market value or taxable value for each primary and each applicable secondary category of real, personal and operating property will be

**Proposed Property Tax Rule 315 [Use of Ratio Study to Equalize Boise School District**

summed to produce the total adjusted market value for the Boise School District. The Boise School District taxable value will then be divided by this adjusted market value to produce the overall ratio of assessment in the Boise School District. Statewide totals are to be calculated by compiling county totals. (4-2-08)

**g.** Urban renewal increment values will not be included in the taxable value or the adjusted market value for the Boise School District. (4-2-08)

**h.** “Reasonable statistical certainty,” that the property designation in question is not at market value for assessment purposes, is required. Such certainty is tested using ninety percent (90%) confidence intervals about the weighted mean or median ratios. If the appropriate confidence interval includes ninety-five percent (95%) or one hundred five percent (105%), there is not “reasonable statistical certainty” that the property designation is not at market value for assessment purposes. (3-30-01)

**i.** Primary and secondary categories subject to adjustment following the procedure outlined in this rule and ratio study designations from which measures of central tendency used for adjustments will be derived are:

<b>Secondary Categories</b>	<b>Primary Categories</b>	<b>Ratio Study Designations</b>
12, 15, 18, or 20	Vacant Residential Land	Residential
10, 12, 15, 18, 20, 26, 31, 34, 37, 40, 41, 46, 47, 48, or 50	Improved Residential Property	Residential
47, 49, or 65	Manufactured Home on Leased Land	Residential
11, 13, 14, 16, 17, 21, or 22	Vacant Commercial or Industrial Land	Commercial
11, 13, 14, 16, 17, 21, 22, 27, 33, 35, 36, 38, 39, 42, 43, or 51	Improved Commercial or Industrial Property	Commercial

(3-30-07)

**j.** For all secondary categories, described in Rule 510, 511, or 512 of these rules but not contained in the list in Paragraph 315.01.i. of this rule, adjusted market value will equal taxable value. (3-30-07)

**k.** “Appraisal” or “appraised value” refers to any State Tax Commission provided independently conducted property appraisal. (7-1-98)

**02. Use of Property Designations.** In computing the ratio for the Boise School District, the State Tax Commission will designate property as residential or commercial and shall

**Draft 1 – Feb. 19, 2014 – ad**  
**Proposed Property Tax Rule 315 [Use of Ratio Study to Equalize Boise School District**

assign appropriate primary categories, described in Subsections 130.02 through 130.06 of these rules, and secondary categories, described in Rules 510, 511, and 512 of these rules, to these designations as shown in Paragraph 315.01.i. of this rule. For the Boise School District, adjusted market value shall be computed by dividing the appropriate ratio ascertained for each of these designations into the sum of the taxable values for each primary and secondary category assigned to a designation. Except as provided in Subsection 315.06 of this rule, for the taxable value in any secondary category to be included in said sum, at least one (1) observation (sale or appraisal) from that secondary category must be present in the ratio study. If the ratio for any given designation in the Boise School District indicates that the market value for assessment purposes cannot be determined with reasonable statistical certainty to differ from statutorily required market value, the taxable value shown on the Boise School District abstract(s) required pursuant to Subsection 315.04 of this rule for each of the secondary categories included in that designation shall be the adjusted market value for said designation for said school district. (4-2-08)

**03. Assessor to Identify Boise School Districts.** Each county assessor will identify for the State Tax Commission which sales submitted for the ratio study are located within the Boise School District. (4-2-08)

**04. Abstracts of Value for the Boise School District.** Each applicable county auditor shall provide to the State Tax Commission abstracts of the taxable value of all property within the portion of the Boise School District in that county. These abstracts shall be submitted in the same manner and at the same time as provided for county abstracts of value. (4-2-08)

**05. Urban Renewal Increment and Exemptions to be Subtracted.** The taxable value of each primary or secondary category within the Boise School District shall not include the value that exceeds the value on the base assessment roll in any urban renewal district pursuant to Chapter 29, Title 50, Idaho Code, and shall not include the value of any property exempt from property tax exemption pursuant to Sections 63-602G, 63-602K, 63-602P, 63-602X, 63-602AA, 63-602BB, 63-602CC, 63-602DD, 63-602GG, 63-602HH, 63-602II, 63-606A, or 63-3029B, Idaho Code. (4-2-08)(\_\_\_\_\_)

**06. Exception from Requirement for at Least One 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 (1) 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.

**07. Certification of Values.** The values required to be certified to the county clerk by the first Monday in April each year under Section 63-315, Idaho Code, shall be published on the State Tax Commission's web site or provided in an alternate format on request by the first Monday in April each year to satisfy this required certification. (3-30-07)

**08. Cross References.** The primary categories are described in Subsections 130.02 through 130.06 of these Rules, and the secondary categories are described in Rules 510, 511, and 512 of these rules. (3-30-07)

**~~508. NOTIFICATION OF PERSONAL PROPERTY EXEMPT VALUE BY TAXING DISTRICT OR UNIT (RULE 508).~~**

~~Sections 63-510 and 63-602KK, Idaho Code. In addition to the requirements of Section 63-510, Idaho Code, for reporting of net taxable value for each taxing district or unit, the value of property exempt pursuant to Section 63-602KK, Idaho Code, shall be reported to the Tax Commission. The value of such exempt property that is included in the increment value within each tax code area in each revenue allocation area shall also be reported. This report shall be submitted by the August and March dates provided under Section 63-510, Idaho Code. (5-8-09)~~

Note – This is covered in rule 626(13) so this rule is no longer necessary.

**509. CITY, COUNTY, SCHOOL DISTRICT, AND SPECIAL DISTRICT OR UNIT OF GOVERNMENT ABSTRACTS OF VALUE AND IDENTIFICATION OF URBAN RENEWAL INCREMENT AND PARTIAL EXEMPTION VALUES (RULE 509).**

Sections 63-105A and 63-509, Idaho Code. (3-29-12)

**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. Increment Value.** Increment value means, as defined in Section 50-2903, Idaho Code, the total value calculated by summing the differences between the current equalized value of each taxable property in the revenue allocation area and that property's current base value on the base assessment roll, provided such difference is positive. (3-30-07)

**b. Primary Category.** Primary category means the categories established and described by Subsections 130.02 through 130.06 of these rules and used by the State Tax Commission to test for equalization under Section 63-109, Idaho Code. (3-30-07)

**c. Secondary Category.** Secondary category means the categories established and described by 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 this Rule. Secondary categories may also be tested for equalization purposes, provided they meet the criteria in Rule 131.05 of these rules. (3-29-12)

**02. Indicate Increment and Exemption Values.** In addition to the value of exemptions required under Section 63-509, Idaho Code, any increment value and the value of any exemption provided under Sections 63-602W(4), 63-602GG, 63-602HH, 63-602II, ~~63-602KK~~, 63-602NN, ~~63-602OO~~, 63-4502, 63-606A, and 63-3029B, Idaho Code, shall be indicated and subtracted from the taxable value shown for each secondary category of property on each city, and county abstract, and the Boise School District abstract. Increment value and the value of the exemptions found in this subsection shall also be indicated and subtracted from the taxable value for each secondary category subject to taxation by special districts and units of government which do not levy property tax against all otherwise taxable property. (3-29-12)(\_\_\_\_)

**03. Submittal of Corrections to Erroneous Abstracts or Related Documents.** When completing the procedures set forth in Section 63-810, Idaho Code, boards of county commissioners should submit the corrections to the taxable values submitted on the abstracts or related documents under provisions of Section 63-509, Idaho Code, and this rule, no later than when they submit the corrected levies under Section 63-810, Idaho Code. (4-2-08)

**04. Cross Reference.** See Rule 115 of these rules for requirements to submit city, Boise School District, and special district or unit of government abstracts. For the descriptions of the categories used to test for equalization, see Subsections 130.02 through 130.06 of these rules. For descriptions of secondary categories used to list and report land values, see Rule 510 of these rules, used to list and report the value of improvements, see Rule 511 of these rules, or used to

list and report all property values other than that for land or improvements, see Rule 512 of these rules. For information relating to notification of corrections to erroneous levies, see Sections 63-809 and 63-810, Idaho Code, and Rule 809 of these rules. (3-29-12)

**609. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD (RULE 609).**

Sections 63-602G, 63-701, 63-703, and 63-3077, Idaho Code. (3-30-07)

**01. Homestead Exemption.** The Homestead Exemption granted in 63-602G, Idaho Code shall also be known as the homeowner's exemption. (3-30-07)

**02. Idaho Annual House Price Index Change.** The successor to the United States Office of Federal Housing Enterprise Oversight is the Federal Housing Finance Agency. Annually, the State Tax Commission shall calculate the maximum dollar-value limit for the homeowner's exemption based on the annual change in the Idaho House Price Index-All-Transactions, published by the Federal Housing Finance Agency or its successor. The following procedure shall be used: (4-7-11)

**a.** Step 1. Calculate the average Idaho House Price Index-All-Transactions of the four (4) most recently available quarters as of September 15. (4-7-11)

**b.** Step 2. Calculate the average Idaho House Price Index-All-Transactions of the four (4) quarters immediately preceding the earliest quarter used in Step 1. (4-7-11)

**c.** Step 3. Divide the Step 1 average by the Step 2 average to determine a factor. (3-30-07)

**d.** Step 4. Multiply the factor determined in Step 3 by the current maximum dollar-value limit on the homeowner's exemption to produce the new dollar-value limit. (3-30-07)

**03. Partial Ownership.** Any partial ownership shall be considered ownership for determining qualification for the homeowner's exemption; however, the amount of the exemption shall be decided on the reduced proportion of the value commensurate with the proportion of partial ownership. The proportional reduction shall not apply to the ownership interests of a partner of a limited partnership, a member of a limited liability company or a shareholder of a corporation when that person has no less than five percent (5%) ownership interest in the entity unless any ownership interest is shared by any entity other than the limited partnership, limited liability company or corporation. For tenants in common with two (2) improvements located on one (1) parcel of land, determine the applicable value for the homeowner's exemption using the procedure shown in Example 1 of Paragraph 609.03.a., of this rule unless the owner-occupant provides documented evidence of a different ownership interest in the improvement. See Examples 2, 3, and 4 in Paragraphs 609.03.b., 609.03.c., and 609.03.d. of this rule for additional partial ownership guidance. To calculate property tax reduction benefits when partial ownership exists, see Paragraph 700.05.b. of this rule. (4-2-08)

**a.** Example 1. John Smith and Bob Anderson own a property as tenants in common with two (2) residential improvements located on the property. Each residential improvement is owner occupied by one (1) of the tenants in common. The homeowner's exemption is calculated as follows:

Description	Value	Notes
Land	\$42,000	
Residential Improvement	\$82,000	Occupied by Mr. Smith
Prorated Ownership Interest (land and improvement)	\$62,000	Mr. Smith's interest
Homeowner's Exemption	\$31,000	For Mr. Smith as owner occupant
Residential Improvement	\$67,000	Occupied by Mr. Anderson
Prorated Ownership Interest (land and improvement)	\$54,500	Mr. Anderson's interest
Homeowner's Exemption	\$27,250	For Mr. Anderson as owner occupant

(3-30-07)

**b.** Example 2. John Smith and Bob Anderson own a parcel of land as tenants in common with two (2) residential improvements located on the parcel. Mr. Smith has documented evidence of one hundred percent (100%) interest in one (1) residential improvement and Mr. Anderson has documented evidence of one hundred percent (100%) interest in the remaining residential improvement. Each residential improvement is owner occupied. The homeowner's exemption is calculated as follows:

Item Description	Value	Notes
Land	\$42,000	
Residential Improvement	\$82,000	Owned and occupied by Mr. Smith
Homeowner's Exemption	\$51,500	For Mr. Smith
Residential Improvement	\$67,000	Owned and occupied by Mr. Anderson
Homeowner's Exemption	\$44,000	For Mr. Anderson

(3-30-07)

**c.** Example 3. Tom Johnson and Marie Johnson, husband and wife, and June Smith jointly own a property and occupy one (1) residential improvement located on the property. The following example shows how to calculate each homeowner's exemption.

Description	Value	Notes
Land	\$95,000	
Residential Improvement	\$215,000	
Land and Improvement	\$310,000	
Prorated ownership interest (land and improvement) (\$310,000 X 66.67%)	\$206,677	Mr. & Mrs. Johnson's interest
Homeowner's Exemption Maximum for 2010 (\$101,153 X 66.67%)	\$67,439	Mr. & Mrs. Johnson's Homeowner's Exemption
Prorated ownership interest (land and improvement) (\$310,000 X 33.33%)	\$103,323	Ms. Smith's interest
Homeowner's Exemption Maximum for 2010 (\$101,153 X 33.33%)	\$33,714	Ms. Smith's Homeowner's Exemption

(4-7-11)

d. Example 4. John and Susan Doe, husband and wife, and Mike Person jointly own a property, and Mr. and Mrs. Doe occupy the one (1) residential improvement located on the property. The following example shows how to calculate each homeowner's exemption.

Description	Value	Notes
Land	\$65,000	
Residential Improvement	\$195,000	
Land and Improvement	\$260,000	
Prorated ownership interest (land and improvement) (\$260,000 X 66.67%)	\$173,342	Mr. & Mrs. Doe's interest
Homeowner's Exemption (Maximum for 2010 is 50% up to \$101,153)	\$86,671	Mr. & Mrs. Doe's Homeowner's Exemption
Prorated ownership interest (land and improvement) (\$260,000 X 33.33%)	\$86,658	Mr. Person's interest
Homeowner's Exemption	\$0	Mr. Person does not qualify for a homeowner's exemption on this property.

**04. Part year ownership.** Qualifying taxpayers, having claimed the homeowner's exemption on an eligible property shall continue to receive the exemption on the property owned on January 1 of the current tax year, provided however, the assessor may remove the exemption if, by April 15 of the tax year,;

a. The taxpayer no longer owns the homestead, but is not deceased; or

b. The taxpayer owns a different homestead and requests that the exemption be transferred to the second homestead; (4-7-11)

**054. Determination of Residency.** The State Tax Commission may release pertinent information from any Idaho income tax return to the county assessor and the county Board of Equalization for the sole purpose of providing one (1) indicator of eligibility for the homeowner's exemption. According to Section 63-3077(4), Idaho Code, this information is confidential and is not subject to public disclosure. (4-11-06)

**065. Notification of Erroneous Claims.** When it is determined that an exemption granted under this Section to a taxpayer who has also received property tax relief under Chapter 7, Idaho Code, should not have been granted, the county assessor shall notify the State Tax Commission of the determination. (3-29-10)

**645. LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED (RULE 645).**

Section 63-604, Idaho Code. (3-15-02)

**01. Definitions.** The following definitions apply for the implementation of the exemption for the speculative value portion of agricultural land. (7-1-99)

**a. Homesite.** The “homesite” is that portion of land, contiguous with but not qualifying as land actively devoted to agriculture, and the associated site improvements used for residential and farm homesite purposes. (7-1-99)

**b. Associated Site Improvements.** The “associated site improvements” include developed access, grading, sanitary facilities, water systems and utilities. (7-1-99)

**c. Nursery Stock.** Nursery stock is defined in Section 22-2302, Idaho Code. (3-15-02)

**d. Land Used to Produce Nursery Stock.** “Land used to produce nursery stock” means land used by an agricultural enterprise to promote or support the promotion of nursery stock growth or propagation, not land devoted primarily to selling nursery stock or related products. This term also includes land under any container used to grow or propagate nursery stock. This term does not include land used for parking lots or for buildings sites used primarily to sell nursery stock or related items or any areas not primarily used for the nurturing, growth or propagation of nursery stock. (3-15-02)

**e. Speculative Value Exemption.** The “speculative value exemption” is the exemption allowed on land actively devoted to agriculture. (7-1-99)

**02. Homesite Assessment.** Effective January 1, 1999, each homesite and residential and other improvements, located on the homesite, shall be assessed at market value each year. (7-1-99)

**a. Accepted Assessment Procedures.** Market value shall be determined through procedures, methods, and techniques recommended by nationally recognized appraisal and valuation associations, institutes, and societies and according to guidelines and publications approved by the State Tax Commission. Acceptable techniques include those that are either time tested in Idaho, mathematically correlated to market sales, endorsed by assessment organizations, or widely accepted by assessors in Idaho and other states. (7-1-99)

**b. Appropriate Market and Comparable Selection.** The appropriate market is the market most similar to the homesite and improvements located on the homesite. In applying the sales comparison approach, the appraiser should select comparables having actual or potential residential use. (7-1-99)

**c. Assigning secondary category.** List and report the secondary category for the homesite using the chart in Subsection 645.02.c.

Description of Land	Secondary Category
Rural and Nonsubdivided	10
Rural and Subdivided	15
Urban	20

(4-2-08)

**d. Homesite Independent of Remaining Land.** The value and classification of the homesite will be independent of the classification and valuation of the remaining land. (7-1-99)

**03. Valuing Land, Excluding the Homesite.** The assessor shall value land, excluding the homesite, on the following basis: (5-3-03)

**a. Land Used for Personal Use or Pleasure.** Any land, regardless of size, utilized for the grazing of animals kept primarily for personal use or pleasure and not a portion of a for profit enterprise, shall be valued at market value using appraisal procedures identified in Paragraph 645.02.a. of this rule and shall not qualify for the speculative value exemption. (4-11-06)

**b. Land in a Subdivision.** Land in a subdivision with restrictions prohibiting agricultural use shall be valued at market value using appraisal procedures identified in Paragraph 645.02.a. of this rule and shall not qualify for the speculative value exemption. Land meeting the use qualifications identified in Section 63-604, Idaho Code, and in a subdivision without restrictions prohibiting agricultural use shall be valued as land actively devoted to agriculture using the same procedures as used for valuing land actively devoted to agriculture and not located in a subdivision. (4-11-06)

**c. Land, Five (5) Contiguous Acres or Less.** Land of five (5) contiguous acres or less shall be presumed nonagricultural, shall be valued at market value using appraisal procedures identified in Paragraph 645.02.a of this rule, and shall not qualify for the speculative value exemption. If the owner produces evidence that each contiguous holding of land under the same ownership has been devoted to agricultural use for the last three (3) growing seasons and it agriculturally produced for sale or home consumption fifteen percent (15%) or more of the owner's or lessee's annual gross income or it produced gross revenue in the immediate preceding year of one thousand dollars (\$1,000) or more, the land actively devoted to agriculture, shall qualify for the speculative value exemption. For holdings of five (5) contiguous acres or less income is measured by production of crops, nursery stock, grazing, or net income from sale of livestock. Income shall be estimated from crop prices at harvest or nursery stock prices at time of sale. The use of the land and the income received in the prior year must be certified with the assessor by March 15, each year. (4-11-06)

**d. Land, More Than Five (5) Contiguous Acres.** Land of more than five (5) contiguous acres under one (1) ownership, producing agricultural field crops, nursery stock, or grazing, or in a cropland retirement or rotation program, as part of a for profit enterprise, shall qualify for the speculative value exemption. Land not annually meeting any of these requirements fails to qualify as land actively devoted to agriculture and shall be valued at market value using appraisal procedures identified in Paragraph 645.02.a. of this rule. (4-11-06)

**04. Cross Reference.** For definitions and general principles relating to the taxable value of land actively devoted to agriculture, see Rule 613 of these rules. For agricultural land taxable value calculation examples, see Rule 614 of these rules. For information relating to Christmas tree farms, other annual forest products, and yield tax, see Rule 968 of these rules. (3-30-07)

LAND ACTIVELY DEVOTED TO  
AGRICULTURE DEFINED  
I. C. 63-112

STATUTORY PROVISIONS

I. C. 63-112. LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED.

(1) For ad valorem tax purposes, land which is actively devoted to agriculture shall be eligible for appraisal, assessment and taxation as agricultural property each year it meets one or more of the following qualifications:

(a) The area of such land is more than five (5) contiguous acres, and is actively devoted to agriculture which means:

(i) It is used to produce field crops, including, but not limited to, grains, feed crops, fruits, vegetables; or

(ii) It is used by the owner or bona fide lessee for grazing; or

(b) The area of such land is five (5) acres or less and such land has been actively devoted to agriculture within the meaning of subsection (1) (a) of this section during the last three (3) growing seasons; and

(i) It agriculturally produces for sale or home consumption the equivalent of fifteen percent (15%) or more of the owners' or lessees' annual gross income; or

(ii) It agriculturally produced gross revenues in the immediately preceding year of one thousand dollars (\$1,000) or more. When the area of land is five (5) acres or less, such land shall be presumed to be nonagricultural land until it is established that the requirements of this subsection have been met.

(2) Land shall not be classified or valued as agricultural land which is part of a platted subdivision with stated restrictions prohibiting its use for agricultural purposes, whether within or without a city.

(3) Land utilized for the grazing of a horse or other animals kept primarily for personal use or pleasure rather than as part of a bona fide profit making agricultural enterprise shall not be considered to be land which is actively devoted to agriculture. (New section added 1979)

REGULATIONS

ART. 112 LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED.

An appraised value arrived at by the Market Data Approach (comparison method) shall be placed upon all improved homesites on tract lands whether inside cities or outside cities and on all rural investment lands. The value for the homesite will be independent of the classification and valuation of the remaining land.

The homesite acreage according to the appraiser's best estimate will be listed as category 12 or 15 if outside a city and as category 20 if inside a city.

The county assessor shall value the remaining acres of land after the homesite acreage has been deducted or land where no homesite exists on the following basis.

If the land regardless of size is utilized for the grazing of animals by choice of the owner keeping them primarily for personal use or pleasure and not as a portion of the profit making agriculture enterprise, then the assessor shall utilize the market data approach in estimating the market value for assessment purposes.

If the land regardless of size is in a subdivision with restrictions prohibiting agricultural use, then the assessor shall utilize the market data approach in estimating the market value for assessment purposes.

If the land is five acres or less, the assessor shall presume it to be nonagricultural and utilize the market-data-approach in estimating the market value for assessment purposes. (A) The assessor shall change the appraisal approach from market data to the income approach to estimate the value of the five acres or less tracts of land if the owner produces bona fide evidence that it has been devoted to agricultural use for the last three growing seasons, that it agriculturally produced for sale or home consumption 15% or more of the owner's or lessee's annual gross income or it produced gross revenues in the immediate preceding year of \$1,000 or more.

In the case of parcels of land of five acres or less, the \$1,000 income level is measured by the land's production from crops or grazing only. It does not include income earned from sale of livestock or livestock products.

REGULATIONS (Continued)

For example, A and B own identical 4½ acre tracts of land. A grazes his own livestock on his land and earns \$1,500 on the sale of his livestock in the year. B leases his land for grazing to another for an annual rental of \$500.00. These two parcels should be classified and valued by the same methods. Because only the land is taxable, only the production of the land should be considered when determining whether the land meets the \$1,000 income qualification. Otherwise, identical properties will be valued and taxed differently. Therefore, income from Parcel A should be determined based upon the economic rent which could be produced from the land for grazing.

The income declared must have been estimated from crop prices at harvest time.

The bona fide evidence stated above must be certified annually by March 15, upon forms prescribed by the State Tax Commission in the county assessor's office.

Land of an area of more than five contiguous acres under one ownership which is producing agricultural field crops, timber, or grazing as part of a bona fide profit making agricultural enterprise for the owner or bona fide lessee, or is in a cropland retirement or rotation program shall be appraised for assessment purposes on the income approach. Each year the land must meet one or more of the requirements of this paragraph, otherwise the market data approach shall be used by the assessor to estimate the market value for assessment purposes.

A lease will be presumed to be bona fide only if the terms are defined, the carrying capacity is listed and proof of the rate paid the lessor is consistent with land rents used in the State Tax Commission ratio study.

**63-604. LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED.** (1) For property tax purposes, land which is actively devoted to agriculture shall be eligible for appraisal, assessment and taxation as agricultural property each year it meets one (1) or more of the following qualifications:

(a) The total area of such land, including the homesite, is more than five (5) contiguous acres, and is actively devoted to agriculture which means:

(i) It is used to produce field crops including, but not limited to, grains, feed crops, fruits and vegetables; or

(ii) It is used to produce nursery stock as defined in section [22-2302](#)(11), Idaho Code; or

(iii) It is used by the owner for the grazing of livestock to be sold as part of a for-profit enterprise, or is leased by the owner to a bona fide lessee for grazing purposes; or

(iv) It is in a cropland retirement or rotation program.

(b) The area of such land is five (5) contiguous acres or less and such land has been actively devoted to agriculture within the meaning of subsection (1)(a) of this section during the last three (3) growing seasons; and

(i) It agriculturally produces for sale or home consumption the equivalent of fifteen percent (15%) or more of the owner's or lessee's annual gross income; or

(ii) It agriculturally produced gross revenues in the immediately preceding year of one thousand dollars (\$1,000) or more. When the area of land is five (5) contiguous acres or less, such land shall be presumed to be nonagricultural land until it is established that the requirements of this subsection have been met.

(2) Land shall not be classified or valued as agricultural land which is part of a platted subdivision with stated restrictions prohibiting its use for agricultural purposes, whether within or without a city.

(3) Land utilized for the grazing of a horse or other animals kept primarily for personal use or pleasure rather than as part of a bona fide for-profit enterprise shall not be considered to be land actively devoted to agriculture.

(4) Land actively devoted to agriculture, having previously qualified for exemption under this section in the preceding year, or which would have qualified under this section during the current year, shall not lose such qualification due to the owner's or lessee's absence in the current year by reason of active military service in a designated combat zone, as defined in section 112 of the Internal Revenue Code. If an owner fails to timely apply for exemption as required in this section solely by reason of active duty in a designated combat zone, as defined in section 112 of the Internal Revenue Code, and the land would otherwise qualify for exemption under this section, then the board of county commissioners of the county in which the land actively devoted to agriculture is located shall refund property taxes, if previously paid, in an amount equal to the exemption which would otherwise have applied.

(5) If the land qualified for exemption pursuant to section [63-602FF](#), Idaho Code, in 2005, then the land will qualify in 2006 for the exemption pursuant to section [63-602K](#), Idaho Code, upon the filing of a statement by the owner with the board of county commissioners that the land will be actively devoted to agriculture pursuant to this section in 2006.

(6) For purposes of this section, the act of platting land actively devoted to agriculture does not, in and of itself, cause the land to lose its status as land being actively devoted to agriculture if the land otherwise qualifies for the exemption under this section.

(7) As used in this section:

(a) "Contiguous" means being in actual contact or touching along a boundary or at a point, except no area of land shall be considered not contiguous solely by reason of a roadway or other right-of-way.

(b) "For-profit" means the enterprise will, over some period of time, make or attempt to make a return of income exceeding expenses.

(c) "Platting" means the filing of the drawing, map or plan of a subdivision or a replatting of such, including certification, descriptions and approvals with the proper county or city official.

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

Section 50-2908, 63-803, and 63-811, Idaho Code. (5-8-09)

**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. Revenue allocation areas (RAAs) are not taxing districts. (4-5-00)

**c.** “Current base value.” The current base value of each parcel in a taxing district or unit shall be the value of that parcel on the current base assessment roll as defined under Section 50-2903, Idaho Code. Current base value does not include value found on the occupancy roll. (4-5-00)

**d.** “Initial base value.” The initial base value for each parcel is the sum of the taxable value of each category of property in the parcel for the year the RAA is established. In the case of annexation to an RAA, initial base value of each annexed parcel shall be the value of that parcel as of January 1 of the year in which the annexation takes place. (4-5-00)( )

**e.** “Increment value.” The increment value is the difference between the current equalized value of each parcel of taxable property in the RAA and that parcel’s current base value, provided such difference is a positive value. (4-5-00)

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

**a.** Establishing initial base value. If a parcel’s legal description has changed prior to computing initial base year value, the value that best reflects the prior year’s taxable value of the parcel’s current legal description must be determined and will constitute the initial base year value for such parcel. The initial base value includes the taxable value, as of the effective date of the ordinance adopting the urban renewal plan, of all otherwise taxable property, as defined in Section 50-2903, Idaho Code. Initial base value does not include value found on the occupancy roll. (4-5-00)

**b.** Adjustments to base value - general value changes. Adjustments to base values will be calculated on a parcel by parcel basis, each parcel being a unit and the total value of the unit being used in the calculation of any adjustment. Base values are to be adjusted downward when the current taxable value of any parcel in the RAA is less than the most recent base value for such parcel. In the case of parcels containing some categories of property which increase in value and some which decrease, the base value for the parcel will only decrease provided the sum of the changes in category values results in a decrease in total parcel value. Any adjustments

shall be made by category and may result in increases or decreases to base values for given categories of property for any parcel. Adjustments to base values for any real, personal, or operating property shall establish new base values from which future adjustments may be made. In the following examples the parcel's initial base value is one hundred thousand dollars (\$100,000), including Category 21 value of twenty thousand dollars (\$20,000) and Category 42 value of eighty thousand dollars (\$80,000). (4-5-00)

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

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

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

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

i. When a parcel has been split, the most recent base year value is transferred to the new parcels, making sure that the new total equals the most recent base year value. Proportions used to determine the amount of base value assigned to each of the new parcels shall be based on the value of the new parcels had they existed in the year preceding the year for which the value of the new parcels is first established. (4-5-00)( )

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 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 ~~original~~ 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 ~~twenty~~ nineteen thousand dollars (~~\$20~~19,000). Five (5) years later, the land and improvement becomes taxable. The base value is to be adjusted upwards by ~~twenty~~ nineteen thousand dollars (~~\$20~~19,000). (4-5-00)(    )

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 ten thousand dollars (\$10,000) 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) .(4-5-00)( )

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). ( )

**fg.** 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). (4-5-00)( )

**gh.** 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 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 increment value.

Given the values in the example in Paragraph 804.03.a. of this rule, the levy would be computed by dividing the property tax portion of the fund by one hundred million dollars (\$100,000,000).  
(5-8-09)

**04. Modification of an Urban Renewal Plan.** When an authorized municipality passes an ordinance modifying an urban renewal plan containing a revenue allocation financing provision, the current value of property in the RAA shall be determined as if the modification had not occurred. All modifications to urban renewal areas and RAAs must comply with the provisions of Rule 225 of these rules.  
(4-5-00)

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

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

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

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

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

<p style="text-align: center;">School District Area \$500 M base</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 150px;"> <p style="text-align: center;">2008 RAA Annexation (B) \$10 M Increment</p> </div> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 200px;"> <p style="text-align: center;">Pre 2008 RAA (A) Boundaries \$40 M Increment</p> </div>	2009 School Levies	
	Fund	Value for Setting Levies \$ Millions
	Tort	500
	2001 Plant	510
	2008 Bond (Passed and first levied in 2008)	550
2009 Override	550	

(5-8-09)

**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)

**06. Cross Reference.** The county auditor shall certify the full market value by taxing district as specified in Rule 995 of these rules. (4-2-08)

**805. PENALTY FOR FAILURE TO PROVIDE NOTICE OF BUDGET HEARING (RULE 805).**

Section 63-802A, Idaho Code, Section 67-450E, Idaho Code. (3-15-02)

**01. Penalties for Noncompliance.** ~~Effective January 1, 2003, p~~ Penalties shall be applied to any taxing district that fails, by April 30 of each year, to provide each appropriate county clerk with written notification of the budget hearing information required pursuant to Section 63-802A, Idaho Code, or, beginning in 2015, that is found to be out of compliance with the requirements of section 67-450E, Idaho Code. There shall be no increase in the portion of the budget subject to the limitations of Section 63-802, Idaho Code. This restriction shall apply to otherwise available budget increases from the three percent (3%) growth factor, new construction or change of land use classification, and annexation. There shall also be no increase resulting from adding previously accrued foregone increase amounts to the budget and the total accrued foregone amount shall not change for a noncomplying district. ~~The penalties provided by this section apply only to failure to comply with the April 30 notification deadline.~~ (4-2-08)

**02. Exceptions.** Voter approved budget increases permitted pursuant to Section 63-802(4), Idaho Code, shall be allowed. (3-15-02)

**03. County Clerks to Submit Lists.** By the fourth Monday of May, each county clerk shall submit to the State Tax Commission a list of ~~noncomplying~~ taxing districts out of compliance with the requirements of section 63-802A, Idaho Code along with other documents required pursuant to Rule 803 of these rules and Section 63-808, Idaho Code. (4-11-06)

**04. Notification by state tax commission.** By September 3 each year, the state tax commission will provide each county clerk a list of all taxing districts in the county that are subject to the penalties in section 63-802A, Idaho Code. The state tax commission will also notify each county clerk when a previously noncomplying taxing district is found to be in compliance. Such notification will be done by September 3 of the year in which the compliance status is re-established.

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 560

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO LOCAL GOVERNMENTAL ENTITIES; AMENDING CHAPTER 4, TITLE 67, IDAHO  
2 CODE, BY THE ADDITION OF A NEW SECTION 67-450E, IDAHO CODE, TO PROVIDE A  
3 DEFINITION, TO ESTABLISH PROVISIONS RELATING TO A CENTRAL REGISTRY AND  
4 REPORTING PORTAL, TO PROVIDE FOR THE REPORTING OF CERTAIN INFORMATION,  
5 TO PROVIDE FOR SUBMISSION OF INFORMATION FOR CALENDAR YEAR 2015, TO  
6 PROVIDE FOR NOTIFICATION BY THE COUNTY CLERK, TO PROVIDE THAT THE STATE  
7 TAX COMMISSION AND THE COUNTY CLERK SHALL SUBMIT LISTS, TO PROVIDE FOR  
8 THE REPORTING OF CERTAIN INFORMATION, TO PROVIDE FOR NOTIFICATION BY  
9 THE LOCAL GOVERNING ENTITY, TO PROVIDE FOR AN UPDATE OF INFORMATION, TO  
10 PROVIDE FOR FEES, TO PROVIDE FOR NOTIFICATION, TO PROVIDE FOR A PUBLIC  
11 NOTICE AND CERTAIN COSTS, TO PROVIDE FOR PENALTIES, TO ESTABLISH PROVI-  
12 SIONS RELATING TO CERTAIN BUDGETS, TO PROVIDE FOR WITHHOLDING OF CER-  
13 TAIN MONEYS, TO PROVIDE FOR ACTIONS BY THE BOARD OF COUNTY COMMISSIONERS  
14 AND TO PROVIDE FOR APPLICATION OF LAWS; AND PROVIDING AN EFFECTIVE DATE.  
15

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

17 SECTION 1. That Chapter 4, Title 67, Idaho Code, be, and the same is  
18 hereby amended by the addition thereto of a NEW SECTION, to be known and des-  
19 ignated as Section 67-450E, Idaho Code, and to read as follows:

20 67-450E. LOCAL GOVERNING ENTITIES CENTRAL REGISTRY -- REPORTING IN-  
21 FORMATION REQUIRED -- PENALTIES FOR FAILURE TO REPORT. In addition to the  
22 provisions applicable to local governing entities found in section 67-450B,  
23 Idaho Code, the provisions of this section shall also apply to local govern-  
24 ing entities. For purposes of this section, "local governing entity" shall  
25 have the same meaning as provided in section 67-450B, Idaho Code. The term  
26 local governing entity shall also include entities governed by chapter 20,  
27 title 50, Idaho Code. If a local governing entity is governed by the pro-  
28 visions of section 33-701, Idaho Code, such entity shall not be required to  
29 comply with the provisions of this section.

30 (1) (a) There is hereby established a central registry and reporting  
31 portal ("registry") on the legislative services office website. The  
32 registry and reporting portal shall serve as the unified location for  
33 the reporting of and access to administrative and financial information  
34 of local governing entities in this state. To establish a complete list  
35 of all local governmental entities operating in Idaho, on the effective  
36 date of this legislation and so that the registry established will be  
37 comprehensive, every existing local governing entity shall register  
38 with the state registry. For calendar year 2015, the submission of in-  
39 formation required by subsection (2) of this section shall occur prior  
40 to March 1, 2015, and shall be in the form and format required by the  
41 legislative services office. In addition to the information required  
42 by this section for the March 1, 2015, filing deadline, the entity shall

1 report the date of its last independent audit. The registry listing  
2 will be available on the legislative services office website by January  
3 1, 2016.

4 (b) The county clerk shall notify each local governing entity of the re-  
5 quirements of this section.

6 (c) After March 1, 2015, and on or before December 1 of each year:

7 (i) The state tax commission shall submit a list to the legisla-  
8 tive services office of all taxing districts within the state; and

9 (ii) The county clerk of each county shall submit a list to the  
10 legislative services office of all taxing districts in the county  
11 and any other local governing entities that are authorized to im-  
12 pose fees, assessments or receive property tax money within the  
13 county.

14 (2) On or before December 1 of each year, every local governing entity  
15 shall submit to the online central registry and reporting portal the follow-  
16 ing information:

17 (a) Administrative information:

18 (i) The terms of membership and appointing authority for the gov-  
19 erning board member of the local governmental entity;

20 (ii) The official name, mailing address and electronic mailing  
21 address of the entity;

22 (iii) The fiscal year of the entity;

23 (iv) Except for cities and counties, the section of Idaho Code un-  
24 der which the entity was established, the date of establishment,  
25 the establishing entity and the statute or statutes under which  
26 the entity operates, if different from the statute or statutes un-  
27 der which the entity was established.

28 (b) Financial information:

29 (i) The most recent adopted budget of the entity; and

30 (ii) An unaudited comparison of the budget to actual revenues and  
31 expenditures for the most recently completed fiscal year.

32 (c) Bonds or other debt obligation information:

33 (i) The cumulative dollar amount of all bonds or other debt obli-  
34 gations issued or incurred by the entity; and

35 (ii) The average length of term of all bond issuances or other debt  
36 obligations and the average interest rate of all bonds or other  
37 debt obligations.

38 (d) Within five (5) days of submitting to the central registry the in-  
39 formation required by this subsection, the local governing entity shall  
40 notify the entity's appointing authority, if the entity has an appoint-  
41 ing authority, that it has submitted such information.

42 (e) If any information provided by an entity as required by this subsec-  
43 tion changes during the year, the entity shall update its information on  
44 the registry within thirty (30) days of any such change.

45 (f) All reasonable fees, costs and other expenses incurred assisting  
46 local governing entities in compiling the reporting information re-  
47 quired by this section may be charged by the county against the local  
48 governing entity requesting the county's service. An entity may re-  
49 quest assistance from the county to comply with provisions of this sec-  
50 tion but the county is under no obligation to provide such assistance.

1 For purposes of this section, reasonable fees and costs shall include,  
2 but not be limited to, the labor costs, material costs and copying costs  
3 incurred while assisting local governing entities to comply with this  
4 section. Such fees and costs may be deducted from any distributions  
5 of taxes, fees or assessments collected by the county on behalf of the  
6 local governing entity.

7 (3) Audits required by section 67-450B, Idaho Code, will be submitted  
8 to the online portal.

9 (4) Notification and penalties.

10 (a) If a local governing entity fails to submit information required by  
11 this section or submits noncompliant information required by this sec-  
12 tion, the legislative services office shall notify the entity immedi-  
13 ately after the due date of the information that either the information  
14 was not submitted in a timely manner or the information submitted was  
15 noncompliant. The local governing entity shall then have thirty (30)  
16 days from the date of notice to submit the information or notify the leg-  
17 islative services office that it will comply by a time certain.

18 (b) No later than September 1 of any year, the legislative services  
19 office shall notify the appropriate board of county commissioners and  
20 the state tax commission of the entity's failure to comply with the pro-  
21 visions of this section. Upon receipt of such notification, the board  
22 of county commissioners shall place a public notice in a newspaper of  
23 general circulation in the county indicating that the entity is non-  
24 compliant with the legal reporting requirements of this section. The  
25 county commissioners shall assess to the entity the cost of the public  
26 notice. Such costs may be deducted from any distributions of taxes,  
27 fees or assessments collected by the county on behalf of the local gov-  
28 erning entity. For any noncomplying entity, the legislative services  
29 office shall notify the board of county commissioners and the state tax  
30 commission of the compliance status of such entity by September 1 of  
31 each year until the entity is in compliance.

32 (c) A local governing entity that fails to comply with this section  
33 shall be prohibited from including in its budget any budget increase  
34 otherwise permitted by either subsection (1)(a) or (e) of section  
35 63-802, Idaho Code.

36 (d) In addition to any other penalty provided in this section, in any  
37 failure to comply with this section, the state tax commission shall  
38 withhold the annual distribution of sales tax distribution pursuant  
39 to section 63-3638(10), Idaho Code, for any noncomplying entity. The  
40 state tax commission shall withhold and retain such money in a reserve  
41 account until the legislative services office certifies that the en-  
42 tity has complied with the provisions of this section, at which point  
43 the state tax commission shall pay any money owed to the local governing  
44 entity previously in violation of this section.

45 (e) For any local governing entity that is a non-taxing district, in-  
46 cluding entities established pursuant to title 50, Idaho Code, upon  
47 notification to the board of county commissioners from the legislative  
48 services office of noncompliance by such entity, the board of county  
49 commissioners shall convene to determine appropriate compliance mea-  
50 sures including, but not limited to, the following:

1 (i) Require a meeting of the board of county commissioners and the  
2 entity's governing body wherein the board of county commissioners  
3 shall require compliance of this section by the entity;

4 (ii) Assess a noncompliance fee on the noncomplying entity. Such  
5 fee shall not exceed five thousand dollars (\$5,000). Such fees and  
6 costs may be deducted from any distributions of taxes, fees or as-  
7 sessments collected by the county on behalf of the local governing  
8 entity. The amount of any such fee shall not be passed on to per-  
9 sons subject to the jurisdiction of the entity in the form of ad-  
10 justments to any fee or assessment imposed or collected by the en-  
11 tity. Any fee collected shall be deposited into the county's cur-  
12 rent expense fund;

13 (iii) Cause a special audit to be conducted on the entity at the  
14 cost of the entity.

15 (5) The provisions of this section shall have no impact or effect upon  
16 reporting requirements for local governing entities relating to the state  
17 tax commission.

18 SECTION 2. This act shall be in full force and effect on and after Jan-  
19 uary 1, 2015.

**988. QUALIFIED PROPERTY FOR EXEMPTION (RULE 988).**

Sections 63-302, 63-313, 63-404, and 63-3029B, Idaho Code. (4-6-05)

**01. Definitions.** The following definitions apply for the purposes of the property tax exemption under Section 63-3029B, Idaho Code, and do not decide investment tax credit eligibility for Idaho income tax purposes. (3-20-04)

**a.** Year in which the investment is placed in service. “Year in which the investment is placed in service” means the calendar year the property was put to use or placed in a condition or state of readiness and availability for a specifically assigned function in the production of income. (4-6-05)

**b.** Operator’s Statement. The “operator’s statement” is the annual statement listing all property subject to assessment by the State Tax Commission and prepared under Section 63-404, Idaho Code. (3-20-04)

**c.** Personal Property Declaration. A “personal property declaration” is any form required for reporting personal property or transient personal property to the county assessor under Sections 63-302 or 63-313, Idaho Code, respectively. (3-20-04)

**d.** Qualified Investment. “Qualified investment” means property that would have otherwise been taxable for property tax purposes and is eligible or qualified under Section 63-3029B, Idaho Code, provided that property is reported on the personal property declaration or operator’s statement and is designated as exempt from property tax for two (2) years on Form 49E. (3-20-04)

**e.** Qualified Investment Exemption. The “qualified investment exemption” (QIE) referred to in this rule is the property tax exemption under Section 63-3029B, Idaho Code. (3-20-04)

**f.** Assessor. The “assessor” is the representative of the county assessor’s office or the State Tax Commission who is responsible for the administration of the QIE. (3-29-12)

**02. Designation of Property for Which Exemption Is Elected.** The owner shall designate the property on which the QIE is elected. The owner shall make this designation on Form 49E and attach it to a timely filed personal property declaration or, for operating property, the timely filed operator’s statement. Owners who designate property on which the QIE is elected may also receive the exemption provided in section 63-602KK, but such owner is required to file a personal property declaration or operator’s statement, which must include all otherwise taxable personal property, except for any such property exempt as provided in section 63-602KK(1). ~~not file the annual affidavit provided for in Section 63-602KK(6), Idaho Code, but must file the personal property declaration. This prohibition shall be limited to the time period during which the taxpayer may be subject to recapture under Section 63-3029B, Idaho Code.~~ The description of the property on Form 49E must be adequate to identify the property to be granted the exemption. In addition to all other steps required to complete the personal property declaration or operator’s

statement, the owner must provide on the personal property declaration or operator’s statement the date the item elected for the QIE was placed in service. (3-29-10)

**03. Election for Investments Not Otherwise Required to Be Listed on the Personal Property Declaration.** For investments, like single purpose agricultural or horticultural structures, that are not otherwise required to be listed on the personal property declaration, the owner must list that property to elect the QIE. As with any property designated for the QIE, the owner must attach Form 49E to the personal property declaration. (3-20-04)

**04. Continuation of Listing.** For all property designated for QIE, even though that property is exempt for two (2) years, the owner must list that property on the personal property declaration or operator’s statement in the initial year for which the QIE is claimed and the following four (4) consecutive years, unless that property has been sold, otherwise disposed of, or ceases to qualify pursuant to Section 63-3029B, Idaho Code. For personal property not designated for QIE, but eligible for the exemption provided in Section 63-602KK(2), no listing need be filed after the initial year for which the QIE is granted provided the total value of such non designated property is less than \$100,000. (3-20-04)

**05. Period of QIE.** The QIE shall be granted for the two (2) calendar years immediately after the end of the calendar year in which the property acquired as a qualified investment was first placed in service in Idaho. (3-20-04)

**06. Election Specificity.** The QIE election provided by Section 63-3029B, Idaho Code, shall be specific to each qualified item listed on the personal property declaration or operator’s statement. An item that is a qualified investment, but for which there is no QIE election during the year after the “year in which the investment is placed in service” in Idaho, is not eligible for the QIE. (4-6-05)

**07. Notification by Assessor.** (4-6-05)

**a.** Upon Receipt of Form 49E or a Listing. Upon receiving Form 49E or any listing provided to comply with Subsection 988.08 or 988.12 of this rule, the assessor shall review the application and determine if the taxpayer qualifies for the property tax exemption under Section 63-3029B, Idaho Code. If the assessor determines that the property tax exemption should be granted, the assessor shall notify the taxpayer and, if applicable, send a copy of this form or listing to the State Tax Commission. (3-29-12)

**b.** Upon Discovery of Changes. Upon discovering that property granted the QIE was sold, otherwise disposed of, or ceased to qualify under Section 63-3029B, Idaho Code, within the five (5) year period beginning with the date the property was placed in service, the assessor shall notify the State Tax Commission and the taxpayer immediately. The assessor shall also provide this notification upon discovery that the owner first claiming the QIE failed to list the item on any personal property declaration or failed to file a personal property declaration in any year during this five (5) year period. This notice shall include: (3-29-12)

- i. Owner. Name of the owner receiving the QIE. (4-6-05)
- ii. Property description. A description of the property that received the QIE. (4-6-05)
- iii. New or used. State whether the individual item was purchased new or used.(4-6-05)
- iv. Date placed in service. The date the owner reported the item was first placed in service in Idaho. (4-6-05)
- v. First year value of QIE. For each item, the amount of exempt value in the first year the QIE was elected and an identification of the year. (4-6-05)
- vi. Second year value of QIE. For each item, the amount of exempt value in the second year after the QIE was elected. (4-6-05)
- vii. Tax code area number. For each item, the number of the tax code area within which that item was located. (4-6-05)

c. Denial of the QIE. Upon review of the taxpayer’s application, if the assessor determines that the property tax exemption should not be granted for all or part of the market value of any item or items, then the assessor shall deny the exemption for those items. The assessor shall notify the taxpayer electing the QIE and shall identify the basis for the denial. The assessor’s notification cancels the election with respect to those items. Upon receiving this notification, the taxpayer is then free to pursue the income tax credit under Section 63-3029B, Idaho Code, for those items denied the QIE by the assessor. (3-29-12)

**08. Moved Personal Property.** In order to provide unmistakable identification of the property, certain taxpayers must send written notification by the date provided in Section 63-302, 63-313, or 63-404, Idaho Code, when moving property that previously received the QIE. This notification: (3-20-04)

a. Is required of taxpayers moving locally assessed property between counties in Idaho during the five (5) year period beginning the date that property was placed in service;(4-6-05)

i. The taxpayers send this notification to the assessor in the county that granted the QIE and the assessor in any Idaho county to which the property has been moved. (4-6-05)

ii. The taxpayers must include a listing which describes the property exactly as it was described on the original Form 49E or cross references the property originally listed on Form 49E. (4-6-05)

b. Is not required of taxpayers when the property is State Tax Commission assessed nonregulated operating property. (4-6-05)

**09. Notification Regarding Transient Personal Property.** For transient personal property elected for the QIE, the definition of home county in Section 63-313, Idaho Code, and

Rule 313 of these rules, applies. When a home county receives information of an election for QIE and a notice that the exempt property was used in another county in Idaho, the home county must forward information identifying that property to the other county(ies) in accordance with procedures in Section 63-313, Idaho Code. Also, the home county assessor shall send a copy of this notice to the State Tax Commission. (3-20-04)

**10. Partial-Year Assessments.** Property assessed based on a value prorated for a portion of the year in which the property is first placed in service may still be eligible for the QIE in the subsequent two (2) calendar years, provided the QIE is elected. (3-20-04)

**11. Limitation on Amount of Exemption.** (3-20-04)

**a. New Property.** The QIE shall be for the full market value for assessment purposes for new property that is a qualifying investment. (3-20-04)

**b. Used Property.** The QIE for used property placed in service during a taxable year for income tax purposes shall be limited. For each taxpayer, the QIE shall be the lesser of the QIE cost or the current year's market value in accordance with the following procedure: (4-6-05)

i. QIE cost shall be determined for each item of used property upon which the QIE is claimed. QIE cost is the lesser of an item's cost or one hundred fifty thousand dollars (\$150,000); provided, however, that the QIE cost for all elected used property shall not exceed one hundred fifty thousand dollars (\$150,000) in a taxable year (See Example B in Subparagraph 988.11.c.ii., of this rule). In the event the cost of one (1) or more items of used property exceeds one hundred fifty thousand dollars (\$150,000), QIE cost shall reflect the reduction necessary to stay within the one hundred fifty thousand dollar (\$150,000) limit (See IDAPA 35.01.01, "Income Tax Administrative Rules," Rule 719 for information on the selection of items of used property).(4-6-05)

ii. For each item purchased used, the QIE shall be limited to the lesser of the QIE cost or the current year's market value (See Example B in Subparagraph 988.11.c.ii., of this rule).(4-6-05)

**c. Examples.** In the following examples, all of the property is owned by the same taxpayer and is a qualified investment. (4-6-05)

i. **Example A.** In Example A, 2004 is the first year during which the qualified investment receives the QIE. The taxpayer may decide which of the used items placed in service in 2003 is considered first for the exemption. In this example, computer 1 has been given the exemption first. Since the limitation is based on cost, the remaining used property exemption cannot exceed one hundred thirty thousand dollars (\$130,000) and the QIE cost is determined accordingly. The conveyor belt is a new investment, first eligible for the QIE in 2005. In 2006, the assembly line, computer 1, and computer 2 would be fully taxable at the market value as of January 1, 2006.

Example A										
Property Description (same taxpayer)	Year Placed in Service	Cost	New or Used	QIE Cost	2004 Market Value	2004 Exempt Value	2004 Taxable Value	2005 Market Value	2005 Exempt Value	2005 Taxable Value
Computer 1	2003	\$20,000	Used	\$20,000	\$12,000	\$12,000	\$0	\$8,000	\$8,000	\$0
Assembly line	2003	\$160,000	Used	\$130,000	\$140,000	\$130,000	\$10,000	\$110,000	\$110,000	\$0
Computer 2	2003	\$50,000	New	N/A	\$40,000	\$40,000	\$0	\$30,000	\$30,000	\$0
Conveyor belt	2004	\$200,000	Used	\$150,000	N/A	N/A	N/A	\$200,000	\$150,000	\$50,000

(4-6-05)

ii. Example B. In Example B, the property was purchased at auction for a cost much less than its market value.

Example B										
Property Description	Year Placed in Service	Cost	New or Used	QIE Cost	2006 Market Value	2006 Exempt Value	2006 Taxable Value	2007 Market Value	2007 Exempt Value	2007 Taxable Value
Construction Equipment	2005	\$20,000	Used	\$20,000	\$80,000	\$20,000	\$60,000	\$70,000	\$20,000	\$50,000

(4-6-05)

d. Used Property Placed in Service by Fiscal Year Taxpayer. If a taxpayer had a fiscal year beginning July 1, 2004, and placed one hundred fifty thousand dollars (\$150,000) of qualifying used property in service on May 15, 2004, and an additional one hundred fifty thousand dollars (\$150,000) of qualifying used property in service on August 1, 2004, the taxpayer would qualify for an exemption of up to three hundred thousand dollars (\$300,000) on this used property in 2005 and 2006. The exempt value in the second year of the exemption could not exceed the lesser of three hundred thousand dollars (\$300,000) or the (depreciated) market value of this used property. (4-6-05)

**12. Multi-County Taxpayers.** (3-20-04)

a. Except taxpayers electing QIE for property that is State Tax Commission assessed operating property, any taxpayers electing the QIE for properties purchased new must indicate on

Form 49E the county where each property is located or must complete a separate Form 49E and attach it to the personal property declaration submitted to each county. (3-20-04)

**b.** Except taxpayers electing QIE for property that is State Tax Commission assessed operating property, any taxpayers electing the QIE for properties purchased used must attach any Form 49E listing property purchased used to the personal property declaration sent to each county. A Form 49E listing only property purchased used may be provided to comply with this requirement. (3-20-04)

**c.** Any taxpayers electing QIE for property that is State Tax Commission assessed nonregulated operating property and purchased new or used must indicate on Form 49E each county where each property is located and attach it to the operator’s statement. (4-6-05)

**d.** If multiple Form 49Es are submitted to one (1) or more assessors, a copy of each Form 49E must be attached to the correct year’s income tax return. (3-20-04)

**13. Special Provisions for Nonregulated Operating Property.** (4-6-05)

**a.** For nonregulated operating property, the market value of the QIE is calculated by multiplying the depreciated original cost of the property times the ratio of the correlated value determined under Subsection 405.08 of these rules to the cost approach value determined under Subsection 405.02 of these rules. (4-6-05)

**b.** The following special provisions apply for the reduction in market value of nonregulated operating property resulting from QIE being elected. (4-6-05)

**i.** Reduction in Idaho value. For nonregulated operating property except situs property, the reduction in market value will be made by subtracting the market value of the QIE from the allocated Idaho value before apportionment to any taxing district or unit. (4-6-05)

**ii.** Reduction in market value of situs property owned by nonregulated operating property companies. For situs property owned by nonregulated operating property companies, the reduction in market value will be made by subtracting the market value of the specific investment in the specific location. (4-6-05)

**14. Cross Reference.** For more information relating to procedures and requirements for QIE, refer to Section 63-3029B, Idaho Code, and IDAPA 35.01.01, “Income Tax Administrative Rules,” Rule 719. For information relating to recapture of QIE, refer to Rule 989 of these rules. (4-6-05)

**995.T CERTIFICATION OF SALES TAX DISTRIBUTION (RULE 995).**

Section 63-3638, Idaho Code.

(5-3-03)

**01. Most Current Census.** Population shall be from the most current population census or estimate of incorporated city populations available from “Table 4, Annual Estimates of the Resident Population for Incorporated Places in Idaho” and estimate of county populations from “Table 1, Annual Estimates of the Resident Population for Counties of Idaho” available from the Bureau of the Census during the quarter of the year for which any distribution of sales tax money is to be made. If the State Tax Commission is notified that the Bureau of the Census has revised any city or county population estimates, the revised estimates shall be used for the distribution of sales tax money.

(4-4-13)

**02. Market Value for Assessment Purposes.** Market value for assessment purposes shall mean the market value certified to the State Tax Commission pursuant to Section 63-510, Idaho Code, and shall include homeowner’s exemptions and the value of personal property exempt pursuant to Section 63-602KK(2) as determined for tax year 2013, and the amount of real and personal property value which exceeds the assessed value shown on the base assessment roll for a revenue allocation area as defined in Section 50-2903(15), Idaho Code, for the calendar year immediately preceding the current fiscal year.

~~(5-3-03)~~(    )**T & P**

**03. Current Fiscal Year.** For the purposes of this section, current fiscal year shall mean the current fiscal year of the state of Idaho. For distribution purposes, the current fiscal year shall begin with the distribution made in October, following collection of sales taxes in July, August, and September.

(3-30-01)

**04. Incorporated City.** Incorporated city shall, for the current fiscal year, have a duly elected mayor and city council.

(4-4-13)

**05. Valuation Estimates.** Valuation estimates for distribution of revenue sharing monies shall be updated at least annually. Updated estimates shall be used beginning with the October distribution.

(4-4-13)

**06. Determination Date and Eligibility.**

**a. General eligibility.** Except as provided in subsection (06).(b.) of this rule, ~~the~~ eligibility of each city for revenue sharing monies pursuant to Section 63-3638(10)(a), Idaho Code, shall be determined as of July 1 of the current year. Cities formed after January 1, 2001, shall also be entitled to a share of the money pursuant to the provisions of Section 63-3638(10)(c), Idaho Code.

**b. Ineligibility as a result of non-compliance.** Otherwise eligible taxing districts that are found to be out of compliance with the requirements of section 67-450B, Idaho Code, or section 67-450E, Idaho Code, shall be ineligible for distributions provided under section 63-3638(10), Idaho Code, commencing with the next scheduled quarterly distribution following the tax commission’s receipt of notification of non compliance and continuing until the distribution following the tax commission’s receipt of notification of compliance. At that time the tax commission shall add to the current quarterly distribution any amount previously withheld under these provisions.

(4-6-05)

**07. Quarterly Certification.** Except if shares are required to be withheld pursuant to sections 67-450B and 67-450E, Idaho Code, the State Tax Commission shall certify quarterly to each county clerk the base and excess shares of the distributions required pursuant to Section 63-3638(10)(c) and 63-3638(10)(d), Idaho Code, and the distributions to cities and counties required pursuant to Section 63-3638(10)(a) and 63-3638(10)(b), Idaho Code. Each county clerk shall calculate and certify the distribution of these monies to the eligible taxing districts based on the directives of the State Tax Commission. (4-6-05)

**a. City and County Base Shares.** For cities and counties, the initial base share shall be the amount of money to which they were entitled for the fourth calendar quarter of 1999, based on the provisions of Section 63-3638(e), Idaho Code, as such section existed prior to July 1, 2000. In addition, the initial base share shall be adjusted proportionally to reflect increases that become available or decreases that occur, unless increases exceed five percent (5%) of the initial base share. (3-30-01)

**b. Special Purpose Taxing District Base Shares.** For special purpose taxing districts the initial base share shall be the amount of money to which they were entitled for the fourth calendar quarter of 1999, based on the provisions of Section 63-3638(e), Idaho Code, as such section existed prior to July 1, 2000. Special purpose taxing district initial base shares shall be proportionally reduced to reflect decreases in the amount of sales tax available to be distributed. (3-30-01)

**c. Excess Shares.** Excess shares shall be any amounts above the base share that any city, county or special purpose taxing district is entitled to receive pursuant to Section 63-3638(10)(c) or 63-3638(10)(d), Idaho Code. These amounts shall not be subject to redistribution provisions of Section 40-801, Idaho Code. (4-6-05)

**d. Shares Pursuant to Section 63-3638(10)(a) or 63-3638(10)(b), Idaho Code.** Shares to be distributed pursuant to Section 63-3638(10)(a) or 63-3638(10)(b), Idaho Code, shall be termed "revenue sharing." Such shares shall be subject to quarterly distribution and for this purpose, the one million three hundred twenty thousand dollars (\$1,320,000) distribution pursuant to Section 63-3638(10)(b)(i), Idaho Code, shall be considered an annual amount and shall be divided into four (4) equal shares. (4-6-05)

**e. Amounts authorized to be paid to counties for redistribution to taxing districts shall be withheld if necessary to comply with the requirements of sections 67-450B and 67-450E, Idaho Code. The tax commission shall identify the district for which amounts are being withheld and the amount being withheld. The county should notify the district accordingly and notify them that they will receive the withheld funds following a determination by the legislative services office that they are in compliance with the provisions of these statutes.**

**08. Notification of Value.** The county auditor shall notify the State Tax Commission of the value of each taxing district and unit as specified in Section 63-510, Idaho Code. (3-30-01)

**09. Corrections.** (3-30-01)

**a.** When distributions have been made erroneously, corrections shall be made to the following quarterly distribution(s) so as to provide the quickest practicable restitution to affected taxing districts. Corrections shall be made to reconcile erroneous distributions made for the current fiscal year. Errors made in distributions for the last quarter of the current fiscal year shall be corrected as soon as practicable in distributions made for the following fiscal year. (4-6-05)

**b.** The State Tax Commission shall notify affected county clerks when the State Tax Commission becomes aware of an error in the distribution of the base or excess shares. (3-30-01)

**c.** The State Tax Commission shall notify affected cities or county clerks when the State Tax Commission becomes aware of an error in the distribution of city or county revenue sharing monies. (3-30-01)