

**PROPERTY TAX RULES COMMITTEE
AGENDA**

The Committee convenes on Tuesday, December 1, 2015, at **9:30 a.m.** at:

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

Welcome & Introductions
Approval of Minutes – June 23 Meeting
Rules Status Report

Committee Chair Alan Dornfest
Committee Chair Alan Dornfest
Rick Anderson

Matters for Discussion

Rule promulgation: Step-by-step procedures

Exemption Reporting on the Abstract:

The 602NN experience

List of exemptions and reporting requirements

Rules Discussion (Property Tax Rules)

Rule 006 – Incorporation by Reference

Rule 804(02)(e)(i) - Do we need examples for adjusting the base in an RAA when real property is removed and replaced in the same year; and removed but not replaced until the next year?

Rule 809 – Correction of Erroneous Levy

Set Next meeting date:

Meeting adjourned

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

DRAFT

Idaho State Tax Commission
PROPERTY TAX RULES COMMITTEE
Meeting Minutes
June 23, 2015
9:00 am -Room 1CR5

ATTENDEES:

Committee Members:	Alan Dornfest, Rick Anderson, Betty Dressen, Dwayne Hines, Erick Shaner, Gene Kuehn, Jan Barnard, Janet James, Kathlynn Ireland, Steve Fiscus
Commissioners:	Tom Katsilometes
Rules Coordinator:	Sherry Briscoe
State Tax Commission Staff:	Carly Wantulok, George Brown, Mat Cundiff, Pam Waters
Guests:	Ben Davenport, Bob McQuade, Brad Vanderpool, Brody Aston, Dan Blocksom, Jennie Williams, Katrina Basye, Terry Accordino and Tyler Mallard

Minutes from the May 21, 2015 meeting were approved (motion by Rick, second by Betty).

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

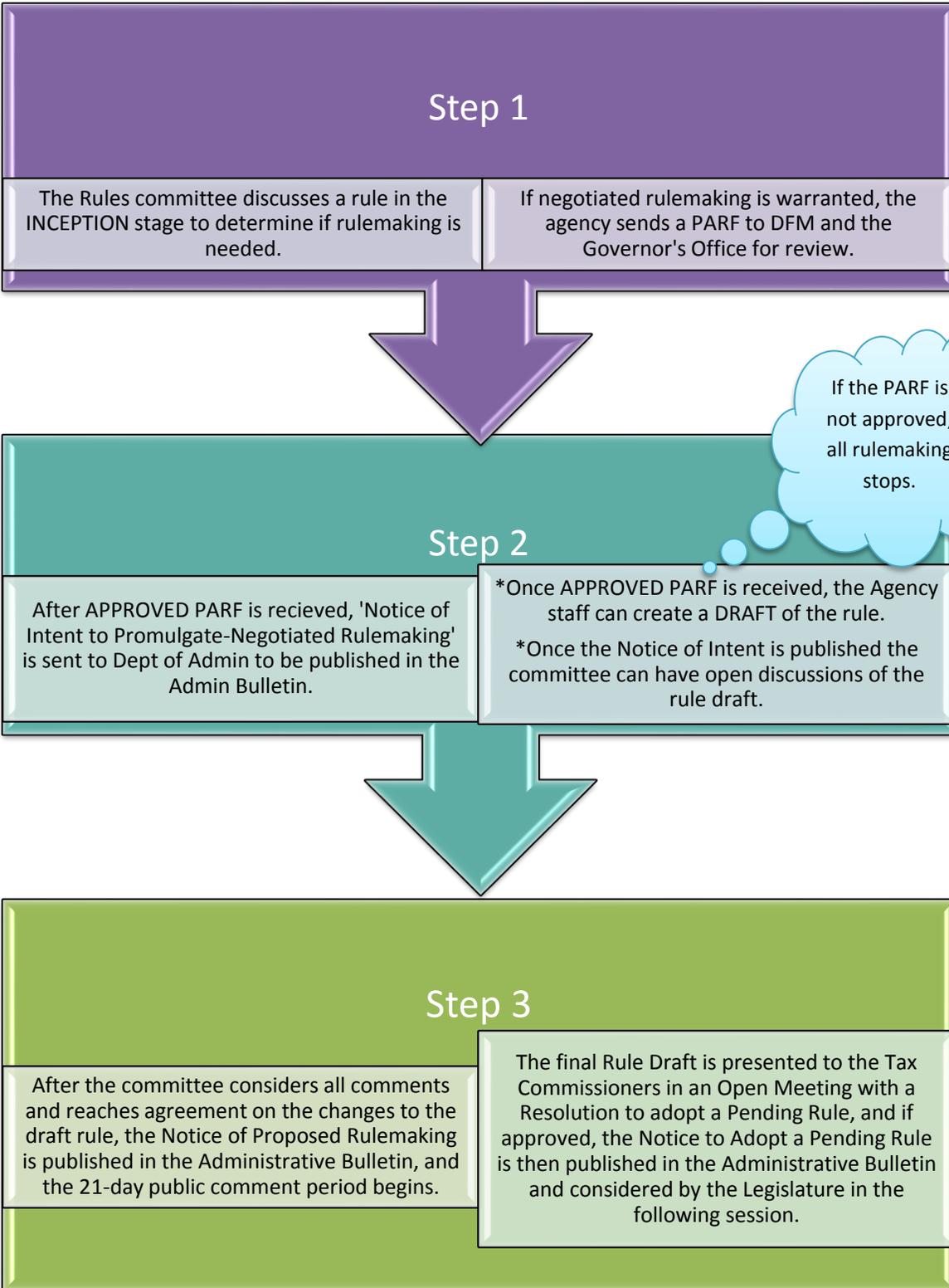
006	Adopt by reference – updates standard reference manuals and guides	Effective date Jan 1, not negotiated.
315	Use of Ratio Study to Equalize Boise School District	In July Bulletin
626	Property Exempt from Taxation – Certain Personal Property	Temp & proposed negotiated rule
627	Property Exempt from Taxation – Ownership Clarification	Previously approved
632	Property Exempt From Taxation – Oil or Gas Related	
645	Land Actively Devoted to Agriculture Defined	Previously approved
802	Budget Certification Relating to New Construction	previously approved
803	Budget Certification – Dollar Certification Form (L-2)	Temp & proposed
804	Tax Levy – Certification – Urban Renewal Districts	Temp & proposed, previously approved

Discussed the Notice for Rules 315 and 626 that will be in the July Bulletin.

Discussed the rulemaking process and the meeting with ISTC, DFM, Department of Admin and the Governor's Office.

The attached graph shows the steps DFM has asked committees to follow with negotiated rulemaking.

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OLD BUSINESS:

Rule 006: Adopt by Reference – approved for the August Bulletin (motion by Rick, second by Betty).

Rule 315: USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT.

Negotiated rule. The new version of this rule was reviewed and approved by the committee for publication, pending no comments received during the comment period, which ends July 22, 2015. (motion to approve by Gene, second by Betty)

Rule 626: PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL

PROPERTY. Negotiated rule. Approved by the committee for publication, pending no comments received during the comment period, which ends July 22, 2015. (motion to approve by Dwayne, second by Gene)

Rule 632: PROPERTY EXEMPT FROM TAXATION – OIL OR GAS RELATED.

Discussed and approved for publication in the Administrative Bulletin (motion by Gene, second by Betty).

MISC. MATTERS FOR DISCUSSION:

- **Community infrastructure Districts** – Avamor is moving forward with a bond this year. The committee is considering doing legislation. No rulemaking on this is planned at this time.

Next Meeting Date: A meeting on Tuesday, July 24, 2015, 9:00 a.m. in 1CR5 will be held only if comments come in by July 22nd to warrant another discussion of the two negotiated rules.

Alan Dornfest
Chairman

Sherry Briscoe
Rules Coordinator

**2016-2017
Property Tax Rules Status Report
December 1, 2015**

Rule #	Date PARF Approved By Agency	Date Sent to DFM (ISTC Number)	Date Approved By DFM	Rule Status	Date of Draft	Comments	Date Sent For Publication
006				On today's agenda	Draft 1, November 12, 2015	Adopt by reference – updates standards, reference manuals and guides	
804				Discussion – today's agenda	None	Do we need examples?	
809				On today's agenda	Draft 1, October 27, 2015	Correction of erroneous levy – 2013 HB 205 extended the date for notice of clerical error to Feb. 15 from Jan. 30	

Discussion Issues	
Issue	Comments
Rule promulgation process	
63-602NN exemption	

RULE PROMULGATION: STEP-BY-STEP PROCEDURES

STEP PROCEDURE

1. Inception - decision to initiate rulemaking is made and agency prepares the rulemaking record.
2. Agency prepares a Proposed/Temporary Administrative Rules Form (PARF) and submits it to the Division of Financial Management (DFM - Governor's Office). (This form must be submitted when doing either negotiated, proposed and/or temporary rulemaking.)
3. Both DFM and Governor's Policy Advisors review the PARF before either approving or denying the rulemaking request and return a signed copy to agency. (Agency should receive signed PARF before proceeding with the rulemaking in the event it is not approved.)
4. Agency determines whether or not negotiated rulemakings is feasible and, if feasible, prepares a 'Notice of Intent to Promulgate - Negotiated Rulemaking' and forwards it to the Coordinator.
5. Notice of Intent to Promulgate - Negotiated Rulemaking is published in the Administrative Bulletin (Bulletin).
6. Negotiated rulemaking meetings are held. All information, comments received, etc., must be posted to the agency website along with a summary of any unresolved issues relating the formulation of the proposed rule.
7. If amending an existing rule, agency requests a working copy (Word document) of the rule from the Coordinator's office, which is forwarded to the agency electronically.
8. Agency prepares Rulemaking Packet: Notice of Rulemaking - (Proposed, Temporary, or Temporary/Proposed) Rulemaking, the rulemaking checklist, copy of signed PARF, text of rule in legislative format and a cost/benefit analysis for any fees being imposed or changed.
9. Agency files the rulemaking packet electronically only (E-mail) with the Coordinator's office. The notice, text of the proposed, temporary, or temporary/proposed rulemaking, and cost/benefit analysis is forwarded to the Legislative Services Office (LSO) by the Coordinator.
10. Coordinator checks the electronically filed rulemaking for all necessary documents. The notice and text are reviewed for required information, formatting, numbering, and style, a rulemaking docket number is assigned, and the docket is prepared for publication. A proof copy is then sent to the agency for its review and approval.
11. Agency reviews the proof copy of the docket (pdf copy that is emailed), makes any needed corrections and contacts the Coordinator's office.
12. The proposed, temporary, or temporary/proposed rulemaking is published in the Bulletin.

RULE PROMULGATION: STEP-BY-STEP PROCEDURES

STEP PROCEDURE – (Continued)

13. Public hearings are held, if scheduled or requested. (Holding a public hearing is not required unless the hearing has been scheduled by the agency or the agency receives requests for a hearing in writing by 25 persons, a political subdivision, or another state agency within the 14-day minimum time period required to allow for requests for public hearings.)

14. Comment period ends. (Minimum of 21 days after publication; may be extended if necessary or desired.) If a public hearing is scheduled after the 21-day comment period ends, the close of the comment period should be extended to coincide with the last hearings date.

15. Agency reviews and gives consideration to all oral and written comments that are received. Agency may then make changes, if warranted, to the proposed rule based on the comments received. Changes made must be a logical outgrowth of the proposed rule. (All submitted comments become part of the rulemaking record and made available for public inspection.)

16. Agency adopts pending rule (pending legislative review) and prepares Notice of Rulemaking Adoption of Pending Rule. The text of the rule in legislative format is submitted only if changes are made to the pending rule, otherwise no rule text is published.

17. Agency submits the Notice of Rulemaking - Pending Rule (and text) electronically.

18. The Coordinator reviews the pending rulemaking checklist, notice and, if applicable, the rule text. The rulemaking docket is prepared for publication and a proof copy of the pending rule that is then sent to the agency for review.

19. Agency reviews the proof copy of the docket, makes corrections or changes and contacts the Coordinator's office.

20. Pending rule docket is published in the Bulletin. The pending rule remains unenforceable until it has been reviewed and approved by the Legislature and becomes a final rule.

21. At the beginning of the session the Coordinator submits the Rules Review Books of all pending, pending fee, and *temporary rules to the germane committees of the Legislature for review.

22. Legislative Rules Review takes place during the first weeks of the session and agency presenters testify before the legislative committees on their rules that have been submitted for review.

RULE PROMULGATION: STEP-BY-STEP PROCEDURES

STEP PROCEDURE – (Continued)

23. Rule dockets are approved or rejected by the Legislature. Rejection of a rule docket, or any part of it, requires the adoption of a concurrent resolution (both Houses). When rejected, the agency must submit a 'Notice of Final Rule' and any necessary rule text for publication in the Bulletin. Pending Rules that are approved by the Legislature become final and enforceable at the end of the session and require no further action by the agency. Pending fee rules must be affirmatively approved by concurrent resolution to become effective. Temporary rules must be extended by concurrent resolution to remain in effect after the conclusion of the session.

24. Upon adjournment of the legislative session, an Omnibus Notice of Final Legislative Action on pending rules and temporary rules is published in the Bulletin. (This notice usually publishes in first available Bulletin after the session ends and lists all pending, pending fee, and temporary rulemakings by docket number that were submitted for review and includes the effective dates of the rules, Bulletin volume numbers, and any action taken on the rules by concurrent resolution.)

25. Pending rules become final and effective upon the adjournment of the legislative session (sine die), or on the date specified in the pending rule, or on the date of the concurrent resolution, if any, affecting the rule. Final rules are then codified and published in the Administrative Code.

***A Temporary Rule that has not been adopted as a Pending Rule prior to beginning of the Legislative session will be submitted by the Coordinator to the Legislature for review and extension unless advised by the agency to do otherwise. Legislative approval extending a temporary rule allows the rule to remain in full force and effect until the end of the next succeeding legislative session unless the temporary rule will expire by its own terms or by a provision of law prior to the end of the next succeeding legislative session.**

A moratorium on proposed rulemaking begins at the end of November and remains in effect until the end of the legislative session (sine die). The moratorium affects proposed rulemakings only and does not affect negotiated, temporary, or pending rulemakings which may be filed for publication.

Step 1

The Rules committee discusses a rule in the INCEPTION stage to determine if rulemaking is needed.

If negotiated rulemaking is warranted, the agency sends a PARF to DFM and the Governor's Office for review.

If the PARF is not approved, all rulemaking stops.

Step 2

After APPROVED PARF is received, 'Notice of Intent to Promulgate-Negotiated Rulemaking' is sent to Dept of Admin to be published in the Admin Bulletin.

*Once APPROVED PARF is received, the Agency staff can create a DRAFT of the rule.

*Once the Notice of Intent is published the committee can have open discussions of the rule draft.

Step 3

After the committee considers all comments and reaches agreement on the changes to the draft rule, the Notice of Proposed Rulemaking is published in the Administrative Bulletin, and the 21 day-public comment period begins.

The final Rule Draft is presented to the Tax Commissioners in an Open Meeting with a Resolution to adopt a Pending Rule, and if approved, the Notice to Adopt a Pending Rule is then published in the Administrative Bulletin and considered by the Legislature in the following session.

63-602NN. PROPERTY EXEMPT FROM TAXATION -- CERTAIN BUSINESS PROPERTY. (1) During tax year 2008, and each year thereafter, a board of county commissioners may declare that all or a portion of the market value of a defined project based on investment in new plant and building facilities meeting tax incentive criteria as defined in subsection (2) of this section shall be exempt from property taxation.

(2) As used in this section:

(a) "Defined project" means a written plan presented to the county commissioners by a taxpayer outlining projected investment in new plant for new plant and building facilities during a project period and located at a project site.

(b) "Investment in new plant" means investment in new plant and building facilities that are:

(i) Qualified investments; or

(ii) Buildings or structural components of buildings.

(c) "New plant and building facilities" means a manufacturing facility or facilities and personal property related thereto, producing tangible personal property or intellectual property intended for ultimate sale at retail, including related parking facilities, food service facilities, business office facilities and other building facilities directly related to the manufacturing business.

(d) "Project period" means the period of time beginning at the earlier of a physical change to the project site or the first employment of new employees or contractors located in Idaho who are related to the activities at the project site, but no earlier than January 1, 2008.

(e) "Project site" means an area or areas at which new plant and building facilities are located and at which the tax incentive criteria have been or will be met and which are either:

(i) A single geographic area located in this state at which the new plant and building facilities owned or leased by the taxpayer are located; or

(ii) One (1) or more geographic areas located in this state if eighty percent (80%) or more of the investment required in subsection (2)(h) of this section is made at one (1) of the areas.

(f) "Qualified investment" shall be as defined in section [63-3029B](#), Idaho Code.

(g) "Building or structural components of buildings" means real property improvements to land as defined in section [63-201](#)(11), Idaho Code, which are owned or leased by the taxpayer and located in Idaho within the boundaries of the project site.

(h) "Tax incentive criteria" means a taxpayer at a project site meeting the requirements of subparagraphs (i) and (ii) of this paragraph:

(i) During the project period, making capital investments in new plant of at least three million dollars (\$3,000,000) at the project site;

(ii) The taxpayer can demonstrate to the county that significant economic benefits will accrue to the county.

(3) The board of county commissioners may grant the property tax exemption for all or a portion of the market value of the defined project for a period of up to five (5) years. The agreement shall be considered a contract arrangement between the county and the taxpayer for the exemption time period granted by the board of county commissioners and the annual approval provision contained in subsection (3) of section [63-602](#), Idaho Code, shall not apply to

the exemption provided in this section as long as the contract enumerated in this section is valid and in force and effect.

(4) Property exempted under this section shall not be included on any new construction roll prepared by the county assessor in accordance with section [63-301A](#), Idaho Code, until the exemption ceases.

(5) The legislature declares this exemption necessary and just.

631. TAX EXEMPTION FOR INVESTMENT IN NEW PLANT AND BUILDING FACILITIES UPON COUNTY COMMISSIONERS' APPROVAL (RULE 631).

Section 63-602NN, Idaho Code

01. The Investment in Plant. In order to qualify for this exemption a taxpayer must invest at least three million dollars (\$3,000,000) in new plant and building facilities excluding the investment in land. See Section 63-602NN, Idaho Code. (5-8-09)

02. The Exemption. The board of county commissioners may exempt all or a portion of the market value of the project for a period of up to five (5) years. Land is not to be included in this exemption. See Section 63-602NN(2), Idaho Code. (5-8-09)

03. Cross Reference. See Rule 802 of these rules for instructions relating to the valuation of new construction. (5-8-09)

**Property Tax Exemptions Listed by application requirement as
extracted from Section 63-602 I. C.**

**Statutory exemptions that do not require an application or approval by the
board of county commissioners**

Could be tracked	Currently Tracked		
		63-602A	Government Property
		63-602F	Possessory Rights to Public Lands, Unpatented Mining Claims, Public Cemeteries and libraries
		63-602I	Household Goods, Wearing Apparel, Personal Effects
		63-602J	Properly Registered Motor Vehicles
	X	63-602K	Partial Value of Land Actively Devoted to Agriculture
		63-602L(1)	Certain Intangible Personal Property
		63-602M	Certain Secured Dues and Credits
		63-602R	Agricultural Crops
		63-602S	Fruits and Vegetable Held for Consumption and Seeds Shipped out of State
		63-602U	Certain Personal Property in Transit
		63-602V	Certain Personal Property in Original Package in Storage
		63-602W(1,2,3)	Business Inventory Including Certain Dwellings
		63-602Z	Property Tax Exemptions Apply to Occupancy Tax
		63-602DD	Certain Manuf. Homes with a Dealer's Plate or Used as Sheep or Cow Camps
		63-602EE	Certain Tangible Personal Property Used Exclusively in Agriculture; ag machinery
X		63-602OO	Oil and Gas Related Property
		63-2431	Gasoline, Aircraft Engine Fuel, or Special Fuels
X		63-3502	Cooperative Electric Association Exempt from all Taxes Except Gross Receipts Tax
X		63-3502A	Cooperative Natural Gas Assoc. Exempt from all Taxes Except Gross Receipts Tax
X		63-3502B	Wind and geothermal Exempt from all Taxes Except Gross Receipts Tax

**No process is specified in exemption statute but an application is necessary to
identify the exempt property and therefore annual application is required**

Could be tracked	Currently Tracked		
		63-602B	Certain Property of Religious Corporations or Societies
X		63-602C	Certain Property of Fraternal, Benevolent, or Charitable Corporations or Societies

(continued) No process is specified in exemption statute but an application is necessary to identify the exempt property and therefore annual application is required

Could be tracked	Currently Tracked		
X		63-602D	Certain hospital's Property-Non-Profit
X		63-602E	Property Used for School or Educational Purposes
		63-602H	Partial Value of Residential Property in Certain Zoned Areas
		63-602N	Irrigation Water and Certain Structures
	X	63-602P	Certain Facilities Used for Air and Water Pollution Control
X		63-602Q	Certain Cooperative Telephone Lines
	X	63-602X	Property that Has Experienced Casualty Loss
	X	63-602GG	Low Income Housing Owned by Nonprofit Organizations
	X	63-602HH	Property in One County in Excess of \$800,000,000
		63-602KK	\$100,000 Pers. Property Exemption
	X	63-4502	New Capital Investment over \$400 Million, \$1 Billion to qualify
	X	63-606A	Property Eligible for ITC with Certain Employment & Investment (Optional)

Application process is specified in the exemption statute

Could be tracked	Currently Tracked		
	X	63-602G	Partial Value of Residential Improvements (Homeowners' Exemption)
	X	63-602W(4)	Site Improvements Installed by the Land Developer
	X	63-602AA	Property of People with Exceptional Situations (Hardship)
	X	63-602BB	Partial Exemption for Remediated Land
	X	63-602CC	Qualified Equipment Utilizing Postconsumer or Postindustrial Waste
	X	63-602II	Unused Infrastructure (Optional)
	X	63-602NN	New Plant and Building Facilities (Optional)
	X	63-603[63-602O]	Credit Relating to Exemption under §63-602O Utility plant used to generate power for pumping water

Exemptions that require an application pertaining to property that is otherwise assessed by the state tax commission and is included with the operator's statement

Could be tracked	Currently Tracked		
		63-602J	Properly Registered Motor Vehicles
		63-602P	Certain Facilities Used for Air and Water Pollution Control

	X	63-602L (2)	Certain Intangible Personal Property
Exemptions found in titles other than title 63 do not require applications			
Could be tracked	Currently Tracked		
		§21-114)	Registered Aircraft
		§22-2722	Property Owned/ Used by Soil Conservation District
		§25-2402	Operating or Personal Property Exempt from Taxation by Herd District
		§26-2138	Personal Property Owned by Credit Union
		§26-2186	Personal Property Owned by Idaho Corporate Credit Union
		§31-1425	Operating Property Exempt from Taxation by Fire District Unless by Agreement
		§31-1425	Certain Unimproved Real Property May Be Granted Exemption from Taxation by Fire District
		§31-3908A	Certain Personal Property and Unimproved Real Property May Be Granted Exemption from Taxation by Ambulance District
		§31-4117	Certain Real Property May Be Exempt from Taxation by Translator District
X		§31-4208	All Property Owned by County Housing Authority Except by Agreement
X		§33-2133	All Property Owned by a Dorm Housing Commission
X		§39-1452	All Property Owned by Idaho Health Facility Authority
		§41-405	Personal Property Owned by Insurers or Agents
		§42-3115	Personal and Operating Property Exempt from Taxation by Flood Control District
		§42-3708	Personal and Operating Property Exempt from Taxation by Watershed Improvement District with Exceptions
		§42-4115	Property Owned by Water and Sewer District
		§42-3238	Private community sewer system exempt from water and sewer district levies
		§42-4416	Personal and Operating Property Exempt from Taxation by Levee District
		§49-401	Registration fee in lieu of property tax
		§50-1908	Property Owned by Housing Authority Except by Agreement
X		§50-2014	Property Owned by Urban Renewal Agency
		§67-6208	Real Property Owned by Idaho Housing Agency Except by Agreement
		67-7439	Equipment directly used in state lottery
		§70-2206	Property of an intermodal commerce authority

006. INCORPORATION BY REFERENCE (RULE 006).

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

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

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

a. “Standard on Ratio Studies” published in 2013, “Standard on Digital Cadastral Maps and Parcel Identifiers” published in 2015, “Standard on Mass Appraisal of Real Property” published in 2013, “Standard on Verification and Adjustment of Sales” published in 2010, all published by the International Association of Assessing Officers. These documents can be electronically accessed at http://www.iaao.org/wcm/Resources/Publications_access/Technical_Standards/wmc/Resources_Content/Pubs/Technical_Standards.aspx?hkey=93ba7851-659f-4d02-80a2-9a52ef21f995 <http://bit.ly/1W3LvZ4> which was last accessed and verified on June 22~~0~~, 2015~~6~~. (4-?-16)(____)

b. “Recreation Vehicle Guide of the National Automobile Dealers Association” published in 2015~~6~~ for the September through December period by the National Appraisal Guides Incorporated. (4-?-16)(____)

c. “Van/Truck Conversion and Limousine Appraisal Guide of the National Automobile Dealers Association” published in 2015~~6~~ for the September through December period by the National Appraisal Guides Incorporated. (4-?-16)(____)

d. “Official Railway Equipment Register” published for the last three (3) quarters in 2015~~6~~ and the first quarter in 2016~~7~~ by R. E. R. Publishing Corporation, Agent as a publication of UBM Global Trade. (4-?-16)(____)

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

f. “Forest Habitat Types of Central Idaho” published by the Government Printing Office for the Intermountain Forest and Range Experimentation Station of the U. S. Forest Service in 1981, General Technical Report INT-114, written by Kittams, Jay A., Pfister, Robert D., Ryker, Russell A., and Steele, Robert. (5-3-03)

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

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

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

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

03. Effective Date. The effective date of this rule is January 1, 2016. (~~4-2-16~~)(____)

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. (4-11-15)

e. “Increment value.” The increment value is the difference between the current equalized value of each parcel of taxable property in the RAA and that parcel’s current base value, provided such difference is a positive value. (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. (4-11-15)

ii. When a parcel has been combined with another parcel, the most recent base year values are added together. (4-5-00)

iii. When a parcel has been split and combined with another parcel in the same year, the value of the split shall be calculated as set forth in Subsection 804.02.c.i. and then the value of the combination will be calculated as set forth in Subsection 804.02.c.ii. (4-5-00)

d. Adjustments to base values when exempt parcels become taxable. Base values shall be adjusted as described in the following subsections. (4-5-00)

i. Fully exempt parcels at time of RAA establishment. When a parcel that was exempt at the time the RAA was established becomes taxable, the base value is to be adjusted

upwards to reflect the estimated value of the formerly exempt parcel at the time the RAA was established.

(4-5-00)

ii. Partially exempt parcels losing the speculative value exemption. When a partially exempt parcel with a speculative value exemption that applies to farmland within the RAA becomes fully taxable, the base value of the RAA shall be adjusted upwards by the difference between the taxable value of the parcel for the year in which the exemption is lost and the taxable value of the parcel included in the base value of the RAA. For example, assume a parcel of farmland within an RAA had a taxable value of five hundred dollars (\$500) in the year the RAA base value was established. Assume also that this parcel had a speculative value exemption of two thousand dollars (\$2,000) at that time. Two (2) years later the parcel is reclassified as industrial land, loses the speculative value exemption, and has a current taxable value of fifty thousand dollars (\$50,000). The base value within the RAA would be adjusted upwards by forty-nine thousand five hundred dollars (\$49,500), the difference between fifty thousand dollars (\$50,000) and five hundred (\$500). The preceding example applies only in cases of loss of the speculative value exemption that applies to land actively devoted to agriculture and does not apply to timberland. Site improvements, such as roads and utilities, that become taxable after the loss of the speculative value exemption are not to be added to the base value. For example, if, in addition to the fifty thousand dollars (\$50,000) current taxable value of the undeveloped land, site improvements valued at twenty-five thousand dollars (\$25,000) are added, the amount reflected in the base value remains fifty thousand dollars (\$50,000), and the additional twenty-five thousand dollars (\$25,000) is added to the increment value. In addition, this example applies only to land that loses the speculative value exemption as a result of changes occurring in 2010 or later and first affecting taxable values in 2011 or later. Parcels that lost speculative value exemptions prior to 2010 had base value adjustments as described in Subsection 804.02.d.iii. of this rule. (3-29-12)

iii. Partially exempt parcels other than those losing the speculative value exemption. When a partially exempt parcel, other than one subject to the speculative value exemption that applies to farmland, within the RAA becomes fully taxable, the base value of the RAA shall be adjusted upwards by the difference between the value that would have been assessed had the parcel been fully taxable in the year the RAA was established and the taxable value of the parcel included in the base value of the RAA. For example, assume a residential parcel within an RAA had a market value of one hundred thousand dollars (\$100,000), a homeowner's exemption of fifty thousand dollars (\$50,000), and a taxable value of fifty thousand dollars (\$50,000) in the year the RAA base value was established. After five (5) years, this parcel is no longer used for owner-occupied residential purposes and loses its partial exemption. At that time the parcel has a taxable value of one hundred eighty thousand dollars (\$180,000). The base value within the RAA would be adjusted upwards by fifty thousand dollars (\$50,000) to one hundred thousand (\$100,000) to reflect the loss of the homeowner's exemption, but not any other value increases.

(3-29-12)

iv. Partially exempt properties for which the amount of the partial exemption changes. For partially exempt properties that do not lose an exemption, but for which the amount of the exemption changes, there shall be no adjustment to the base value, unless the current

taxable value is less than the most recent base value for the property. For example, assume a home has a market value of two hundred thousand dollars (\$200,000) and a homeowner's exemption of one hundred thousand dollars (\$100,000), leaving a taxable value of one hundred thousand dollars (\$100,000), all of which is base value. The following year the homeowner's exemption limit changes to ninety thousand dollars (\$90,000), so the property's taxable value increases to one hundred ten thousand dollars (\$110,000). The base value remains at one hundred thousand dollars (\$100,000). Alternatively, assume the property in the preceding example increases in market value to two hundred twenty thousand dollars (\$220,000) and the homeowner's exemption drops to ninety thousand dollars (\$90,000) because of the change in the maximum amount of this exemption. The base value remains at one hundred thousand dollars (\$100,000). Finally, assume the property decreases in value to one hundred eighty-eight thousand dollars (\$188,000) at the same time the homeowner's exemption limit changes to ninety thousand dollars (\$90,000). The property now has a taxable value of ninety-eight thousand dollars (\$98,000), requiring an adjustment in the base value to match this amount, since it is lower than the original base value of one hundred thousand dollars (\$100,000). (3-29-12)

v. Change of exempt status. When a parcel that is taxable and included in the base value at the time the RAA is established subsequently becomes exempt, the base value is reduced by the most current value of the parcel included in the base value. If this parcel subsequently becomes taxable, the base value is to be adjusted upward by the same amount that was originally subtracted. For example, assume a land parcel had a base value of twenty thousand dollars (\$20,000). One (1) year later the parcel has a value of nineteen thousand dollars (\$19,000), so the base value is reduced to nineteen thousand dollars (\$19,000). Three (3) years later, an improvement valued at one hundred thousand dollars (\$100,000) was added. The land at this later date had a value of thirty thousand dollars (\$30,000). Both land and improvements were purchased by an exempt entity. The base would be reduced by nineteen thousand dollars (\$19,000). Five (5) years later, the land and improvement becomes taxable. The base value is to be adjusted upwards by nineteen thousand dollars (\$19,000). (4-11-15)

e. Adjustments to base values when property is removed. Base values are to be adjusted downward for real, personal, and operating property removed from the RAA. Property shall be considered removed only under the conditions described in the following subsections. (4-5-00)

i. For real property, all of the improvement is physically removed from the RAA, provided that there is no replacement of said improvement during the year the original improvement was removed. If said improvement is replaced during the year of removal, the reduction in base value will be calculated by subtracting the value of the new improvement from the current base value of the original improvement, provided that such reduction is not less than zero (0). (4-5-00)

ii. For personal property, all of the personal property associated with one (1) parcel is physically removed from the RAA or any of the personal property associated with a parcel becomes exempt. In the case of exemption applying to personal property, the downward adjustment will first be applied to the increment value and then, if the remaining taxable value of the parcel is less than the most current base value, to the base value. Assume, for example that a

parcel consists entirely of personal property with a base value of twenty thousand dollars (\$20,000) and an increment value of ninety thousand dollars (\$90,000). The next year the property receives a one hundred thousand (\$100,000) personal property exemption. The increment value is reduced to zero and the base value is reduced to ten thousand dollars (\$10,000). (4-11-15)

iii. For operating property, any of the property under a given ownership is removed from the RAA. (4-5-00)

f. Adjustments to base value for annexation. When property is annexed into an RAA, the base value in the RAA shall be adjusted upwards to reflect the value of the annexed property as of January 1 of the year in which the annexation takes effect. As an example, assume that parcels with current taxable value of one million dollars (\$1,000,000) are annexed into an RAA with an existing base value of two million dollars (\$2,000,000). The base value of the RAA is adjusted upwards to three million dollars (\$3,000,000). (4-11-15)

g. Adjustments to increment values. In addition to the adjustment illustrated in subsection (02)(e)(ii) of this rule, decreases in total parcel value below the initial base value decrease the base value for the parcel. This leads to greater increment value if the parcel increases in value in future years. For example, if a parcel with a initial base value of one hundred thousand dollars (\$100,000) decreases in value to ninety-five thousand dollars (\$95,000), but later increases to ninety-eight thousand dollars (\$98,000), an increment value of three thousand dollars (\$3,000) is generated. If the same parcel increases in value to one hundred two thousand dollars (\$102,000) after the decrease to ninety-five thousand dollars (\$95,000), the increment value would be seven thousand dollars (\$7,000). (4-11-15)

h. Apportioning operating property values. For operating property, the original base value shall be apportioned to the RAA on the same basis as is used to apportion operating property to taxing districts and units. The operating property base value shall be adjusted as required under Section 50-2903, Idaho Code. (4-5-00)

03. Levy Computation for Taxing Districts Encompassing RAAs Within Urban Renewal Districts. Beginning in 2008, levies shall be computed in one (1) of two (2) ways as follows: (5-8-09)

a. For taxing district or taxing unit funds other than those meeting the criteria listed in Subsection 804.05 of this rule, the property tax levy shall be computed by dividing the dollar amount certified for the property tax portion of the budget of the fund by the market value for assessment purposes of all taxable property within the taxing district or unit, including the value of each parcel on the current base assessment roll (base value), but excluding the increment value. For example, if the taxable value of property within a taxing district or unit is one hundred million dollars (\$100,000,000) but fifteen million dollars (\$15,000,000) of that value is increment value, the levy of the taxing district must be computed by dividing the property tax portion of the district's or unit's budget by eighty-five million dollars (\$85,000,000). (5-8-09)

b. For taxing district or taxing unit funds meeting the criteria listed in 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

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

(4-11-15)

05. Criteria for Determining Whether Levies for Funds Are to Be Computed Using Base Value or Market Value for Assessment Purposes. Beginning in 2008, levies to be certified for taxing district or unit funds meeting the following criteria or used for any of the following purposes will be computed as described in Paragraph 804.03.b. of this rule. (5-8-09)

a. Refunds or credits pursuant to Section 63-1305, Idaho Code, and any school district judgment pursuant to Section 33-802(1), Idaho Code, provided the refunds, credits, or judgments were pursuant to actions taken no earlier than January 1, 2008; (5-8-09)

b. Voter approved overrides of the limits provided in Section 63-802, Idaho Code, provided such overrides are for a period not to exceed two (2) years and were passed after December 31, 2007, or earlier as provided in the criteria found in Paragraph 804.05.e.; (5-8-09)

c. Voter approved bonds and plant facilities reserve funds passed after December 31, 2007, or earlier as provided in the criteria found in Paragraph 804.05.e.; (5-8-09)

d. Voter approved school or charter school district temporary supplemental maintenance and operation levies passed after December 31, 2007; or (3-29-10)

e. Levies described in Paragraphs 804.05.b., c., or d. approved prior to December 31, 2007, and included within the boundaries of a revenue allocation area by a change in the boundaries of either the revenue allocation area or the area subject to the levy by the taxing district or unit fund after December 31, 2007; (3-29-10)

f. Levies authorized by Section 33-317A, Idaho Code, known as the cooperative service agency school plant facility levy. (3-29-10)

g. Levies authorized by Section 33-909, Idaho Code, known as the state-authorized

plant facility levy.

(4-11-15)

h. Levies authorized by Section 33-805, Idaho Code, known as school emergency fund levies. (7-1-15)T

06. Cross Reference. The county auditor shall certify the full market value by taxing district as specified in Rule 995 of these rules. (4-2-0

Ref: Rule 804(02)(e)(i)

Possible example - a. adjusting the base in an RAA when real property is removed and replaced in the same year

- Improvement value \$100,000 – all base
 - Removed in 2015
 - Replaced in 2015 – new improvement value \$80,000
 - 2015 base = \$100,000
 - 2016 base = \$100,000 - \$80,000 = \$20,000 which is then subtracted from the 2015 base; the new base is \$80,000
 - Replaced in 2015 – new improvement value \$150,000
 - 2015 base = \$100,000
 - 2016 base = \$100,000 - \$150,000 = -\$50,000
 - Since answer is less than \$0, there is no reduction to the base, which remains at \$100,000

Possible example - b. adjusting the base in an RAA when real property is removed but not replaced until the next year

- Improvement value \$100,000 – all base
 - Removed in 2015, replaced in 2016
 - 2015 base is \$100,000
 - 2016 base is \$0
 - 2017 base is \$0 and all value of new improvement becomes increment

Change date in Subsection 02 to February 15. I. C. 63-810 was changed by HB 205 (2013)

809. CORRECTION OF ERRONEOUS LEVY (RULE 809).

Sections 63-809 and 63-810, Idaho Code

01. Errors Discovered by the Fourth Monday in October. When the State Tax Commission receives by the fourth Monday in October from a board of county commissioners notice of corrections for unintentional clerical, mathematical, or electronic errors under Section 63-810, Idaho Code, the State Tax Commission shall make the corrections to any approved levies by the fourth Monday in October. (4-2-08)

02. Errors Discovered After the Fourth Monday in October. When the State Tax Commission receives after the fourth Monday in October and prior to the following ~~January 30~~ February 15 notices of corrections for any unintentional errors, as referenced in Subsection 809.01 of this rule, the State Tax Commission shall make the corrections and approve the appropriate corrected levies within one (1) week. (~~4-2-08~~)()

03. Cross Reference. For information on reporting of corrections for unintentional clerical, mathematical, or electronic errors, see Sections 63-809 and 63-810, Idaho Code, and Rule 509 of these rules. (4-2-08)