

M E M O R A N D U M

February 9, 2012

TO: County Assessors

FROM: Rick Anderson, Property Tax Policy Specialist; amended to delete obsolete section May 14, 2020 – Alan Dornfest

Subject: Idaho Housing and Finance Association and Property Taxes

There has been a distinction drawn between properties that are merely exempt from taxations by virtue of an exemption statute and those properties that are immune from taxation because they are owned by the government. In the case of government property, property taxes never attach to the property.

The Idaho Housing and Finance Association (IHFA) does not qualify for property tax immunity under I.C. Section 63-602A because IHFA is not a government agency. However I.C. Section 67-6208 does provide a property tax exemption, not on IHFA's office property but on IHFA's other property. This exemption may be contingent on the association having negotiated ".....an agreement with the city, the county....to make payments, if any be required...."

Even though I.C. 67-6208 provides a special exemption this does not mean the property taxes existing on the property before IHFA came into title have been expunged. The back taxes are still owed; the property tax lien on the property survives.

This can be contrasted with what happens when the government acquires property. When property is acquired by the government the property becomes immediately immune and all existing taxes are expunged. The back taxes are no longer owed and there is no longer a lien on the property. The existing taxes would only be paid if the government voluntarily decides to pay.

If IHFA or any other exempt entity owned the property on Jan 1 and sold the property during the year to a taxable entity, the exemption would not endure for the entire year. The property would become taxable immediately upon transfer and taxes would be assessed according to the proration schedule found in I.C. Section 63-602Y.

If a taxable entity sold the property to a non-government exempt entity on Jan 2<sup>nd</sup> the property taxes would attach to the property for the entire year of sale.