

MEMO

DATE: March 31, 2022

TO: All County Assessors, Clerks, and Treasurers

FROM: Kathlynn Ireland, Property Tax Specialist

SUBJECT: Documenting Increased Personal Property Exemption – HBs 389 and 565

This note is a reminder of the assessment and exemption changes to the personal property exemption as provided in HB 389 and HB 565, effective January 1, 2022.

Personal Property Exemption up to \$250,000: Personal property is exempt up to a limit of \$250,000 per taxpayer per county. This replaces the previous \$100,000 exemption limit, but works the same way.

It is very important that for 2022, any new exempt amount of value above \$100,000 needs to be tracked by parcel and by taxing district. The additional exempt amount needs to be tracked on the county abstract so that property tax levies are calculated using values including the newly exempted amount and additional replacement money can be calculated in November, 2022 to be paid to counties in December, 2022. Thereafter, pro-rata shares will be paid by counties to taxing districts, beginning in January, 2023.

Taxpayers were required to file declarations as they normally did if they had personal property exceeding \$100,000 in 2022. Starting in 2023, declarations will only be required if a company's personal property value exceeds \$250,000.

Transient Personal Property Exempt from Taxation: The value of exempt transient personal property should not be listed on the county abstract. The exemption of transient personal property does not qualify for additional replacement dollars.

Please note that all three of the following tests used for the determination of transient personal property must be met to qualify for the exemption. The three tests as found in section 63-602KK (2)(d) state, "any locally assessed personal property is exempt from taxation if it is:

- i. Self-propelled, self-powered, or pull-type equipment and machinery; - **And**
- ii. Primarily employed for the use of construction, logging, or mining of salable minerals as defined in section 47-701A, Idaho Code; - **And**
- iii. Designed to travel to various job sites."