

## CHAPTER 14

### TAX ADMINISTRATION

The tax administration process in county government starts in the office of the county assessor where values are determined on property for tax purposes. The major tasks are to achieve market value less statutory exemptions for different types of property and to achieve equity within the same class of property and between the different classes of property. Property taxes are determined by the taxable value of the property and the budgets of the taxing districts. Real and personal property must be defined and located before it can be taxed. Real property is immovable and includes land, buildings, and permanent improvements. Personal property is generally movable, consisting of tangibles such as machinery, equipment and manufactured homes. However, manufactured homes are considered real property if the running gear is removed and the owner provides a statement of intent that the manufactured home is real property (63-304).

#### MARKET VALUE AND ASSESSED VALUE

The assessor estimates the market value of property for assessment purposes. The law does not give the assessor much guidance as to how to determine market value but assessors should use the recognized market, cost, and income approaches to determine value (63-208).

Assessed value is market value except where specified exemptions exist. Assessors may find useful guidance in establishing market values from the publications of the International Association of Assessing Officers, the American Appraisal Institute, the Society of Real Estate Appraisers and the State Tax Commission.

#### CLASSIFICATION OF PROPERTY

Idaho law provides three classifications of property (63-204):

- Class 1 - Real property
- Class 2 - Personal property
- Class 3 - Operating property

These large classifications are broken down into smaller categories for administrative purposes.

#### **Real Property**

Real property for the purpose of taxation is defined to include: land and all rights and privileges thereto belonging or any way appertaining, all quarries and fossils in and under the land, and 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, improvements and all standing timber thereon, including standing timber owned separately from the ownership of the land upon

which the same may stand, except as modified in chapter 17, title 63, Idaho Code.

The definition of forest land and the taxation of forest lands and forest products is described in Chapter 17, Title 63, *Idaho Code*.

All rights and privileges in connection with real property are taxable. This includes "all quarries and fossils in and under the land, and all other property which the law defines, or the courts may interpret to be real property for the purpose of taxation" (63-201(18)).

### **Personal Property**

For the purpose of taxation, personal property is defined as everything that is the subject of ownership and that is not included within the term "real property." Almost everything that is not fastened to the earth, or screwed, bolted or welded to the wall or floor is classified as personal property. Buildings on public lands or railroad rights-of-way owned separately from the rights-of-way are also assessed as personal property (63-309).

### **Operating Property**

Operating property includes real and personal property operated in connection with any public utility, railroad or private railcar fleet, wholly or partly within this state, and which property is necessary to the maintenance and operation of the public utility, railroad or private railcar fleet, and the roads or lines thereof, and includes all rights-of-way accompanied by title; roadbeds; tracks; pipelines; bargelines; equipment and docks; terminals; rolling stock; equipment; power stations; power sites; lands; reservoirs, generating plants, transmission lines, distribution lines and substations; and all title and interest in such property, as owner, lessee or otherwise. The term includes electrical generation plants under construction, whether or not owned by or operated in connection with any public utility. For the purpose of the appraisal, assessment and taxation of operating property, pursuant to chapter 4, title 63, Idaho Code, the value of intangible personal property shall be excluded from the taxable value of operating property in accordance with the provisions of section 63-602L. Operating property is assessed by the state tax commission (63-401) except land or buildings rented by a company or corporation as a lessee used or in connection with the lessee's business is assessed by the county assessor. The break-up of the telephone system after divestiture left some telephone property to be locally assessed.

The non-operating property of these businesses is assessed by the county assessor. This property is not reasonably necessary for the maintenance and successful operation of such public utility or railroad and includes vacant lots, parcels of land, and lots and tracts with buildings thereon not used in the operation of the public utility or railroad. It also includes tenement and resident property (except section houses), hotels and eating houses not situated adjacent to the main track of the railroad (63-402).

## **LAND DESCRIPTION AND OWNERSHIP**

Parcel mapping and ownership tracking are two major assessor responsibilities. Assessors need accurate maps of real property to determine area and value, and to help appraisers locate parcels in the field. Assessors also need current and accurate information on property ownership, so the correct person receives the assessment notice and the tax bill.

The primary platting/ownership laws are 63-209 and 63-307. Secondary sections include 63-210, 63-215 and 50-1301 - 1334. State tax commission rules augment these laws. "The Idaho Assessors' Guide to Plat Mapping," distributed by the state tax commission, contains vital information. The tax commission also has a state mapping coordinator who provides technical assistance and training on mapping, deed processing, and aerial photograph acquisition, interpretation and use.

The assessor must maintain "full, accurate, and complete" maps of all privately owned land (63-209). Accuracy for parcel mapping is defined in sections 55-1911 and 50-1303, Idaho Code. Idaho land is described in four ways. The first is by township, range, and section. Townships are areas approximately six by six miles square. They are numbered by townships north or south of the "initial point" (near Kuna), and by ranges east or west of that point. Townships are divided into 36 sections, which are approximately one mile square (640 acres). Sections are broken down into quarters and quarter-quarters. A quarter-quarter section has about 40 acres and is frequently called a "forty." A typical township and range description is: "the northwest quarter of the southeast quarter of Section 27, Township 14 North, Range 5 East Boise Meridian, Idaho."

The second description is by subdivision, block, and lot ("lot and block"). Subdivisions are surveyed and established under sections 50-1301 through 50-1333. They are divided up into blocks, which are further divided into lots. The original townsite of most Idaho cities had rectangular, regular blocks and lots. Newer subdivisions commonly have curving, irregular lots. A typical lot-and-block description is: "Lot 7, Block 3, Valley View Acres Subdivision, Canyon County, Idaho." Section 50-1302 explicitly allows for the use of lot and block descriptions for the purpose of taxation.

The third description is by metes and bounds. These descriptions use bearings, distances, and calls to natural and artificial monuments (a monument can be a creek, ridge, river, road, or stone or brass cap marking a location). A typical metes and bounds description has six parts: 1) a township and range reference; 2) a starting monument; 3) directions from that monument to the parcel's "point of beginning" (POB); 4) the actual metes and bounds that start at the POB, work their way around the parcel's exterior, and end up at the POB again; 5) the area of the parcel; and 6) and exclusions or qualifiers. A typical metes and bounds description is:

A portion of the northwest quarter of Section 32, T 42 N, R 5 W Boise Meridian, Idaho, more particularly described as:

Commencing at the northwest corner of said Section 32, thence N89 43'56"E

422.24 feet to the Point of Beginning;

thence N89 43'56"E 112.78 feet along the north line of Section 32;

thence S2 14'W 202.45 feet;

thence S89 43'56"W 114.23 feet; thence N3 34'27"E 204.36 feet to the Point of Beginning, containing .54 acres more or less, and excluding a 30 foot right of way for

John Smith's property.

Section 63-210(1) gives the assessor the authority to simplify long descriptions into a "tax number." These numbers are simple conveniences to link metes and bounds descriptions with a number on the assessment notice and tax bill. A copy of all tax numbers is to be recorded (63-210).

Fourth are specialized metes and bounds descriptions used for unique areas, which were assigned numbers by the General Land Office (GLO) or Bureau of Land Management (BLM). Patented mineral surveys are referred to as "MS 2443," or as "Lot 43 in the Vienna Mining District." "Homestead Entry Surveys" are referred to as "HES 2402." Reserved mineral rights should be tracked and assessed at market value.

Section 63-209 tells the assessor what sources to use for property mapping. For township-and-range land, the assessor should base maps on surveys by the GLO or the BLM. For lot-and-block and metes-and-bounds parcels, the assessor should base the maps on official records.

There are two potential problems in mapping. Many older GLO and BLM surveys are not very accurate. When surveys are recorded under sections 55-1901 through 55-1911 and 31-2709, and they show complete section exteriors, assessors should use that information. Also, some metes and bounds descriptions are not accurate. Serious faults include overlaps with adjoining properties, gaps (areas with uncertain ownership), descriptions that don't close (return to the POB), and such poor information that the description cannot be platted or the area accurately calculated. Accuracy for parcel mapping is defined in Sections 50-1303 and 55-1911, *Idaho Code*.

If a parcel's description is "not sufficiently certain and accurate for purposes of assessment," the assessor can notify the recorder to order a survey of that property, at the owner's expense. The assessor may use this powerful tool when: 1) mappers cannot plat the boundaries; 2) appraisers cannot locate the parcel; 3) mappers cannot determine the acreage; 4) every effort has been made to persuade the owner to correct the defect; and 5) county commissioners have been duly informed about the problem (63-210(2)).

Tax commission rules require the assessor to assign each parcel a uniform 12 digit number (63-209). Typical parcel numbers are: 1) "22N04W182240," meaning a parcel in the northeast quarter of Section 18, T22 N. R 4 W; and 2) "C4800003012A," meaning a parcel in City "C," in subdivision #4800, in Block 3, Lot 12. IDAPA 35.01.03.219 (Property Tax Rule 219) describes how to write parcel numbers for all types of parcels.

The second phase of the assessor's mapping work is identification of ownership. The assessor is required to "indicate the true and current ownership of the property," based on information in the recorder's office (63-307). Recorded deeds may contain errors. These vary from typographical errors, to deeds that unintentionally include or exclude property to deeds where the person granting the property is not the owner of record.

Further, many property transfers are not recorded. The assessor may find out about such transfers when one party asks why they are or are not receiving the assessment notice, but many transfers are

not discovered until the escrow is satisfied, and a deed is recorded. Sections 63-212 and 63-307 allow the names of agents, heirs, guardians, claimants, and contract purchasers to be inserted with the record owner's name. Contract purchasers must submit copies of their deeds, contracts, or other muniment of title to effect this change.

The assessor must work with many parties to solve as many ownership related problems as possible, so that county records are complete, current and accurate. Some problems simply cannot be corrected by assessor action. In such cases the assessor should put the names of all persons who may have an interest in a property on the roll (63-212), send each a copy of the assessment notice, and provide the treasurer with those names for mailing tax bills.

Assessors need aerial photos to locate property, guide appraisers, and determine land values in agricultural areas. Assessors should use the "most current" aerial photographs, which are usually obtained from the Farm Services Agency or the Aerial Photogrammetric Center in Salt lake City, Utah, where the aerial photographs taken by government agencies, back to 1972, are filed..

For use in agricultural appraisal, assessors first draft parcel boundaries on aerial photos. Then they transfer soil survey or land capability information to the aerials. Finally, they use a planimeter to measure the quantity of each class of land in each parcel. Be careful when calculating acreages from aerial photographs because scale variations will result from changes in elevation. Soil Conservation Service or locally generated productivity information may be used to determine values.

## IMPROVEMENTS ON REAL PROPERTY

The term "improvement" misleads many taxpayers. When they get their tax statement and a tax amount is allocated to "improvements", they immediately react by saying "I haven't made any improvements this year!" "Improvement" means all buildings, structures, manufactured homes, as defined in section 39-4105(8), Idaho Code, mobile homes as defined in section 39-4105(9), Idaho Code, and modular buildings, as defined in section 39-4301(7), Idaho Code, erected upon or affixed to land, fences, water ditches constructed for mining, manufacturing or irrigation purposes, fixtures, and floating homes, 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. The term "improvements" also includes all fruit, nut-bearing and ornamental trees or vines not of natural growth, growing upon the land, except nursery stock. They are usually satisfied when they learn that the term is used in tax administration to mean anything that is added to land that increases its value apart from the land value itself.

Appraisal of improvements is made when buildings are newly constructed, and work sheets are made out and filed in the assessor's office. Inspections of all the buildings in the county are made, along with reappraisal programs and any changes are indicated on the building sheets. Other details of the property assessment are described in Chapter 5. All property is to be physically appraised at least every five years and indexed annually.

## EQUALIZATION BY CATEGORY - IDENTIFICATION AND REAPPRAISAL

The major categories of property assessed for property tax purposes are from the "State Tax Commission Rules 510 (Secondary Categories for Land), 511 (Secondary Categories for Improvements) and 512 (Secondary Categories other than Land or Improvements) and are listed below by CATEGORY:

### **Secondary Categories for Land (Rule 510):**

- 510.01 Irrigated Agricultural Land (Category 1). Irrigated land capable of and normally producing harvestable crops.
- 510.02 Irrigated Grazing Land (Category 2). Irrigated land used for grazing and not normally capable of producing harvestable crops.
- 510.03 Non-irrigated Agricultural Land (Category 3). Land capable of and normally producing harvestable crops without man-made irrigation.
- 510.04 Meadow Land (Category 4). Land capable of lush production of grass.
- 510.05 Dry Grazing Land (Category 5). Land capable of supporting grasses and browse, but incapable of supporting crops on regular rotation.
- 510.06 Productivity Forestland (Category 6). Forestland assessed under the productivity option.
- 510.07 Bare Forestland (Category 7). Forestland assessed as bare land with the yield tax option.
- 510.09 Patented Mineral Land (Category 9). Land used solely for mines or mining claims.
- 510.10 Homesite Land (Category 10). Land being utilized for homesites on categories 1 through 9.
- 510.11 Recreational Land (Category 11). Land used in conjunction with recreation but not individual homesites.
  - a. *Vacant Recreational Land*. Vacant rural land used for recreational purposes but not individual homesites.
  - b. *Improved Recreational Land*. Rural land with improvements, including exempt improvements, used for recreational purposes on that land but not individual homesites.
- 510.12 Rural Residential Tracts (Category 12). Rural residential land not in a properly recorded subdivision.
  - a. *Vacant Rural Residential Tracts*. Vacant rural land used for residential purposes.
  - b. *Improved Rural Residential Tracts*. Rural land with improvements, including exempt improvements, used for residential purposes on that land.
- 510.13 Rural Commercial Tracts (Category 13). Rural commercial land not in a properly recorded subdivision.
  - a. *Vacant Rural Commercial Tracts*. Vacant rural land used for commercial purposes.
  - b. *Improved Rural Commercial Tracts*. Rural land with improvements, including exempt improvements, used for commercial purposes on that land.
- 510.14 Rural Industrial Tracts (Category 14). Rural industrial land not in a properly recorded subdivision.

- a. *Vacant Rural Industrial Tracts*. Vacant rural land used for industrial purposes.
  - b. *Improved Rural Industrial Tracts*. Rural land with improvements, including exempt improvements, used for industrial purposes on that land.
- 510.15 Rural Residential Subdivisions (Category 15). Rural residential land in a properly recorded subdivision.
- a. *Vacant Rural Residential Subdivisions*. Vacant rural land used for residential purposes.
  - b. *Improved Rural Residential Subdivisions*. Rural land with improvements, including exempt improvements, used for residential purposes on that land.
- 510.16 Rural Commercial Subdivisions (Category 16). Rural commercial land in a properly recorded subdivision.
- a. *Vacant Rural Commercial Subdivisions*. Vacant rural land used for commercial purposes.
  - b. *Improved Rural Commercial Subdivisions*. Rural land with improvements, including exempt improvements, used for commercial purposes on that land.
- 510.17 Rural Industrial Subdivisions (Category 17). Rural industrial land in a properly recorded subdivision.
- a. *Vacant Rural Industrial Subdivisions*. Vacant rural land used for industrial purposes.
  - b. *Improved Rural Industrial Subdivisions*. Rural land with improvements, including exempt improvements, used for industrial purposes on that land.
- 510.18 Other Land (Category 18). Land not compatible with other rural categories.
- a. *Vacant Other Land*. Vacant land not compatible with other secondary categories.
  - b. *Improved Other Land*. Land with improvements, including exempt improvements, on that land but not compatible with other secondary categories.
- 510.19 Waste (Category 19). Public rights-of-way including roads, ditches, and canals. Use this category to account for total acres of land ownership. Only list acres in this category on the abstract.
- 510.20 Residential Lots or Acreage . (Category 20) Land inside city limits zoned residential.
- a. *Vacant Residential Lots Or Acreages*. Vacant land used for residential purposes.
  - b. *Improved Residential Lots Or Acreages*. Land with improvements, including exempt improvements, used for residential purposes.
- 510.21 Commercial Lots or Acreage (Category 21). Land inside city limits zoned commercial.
- a. *Vacant Commercial Lots Or Acreages*. Vacant land used for commercial purposes.
  - b. *Improved Commercial Lots Or Acreages*. Land with improvements, including exempt improvements, used for commercial purposes.
- 510.22 Industrial Lots or Acreage . (Category 22) Land inside city limits zoned industrial.
- a. *Vacant Industrial Lots Or Acreages*. Vacant land used for industrial purposes.
  - b. *Improved Industrial Lots Or Acreages*. Land with improvements, including exempt improvements, used for industrial purposes.
- 510.23 Common Area Vacant Land (Category 25). Common area vacant land not included in individual property assessments.

- 510.24 Utility System Vacant Land (Category 45). Vacant land used for locally assessed utility systems not under the jurisdiction of the State Tax Commission for appraisal.
- 510.25 Equities In Vacant Land Purchased From the State (Category 57). For identification purposes under Section 63-211, Idaho Code, vacant land purchased from the state under contract.
- 510.26 Exempt Land (Category 81). Category 81 is for county use to keep an inventory, including acreage, of exempt land.

**Secondary Categories for Improvements (Rule 511):**

- 511.01 Common Area Land and Improvements (Category 25). Common area land and improvements on that land.
- 511.02 Residential Condominiums, (Category 26). Land and improvements included in individual assessments of condominiums and townhouses and used for residential purposes.
- 511.03 Commercial or Industrial Condominiums (Category 27). Land and improvements included in individual assessments of condominiums and used for commercial or industrial purposes.
- 511.04. Improvements (Category 30). Other than residential, located on category 20.
- 511.05 Improvements (Category 31). Residential improvements located on category 10.
- 511.06 Improvements (Category 32). Other than residential, located on categories 1 through 12 and 15.
- 511.07 Improvements (Category 33). Located on category 11.
- 511.08 Improvements (Category 34). Residential in nature, located on category 12.
- 511.09 Improvements (Category 35). Commercial in nature, located on category 13.
- 511.10 Improvements(Category 36). Industrial in nature, located on category 14.
- 511.11 Improvements(Category 37). Residential in nature, located on category 15.
- 511.12 Improvements (Category 38). Commercial in nature, located on category 16.
- 511.13 Improvements (Category 39). Industrial in nature, located on category 17.
- 511.14 Improvements (Category 40). Located on category 18.
- 511.15 Improvements (Category 41). Residential in nature, located on category 20.
- 511.16. Improvements (Category 42). Commercial in nature, located on category 21.
- 511.17 Improvements (Category 43). Industrial in nature, located on category 22.
- 511.18 Improvements (Category 44). Taxable improvements located on otherwise exempt property under the same ownership.
- 511.19 Utility Systems (Category 45). Locally assessed utility systems not under the jurisdiction of the Commission.
- 511.20 Manufactured Housing (Category 46). Structures transportable in one or more sections, built on a permanent chassis, for use with or without permanent foundation.
- 511.21 Improvements to Manufactured Housing (Category 47). Additions not typically moved with manufactured housing.
- 511.22 Manufactured Housing (Category 48). Manufactured housing on which a statement of intent to declare as real property is in effect.
- 511.23 Manufactured Housing (Category 49). Manufactured housing permanently affixed to leased land and on which a statement of intent to declare as real property has been filed and is in effect.

- 511.24 Residential Improvements on Leased Land (Category 50). Improvements used for residential purposes and located on leased land, including railroad rights-of-way under separate ownership, exempt land under separate ownership, or any other land under different ownership than the improvements.
- 511.25 Commercial or Industrial Improvements on Leased Land (Category 51). Improvements used for commercial or industrial purposes and located on leased land, including railroad rights-of-way under separate ownership.
- 511.26 Equities in Land with Improvements Purchase from the State (Category 57). Property purchased from the state of Idaho under contract.
- 511.30 Manufactured Housing (Category 65). Manufactured housing not considered real property located on exempt, rented or leased land.
- 511.31 Recreation Vehicles (Category 69). Unlicensed recreational vehicles.
- 511.32 Exempt Property (Category 81). For county use in keeping an inventory, including acreage, of exempt real and personal property.

**Secondary Categories other than Land or Improvements (Rule 512):**

- 512.01 Utility System Personal Property (Category 45). Personal property that is part of locally assessed utility systems not under the jurisdiction of the State Tax Commission for appraisal.
- 512.02. Boats or Aircraft (Category 55). Includes only unlicensed watercraft or unregistered aircraft.
- 512.03 Construction Machinery, Tools and Equipment (Category 56). Unlicensed equipment such as cranes, tractors, scrapers and rock crushers used in the building trade or road construction.
- 512.04 Equities in Personal Property Purchased from the State (Category 57). Property purchased from the state of Idaho under contract.
- 512.05 Furniture, Fixtures, Libraries, Art, and Coin Collections (Category 59). Trade articles used commercially for convenience, decoration, service, storage, including store counters, display racks, typewriters, office machines, surgical and scientific instruments, paintings, books, coin collections, and all such items held for rent or lease.
- 512.06 Logging Machinery, Tools and Equipment (Category 63). Unlicensed logging machinery, shop tools and equipment not assessed as real property.
- 512.07 Mining Machinery, Tools and Equipment (Category 64). Unlicensed mining machinery, shop tools, and equipment not assessed as real property.
- 512.08 Net Profits of Mines (Category 66). That amount of money or its equivalent received from the sale or trade of metals or minerals extracted from the earth after the deduction of allowable expenses as defined in 63-2802 or Commission rule.
- 512.09 Operating Property (Category 67). Property assessed by the Tax Commission.
- 512.10 Other Miscellaneous Machinery, Tools and Equipment (Category 68). Unlicensed machinery, tools and equipment not used in construction, logging or mining or not used extensively in agriculture.
- 512.11 Reservations and Easements (Category 70). Reservations including reserved mineral rights, which divide ownership of property rights. Easements convey use but not ownership.

- 512.12 Signs and Signboards (Category 71). Signs and sign boards, sign bases and supports.
- 512.13 Tanks, Cylinders, Vessels (Category 72). Containers.
- 512.14 Exempt Property, Other Than Land or Improvements (Category 81). Category 81 is for county use to keep an inventory of exempt property other than land or improvements.

Other personal property which is taxed includes unregistered vehicles (49-401 and 63-602J).

## STATE TAX COMMISSION FUNCTION INCLUDING ASSESSMENT OF RAILROADS AND PUBLIC UTILITIES

The state tax commission supervises property taxation, and has official contacts with all county officials who are involved in the taxation process (63-105A). The only phase of the taxation process that it does on its own, without county participation, is the assessment of the operating property of railroads and public utilities (63-401). These assessments are reported back to the counties (63-410) where they are entered on the county property rolls by the county auditor (63-508).

The state tax commission has the power to require the attendance of assessors for educational and training sessions at any time and place designated. The cost of assessor's attendance is a legal claim against their counties (63-105A). The tax commission is authorized, empowered, and directed to promulgate rules for the implementation of the county reassessment program and to provide assessors and county commissioners with supervision and technical assistance through courses, tests, and manuals.

The state tax commission concludes the final state equalization of assessment rolls in August (63-110), after the county commissioners in Idaho's 44 counties have completed their function of county equalization (63-501; 63-504). Equalization standards and procedures are found in Rules 130 and 131.

## PROPERTY TAX ASSESSMENT ROLLS

The assessor is responsible for three property tax assessment rolls during the year. The three property tax assessment rolls are "property roll," "subsequent property roll," and "missed property roll." These assessment rolls are prepared by the assessor at various times of the year to handle different situations relating to the status and situs of certain types of property. The value of the property placed on all property tax assessment rolls should reflect the market value for assessment purposes of the property, as of January 1 of each year, using recognized appraisal methods and techniques (63-205, 63-208 & 63-301).

### **The Property Roll**

The assessor must complete the "property roll" between the first day of January and the fourth

Monday in June of each year. The "property roll" should include all real and personal property in the county assessable by the county assessor (63-301). All manufactured homes, known by the assessor to be in the county and not specifically exempt, are also to be placed on the "property roll" (63-303). All taxable improvements on lands, exempt from taxation, or on railroad rights-of-way, owned separately from the ownership of the rights-of-way, or possessory interests in improvements on lands, exempt from taxation, are also to be assessed on the "property roll" (63-309).

Valuation assessment notices are prepared by the assessor and mailed to property owners at various times during the year. The assessor must deliver or mail a valuation assessment notice to the owner, or agent, by the first Monday in June. This notice must inform the owner, or agent, of the meetings of the board of equalization, the value placed on the property and rights of appeal. The notice will show the value of the land and improvements, as separate line items, and a total taxable value. A notice of any changes or corrections from the information on the original valuation assessment notice shall be immediately delivered or mailed to the owner, or agent, by the assessor (63-308).

The assessor must complete and deliver the "property roll" to the clerk (auditor) of the board of county commissioners, with all forms for claims and exemptions on or before the fourth Monday in June (63-310). The assessor takes the roll to the clerk at this time and completes an affidavit stating that he/she has completed the roll to the best of his/her abilities as required by Idaho Code sections 63-207(1), 63-1402(1)(b) and 63-1402(2)(a) (63-312). The roll and claims for exemptions remain in the office of the clerk for the inspection of all interested persons until the second Monday of July (63-310). During this time, the board of county commissioners, acting in their capacity as the county board of equalization, equalizes the "property roll" (See the section entitled "County Board of Equalization" for information on equalization.).

### **The Subsequent Property Roll**

All real or personal property, not known to the assessor by the fourth Monday in June, any property omitted from the property roll, or any personal property entering the county after the completion of the "property roll" is entered on the "subsequent property roll." The assessor must complete the "subsequent property roll" by the fourth Monday in November (63-301 and 63-311). The assessor must deliver or mail a valuation assessment notice to the owner, or agent, as soon as possible, but not later than the fourth Monday in November (63-308).

Transient personal property (defined in section 63-313, *Idaho Code*) should typically be included on the "subsequent property roll." This property may be located in more than one county during the course of the year and its value should be apportioned based on the amount of time in each different location throughout the year. The apportionment of value in each county cannot be learned by the fourth Monday in June. The list of transient personal property is to be filed with the home county assessor on or before the first day of November of each year. Within ten (10) days, the assessor, receiving this list, must send a copy of this list to each assessor of each county within which any transient personal property was reported to be located. Each assessor shall place a prorated assessment on the "subsequent property roll" or the "missed property roll" for the length of time that the transient personal property was located in his/her county (63-313 and Rule 313).

If any property, real or personal, which is exempted from taxation on the first day of January shall thereafter have a changed status during the year (pursuant to section 63-602Y, Idaho Code), either by change in ownership or otherwise, in a manner that if the changed status had existed on the first day of January the property would have been taxable at that time, then the property shall be assessed in the following manner: If the status changed before the first day of April, then for its full market value for assessment purposes; if on the first day of April and before the first day of July, then for three-fourths (3/4) of its full market value for assessment purposes; if on the first day of July and before the first day of October, then for one-half (1/2) of its full market value for assessment purposes; and if the status changed on or after the first day of October, then for one-fourth (1/4) of its full market value for assessment purposes. However, if the changed status results from the leasing or rental of property normally constituting business inventory, the same shall be subject to property tax only for the period it is so leased or rented and upon its return to business inventory shall again be exempt. Each owner of such property shall, on the first Monday of November of each year, file with the assessor for the home county of the owner with a copy for every other county involved, a statement listing and sufficiently identifying such property, the counties where it was situated and the periods of the preceding twelve (12) calendar months during which the property was leased or rented within each county. **NOTE:** Additional information is in section 63-602Y (2-4), Idaho Code. The change in status referred to in section 63-602Y, Idaho Code, does not include non-taxable government property being transferred to private ownership. The partial year assessment of any non-transient personal property shall comply with the Idaho Supreme Court decision in Xerox Corporation v. Ada County Assessor, 101 Idaho 138, 609 P.2d 1129 (1980). When assessing all non-transient personal property, each assessor should be aware of the following quotation from this decision: "Where the county undertakes to update its initial (personal property) declarations during the course of the tax year, it cannot increase a taxpayer's tax burden to reflect the taxpayer's acquisition of non-exempt property without decreasing that tax burden to reflect the fact that property reported by the taxpayer in an earlier declaration was no longer subject to the county's ad valorem tax."

As with the "property roll," the assessor completes the "subsequent property roll" and delivers this roll to the clerk (auditor) of the board of county commissioners (63-311). The assessor completes an affidavit stating that he/she has completed the roll to the best of his/her abilities as required by Idaho Code sections 63-207(1), 63-1402(1)(b) and 63-1402(2)(a) (63-312). The roll remains in the office of the clerk for the inspection of all interested persons until the first Monday of December (63-301). The clerk holds the "subsequent property roll" from the fourth Monday in November until the board of equalization hears all properly filed appeals and equalizes this roll by the first Monday in December (63-501) (See the section entitled "County Board of Equalization" for information on equalization.).

### **The Missed Property Roll**

As the name implies, the missed property roll is for property that missed assessment during the year. All real or personal property, discovered and assessed between the fourth Monday of November and December 31, shall be assessed and entered on the "missed property roll" (63-311).

Any transient personal property, not included on the "subsequent property roll," should be placed on

the “missed property roll.” Each assessor shall place a prorated assessment on the “subsequent property roll” or the “missed property roll” for the length of time that the transient personal property was located in his/her county (63-313 and Rule 313). The assessor must deliver or mail a valuation assessment notice to the owner, or his/her agent, as soon as possible, but not later than the first Monday in January of the following year (63-308).

The assessor completes the "missed property roll" and delivers this roll to the clerk (auditor) of the board of county commissioners on the first Monday of January of the following year (63-311). When the roll is delivered, the assessor completes an affidavit stating that has completed the roll to the best of his/her abilities as required by Idaho Code sections 63-207(1), 63-1402(1)(b) and 63-1402(2)(a) (63-312). The roll remains in the office of the clerk for the inspection by all interested persons until the meeting of the county board of equalization in January of the following year (63-301). The clerk holds the "missed property roll" from the first Monday in January of the following year until the board of equalization hears all properly filed appeals and equalizes this roll during their January meeting, which cannot be before the first Monday in January (63-501)(See the section entitled "County Board of Equalization" for information on equalization.).

## COUNTY VALUATION PROGRAM

It is the duty of the county assessor to conduct a continuing program of valuation of all properties under county jurisdiction in accordance with the rules of the state tax commission (63-314). The objective of the program is that all parcels of property under the assessor's jurisdiction be appraised at current market value for assessment purposes (63-314).

The county commissioners shall furnish the assessor with such additional funds and personnel as are needed to carry out the program. They may levy a property tax not to exceed four hundredths percent (.04%) on market value for assessment purposes to pay for the program (63-314). The state tax commission is directed to promulgate rules for the implementation of the program (63-314).

In order to promote uniform assessment of property in the state of Idaho, taxable property shall be appraised or indexed annually to reflect current market value. In order to achieve this goal, all taxable property in a county shall be appraised at least once every five (5) years, except as provided in subsection (6). Beginning in 2003, or year one (1) of any five (5) year cycle not less than fifteen percent (15%) of the taxable properties in the county shall be appraised during that year; by the end of year two (2) not less than thirty-five percent (35%) of the taxable properties in the county shall have been appraised during that year and the previous year; by the end of year three (3) not less than fifty-five percent (55%) of the taxable properties in the county shall have been appraised during that year and the previous two (2) years; by the end of year four (4) not less than seventy-five percent (75%) of the taxable properties in the county shall have been appraised during that year and the previous three (3) years; and by the end of year five (5) all one hundred percent (100%) of the taxable properties within the county shall have been appraised during that year and the previous four (4) years. Annually, all taxable property, not appraised that year, shall be indexed to reflect current market value for assessment purposes using market value property transactions and results of the annual appraisal of taxable property. The county assessor shall maintain in the respective offices

sufficient records to show when each parcel or item of property was last appraised. The appraisal required by this section shall include a plan outlining the continuing valuation program. Said plan shall be submitted to the state tax commission for approval on or before the first Monday in February, 1997, and no less frequently than every fifth year thereafter. The state tax commission shall not approve any plan that fails to provide for adequate appraisal and valuation of all taxable properties in any county. (63-314 (1))

The board of county commissioners may request, in writing, that the Idaho state tax commission grant an extension of the five (5) year reappraisal deadline. The request shall set forth the reason(s) that the county is unable to complete the reappraisal process and the measures the county will undertake in order to complete the reappraisal program within the extension of time requested. In no case shall an extension exceed two (2) years. The state tax commission may approve or deny any request for an extension and shall notify the board of county commissioners of its decision in writing. The state tax commission shall not approve any extension absent a showing by the county of extraordinary circumstances. Extraordinary circumstances may include, but are not limited to, natural disasters or unforeseen circumstances that result in extreme financial hardship to the county. Circumstances not qualifying for an extension may include, but are not limited to, failure to adequately fund the county valuation program as provided by this section, malfeasance, or mismanagement by a current elected official. The state tax commission shall not grant the extension provided in this section if studies conducted by the commission indicate that any category of property affected by such extension is not assessed at market value. (63-314 (6))

## PROPERTY EXEMPTIONS

Most states have power to grant only those tax exemptions which are specifically allowed by their constitutions. Idaho is unique in giving the legislature the power to grant such exemptions as it may see fit (Article 7, Section 4). The Constitution also specifically exempts public property from taxation (Article 7, Section 4).

Among the reasons for legislatively granted exemptions are to:

1. Remove the state itself from being taxed, such as exemptions for schools, jails, and mental institutions;
2. Subsidize agencies and activities which perform a public service, even though privately owned. Examples of these are private and parochial schools, private health organizations and community hospitals;
3. Encourage certain businesses or other activities deemed desirable for the community and the state. Examples of these are church, fraternal, youth and veterans groups; agricultural organizations; and new industry;

4. Insure a minimal level of subsistence. Such exemptions are those by county commissioners for casualty loss or undue hardship.

Real and personal property may be placed on the exemption list under the state tax law if the owner cannot pay the tax because of undue hardship (63-602AA). Also, section 63-711, Idaho Code, deals with the cancellation of taxes due to hardship and casualty loss. Property taxes may be canceled by the board of county commissioner for reason of undue hardship for a specified time period. Also, the commissioners may, at their discretion, cancel taxes on property which has been damaged by an event causing casualty loss to all or a portion of the property when the event occurs after the fourth Monday of June or casualty losses for which the amount of loss cannot be determined until after the fourth Monday of June. Those who claim exemptions in this category appear before the commissioners when they sit as a board of equalization between the fourth Monday of June and the second Monday of July (63-502), or, sometimes, during the subsequent board of equalization. All such persons must give a full accounting of their financial status, under oath, and answer all questions directed to them by the commissioners who conduct the examination (63-711). A tax cancellation may be granted for taxes which have become delinquent on property on which the county has not yet taken deed, or, for second half taxes which will become delinquent on June 20 (63-711).

Other exemptions include the following:

1. Property owned by all levels of government, except when taxation is authorized (63-602A);
2. Property belonging to religious corporations or societies used exclusively for and in connection with any combination of religious, educational or recreational purposes or activities of such including any and all residences used for or in furtherance of such purposes. Additional clarification is found in section 63-602B, Idaho Code.
3. Property belonging to any fraternal, benevolent, or charitable corporation or society, and World War veteran organization buildings and memorials, except when used for commercial enterprise or business purposes. When a portion of such property is used to bring in revenue, that portion is assessed and taxed like other property in the county (63-602C).
4. Fifty percent (50%) of the market value for assessment purposes of homesteads subject to the limitations described in section 63-602G, Idaho Code.
5. Certain capital stock, bonds, deposits in banks in the state and intangible personal property are exempt (63-602L):
  - a. Capital stock of corporations to the amount actually invested in or represented by property which has been assessed;
  - b. Deposits in national banks, savings banks and trust companies;

- c. Stocks of building and loan corporations or credit unions (26-2138).
6. Household goods, wearing apparel, and other personal effects (63-602I);
7. Possessory rights to public lands (63-602F);
8. Mining claims that are not patented (63-602F);
9. Operating property of irrigation districts or canal companies and water rights for the irrigation of land (63-602N);
10. Property used for generating or delivering electrical power for irrigation or drainage purposes and property used for transmitting or delivering natural gas energy for irrigation or drainage purposes (63-602O);
11. Hospital and refuge homes whose furniture and equipment (including medical equipment, owned or leased) are owned, operated and controlled by any religious or benevolent corporation or society (63-602D);
12. All property used exclusively for school or educational purposes, and all property from which no profit is delivered and which is held or used exclusively for endowment, building or maintenance purposes of schools or educational institutions (63-602E);
13. All public cemeteries (63-602F);
14. Lots that have been sold in perpetual care or endowed care cemeteries (27-422);
15. Non-profit cooperative telephone lines having 25 or fewer subscribers or users (63-602Q);
16. Public libraries (63-602F);
17. Motor vehicles, properly registered on which proper fees have been paid, and recreational vehicles for which fees have been paid (63-602J).
18. Pleasure boats properly licensed under Section 49-219 (63-602J);
19. All moneys due and credits secured by mortgage, trust, deed or other liens (63-602M);
20. Facilities, installations, machinery or equipment, attached or unattached to real property and designed, installed and utilized in the elimination, control or prevention of water or air pollution. Any portion of it may be assessed and taxed when in the

opinion of the state tax commission the facilities have value to the owner as a source of marketable by-products (63-602P);

21. Personal property manufactured and processed in the state, but actually sold and shipped out of the state (63-602T);
22. Personal property shipped into the state in its original packages, belonging to persons, firms or corporations not having any place of business or domicile in Idaho (63-602V);
23. Personal property shipped into the state and stored in a public or private warehouse, not offered for sale in Idaho, and marked "in transit" (63-602U);
24. The following tangible personal property is exempt from taxation: class 2 property that is agricultural machinery and equipment and exclusively used in agriculture during the immediately preceding tax year as defined in 63-602EE;
25. Low Income Housing Owned by Nonprofit Organizations. Low income housing owned by nonprofit organizations shall be exempt from taxation as long as they meet the requirements of 63-602GG;
26. Significant Capital Investments. The net taxable value of all property of a taxpayer in excess of eight hundred million dollars (\$800,000,000) located within a single county in Idaho shall be exempt from property taxation and any special assessment. (63-602HH)
27. Unused Infrastructure. The board of county commissioners of any county shall have the authority to exempt from taxation the unused infrastructure of a business, provided that the business states that such infrastructure is nonoperational under penalty of perjury. The exemption shall be for a period of up to five (5) years, provided that the board of county commissioners may vote to extend the exemption for a period not exceeding five (5) additional years. The board of county commissioners shall publish in its minutes any decision to grant or deny the exemption provided in this section and shall notify the county assessor and state tax commission of any exemption and the duration of such exemption. It shall be the responsibility of the assessor to return the property valuation of the unused infrastructure to the tax rolls upon the expiration of the exemption. (63-602II).
28. Qualified Investment Exemption (QIE). The taxpayer may elect to receive a credit against the income tax imposed by chapter 30, title 63, Idaho Code, an amount equal to the sum of:
  1. The tax credit carryovers; and
  2. The tax credit for the taxable year.

The maximum allowable amount of the credit for the current taxable year shall be three percent (3%) of the amount of qualified investments made during the taxable year. Additional information is located in section 63-3029B, Idaho Code.

29. New Capital Investments (63-4502). For calendar years beginning on or after January 1, 2008, the net taxable value of all property of a taxpayer in excess of four hundred million dollars (\$400,000,000) located within a single county in Idaho shall be exempt from property taxation and any special assessment constitutes a new capital investment as defined in section 63-4502(2), Idaho Code. "New capital investment" means an investment of at least one billion dollars (\$1,000,000,000) made during the project period by the acquisition, construction, improvement or installation of real or personal property related to new plant and building facilities at a project site located within the county.
30. Section 42 Low Income Properties (63-205A). The market value for assessment purposes of section 42 low-income properties shall be determined by the county assessor using the criteria found in section 63-205A(2)(a-f), Idaho Code.
31. Wind or Geothermal Electrical Energy Production (63-3502B). Every producer of electricity by means of wind energy or geothermal energy shall pay a wind energy tax or a geothermal energy tax equal to three percent (3%) of such producer's gross wind energy earnings or geothermal energy earnings. This wind energy tax or geothermal energy tax shall be in lieu of all other taxes on the operating property, as defined in section 63-3501(h), Idaho Code, of such wind energy producer or of such geothermal energy producer.
32. Personal property belonging to insurance companies in the state who pay a three percent premium tax to the state in lieu of other taxes (41-405);
33. Agriculture crops, whether growing or held for use or sale while the legal or equitable title remains with the producer. This exception includes fruit trees, nut bearing trees and grapevines. Timber, forest land and forest products are taxed under provisions of Chapter 17, Title 63, *Idaho Code* (63-602R);
34. Land included in public highways and rights-of-way (63-602A, 63-602R);
35. Business inventories which include all:
  - a. Livestock, fur-bearing animals, fish, fowl and bees;
  - b. Nursery stock, stock-in-trade, merchandise, products, finished or partly finished goods, raw materials, forest products, supplies, containers and other personal property which is held for sale or consumption in the ordinary course of a taxpayer's manufacturing, farming, wholesale jobbing or merchandising business;

- c. Never occupied newly constructed residential improvements include single family residences, residential townhouses or residential condominium units. (63-602W)
- 36. Agricultural land. The speculative portion of the value of agricultural land is exempt from taxation (63-602K). The speculative portion is defined as meaning that portion of the value of agricultural land which represents the difference between the actual use value on land established by comparable sales data and a value established by capitalization of economic rent (63-602K). Thus, part of the sales value of agricultural land is exempt from taxation.
- 37. Small Employer Growth Incentive Exemption. The county board of equalization of any county in which any property, the investment in which qualifies for the income tax credits described in sections 63-4403 and 63-4404, Idaho Code, is located may exempt all or a portion of the value of such property from property taxation. The board may grant the exemption when it finds that the investments in such property benefit the citizens within the county and taxing districts within the county in a manner and to such a degree that to grant the exemption is necessary and just. (63-606A)
- 38. Certain Business Property Exemption. The board of county commissioners may grant a 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. In order to qualify the requirements of section 63-602NN, Idaho Code, must be met.
- 39. Property Owned by Urban Renewal Districts. The property of an urban renewal agency, acquired or held, is declared to be public property used for essential public and governmental purposes and shall be exempt from all taxes: provided, that such tax exemption shall terminate when the agency sells, leases or otherwise disposes of such property in an urban renewal area for redevelopment to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property. (50-2014)
- 40. Casualty Loss Exemption. Real and personal property which has been damaged by an event causing casualty loss to all or a portion of the property shall be exempt from taxation. The board of equalization on a case-by-case basis shall determine whether to grant an exemption. (63-602X)
- 41. Partial Exemption for Remediated Land. A site as defined in section 39-7203,

Idaho Code, and qualifying under chapter 72, title 39, Idaho Code, shall be eligible for property tax exemption not to exceed seven (7) years. The exemption shall amount to fifty percent (50%) of the remediated land value. "Remediated value" shall mean market value for assessment purposes of the land on January 1, less the market value for assessment purposes of the land on the January 1 prior to the year in which the remediation was completed. (63-602BB)

42. Land Used to Protect Wildlife and Wildlife Habitat. Land eligible for this tax status is land which is either: (a) Owned and used for wildlife habitat by a private, nonprofit corporation which corporation has a recognized tax exempt status under section 501(c)(3) of the Internal Revenue Code, and which corporation qualifies for exemption status under section 63-602C, Idaho Code, and which corporation is dedicated to the conservation of wildlife or wildlife habitat; or (b) Being managed pursuant to a conservation easement or a conservation agreement, as defined in this section and which easement or agreement has been entered into with a private, nonprofit corporation which has a tax exempt status under section 501(c)(3) of the Internal Revenue Code, which corporation qualifies for exemption status under section 63-602C, Idaho Code, and which land qualified, for three (3) consecutive years immediately preceding management of the land pursuant to a conservation easement or a conservation agreement, as land actively devoted to agriculture pursuant to section 63-604, Idaho Code. (see section 63-605, Idaho Code for more details)

Property that loses its tax exemption status during the year is treated in the same manner as property coming into the state. This means it is assessed and taxed for a proportionate part of the year (63-206 and 63-602Y).

Residential property located in an area which was previously zoned residential but has been changed to a zone other than residential shall be appraised, assessed and taxed as if this property were in an area zoned residential as long as this property is continuously occupied by the owner solely used for residential purposes (63-602H).

### **Taxation of Forest Property**

Forest landowners with less than five acres are assessed at the property's market value. (63-1702).

Forest landowners with at least five acres but less than 5,000 acres statewide have a choice between two tax options: a Productivity Tax option (63-1705) or a Bare Land and Yield Tax (BL&Y) option (63-1706). These two tax options provide Idaho's 12,200 small forestland owners with property tax options which recognize their diverse ownership goals. Once a landowner designates an option, it will remain in effect for ten (10) years, or until the beginning of the next redesignation period. At the beginning of a redesignation period a forestland owner may chose to change which of the two forest tax options his land is to be designated under but is subject to a deferred tax when changing from the bare land and yield option to the productivity option. A credit will be provided for the property taxes paid while under the bare land and yield tax option up to the total amount of the

deferred tax due (63-1703). The state tax commission is to divide the state into appropriate forest valuation zones and furnish the county assessor each year with key data used in the valuation process. Within each of the four Forest Value Zones, and under either of the forest tax options the forestland is graded in a productivity classification as Poor, Medium, or Good.

Section 63-1705, *Idaho Code* is intended to encourage private forest landowners to retain and improve their holdings of forest lands and promote better forest management. The market value for assessment purposes is to be determined by the assessor under rules of the state tax commission. Forest landowners with tracts of 5,000 acres or more statewide are taxed under the Productivity Tax option (63-1704; 1705). Each year the forest landowner will pay property taxes amounting to about 1% of the forestland values each year. The deferred tax does not apply to the land and the yield tax does not apply to the timber harvested from land in the productivity forest tax option.

Section 63-1706, *Idaho Code* provides a different method for assessing the land under the bare land and yield tax option. The Bare Land and Yield Tax option requires that the landowner pay a yearly tax based on the present value of his bare forest land plus a 3% yield tax on the stumpage value at the time the trees are harvested. Each year the forest landowner will pay about 1% of the forestland value in property taxes. When harvesting timber, a landowner will pay a 3% yield tax on the stumpage value of the timber harvested in addition to the annual property tax. The party receiving the logs or forest products is required to provide the Idaho Department of Lands with a report listing the quantity, species and source of the logs or products cut. The yield tax payment will be due to the county treasurer at the same time as the property tax payment.

The Idaho Department of Lands under the direction of the State Land Board establishes Fire Protection assessments as prescribed by 38-101, 38-111 to be collected on the county tax notice.

### **The Property Tax Reduction (Circuit Breaker) Provision (63-701 and 63-710)**

The Property Tax Reduction (circuit breaker) provision is a means of reducing property taxes for certain low income persons. To be eligible, a person must own (or partially own, 63-701) a home and it must be used as a primary residence. The individual must be qualified on January first of the year in which the claim is filed as one of the following:

1. Not less than 65 years old;
2. A fatherless or a motherless child under the age of 18;
3. A widow or widower;
4. Certain disabled persons;
5. One of certain groups of disabled veterans or former prisoners or hostages; or
6. An individual, specified in 42 U.S.C. 1701, that had been taken by a hostile force as a prisoner or hostage;
7. A blind person (63-701).

Qualified Idaho homeowners, may be eligible for the 2011 Property Tax Reduction program. This program may reduce property taxes on their home and up to one acre of land by as much as \$1,320. The Idaho State Tax Commission administers the Property Tax Reduction program but application

is made through the county assessor's office. The amount that individuals' property taxes are reduced depends on their income. The income cutoff to qualify for some reduction is \$28,000 for 2011. The state tax commission fully reimburses the county for its loss in property tax revenues in two installments. The maximum reduction is currently \$1,320 and will remain at that level until changed by the legislature. Contact the county assessor's office or state tax commission to determine what is necessary to qualify and the documents necessary to provide.

### **Property Tax Deferral (63-716 through 63-721)**

The Property Tax Deferral Program offers individuals a way to defer property taxes on their home and up to one acre of land but the taxes and interest must eventually be repaid to the state of Idaho.

You must meet the following requirements in order to qualify for the property tax deferral program:

1. Owned and lived in a home or mobile home in Idaho that was your primary residence before 1. April 15, 2011, and it isn't subject to a trust, life estate, or other interest.
2. Met one or more of the following status requirements as of January 1, 2011:
  - Age 65 or older
  - Widow(er)
  - Blind
  - Fatherless or motherless child under 18 years of age
  - Former prisoner of war/hostage
  - Veteran with a 10% or more service-connected disability or receiving a pension from Veteran's Affairs (VA) for a non service-connected disability
  - Disabled as recognized by the Social Security Administration, Railroad Retirement Board, or Federal Civil Service.

3. Had income of \$40,000 or less for 2010

There is various income information that is required and can be found at:

<http://www.tax.idaho.gov/pubs> under Property Tax Deferral Program.

### **Residential Property Tax Exemption**

During the tax year 2006 and each year thereafter, subject to annual adjustment as provided herein, the first seventy-five thousand dollars (\$75,000) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, or fifty percent (50%) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, whichever is the lesser, shall be exempt from property taxation (63-602G). Beginning for tax year 2007, the state tax commission shall publish adjustments to the maximum amount subject to property tax exemption to reflect cost-of-living fluctuations. The adjustments shall effect changes in the amount subject to tax exemption by a percentage equal as near as practicable to the annual change in the Idaho housing price index as determined by the United States office of federal housing enterprise oversight. The state tax commission shall publish the adjustments required by this subsection each and every year the office of federal housing enterprise oversight announces a change in the Idaho housing price index. The adjustments shall be published no later than October 1

of each year and shall be effective for claims filed in and for the following property tax year. The publication of adjustments under this subsection shall be exempt from the provisions of chapter 52, title 67, Idaho Code, but shall be provided to each county and to members of the public upon request and without charge. For 2011, the maximum homeowners exemption is \$92,040. The exemption allowed by this section may be granted only if:

1. The homestead is owner-occupied and used as the primary dwelling place of the owner as of January 1, provided that in the event the homestead is owner-occupied after January 1 but before April 15, the owner of the property is entitled to the exemption. The homestead may consist of part of a multi-dwelling or multipurpose building and shall include all of such dwelling or building except any portion used exclusively for anything other than the primary dwelling of the owner. The presence of an office in a homestead, which office is used for multiple purposes, including business and personal use, shall not prevent the owner from claiming the exemption provided in this section; and
2. The tax commission has certified to the board of county commissioners that all properties in the county which are subject to appraisal by the county assessor have, in fact, been appraised uniformly so as to secure a just valuation for all property within the county; and
3. The owner has certified to the county assessor by April 15 that:
  - (i) He is making application for the exemption allowed by this section;
  - (ii) That the homestead is his primary dwelling place; and
  - (iii) That he has not made application in any other county for the exemption, and has not made application for the exemption on any other homestead in the county.
4. For the purpose of this section, the definition of "owner" shall be the same definition set forth in section 63-701(7), Idaho Code.  
When an "owner," pursuant to the provisions of section 63-701(7), Idaho Code, is any person who is the beneficiary of a revocable or irrevocable trust, or who is a partner of a limited partnership, a member of a limited liability company, or shareholder of a corporation, he or she may provide proof of the trust, limited partnership, limited liability company, or corporation in the manner set forth in section 63-703(4), Idaho Code.
5. Any owner may request in writing the return of all copies of any documents submitted with the affidavit set forth in section 63-703(4), Idaho Code, that are held by a county assessor, and the copies shall be returned by the county assessor upon submission of the affidavit in proper form.
6. For the purpose of this section, the definition of "primary dwelling place" shall be the same definition set forth in section 63-701(8), Idaho Code.
7. For the purpose of this section, the definition of "occupied" shall be the same definition set forth in section 63-701(6), Idaho Code.

History of Maximum Homeowner's Exemption	
Years	Maximum
1980 – 1982	\$10,000
1983 – 2005	\$50,000
2006	\$75,000
2007	\$89,325
2008	\$100,938
2009	\$104,471
2010	\$101,153
2011	\$92,040
2012	\$83,974
2013	\$81,000
2014	\$83,920
2015	\$89,580

An owner need only make application for the exemption described in subsection (1) of this section once, as long as all of the following conditions are met:

1. The owner has received the exemption during the previous year as a result of his making a valid application as defined in subsection (2)(c) of this section.
2. The owner or beneficiary, partner, member or shareholder, as appropriate, still occupies the same homestead for which the owner made application.
3. The homestead described in subsection (3)(b) of this section is owner-occupied or occupied by a beneficiary, partner, member or shareholder, as appropriate, and used as the primary dwelling place of the owner or beneficiary, partner, member or shareholder, as appropriate, as of January 1; provided however, that in the event the homestead is owner-occupied after January 1, but before April 15, the owner of the property is entitled to the exemption.

The exemption allowed by this section must be taken before the reduction in taxes provided by sections 63-701 through 63-710, Idaho Code, is applied.

Recovery of property tax exemptions allowed by this section but improperly claimed or approved are found in section 63-602G (5), Idaho Code.

The “primary dwelling place” is defined as “the single place where a claimant has his true, fixed and permanent home and principal establishment, and to which whenever the individual is absent he has the intention of returning.” Idaho Code, Section 63-701(8)(a). Further, a claimant shall establish the dwelling as his primary dwelling by clear and convincing evidence and, if the residence is occupied for more than one year, that dwelling is where the claimant resided at least six months during the prior year. “Occupied” is defined as “actual use and possession.” Idaho Code, Section 63-701(6).

Idaho Code, Section 63-3077(4) authorizes the Tax Commission to deliver to the county assessor of any county of the state of Idaho information relating to a taxpayer’s place of residence or domicile. This information is to be used by the county to determine the validity of any homeowner’s exemption.

## EQUALIZATION OF TAX ROLLS

### **County Board of Equalization**

The assessed valuation statements are mailed out by the assessor's office on the first Monday in June [63-308(1)]. The assessor must inform taxpayers of all the meetings of the board of county commissioners and inform them that they have a right to appeal their assessment on or before the fourth Monday in June (63-308). If corrections are made to the valuation assessments, the assessor must immediately mail a corrected assessment to the taxpayer [63-308(2)]. The completed property roll must be turned over to the county commissioners for equalization by the fourth Monday in June (63-310). The assessor and/or deputies must complete affidavits to accompany the rolls, stating that

they have assessed the property of the county to the best of their ability and turn the rolls over to the clerk of the board of county commissioners. Following this, no further changes can be made in the roll without action by the commissioners. The assessor must also attend any meetings of the board to discuss questions about the current assessed values and make adjustments based on office errors and on information that was unavailable to the assessor when the assessments were originally made [63-501 and 63-503(1)].

The county commissioners meet as a board of equalization at least once each month, up to the fourth Monday of June each year (31-812 and 63-501). They must complete equalization and adjourn on the second Monday of July. However, they may adjourn previous to this date if they have completed the equalization process for the county (63-501).

The commissioners meet to complete the equalization on all real and personal property that has not been equalized and to hear appeals received on or before the fourth Monday in June for property on the property roll. During equalization, the rolls are examined carefully. The board must also approve annually the exemptions from the property tax under Chapter 6, Title 63, *Idaho Code* (63-602). It also allows or disallows exemptions claimed by persons whose ability to pay taxes is affected by unusual circumstances (63-602AA). The board of county commissioners, not the board of equalization, may cancel or adjust taxes as specified in section 31-901.

The county commissioners sit as a county board of equalization on the subsequent roll on the fourth Monday in November, and they must complete the equalization on or before the first Monday of December (63-501). Also, if all personal property taxes owed by persons owning real property in the county have not been paid at the time of the November meeting, the commissioners are directed to transfer the taxes due as a lien on any real property owned by the same taxpayer. (63-504). This is done by certifying the change to the county auditor and to the tax collector, by noting the changes by entering the lien on the real property, and by sending a notice to the taxpayer (63-504). See Section 63-501 for more information on the County Board of Equalization.

The county commissioners sitting as a board of equalization are an entirely separate body from the same three commissioners sitting as a board of county commissioners. It is important that the minutes of the board of equalization be kept separate from the minutes of the board of county commissioners. Powers exercised by the commissioners as a board of equalization should be carefully distinguished from powers exercised as the board of county commissioners.

The assessor is required by law to be in attendance at all meetings of the county board of equalization (63-501). Although assessors do not have the power or authority to bind the county board of equalization to adjustments, they do serve as a first screening contact, and are sometimes able to determine the cause of complaints and to assure taxpayers that the matter will be corrected without their appearing before the board. Actually, in some of these cases, the complaint is caused by a mathematical error or a misunderstanding by the person who calculated the assessment, and can be handled by a letter written by the assessor to the commissioners requesting the adjustment. Whenever the commissioners do approve changes in assessments, a written notice to the taxpayer is sent by the commissioners to afford the taxpayer an opportunity to appear before the board on the changes (63-506).

The assessment rolls have columns for indicating equalized assessments and a place to enter exemptions. Once these have been completed, the rolls are transmitted from the county board of equalization to the county auditor, who prepares an abstract of all the property entered upon the rolls. This abstract includes certain types of exempt property (63-509(1) and (4)).

#### ACTION BY THE STATE TAX COMMISSION

The completed abstract of county properties is transmitted to the state tax commission for state equalization. The state tax commission must have completed state equalization by the fourth Monday of August each year on the regular rolls (63-110). It makes adjustments in the values if it feels that county boards of equalization have not conformed with the laws of Idaho or the rules of the state tax commission in determining full market value (63-109). The state tax commission must transmit certified statements showing any changes in assessments to the county auditors of the counties involved [63-111(1)]. Since 1987, the state tax commission has direct responsibility for valuing small power producers and telecommunications companies (63-201(11) and (16)).

The state tax commission must complete the assessment of operating utility property by the fourth Monday of August (63-405). On or before the first Monday of September, the executive officer of the state tax commission must send to the county auditors in each county a statement of this assessment.

#### APPEALS FROM IMPROPER ASSESSMENT

Assessment appeals are instituted by taxpayers who feel that their property was not assessed at market value. Appeals may be based on Article 7, Section 5, of the Idaho Constitution, which states that:

All taxes shall be uniform upon the same class of subjects within the territorial limits of the authority levying the tax, and shall be levied and collected under general laws, which shall prescribe such regulations as shall secure a just valuation for taxation of all property real and personal...

Appeals may also be based on the equal protection clause of the Fourteenth Amendment of the United States Constitution.

The following steps are possible for administrative adjustments of taxes by adjustment of assessed valuation:

1. Complaints to the county assessor may be lodged by the 4th Monday of June. However, most complaints come into the office after the assessment amount for the year has been sent out in early June. Adjustments that are necessary and mutually understood to be equitable may be changed by the assessor at this time before the

property roll is turned over to the county equalization board. To ensure adequate notice, no such changes should be made within two weeks of the fourth Monday of June. If complaints are received within the two week period the taxpayer should be advised to appeal to the Board of Equalization;

2. If there is no agreement between the assessor and the taxpayer, the taxpayer may take the complaint to the board of equalization (63-501A);
3. Complaints are officially received by the county commissioners prior to the time they sit as the county equalization board (63-502);
4. If the taxpayer and the county board of equalization cannot reach an agreement, the appeal is next taken to the Board of Tax Appeals or may be taken to the district court in the appropriate county (63-511).
5. Appeals before the district court may be based on any issue(s) presented to the board of tax appeals; and the issue(s) will be seen as an original proceeding of the district court (63-3812).

(Note: The Board of Tax Appeals and the State Tax Commission are independent and separate agencies.)

If an incorrect amount of tax is paid due to an error by the county, the board of county commissioners may refund the overpayment plus the same penalty and interest that would be charged to a delinquent taxpayer (63-1302).

## TAXING DISTRICTS AND TAX LEVIES

Taxing districts are set up to bring specific services to a group of property owners in a particular area. The most well known taxing districts are cities, school districts, highway districts, cemetery districts, and fire protection districts [63-201(28)]. However, there are many less-known authorities that have the legal power to levy taxes (63-3101).

For new taxing districts or new urban renewal or any taxing district or urban renewal that has altered its boundaries, the taxing district or urban renewal must file the following documentation with the county assessor, county recorder and tax commission:

- a. A legal description that plainly and clearly defines the boundary of a new district or municipality, or the altered portion of an existing district or municipality with a copy of the ordinance or order effecting the formation or alteration.
- b. A copy of a map prepared in a draftsman like manner or a record of survey as defined by Chapter 19, Title 55, Idaho Code, which matches the legal description. There is an exclusion from this requirement in Rule 225(2)(e). It

states that “In cases where newly created taxing district boundaries are countywide a copy of the ordinance or order effecting the formation which clearly states that the newly formed district is to be countywide shall fulfill the requirements of documents to be filed in Paragraphs 225.02.a., through 225.02.c., of this rule.”

This documentation should be filed within thirty (30) days after the effective date of the action creating the new taxing district or urban renewal or altering the boundary of any existing taxing district or urban renewal. If this documentation is not received by January 10 of the following year, the action will not be effective for another year. The county assessor, county auditor and state tax commission shall retain on file in their respective offices all copies of legal descriptions and maps of the taxing districts' or urban renewals' boundaries (63-215).

Unless the law provides otherwise, when any action that creates, alters, or dissolves any taxing district's or revenue allocation area's boundary results in a revision to any tax code area map, maintained by the tax commission, December 31 of each year is the deadline for any taxing district or urban renewal to approve any action to be effective for the following year. No property tax levy shall be approved by the Tax Commission for any newly formed taxing district or revenue allocation area or any altered portion of any existing taxing district or revenue allocation area that fails to provide documentation, which plainly and clearly designates the boundaries or whose boundaries overlap with like districts (63-215).

Legal description means a narrative that describes by metes and bounds, a definite boundary of an area of land that can be mapped on a tax code area map. It will also designate an initial point, being a government surveyed corner, such as a section corner, quarter corner, meander corner or mineral survey corner. It needs to designate a true point of beginning, defined by bearings and distances from the initial point, which begins the new or altered taxing district's or revenue allocation area's boundary.

The Tax Commission will prepare one uniform system of tax code area numbers and maps that shall be used by each county for property tax purposes (63-215). This will include, one set of updated tax code area maps, a listing of taxing districts included in each tax code area, and a list of the changes in each taxing district's boundaries to the county assessor, recorder, and treasurer.

After the valuations have been determined, the council, trustees, board, or other governing bodies of each taxing district must certify the total amount of dollars required from property tax upon property within the district [63-803(3)]. This is the total dollars required from the property tax to meet the budget of each county, city, school district, or other taxing district. The amount of money needed is determined and certified in dollars. Except for school districts, the certification must be made to the board of county commissioners not later than the Thursday prior to the second Monday in September unless, upon application, the board of county commissioners grants an extension of not more than one week [63-803(3)]. School boards must make the certification before the second Monday in September (33-805).

After the board of county commissioners has received the certification in dollars from each taxing district, the board sets a tax levy which, when applied to the tax rolls, will meet the budget

requirements of the taxing district (63-803(3)).

## TAX LIMITATIONS

The state tax commission has translated the mill statutory levy limitations to percentages of one dollar of market value. The entire listing is reproduced in Appendix B.

## EXTENSION AND COMPUTATION OF TAXES

Each taxing district is a legal unit having geographical boundaries. The county auditor computes taxes due by multiplying the market value for assessment purposes of the property by all of the levies of the taxing districts that have to do with property in that area (63-811). This process is called "extending the roll" and is the same process as that explained under the preceding section of taxing districts and tax levies.

Taxes on the property roll must be computed and extended by the auditor before the first Monday in November and the amount thereof charged to the tax collector (63-811). The completed property roll must be delivered to the tax collector on or before the first Monday of November (63-811(1), (5)).

Any changes in the boundaries of taxing districts requires the filing of adjusted legal boundary maps with the county recorder, the county assessor, and the state tax commission for the correct levies to be applied to the property affected by the change (63-215).

## COLLECTION OF TAXES

For all property on the property roll, property tax notices must be mailed by the tax collector prior to the fourth Monday of November (63-902). In many counties, all notices are mailed at approximately the same time as a convenience to those taxpayers who have both real and personal taxes to pay and who customarily come to the courthouse to pay instead of paying by mail or having the bank take care of the tax payment.

Real property taxes are paid without penalty on or before December 20 of the year in which the taxes have been levied (63-903). For personal property, if no demand is made, one-half of the taxes must be paid at this time and the other half from the fourth Monday of January to June 20 in the year following. Personal property taxes may be paid at any time during the year, but become delinquent after the twentieth of December (63-904). If December 20 or June 20 falls on a Saturday, Sunday or holiday, payment shall be made on the next working day following December 20 or June 20 [63-217 (3)].

There is a two percent (2%) penalty plus an interest charge of one percent per month on overdue

taxes on either real or personal property (63-201(6) and 63-1001). Additional details on overdue taxes and delinquencies are found in Chapters 4 and 5, including material on warrants of Distraint (63-1012(1)), redemption's (63-1007), and tax sales deeds (63-1005 - 1006; and 31-808).

## OCCUPANCY TAX

Closely related to the property tax is the tax imposed by the 1980 Idaho legislature on all newly constructed and occupied residential and commercial structures other than additions to existing improvements. The tax would be in an amount equal to what the property would have paid if it had been on the assessment rolls January 1 and paid taxes for the proportion of the year for which it was occupied for commercial or residential purposes. The occupancy tax supplements the property tax by providing funds from property occupied during the year which would otherwise not pay property taxes (63-317).

Exemption from occupancy tax. Any improvement to real property exempt from property taxation under the laws of this state or under the laws of the United States shall be exempt from occupancy taxation. (63-602Z)

## NOTES