

A scenic landscape photograph of Idaho mountains under a blue sky with white clouds. The foreground shows green pine trees and a brownish hillside. The text "Idaho State Tax Commission" is overlaid in white.

Idaho State Tax Commission

2024 Commissioners and Clerks Conference

June 4, 2024

George Brown, Property Tax Division Administrator

Alan Dornfest, Property Tax Policy Bureau Chief

Benefit the people of Idaho with courteous customer service and education by providing fair, efficient, and effective revenue and tax administration.



State Tax Commission

Great people. Helping you. Serving Idaho.

Hot Topics in Property Taxation

- Legislation
 - Tax relief
 - Homeowners exemption penalties
 - Assessment notices
- Court cases
 - Homeowners exemption proration
 - Operating property appeals
- Administrative Rules
- Ratio Studies – Category compliance



Previous Legislative Changes

- HB 51 and HB 135
 - Assessment notice information beginning 2024
 - Market value for last two years
 - Property taxes for previous two years
 - Does not include fees
 - % change in tax for each taxing district for those two years
 - Does not include tax allocation – urban renewal, highway districts, health districts
 - Taxing district budget hearing info and phone numbers



Previous Legislative Changes

- HB 292 – Property Tax Relief (2023)
 - School District Facilities Fund reduces levying amounts for school districts
 - \$97 million tax relief out of \$107 million provided to schools (~4.5%)
 - Homeowner Property Tax Relief Account provides reductions to property tax bills for homeowners via payments from the Tax Commission to each county in December/June
 - \$191 million (~18%)
 - ~~Additional property tax relief provided to all taxpayers based on taxes paid as a percentage of all property taxes paid in Idaho~~
 - ~~Additional tax bill reduction and payments to each county from the Tax Commission in December/June - \$24 million (~1%)~~

2024



2024 Legislation

- HB 521
 - Removes August elections for schools
 - School District Facilities Funds (SDFF) must be used to reduce levies for plant facilities funds (after bonds & temp supplementals)
 - Homeowner Tax Relief (HTR) is appropriated to counties in Sept. using current year's values and prior year's eligible levy rates
 - Counties will calculate individual credits based on current eligible levies after they are certified (late Oct./early Nov.)
 - Relieves the timeline crunch of late Oct./early Nov. created by HB292
 - Amount saved to be shown on tax notices - same as in 2023
 - Actual amount available from state unknown until August

FISCAL NOTE

General Fund Impact (\$M)

	FY2025	FY2026
School Modernization Facilities Fund from Sales Tax	\$125.0	\$125
Individual Income Tax Reduction	(\$46.9)	(\$48.0)
Corporate Income Tax Reduction	(\$12.2)	(\$11.9)
District Facility Fund from Sales Tax	\$25.5	\$27.1
Online Sales Tax to Public Defense	\$3.0	\$3.0



HB 521 (continued)

- School District Modernization Funds (SDMF)
 - Option for school districts
 - Lump sum payment from State Department of Education – no deduction from levies
 - Annualized payments – must deduct from levies for:
 - Annual bond payments
 - Temporary Supplemental levies
 - Plant Facilities levies
 - Amount and option selected will not be known until August
 - State Department of Education will distribute SDFF and SDMF directly to school districts



HB 521 (continued)

- Homeowner tax relief for 2024 (see also guidance note of April 17)
 - Homeowner eligibility –
 - Based on those approved for homeowners exemption as of July 8, 2024
 - Certain taxes not eligible
 - School levies
 - Bonds
 - Plant facilities levies
 - Temporary overrides
 - Amounts to each county calculated using prior year's eligible levies – known by 3rd Monday in September
 - Final amounts to each homeowner to be calculated once levies approved for 2024 (late October)



HB 449

- Additional information on Homeowners Exemption applications:
 - *The county assessor of each county shall prescribe and make available forms to be used by a homeowner to apply for the homestead exemption provided in this section. The homeowner shall provide on such forms the homeowner's full name, date of birth, complete address, and most recent previous complete address. The homeowner shall also provide, if applicable, such homeowner's state-issued driver's license number or state-issued identification card number.*
- Additional penalties:
 - *Upon the first instance of a taxpayer being discovered to have claimed more than one (1) homestead exemption, the taxpayer shall be subject to a penalty, payable to the county treasurer, in an amount equal to the amount of property tax recovered*
 - *After that: violation within seven (7) years of an instance ... shall be a misdemeanor....*



HB 574

- Relating to the passage of new bonds and temporary overrides, restricts references to tax relief funds
- Ballot questions & official statements cannot include information about state tax relief funds unless a specific dollar amount is guaranteed
- If funds are guaranteed and included on the ballot, the fund expiration year must also be included



Bills (or ideas) that didn't pass – but worth mentioning

- HB 702 / HB 736
 - Kilowatt hour tax intended to replace value based property tax on electric utilities – would have eliminated STC assessment of these companies
 - Tax Revenue would have been treated like replacements and added back before computing future 3% and other allowable property tax increases
- Annexations/Consolidations:
 - No bills printed, but lots of discussion & language drafting
 - Especially for fire districts
 - Proposed language would have allowed consolidations by providing an exception to the 8% cap
 - Some version would have required budget capacity reductions when similar services provided
 - Including annexations of “all territory of another district providing the same services”
 - Fire & cemetery district consolidations are currently treated as annexations (subject to 8% increase max)



Court Cases

- Operating Property Valuation appeals
 - Status
 - Timing
- Homeowner's exemption proration case
 - Status
 - Timing



Property Tax Rules

- Entire body of property tax rules rewritten in 2023
- Approved by 2024 Legislature – in effect
- No major changes, but most examples to be available on STC website instead of contained within text of rule
- Next full review – 8 years out
- Request for rewrite of Rule 810 – comports with provisions of HB 292 but not HB 521
- Request for opening Rule 617 to for technical corrections on ag land valuation



Ratio Studies – Category Compliance

- 2023 study results
 - 14 categories in 11 counties had low level of assessment (below 90%)
 - Counties notified in late March
 - Follow-up studies
 - Advisory studies done before assessment notices
 - Final follow up studies – mid July after BOE
- 4Rs studies
 - To avoid operating property downward valuation adjustments, 2024 commercial and industrial property must have assessment level no lower than 95%
 - Studies being run in June



Other Issues

