ASSESSOR'S MANUAL

IDAHO ASSOCIATION OF COUNTY ASSESSORS

EFFECTIVE: July 1, 2025

Preface

The Idaho Association of County Assessors provides the Assessor's Manual as a reference source to the assessor's statutory responsibilities and as a guide to appraisal and assessment. The manual is published to assist the new assessor in the performance of his duties, to provide the experienced assessor with a point of reference for new or difficult situations, and to promote equity and uniformity of assessment practices in Idaho's forty-four counties.

The manual provides quick reference to laws, including statutes and rules governing the conduct of the county assessor's office. The manual also provides other resources to help the assessor carry out the office's responsibilities.

This manual is not intended to be an all-inclusive resource, or the last word on the law or rules of the Idaho State Tax Commission related to the duties and responsibilities of the county assessor. Because no manual can anticipate the varying factual scenarios an assessor may encounter, nor can any manual stay abreast of the constantly changing legal interpretations and applications of germane statutes and rules, this manual should be used only as a starting point for research. As always, the assessor should consult with the county prosecuting attorney for an opinion about the applicability of a specific law or rule to the conduct of the office of the assessor within that particular county.

The Manual is divided into six sections and an addendum.

SECTION I, "ROLES & RESPONSIBILITIES OF COUNTY OFFICIALS" provides a general outline of the various county officials' respective duties and responsibilities.

SECTION II, "THE PROPERTY TAX" describes characteristics and requirements of the property tax, especially as these affect the assessor.

SECTION III, "REAL PROPERTY" deals with assessment and appraisal of real property.

SECTION IV, "PERSONAL PROPERTY" deals with assessment and appraisal of personal property.

SECTION V, "OTHER RESPONSIBILITIES" deals with the assessor's responsibilities concerning legislation, public records law, and urban renewal.

SECTION VI, "GLOSSARY & CALENDAR" is a definition of terms used in this manual and timetable of the deadlines for completion of the assessor's duties and.

"ADDENDUM" provides examples of contracts, forms, letters, case law, court decisions, etc.

The Idaho Association of Assessors has a standing committee that will review and update this Manual annually. The Manual can be kept current without revising the entire publication whenever a change is needed. The date of issue or update for each chapter is found in lower right-hand corner of each page and the "Table of Contents and Revisions" found at the front of the Manual. These dates should be checked periodically to ensure that copies of this Manual are current.

CONSTITUTION AND BYLAWS

Of The

IDAHO ASSOCIATION OF COUNTY ASSESSORS, Inc.

(Adopted by the Membership on August 25, 1999; amended August 31, 2000; amended November 2001; amended January 2003; amended August 2003)

ARTICLE I – NAME AND OBJECTIVES

Section 1. The name of the organization shall be the Idaho Association of County Assessors, Incorporated, and may be referred to as IACA, Inc.

Section 2. The objectives of the Idaho Association of County Assessors shall be to unite Idaho's county assessors and their deputies into a single statewide organization in order to:

A. Formulate standards and principles for guidance in the valuation of property;

B. Collect, compile and distribute information about the role and function of the county assessor;

C. Provide a forum for the discussion of subjects which educate the county assessor and deputy assessors in the performance of their duties;

D. Provide a forum for discussion of issues of mutual concern between the county assessor and the Idaho State Tax Commission or its successor organization;

E. Establish lines of communication with the Idaho Legislature so that the Legislature will have the benefit of the knowledge and experience of the county assessor when considering legislation impacting the operation of the office of county assessor or the State Tax Commission; present and promote legislation believed to be beneficial to the office of county assessor and the taxpayers of the state of Idaho; and oppose legislation which is detrimental to the office of county assessor and the taxpayers of the state of Idaho; and

F. Acquire, own, use, convey or otherwise dispose of and deal in real or personal property and any interest therein.

ARTICLE II – MEMBERSHIP

Section 1. Any county assessor upon the payment of the annual dues of IACA, Inc. shall be a voting member of the association.

Section 2. Any deputy assessor authorized by his or her county assessor may become a member of the association but shall not have the right to vote unless otherwise designated pursuant to the provisions of Article VII, Section 3 of this Constitution and Bylaws.

Section 3. Any past president of IACA, Inc. who is no longer an elected assessor may become a member of the association but shall not have the right to vote.

ARTICLE III – GOVERNMENT

Section 1. The government of the Idaho Association of County Assessors, Inc. shall be vested in the MEMBERSHIP, except as otherwise provided in this Constitution and Bylaws.

Section 2. Only members enumerated in Article II, Section 1 shall be eligible to vote unless otherwise designated pursuant to the provisions of Article VII, Section 3 of this Constitution and Bylaws and hold office.

Section 3. The control and management of the property, finances and general supervision of all the affairs of IACA, Inc. shall be under the supervision of the Board of Directors answerable to the MEMBERSHIP. The President, Vice President, Secretary, Treasurer and Historian shall serve as officers of IACA, Inc. and shall constitute the Board of Directors. In addition, the immediate Past President shall sit on the Board in an ex-officio capacity and shall have the power to vote.

ARTICLE IV – ELECTION, TERMS OF OFFICE, AND DUTIES OF OFFICERS AND THE REPRESENTATIVE TO THE IAC BOARD OF DIRECTORS

Section 1. The officers of IACA, Inc. shall be the President, Vice President, Secretary, Treasurer and Historian, all of whom shall serve without salary.

Section 2. The officers shall be elected at the annual conference of IACA, Inc. Upon presentation of a slate of officers by the nomination committee, any MEMBER may make additional nominations from the floor. Election shall be by secret ballot when deemed necessary by the President. Election to any office shall be by a majority of the votes cast.

Section 3. The terms of office for the President, Vice President, Secretary, Treasurer and Historian shall be for one year, starting on the date of their election and continuing until their successors have been elected and qualified. Election of officers shall occur at the annual meeting of IACA, Inc.

Section 4. The duties of the officers of IACA, Inc. shall be as follows:

A. The President shall (1) preside at all meetings of IACA, Inc.; (2) appoint all standing and special committees and name the chairmen of the committees except as otherwise provided in this Constitution and Bylaws; (3) cast a special ballot in case of a tie at meetings of IACA, Inc.; and (4) enforce all rules relating to the administration of IACA, Inc.

B. The Vice President shall (1) perform the duties of the President in the absence of the President; and (2) in the event of a vacancy in the office of President, automatically become the President, and (3) shall chair the Assessor's Manual Committee.

C. The Secretary shall (1) shall keep the minutes of all regular and special meetings of IACA, Inc. and enter all resolutions, proceedings and motions in the proper books of the association; (2) keep a register of the MEMBERSHIP; (3) conduct all correspondence relating to IACA, Inc.; (4) issue all notices of meetings of IACA, Inc.; (5) perform all other functions related to the office of Secretary; and (6) in the event of a vacancy in the office of Vice President, automatically become the Vice President.

D. The Treasurer shall (1) prepare an annual budget to be adopted by the MEMBERSHIP at its annual meeting; (2) receive and receipt all monies payable to IACA, Inc. unless there is a contract for administrative support services with the Idaho Association of Counties or some other entity; (3) sign all checks payable by IACA, Inc. unless there is a contract for administrative support services with the Idaho Association of Counties or some other entity; (4) report at each meeting of IACA, Inc., the condition of the treasury; (5) provide the president with a list of those not qualified to vote because of non-payment of dues as required by Section 1, Article II; and (6) in the event of a vacancy in the office of Secretary, automatically become the Secretary.

E. The Historian shall (1) maintain the historical record of IACA, Inc. including books, photos, and agendas of past conferences and any other items of historical significance to IACA, Inc.; and (2) in the event of a vacancy in the office of Treasurer, automatically become the Treasurer. In the event of a vacancy in the office of Historian, the office shall remain vacant until the next annual meeting of IACA, Inc. and the Vice President shall fulfill the duties of the Historian for the remainder of the year.

Section 5. In addition to the officers set forth in Section 1 of this Article, the membership of IACA, Inc. shall elect a representative to the Idaho Association of Counties Board of Directors to serve for a term of two years. The election for this position shall commence in the year 2001 at the annual meeting and shall occur in each odd-numbered year thereafter. To qualify for this position, a member shall have served as president of IACA, Inc. Also, an alternate with the same qualifications as the representative shall be elected for a two-year period to attend the meetings of the Idaho Association of Counties Board of Directors, should the regular representative be unavailable and shall complete the unexpired portion of the term of the regular representative should he or she be unable to do so.

ARTICLE V – COMMITTEES

Section 1. The committees of IACA, Inc. shall include the Nomination Committee, Centrally Assessed Property Committee and such other special committees as may be appointed from time to time by the President of IACA, Inc.

Section 2. The President of IACA, Inc. shall appoint all committees and name the chairman and vice chairman unless otherwise provided in this Constitution and Bylaws. All appointments shall expire with the expiration of the term of the President under whose term the appointment was made.

Section 3. The Nomination Committee shall consist of the immediate past president as chairman and the next six available past presidents who represent each Idaho Association of Counties (IAC) district. If no

past president is available to represent an IAC district, the President shall appoint a Member to the Committee to represent that district.

Section 4. The Centrally Assessed Property Committee shall monitor and review actions of the Idaho State Tax Commission related to centrally assessed property. The Committee shall consist of a chairman appointed by the President and a representative chosen from each of the six IAC districts by the assessors of each district. Each district shall meet during the annual conference in order to choose its representative. The Committee shall make recommendations for action to the board of directors and/or the MEMBERSHIP of IACA, Inc.

ARTICLE VI – MEETINGS

Section 1. The annual meeting of IACA, Inc. shall occur on the date and in the place determined by a vote of the MEMBERSHIP. Notices of the annual meeting shall be mailed to each MEMBER not less than fifteen (15) days prior to the meeting.

Section 2. The President may call a special meeting of IACA, Inc. at any time with the approval of the Board of Directors.

Section 3. The minutes of each meeting of the MEMBERSHIP or Board of Directors shall be distributed to all members of IACA, Inc. within ninety (90) days after the conclusion of the meeting.

ARTICLE VII – QUORUM AND VOTING

Section 1. A majority of the MEMBERS of IACA, Inc. shall constitute a quorum authorized to transact any business at any meeting of the association.

Section 2. Each county assessor qualified to vote pursuant to Section 1, Article II, shall have one vote on any issue requiring a vote of the MEMBERS of IACA, Inc.

Section 3. In the absence of the county assessor, a deputy assessor specifically authorized by the county assessor in writing to vote on behalf of the county assessor may vote on any issue requiring a vote of the Members of IACA, Inc. The authorization to vote shall be presented to the President prior to voting.

ARTICLE VIII – AMENDMENTS AND RULES OF ORDER

Section 1. Amendments to the Constitution and Bylaws of IACA, Inc. shall be made only at a regular or special meeting, upon approval by a two-thirds vote of the MEMBERS present. No proposition to amend shall be acted upon unless written notice of the amendment has been given to the Secretary not less than thirty (30) days prior to the meeting. A copy of the amendment shall be contained in the call for the regular or special meeting with a copy sent to each MEMBER of IACA, Inc. at least fifteen (15) days prior to the date of the meeting at which the amendment is to be voted on.

Section 2. The most recent edition of Robert's Rules of Order shall govern the meetings of IACA, Inc. and its committees.

1.0.0 Duties of County Officials

1.1.0 County Officials

Many people believe local government is most responsive to the needs of the people. County government, in particular, is responsive, largely because the people in charge of county government are elected locally. Article XVIII, Section 6, Idaho Constitution provides for the election, every four years, of a sheriff, a treasurer-tax collector-public administrator, an auditor-clerk-recorder, an assessor, a prosecuting attorney, and a coroner. §31—703, I.C., mandates that two county commissioners serve two-year terms and the third serves a four-year term. The four-year term alternates between the commissioners, based on the number of the district each represents.

Each official is charged with particular duties and responsibilities in the operation of county government. A person can better understand county government by examining each elected officer's respective duties.

Our forefathers designed government to have various checks and balances of duties and powers. Sometimes it may appear that these checks and balances manage to pit elected officials against one another to get their job done. These checks and balances do not have to become a point of contention with one another, because if they do, no one will come out on top in the view of the public or the press. It is in the best interest of the elected official to understand the duties of the other elected officials and to work out the differences in a manner of cooperation. This subsection will go into the duties as they relate to the property tax. To learn more of the duties of each official, see the handbook periodically published by IAC. This handbook details the duties of each office, and each county has a copy. IAC, the state tax commission, and Idaho Department of Transportation are also good sources for questions and concerns between county officials.

1.1.1 Enumeration of County Officers

§31—2001, I.C., lists the various county officials required for county government. They include:

1. Three county commissioners
2. A clerk of the district court (also serves as auditor, clerk of the board of county commissioners, and recorder)
3. An assessor
4. A prosecuting attorney
5. A treasurer (also serves as public administrator and tax collector)
6. A coroner
7. A sheriff

Except for the county commissioners, these officials are empowered to appoint such deputies as are necessary (§31—2003, I.C.) for the "prompt and faithful discharge of the duties of...office."

1.1.2 Duties of County Commissioners

The board of county commissioners is given more authority than any other entity of county government. The board sets salaries for county employees (Article XVIII, Section 6, Idaho Constitution), approves the budget for the county functions (§31—1604 & 31—1605, I.C.) sets levies for the various taxing entities in the county (§63—802, I.C.), approves emergency expenditures (§31—1608, I.C.), issues funding and refunding bonds (§31—1901, I.C.), when necessary, appoints replacements for county officials (§31—2005, I.C.), establishes hours for county offices (§31—2009, I.C.), grants leaves of absence of more than twenty days for county officers (§31—2013, I.C.), fixes the amount of certain bonds for county officials (§31—2016, I.C.), and sets salaries for county officials (§31—3106, I.C.). In short, the county commissioners control the operations and purse-strings of the county.

The county commissioners also sit as the county board of equalization. During this time, they equalize assessment rolls and make decisions regarding exemptions from the property tax. A description of the responsibilities of the county board of equalization is found under "The Property Tax," "The Appeals Process," and "Exemptions," in this manual.

1.1.3 Duties of the Clerk of the District Court

The clerk of the district court serves as ex officio auditor and recorder and as ex officio clerk of the board of county commissioners (§31—2001, I.C.).

As ex officio auditor, this individual is responsible to draw warrants (§31—2301, I.C.), examine and settle debts to the county (§31—2303, I.C.), keep accounts current with the treasurer (§31—2304 & 2306, I.C.), and perform such other duties as prescribed by law.

As ex officio recorder, the clerk is responsible (§31—2402, I.C.) to record:

- Deeds, grants, transfers and mortgages of real estate, releases of mortgages, powers of attorney to convey real estate and leases which have been acknowledged or proved, and transcripts of judgments or decrees which affect the title or possession of real property, including water rights, any part of which is situate in the county of which the person is the recorder;
- Certificates of marriage and marriage contracts;
- Wills admitted to probate;
- Official bonds;
- Notices of mechanics' liens;
- Transcripts of judgments which by law are made liens upon real estate;
- Notices of attachments upon real estate;
- Notices of the pendency of an action affecting real estate, the title thereto or possession thereof;

- Instruments describing or relating to sole and separate property;
- Notices of preemption claims;
- Certified copies of any petition, with the schedules omitted, filed in, and certified copies of any order or decree made or entered in, any proceeding under the National Bankruptcy Act;
- Financing statements under the Uniform Commercial Code which cover timber to be cut, minerals or the like (including oil and gas), and accounts subject to §28—9—103(5), I.C.; 13. Notice of order of a general adjudication in conformance with §42—1408, I.C.; and
- Such other writings are required or permitted by law to be recorded.

Other writings required or permitted by law would include: various indexes (§31—2404 & 31—2405, I.C.), certificates of sale (§31—2406, I.C.), and various other records.

This manual is designed for use by the assessor, so the specific duties of the auditor/recorder will not be examined here. Suffice it to say that this individual is responsible to keep track of the records and the finances of the county.

1.1.4 Duties of the Treasurer

The county treasurer also serves as ex officio public administrator and ex officio tax collector (§31—2001,
I.C.).

As treasurer, this individual must (pursuant to §31—2101, I.C.):

- Receive all moneys belonging to the county, and all other moneys by law directed to be paid to him, safely keep the same, and apply and pay them out, rendering account thereof as required by law;
- File and keep certificates of the auditor delivered to him when moneys are paid into the treasury;
- Keep an account of the receipt and expenditure of all such moneys, in books provided for that purpose; in which must be entered the amount, the time when, from whom, and on what account all moneys were received by him; the amount, time when, to whom, and on what account all disbursements were made by him;
- So keep his books that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate distinct accounts, and the whole receipts and expenditures shown in one general or cash account;

- Enter no moneys received for the current year on his account with the county for the past fiscal year, until after his annual settlement for the past year has been made with the county auditor; and
- Disburse the county moneys only on county warrants issued by the county auditor, based on orders of the board of commissioners or as otherwise provided by law.

The treasurer may receive no money into the county treasury unless accompanied by the certificate of the auditor (§31—2103, I.C.) and must issue receipts for all money collected (§31—2104, I.C.).

The books of the treasurer are to be open to the county commissioners, the auditor, and the grand jury (§31—2122 & 31—2123, I.C.).

The treasurer, as ex officio tax collector is responsible for:

- Mailing a tax notice to every taxpayer or his agent or representative [The content of the notice is approved by the state tax commission (§63—219, I.C.). The deadlines for mailing the notices, the information required on the notice, and the length of time receipts for payment of taxes must be retained are contained in §63—902, I.C.];
- Collecting taxes on real and personal property, yield taxes on harvested timber, and special assessments for water districts, fire protection districts, local improvement districts, translator districts and other entities as approved by the legislature and the commissioners [The deadline for payment of property taxes and the different payment options are found in §63—903, I.C.;
- Performing special provisions for the collection of taxes on personal property (§63—904, I.C.) [This covers the consequences of delinquency, taxes made on demand, issuance of warrants of distraint and the allowance of extensions or barring of extensions for payment.]; and
- Performing duties spelled out in Title 63, I.C.

1.1.5 Duties of the Sheriff

The sheriff's responsibilities (pursuant §31—2202, I.C.) include, but are not limited to:

- Enforce the state Motor Vehicle Licensing Act (§49—205, I.C.), including inspection of out-of-state cars:. (The assessor's office may perform this function in a few counties as part of the procedure for licensing out-of-state cars.) The sheriff or his deputies inspect these cars and determine their identification numbers. The number is compared to the number of on the owner' out-of-state title. The sheriff's inspection slip is necessary to obtain an Idaho motor vehicle title (§49—507, I.C.).
- Serve and execute warrants of distraint (§63—1013, I.C.) and seize and sell personal property upon which a property tax delinquency exists (§63—1012, I.C.) or for refusal to pay property tax on personal property (§63—1101, I.C.).

1.1.6 Duties of the Prosecuting Attorney

§31—2601, I.C., specifies that the prosecuting attorney be an attorney and counselor at law. He must be duly licensed to practice in the district courts of the state at the time he assumes office.

The responsibility (pursuant to §31—2604, I.C.) of the prosecuting attorney includes, but is not limited to, giving advice, when requested, to the board of county commissioners, and other public officers of the county, in all public matters arising in the conduct of the public business entrusted to the care of such officers.

1.1.7 Duties of the Coroner

The coroner is required to hold inquests as prescribed in the Penal Code (§31—2801, I.C.), to provide for the burial of unclaimed bodies (§31—2802, I.C.), to handle and properly dispose of property found on corpses (§31—2803 & 31—2804, I.C.), and to act as sheriff under certain circumstances (§31—2806 & 31—2807, I.C.).

1.1.8 Duties of the Assessor

The office of the county assessor is primarily concerned with determining equitable values on both real and personal property for tax purposes (§63—207, I.C.). However, the office has one other function that is detailed and time-consuming. The assessor acts as the agent of the Idaho Department of Transportation in titling and registering vehicles (§49—401A, & 49—501, I.C.), The law also provides that if the governor thinks it is necessary to call up a militia, he may order the assessor to carry out a registration of all county residents liable for such service (§46—104, I.C.).

The voters elect the county assessor for a term of four years (Article XVIII, Section 6, Idaho Constitution). Candidates for the office are nominated at primary elections. However, if the county chooses an optional form of county government, the structure of the assessor's office could change. Possible changes are changing the term of office, appointing an individual to the office, or eliminating the office and having the duties and responsibilities performed by other elected officers or appointed persons (§31—52 through 31—56, I.C.). The county commissioners determine the assessor's salary in each county (§31— 816, I.C.). The assessor is empowered to appoint deputies and clerical assistants (§31—2003, I.C.). The compensation of theses deputies and assistants is determined by the county budget approved by the county commissioners. When there is more than one deputy in an office, one must be designated as the senior deputy at the time of appointment. The senior deputy then acts for the assessor when absent or in any way incapacitated (§31—2006, I.C.). All deputies and clerks must also take and file an official oath before performing their duties (§50—406, I.C.). The assessor is sworn into office on the second Monday in January (50—404, I.C.). Appointments of deputies must be documented (§31—2007, I.C.), and the oath of office and the appointment form are customarily joined together into one legal document for filing.

The assessor is required to be bonded for the performance of his/her duties (§31—2015, I.C.). The county furnishes such bond. However, since this office is also involved in selling vehicle licenses, the county commissioners may require an additional amount for this function. The bond limit is not more than $50,000 for license collectors (§31—2015, I.C.).

Any county assessor upon the payment of the annual dues may become a voting member of the Idaho Association of County Assessors (IACA) which provides guidance in the valuation of property and provides a forum for discussion of issues common to Idaho assessors. Please refer to the Preface of this manual to see the constitution and bylaws of the IACA.

Assessment of Property

The office of the assessor is responsible for the assessment of property. This is the first step in property tax administration, determining the value of real and personal property for tax purposes. The duties of the assessor in regard to this function are prescribed in Title 63§ (§31—2501, I.C.).

Real Property Assessment

Assessment of real property, and of personal property that is entered on the property roll, is a continuing process. Land and improvements on the land, such as buildings, are assessed in categories (§63—109, I.C.). All property is to be assessed uniformly throughout the state at its market value for assessment purposes (§63—205 & 63—208, I.C.).

The assessor is required to have an accurate and complete plat book of land in the county, with ownership records kept up-to-date (§63—209, I.C.). Some counties do this by contractual arrangement with the local land title office, which furnishes photostatic copies of all changes in ownership. Others have deputies in charge of the plats who follow all property transfers and make the necessary changes in the plat books and other assessment records.

Legal descriptions of new and altered taxing districts and maps of new districts and of altered portions of existing districts must be filed with the county assessor, the county recorder and the state tax commission within 30 days after the change is effected (§63—215, I.C.).

Land valuation is basic in real property appraisal for tax purposes. Periodic revaluation of all property is carried out under rules promulgated by the state tax commission. There is constant up-dating of values of lots and lands that have changed in use since the last complete revaluation with an actual sampling of sales used in estimating current land values (§63—203; 63—205 & 63—601, I.C.).

The assessor is to carry out a continuing program of valuation of all properties pursuant to rules prescribed by the state tax commission, to ensure that all properties are appraised at current market value for assessment purposes (§63—314, I.C.). In order to promote uniform assessment of property, taxable property must be appraised or indexed annually (§63—314, I.C.). To achieve this, not less than 15 percent of the property in the county must be included in each year's appraisal resulting in not less than 100 percent being appraised during each five-year period. In addition, to the revaluation work, annual ratio studies are completed to measure assessment levels by classification. When necessary, analyses of sales are used to index non-revalued properties to achieve acceptable levels of assessment. The county assessor must maintain records showing when each parcel or item of property was last appraised (§63—314, I.C.). The board of county commissioners of each county is to furnish the assessor with such additional funds and personnel as may be required to carry out the valuation program and may levy a tax not to exceed four hundredths percent of market value for assessment purposes (0.04%) to pay the costs (§63—314, I.C.).

The state tax commission prepares and distributes to each county assessor rules prescribing the manner in which market value for assessment purposes is to be determined for tax purposes (§63—208, I.C.). The rules require each assessor to find market value for assessment purposes of all property within his county according to nationally recognized appraisal methods and techniques, provided that the actual and functional use must be a major consideration when determining market valuation for assessment purposes (§63—208, I.C.).

To maximize uniformity and equity in assessment, the rules require, to the extent practicable, the use of reproduction or replacement cost less depreciation as opposed to historic cost less depreciation whenever cost is considered as a single one of the several factors in establishing market value of depreciable property (§63—208, I.C.). State law (§63—207 & 63—601, I.C.) requires that all property not expressly exempted shall be assessed for property taxation. The property assessment roll must be completed and delivered to the clerk of the board of county commissioners on or before the fourth Monday of June (§63—310, I.C.). The clerk must transmit it to the board of county commissioners for equalization. Property assessed after the fourth Monday of June is included on the subsequent property roll and must be delivered for equalization by the fourth Monday of November (§63—311 & 63—501, I.C.). Property assessed after the fourth Monday of November is included on the missed property roll and must be delivered for equalization by the first Monday of January (§63—311 & 63—501, I.C.). Therefore, the assessment of all property must be completed by December 31 each year so the missed property roll can be submitted to the board of equalization by the first Monday in January.

The county assessor must mail the assessment notices timely for each appropriate roll as provided in §63—308, I.C. The deadline for the mailing of assessment notices on the property roll is the first Monday in June, on the subsequent property roll is the fourth Monday in November, and on the missed property roll is the first Monday in January of the following year. Also see "The Rolls" in this manual.

Personal Property Assessment

Idaho law defines personal property as everything that's subject to ownership and that isn't included within the term real property (§63-201(19) I.C.). The first $250,000 of a taxpayer's personal property is exempt (§63-602KK(2) I.C.). All non-exempt personal property is reassessed each year by the assessor's office. The items included are business equipment, furniture, and fixtures, certain types of manufactured homes (§63—305 I.C.) and many other categories of personal property not easily located and listed.

Assessors in the state must send a personal property declaration to property owners to use in reporting their personal property for the year. Since the annual date for assessment is on the first day of January, personal property reporting sheets are sent out early in the year, with a March 15 deadline for their return (§63—302, I.C.). These reports should be supplemented

with official spot checks by deputies in the field. The property roll includes all personal property assessed by the fourth Monday of June and must be delivered to the clerk of the board of county commissioners on or before the fourth Monday of June (§63—310, I.C.) for equalization (§63—501, I.C.). Personal property assessed after the fourth Monday of June is included on the subsequent property roll and must be delivered for equalization by the fourth Monday of November (§63—311 & 63—501, I.C.). Personal property assessed after the fourth Monday of November is included on the missed property roll and must be delivered for equalization by the first Monday of January (§63—311 & 63—501, I.C.). Therefore, the assessment of all personal property must be completed by December 31 each year so the missed property roll can be submitted to the board of equalization by the first Monday in January.

The county assessor must mail the assessment notices timely for each appropriate roll as provided in §63—308, I.C. The deadline for the mailing of assessment notices on the property roll is the first Monday in June, on the subsequent property roll is the third Monday in November, and on the missed property roll is the first Monday in January of the following year. Also see "The Rolls" in this manual.

Motor Vehicle Licensing and Title

The role of motor vehicle license clerk was assigned to the assessor's office when a local office was needed for licensing a small number of cars in the early part of the twentieth century. The registration fee for motor vehicles in Idaho is in lieu of personal property taxes (§49—401, I.C.). Manufactured homes however, cannot be licensed without a verification that the property tax for the applicable year has been paid (§49—422, I.C & 63—1014, I.C.).

The assessors are agents of the Idaho Department of Transportation and are directed to perform the duties prescribed in the Uniform Registration Act (§49—205, I.C.) and the Idaho Motor Vehicle Act (§49—401A, I.C.). The Department of Transportation furnishes supplies and license plates (§49—201 & 49—443,I.C.).

These responsibilities require approximately one-fourth to one-third of all the personnel in the assessor's office and often as much as one-half of the total space and capital equipment in the office. In January 1970, the motor vehicle license procedure was changed to provide a staggered license expiration period rather than a single date on which motor vehicle licenses expire. The staggered expiration period has reduced the problem of a single workload peak in the county assessor's office.

State law provides 12 registration periods, starting in January and proceeding consecutively through December, each expiring at midnight on the last day of the month (§49—402, I.C.). The number on the vehicle's validation registration sticker determines when the motor vehicle license expires. A sticker with a "1" expires at midnight January 31; a sticker with a "12" expires at midnight December 31 (§49—402, I.C.). A person purchasing his first license for a car received a new plate with the proper adhesive sticker of renewal. §49—402, I.C., gives initial authority to register vehicles for less than a 12-month period or more than a 12-month

period and to prorate on a monthly basis. There has been a policy of not registering vehicles less than 1 month nor more than 24 months.

The fee varies for each passenger motor vehicle not used for hire and each pickup truck having a gross weight of not more than 8,000 pounds, depending on its age (§49—402, I.C.). Fees for other types of vehicles are fixed by state law (§49—434, I.C.). Certain types of motor vehicles such as wreckers (depending on registration category), utility trailers and recreational vehicles have licenses which expire on December 31 of each year rather than on a staggered basis (§49—402, I.C.). Subsection §49—402(7), I.C., provides for repossession plates to be used by the repossessor moving a vehicle pursuant to a security agreement; plates are issued by the Transportation Department.

The following is a partial list of the legal responsibilities for the assessor's office relating to licensing and titling:

I. Selling license plates: The assessor

   A. Handles applications for registration of passenger vehicles, trucks, and buses (§49—401A, 49—401B, 49—434(1), I.C.);

      1. Motorcycles are included as licensed vehicles (§49—114(9)(mopeds), 49—402(3)(motorcycles)(I.C.)
      2. Trailer houses are included as licensed vehicles (§49—422, I.C.); and
      3. City buses and school buses are included as licensed vehicles (§49—402(2) & 49—434, I.C.)

   B. Computes license fees (§49—402; 49—434, 49—401B, I.C.);

   C. Creates a record of the registrant and registration issued, by the license plate number (§49— 401B, I.C.);

   D. Issues registration cards to accompany each set of license plates (§49—419, I.C.);

   E. Collects registration fees (§49—402, 49—434, 49—444, I.C.);

   F. Accepts applications for special plates for national guard, §49—404, I.C., radio amateurs, §49— 405, I.C., old-timer license plates, §49—406, I.C., and others which may be added by the legislature from time to time. These applications are mailed directly to the Idaho Transportation Department;

   G. Processes the transfer of license plates from a car that has been disposed of during the licensing period to the owner's new car (§49—431, I.C.); and

   H. May sell pleasure boat, off-road vehicles, and snowmobile stickers for the Parks and Recreation Department (§67—7013, 67—7008, I.C.); and

I. Values recreational vehicles in order to determine the amount of the registration fee and issues the registrations stickers; (§49—445, & 49—446); state park passports stickers are offered for sale.

II. Titling motor vehicles: The assessor

A. Accepts filing of applications for Titles (§49—504, I.C.), along with required supporting documents, and enters the proper recorded date when a lien is being recorded (§49—510, I.C.) and

B. Collects fees (§49—202, I.C.);

III. Performs special services in connection with duplicate registration cards, replacement plates and validation stickers (§49—202, 49—425, I.C.); and

IV. Collects sales tax, when it has not been previously collected by the seller, including any dealer, retailer, or private party (§63—3610, I.C. and by administrative order of the sales tax division of the state tax commission).

County government receives some compensation for the state mandated duties of county assessors. For example, an administrative fee for actual costs, may be imposed in addition to each motor vehicle registration tax or fee collected under § 49—402, I.C., & 49—434,I.C. The board of county commissioners may impose an administrative fee for motor vehicle title issuance under §31—870(4) I.C. A number of other, title and registration fees are listed in §49—202, I.C. The administrative fees collected under §31—870, I.C., and other sections are placed in the county current expense fund. Idaho law clearly states that county elected office-holders collecting fees must turn over their fees to the county treasurer (§31—3101, I.C.).

Vehicle owners can pay the fees using credit or debit cards, the county administrative fee can include the expense for the use of these credit or debit cards. Many counties also allow vehicle owners to use the Internet to do renewals via Access Idaho. The public appreciate the option to use these services.

Revenue Allocation Financing of Urban Renewal Projects

The assessor must prepare a base assessment roll showing the value of all taxable property in the urban development area as of January 1 of the year in which the Urban Renewal Revenue Allocation Area is established. Each year thereafter, the assessor must determine the new additional (increment) value of property within this area and must certify this information separately on listings of value by taxing district submitted to the state tax commission (§50—2901 through 50—2912, I.C.)

Public Relations

Taxpayers who feel their tax bills are too high usually blame the assessor's office. It is also the place taxpayers go when they want a particular license plate number. Frequently they are not satisfied with the response they get in either case.

Most tax increases on individual properties are brought about by increased budgets and tax shifting from one property class to another. Budgetary increases may require increases in the property tax levy rates certified by cities, school, road, and other taxing districts. For this type of tax increase the assessor bears no responsibility. If taxpayers wish to have their opinions heard concerning levies, they must attend the hearings held by these districts and cities.

Tax shifting occurs when one property class is assessed closer to market value than other classes of property. If residential properties are assessed at a median level of assessment close to 100% of market value, yet commercial properties are assessed at a median level of assessment of 85%, property taxes are shifted to the residential sector.

The assessor's office should be active in helping achieve an understanding between the county commissioners and the taxpayers. When there are increases in valuation, which may result in tax increases, holding taxpayer meetings to explain increases can be very helpful in reducing complaints.

Newspapers and radio and television stations are usually willing to cooperate in publicizing county assessment policies. Publicly explaining the complexity of government can lighten the load of complaints in the assessor's and county commissioner's offices during peak load periods. Assessors have helped this process by sending out letters to accompany and explain the annual valuation statements mailed in June.

1.2.0 Deputies

Except for the county commissioners, the elected officials listed in §31—2001, I.C., are empowered by §31—2003, I.C., to "appoint as many deputies as may be necessary for the prompt and faithful discharge of the duties of...office." These officials include the clerk of the district court (who serves as county auditor, clerk, and recorder), the assessor, the prosecuting attorney, the sheriff, the treasurer (who serves as tax collector and public administrator) and the coroner.

Few jurisdictions are small enough to allow the elected official (with the possible exception of the coroner) to personally handle all business of the office, so the elected officials employ deputies. The board of county commissioners are directed to empower the officials to "appoint such deputies and clerical assistants as the business of their offices may require" and authorizes the commissioners to fix salaries of these deputies and clerical assistants (§31—3107, I.C.).The appointment of any deputy must be made in writing and filed in the office of the county recorder (§31—2007, I.C.). When an elected official is granted a leave of absence, a deputy must be appointed to handle the duties of office. If the elected official fails to make the appointment, the granting of the leave of absence is null and the office is vacant. The vacancy is then filled by the board of county commissioners (§31—2003 & 31—2004, I.C.).

Whenever an elected official appoints more than one deputy, the official must designate one deputy as senior deputy. This senior deputy is responsible to perform the duties of the elected official's office, in the event that the office becomes vacant (§31—2006, I.C.).

This subsection will concentrate on the deputy assessor. It is important that the assessor have deputies who present a positive image to the people with whom they deal.

1.2.1 Appraisers

Since the property tax is a primary source of revenue for local government and public schools, and since the dollar amount generated by this tax is sizable, it is essential that the Assessor pay particular attention to the valuation of all taxable property in the county. The people who perform the appraisals of property in the county have a significant responsibility and it is the duty of the assessor to ensure that the appraisers under his or her direction are capable and qualified.

The assessor may choose to hire appraisers to work in-house, decide to contract the valuation of property to an independent appraisal firm, or choose to use a combination of the two methods. (See "Appraisal Contracts," and Sample Appraisal Contracts in the addendum of this manual.) Whatever course the assessor takes, the valuation of the property in the county is a difficult responsibility. The assessor must get the proper people to do the job.

Hired in-house appraisers may be classified as Appraiser I through Appraiser IV with their progression detailed as follows:

1. Appraiser I: Newly hired employees will be designated as "Appraiser I" during the period of employment in which the employee is actively seeking certification.
2. Appraiser II: Is defined as a certified property tax appraiser.
3. Appraiser III and IV: Is defined as a certified tax appraiser having passed additional IAAO classes and having five years' experience, as prescribed by the employment policy.

The state tax commission is responsible to ensure that valuation of property throughout the state of Idaho is accurate and equitable. The legislature has adopted an appraiser education program and requires that all appraisers making value judgments for property tax purposes become certified through the education program.

All parcels in a county must be appraised and physically inspected at least once each five years. §63—105A(17),I.C. and state tax commission Property Tax Administrative Rule 125 and Rule 126 provides information and directions relating to the legislative required education program and appraiser certification program. This is not to say that uncertified persons cannot be hired to assist in the county's valuation program; uncertified employees can do much of the work, such as gathering data, computing numbers or entering appraisal data on computers. But Property Tax Administrative Rule 126 requires that anyone (except the county assessor, members of the board of equalization, and state tax commissioners) making a decision about the value of property (either real or personal) must be certified by the state tax commission. This includes not only in-house appraisers, but anyone employed by an independent appraisal firm who makes judgments of value for property tax purposes.

The requirements for certification in Idaho are specific and are listed in Property Tax Administrative Rule 126. In order to become certified to appraise property for purposes of property taxation in Idaho, an individual must complete at least two courses in appraisal – state tax commission Course 1 (Basic Appraisal) or the International Association of Assessing Officers' (IAAO Course 101; and IAAO Course 102 (The Income Approach to Value) or IAAO Course 201 (The appraisal of Land) or IAAO Course 300 (Fundamentals of Mass Appraisal) or equivalent courses, and have a minimum of 12 months experience appraising for property tax purposes in Idaho. After completing the requirements, the individual can apply to the state tax commission for certification.

To maintain certification, the appraiser is required to complete by January 1 of each year a minimum of thirty-two hours of appraisal instruction during each two-year period prior to that date. [Property Tax Administrative Rule 126 (3) (a)].

Any certified property tax appraiser failing to meet the continuing education requirements shall be placed on 6 months' probation by the examination committee. Failure to meet the continuing education requirements within the probationary period shall result in forfeiture of certification. A petition for an extension may be submitted 30 days prior to the expiration date of the probationary period for consideration by the examination committee. [Property Tax Administrative Rule 126 (3) (b)].

For recertification, an applicant must apply to the examination committee within five (5) years of the date certification was canceled. The applicant must satisfactorily complete a written examination approved by the examination committee. [Property Tax Administrative Rule 126 (3) (c)].

While performing duties, the duly appointed deputy is acting as the elected official (§31—2008, I.C.). It is incumbent upon the elected official to ensure that deputies have been carefully selected and properly trained in the performance of their duty.

1.3.0 Education Program

The Idaho State Tax Commission administers a program which provides educational opportunities for property tax administration, appraisal for property tax assessment purposes, cadastral mapping, and other related professional development topics. It is required "to provide a program of education and an annual appraisal school for its employees, for county commissioners, and for the assessors of the various counties of this state" and is required to provide for a property tax appraiser and cadastral specialist certification program. [I.C. 63-105A(17)]

The program of education is the responsibility of the Tax Commission. It is administered by the Tax Commission's education director.

Examination Committee

The examination committee is comprised of three assessors, one member of the Idaho Association of Assessment Personnel, and the Tax Commission's Education Director. The committee resolves questions of equivalent courses and experience for certification, and determines which courses meet the requirements for continuing education. [Rule 125.04]

Who must be a Certified Property Tax Appraiser?

"For the purpose of estimated property value to place the value on my assessment roll, the value estimation must be made by the assessor or a certified property tax appraiser." [63-201(1)(a)]

For individuals making decisions regarding final values for property tax assessment purposes, certification from the Tax Commission is required. County assessors, members of the county Board of Equalization, and Tax Commissioners are exempt.

How to Become a Certified Property Tax Appraiser?

To become a certified property appraiser, an applicant must have all of the following:

- Complete the course and pass the examination for the Tax Commission's "Principles of Property Valuation" OR
    a) the International Association of Assessing Officers' (IAAO) Course 101 – Fundamentals of Real Property Appraisal.
    b) Or an equivalent course approved by the examination committee.

- Complete the course and pass the examination for one of the following:
    a) IAAO Course 102 – Income Approach to Valuation,
    b) IAAO 201 – Appraisal of Land, or IAAO 300 – Fundamentals of Mass Appraisal.
    c) Or an equivalent course approved by the examination committee.

- In addition, experience must also include:
    a) A minimum of twelve months experience appraising for property tax assessment purposes in Idaho.
    b) Or equivalent experience approved by the examination committee.

Upon completing the requirements, an individual submits an application for certification to the Tax Commission for review and provide documentation as to the education requirement, with the assessor attesting to the experience requirement.

How to Maintain a Certified Property Tax Appraiser Certification?

Upon certification, an individual has two years from the date of certification to complete 32 hours of continuing education. For all others, as of January 1 of a given year, a certified property tax appraiser must complete 32 hours of continuing education during the previous two years.

For example, as of January 1, 2025, all certified property tax appraisers must have completed at least 32 hours of continuing education between 2023-24.

Who Has to Be a Certified Cadastral Specialist?

No one. This is an optional certification.

How to Become a Certified Cadastral Specialist?

To become a certified cadastral specialist, an applicant must have all of the following:

- Complete the course and pass the examination for the Tax Commission's "Basic Mapping Course"
    a) Or an equivalent course approved by the examination committee.
- Complete the course and pass the examination for one of the following: IAAO Course 600 – Principles & Techniques of Cadastral Mapping
    a) or IAAO 601 – Cadastral Mapping -Methods & Applications.
    b) Or an equivalent course approved by the examination committee.
- A minimum of twelve months experience working as a cadastral specialist in Idaho.
    a) Or equivalent experience approved by the examination committee.

Upon completing the requirements, an individual submits an application for certification to the Tax Commission for review and provide documentation as to the education requirement, with the assessor attesting to the experience requirement.

How to Maintain a Certified Cadastral Specialist Certification

Upon certification, an individual has two years from the date of certification to complete 32 hours of continuing education. For all others, as of January 1 of a given year, a certified cadastral specialist must complete 32 hours of continuing education during the previous two years. For example, as of January 1, 2025, all certified cadastral specialists must have completed at least 32 hours of continuing education between 2023-24.

Probation & Recertification

When any certified property tax appraiser fails to meet the continuing education requirements, the examination committee will grant a six-month probation. Any certified property tax appraiser failing to meet the continuing education requirements within the probationary period may, on a one-time basis, submit a written petition to the examination committee for a six-month extension of the probation. This petition must be submitted at least thirty days prior to the expiration date of the first probationary period.

For recertification, an applicant must apply to the examination committee within five years of the date certification was cancelled. The applicant must satisfactorily complete an examination approved by the committee. If the certification was cancelled five or more years ago, the committee will not grant recertification. After the five-year period, an applicant must apply for

certification under the same conditions as required for initial certification and a new certification number will be issued.

1.4.0 Mapping

Maps are necessary to carry out the reappraisal of the county each five years and a complete and accurate plat book is required by law (§63—209, I.C.). Changes in real property ownership occur daily and keeping abreast of the ownership of the property in the county is a major job. Even if a county is fortunate enough to have current up-to-date maps of the county, the assessor must have someone capable of platting parcels as they are split from larger parcels. Depending on the size of the county and the activity in the local real estate market, the job of mapper may either be full or part-time.

Some counties contract their mapping to private cartographers, but most have personnel to take care of it in-house. If the position does not require a full-time employee, the job can often be done by a deputy with responsibilities in addition to the mapping of the county. Hired in-house cadastral specialists may be classified as Cadastral Specialist I through Cadastral Specialist IV with their progression detailed as follows:

- Cadastral Specialist I: Newly hired employees will be designated as "Cadastral Specialist I" during the period of employment in which the employee is actively seeking certification.
- Cadastral Specialist II: Is defined as a certified cadastral specialist and having attended classes in deed processing law or mapping law.
- Cadastral Specialist III: Is defined as a certified cadastral specialist having passed additional IAAO classes or related cadastral classes and having five years of experience, as prescribed by the employment policy.
- Cadastral Specialist IV: Is defined as a certified cadastral specialist and having developed a curriculum pertaining to cadastral education and teaching or presenting at a related professional event.

Legislation was passed in 2008 requiring the state tax commission to make available a cadastral certification program. The requirements for certification are listed in Property Tax Administrative Rule 128. To become certified an applicant must have passed the Commission's Basic Mapping Course and the International Association of Assessing Officers' (IAAO) Course 600 (Principles and Techniques of Cadastral Mapping) or IAAO Course 601 (Cadastral Mapping – Methods and Applications) or equivalent courses, and must have a minimum of twelve (12) months experience working as a cadastral specialist in Idaho or equivalent cadastral experience approved by the examination committee. These requirements must be completed in the five-year period immediately preceding application except when the applicant proves equivalent education and experience.

To maintain certification each cadastral specialist must complete thirty-two hours of continuing education within two (2) years of the certification date. Thereafter, by January 1 of each year,

each cadastral specialist shall have completed thirty-two (32) hours of continuing education during the previous two years.

1.5.0 Licensing

For operation on public roads every vehicle must be registered and licensed each year. Not every voter in the county is a property owner, but nearly every voter in the county will own a motor vehicle. This situation affords the assessor an opportunity to demonstrate an efficiently run office — an office for which the taxpayers are footing the bill.

For this reason, it is important for the assessor to have an auto licensing section that runs in an efficient and friendly manner. To that end, deputies should be hired who are able to quickly, efficiently and courteously process the sizable volume of registrations and licenses which daily cross the counter.

Because of the volume of work done in the section, most assessors will hire a supervisor for the section. This individual is responsible for taking care of a significant volume of paperwork and is responsible for handling considerable amounts of money.

In addition to the supervisor of the section, most jurisdictions will need one or more deputies to "work the window". The exact number needed will vary between jurisdictions. Most assessors consider it important that these individuals, in addition to having the technical competence to do the job, are able to meet and deal with the public in a friendly, courteous manner, since the deputies who meet the public are the assessor's ambassadors to the voters of the county.

The Department of Homeland Security (DHS) manages the REAL ID federal program, which states administer. Since the customer profile in GEM is shared between both identity and vehicle credentials, DHS requires all DMV Users to pass an FBI NCIC fingerprint background check. The background check may be administered by the county sheriff or the Idaho State Police. If there is a positive finding with an employee, their access to DMV systems will be terminated by the Idaho Transportation Department (ITD). Counties are required to send confirmation on county letterhead to ITD, that the employee has passed the required background check by December 31, 2024. Background checks will need to be re-completed every 5 years. ITD does not need a copy of the background check. Do not send it.

ITD will be implementing a multi-factor authentication (MFA) system where users will need to authenticate themselves when logging into the ITD machine and network. There will be multiple options for users to choose for authentication (text, desktop phone, or county email). ITD will provide training prior to MFA being rolled out.

1.6.0 Trespassing

The issue of trespassing deserves special attention. The assessor must send certified property tax appraisers into the field for on-site inspections. Because these inspections are necessary in performing the valuation of property required by law, and because of the diverse nature of

properties, not to mention the diverse nature of property owners, both assessor and certified property tax appraiser must understand the basics about trespass laws in Idaho.

1.6.1 When a Certified Property Tax Appraiser Is Trespassing

Contrary to common belief, there is no Idaho statute authorizing certified property tax appraisers access to private property. Usually, a certified property tax appraiser need only be concerned when express refusal of entry is involved.

Express refusal comes in two forms. The first is direct refusal, either verbal or written. Direct refusal occurs when a property owner verbally, or in writing, refuses the certified property tax appraiser access to a property.

The second type of refusal is inferred refusal. Examples of inferred refusal include: “Keep Out” or “No Trespassing” signs, concertina wire, a chain link fence, or dogs. To protect the certified property tax appraiser, the assessor should establish a standard policy to be followed when an certified property tax appraiser encounters inferred refusal. This policy should include a request to the property owner to enter and inspect the property. If the request is refused, the refusal should be documented.

The certified property tax appraiser is not trespassing if he has permission to enter from the owner. This permission can be verbal. Verbal permission can be given by the owner’s children, if they are old enough to be responsible. (This is a judgment call on the part of the certified property tax appraiser and the courts could have a different opinion as to how responsible a particular child might be.) Permission to enter a property can also be given by tenants.

The assessor may wish to establish a policy of documentation for cases in which permission to enter is given verbally. The nature and amount of documentation is largely up to the individual assessor, but it should be sufficient to protect the certified property tax appraiser and the county in the event of an unforeseen problem. The certified property tax appraiser does not need permission to make use of public easements.

1.6.2 The Consequences of Trespassing

Certified property tax appraisers have been entering private property without permission for years and there haven’t been any disasters frequent or spectacular enough to make them common knowledge. So, what does it really mean to be a trespasser? The answer to that question depends on what happens while the certified property tax appraiser is trespassing.

If the Trespasser Causes Damage

The trespasser may be liable for treble damages and even punitive damages caused by presence on a property. For example, the trespassing certified property tax appraiser must take responsibility for damage done while taking a shortcut through a bed of prize petunias or breaking a dog’s rib with a kick. If damage to person or property results from a certified property

tax appraiser trespassing, both the individual and the county may be liable for damages. If damage caused by the certified property tax appraiser was intentional, the county may escape liability if it can show the certified property tax appraiser was acting beyond the scope of his employment.

The normal procedure for collecting damages caused by the trespassing certified property tax appraiser is to attempt to collect from the county. The county has more financial resources than the certified property tax appraiser and will be forced by the plaintiff to defend itself and pay for damages in most cases. This might let the certified property tax appraiser off the hook, financially, but the county might be reluctant to continue the certified property tax appraiser's employment where damage is large or frequent, given the cost of insurance and damage claims.

If the Trespasser Causes No Damage

Even if no damage is caused by the certified property tax appraiser, the property owner still has a valid lawsuit against the offending party. Normally, damages would be nominal ($1.00) and an injunction to keep the certified property tax appraiser off the property would be issued. Damages would be nominal unless, of course, the defendant decides to fight the suit and loses. In this event, the defendant could end up paying attorney's fees, the plaintiff's attorney's fees, and costs. In addition, the plaintiff could still get the injunction against the certified property tax appraiser, prohibiting the certified property tax appraiser from reentering the property.
Given the small financial rewards the property owner normally realizes from such a lawsuit, it is obvious why there are so few trespassing suits brought against county certified property tax appraisers.

1.6.3 Landowner's Responsibilities

The assessor and the certified property tax appraiser have a more serious concern than their own legal liability. This more serious concern is that the landowner owes a lower duty of care to trespassers. The landowner merely must refrain from willful and wanton acts which might cause injury. This means that the landowner bears less liability for what happens to trespassers than he does to persons whom he invites on his property. Because of the lower duty of care owed by the landowner, the assessor should establish policies to protect certified property tax appraisers in the field.

1.6.4 Assessor's Alternatives

The assessor has no choice but to value the property. By law, all nonexempt property must be valued and assessed [§63—207,I.C.] and the property must be assessed at market value (§63—314, I.C.), based on the assessor's "best judgment and information (63—1401, I.C.)." If the certified property tax appraiser can't get permission to enter a property, there are alternatives available for the valuation of that property. Other methods can be employed to determine a value.

Any information that is obtained from public property or neighboring property or any other place where the certified property tax appraiser has a right to be is all right to use. Reliable information from persons who have been on the property is also usable.

The assessor should not hesitate to place a property on the assessment roll at full value. The value should not be so great that the assessor cannot make a reasonable case in defense of the assessed value. The owner has the right of appeal and may allow inspection for a more informed appraisal of the property.

The question is one of reasonable technique and faith in the equalization system to adjust such errors as might occur. The taxpayer must provide proof to the board of equalization that an assessment is too high, and this is very difficult without providing considerable physical information about the property to the board, and hence to the assessor.

The assessor should request access to the property during any hearing on the value of the property with the county board of equalization, state board of tax appeals, or district court. The district court, for example, may order the property owner to grant access.

1.7.0 Ethics in Government

The assessor and his office staff have been entrusted with the job of collecting public monies and administering the assessment and tax laws in the state of Idaho. This is an important job that bears the responsibility to act in an ethical manner at all times. The many ethical government officials in Idaho do not make newspaper headlines, but the few unethical government officials are not only negatively displayed in the news but also may face personal fines and incarceration. Some simple dos and don'ts can apply to you and your office.

- Do act without any ill will towards anyone without regard to sex, race, religion, political belief or aspiration.
- Do hold all public monies or property in trust and have all monies accounted for on a daily basis. (As an example a county official that did not turn in sales tax money from motor vehicles was later convicted of misuse of public funds.)
- Do not write personal checks to a "till" to "borrow" money. (A county official was forced to leave office for doing this.)
- Do not engage in any criminal behavior or such behavior as would violate the public trust.
- Do not accept any money or "gift" for the purpose of influencing something in a public office. Anything under $50 is OK as long as it is incidental with the job. (A tin of popcorn at Christmas.)
- Do not do anything that appears to have a conflict of interest.

The attorney general's office has a pamphlet of the laws compiled on the state's web site. Also Idaho Association of Counties (IAC) personnel are available for specific questions and additional information can be found in the NACo County Code of Ethics Manual.

1.8.0 Roles of the Idaho State Tax Commission

Coordinate and direct a system of property taxation throughout the state. Instruct, guide, direct and assist the county assessors and county boards of equalization as to the methods best calculated to secure uniformity in the assessment and equalization of property taxes so that all property shall be assessed and taxed as required by law.

Require all assessments of property in this state to be made according to law and correct any erroneous assessments found in any county.

Examine all complaints of violation of the laws of assessment and taxation of property. (Also see Administrative Rule 120.)

Coordinate the work of the county Boards of Equalization.

Develop administrative rules to clarify and implement law.

Provide an annual appraisal school and a program of education, including setting a reasonable timeframe within which a county appraiser must meet certification requirements as a condition to continued employment by the county as a certified property tax appraiser. (Also see Administrative Rules 125, 126, and 128.)

Administer the forest products and land valuation and taxation laws under Chapter 17, Title 63, Idaho Code (Also see Administrative Rules 960-964, and 966.)

Administer the forest products and land valuation and taxation laws under Chapter 17, Title 63, Idaho Code. (Also see Administrative Rules 960, 961, 962, 963, 964, and 966.)
Prescribe forms and to specify and require information with relation to any duty or power of the Tax Commission.

Analyze any appraisals or assessments made by any county assessor and upon discovery of omitted or improper assessments notify the assessor in writing to make corrections. When necessary, prepare supplemental assessment roll with corrections.

To secure, tabulate, and keep records of the valuations of all classes of property throughout the state, have access to all records and files of county offices, and require reports relating to property assessment and taxation.

Visit each county for the investigation and direction of assessment and equalization to ascertain whether or not the provision of law relating to the assessment of all taxable property are being properly administered and enforced.

Require the attendance of any assessor in the state at such time and place as may be designated.

Bring the attention of the assessor to any omitted property or any improper assessment, and if such assessor shall neglect or refuse to comply with the request to place such property on the property rolls or correct such incorrect assessment, prepare a supplemental roll for submission to the county board of equalization as an integral part of the original property rolls.

Require prosecuting attorneys to prosecute actions relating to penalties, forfeitures, removals and punishments for violations of laws in connection with the assessment and taxation of property.

§63-109. Equalization by categories – Identification and reassessment. (Also see Administrative Rules 130 and 131.)

Establish categories of property for assessment purposes.

Use results from ratio studies to equalize the assessments of property throughout the state by category.

Use results from ratio studies to adjust the value of property by category when the value in any category is not "just and equal" with that of similar categories in other counties.

Compel assessor to assess omitted property or reassess improperly assessed property.

Compel the proper identification of property by categories and create new categories in order to compel reassessment of any categories of property within any county.

§63-314. County valuation program to be carried on by assessor. (Also see Administrative Rule 314.)

Provide assessors with supervision and technical assistance as needed. Ensure compliance with this law.

§63-315. Assessment ratios and the determination of adjusted market value for assessment purposes for school districts. (Also see Administrative Rule 315.)

Use results from ratio studies to compute adjusted market value by category groupings for school districts.

§63-316. Adjustment of assessed value – completion of assessment program by state tax commission – payment of costs. (Also see Administrative Rule 316.)

Hold hearing to decide county compliance with law in assessment of property.
Shall order the assessor and board of county commissioners to make corrections to roll. Shall change the property roll if the assessor and county commissioners fail to comply. Shall monitor county's compliance with section 63-314, Idaho Code.
May require reports on progress from county as needed.

If the county fails, may order the appraisal program to be conducted under STC exclusive and complete control.

Results of STC appraisal program are binding upon the county officers.

Withhold money from sales tax distribution to pay actual costs of STC appraisal program.

§63-707. Procedure after claim approval.

May audit each and every claim submitted and may utilize income tax returns filed by claimants or by claimants' spouses to determine income.

May adjust or disapproved claims.

§63-708. Recovery of erroneous claims.

May bill for overpayment within 3 years.

1.9.0 Roles of the Board of Tax Appeals (BTA)

Makeup of the Board of Tax Appeals (Idaho Code §63-3801 through 63-3803)
The board of tax appeals (BTA) is an independent body, not in any way subject to the supervision or control of the state tax commission (Idaho Code §63-3801). The BTA consists of three members appointed by the governor, based on their knowledge of taxation (Idaho Code §63-3802). The members are appointed to three-year terms and serve part-time (Idaho Code §63-3803).

Duties of the BTA (Idaho Code §63-3808 and 63-3811)
The BTA has the power to issue subpoenas requiring the attendance of witnesses and the production of evidence (Idaho Code §63-3808). The BTA hears appeals of property, sales and income taxes (Idaho Code §63-3811).

Rehearing (Idaho Code §63-3810)
A party, adversely affected by a decision from the BTA, may have a rehearing. The party must file the motion for the rehearing within ten days of the mailing of the decision. The party may request the rehearing be by the entire board of tax appeals (Idaho Code §63-3810).

Appeals from the BTA (Idaho Code §63-3812)
Any party, aggrieved by a decision from the BTA, may appeal that decision to the district court. The appeal must be filed with the clerk of the district court within 30 days of the postmark on the decision mailed by the BTA (Idaho Code §63-3812).

Any appeal that may be taken to the BTA may be taken directly to district court. Because of the expense of court action, most appellants use the BTA before going to district court.

1.10.0 Roles of the Idaho Department of Transportation

The Idaho Transportation Department (ITD) oversees the Division of Motor Vehicles (DMV) operations throughout the state, managing the processes for vehicle registration, titling, and driver licensing. As the central authority, the ITD sets the policies, procedures, and regulations that govern these activities, ensuring consistency and compliance across all counties in Idaho. The department also maintains statewide records and databases related to motor vehicles and

driver licenses, providing critical infrastructure and support for the DMV services offered to Idaho residents.

County assessors in Idaho play a significant role in executing DMV-related tasks on behalf of the ITD. While the ITD establishes the overarching guidelines and provides the necessary tools, county assessors' offices are responsible for the day-to-day operations of DMV services at the local level. This includes processing vehicle registrations, issuing license plates, handling title applications, VIN inspections, and collecting associated fees. By serving as agents of the ITD, county assessors ensure that residents have convenient access to these essential services without needing to interact directly with the ITD in Boise.

The collaboration between the ITD and county assessors is critical for maintaining the efficiency and accessibility of DMV services across Idaho. County assessors must adhere to ITD policies and report back to the department to ensure consistency and accuracy in the records. This relationship allows the ITD to extend its reach across the state while leveraging local offices to provide more personalized and accessible services to the public. This decentralized approach helps manage the high volume of DMV transactions while maintaining the integrity and security of Idaho's motor vehicle records.

The Idaho Code sections that relate to the Idaho Transportation Department (ITD) and the responsibilities of county assessors concerning the Division of Motor Vehicles (DMV) typically include the following:

- **Idaho Code §49-202** - *Powers and Duties of the Idaho Transportation Department*: This section outlines the general powers and duties of the ITD, including its authority over motor vehicle registrations, titles, and licensing, which are functions often delegated to county assessors' offices.
- **Idaho Code §49-401** - *Registration and Licensing of Motor Vehicles*: This section details the responsibilities regarding vehicle registration, including the roles of county assessors in issuing vehicle registration and license plates under the supervision of the ITD.
- **Idaho Code §49-504**- *Certificate of Title Required*: This section discusses the requirements for motor vehicle titles, including the roles of county assessors in processing applications for titles.
- **Idaho Code §49-205** - *Duties of County Assessors*: Although not exclusively focused on DMV responsibilities, this section outlines the general duties of county assessors, which include responsibilities related to vehicle registrations and titling as part of their work with the DMV.

These sections provide a foundation for understanding the relationship between the Idaho Transportation Department and county assessors regarding DMV-related responsibilities. The assessors' offices often function as agents for the ITD, handling DMV services at the county level.

1.11.0 Roles of the Idaho Association of Counties

The Idaho Association of Counties (IAC) formed in 1976. It is a nonprofit, non-partisan member service organization dedicated to the improvement of county government. It was designed and incorporated by county elected officials to provide services, research, uniformity, and coordination among member counties, in order for county elected officials to serve constituents better.

IAC is funded annually by dues paid by member counties and revenues generated by IAC services. IAC is owned, organized, and operated by Idaho's county governments.

IAC promotes county interests, encourages ethical behavior, and advocates good public policy on behalf of Idaho counties, supports best practices, and provides education and training to assist Idaho county officials in performance of public service.

Multiple educational opportunities are provided by IAC throughout the year with courses and networking opportunities provided at the IAC Midwinter Legislative Conference and IAC Annual Conference, both held in Boise as well as regional meetings offered in the Spring and Fall as part of the IAC County Officials Institute.

The vision of IAC is to be the most trusted source for county government policy information and the leading source of knowledge for county officials.

IAC conducts its affairs in a professional, accountable manner acting with the highest integrity. The organization is knowledgeable, resourceful and credible, and adheres to these values at all times.

It serves as an umbrella organization for the various county official affiliates including the Idaho Association of County Assessors.

1.12.0 Roles of ICRMP

In 1985, Idaho public entities were in the middle of an insurance market meltdown. Due to rapidly increasing claim costs, commercial insurance carriers either stopped offering insurance to public entities or increased premiums beyond affordability. Faced with the crisis and knowing that access to affordable insurance was essential, Idaho counties decided to pool their resources and form their own insurance company. The Idaho Counties Risk Management Program (ICRMP) was born. An organization whose sole purpose was to provide its members with a stable source of insurance and risk management. Based on the concepts of ownership and pooling together, ICRMP has experienced tremendous success and has grown to almost 1,000 members including counties, cities, schools, and special districts.

ICRMP provides risk management resources, training, and consulting on a variety of high-claims areas. Whether it's a phone consultation, an in-person assessment or training visit, or just help finding the right resources, ICRMP is there. The organization has Risk Managers to help with a variety of risk management needs.

2.0.0 The Property Tax

2.1.0 The Property Tax

Article VII, Section 5 of the Idaho Constitution provides that "All taxes shall be uniform upon the same class of subjects...and shall be levied...under general tax laws, which shall...secure a just valuation for taxation of all property, real and personal." Under this provision, the Idaho Supreme Court in Chastain's, Inc. v. State Tax Commission [72 Idaho 344, 241 P.2d 167 (1952)] ruled the property tax must be uniform in both the mode of assessment and rate of tax. In Hartman v. Meier [39 Idaho 261, 227 P.25 (1924)], the Idaho Supreme Court said this provision that taxes be uniform relates to the assessment and levying of property taxes based on valuation. In Merris v. Ada County [100 Idaho 59, 593 P.2d 394 (1979)], the Idaho Supreme Court also said the touchstone in the appraisal of property is the fair market value of that property. Therefore in property tax, the burden of the tax is based on the value, fair market value, of the property.

The property tax represents less than a third of local government's revenue in the state of Idaho and is administered and collected at the county level. Intergovernmental revenue sharing accounts for the largest source of revenue for local governments. Local property tax marginally outpaced individual income tax, in fiscal year 2023, however sales tax collections exceeded all local property tax by almost a billion dollars. As used throughout this text, "taxable" and "assessable" are synonymous, unless otherwise specified.

The power of taxation is regarded by the courts to be a sovereign power, which is delegated to local taxing districts. In other words, the power of taxation belongs to the state (a sovereign entity), but the state has delegated this power to local taxing districts (non-sovereign entities) for the general good of the state.

The property tax was originally intended to be a progressive tax. That is to say, that the greatest tax burden was intended to fall upon those most able to pay the tax. The assumption was that those owning the greatest amount of property would be the group with the greatest amount of money and, therefore, the greatest ability to pay the tax.

While this has not always proved to be the case, the property tax, when administered uniformly, does have a significant level of progressiveness. Beyond this consideration, the property tax provides the most stable, predictable source of revenue for local government, since it is not as subject to fluctuations in the economy as are sales and income taxes.

§63—203 & 63—601, I.C., provide that all property not expressly exempted is subject to taxation. Property exempt from taxation will be discussed in a separate subsection in this text. For the present, the only property to be addressed will be that property which is taxable.

In Idaho for property tax purposes, property falls into one of three classes: real property, personal property, or operating property (§63—204, I.C.). All three classes of property with specific exceptions are taxable.

In brief, real property may be defined as "land and improvements permanently affixed to the land." Personal property, on the other hand, is property, which is not affixed to the land. Because of the more mobile nature of personal property, there are a certain number of differences in the way items of real and personal property are assessed. The basic operation and administration of the property tax, however, remains the same, no matter whether the property is real, personal, or operating.

Operating property is considered separately because the state tax commission centrally assesses it, unlike real and personal property, which is locally assessed by the county assessor. For property tax purposes, operating property has special provisions relating to the manner of assessment (which will be explained more completely later in this subsection).

2.1.1 Differences Between Real and Personal Property Taxation

Real property, as has been mentioned, is land and improvements affixed to the land. As a result, this type of property is not intended to be moved. In addition, real property is generally long-lived; it will retain its present value, or a value reasonably similar, for some time. When a property assessment becomes a lien against real property, it is certain that the property against which the lien has been made will remain in the area to guarantee payment of the taxes (even if only by its sale on a tax deed).

This is not necessarily the case with personal property. Personal property is generally more mobile and shorter-lived than real property. Because of this, greater precautions must be taken with personal property to guarantee payment of taxes levied against it.

Real property is valued based on its condition as of January 1 of each year. Taxes on real property may be paid in installments with half of the tax paid in total on or before December 20 of the year in which it was assessed and the remainder of the tax paid in total on or before June 20 of the year following the year in which it was assessed. If taxes on real property are delinquent for three years, the county may seize and sell the property for back taxes.

Personal property is often moved in and out of a county during the year. Because of this, personal property, though generally assessed based on its location and condition as of January 1, is sometimes assessed on a prorated basis for the period during which it is in a particular county. Taxes on personal property are payable on demand (§63—904, I.C.). The county treasurer may demand immediate payment of personal property taxes if there is reason to believe that collection of the taxes is in danger. If no demand is made, personal property taxes may also be paid in installments as described above. If the first half is not totally paid on or before December 20, the total tax is considered delinquent and payable immediately, not just half.

Regardless of the differences in the methods of assessing real and personal property, the property is valued at market value, as of January 1, then placed on the appropriate assessment roll.

2.1.2 The Basic Process for Real and Personal Property Taxation

The four basic steps in processing property taxes are: Assessment, Calculation of Taxes, Billing and Collection, and the Distribution of Moneys.

2.1.3 Assessment

Assessment is the first step in the process of property taxation. Determining a value for each locally assessed property in the county is the assessor's responsibility. A property may be appraised or have its assessed value from a previous year adjusted by a trending or indexing factor (These terms are used interchangeably in this text.). All property in the county will then be on the assessment rolls at the same level of assessment.

Property is assessed at market value (§63—205, I.C.). The assessor determines the market value of the property. All property must be appraised at market value as of January 1 of the current year. The assessment level is 100%, so the appraised value and the assessed value are identical, except for partial exemptions. (In many other states, property is assessed at an "assessment level" which is a percentage of market value.) After appraising or trending to achieve market value on all property, the assessor mails assessment notices (§63—308, I.C.) then the assessor delivers the assessment rolls to the clerk of the board of equalization (§63—310, I.C.). All personal property and all improvements to real property, except as otherwise provided in §63—317, I.C., which have been completed or discovered between the fourth Monday of June and the fourth Monday of November and which were not included on the property roll delivered on the fourth Monday of June, shall be assessed on the subsequent property roll to be delivered to the clerk of the board on the fourth Monday of November of the current year (§63—311, I.C.). If other property is completed or discovered between the fourth Monday of November and December 31, that property shall be assessed on the missed property roll, which the assessor must deliver to the clerk on the first Monday in January of the following year (§63—311, I.C.). The clerk performs the second step in the process, calculation of taxes.

2.1.4 Calculation of Taxes

Calculating the actual tax dollar is the responsibility of the county auditor (also known as clerk and recorder). Taxing authorities in the county (i.e. school districts, cities, sewer districts, etc.) must submit a budget to the board of county commissioners. If these budgets are approved, the board of county commissioners or the auditor acting for the board must compute the levy for each taxing district in the county.

The two variable factors in this calculation are:

1. The total assessed value of real, personal, and operating property in the taxing district, and
2. The dollar amount of the budget to be funded by property taxes for the taxing district.

The board of county commissioners or the county auditor acting for the board divides the dollar amount of the approved budget to be funded by property taxes by the dollar amount of all

taxable property within the taxing district. This determines a levy which, when applied to market value, determines the taxes due for a particular property for this taxing district.

For example, if the budget to be funded by property taxes for Taxing District "A" is $100,000 and the total assessed value in Taxing District "A" is $100,000,000, the computation of the tax levy would be as follows:

$$\frac{100{,}000}{100{,}000{,}000} = 0.001$$

The factor, which results from dividing the budget to be funded by property taxes by the assessed value, is called a "levy". The levy is applied to the taxable value of all property within the taxing district for that particular year. For example, if an individual owns a property in taxing district "A" and this property is assessed at $80,000, then the tax bill for this property would be $80, as shown in the following example.

$$\$80,000(Net\ Taxable\ Value)x0.0001(Levy) = \$80\ (Tax\ Bill)$$

All properties are located within more than one taxing district and, as a result, more than one levy is applied against their value. The total tax bill is the sum of all the levies (Tax Code Area Total), which apply against a particular property, multiplied by the assessed value of the property.

Tax Code Area Total Example	
City Levy	0.002582492
County Levy	0.004120782
School Levy	0.006228699
Cemetery Levy	0.000081908
Library Levy	0.000089435
Tax Code Area Total	**0.013103316**

It is a commonly held misconception that assessed value is the only factor determining the size of the tax bill. This is not the case. The preceding example clearly demonstrates that the taxing districts' budgets to be funded by property taxes are significant factors in the size of a tax bill. To carry the example to the extreme, it is obvious that if in a taxing district there is no budget to be funded from property taxes, there will be no levy; if there is no levy, there will be no taxes, regardless of assessed value. Fees are another factor that will increase the size of the tax bill.

Notwithstanding any other provision of law, the governing board of any taxing district may impose and cause to be collected fees for those services provided by that district which would otherwise be funded by property tax revenues, (§§ 63—1311 & 63—1311A, I.C.) Examples of fees would include solid waste fees, recreational fees, etc.

The auditor, after computing the tax bills, sends the tax roll to the county treasurer for the third step in processing property taxes, which is billing and collection.

2.1.5 Gross Earnings Tax

Some types of renewable energy property are exempt from property taxation and pay a 1earnings tax in lieu of property tax. Idaho Code 63-602JJ describes this property as:

(1) Owned, controlled, operated or managed by an electrical or natural gas association or producer of electricity by means of wind energy, solar energy or geothermal energy excluding entities that are regulated by the Idaho public utilities commission as to price.

(2) Held or used in connection with or to facilitate the generation, transmission, distribution, delivery or measuring of electric power, natural gas, or electrical energy generated, manufactured or produced by means of wind energy, solar energy, or geothermal energy, and all conduits, ducts or other devices, materials, apparatus or property for containing, holding or carrying conductors used for the transmission, distribution and delivery of electric power, natural gas or electric energy generated, manufactured or produced by means of wind energy, solar energy or geothermal energy, including construction tools, materials and supplies; and

(3) Subject to the taxes on gross wind, solar or geothermal energy earnings pursuant to chapter 35, title 63, Idaho Code. The energy earnings tax is calculated by the state tax commission and collected by the county and distributed by the county to the taxing districts levying in the tax code area where the project is located.

The statutory timeframe for the payment of gross earnings tax is as follows:

By April 30, qualifying property owners provide the state with the previous year's gross earnings amount and the location of the property. Commission staff calculates the amount of tax and the apportionment to each district and provides it to the county treasurer by the third Monday in May. The treasurer sends a bill to the taxpayer by June 15 and the tax must be paid to the county by July 1st.

2.1.6 Billing and Collection

The county treasurer is responsible for billing taxpayers and collecting taxes due on all property. Taxes on real property are payable in two installments. For real property, the first half is delinquent if not paid on or before December 20 and the second half is delinquent if not paid on or before the following June 20. Each half of the property taxes may be paid in installments prearranged with the county treasurer (§63— 906, I.C.). Taxes on most personal property are also payable in two halves but are delinquent and due in full if the first half is not paid on or

before December 20. After collection, the tax dollars are distributed to the taxing entities that budgeted for them.

2.1.7 Distribution of Moneys

The final step in processing property taxes is the distribution of the tax dollars. After property has been assessed, tax burdens have been determined, and taxes collected, tax dollars are then distributed to the taxing districts. This is the responsibility of the county auditor. After the process of property taxation is completed, it begins again for the next year with the first step — assessment.

2.1.8 Operating Property

By statute, the state tax commission appraises all operating property (§63—401, I.C.). Operating property includes "all immovable or movable property operated in connection with any public utility, railroad, or private rail-car fleet, wholly or partly within this state..." (§63—201, I.C.).

Operating property industry types include electric generation, transmission, and distribution; gas distribution and transmission; petroleum pipelines; private rail-car fleets; non-utility generators; electricity generating anaerobic digesters; PUC (public utilities commission) regulated water distributors; telecommunications; and barge lines. The operating property definition excludes co-generators, mobile telephones, cellular, pagers, natural gas producing anaerobic digesters, and telephone service resellers.

Assessors are encouraged to stay current on issues related to operating property assessments. In many cases an operating property company may be the largest taxpayer in the county. There are at least two opportunities annually, where assessors can meet operating property taxpayers and the state's appraisal staff. The first is the annual yield rate conference held in mid-March. The conference is typically held from 9 am to noon, midweek. This is an opportunity for interested taxpayers to come to Boise and present industry information that may impact upcoming market values. The second opportunity is attendance at the Sate Board of Equalization in mid-August when taxpayers who have filed an appeal have an opportunity to present information to the board in support of an alternative value. Assessors will be notified of dates, times, and agendas through email.

Valuation

Most operating property is valued annually. §63—404, I.C. requires every company or individual holding operating assets to complete and file an operator's statement each year. Property tax Rule 404 sets the deadline for the operator's statement to be April 30. The operator's statement may include cost, income information, stockholder, and governmental regulatory reports. Idaho law requires each company to report the number of miles in each taxing district for railroad track, electrical and telephone wire, and water, gas, and petroleum pipe.

Operating property is appraised as an economic unit (property tax Rule 405). The unit method of appraisal values an integrated group of assets as an entity rather than as a compilation of the component parts. This often encompasses the nationwide system; for example, all of Union Pacific. Investors' behavior in the marketplace demonstrates the logic underlying the unitary method of appraisal. Investors are only interested in cash flows generated from the operations of a going concern rather than individually appraised values on many assets. For example, railroad tracks that link markets are more valuable than individual segments of track. The unit, or system value, includes all property owned, used, or leased by the operating company nationwide. The Idaho taxable value is the value allocated (see allocation below) to Idaho, minus applicable exemptions.

Like real and personal property, the certified property tax appraiser uses techniques and methods from the cost, income, and market approaches when valuing operating property by estimating the value of the unit. Administrative rule (property tax Rule 405) prohibits the use of the direct capitalization technique in the appraisal of operating property.

Allocation

Allocation is the process of assigning a reasonable portion of the overall unit's market value to Idaho (the Idaho value). A series of factors or formulas form the basis of the allocation calculation. Some of the factors considered are gross/net income and cost ratios, miles, volume, and kWh (kilowatt per hour) production. Allocation factors are not defined in Idaho code, but the Idaho State Tax Commission generally follows the WSATA (Western States Association of Tax Administrators) allocation guidelines.

Apportionment

Apportionment is the process of spreading Idaho's allocated value to the appropriate taxing districts within each county. Each year operating property owners report the location of their property (wire, pipe, and rail) by tax code area (each area made up of one or more taxing districts). The state tax commission calculates a value per mile for each operating property. The value is then spread along those miles for each tax code area so value can be accumulated for each county and taxing district.

Situs Property

Situs property, such as leased equipment and microwave facilities, is valued within the tax code area where the property is actually located. Situs property is not apportioned across county lines and tax code areas.

Assessor Responsibilities

The assessor has certain responsibilities with respect to operating properties. He should examine the value of the operating property allocated to the state and apportioned to the county. If any assessor has any questions or concerns related to the value allocated to Idaho, that assessor

should contact the state tax commission on or before July 1 (property tax Rule 408). As soon as apportioned values are determined and county and district level reports are available, assessors should review the data and notify the state tax commission of concerns as soon as possible. Non-operating property should be assessed by the county assessor (§63—402, I.C.).

Form R

Non-operating property is property that is not necessary in the operation of the unit. For instance, a company may own land not used for plant-in-service. If this land is also land not held for future use as recognized by the Idaho public utilities commission, it is not included in the economic unit being valued. To differentiate between operating and non-operating property, companies are instructed to file a Form R (record of real estate ownership) with the state tax commission. The Form R is sent to each appropriate assessor to identify property being assessed by the state. If a company should sell a piece of property that had been included in the unit value, the state tax commission will notify the assessor of the change in status. An amended Form R is sent to the county, identifying any non-operating property which must then be valued by the assessor.

2.1.9 Certification Reports

In the first part of July, the assessor receives a preliminary certification report, **"Companies within Code Areas by County by Detail."** The assessor should carefully review this report for changes from the previous year's final certification report. This review can save the assessor and State Tax Commission a lot of inconvenience and needless work. Early in July, value and tax code area changes are easy to make, but later in the year, such changes become much more complicated for everyone. The assessor should check a number of things on the preliminary reports.

- For code areas that have not changed, compare last year's and this year's values. A company's value and mileage can increase or decrease for legitimate reasons. At the same time, though, a dramatic change could indicate a problem.
- Look at new code area splits. Correct mileages and values must apply to the proper code areas. If the previous code area contained mileage and value before the split, the newly split code areas will likely contain mileage and value as well. The assessor may believe a newly split code area should contain mileage and value when none appears on the report.
- Make sure the mileage and value distribution within newly split code areas makes sense. Though the report may show value and mileage in a code area, the proportions may not reflect what is actually there.
- Identify operating property companies that are unexpectedly absent from the reports or additions that you have reason to believe might be incorrect.

If any of these problems appear in the preliminary report, the assessor should immediately contact the state tax commission's operating property staff.

In the first week of September, the state tax commission will email the assessor final certification reports **"**Final Idaho Taxable Value to Companies" and "Companies within Code Areas by County Detail." The operating property roll is set on the fourth Monday in August. While changes to the final report can be made, the process is much more complicated than making changes to the preliminary report. A value or mileage error discovered on the final report could require recertification of the entire roll.

The county auditor also receives preliminary and final certification reports, which in turn are shared with the county treasurer. These reports are as follows:

- Companies within districts by county in detail
- Companies within tax code areas by summary
- Urban renewal
- Two Year Comparison by County
- Company address (only the final report)

2.1.10 Appeal Process

Any taxpayer or county assessor who is aggrieved by a State Tax Commission decision assessing a taxpayer's operating property may file an appeal to the district court of Ada County or, if such operating property is located in only one (1) county, to the district court in and for the county in which such operating property is located. The appeal shall be filed within thirty (30) days after service upon the taxpayer of the decision. The appeal may be based upon any issue presented by the taxpayer to the state tax commission and shall be heard by the district court in a trial de novo without a jury in the same manner as though it were an original proceeding in that court. Any final order of the district court shall be subject to appeal to the Idaho Supreme Court in the manner provided by the Idaho appellate rules (§63—409, I.C.).

2.1.11 Agreement

Guidelines for Centrally Assessed Property Committee (CAPCOM)

The mission of the assessor's centrally assessed property committee (CAPCOM) is to promote equalization and uniformity in valuation of all property; to understand unitary assessment practices; to benefit counties, the state tax commission and centrally assessed property owners by promoting communication and understanding; and to benefit the general public by each CAPCOM member's commitment to involvement and resolution of issues.

To further this mission for CAPCOM, the state tax commission will provide (at no cost except as noted below) the following services;

- At the assessors' midwinter conference, an annual schedule for operating property assessment, to be provided during the CAPCOM meeting, to all assessors;
- A separate invitation to all assessors to attend the annual capitalization rate conference;

- As soon as practicable or possible, a schedule of all “informal conferences” to CAPCOM members;
- A preliminary draft of current year Idaho values for all operating properties, and the previous year’s values, no later than July 1, to all assessors; see Rule 408 regarding re-examination of value-complaint by assessor:
- As soon as practicable or possible, a schedule of the State Board of Equalizations (SBOE) formal hearings to all assessors (with the understanding this schedule is subject to last minute changes). Every attempt will be made to keep the CAPCOM Chairman notified of changes to the schedule; see Rule 407.05 regarding Notice to assessor;
- Within a week following the completion of the SBOE hearings, a schedule showing the final operating property values as adopted by the SBOE, with a reminder for any assessor that filed a timely complaint for re-examination of the valuation, allocation, or apportionment about the 30-day period to file an appeal, sent to all assessors (See Property Tax Rule 408.);
- An annual report provided to CAPCOM members by September 30 of each year, providing detail about the SBOE hearing results to include, at a minimum, staff value; company value; SBOE determination of value; and a summary of major issues. This will be prepared by the tax policy staff which supports the SBOE;
- Research on specific operation property issues as requested by CAPCOM; and
- Training on operating property valuation (to be provided under the state tax commission education program with its associated and respective fees), as requested by CAPCOM, preferably on a regional basis.

2.2.0 Market Value

The assessor is responsible for determining the market value of all taxable and locally assessed property for property tax purposes within their jurisdiction. Section 63—201(15), I.C., defines market value as "...that amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment." The amount of United States dollars for which a property is most likely to sell is not necessarily the actual sales price. Motivations, negotiating skills, and market knowledge of buyers and sellers vary, so a particular sale may not reflect "market value." Given access to enough information about property sales, the assessor can determine a property's most likely selling price. There are many criteria for a transaction to qualify as an arm's-length sale. The July 1999 Edition of the Standard on Ratio Studies from the International Association of Assessing Officers states that any sales analysis should include every arm's-length sale unless the sales' data are incomplete, unverifiable, or suspect. Additionally, if the sale fails to pass one or more specific tests of acceptability, a representative sample of sales that occurred during the study period can be randomly selected to provide reliable statistical measures. This standard also identifies sales that can be automatically excluded from the analysis unless a larger sample is needed or further research can determine

that the sales are open-market transactions. Consider excluding sales with the following characteristics:

- Sales involving government agencies and public utilities.
- Sales involving charitable, religious, or educational institutions.
- Sales between relatives or corporate affiliates.
- Sales of convenience.
- Sales settling an estate.
- Forced sales.
- Sales of Doubtful title.
- Additional details concerning these types of sales and others are available on pages 15 through 17 of the standards.

2.2.1 Appraisal Date

An appraisal is an estimate of value for a particular property, as of a specific point in time. The purpose of a mass appraisal is to estimate the values of all properties within a jurisdiction. To ensure that all assessments are made on the same basis, an appraisal date has been established.

In Idaho, all property is assessed annually as of 12:01 A.M. on the first of January in the year in which the taxes are levied. For example, the appraisal date for the 2002 assessment year would be 12:01 A.M., January 1, 2002. An appraisal for property tax purposes should reflect a property's value as of the lien date (January 1). (§ 63—205, I.C. & 63—206, I.C.)

2.2.2 The Three Approaches to Value

The three approaches to value — comparative sales, income and cost — are used to determine market value. Each allows the certified property tax appraiser to use different information to estimate market value. The assessor is required to consider each approach when estimating market value (Property Tax Rule 217.02). Although one or more of the approaches might not be applicable to a specific property, each must be considered and the certified property tax appraiser should be able to explain why any approach was not used.

2.2.3 The Principle of Substitution

One concept of central importance in an appraisal is the principle of substitution. That is: "A buyer will pay no more for a property than he would to purchase an equally desirable property, assuming no undue delay." In other words, the market value of a property is the amount for which comparable property typically sells. The principle of substitution is central to appraisal regardless of the method used to determine market value.

2.2.4 The Comparative Sales Approach

The comparative sales approach is central to all three approaches to value. To a greater or lesser degree, all approaches are based on the comparative sales approach. The comparative sales approach is merely an analysis of the recent sales of properties comparable to the property being

appraised. Put differently, market value, as determined by the comparative sales approach, is the price typically paid for comparable properties.

Research is required to discover the typical sale price for a specific type of property, in a certain condition, and in a particular location. Only by examining numerous sales can the certified property tax appraiser be certain of what constitutes typical value. There are different ways to implement the comparative sales approach. Each utilizes sales information in a slightly different manner.

The comparative sales approach is a direct comparison of sales of properties comparable to the property to be appraised (the "subject property"). For a property to be comparable to the subject, it must be similar in many respects. Construction, location, physical condition, remaining economic life, and functional utility must be similar. The greater the similarity between properties, the more comparable the properties are and the greater the likelihood that the arm's length sale price of one property reflects the market value of the other. By examining a number of sales the certified property tax appraiser can determine a typical value.

Few properties are identical, but there are methods to adjust for differences between otherwise similar properties. The most accurate method is to let the market determine the value of the differences, using a process called, "Paired Sales Analysis," based on the principle of contribution. [Check glossary and IAAO's Property Assessment Valuation (PAV), Second Edition, 1996, pg. 22—23].

For example, let's assume that two residential properties are located side by side. The only difference between them is that only one house has a fireplace. Both properties sell on the same day. The property with the fireplace brings $1,000 more than the property without. Moreover, throughout the county, houses with fireplaces typically sell for $1,000 more than those without. This demonstrates when valuing property in this county the contributory value of a fireplace is $1,000.

Rent Multipliers

Rent multipliers are a function of the comparative sales approach. A rent multiplier is a factor that produces an estimate of property value when applied to income (typically, potential gross income). In other words, a rent multiplier demonstrates the number of rent payments required to equal a property's market value (sales price).

There are two common types of rent multiplier. The first is the "gross income multiplier" (GIM). Commercial properties usually pay an annualized rent payment, meaning once per year. This multiplier reflects how many annualized rent payments are required to equal the property's value.

The second type of multiplier is the "gross rent multiplier" (GRM). This multiplier reflects the number of monthly rent payments required to equal the property's value. The GRM is the

multiplier to assess residential income-producing properties, such as single-family home rentals.

For example, if economic rent (Glossary and IAAO's PAV, Second Edition, 1996, pg. 204—205) for a single- family residence were $750 per month, and if the market value of that residence were $100,000, the indicated monthly GRM would be 133, or $100,000 divided by $750. Obviously, the GRM is a number 12 times greater than the GIM. Therefore the annual GIM would be 11.11.

$$\frac{100{,}000\ (the\ property's\ value)}{750\ (the\ property's\ monthly\ rent)} = 133\ (GRM)$$

or:

$$\frac{100{,}000\ (property's\ value)}{9{,}000\ (property's\ annual\ rent)} = 11.11(GIM)$$

Although usually considered to be an application of the income approach, when rent multipliers are used to appraise residential property, their use is considered an application of the comparative sales approach. Even so, their use is identical in both cases.

Rent multipliers must be developed from properties which are very similar. The properties must be of the same type, in comparable locations, having similar land-to-building ratios; improvements must be of the same age and physical condition.

2.2.5 The Cost Approach

The second approach to value is the cost approach. Since it readily lends itself to mass appraisal, it is widely used for assessment purposes. The cost approach to value is the process of determining the cost new of replacing or reproducing a particular property's improvement, then subtracting from the cost new the loss in value from all forms of depreciation the property's improvement has accrued up to that point. The process can be described as follows:

COST NEW OF THE IMPROVEMENT - DEPRECIATION = CURRENT VALUE

When using the cost approach to appraise real property, land and buildings are treated separately, since land is not constructed and does not depreciate. The land value is normally estimated through the comparative sales approach and its value is added to the value of the improvements.

Cost New

Cost new can be expressed in four ways: reproduction cost, replacement cost, historic cost, and original cost. There are significant differences between them. The cost of construction includes all direct and indirect costs. (Glossary, PAV pg. 130)

Reproduction Cost: Reproduction cost is the cost of replacing a property with an exact duplicate. It is an accurate indicator of value for most types of property only if that property reflects functional utility typical today and is constructed from materials currently used. In most cases, the property must have been built recently. Reproduction cost is typically used to appraise improvements having value by virtue of something other than their functional utility — historical buildings or new building with no income history, for example.

There are problems inherent in using reproduction cost. Construction materials and methods constantly evolve, so reproducing an improvement is often more expensive than it was to originally build. The additional expense is rarely realized in the property's sale. Older construction normally lacks an amount of contemporary functional utility. (Glossary, PAV pg. 154) For example, today's ceilings are lower to provide for more efficient heating. Electrical wiring, plumbing, and floor plans are different today. Today, increased functional utility is provided at a considerably reduced cost. Functional utility is a major factor affecting the value of any property, but reproduction costs may not reflect today's costs of functional utility. Reproduction cost is typically used for insurance purposes.

Replacement Cost: Replacement cost is the cost of replacing the functional utility of an improvement. It is used to appraise most conventional properties and also, eliminates many of the problems associated with reproduction cost. Replacement cost takes care of changes in construction materials and technology while expressing the improvement's value in terms of the contemporary cost of functional utility. Current costs are more readily available and easier to determine than historic ones. Replacement cost is based on the current market, so information is more abundant. As a result, replacement cost for most properties is usually considered a more accurate estimate than reproduction cost.

Because replacement cost interprets a property's utility in terms of today's costs, it accounts for functional obsolescence. It is by far a more accurate expression of cost new for older properties than is reproduction cost.

Historic Cost: Historic cost is the original construction cost. Obviously, if an improvement is very old, the costs of construction may have changed dramatically, so historic cost must be adjusted for inflation to reflect today's dollars. Even then, historic cost will probably not reflect contemporary functional utility, so it is generally not regarded as an accurate indicator for most types of property. It is most frequently used in the valuation of short-lived items, like personal property, and in the valuation of rate-based utilities.

Original Cost: Original cost is the price paid for a property by its original owner. While not recommended for determining construction costs, original cost does have uses. Original cost (of improvements only) reflects all accrued depreciation. The difference between replacement cost new and original cost on the date of sale is the basis for determining depreciation from the market.

Determining Cost New: our methods are commonly used to determine typical cost new: the quantity survey (also called engineering breakdown) method, the unit-in-place method, the square-foot method, and trending. There are advantages and drawbacks to each.

Quantity Survey (Engineering Breakdown): Typically used by architects and engineers, the quantity survey requires the identification of each individual component of an improvement — each board, nail, and screw — and determining the installed cost for each. The cost of all the components (including site preparation, permits, etc.) are totaled to determine cost new. One example of use would be for remodeled houses. Though regarded as one of the most accurate methods of determining the cost new of recent construction, the quantity survey's disadvantage is that its use requires considerable time and expertise. These facts generally make it unsuitable for mass appraisal purposes.

Unit-in-Place (Segregated Cost): The unit-in-place method measures either reproduction or replacement cost. It is slightly less accurate than the quantity survey for estimating reproduction cost, but it requires less time and expertise. The unit-in-place method involves determining the installed cost of groups of components. It is not necessary to identify each individual nail, board, and screw in a structure; their value is included in more generalized components, such as foundation, roof cover, cabinetwork, or exterior siding. As with the quantity survey, the value of the components is totaled to determine cost new of the building.

Because it is generally accurate and does not require a great deal of time, this method is frequently used in mass appraisal. Many cost manuals, including the Marshall Valuation Service, contain sections for use with the unit-in-place method.

Square-Foot (Comparative Unit): The square-foot method is the method most commonly used in mass appraisal for determine cost. It involves classifying improvements by type, using basic specifications, converting total cost of comparable improvements to dollars per unit (square-foot) or per volume (cubic foot). Other than trending, the square-foot method is the quickest and easiest method available to the certified property tax appraiser. Moreover, if the improvement has been accurately classified, it is normally very accurate.

Trending (Factoring): The fourth method of determining cost new is trending, also called "factoring". Trending is nothing more than multiplying an inflation adjustment factor by a cost new determined at some point in the past. If, for example, a building was constructed five years ago for $100,000 and the cost of similar construction has increased 10% since that time, trending would indicate a current cost new of $110,000 - ($100,000 * 110%). Care must be taken that the cost to be trended is correct, or trending cannot be used.

Though less accurate than other methods, trending is the quickest method available and, if properly used, has value in a mass appraisal program. Trending becomes less accurate as the value to be trended becomes older. Factoring a three-year-old cost new produces more accurate results than does factoring a fifteen-year-old cost new. Moreover, factoring a value which already the result of a trend compounds the inherent inaccuracy of the method.

Depreciation

Depreciation is the accrued loss in value from cost new attributable to any cause. Depreciation is caused by physical deterioration, functional obsolescence, and economic obsolescence. Accurate measurements of depreciation are essential for accurate cost approach estimates.

Depreciation is said to be either curable or incurable. Identifying depreciation as curable or incurable is necessary to determine the method used to measure accrued depreciation.

Physical Deterioration: Improvements can be expected to last for a period of time (economic life). Economic lives vary due to the type of improvement, the use and maintenance it receives, and the quality of construction. As a structure ages, its remaining economic life (REL) reproduction cost decreases. Renovation and remodeling can extend an REL, but eventually, the costs involved outweigh the value such renovations will add to the property. At this point, the improvement has reached the end of its economic life.

Physical deterioration is said to either be curable or incurable, depending on the cost to cure. The cost at which it becomes incurable depends on the principle of contribution; at some point the expense to cure a problem becomes greater than the benefits derived from the cure. For example, the cost of replacing broken windows rarely outweighs the value which new windows would add to the building's resale value. Such depreciation is normally considered curable. On the other hand,

it is possible, but expensive, to replace a foundation. By the time a building reaches the age when its foundation needs to be replaced, the cost of replacing the foundation usually exceeds the value of the building, even with a new foundation. In this situation, the physical deterioration is considered incurable.

Functional Obsolescence: Functional obsolescence, a crucial concept in real estate, is the loss of value of an improvement due to the market's adverse reaction to its overall usefulness and desirability. It occurs when an improvement no longer satisfies the wants and needs of the current market. The loss in value of an improvement due to functional obsolescence may result from changes in consumers' style and design choices or new technological demands.

At a given time, in a given market, property buyers' preferences for certain finishes or design features significantly influence property value. The loss in value is inherent in the property, but not caused by physical deterioration.

For example, home builders commonly constructed two-bedroom homes after World War II. Today, the market demands three bedrooms or more. Two-bedroom homes typically suffer from a loss in value, but it is not the result of physical deterioration.

Functional obsolescence is either curable or incurable—again, depending on the principle of contribution. At some point, the cost of curing the problem is greater than the benefits of the cure.

An example of curable functional obsolescence would be a five-bedroom single-family residence with only one bathroom. Today's typical buyer of five-bedroom homes has several children, so the

need for two bathrooms or more is apparent. The extra bathroom would increase the home's sale price enough to justify the installation expense.

An example of incurable functional obsolescence would be a single-family residence with a poor floor plan. Moving the structure's internal walls would normally be so expensive that the cost would not be realized at resale.

Economic (External) Obsolescence: Economic obsolescence is a loss in value from causes outside the property, itself. An example of economic obsolescence would be a residence adjacent to a sewage treatment plant. Though there may be nothing wrong with the property, its location near the sewage treatment plant will likely cause the property to sell for less than if it were located in a more favorable area. For all practical purposes, economic obsolescence cannot be cured.

Measuring Depreciation: Several methods can be used to measure depreciation. Any type of depreciation can be measured by its effect on market value. If the assessor has a sufficient amount of sales information, the loss in value from any type of depreciation can be measured directly from the market. If sufficient sales are not available, though, the assessor must resort to other methods.

Depreciation resulting from physical deterioration or functional obsolescence can be measured in several other ways. The most commonly used measurement is determining the cost to cure the problem. The cost to cure is equal to the amount of depreciation. For example, if a house requires repainting amounting to $1,100, the loss in value to the property would also be considered $1,100.

Functional obsolescence can also be measured by rent loss. For example, let's assume that two four-bedroom single-family residences sit side by side. Both are rented. The only difference between these properties is that the first has two bathrooms; the second has one. The first rents for $450 per month; the second rents for $400 per month. In this particular area, the monthly gross rent multiplier is 135. Thus, the loss in value due to the absence of the second bathroom (functional obsolescence) is $6,750 (or $50 * 135).

Depreciation can also be measured through rental loss. For example, a residential property located next to an airport (economic obsolescence) can command less rent than a comparable property located in a more favorable area. The loss from economic obsolescence can be measured by determining the difference between the two rents and applying the appropriate gross rent multiplier to that difference. (For improved properties, the loss must be allocated between land and improvements — usually based on the land-to-improvement ratio.)

2.2.6 The Income Approach

The income approach is the third method of estimating value. The price paid for a property represents the current value of the future benefits of owning the property. The benefit of owning an income-producing property is the future income stream that property will generate. The income approach is simply a method of measuring the present value of the future income from a property.

There are two basic methods of applying the income approach: capitalization and rent multipliers. Normally, capitalization deals with net income and rent multipliers deal with gross income.

Gross Income

The income approach deals with rent, since rent is the income directly generated by the property, itself. In other words, the certified property tax appraiser valuing a factory which produces baby bottles is directly interested in the factory's economic rent and only indirectly interested in the value of the bottles the factory can produce. (A factory that can produce more bottles would command a greater rent.) The certified property tax appraiser is interested in the rent which a particular property would typically command, called "economic" or "market" rent. Just as the actual selling price of a particular property may not reflect market value, the actual rent paid for a property (contract rent) may not be market rent. The certified property tax appraiser must analyze a number of contract rents to determine economic rent.

The certified property tax appraiser is concerned with two types of gross income. The first is "potential gross income". Potential gross income is the amount of rent a property would generate under conditions of economic rent and 100% occupancy for a year. If economic rent for a six-unit apartment were $500 per unit per month, the potential gross income of the apartment is $36,000 ($500/unit * 6 units * 12 months). The second type is "effective gross income" (EGI). Properties typically are not rented at 100% occupancy for extended periods. For example, an apartment building normally experiences tenant turnover during a year. When a tenant leaves, a period of time is necessary before the apartment can be rented again, resulting in an income loss. Moreover, some rents normally remain uncollected, resulting in an additional loss. In a given area, with a given type of property, there will be a typical income loss due to these uncollected or uncollectible rents and from vacancy. EGI is the typical vacancy and collection loss subtracted from the potential gross income, plus any miscellaneous or service income. The potential gross income of a six-unit apartment building is $36,000. A vacancy rate of 5%, $1,800, is typical for the area. The apartment's pop machine grosses $700 annually. The effective gross income of the apartment is $34,900 ($36,000 - $1,800 + $700).

Net Income

Net Income is the money remaining after a property's operating expenses and reserves for replacement are satisfied. Only operating expenses attributable to the property are to be considered. Therefore, expenses such as personal income taxes would not be deducted. Operating expenses should be annualized. Some expenses occur only occasionally; a building may require a new roof once every ten years. This expense should be set up as a reserve for replacement by prorating the life of the roof. If a new roof costing $10,000 is required every ten years, the annual expense for the roof would be $1,000, or $10,000 divided by 10 years.

The term net income is used in several ways. Each use is described by a slightly different name and depends on the expenses which have been extracted from the effective gross income.

- ***Net Income:*** This vague term does not indicate which expenses have been extracted from potential gross income.
- ***Net Income before Recapture and Taxes (NIBR&T):*** This term refers to a net income from which all operating expenses, except for recapture and property taxes, have been extracted. (This will be explained later in the subsection.) See "Capitalization Rates".
- ***Net Income before Taxes:*** This term refers to a Net Income from which operating expenses and recapture, but not property taxes, have been extracted.
- ***Net Income after Recapture and Taxes*** — This term refers to a net income from which operating expenses, recapture, and property taxes have been extracted. This is the amount of money the owner can keep.

Gross rent multipliers are normally regarded as a function of the sales comparison approach. The use of the gross rent multiplier (normally monthly gross rent multipliers) to appraise residential property is sometimes used to represent the income approach. The gross rent multiplier has been discussed under the comparative sales approach to value.

2.2.7 Capitalization

Capitalization is a process in which a rate of return is applied to net income to estimate property value. There are a number of capitalization methods, including direct capitalization, straight-line capitalization, yield capitalization, and mortgage-equity capitalization. Although there are differences between these methods, (insofar as net income is determined and the capitalization rates which are used) the basic steps in the capitalization process are as follows:

1. Estimate potential gross income.
2. Deduct for vacancy and collection loss.
3. Add miscellaneous income or service income.
4. Arrive at effective gross income.
5. Deduct operating expenses and reserves for replacement.
6. Arrive at net income (before discount, recapture and taxes). 7. Select proper capitalization rate.
7. Capitalize net income into estimated property value.

Capitalization Rates

A capitalization rate is a number, which when divided into net income, produces an estimate of property value. For example, if net income were $10,000 and the capitalization rate were .10 (10%), the indicated value would be $100,000.

$$\frac{\$10{,}000(Net\ Income)}{0.10(Cap.\ Rate)} = \$100,000\ (Value)$$

A capitalization rate may contain components for discount, recapture, and property taxes.

Discount Rate: Discount is the return on an investment.

Recapture Rate: Recapture is the return of an investment.

Recapture is applied only to wasting assets. Land is not a wasting asset, so recapture is applied only to improvements. In a real estate transaction, a portion of the sale price is attributable to land and a portion is attributable to improvements. The owner must recapture the price he paid for the improvements over the economic life of the improvements. The rate at which he does this is called the recapture rate.

With the straight-line method, the recapture rate is the reciprocal of the remaining economic life (REL) of the improvement. For example, a building with a remaining economic life of 33 years would require a recapture rate of .03 (3%).

$$\frac{1}{33\ (REL)} = .03$$

Tax Rate: Property taxes are levied against a property as a percentage of the property's value, called the effective tax rate. For example, if the taxes due on a property worth $100,000 were $1,000, the effective tax rate would be .01 (1%).

$$\$1,000/\$100,000\ (Property\ Value) = 0.01\ (Effective\ Tax\ Rate)$$

Developing Capitalization Rates

Capitalization rates can be developed in several ways. They can be taken directly from the market, developed through the band of investment, abstracted, or "built up".

Capitalization Rates Taken Directly from the Market: The simplest and most accurate way to develop a capitalization rate is directly from the market. In this process, a property's sale price is divided by its net income. The result of is an overall rate (OAR). The OAR is a weighted average of land and building capitalization rates and contains components for discount, recapture, and taxes.

A number of similar properties must be examined to determine this rate. Adjustments must be made for different effective tax rates between the properties. Sales used to develop rates must be of comparable properties: income-to-expense ratios, land-to-building ratios, ages of improvements, locations, and the physical condition of the improvements must be similar.

Let's assume that four properties, comparable in all respects, including effective tax rate, have recently sold. Property "A" sold for $100,000 and has a net income before recapture and taxes(NIBR&T) of $12,000. Property "B" sold for $120,000 and its NIBR&T is $13,300.

Property "C" sold for $90,000 and its NIBR&T is $11,600. Property "D" sold for $120,000 and its NIBR&T is $14,400. The typical overall rate for these properties would be as follows:

Property A	Property B	Property C	Property D
$\frac{\$12,000}{\$100,000} = 12.0\%$	$\frac{\$13,000}{\$120,000} = 11.1\%$	$\frac{\$11,600}{\$90,000} = 12.9\%$	$\frac{\$14,400}{\$120,000} = 12.0\%$

The indicated Overall Rate, then, would be 12.0%.

A rate developed from market sales should normally be used with Direct or Straight-line Capitalization.

Capitalization Rates Developed through the Band of Investment: The band of investment is used to produce a discount rate. This discount rate is a weighted average of the cost of the money necessary to purchase the property, plus the prevailing rate of return on equity. To this discount rate is then added the effective tax rate and a component for the recapture of improvements.

For example, let's assume that, for a particular type of property, 70% of the necessary money is available under a first mortgage at 10%, 15% is available under a junior mortgage at 12%, and that the equity position requires a return of 16%. The effective tax rate in the area is 1.4% and the improvements have an economic life of 33 years. The appropriate rates would be developed through the band of investment as follows:

Band of Investment

1st Mortgage	(70% @ 10%).70 * .10 = .070
2nd Mortgage	(15% @ 12%).15 * .12 = .018
Equity	(15% @ 16%).15 * .16 = .024
	DISCOUNT RATE = .112 (11.2%)

Land Capitalization Rate	
Discount Rate	11.2%
Effective Tax Rate	01.4%
CAP RATE = 12.6%	

Building Capitalization Rate	
Discount Rate	11.2%
Effective Tax Rate	01.4%
Recapture Rate	03.0%
CAP RATE = 15.6%	

Capitalization Rates Derived from the "Built-Up" Method: The built-up method is not generally recommended. This method is simply an adding together of theoretical rates and, therefore, cannot be proved in the market.

Capitalization Methods

As was mentioned, there are several different methods of capitalization. The differences between these methods involve different capitalization rates, and, often, differences in the way in which net incomes are measured. The two methods most commonly used for mass appraisal purposes are direct capitalization and straight-line capitalization.

Direct Capitalization: Direct capitalization is a method by which only one capitalization rate, called the "overall rate" (OAR), is used to convert typical current net income into an estimate of market value. The overall rate is a weighted average of the building capitalization rate (which includes recapture) and the land capitalization rate (which does not include recapture). Direct capitalization is only appropriate under the same circumstances which allow for the use of gross rent multipliers. That is to say: the properties from which the overall rate is developed must have comparable locations; similar land-to-building ratios; similar income-to-expense ratios; and improvements of the same age, type and physical condition.

Straight-line Capitalization: Straight-line capitalization is a method by which two different capitalization rates are used to convert typical current net income into an estimate of market value. Straight-line capitalization utilizes separate capitalization rates for land (which does not include a rate for recapture) and for improvements (which does include a rate for recapture).

Straight-line capitalization is frequently used in a capitalization technique called a "residual," to determine the value of property when the value of either the land or the building is known.

If the value of the land is known, the process is called a "building residual;" if the value of the improvements is known, the process is called a "land residual."

Yield Capitalization: This method is less frequently used in mass appraisal because it requires more time and a greater degree of judgment than either direct or straight-line capitalization, since future income must be projected and discounted to reflect current value.

Mortgage-Equity Capitalization: This method is rarely used in mass appraisal because it requires more time and expertise than either direct or straight-line capitalization. This method is primarily used in finance disciplines and will not be discussed at length in this subsection.2.3.0
The Rolls

The assessor is responsible for several rolls during the year. Other elected officials have responsibilities relative to these rolls, but the assessor's function will be the primary focus of this subsection; only a brief mention will be made to the responsibilities of the other elected officials in the handling of the rolls.

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 various property assessment rolls will be outlined in the remainder of this subsection.

2.3.1 The Property Roll

One of the main responsibilities of the assessor is the completion of the "property roll." The property roll at one time was divided between the real property roll and personal property roll. The law was changed to include all property, real and personal, subject to assessment as of January 1 [§63—205, I.C.]. The value of the property placed on the roll shall be determined according to requirements set forth in statute and State Tax Commission rules (§63—301, I.C.).

The assessment notices for the property roll are prepared and sent out no later than the first Monday in June. These notices will show the value of land and improvements, taxable personal property, exemptions and legal descriptions. These notices will also contain information on how and when to file an appeal. The completed property roll must be delivered to the clerk of the board of county commissioners by the fourth Monday in June (§63—310, I.C.). This board at this time meets as the county board of equalization (BOE) from the fourth Monday of June until the second Monday of July. It hears appeals and approves exemptions while meeting as the BOE.

After the BOE adjourns, the property roll is used to set levies. For this reason the value on the property roll cannot be changed. If there is an error, a tax cancellation must be made. The levies must be sent to the state tax commission by the third Monday in September and it must approve them by the fourth Monday in October.

The property roll is then turned over to the county treasurer to collect taxes. Taxes are due on December 20th of that year. Various payments can be made to the county treasurer, which are outlined in §§ 63—901 through 63—1001, I.C. Personal property taxes are payable on demand §63—904, I.C. The assessor and his staff need to keep the county treasurer informed as to movement of personal property in the county.

2.3.2 The Subsequent Property Roll and Missed Property Roll

The "subsequent property roll" (sub roll) is the roll used to assess any property missed on the property roll. This usually includes some missed personal property and mobile homes. The completed sub roll must be delivered to the clerk of the board of county commissioners by the fourth Monday in November [§63—411(1), I.C.]The "missed property roll" (missed roll) is all property not assessed on the property roll or sub roll; it follows the same principle as the sub roll and is delivered to the clerk by the first Monday of January the following year [§63—311(2), I.C.].

The county auditor must submit to the state tax commission by the first Monday in March of the following year the abstracts of the combined subsequent and missed property rolls for the county and each school district within the county. The county auditor must also submit to the state tax commission by the first Monday in March the summary report of the net taxable value on the subsequent and missed property rolls and estimated annexation values by taxing district or unit.

2.3.3. The Occupancy Tax Roll

The "occupancy tax roll" (§63—317, I.C.) is treated the same way as the other rolls. However, only the improvement is assessed at the time of occupancy and only for the amount of time it is occupied. This roll follows the same procedures as the other rolls but the values on this roll are not included when reporting taxable values on the property, subsequent, or missed property rolls or when calculating levies.

2.3.4 The New Construction Roll

The "new construction (NC) roll" (§63—301A, I.C.) is used entirely for the levy process; no property tax is collected on this roll. It was created to allow the taxing districts to levy over their 3% budget limit. This roll includes new construction that "previously did not exist." HB 673, (effective 01/01/2023) added "once it is completed and taxable". It also includes additions or alterations to existing nonresidential structures and new or used manufactured housing that were not in the county. Also included in this roll are the value increases due to changes in land use classifications. For example agricultural land converted to subdivision (category 1 to category 5 value change from $800 an acre to $30,000 per acre). Taxable market value added to the property on the current year's rolls that is directly the result of new construction with HB673 (effective 01/01/2023) adding "once it is completed and taxable" is the amount included on this roll. This roll is turned over to the clerk no later than the first Monday in June. This roll should include the value attributed to each taxing district that will be forwarded to the state tax commission.

In 2010 the legislature added new requirements to the NC roll. HB645 amended §63—301A(1)(f), I.C., adding a requirement that previously claimed new construction must be adjusted off the current year's new construction roll due to any BTA, Court Order. Also added was the ability to add new construction previously allowed but not claimed. In 2011 the legislature clarified the previous year's changes to have the look back on any value changes limited to five years. In 2012 the legislature passed HB519, the site improvement exemption bill which requires the exemption to be deducted from NC. Please refer to Property Tax Rule 802 for further explanations of the limitations to these deductions.

The "new construction (NC) roll" (§63—301A, I.C.) is used entirely for the levy process; no property tax is collected on this roll. It was created to allow the taxing districts to levy over their 3% budget limit. This roll includes new construction that "previously did not exist." HB 673 made two modifications to the eligible values, (effective 01/01/2023), first it added" once it is completed and taxable" for new structures and secondly it removed most of the ability for land change of use to be included in the new construction value totals. It also includes additions or alterations to existing nonresidential structures and new or used manufactured housing that were not in the county. Also included in this roll are the land value increases due to loss of the

exemption provided by section 63-602W(3) or (4) ~~changes in land use classifications~~. For example, parcels where the site improvements have been exempted (Category 15, 16, 17, 20, 21 or 22, where values have been reduced by 75%) and a change of ownership has triggered the loss of the exemption. ~~agricultural land converted to~~ subdivision (category 1 to category 15 value change from $800 an acre to $30,000 per acre). Taxable market value added to the property on the current year's rolls that is directly the result of new construction with HB673 (effective 01/01/2023) adding" once it is completed and taxable" is the amount included on this roll. This roll is turned over to the clerk no later thatn the first Monday in June. This roll should include the value attributed to each taxing district that will be forwarded to the state tax commission.

In 2010 the legislature added new requirements to the NC roll. HB645 amended §63—301A(1)(f), I.C., adding a requirement that previous claimed new construction must be adjusted off the current years new construction roll due to any BTA, Court Order. Also added was the ability to add new construction previously allowed but not claimed. In 2011 the legislature clarified the previous year's changes to have the look back on any value changes limited to five years~~. In 2012 the legislature passed HB519, the site improvement exemption bill which requires the exemption to be deducted from NC.~~ Please refer to Property Tax Rule 802 for further explanations of the limitations to these deductions.

§63—301A(1)(f), I.C.

(f) The amount of taxable market value to be deducted to reflect the adjustments required in paragraphs (f)(i), (f)(ii) and (f)(iii) of this subsection:

(i) Any board of tax appeals or court ordered value change, if property has a taxable value lower than that shown on any previous new construction roll;

(ii) Any reduction in value resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;

(iii) Any reduction in value resulting from the exemption provided in §63—602W(4), I.C., in any one

(1) of the immediate five (5) tax years preceding the current year.

2.4.0 The Appeals Process

2.4.1 Locally Assessed Property

The Idaho Code establishes procedures for the filing and hearing of appeals on the value estimated for locally assessed properties. The process of appeal is basically the same, whether the appeal is of market value, exemption status, or any other decision made by government officials responsible for the tax. Four entities are empowered to hear appeals.

Decisions made by any of the four entities, except the Supreme Court, may be appealed by the property owner, the assessor, or any other party who believes that a decision has been made which is "illegal or prejudicial to the public interest" [§63—511(1), I.C.].

The four entities are:

1. The Board of Equalization (either county — §63—501A, I.C. or state — §63—407, I.C.)
2. The state board of tax appeals (§63—511, I.C.)
3. District Court [§63—511(3), I.C.]
4. Supreme Court

2.4.2. Initiating an appeal (County Board of Equalization)

§63—501, I.C., provides that the board of county commissioners meet as a board of equalization (BOE) "at least once in every month" in the year from January up to the fourth Monday in June to equalize the assessments of real and personal property on the property assessment roll.

The BOE is required to meet again, from the fourth Monday in June until the second Monday in July, to complete equalization of the property assessment roll. For the BOE to extend the time during which it meets beyond the second Monday in July, it must request and be granted an extension from the state tax commission [§63—105A(7), I.C.]. The request must specifically state the purpose of the extension. If the extension is granted, the BOE may not conduct any business other than that for which they received permission to reconvene.

For an appeal to be heard by the BOE, the taxpayer must file the appeal with the BOE on or before the end of the counties normal business hours on the fourth Monday of June (§63—501A, I.C.). The BOE may consider an appeal only if it is timely filed. An appeal shall be made in writing on a form provided by the BOE or assessor and must identify the taxpayer, the property which is the subject of the appeal and the reason for the appeal. See the Addendum of this manual for an example of an appeal form.

The board of county commissioners also meets as BOE between the fourth Monday in November and the first Monday in December each year to hear appeals regarding values on the subsequent property roll (§63—501, I.C.). If other personal or real property is discovered and assessed after the subsequent BOE has adjourned and is entered on the missed property roll, the taxpayer may appeal that assessment to the board of equalization during its monthly meeting in January of the following year, provided however, that said meeting must be no sooner than the first Monday in January.

The BOE has the authority to raise or lower the value on any property assessment in the county except operating property assessments. The BOE may change values by category, by area, or by individual parcel. During this time, the BOE is also responsible to examine and rule on applications for partial or total exemptions from property tax (§63—502, I.C.).

2.4.3 Appeals of a Decision of the County Board of Equalization & State Board of Tax Appeals

§63—511, I.C., describes the process for the appeal of a decision by the BOE. Within 30 days after the mailing by the BOE of a decision, or the pronouncement of a decision, an appeal can be taken to the state board of tax appeals (BTA). Appeals can be brought by any of the parties eligible to appeal to the BOE.

The appeal must be filed with the county clerk who will transmit this notice to the BTA, along with a certified copy of the minutes of the meeting of the BOE during which the decision was reached or a certificate stating that the BOE failed to act on the appeal prior to adjournment. The county clerk also sends all evidence taken in the matter appealed. The county clerk shall submit all such appeals to BTA within 30 days of notice of appeal or by October 1, whichever is later.

During the 30 day period for deciding whether to appeal to the BTA, the taxpayer can decide to appeal to district court instead of the BTA (§63—511, I.C.). Because of the expense of court action, most appellants utilize the BTA before going to district court.

2.4.4 District Court

Within 28 days from the time the BTA has deposited a copy of its final decision in the mail, an appeal may be made to district court (§63—3812, I.C.). Again, any party affected by the decision may appeal that decision to district court. The clerk of the court receives a notice specifying the grounds of the appeal, along with any record of the proceedings leading up to the appeal and any other records made in regard to the matter.

Any final order of the district court may be appealed to the State Supreme Court "in the manner provided by law" [§63—3812(e), I.C.]. The Supreme Court may hear a property tax appeal brought from district court or assign it to the Court of Appeals.

2.4.5 Centrally Assessed (Operating) Property

§63—407, I.C., describes the process of appeal for centrally assessed property. The appeal is initiated with the state tax commission meeting to equalize property and set operating property values This meeting of the state tax commission opens the second Monday in August and must be completed by the fourth Monday in August to be adjourned (§63—405, I.C.).

Decisions by the state tax commission meeting to equalize property and set operating property values may be appealed to district court. These appeals may be filed with the district court of Ada County or, if such operating property is located in only one county, to the district court in and for the county where the property is located. The appeal shall be filed within thirty (30) days after service upon the taxpayer of the decision (§63—409, I.C.).

2.4.6 Equalization of Counties' Values by State Tax Commission

When meeting to equalize values, the state tax commission may adjust the value of a category of property within a county that is shown to be out of compliance with the ratio study standards (§§ 63—109 & 63—316, I.C.).

The appeal process for ratio study decisions is not outlined in the Idaho Code, but is the result of case law. The process is different from the process of appeal, described earlier in this subsection. In a 1982 case (the Idaho State Tax Commission v. Staker), the Supreme Court ruled that it was the only entity with jurisdiction for appeal of these decisions. The Supreme Court can hear ratio study appeals if it chooses; they are not required to do so.

2.4.7 The Proper Sequence in the Appeal Process

To have the right to appeal, any appealing party must undertake each step of the process in its proper sequence. If one of the steps is missed in the process, the appellant forfeits his right to proceed to the next step (V-1 Oil Co. v. County of Bannock). Consistent with this rule of law recognized by the Supreme Court, the BTA has held that, in the case of an appeal which is not filed in a timely manner with the BOE, the BTA has no jurisdiction to change assessed property values (John and Dianne Wilkinson/Wilkinson Arms v. Payette County).

2.5.0 Preparing for an Appeal

At one time or another, every assessor may have a taxpayer disagree with an assessed value. An appeal to the county board of equalization (BOE) normally follows. The actual process of appeal is discussed in another subsection ("The Appeals Process"). This subsection deals with preparations for the appeal.

Certainly, no assessor enjoys having values questioned, but he or she should realize that appeals are a normal part of the job. The assessor who approaches an appeal with the proper attitude can use it to his advantage. An appeal reflects neither on the competence of the assessor, nor on the quality of the disputed appraisal. An appeal indicates only that the property owner and the assessor have a difference of opinion as to the market value of a particular property. A difference of opinion is common; certified property tax appraisers may disagree about the market value of any property.

The assessor and the BOE should remember that the purpose of an appeal is the same as that of an appraisal — to determine the market value of a particular property. The appeal is a forum for resolving honest differences of opinion regarding property value and it should be approached as such. Above all, the assessor should not regard an appeal as a personal attack. The assessor's best ally during an appeal is objectivity. If the assessor is defensive or hostile toward the appellant, the appeal might devolve into a personal vendetta, costly for all parties involved.

An appraisal is an estimate of value based on the judgment of the assessor and the best information available at the time. Information indicating a different value does not reflect on

the assessor's judgment. The taxpayer may have access to better information than the assessor did at the time of the appraisal. On the other hand, the assessor may have the better information. Neither party should be embarrassed because of the information it has available.

An appeal can be profitable or costly to all parties involved, regardless of the final decision. The assessor may uncover valuable market data. The appellant might gain insight into property appraisal, assessment, and taxation. On the other hand, during an appeal hearing, a hostile assessor will hurt his public image. The intelligent assessor maximizes the chances for a positive outcome for everyone involved.

Even with an excellent continuing appraisal program, the assessor can expect to have values appealed. In fact, the occasional occurrence of appeals may be one indication that the assessor is doing a good job.

2.5.1 Different Reasons for Appeals

Appeals are made for a variety of reasons. The assessor should begin by determining the reason for the appeal. Normally, before the appeal is brought to the BOE, the assessor will have met with the property owner and will have a good idea of the taxpayer's reasons. The owner's reasons for making an appeal determines the type of preparation the assessor should make.

Appeals can occur for reasons having nothing to do with the quality of assessment. A value may have increased from the previous year. A property may have sold for less than its assessed value. An owner may know of a property assessed at a lower value. An owner's tax bill may have increased last year. In fact, one of the only times an assessor would not expect an appeal is when a property owner thinks his assessed value is too low, but, since anyone can appeal a value (whether or not he owns the property), even this type of appeal may occur.

Let's examine some of the reasons for appeal and discuss the appropriate courses of action. Whether an appeal is made to the BOE, to the state board of tax appeals (BTA), or to district court, the preparation required is pretty much the same. We will assume the assessor is aware of the appellant's objections but considers them unjustified. If the assessor were to consider them justified, measures could be taken and the appeal either avoided (if the assessor is still in possession of the assessment roll) or expedited (if the roll has been delivered to the clerk for the county BOE).

2.5.2 The Tax Protest

Often, an appeal is merely a protest against taxes. The owner may not have a real disagreement with the assessed value of his property, only with the taxes which result. The taxpayer wants to complain about his tax bill and to possibly get it reduced. The assessor has no control over spending by the various taxing entities and no authority to cancel taxes. Though the assessor must be able to justify the value on the roll, he will probably not need to spend an excessive amount of time preparing to defend the assessment.

2.5.3 The Increase of Value

An increase in assessed value often results in an appeal. The owner is not objecting so much to the value placed on the property as to the fact that the value increased from the previous year. One reason for an increase is that the property had previously been under assessed. An assessor can be effective by demonstrating that the property's previous assessment was understated and by showing that the current assessed value is a more realistic estimate of the property's actual worth.

2.5.4 The Assessment Comparison

A third situation which can precipitate an appeal is the comparison of two properties' assessments. In this situation, the actual value of the property might be less of a problem for the owner than the difference between the assessed value of the properties.

For example, let's assume that taxpayer "A" owns a 1,300 square-foot residence. So does his friend, taxpayer "B," who lives on another side of town. When these two compare assessment notices, they notice that the property of taxpayer "A" is assessed for $8,000 more than that of taxpayer "B". This type of comparison frequently results in an appeal.

Sometimes such comparisons are justified and sometimes they are not. The property of taxpayer "A" might be located in a more exclusive area. One property might be an under-improvement to an area. One property's physical condition might be different from that of the other. The quality of construction may be different. The assessor might be more effective by demonstrating the differences between the properties than by only defending the actual appraised value of the property in question.

2.5.5 The Disagreement with Value

The fourth situation which can precipitate an appeal presents the greatest degree of difficulty to the assessor. In this situation the appellant and the assessor have a disagreement over property value. The appellant is often knowledgeable and well prepared. In fact, the appellant may have access to market data which is not available to the assessor. When this type of appeal occurs, the assessor must be open to new information, and closely examine any information supplied by the appellant. The appellant can have better information and can be correct. If the assessor still believes his value is correct then he must be prepared to defend the appraisal on its own merits.

2.5.6 Use of Existing Information

Most of the preparation for appeal should have been made before the property owner disagrees with a value. In fact, most of the preparation should have been made before an assessed value is ever placed on a property. Prior to assessing any property, the assessor should have collected and analyzed pertinent market data, studied the local market,

determined appropriate geo-economic areas, and arrived at an appraised value based on the appropriate approaches to value.

The assessor who has properly prepared his continuing appraisal program will find himself prepared for an appeal. The assessor will have applied appropriate, defensible modifiers and depreciation to costs from the manuals which were used. He will have selected benchmarks for comparable properties to substantiate the assessed value and should have sufficient statistical evidence to demonstrate the accuracy of the general appraisal program. All of this data and analysis must be well documented and already in the assessor's files.

2.5.7 Pertinent Information

Information pertaining to each approach used to determine property value should be in the assessor's files and should include:

1. Data and analysis used in valuation of the land, including:
    A. Comparable sales and sales analysis used to determine typical bare land values;
    B. Data and analysis used in determining value adjustments for size, shape, topography, and location; and
    C. Data and analysis used in determining typical costs for improvements to the land (domestic well, sewer or septic system, cost for hookup to utilities, etc.).
2. Data and analysis used in valuation of the improvements, including:
    A. The cost manual(s) used;
    B. Market data and analysis used to determine local cost modifier(s) to the manual(s);
    C. Market data and analysis used to determine appropriate benchmarks for depreciation; and D. Neighborhood sales data and analysis used to determine factors for over-and under-improvements.
3. Statistical data and analysis used to determine the overall accuracy for appraisals of:
    A. The particular type of property;
    B. The particular class of property; and
    C. Property located in that particular neighborhood.
4. Actual sales (preferably within the appropriate time-frame) of comparable properties.

At appeal, the assessor's value is presumed to be correct. The burden of proof is on the property owner to show that a property has been improperly assessed. After the taxpayer presents his evidence, the assessor must present more convincing evidence. The assessor should be prepared to provide evidence in support of his values at every appeal. The party presenting a preponderance of evidence should prevail. Though case law says that the

assessor's value is presumed to be correct, presenting evidence to demonstrate the correctness of the assessed value is absolutely necessary. The volume and detail of this supporting evidence can vary, however, depending on the particular appeal. The assessor may decide that the market information already in his files is sufficient or that additional data must be presented.

The property owner will usually have presented his objections to the assessor prior to formally appealing a value. The assessor should have a reasonably good idea of the evidence the taxpayer intends to present. If the assessor believes the taxpayer's information is superior, if the assessor agrees with the taxpayer's value estimate, and if the assessment roll has not been delivered to the clerk for the county BOE, the dispute can be resolved without taking the problem to an appeals board. If the assessment roll has already been delivered to the clerk for the county BOE, the assessor can no longer change values, so the matter must be taken to the BOE. If the assessor agrees with the taxpayer's estimate of value, a simple recommendation to the BOE will be enough to resolve the matter.

If, in spite of the taxpayer's information, the Assessor still believes that the assessment is justified, he must decide whether his existing information will be sufficient to defend his values, or whether additional supporting information is needed.

The assessor is responsible for appraising a great number of properties. A knowledgeable property owner may have information indicating an over assessment. If, however, the additional information had been requested from the appellant and refused to the assessor, the BOE should be hesitant to order an adjustment based on this appeal.

2.5.8 Additional Information

If the property owner has convincing information, but the assessor believes that the assessment is justified, the assessor might wish to gather additional data in support of his assessed value. The additional data will be much the same as the information already in the assessor's files, except that it should be either greater in volume and depth, or it should apply more specifically to the particular property value under appeal. In other words, additional data might be found which supports the assessor's original opinions in greater detail, or which directly applies to the property in question. If additional data is gathered and analyzed, one of three things will happen:

1. The data and analysis might indicate that the assessed value is too high-that the appeal was justified. The assessor should make the appropriate recommendations to the appeals board.
2. The data and analysis might indicate that the assessed value is correct. The assessor should continue to defend his value.
3. The data and analysis might indicate that the assessed value is too low. Both the owner and the assessor were wrong. The assessor has the right and the responsibility to request that the BOE increase the assessed value to the level indicated by the data.

If an appeal presents particular problems for the assessor and if the value of the property justifies the expense, the assessor might hire an outside certified property tax appraiser to appraise the property.

If the evidence presented at appeal shows that an assessed value is incorrect, the assessor should recognize the fact. An inaccurate appraisal is normally the result of inadequate information. Nothing can be gained by refusing to recognize facts.

Each appeal will be different, so the type and the amount of preparation needed will vary. The assessor must make the final decision.

2.6.0 Escaped Assessments

Every year, some property may escape assessment for various reasons. Property may escape for many reasons, including concealment or misrepresentation, movement of personal property into the county during the year, a change of status, or a simple oversight on the part of the taxpayer or the assessor.

2.6.1 Definition

An escaped assessment occurs when a property, not expressly exempt, is not placed on the tax rolls. There is a difference in what constitutes an escaped assessment between real and personal property. If any assessment is made on a real parcel, no escaped assessment has occurred, even if the assessment is not based on the full value of the property. If the owner of an improved parcel receives an assessment notice which includes only the value of the land, the parcel improvement has not escaped assessment; the parcel has simply been undervalued. The improvement, if residential and not occupied, has not escaped assessment but is specifically exempt by §63—602W(3), I.C.. A separate assessment notice should be mailed to the owner when it is occupied. On the other hand, if an assessment on a collection of personal property does not include one or more of the items in the collection, the omitted items have escaped assessment. If a business has three computers and one of them has not been assessed, the third computer has escaped assessment.

2.6.2 Time Limits

The amount of time the assessor has to place a property escaping assessment on an assessment roll varies, depending on the reason for which the property escaped assessment.

2.6.3 Property Concealed or Misrepresented

If an escaped assessment of property required to be listed by the owner results from *willful concealment or deliberate misrepresentation to avoid taxation*, the property must be placed on the tax roll at twice its market value for each year in which it escaped assessment, (§63—1401, I.C.). This can occur whenever the concealment or misrepresentation is discovered.

Market values and tax rates for property concealed or misrepresented should be at the same levels as all other property on the assessment roll on which this property is actually listed. For example, personal property concealed in the prior year and discovered and assessed on the current year's subsequent property roll should be appraised at double the current year's value level and taxes should be based on the current year's levy.

If the taxes for concealed or misrepresented property are not paid these become delinquent at the same time as unpaid property taxes for the current year become delinquent.

2.6.4 Property not Concealed or Misrepresented

Property escaping assessment for reasons other than willful concealment or deliberate misrepresentation may be assessed for the current year (§63—1401, I.C.). Property which has escaped assessment may be assessed on the subsequent or the missed property roll, even though it would normally have been assessed on an earlier roll.

2.6.5 The Statutes

The following is a list and brief explanation of statutes in the Idaho Code dealing with escaped assessments.

§63—1401: This statute requires that if any property required to be listed by the owner is "***willfully concealed, removed, transferred, misrepresented***, or not listed by the person required to do so, such property, upon discovery, ***must be*** appraised, assessed and taxed at two (2) times its value for each year such property has escaped assessment." (Emphasis added.) Simply because a property has escaped assessment, its value should not be doubled for the years it escaped; the value should be doubled only if the escaped assessment is a result of a deliberate attempt by the owner to avoid assessment.

§63—503: The county board of equalization (BOE), during the time it is in session, must cause the assessor to assess all property which has escaped assessment or has been incompletely or inaccurately assessed. If the property is reassessed, the BOE must send a notice of change showing the change from the previous assessment to the final assessment (§63—506).

§63—410(4): Operating property which escapes assessment is to be assessed in the same manner as other such property which has not escaped assessment. After the property has been assessed, its value is to be added to the assessment for the current year.

§§ 63—301, 310, & 311: The assessor is to assess personal property which has escaped assessment and place it on the subsequent or missed property roll. If the property's owner is unknown, the personal property is entered on the roll after "unknown owner," pursuant to §63—307, I.C.

§§ 63—1401, & 1402(2)a **— *Accounting by Assessor and Tax Collector:*** The assessor shall account for all taxes on any real or personal property which, on account of neglect, has

escaped assessment. The assessor shall be liable upon the official bond for the taxes on all property which has escaped assessment due to his neglect.

§63—1303: This statute provides that any changes made by the BOE to correct errors are the responsibility of that board and not the responsibility of the county treasurer or assessor.

2.6.6 The Assessment Process

Upon discovering property, which has escaped assessment, the assessor must determine whether the escaped assessment was a result of willful concealment or deliberate misrepresentation on the part of the owner.

In the case of ***willful concealment or deliberate misrepresentation***, the property required to be listed by the owner ***must be*** placed on the subsequent or missed property roll at twice its market value for each year in which it escaped assessment as a result of the concealment or misrepresentation. Double assessment will generally precipitate an appeal from the property owner. The assessor must be able to prove to the BOE that the property had been willfully concealed or misrepresented.

If personal property escaped assessment for reasons other than willful concealment or misrepresentation, the assessor must place it on the subsequent or missed property roll at its market value for only the current year.

2.7.0 Erroneous Assessments

No matter how conscientious and capable an assessor might be, erroneous assessments can occur. These should be corrected. The Idaho Code prescribes the officials responsible for and the manner in which the corrections should be made. These will vary, depending on the time at which the error is discovered and corrected.

There are three different times when an erroneous assessment might be discovered:

1. Before the assessor delivers a completed assessment roll to the county clerk, who subsequently submits it to the county board of equalization (BOE).
2. While the BOE is in session.
3. After the BOE has adjourned.

The manner in which a correction is to be made depends on when the error was discovered. During the first period of time (while the roll is in the possession of the assessor), the error should be corrected by the assessor. During the second period of time (while the roll is in the possession of the BOE), the error should be corrected by the county clerk under orders from the BOE. Finally, during the third period of time (after the BOE has adjourned), the assessed value cannot be changed; at this point, all adjustments must be made by cancellation of and/or rebate of actual taxes.

For example, an erroneous assessment is not an escaped assessment. An escaped assessment can be picked up, if discovered before the end of the year (See "Escaped Assessments," in this manual.). An erroneous assessment can only be corrected if discovered prior to adjournment of the BOE. After that time, any adjustments must be made to actual taxes.

2.7.1 Procedures for Correcting an Erroneous Assessment

In the subsection "The Rolls," it was shown how each assessment roll is in the possession of the assessor until it is delivered to the county clerk. While any assessment roll is in the assessor's possession, it is his sole responsibility. All changes made to the roll are made by and are the responsibility of the assessor. Immediately after any changes are made, the assessor must provide the taxpayer with a corrected taxpayer's valuation notice, pursuant to §63—308(2), I.C.

The dates by which the assessor must deliver the rolls to the county clerk are:

- **Property Roll:** On or before the Fourth Monday in June (§63—310, I.C.).
- **Subsequent Property Roll:** Fourth Monday in November (§63—311, I.C.).
- **Missed Property Roll:** First Monday in January (§63—311, I.C.).

The assessor has the authority to change values on these rolls prior to the time each is delivered to the county clerk. ***After a roll is delivered to the county clerk, the assessor has no authority to change values.*** The roll then becomes the responsibility of the BOE and any changes must then be directed by that board.

2.7.2 Before Adjournment of the BOE

An assessment roll delivered to the BOE is the sole responsibility of that board. Any change made to the roll during this time is made by the county clerk under the direction of the BOE [§63—503(2), I.C.].

The BOE adjourns after equalizing the assessment roll. After adjournment, no change of assessment is authorized by the Idaho Code.

Adjournment deadlines for the BOE are as follows:

- **Property Roll:** On or before the Second Monday in July (§63—501, I.C.).
- **Subsequent Property Roll:** On or before the First Monday in December (§63—501, I.C.).
- **Missed Property Roll:** *At the conclusion of* the January meeting of the BOE (§63—501, I.C.).

2.7.3 After Adjournment of the BOE

Any erroneous assessments discovered after this time must stand. However, the taxpayer need not bear the brunt of an over-assessment The board of county commissioners may rebate the

property owner for taxes paid due to over-assessment (§63—1302, I.C.) or may cancel or refund unlawful taxes (§63—1302,
I.C.).

Any correction of erroneous assessment made after the BOE adjourns must deal with taxes, not assessed values. The only county governmental entity with the authority to adjust actual property tax dollars is the board of county commissioners.

For example, the most common example of erroneous assessment is the omission of a homestead exemption. If the error is found ***before the roll closes***, the assessor applies the exemption to the correct parcel. If found while the BOE is in session, the assessor can recommend that the error be corrected and the commissioners acting as the BOE can make the change. If the BOE has adjourned, the assessor may write a letter to the board of county commissioners requesting a tax cancellation. (See the "Request for Property Tax Cancellation (Example)" in the addendum of this manual.)

2.8.0 Exemptions

Exemption laws are always interpreted narrowly, against the taxpayer. Based on several Supreme Court decisions, property tax Rule 600 states that the burden of proof is on the person claiming the exemption. Additionally, the Supreme Court [Cheney v. Minidoka County, 26 Idaho 471, 144 P. 343 (1914)] has ruled the property owner must identify a specific statute that exempts the property.

Most property tax exemptions are listed in Chapter 6 of Title 63 Idaho Code. Some exemptions exempt the total value of the property, such as government property [§63—602A, I.C.], property owned and used for specified religious purposes by a religious institution (§63— 602B, I.C.), or public cemeteries (§63—602F, I.C.). Some statutes exempt only a portion of the value, such as the homestead exemption (§63—602G, I.C.) and residential property in certain zoned areas (§63—602H, I.C.). Some exemptions are determined only based on ownership, such as property owned by the government (§63—602A, I.C.), some are determined only based on use, such as property used for educational purposes (§63—602E, I.C.), business inventory [§63— 602W(1),(2) & (3), I.C.], or farm machinery and equipment (§63—602EE, I.C.), but most are determined based on both ownership and use, such as property owned by religious institutions (§63—602B, I.C.), property owned by fraternal, benevolent, or charitable organizations (§63—602C, I.C.), the homestead exemption (§63—602G, I.C.), or the low income housing exemption (§63—602GG, I.C.).

2.8.1 Types of Exemptions

There are two types of exemptions: presumptive and non-presumptive. A presumptive exemption is one for which the property owner need make no application. Examples of presumptive exemptions are household goods and wearing apparel (§63—602I, I.C.) and

business inventory (§63—602W(1), (2) & (3), I.C.). Because the exemption is granted to an entire class of property, it is not assessed and no application is required.

Non-presumptive exemptions apply to classes of property which are normally assessed. Because these properties are normally on the tax rolls, an application for exemption must be submitted by the taxpayer. An example is property owned by a fraternal organization (§63—602C, I.C.) or a homeowner (§63—602G, I.C.) or site improvements held by the original land developer (§63—602W(4), I.C.). This property could be similar to property not eligible for an exemption.

2.8.2 Parties Involved in The Process

Three parties have legal responsibilities for exemptions which require application: the taxpayer, the board of commissioners and the assessor.

The Taxpayer

The first party responsible in the exemption process is the taxpayer, who must apply for an exemption. Because exemption laws are interpreted narrowly, non-presumptive exemptions are not automatically granted. Certain exemption application forms are recommended and/or provided by the Tax Commission.

In the application, the taxpayer must demonstrate that the property in question should be exempt from taxation, based on Idaho Code. The applicant must provide information necessary to qualify for the exemption.

The Board of County Commissioners

The second entity with responsibility in the exemption process is the board of county commissioners. State law gives the board authority to grant exemptions [§63—602(3)(a), I.C.

The board of county commissioners examines all claims for exemption and allows or disallows them in the manner provided by law. The board may exempt all or, for certain exemptions, part of an applicant's property. All exemptions from property taxation claimed under Chapter 6, Title 63 Idaho Code, shall be approved annually by the board [§63—602(3), I.C.] unless the exemption statute specifies another process for approval.

The Assessor

The third party in the exemption process is the assessor. The assessor has responsibility for the valuation of property and some authority to determine the exempt portion of a property, as in the case of the pollution control equipment (§63—602P, I.C.). With the passage of HB565 in 2020,the assessor approves applications for the homeowner exemption (§63—602G, I.C.). Also, the assessor may be asked by the board of county commissioners to handle other necessary forms and applications, to provide information, or to make recommendations. In addition to the three parties mentioned above, the board of county commissioners sitting as the Board of Equalization (BOE)

may hear appeals of exemption decisions (§63—501, I.C.), Decisions of the BOE may be appealed to the board of tax appeals or district court.

2.8.3 §63-6, I.C., Exemptions in Detail

Read the referenced section of the I.C. for a full description of the exemption.

§63—601, I.C. — All property subject to taxation: All property within the jurisdiction of this state, not expressly exempted, is subject to assessment and taxation.

§63—602A, I.C. — Government Property: Property owned by a federally recognized Indian tribe, a school district, municipality, county, the State of Idaho, or the United States is presumed exempt and is not usually appraised. The exception is when taxation thereof is authorized by the congress of the United States. A list of taxable federal property is included in the addendum of this manual. Inventory property of the United States Department of Agriculture (USDA) Rural Development) shall be subject to taxation as other property in the county. Unimproved real property of more than ten (10) contiguous acres owned in fee simple by the department of fish and game shall be subject to a fee in lieu of property taxes (FILT) contingent upon conditions and requirements. The property owned by a federally recognized Indian tribe includes only the property held in trust by the tribe, located on the reservation of the tribe and is inalienable is exempt from property tax.

Most property, real or personal, owned by a government entity is exempt under §63—602A, I.C. What about real or personal property leased to government entities?

Property tax exemptions in Idaho are generally based on ownership, use, or both. The general exemption under §63—602A, I.C., is only for property owned by government entities and does not include property used but not owned by government entities. Therefore, personal property leased to government entities is not exempt with some exceptions.

One exception is property used by schools. All property used exclusively for nonprofit school or educational purposes is exempt under §63—602E, I.C. Therefore, personal property leased to school districts or nonprofit schools and used for educational purposes is exempt.

Another exception is any property leased to a soil conservation district. (See §22—2722, I.C.)

You should always request documents relating to the ownership or lease. Be sure to review and discuss these documents with your county prosecuting attorney for a legal determination of ownership/lease status. This is especially true of any agreement that is a lease-purchase option. The real question often becomes who owns the property? Be sure to seek legal advice for the answer to this question. If after careful consideration of all available information, you are unable to reach an absolute conclusion about the ownership, assume the property is assessable and taxable, make the assessment, and let the question be appealed to the county BOE so more information may be discovered by the BOE for a final decision.

As with any property tax exemption, exemptions provided to government entities must be granted by the county BOE. In most situations relating to property clearly owned by any government

entity, the county BOE will approve the exemptions when the role is accepted. Be sure to discuss all relevant information with the BOE. Refer to "Parties Involved in The Process" of this subsection for information relating to responsible parties.

§63—602B, I.C. — Religious Corporations or Societies: Property, including owned by religious corporations or societies of this state and used in connection with any combination of religious worship, educational purposes, or recreational activities, not "designed for profit" may qualify for this exemption. The property only qualifies for a partial exemption if the property used for non-qualifying uses exceeds three percent (3%) of the value of the property. This exemption has both ownership and use criteria, and this type of property is presumed exempt and is not normally appraised. If it is appraised, an application for exemption must be submitted prior to the fourth Monday in June.

§63—602C, I.C.—Fraternal, Benevolent, or Charitable Corporations or Societies: Property belonging to the organizations mentioned above is exempt, provided that the property in question is used exclusively for the purposes for which the corporation or society was organized.

However, if any property belonging to such an organization is leased, or if revenue is derived from the property which is not used solely for the purposes for which the organization exists, the property only qualifies for a partial exemption. If part of the property is being used for commercial purposes, the assessor must determine the value of the entire property and the value of that portion used for commercial purposes. If three percent or less of the total property is being used for commercial purposes the entire property is exempt. If more than three percent of the property is being used commercially, that portion used commercially is taxable. For example, if 25% of a property valued at $100,000 were used for purposes other than those for which the organization was formed, the assessable value of that property would be $25,000.

The Supreme Court [Canyon County v. Sunny Ridge Manor, Inc., 106 Idaho 98, 675 P.2d 813 (1984)] has provided a number of factors to consider when determining if the corporation is charitable. These factors are:

1. The stated purpose of its undertaking;
2. Whether its functions are charitable;
3. Whether it is supported by donations;
4. Whether the recipients of its services are required to pay for the assistance they receive;
5. Whether there is general public benefit;
6. Whether the income received produces a profit;
7. To whom the assets would go upon dissolution of the corporation; and
8. Whether the "charity" provided is based on need.

This exemption has both ownership and use criteria, and property of this type is not presumed to be exempt and requires an application, at least for the first year; and after the first year, the

assessor should review the ownership and use of the property periodically to decide if any changes have occurred.

§63—602D, I.C. — Certain Hospitals: "Hospital" means a hospital as defined by Chapter 13, Title 39 I.C., and includes one (1) or more acute care, outreach, satellite, outpatient, ancillary or support facilities of such hospital whether or not any such individual facility would independently satisfy the definition of hospital. This does include county hospitals. The real and personal property including medical equipment, owned or leased by a hospital corporation or county hospital, which is operated as a hospital and the necessary grounds used therewith is exempt.

The corporation must show that the hospital: (a) is organized as a nonprofit corporation pursuant to chapter 3, title 30, I.C., or pursuant to equivalent laws in its state of incorporation and (b) has received an exemption from taxation from the Internal Revenue Service pursuant to section 501 (c)(3) of the Internal Revenue Code. If a hospital corporation uses property for business purposes from which revenue is derived which is not directly related to the hospital corporation's exempt purposes, then the property shall be assessed and taxed as any other property. This exemption has both ownership and use criteria.

§63—602E, I.C. — Property Used for School or Educational Purposes: All property used exclusively for nonprofit school or educational purposes is exempt, including property held or used exclusively for endowment, building, or maintenance purposes, when no profit is derived. Additionally, property used for any charter school purpose is exempt. If any portion of the property is used for a non-qualifying use, that portion of the property is taxable. This exemption has only use criteria, and an application for this exemption must be submitted to the BOE on or before April 15 and the taxpayer and county assessor must be notified of any decision by May 15.

§63—602F, I.C. — Property exempt from taxation: The following property is exempt from taxation: (1) Possessory rights to public lands; (2) Mining claims not patented; (3) All public cemeteries; (4) All public libraries. This exemption has only ownership criteria, and this property is usually presumed exempt and is not appraised.

§63—602G, I.C. — Residential Improvements (Homestead Exemption): This section exempts fifty percent (50%) up to a maximum amount set by the legislature at one hundred thousand twenty-five dollars ($125,000) of the value of qualifying residential improvements that are owner-occupied and used as the primary residence. This exemption also includes the land that is the homesite of the qualifying residence up to a maximum of one (1) acre. Obviously, this exemption has both ownership and use criteria. Property tax Rule 609 further defines owner-occupied primary residence. For property tax purposes, the owner may apply for the exemption on only one property. The residential improvements 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 property owner need apply only once, as long as the original application was valid and as long as the home remains the owner's primary residence. This exemption is extended after death for the

year of death and one year to the estate of the previously qualifying decedent providing that the owner of record does not change. This extension is not dependent upon the use of the property.

The definition of owner shall be the same definition set forth in §63—701(7), I.C. Property tax rules 609 and 610 further define ownership and special situations relating to ownership and occupancy.

The criteria for a property to qualify as "residential improvements" for this exemption must be the same criteria for a property to qualify for any property tax reduction benefits. This means that if a garage or outbuilding is eligible for property tax reduction benefits, it must also be eligible for this exemption.

The 1993 Legislature provided that the homeowner's exemption applies to new construction assessed on the occupancy tax roll (§63—317, I.C). For the occupancy tax, more than one property may be eligible for this exemption provided that ownership and occupancy of the properties occurs at different times during the year and that each application is made on the owner's primary residence. The property owner can qualify for this exemption only by complying with the requirements outlined in §63—317, I.C. (Also see memo from STC in the addendum.)

In 2004, and again in 2007, the legislature amended the law creating a method for the recovery of property tax revenue resulting from any improper homestead exemption. §63—602G(5), I.C., provides for an assessor to initiate the recovery of property taxes because of an "improperly claimed or approved" homestead exemption. If it is ultimately determined that an exemption should not have been granted, the assessor shall notify the state tax commission of the determination if the taxpayer has also received circuit breaker benefits. The commission will then initiate action to collect erroneously claimed circuit breaker benefits.

Upon discovering that the homeowner's exemption has been improperly approved, the assessor decides if the exemption should have been allowed. If a homeowner's exemption was improperly approved as a result of county error, the assessor presents the information to the county commissioners who may waive the recovery. It is important in the early stages to collect all evidence, including information from the tax commission indicating whether the taxpayer paid income taxes as a resident or nonresident, which indicates the exemption should not have been allowed. Working closely with your prosecuting attorney can help put a strong case together; it is not uncommon for taxpayers to strongly contest the recovery since the amount can be thousands of dollars.

After collecting all facts, the assessor completes the assessment and notifies the taxpayer and the treasurer. Recovery is for each year the exemption was improperly granted up to a maximum of seven (7) years. The written notice to the taxpayer should include the number of years of improperly claimed exemption, the dollar amount of taxes and interest owed for each year, the date the recovery is due and payable, and notice that the taxpayer has thirty (30) days to appeal to the county Board of Equalization. Thirty (30) days after the taxpayer receives the recovery notification, the assessor must record a notice of intent to attach a lien. The assessor must record a rescission of the intent to attach a lien within seven (7) days of receiving payment or a decision by

the Board of Equalization granting an appeal. If the taxpayer sells the property before the assessor records a lien, the assessor and treasurer must stop the recovery process. The county commissioners can waive the collection of all or part of any costs, late charges, and interest accrued.

When an assessor discovers a taxpayer has claimed an erroneous homestead exemption, the taxpayer shall be subject to an additional penalty payable to the county treasurer in the amount equal to the property tax recovered under section 63-602G (5)(a)(i), Idaho Code. If, within seven years, the assessor discovers a subsequent violation of an erroneous homestead exemption, the assessor shall notify the county prosecuting attorney and report a misdemeanor against the taxpayer.

Starting in July 2023, the Tax Commission shall establish a database of all active homestead exemptions in Idaho. County assessors will provide the Tax Commission with the name and address of all persons receiving the exemption and the property owner's date of birth, driver's license number, and previous address, as required in HB 449, passed in 2024. The database will be password-protected, and the protected personal information will be encrypted.

§63—602H, I.C. — Value of Residential Property in Certain Zoned Areas: Residential property located in an area which was previously zoned residential, but has been changed to other zoning, may be partially exempt. If such residential property has been continuously used by the owner solely for residential purposes, it shall be valued the same as comparable residential property, even though the market value of the property may be different due to the commercial or industrial zoning. This exemption has both ownership and use criteria and is normally considered by the assessor in the appraisal. An application may be required when the assessor wants clarification of the ownership or the use. (Also see section §63-208, I.C. and Property Tax Rule 611).

§63—602I, I.C. — Household Goods, Wearing Apparel, Personal Effects: Personal property used exclusively by an individual or his family and not for sale or commercial use, is presumed exempt. Unless a disagreement arises as to the use of a particular item, it is not necessary to apply for this exemption.

§63—602J, I.C. — Motor Vehicles Properly Registered: Motor vehicles, including recreational vehicles, boats and aircraft which have been properly registered are exempt. The fees are not considered to be taxes; they are fees in lieu of taxes (§49—446, I.C.). This exemption requires the payment of the registration fee, otherwise the property is taxable.

Unregistered recreational vehicles should be placed on the assessment roll in the same manner as other personal property. If a recreational vehicle has not been properly registered by Aug. 31 of the calendar year for which the fee is due, the assessor should handle the recreational vehicle like any other type of personal property, which includes the mailing of an assessment notice to the owner. If the recreational vehicle registration fee is paid and the sticker properly displayed by the

fourth Monday in November, the assessment shall be canceled. (§49—445, I.C. and Property Tax Rule 020)

Aircraft not registered pursuant to §21—114, I.C., by the first Monday in November, are assessable. "A list of unregistered aircraft, as of that date, shall be forwarded to the assessor for inclusion on the subsequent property roll to receive an assessment notice by third Monday in November, as required by §§ 63—301 & 63—311, I.C." (Also see Rule 39.04.05.101.02 of the Idaho Transportation Department — Division of Aeronautics.)

§63—602L, I.C. — Certain Intangible Personal Property: Stocks, bonds, bank deposits, other financial instruments, goodwill, customer lists, contracts and contract rights, patents, trademarks, custom computer programs as defined in §63—3616, I.C., copyrights, trade secrets, franchises, and rights-of-way which are possessory only and not accompanied by title are exempt. Most of this type of property is not normally appraised by the assessor. However, some property of this type (like custom computer software) may require identification by the owner or the owner may need to provide information on the exempt value, so the assessor may want to examine the personal property listings to decide who might be sent an application to apply for this exemption. (Also see property tax Rule 615.)

Please note: Only custom computer software as defined in §63—3616, I.C., is considered intangible personal property and therefore exempt from taxation. Off-the-shelf computer software is considered tangible and therefore taxable.

§63—602M, I.C. — Certain Secured Dues and Credits: All dues and credits secured by mortgage, trust deeds, or other liens, except as otherwise provided by law, are presumed exempt. No application is necessary for this exemption.

§63—602N, I.C. — Irrigation Water and Structures: Water and anything primarily used for irrigation of land are presumed to be exempt. Unless a question of ownership or use arises, an application is unnecessary.

This statute is in three parts. The first part exempts all water rights for the irrigation of land. The second part exempts property used for conveying, storing, or providing irrigation water. If facilities or equipment of this type are used for other purposes (such as a recreational site), the entire value of such property must be determined and the proportionate value of the equipment not used for irrigation purposes must be assessed. The third part exempts all real and personal property owned by organizations created for the purpose of operating a system for providing irrigation water to its landowners, shareholders, or members. If the property is used for commercial purposes by anyone other than the landowners, shareholders, or members, the portion used for the other purposes is assessable.

§63—602O, I.C. — Property Used for Generating and Delivering Electrical Power for Irrigation or Drainage Purposes and Property Used for Transmitting and Delivering Natural Gas Energy for Irrigation or Drainage Purposes: This statute exempts property used for generating and delivering electrical power or for transmitting and delivering natural gas

energy for the purpose of irrigating or draining land in Idaho, except in cases where water so pumped is sold or rented. If the water is sold or rented, it should be assessed to "the extent that such water is so sold or rented". The income approach to value should be used in such a case. Application for exemption may be necessary if a question arises as to the sale or rental of the water which the property pumps. (Also see property tax Rule 618.)

§63—602P, I.C. — Facilities for Air and Water Pollution Control: Facilities and equipment utilized in air and water pollution control are exempt. The criterion for this exemption is use. If pollution control facilities or equipment serve other purposes, only the portion actually devoted to pollution control is exempt. The assessor or the state tax commission has the responsibility of determining what portion should be allocated to pollution control, but it is the BOE that grants the exemption.

Property Tax Rule 619 specifies that the owner of the property shall annually apply for an exemption in the county where the property is located. Forms for requesting this exemption may be obtained from the county. The declaration must contain an itemized listing and description of each part of the system, the historical cost of the item and a percentage of the component devoted exclusively to pollution control.

Exemption will be allowed only if net income from marketable by-products does not adequately compensate the owner for the total value of the installation. Rule 619 describes the method for valuing the present worth of income from by-products. The assessor may make physical inspections of the property or audit the records of the owner to identify the components that are included under this exemption. The abstract notice shall show the assessed value of property subject to taxation and the value qualifying for exemption.

§63—602R, I.C. — Agricultural Crops: Agricultural crops are exempt from taxation, as long as title to the crops remains with the producer. The term "agricultural crops," as used in this section, does not include timber, forest, forestland, or forest products. The criterion for this exemption is ownership, and since the assessor will not normally appraise agricultural crops, no exemption application is necessary.

§63—602W, I.C. — Business Inventory: For this property tax exemption, the term "business inventory" includes: never-occupied residential improvements, livestock, fur-bearing animals, fish, fowl, bees, nursery stock, stock-in-trade, merchandise, products, finished or partly finished goods, raw materials, all forest products subject to the provisions of §63—17, I.C., supplies, containers and other personal property which is held for sale in the course of the owner's manufacturing process, farming, jobbing, or merchandising process and site improvements associated with land which have been installed and held by the land developer. With the exception of site improvements which does require an application for the first year and, this exemption has a use criteria requirement. The site improvement exemption is lost when title to the land is conveyed from the land developer or when the construction of other improvements such as a building has been started. The amount of the site improvement is the difference between the market value of the land with site improvements and the market value of the land without site

improvements determined by a sales comparison analysis. However if no sales are available to use in an analysis then the exemption shall be 75% of the value of land with site improvements.

§63—602X, I.C. — Casualty loss: This section exempts from taxation real and personal property which has been damaged by an event causing casualty loss to all or a portion of the property. The BOE on a case-by-case basis shall determine whether to grant an exemption. If the BOE approves the exemption, it shall be for the year in which the real or personal property has been damaged or destroyed. An application must be made in writing by the fourth Monday in June. For casualty losses occurring after this date, an application for consideration of a tax cancellation must be submitted to the board of county commissioners (not BOE) under §63—711, I.C.

§63—602Y, I.C. — Effect of Change of Status: This section provides for the subsequent assessment of property that changes status from exempt to taxable during the year. However, it is important to remember that this does not include government property, except property owned by an urban renewal agency, unless the government has authorized the taxation as expressed in property tax Rule 312. There are two basic types of property involved.

The first type is property with an exempt owner on January l, which sells subsequently to a nonexempt owner. The assessment is based on the property's market value, prorated by the quarter. The dates by which quarters are determined are: 1st quarter, before April 1; 2nd quarter, before July 1; 3rd quarter, before October 1; 4th quarter, on or after October 1. For example: A property having a market value of $100,000 was sold by an exempt charity to Mr. Smith on June 15th. The property is taxable for three quarters (75%), so the assessed value would be $75,000.

The second type of property is exempt as business inventory (§63—602W, I.C.) at the first of the year, but is leased during the course of the year. This property is assessed only for the time it is rented or leased. Upon termination of the rental or lease the property returns to exempt status. This property is not assessed by quarter, but for the portion of the year it was rented or leased. For example: A copier worth $1,200 is held as inventory from January 1 until April 2, then leased from April 2 until June 2, and returned to inventory. The property was leased for only two months or 1/6th of the year, so the assessed value would be $200.

On the first Monday of November, the owner of inventory property changing status during the year is required to file a declaration with the assessor of the home county, identifying each piece of property, the length of time for which the property was rented, and the respective counties wherein such property was located during the year. The property is entered on the subsequent assessment roll.

Suppose property is taxable on January 1, as found in section 63-205, I.C. in that case, the property is taxable for the entire calendar year, regardless of whether the property's title is conveyed to an owner who qualifies for an exemption under title 63.

§63—602Z, I.C. — 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. Also see property tax Rule 625.

§63—602AA, I.C. — Exceptional situations: Claimants who have unusual circumstances which affect their ability to pay taxes qualify for this exemption. Each person seeking this exemption may receive full or partial relief on taxes for the current year only. The taxable value must be adjusted by the exemption granted by the Board of Equalization and the exempt value must also be reported on the abstract as required by §63—509, I.C. The claimant must give a sworn statement containing full and complete information of his/her financial status to the board. The claimant must apply each year by the fourth Monday in June, and the board must consider the claim and act no later than the second Monday of July. This exemption may be granted for the current tax year.

The claimant is required to give to the BOE a sworn statement containing "full and complete information of his financial status." The chairman of the board may examine the claimant under oath, and the board makes its decision based on this financial information.

For hardship situations arising when the roll is not under the jurisdiction of the BOE, the board of county commissioners may cancel taxes for reason of undue hardship (§63—711, I.C.). This includes second half taxes that become delinquent on June 20.

§63—602BB, I.C. — Partial exemption for Remediated Land: A site as defined in §39—7203, I.C., and qualifying under §39—72, I.C., shall be eligible for property tax exemption not to exceed seven (7) years. The exemption shall amount to fifty percent (50%) of the re-mediated land value. The exempted value assessed under this formula shall remain constant throughout the period of the exemption. A certificate of completion will be issued by the department of environmental quality after the successful completion of the voluntary remediation work plan has been completed. See property tax Rule 628.

§63—602CC,I.C.—Qualified equipment utilizing postconsumer waste or post industrial waste: See property tax Rule 629.

§63—602DD, I.C. — Manufactured Homes Used under a Dealer's Plate or as a Sheep or Cow Camp: Any manufactured home eligible to be used under a dealer's license plate or designated as a sheep or cow camp is exempt from property taxes. Unless there is a question about the use, no application is necessary.

§63—602EE, I.C. — Certain Tangible Personal Property: Agricultural machinery and equipment used exclusively in agriculture during the immediately preceding tax year is exempt. This exemption only has use criteria, and unless the assessor has a question on the exclusive use, no application is necessary.

§63—602GG, I.C. — Low Income Housing Owned by Nonprofit Organizations: Certain low income housing owned by nonprofit organizations is exempt.

In order to qualify for an exemption under this section an organization must demonstrate:

1. It is organized as a nonprofit organization and recognized as exempt by the Internal Revenue Service pursuant to section 501(c)(3) of the Internal Revenue Code.

2. Must be solely owned and managed by the nonprofit organization seeking the exemption.
3. Except for the managers unit, all units must be dedicated to low-income housing in the following manner:
    A. Fifty-five percent (55%) of the units to those earning 60% or less of the median income for the county in which the housing is located.
    B. Twenty percent (20%) of the units to those earning 50% or less of the median income for the county in which the housing is located.
    C. Twenty-five percent (25%) of the units to those earning 30% or less of the median income for the county in which the housing is located.

This exemption does not apply to:

1. Projects financed after the effective date of this act (July 1, 2002) and applicable law permits the payment of property taxes with federal or state funds, grants, loans or subsidies; or
2. Property receiving federal project-based assistance, as provided by 42 U.S.C. sections 1437 f (d) (2), 1437 f (f) (6), and 1437 f (o) (13); or
3. Property used by a taxpayer to qualify for tax credits under the provisions of 26 U.S.C. chapter 42 or any successor programs until such time as the property is solely owned by a nonprofit organization. An application process should be considered in each county to insure adequate information relating to the nonprofit status and rental practices of any organization requesting an exemption under this law.

§63—602HH,I.C.—Significant Capital Investments: Property value exceeding $800,000,000 is exempt when it is located in one county and belongs to one taxpayer and that taxpayer employs at least 1,500 workers and makes a minimum investment of $25,000,000 in the prior year. This exemption applies to personal property that is owned or leased and real property, and the owner designates the property for exemption. Do not place the exempted property on the new construction roll.

§63—602II, I.C. — Unused Infrastructure: A board of county commissioners may exempt all or part of the value of unused infrastructure, meaning installed utilities like rail, water, natural gas and electrical lines, for up to five (5) years with the option to extend this exemption for up to five (5) additional years.

§63—602JJ, I.C. — Certain Operating Property of Producer of Electricity by Means of Wind, Solar or Geothermal Energy: Exempts any wind, solar or geothermal energy producer's operating property, not regulated as to price by the Public Utilities Commission and used to produce electricity from wind, solar or geothermal energy, on which the wind, solar or geothermal energy tax will be paid.

§63—602KK, — Property Exemption from Taxation: Certain personal property: On January 1, 2013, the Idaho legislature exempted items categorized as personal property with a purchase price

of $3,000 or less. A qualifying item must perform its intended purpose independently without reliance on other personal property. The 2021 Idaho Legislature passed HB 389 to provide a $250,000 personal property tax exemption for locally assessed personal property per county for each qualifying taxpayer. Before apportionment, the Tax Commission will subtract the $250,000 personal property exemption per county from the operating property companies' allotted Idaho value. See Administrative Rule 626

The Tax Commission will reimburse each county personal property tax replacement in accordance with §63—3638, I.C., in the amount of the reduction determined for tax year 2013 for the $100,000 exemption, in 2022 for the additional $150.000. Future years' replacement payments will be made in the amount determined for the 2022 tax year. The county treasurer will reimburse each taxing district within the county from this amount in proportion to the amount of reduction.

§63—602NN, I.C. — Investment in new or existing plant and building facilities: A board of county commissioners may declare that all or a portion of the investment in new or existing plant and building facilities meeting certain tax incentive criteria shall be exempt. The investment must be at least the minimum as established by county ordinance but not less than $500,000. The commissioners may exempt all or a part of the change from the base value attributable directly to the plant investment. The value of project land is not to be counted in the project value.

§63—602OO, I.C. — Oil or gas related wells: Wells drilled for the production of oil, gas or hydrocarbon condensate are exempt. According to Rule 632 this may include the well, casing, and other structures permanently affixed inside the well, and the land inside the perimeter of the well. Wellheads and gathering lines or any line extending above ground level shall not qualify.

§63-313, I.C. – Exemption for Transient Personal Property. All transient personal property is exempt from taxation. No replacement moneys shall be provided as a result of this section.

§63—603, I.C. — Electric, or gas, public utilities pumping water for irrigation or drainage-reduction of assessment in accordance with exemption-Credit on customers' bills or payment to consumers: Customers of electric, gas, or public utilities receiving power used to pump water for irrigation or drainage receive the exemption provided by §63—602O, I.C., as a credit on the bill from the electric, gas, or public utility. The assessment of the property owned by these electric, gas, or public utilities will be reduced accordingly by the state tax commission.

For consumers that are not customers of electric, gas, or public utilities, an application process is detailed in this law. Also see property tax Rule 618.

§63—604, I.C. — Land Actively Devoted to Agriculture Defined: Unless there is a question about the use of land over 5 acres in size, no application should be necessary to prove eligibility as land actively devoted to agriculture. However, for land 5 acres or less in size, this law requires yearly evidence of adequate income to meet the use criteria. Also see property tax Rule 645, and "Agricultural Land," on valuing agriculture land in this manual.

§63—605, I.C. — Land used to protect wildlife and wildlife habitat: A private, nonprofit corporation, which has a recognized tax exempt status under section 501(c)(3) of the Internal

Revenue Code and under §63—602C, I.C. and is dedicated to the conservation of wildlife or wildlife habitat, may qualify for the partial exemption under this law, if it owns and uses the property for wildlife habitat or the property is being managed under a conservation agreement. An application is needed to decide ownership criteria relating to nonprofit status and use criteria relating to conservation or wildlife habitat. The URL for the Internal Revenue Service website is https://apps.irs.gov/app/eos/. This web site allows you to enter the complete name of the entity claiming 501(c)(3) status and retrieve a list to see if that entity has that approved status. The example application forms in the addendum of this manual list most of the information you need to determine eligibility for this exemption.

§63—606A, I.C. — Small employer growth incentive exemption: A county board of equalization may exempt all or part of the value of property qualifying for income tax credits when the taxpayer meets certain employment and investment requirements. The assessor shall not include such exempted property on the new construction roll.

Exemptions not in Chapter 6, Title 63

Read the referenced section of the Idaho Code for a full description of the exemption.

Telecom (non-reg), Industrial/Pers. Property, QIE — 712—**§63—721, I.C. — Property Tax Deferral:** Property owners who qualify for property tax reduction benefits may also apply for property tax deferral paid by the state. See Property Tax Deferral in this subsection for more information on this program.

§63—1305C, I.C. — Provision Exemption: Upon a finding of the board of county commissioners that a property being constructed or renovated is intended to be used for an exempt purpose, the commissioners shall continue the exemption provided the property is used for an exempt purpose.**§63—2431, I.C. — Tax in Lieu of all Other Taxes Imposed:** The fuels tax imposed on gasoline, aircraft engine fuel, or special fuels is in lieu of all other taxes, including property taxes.

§63—3029B, I.C. — Income tax credit for capital investment (QIE): Subsection 63—3029B(4) provides for an election to exempt from property taxes qualified investments placed in service beginning January 1, 2003, provides for cooperation between the state tax commission and county assessors, provides for penalties, and provides for recaptured revenue to be sent to the county for distribution to the taxing districts within the tax code area where the property is located. In lieu of the investment tax credit for income taxes, any taxpayer, excluding those owing regulated operating property, with a loss for income tax purposes in the second year prior to making a qualifying capital investment may elect a two-year exemption from property taxes on the qualified investment(s).

Property Tax Administrative Rules 988 and 989 implement this property tax exemption, and Property tax Rule 988 also provides for the assessors to share information to comply with limits in place for used property owned by taxpayers with qualifying property in more than one county. Property tax Rule 989 creates a tracking and reporting mechanism to facilitate recapture.

§63—3502, I.C. — Levy of Tax on Annual Gross Electrical Earnings: The gross receipts tax on any cooperative electric association is in lieu of all other taxes on the operating property of such association, including property taxes.

§63—3502A, I.C. — Levy of Tax on Annual Gross Natural Gas Earnings: The gross receipts tax on any cooperative natural gas association is in lieu of all other taxes on the operating property of such association, including property taxes.

§63—3502B, I.C. — Levy of Tax on Annual Gross Wind or Geothermal Energy Earnings: The gross receipts tax on electricity production earnings by wind or geothermal energy producers, not regulated as to price by the Idaho Public Utilities Commission, is in lieu of all other taxes on the operating property of such producers, including property taxes.

§63—4502, I.C. — Tax exemption for new capital investment: New capital investment in excess of $400 Million is exempt. In order to qualify for this exemption the taxpayer must have invested at least $1 Billion in the project.

§21—114(b)(1), I.C. — Registration of Pilots and Aircraft-Requisites: The aircraft registration fee is in lieu of all personal property taxes.

§22—2722, I.C. — Powers of Districts and Supervisors: Any property owned or leased by any soil conservation district or in which such district has any right or interest is exempt from property taxes.

§25—2402, I.C. — Petition and requirements for district: Any operating property or personal property is exempt from property taxation by any herd district.

§26—2138, I.C. — Taxation: Except the real property, the property owned by a credit union is exempt from property taxes. Unless there is a question about the ownership, no application is necessary.

§26—2186, I.C. — Taxation-Idaho Corporate Credit Union: Except the real property, the property owned by the Idaho corporate credit union is exempt from property taxes. Unless there is a question about the ownership, no application is necessary.

§31—1422, I.C. — Exemptions: All operating property is exempt from property taxation by a fire district, unless otherwise provided by agreement between the fire district and the property owner. Upon providing a copy of the agreement to the county and the state tax commission, no additional application is necessary.

By ordinance enacted by the second Monday in July, the board of county commissioners may exempt all or a portion on the unimproved real property in the county from taxation by a fire district. The ordinance granting the exemption must treat each category of property uniformly. The fire district must apply for this exemption, but no additional application is required from any property owner.

§31—3908A, I.C. — Exemptions from taxation: By ordinance enacted by the second Monday in July, the board of county commissioners may exempt all or a portion on the unimproved real property and the taxable personal property in the county from taxation by an ambulance district. The ordinance granting the exemption must treat each category of property uniformly. The ambulance district must apply for this exemption, but no additional application is required from any property owner.

§31—4117, I.C.—Exemptions from Tax Assessment: Real property owned by anyone not receiving the signal from a translator district or receiving the signal directly from the station is exempt. If this non-use criteria changes, the property is taxable. The owner must provide an affidavit to the translator district who must notify the county.

§31—4208, I.C. — Property of Authority — Exemption — Payment for Services: All property belonging to a county housing authority is exempt from property taxes except that an authority may agree to make payments to the county for improvements, services, and facilities or to any school district for school services and facilities benefiting the residents of a housing project.

§33—2133, I.C. — Tax Exemption: All property owned by a dormitory housing authority is exempt.

§39—1452, I.C. — Exemption from Taxation-Securities Law: All property owned by the Idaho health facility authority is exempt.

§41—405,I.C.—Premium Tax in Lieu of Other Taxes-Local Taxes Prohibited: All personal property belonging to insurers, their agents, or their representatives is exempt from property taxes. The premium tax imposed by §41—402 is in lieu of property taxes. Unless there is a question of ownership, no application is necessary.

§42—3115,I.C.—Commissioners-Powers and Duties: All operating property and all personal property are exempt from taxation by a flood control district. No application is necessary.

§42—3338, I.C. — Private Community Sewer System — Properties Exempt From Taxation: Private community water systems are exempt from property taxation by water, sewer, or water and sewer districts.

§42—3708, I.C. — Powers of Directors: All operating property and all personal property are exempt from taxation by a watershed improvement district, and assessments can only be levied against lands benefited by the district. No application is necessary.

§42—4115, I.C. — Works and Bonds Exempt from Taxation: All property owned by a water and sewer district is exempt from property taxes. No application is necessary.

§42—4416,I.C.—Commissioners-Powers and Duties: All operating property and all personal property are exempt from taxation by a levee district. No application is necessary.

§43—1920, I.C. — Works and Bonds Exempt from Taxation: Domestic water system property owned by an irrigation district is exempt.

§50—1908, I.C. — Tax Exemptions and Payments in Lieu of Taxes: All property owned by a housing authority is exempt from property taxes. A housing authority may by agreement pay a fee in lieu of property taxes to a city for improvements, services, or facilities furnished by that city for the benefit of a housing project or to a school district for school services or facilities furnished by that school district for the benefit of the residents of a housing project. No application is necessary. A city or school district must provide a copy to the county and the state tax commission of any agreement for payment in lieu of taxes.

§50—2014, I.C.—PropertyExemptfromTaxesandfromLevyandSalebyVirtueofanExecution: All property owned by an urban renewal agency is exempt from property taxes. No application is necessary.

§67—6208, I.C. — Tax Exempt Status: The real property of the Idaho Housing Agency is exempt from property taxes except that the agency shall negotiate an agreement to make payments to the county, city, or state for improvements, services, and facilities furnished for the benefit of a housing project or to any school district for school services and facilities benefiting the residents of a housing project. Note: The office property of the agency is subject to personal property taxes.

2.8.5 Appeals Process for Exemptions not Granted

The process for appealing a decision denying an exemption is the same as for a valuation appeal. Within thirty days of the BOE decision, an appeal on a form obtained from the county clerk must be filed with the state board of tax appeals, or taken directly to district court (§63—511, I.C.). The appeals process is described in "The Appeals Process," in this manual. References are found in §§ 63—511, 63—3811, & 63—3812, I.C.

2.8.6 Property Tax Reduction

In addition to the exemptions already described in this subsection, a property tax reduction (PTR) is available to qualifying claimants. Chapter 7 of Title 63, Idaho Code, outlines the procedures for this program. The PTR is a tax credit, not an exemption, because the taxes levied against the property are actually paid by the state of Idaho.

The property tax credits given to qualified applicants. Persons who may apply include: individuals age 65 or over, fatherless/motherless children under age 18, widows or widowers, disabled persons, veterans with at least a 10% service connected disability (or a pension for a non-service connected disability), prisoners of war, or blind persons. April 15 is the deadline for filing the application each year with the assessor.

Income limits for qualification change from year to year. The amount of tax reduction is determined on a graduated scale based on income. Counties do not lose revenue because of the program; the state funds the program and counties are reimbursed for reductions granted. No additional space will be given here to the specific procedures and operation of the program. the

Tax Commission conducts periodic PTR education programs for the counties. A "Property Tax Reduction Handbook" is available in addition to brochures explaining the process. These materials may be obtained from the Tax Commission.

2.8.7 Property Tax Deferral

In addition to the property tax reduction program briefly described above, individuals who earn less than $58,304 in 2023 (based on annual cost-of-living modification determined by the secretary of health and human services pursuant to 42 U.S.C. 415(i)) and who are otherwise circuit breaker eligible may be eligible upon annual application for property tax deferral. In order to qualify the property must not be encumbered by a reverse mortgage or a home equity loan. Previous deferrals plus interest must not exceed 80% of the assessed value of the property and proof of insurance is required. Qualified property tax reduction claimants may be eligible to have the state pay part of the property taxes in excess of the amount paid under the property tax reduction program. Upon certain events occurring, like the death of the qualified claimant or the sale of the property, the deferred taxes plus interest must be paid to the state. The deferred taxes and interest paid to the state are distributed to the property tax deferral recovery fund and are continuously appropriated by the legislature to fund future property tax payments by the state under this property tax deferral program. See §63—713 through 63—721, I.C., for additional specific requirements and limitations.

2.9.0 Revaluation Program

(Planning and Implementation)

Foremost among the assessor's responsibilities is the assessment of all taxable property within the county at market value. Market value is maintained through the county's revaluation program [§63—314, I.C.]. The program is actually two separate functions: revaluation and maintenance.

The revaluation program should be designed to ensure that the county's existing property is reappraised at least once every five years within each five-year appraisal cycle. All property, which is not appraised in any one year, is indexed where needed to adjust the value from the previous year's value to the current market value. All property, whether appraised or indexed, will be on the roll at market value each year.

The maintenance program provides for the appraisal of each year's new construction, including alterations or additions made to existing improvements. New construction must be appraised as it is completed and must be handled separately from the revaluation program. Any alterations or additions made to existing improvements results in the need to appraise the entire property both the remaining original and the new, to ensure the appraisal is the best estimate of market value for the property.

The task of achieving equity county-wide is large and demanding; the assessor must avoid wasting resources. Effective use of resources includes appraising an entire property in one visit. It is not cost effective to appraise farmland on one visit, outbuildings on a second, and the

residence on a third. Multiple trips to appraise one property wastes the appraiser's time and the county's money. Beyond financial considerations, several visits to a single property could have negative public relations effects for the assessor and may result in the sum of the appraised parts not equating to the market value of the total property.

2.9.1 Planning

§63—314, I.C., and property tax Rule 314 require that beginning on the first Monday in February 1997 and every fifth year thereafter each assessor must submit to the state tax commission a plan for the continuing valuation of all property in the county. Additionally, §63—314, I.C., requires that beginning in 2003 by the end of year one of each five-year appraisal cycle no less than fifteen percent (15%) of all taxable properties in the county must be appraised; by the end of year two no less than thirty-five percent (35%) of all taxable properties in the county must be appraised in that year and the previous year; by the end of year three no less than fifty-five percent (55%) of all taxable properties in the county must be appraised in that year and the previous two years; by the end of year four no less that seventy-five percent (75%) of all taxable properties in the county must be appraised in that year and the previous three years; and by the end of year five one hundred percent (100%) of all taxable properties in the county must be appraised in that year and the previous four years. Each five-year appraisal plan must identify how the county will appraise the required percentage of the taxable property by the end of each year of each five-year appraisal cycle, resulting in all taxable property being appraised within each such cycle.

Step #1 Determine the number of appraisals required each year

In developing the Plan for the Continuing Valuation of the County the first step is to determine the number of parcels that will be required to be appraised to achieve the appraisal of the required percentage of the taxable property in the county each year. An estimate of the number of new parcels and new construction per year also needs to be included in that determination.

Step #2 Estimate the number of working days available to physical appraisal

The second step is to estimate the number of working days per year that can be devoted to physical appraisal. There are 260 weekdays per year. From that number, days that cannot be devoted to physical appraisal need to be subtracted. Example: Holidays, average annual vacation days, average annual sick leave, days needed to turn out roll and hear appeals, time spent by the appraisal staff manning the phones, bad weather days, days spent doing data collection and analysis, etc. Depending on the size and makeup of each county this will vary somewhat.

Step #3 Determine appraisal quotas and category groupings

Appraisal quotas or number of appraisals that can typically be done per day need to be established by property type or category. Determining quotas requires quite a bit of judgment by the Assessor. Each county's geography, topography, public access, and property makeup are different. These factors can determine how many parcels can be appraised in a day. Categories that have similar requirements and that take similar amounts of time can be grouped together. It also should be noted that less experienced appraisers may not do as many appraisals per day as more experienced ones.

Following are guidelines of typical parcels that can be completed per appraiser per day. Categories that typically take the same amount of time to complete have been grouped together. These must be adjusted to fit each county.

Property Type	Categories	Quota Per Day
Vacant Non-agricultural Land	11, 12, 13, 14, 15, 16, 17, 18, 20, 21, 22, 25	4 to 20
Vacant Agricultural Land	1—9, 57	4 to 25
Improved Agricultural Land	1—10/31	3 to 8
Improved Residential	12/34, 15/37, 20/41, 25, 26, 46, 47, 48, 49, 65, 69	3 to 15
Improved Commercial	11/33, 13/35, 16/38, 21/42, 27, 44, 45, 60, 61, 62	1 to 8
Improved Industrial	14/36, 17/39, 22/43	0.5

The per day quota figures are general ranges which vary between counties and between appraisers. If the distance between parcels is great, it will take longer to appraise those parcels. The production level of experienced appraisers might approach the upper limits of this range, while the production of inexperienced appraisers may be closer to the bottom. These figures must be adjusted up or down to reflect the actual situation in a particular county. These numbers represent only time spent doing inspections and computing values and do not include data gathering and analysis.

Step #4 Determine staff requirements

Once the number of days available for appraisal and quotas per day have been established the next step is to estimate number of staff that will be required to complete the job. To determine the number of staff needed, divide the number of parcels per category or group that need to be done annually by the number of days available for physical appraisal multiply that by the quota per day. This same procedure should be followed for all category combinations and the results added together to estimate the total number of appraisers needed.

Basic formula: S = Number of staff position needed P = Number of parcels to be done R = Number that can be done per day (quota) T = Days available $S = P \div (T * R)$

Example: County XYZ has 1,000 parcels of Improved Urban Residential property to appraise per year. The assessor has determined that there are 112 days available for physical appraisal per year; he has also determined that typically an appraiser in this county can appraise 8 parcels of this type of property per day. 1000 parcels per year ÷ (112 working days * 8 parcels per day) = 1.116 appraisers needed to appraise this category.

The assessor should now know approximately how many appraisers are needed to complete the continuing valuation program. The assessor also will need to estimate how many support staff will be needed (data entry, file clerks, etc.).

2.9.2 Manpower Considerations

After the assessor has determined the number of appraisers that are necessary, available manpower must be examined. If there are enough qualified appraisers on staff, or if sufficient funds have been allocated for contract appraisal, there is no problem. If appraisers are already employed by the county (either in-house or on contract), they should already be included in the assessor's revaluation budget. It is almost always true that a revaluation program conducted in-house is less expensive than contracting independent appraisers.

Step #5 Budget Analysis

Once the manpower requirement has been determined, the assessor must ensure that the program is adequately funded. If sufficient money is already available the assessor only needs to make sure it is used as efficiently as possible. If money is not currently available, a request for additional budget must be made to the board of county commissioners.

§63—314, I.C., requires the board of county commissioners to furnish the assessor with such additional funds and personnel as may be required to carry out the continuing valuation plan of the county. For this purpose the county can levy up to .04% of the taxable value of the county to support the valuation plan.

2.9.3 Monitoring

Once the program is in place, it must be monitored continuously to ensure the goals of the plan are met. The assessor should monitor the plan on a continuing basis. Property tax Rule 316 outlines the procedures for monitoring the continuing valuation program.

The Idaho State Tax Commission consulting appraisers will monitor the plan no less than annually to determine whether the county has appraised the minimum number of parcels by the end of each year of each five-year cycle, as required by §63—314, I.C., and property tax Rules 314 and 316. Specifically, property tax Rule 316 provides for each assessor to appraise no less than fifteen percent (15%) by the end of year one, no less than thirty-five percent (35%) by the end of year two, no less than fifty-five percent (55%) by the end of year three, no less than seventy-five percent (75%) by the end of year four, and no less than one hundred percent (100%)

by the end of year five. Each January ratio studies will be conducted to determine whether the county meets the assessment level required by the property tax rules and Idaho law.

If a county is unable to meet the requirements of §63—314, I.C., the state tax commission may require an amended plan (remediation plan) from the county outlining how the county is going to get their continuing valuation program into compliance with the requirements of law.

The board of county commissioners may request an extension to the continuing valuation program (§63— 314, I.C.). Any request for an extension must include an amended plan incorporating an inventory of the parcels to be appraised during the time of the extension. The law limits the extension to no more than two years. To qualify for an extension the county had to have experienced events beyond their control that caused the continuing valuation program to fall behind. Falling behind because of failure by the board of county commissioners to adequately fund the program would not qualify for an extension. All requests for extension are subject to acceptance by the state tax commission.

If it is determined that the county has not and cannot meet the requirements of the law, the state tax commission can take exclusive control of the county valuation program and can withhold sales tax money normally distributed to taxing districts in the county to pay whatever costs are necessary and to bring the county valuation program into compliance with the law (§63—316, I.C.). This is a situation that both the county and the state tax commission want to avoid. The assessor should make every effort to keep his continuing valuation program in compliance.

To provide training on appraisal administration, procedures and techniques the state tax commission through its education program periodically offers IAAO courses. These courses are highly recommended to all assessors.

2.10.0 Geo-Economic Areas

The assessor must become familiar with the boundaries and characteristics of the geo-economic areas within his jurisdiction before any appraisals are made. Without this knowledge, accurate value estimates in a mass appraisal program are impossible and effective allocation of resources is difficult.

2.10.1 What Is a Geo-Economic Area?

A geo-economic area “is an area with evident physical boundaries in which market forces have a similar effect on the value of similar property.”

2.10.2 Market Forces

There are four market forces which affect the value of all real property. These four forces act together to produce market value. The exact combination of these forces will differ between geo-economic areas and between property types. Even so, these forces will always impact the market value of property. The four forces which affect value are: (1) physical forces, (2) economic forces, (3) social forces, and (4) political forces.

Physical Forces

Physical forces are factors inherent in the property, itself. They include location, size, functional utility, age, and physical condition. Physical forces become evident to an appraiser when he makes a physical inspection of the property.

For example: After the appraiser inspects a commercial property, he is aware of the property's location, he knows the size and shape of the property, he knows the approximate age and current physical condition of the improvements, and he should have an accurate idea as to the overall functional utility of the property (ceilings which are too high to allow for effective heating, outdated electrical system, inadequate plumbing, poor room arrangement, etc.).

Economic Forces

Unlike physical forces, economic forces exist independent from the property, itself. Even so, economic forces also affect the value of property. These forces include demand, supply, interest rates, the availability of money, local employment conditions, and other forces in both the local and national economy. For example: A 1200 square-foot single family residence located in a neighborhood with several dozen similar properties listed for sale would probably not command as high a price as it would if there were no other similar properties currently on the market.

Social Forces

Social forces also exist outside the property. They are the current tastes in amenities. These tastes can vary widely from one area to another and they depend largely upon the makeup of the local population. For example: Older, retired couples will desire different types of amenities in residential property than will younger, working couples with children. Different amenities are important to different buyers, but the dominant tastes in amenities will affect the typical value of property in a given geo-economic area.

Political Forces

Political forces exist outside the property and will greatly affect property value. Political forces include zoning laws, building codes, rights of eminent domain, and taxes. Political forces often limit the uses of a particular property. Tax rates have a direct effect on the capability of a property to produce net income. These limitations will affect the market value of property within a particular geo-economic area.

For example: A commercial property located in an area where the effective tax rate is 3% would typically be worth less on the market than a comparable property located in an area where the effective tax rate is less than 1%, all else being equal.

In a geo-economic area, the combination of the four market forces will produce a typical value for a particular property. The forces will act differently on the values of commercial property and residential property. Even so, in any given geo-economic area, the forces will act to bring about similar values for similar properties.

2.10.3 Measuring the Market Forces

The combination of market forces differs between geo-economic areas. This unique makeup of forces determines the typical value of a particular property. Before undertaking a mass appraisal program, the assessor must be able to measure the effect of the market forces in each geo-economic area. Fortunately, it is not necessary to isolate and measure each individual market force. Since a property's value is determined by a combination of all four market forces, all that is necessary is to recognize what the market does to the value of various types of property.

If, for example, the market value of physically similar residential properties was considerably different in one neighborhood than in another, the two neighborhoods would be in different geo-economic areas. It is not necessary to identify the exact combination of market forces producing value, but it is absolutely necessary to measure their overall effect on the market value within the various geo-economic areas.

In other words, the assessor need not determine that economic forces add 5%, social forces subtract 3%, and political forces add 4% to the value of residential property in a given geo-economic area. He must only realize that the combination of the market forces adds a total of 6%.

The three ways in which the market forces manifest themselves in the form of typical value are bare land value, construction costs, and rates of depreciation. These are the only indicators available to the assessor identifying the boundaries of geo-economic areas. An assessor can compare values to identify the boundaries.

Bare Land Values

Typically, similar parcels of land sell for similar prices within a geo-economic area. This is not to say that residential and commercial land within a geo-economic area have similar value, or that certain parcels are not better than others, or that two identical parcels sitting side by side may not sell for different prices. This is to say, however, that similar parcels of bare land will have similar typical values within any geoeconomic area. Commercial land may sell for more or less than residential in a given geo-economic area, but a parcel of commercial land in a geo-economic area will typically bring a similar price to that of comparable parcels of commercial land. If similar parcels in one area typically sell for different values than do otherwise similar parcels in another area, the parcels are almost certainly part of different geoeconomic areas. Section 2.10.3

Construction Costs

Costs of construction are similar within the same geo-economic area. Costs of constructing identical improvements may vary widely from one end of a county to the other but will not show much variation within a geo-economic area. If, for example, single-story class 5 residences in one area of a county require a different local cost modifier than do single-story class 5 residences in another area of the county, then the properties are almost certainly located in different geo-economic areas.

Rates of Depreciation

Similar properties depreciate at similar rates within a geo-economic area. In other words, if the market recognizes a different typical rate of depreciation for forty-year-old two-story Class 6 residences in one neighborhood than in another, the two neighborhoods are almost certainly in different geo-economic areas. While two identical properties in the same geo-economic area may sell for different prices, they typically will not. Therefore, only by analyzing enough sales to determine typical depreciation can an assessor be sure of identifying geo-economic areas. Once the assessor has determined the areas in which land values, construction costs, and rates of depreciation are virtually identical, he has isolated the geo-economic areas in the county.

Other factors, such as different economic rents, expense ratios, and vacancy rates, also indicate the existence of different geo-economic areas. Even so, these other factors will ultimately be reflected in the typical sale prices of properties, showing up in land values, construction costs, and rates of depreciation. The important thing to remember is: **Similar properties typically selling for dissimilar values indicate different geo-economic areas.**

Determining the exact boundaries of geo-economic areas is slightly more difficult than simply recognizing that the areas exist, and this will be discussed later in this subsection.

2.10.4 The Importance of Geo-Economic Areas

The importance of geo-economic areas to property value and, therefore, to accurate property appraisal and assessment cannot be overstated. As assessment becomes increasingly sophisticated, the importance of geo-economic areas in mass appraisal becomes more apparent. Only within geo-economic areas will typical values be consistent. Because the concept of the geo-economic area is crucial to each of the three approaches to value, accurate mass appraisal is possible only if geo-economic areas have been accurately identified and analyzed.

The Market Approach

The market approach is based on the principle of substitution. A comparable property can only be a property affected by the same combination of market forces as is the subject property. Only those sales from the same or from very similar geo-economic areas as the subject property could be considered bona fide comparable sales.

The Cost Approach

The cost approach is simply the determination of depreciated cost new. Replacement or reproduction costs may differ between geo-economic areas. A cost manual adjusted to one geo-economic area will not necessarily be applicable to another. Moreover, depreciation may be different between geo-economic areas. A benchmark established in one geo-economic area may not reflect depreciation in another. Thus, the only way to accurately determine local cost modifiers and depreciation is to accurately identify geoeconomic areas.

The Income Approach

The income approach is based on the principle of anticipation, in other words, the present worth of future benefits. Since market forces affect income streams of property in separate geo-economic areas differently, typical rents, typical vacancy rates, typical expenses, typical recapture rates, typical discount rates, and, thus, typical values can vary significantly between geo-economic areas.

2.10.5 How to Determine Boundaries of Geo-Economic Areas

Determining the boundaries of geo-economic areas is more difficult than simply recognizing the effect market forces in different geo-economic areas have on individual properties. It is not necessary to isolate and measure each of the four market forces separately to recognize their cumulative effect. For mass appraisal purposes, though, an assessor must also be able to determine the boundaries of the areas in which the cumulative effect of the four market forces is similar for similar properties.

Geo-economic boundaries will not only vary between and within jurisdictions, but, as economies change, improvements depreciate, new zoning ordinances are adopted, and property is put to different uses, the boundaries of previously existing geo-economic areas will change. The boundaries of a geo-economic area may not be the same during successive revaluation cycles.

A thorough examination of geo-economic boundaries should be completed before any revaluation program is undertaken. The complexity of such an examination will vary, depending on the amount of market information available in the county, on the county's size and on the extent of property diversity within the county. There are several things which can be done to make identifying the boundaries of a county's geo-economic areas more accurate and easier for the assessor and staff.

1. **Examine existing boundaries.** The logical first step for an assessor attempting to identify the boundaries of geo-economic areas would be to examine obvious existing boundaries. These boundaries may be political (city limits, platted subdivisions, greenbelts, zoned areas, irrigation districts, etc.), geographic (rivers, mountains, roads and highways, etc.), or economic (more and less affluent neighborhoods). It is likely that many geo-economic areas already have recognizable boundaries.

   Using existing boundaries to define geo-economic areas makes sense. There should be little trouble explaining geo-economic areas defined by existing boundaries to taxpayers. The more recognizable the geo-economic boundary, the easier it will be to work with it.

2. **Examine the overall makeup of property in an area.** Because market forces exert different pressures in different geo-economic areas, the overall property makeup may be different between geoeconomic areas. For example, a downtown commercial area and a residential area located some distance away will typically represent different geo-economic areas.

Adjacent residential neighborhoods may represent different geo-economic areas. This is likely to be the case if building-to-land rations, typical improvement values or sizes, typical ages of improvements, or the ratio between owner-occupied dwellings and rentals are significantly different.

Use of a map or GIS system are simple methods. Colored pins inserted into a map or hand coloring of a map can be used to identify the different characteristics in individual areas. Different characteristics can then be examined independently and systematically. For example:

A. Designate predominantly commercial areas as red, industrial areas as yellow, residential areas as blue, and agricultural areas as green.

B. Then separate the commercial areas geographically. In other words, the downtown commercial area could be separated from the commercial area located along the highway at the edge of town.

C. Then stratify the areas, based on the commercial property typical to the areas. For example, areas predominantly composed of office buildings could be identified as red, those areas predominantly composed of malls could be identified as blue, and areas predominantly composed of individual retail stores could be identified as yellow.

D. Next, examine the individual commercial areas to determine typical ages of improvements and assign different colors to areas with differences in the typical age of improvements; areas of predominantly new construction could be identified as green, areas of predominantly twenty-year-old construction identified as blue, and areas of predominantly forty year-old construction identified as red.

E. Examine differences in typical land-to-building ratios, etc.

F. Continue dividing the areas into increasingly specific strata, until the market information becomes too small for analysis.

G. After the commercial areas have been sufficiently analyzed, residential areas could be addressed.

3. **Examine Income/Expense Information.** Differences in property value will appear not only in physical differences between areas, but in rent and expense differences. Analyzing income and expense information can be especially valuable in commercial areas. If a particular area typically commands different rents, requires different ratios of expense to gross income, or has a different typical vacancy rate than another area, there would be evidence that the properties are located in different geo-economic areas.

4. **Examine Sale Prices.** Since market forces vary between geo-economic areas, it is possible to determine the boundaries of geo-economic areas by analyzing typical sale prices. If variation in typical sale prices exists between similar properties located in different areas, it is normally because they represent different geo-economies.

5. **Use a Ratio Study.** No matter what characteristics are being analyzed, a ratio study is a valuable tool in determining the boundaries of geo-economic areas and in measuring the combined effects of the four market forces. The creative use of ratio studies will enable the assessor to determine not only differences in typical sale prices within areas, but will enable him to measure the degree of variation in many other factors, as well.

   The value and versatility of a properly used ratio study cannot be overstated. Virtually any factor or characteristic which can be objectively measured can serve as the subject of a ratio study. See also "The Ratio Study as an Appraisal Tool" for additional information on this subject. The following list represents only a few of the many characteristics which could be measured by a ratio study:

   Typical Sale Prices: An adaptation of the process described in "The Ratio Study as an Appraisal Tool" (using a map and colored pins) is a practical means of using typical sale prices to locate geo-economic boundaries. Measures of uniformity and level can provide accurate, empirical evidence as to the boundaries of the geo-economic area.

For example, if similar properties have sold, if the properties are fielded accurately, and if construction costs are estimated from the same cost manual, a ratio study could indicate that properties in Area "A" typically sell for around 80% of the value indicated by the cost manual, while properties in Area "B" typically sell for around 90% of the value indicated by the cost manual. In this instance, the ratio study would have demonstrated that the two areas are different geo-economic areas.

By using a ratio study to determine the physical location at which the property values in the higher priced area begin to approach those in the lower priced area, the assessor can get a good idea as to the location of boundaries between the two geo-economic areas.

B. Typical Income/Expense Information: The ratio study can be used to determine geo-economic boundaries, based on income/expense information. The assessor can use the ratio of expenses divided by gross income, or gross income divided by sale price.

   Again, an adaptation of the process described in "The Ratio Study as an Appraisal Tool" will indicate in which areas income and/or expenses differ. A significant degree of variation between the typical ratios found in different areas indicates the existence of more than one geoeconomic area.

   As always, when the assessor is able to identify the location at which the ratios begin to approach each other, he will have a good idea as to the boundaries of the geo-economic areas.

C. Typical Building to Land Ratios: Building to land ratios can be used to determine the degree of uniformity within areas. A significant degree of variation (i.e. high coefficients of dispersion and variation) could indicate the existence of different geo-economic areas.

2.10.6 Conclusion

The identification and analysis of the various geo-economic areas within a county is absolutely essential to the assessor. It is impossible to conduct an accurate mass appraisal without identifying and analyzing the different geo-economies within a jurisdiction.

2.11.0 Adjusted to the Local Market (LCM and Depreciation)

Assessment should produce equity within and between classes of property. In Idaho, equity is achieved when all taxable property is assessed at market value [§63—202, I.C.]. However, market values for otherwise similar properties differ from area to area. Values in a particular area are determined by a number of forces, including demand, availability, and the condition of the local economy. While these factors and others are at work, a value need not be assigned each factor. Instead, the results of the combination of factors can be measured by their effect on market value.

The market comparison and the income approaches to value normally use information gathered from the area under appraisal. The information used will normally be local and current, so resulting values apply to the local, current market. The cost approach, on the other hand, often involves information not gathered locally. Data in cost manuals have been gathered from particular geographic areas at a particular point in time. Costs listed in the manual apply to an area and a time that may not apply to current local conditions. Cost and depreciation factors developed in other areas or at other times must be adjusted to fit current local markets. An appraiser adjusting manuals and schedules to the local market takes into consideration factors affecting current, local values, rather than previous market values in the area in which each manual or schedule was originally developed.

2.11.1 Adjusting Costs New (LCM)

A cost manual is used to estimate costs new for improvements. Costs vary between locations and over time. One would expect lower lumber costs in a lumber-producing area than in an area to which it must be shipped. Similarly, costs of concrete, labor, and other elements of construction vary between areas. Therefore, figures listed in cost manuals require adjustment before they can be expected to fit current local markets.

The Local Cost Modifier (LCM) is the factor that brings a cost manual into line with current local construction costs. LCMs must be determined from new construction. It may actually cost $100,000 to build a certain house, while the cost manual indicates a $90,000 cost new for the same improvement. In this case the LCM would be 1.11.

$$\frac{\$100{,}000\ (Cost\ New)}{\$90{,}000\ (Cost\ from\ Manual)} = 1.11\ (LCM)$$

Not only can the costs of the same type of construction vary between areas, but also the relative costs of different types and qualities of construction may not be consistent from one area to the next. Frequently, more than one LCM is needed.

For example, actual costs of wood-frame construction might be 5% less than indicated by a cost manual, while the actual costs of masonry construction might be 10% greater. A manual might indicate costs for class 3 single-family residences, which are 7% low, and costs for class 6 single-family residences are 12% high. These situations are not uncommon; rarely can a single LCM be accurately applied to all types of construction. No depreciation schedule can produce accurate values if applied to incorrect costs new, so proper development and application of LCMs are essential.

2.11.2 Developing the LCM

There are four steps to develop a LCM that must be taken for each modifier developed. The steps are (1) locate new construction, (2) determine the actual cost new of the improvements, (3) determine the cost new of the improvements indicated by the manual, and (4) divide actual cost by manual cost.

Method A: Actual Sale Price. The best indication of market value for an improvement is usually the price for which it sold. In the case of a custom-built house, the price of the improvements is easy to determine; the buyer already owns the land, so the price paid will represent only improvement value.

In the case of a "spec" house (one built at the contractor's expense and sold by the contractor), the value of the land — including improvements to the land — must be subtracted from the total sales price. "Improvements to the land" are those preparations necessary for site development, such as grading, draining, installing roads, sanitary facilities, utilities, etc., as distinguished from raw land. The remaining value is the cost of the improvement. The Assessor must be certain of the land value. If the land value is incorrect, the value of the improvement cannot be estimated accurately.

Method B: Contractor's Estimates. The alternative method is less reliable than the first and should be used only when a sufficient number of actual sales cannot be found. This method is to survey local contractors. The appraiser should present the specifications of a number of hypothetical improvements to local contractors to determine the price for which the improvements could be built. If possible, all contractors in the area should be contacted. If some sales, though not a sufficient number, are available, this second method could be used to supplement the number of actual sales.

Step #3: Determine the improvements costs indicated by the manual

Once the actual costs new of the improvements are determined, the next step is to determine the costs new indicated by the cost manual. Appraise the improvement using the cost manual with no LCM.

Step #4: Determine the proper adjustment factor (LCM)

There are two methods currently used to determine LCMs. The first method is quicker and easier than the second, but less accurate. With either method, group new construction by type and by class. If these groupings are not made, the accuracy and reliability of the LCM will be greatly diminished.

Method A: Sales-Weighted Average Only. The first method is to divide the total actual costs new of all improvements by the total Costs New indicated by the manual. The result (a sales-weighted average) is the LCM. For example, if 20 class 4 single-family residences were costed from the manual and, if sales prices totaled $500,000, while the manual costs new totaled $600,000, the indicated LCM would be 0.83.

$$\frac{\textit{Total Sales}}{\textit{Total Manual Costs}} = 0.83$$

Do not include too broad a range of improvements in the grouping. To guard against such under stratification, a ratio study can be conducted on these properties after the LCM has been The assessor should apply the LCM to the costs new indicated by the manual, then run a ratio study on the results, comparing actual sales prices to the appraised values.

Even if under stratification has occurred, the measures of level indicated by this study will be at or near 100%, so it will not provide meaningful information as to level. Measures of uniformity will indicate whether all the properties in the group should actually be factored by the same LCM. If the coefficient of dispersion (COD) and the coefficient of variation (COV) are low (COD<10.00 and COV<15.00), the properties in the grouping should probably have the same LCM.

Larger coefficients indicate that the same LCM should not be applied to all of the properties in the group. Isolate the properties not belonging in the group (outliers) and determine how they are different from the others. The properties must then be regrouped, by characteristic, into two or more new groups and the ratio study repeated on each group. This process should continue until the coefficients indicate a proper grouping has been made.

Method B: Median or Arithmetic Mean. A more accurate method of determining a LCM is to use the median or the arithmetic mean, rather than the sales-weighted average. The sales-weighted average is more affected by the sale of higher-priced property than by the sale of property in middle or lower price ranges. This fact can lead to a LCM unrepresentative of most property in the grouping. The second method is slightly more involved than the first, but its results are much more accurate, making it well worth the extra effort.

Divide the sales price of the improvements by the manual cost for each individual sale. The resulting numbers are then arrayed. Determine the median and the arithmetic mean ratio. A COD is then determined about both the median and the arithmetic mean. (The COD is normally computed about the median, but in this case, it should also be computed about the mean.) Low CODs (<10) indicate that one LCM is enough for the entire group. Higher CODs indicate that more than one LCM is needed and that the properties should be divided into two or more groups.

If additional groupings are needed, isolate the outliers and determine the characteristics in which they differ from the rest of the group. The properties should be stratified according to such characteristics and the process repeated. (See the state tax commission's "Ratio Study Manual" and IAAO's Ratio Study Standard.)

2.11.3 Depreciation Schedules

Depreciation is a loss in value from any cause. Depreciation is affected not only by the same forces as cost new (demand and availability for a type of property, the condition of the local economy, etc.) but by other forces as well. These other forces include physical condition, age, and both functional and economic obsolescence.

Depreciation is not constant; it varies between areas and between types and classes of property. Like cost new, depreciation must be measured locally and currently. Adjusting depreciation schedules to the local market is just as important as adjusting costs new. One depreciation schedule cannot accurately measure the market value of all property.

2.11.4 Depreciation Based on Current Cost

The loss in value of real property is normally measured from current cost new. Depreciation is the total value difference between a new, fully functional, property and a property that is older, less functional, or suffering from external (economic) factors. Depreciation schedules should be developed locally. We have seen how costs new are not the same for all areas or for all properties; depreciation varies, as well, so it must be determined locally.

Before examining the steps necessary to develop depreciation schedules based on current costs, one important point must be made: effective age does not directly convert to depreciation.

For example: Let's assume that we are appraising a residence with remaining economic life of 20 years. When first constructed, this building had as economic life of 40 years. Simple arithmetic shows that 50% of the original economic life remains. But the fact that 50% of the Economic Life remains does not mean that the building is 50% good. Depending on current market conditions, the improvement's market value could be 30%, 60%, or even 80% of its current replacement cost new.

The assessor should never assume that the remaining economic life of an improvement could be directly equated to depreciation. Instead, depreciation schedules should be based on benchmarks.

2.11.5 Benchmarks

"Benchmark" is defined in the 1993 edition of *The Dictionary of Real Estate Appraisal* as "the standard or base from which estimates are made." In other words, a benchmark is a property reflecting depreciation similar to a property being appraised. The use of benchmarks allows the appraiser to determine deprecation directly from the local market. Depreciation determined directly from the market is more accurate and defensible than an arbitrary depreciation schedule based on the remaining economic life. The four steps to establishing benchmarks are: (1) locate sales of older properties; (2) extract the land value from the sale price; (3) determine the replacement cost new (RCN) of the improvements (with the LCM); and (4) divide the sale price of the improvement by the RCN.

Step #1: Locate sales of older properties

In smaller jurisdictions, or jurisdictions with little market activity, it may be necessary to look to neighboring counties to find enough sales of different types of older properties. If there are few sales in a particular county, a neighboring county will most likely be representative of the local market. The assessor should not hesitate to seek sales data in other jurisdictions, being careful to determine a location adjustment if necessary.

The number of sales required depends on the amount of variation between: property type, quality, age, physical condition, and geo-economic areas. As variation between properties increases, more benchmarks are needed. In a county with little variety in property, only six or seven benchmarks might be enough for a particular type of property.

Benchmarks should be established in each geo-economic area for at least each type and class of property. The benchmarks should be numerous enough to handle the various remaining economic lives within these types and classes.

Benchmarks should reflect the market they are intended to represent. Over improvements, under improvements, unusual properties, atypically financed sales, and sales, which were not arms' length transactions, should not be used to determine typical depreciation.

It is not necessary to establish benchmarks for every combination of remaining economic life and obsolescence encountered in a geo-economic area. Even in larger jurisdictions, there are few sales reflecting each particular circumstance and it is more cost-effective to leave the small adjustments to appraiser's expertise. Establish enough benchmarks so any property under appraisal would require no more than a 5% to 10% adjustment from the benchmark.

Step #2: Extract the land value from the sale

The land value, including the value of improvements to the land, should be extracted from the sale. (See the definition of "improvements to the land" in "Developing the LCM" of this subsection.) Before extracting land value from the sale price of the property, the land value must be accurate. If an improper land value is removed from the sale price, the remainder will not

reflect the actual value of the improvement and, thus, cannot be an accurate indicator of depreciation.

Step #3: Determine the RCN of the Improvements

The third step is to determine the RCN of the improvements. The RCN should be determined by "costing out" the property, using the appropriate LCM, but without any allowance for depreciation. The purpose of benchmarks is to determine depreciation directly from the market, so the appraiser should not attempt at this time to estimate losses in value.

Step #4: Divide the sale price of the improvement by its RCN

This is the step in which depreciation is actually measured. The sale price of each improvement is divided by the property's RCN. The result is the remaining percent good of the property, expressed as a decimal — in other words, the portion of the RCN left after depreciation.

$$\frac{\textit{Sale Price}}{\textit{RCN}} = \textit{Remaining Percent Good}\ (\textit{Market Adjustment})$$

When the remaining economic lives and the percents good of the sale properties in a particular group are plotted on a graph, the assessor sees the relationship between effective age and percent good for that type of property.

2.11.6 Testing the Results of Depreciation Schedules

Before the assessor can be confident with locally based depreciation schedules, a ratio study should be conducted to determine if the schedules fit the local market. If the studies indicate that the schedules do not reflect actual sales prices of the property, more work must be done on the depreciation schedules. By using sales not used to develop the depreciation schedules, the ratio study provides truer measures of how well the developed depreciation schedules fit the local market.

2.12.0 The Ratio Study as an Appraisal Tool

The ratio study is a relatively reliable tool for detecting assessment problems of level ("How close is the average to market value?") or uniformity ("Is everyone treated equally?"). To use the ratio study, sales must be divided into strata (groups), based on some characteristic common to the properties in the group (location, size, property type, age, etc.).

It is essential that each strata be large enough to indicate tendencies, but small enough to be distinguishable. Unfortunately, there is no magic number for the proper size of a stratum; the

number will vary, based on the diversity within the stratum. If there is little variation within the group, four or five sales might be enough. On the other hand, if there is a great deal of variation within the group, considerably more are required.

The ratio study measures: uniformity and level. The measurements used are:

MEASURES OF LEVEL

1. Arithmetic Mean
2. Median
3. Geometric Mean
4. Sales Weighted Average

MEASURES OF UNIFORMITY

1. Regression Index (PRD)
2. Coefficient of Dispersion
3. Standard Deviation
4. Coefficient of Variation

Measures of level, which are high or low, are more easily corrected when good uniformity exists. Therefore, we will focus on problems which would result in poor measures of uniformity.

2.12.1 Uniformity Problems

Measures of uniformity indicate the variation between ratios: whether all properties have been treated equally, or if some properties have been assessed at a higher ratio than others. Normally, the greatest variation is in land categories. This is to be expected, since an appraiser cannot value land from a cost manual. Because land categories present the greatest problems with uniformity, we will deal with land first.

Identifying and Correcting Land Valuation Problems

Uniformity problems are usually worse within land categories. If a ratio study indicates uniformity problems within improved categories of property (for example, secondary category 12/34), the greatest problems will normally be with the land, rather than the improvement. Improving the uniformity of the land will improve the uniformity of the entire property.

If measures of uniformity in a secondary category of land indicate a problem, the cause is usually one or any combination of location, size, and other physical characteristics.

If a problem exists, each of these factors can be examined separately. If, at any point, it seems the problem has been corrected, run a ratio study on all the parcels, using newer sales for both those parcels for which the values have been adjusted and those for which it has not. This will show whether or not the problem has been corrected.

The method illustrated requires pins or colored pens of at least three different colors and a map. As adjustments are made to the assessed value of a parcel, the color which corresponds to that parcel can be changed. (Another method is to sort by computer using location codes or neighborhoods and property types. Some of today's GIS systems can be utilized.)

Method based on location: The greatest factor affecting land value is location. Identical parcels of land are worth more or less because of location. Location adjustments often present problems.

This method will make it possible to identify land valuation problems resulting from property location.

1. Assign a particular color to land falling within a given range of ratios. For example: Red — Greater than 120%, Blue — 80% to 120%, Green — Less than 80%. (Different ranges can be used if more appropriate.)
2. Place a pin of the appropriate color on the map in the location corresponding to the sale property. 3. If pins of a particular color (in this example, red or green) tend to appear most frequently in certain areas, land in these locations is not valued correctly. You must either change the base value for this land or the location adjustment.
4. If no definite pattern appears, check the sales in each cluster of pins (regardless of color) for parcel size.

Method based on size: Parcels of different size tend to vary in their value per unit of measure (square foot, acre, front foot, etc.). As the size of a parcel increases, typically the value per unit of measure decreases. Poor uniformity in land values can result from incorrect size adjustment. This method will enable you to identify the problem.

1. Stratify sales by parcel size. Work with only one size grouping at a time.
2. Determine the ratio for each sale within the size grouping.
3. If the ratios of a particular group varies significantly from the typical ratio, this stratum is not adjusted correctly for size. Change the size adjustment on this land. The size adjustment can vary from area to area.
4. If no definite pattern appears, check each size stratum in each location to see if a size adjustment to parcels of a particular size is necessary in certain locations.

Method based on other physical characteristics: Unusual physical characteristics affect land value. Identifying such characteristics and determining their effect on land value is difficult.

This method makes it possible to locate physical characteristics which may have an effect on land value.

- Locate outliers which still exist after land has been adjusted for both location and size.
- Check the physical characteristics of each parcel. (Physical inspections are necessary.)
- Group these parcels by different physical characteristics (i.e. extreme slope, view, waterfront, corner lots, extremely rocky ground, extremely swampy ground). Characteristics may affect the value either positively or negatively.
- A group which varies consistently from the typical indicates the need for adjustment. Identify how each characteristic affects value and adjust the values accordingly.

When Correct Land Valuation Is Not Enough

Improvement appraisals are usually more accurate than appraisals of land. Uniformity problems with improved parcels are normally caused by the land portion of the category. More accurate land valuation will go a long way toward solving the problem. But, sometimes, this is not enough.

If more accurate land valuation is not enough to cure the problem, improvement values must be adjusted. The first step in this process is to extract the land value from both the appraised values of the parcels and from their sale prices. This can only be done accurately if the land values have already been adjusted to produce good uniformity and level. If land values extracted from the total property values are not accurate and current, an accurate building residual is impossible.

When extracting land values from total property values, include the value of the improvements to the land. Then run a Ratio Study on only the remaining improvement values.

Identifying Improvement Valuation Problems

At this point it will be necessary to divide sales into new strata based on classes of construction, age, condition, or location. It may be that values for one class are correct, while values for another are not, or that values for newer properties are correct while older ones are not. It may be that values in one part of town are proper, while in another neighborhood they are too high or too low. These sorts should be done one at a time (use of a computer with sales types and location codes entered will make the job easier) until the problem is identified.

If the appraisals of one class of construction are not producing proper values, it may be that the class requires a different LCM or depreciation than other classes. Now it will be necessary to further stratify properties by age of construction. If newer improvements have improper appraised values, the problem is most likely an improper LCM.

After analyzing sales of improved properties by class, age, condition, and location, if the problem has not been isolated, it may be that properties have been improperly classified (i.e., a class 5 called class 3), improperly measured, or that part of the improvements have been left off the appraisal sheet. Problems of this sort can only be solved by a physical inspection.

2.12.2 Level Problems

Measures of level indicate how close to market value the average assessment really is. No matter which measure of level is used, all it represents is a particular type of average assessment compared to average market value. Level is considerably less of a problem than uniformity.

Once uniformity problems have been corrected, it is relatively easy to take care of level problems. With good assessment uniformity, it is possible to factor property accurately and equitably. If property is uniformly appraised, a trend factor will improve level and, at the same time, preserve the good uniformity which has been made possible by intelligent use of the ratio study.

2.12.3 The Ratio Study Process

The annual ratio study consists of the preliminary ratio study done on the primary categories by the consulting appraiser. Beginning with the ratio studies testing 2025 values and conducted by March, 2026, the level of assessment of primary categories will be subject to an additional compliance test, beyond what is addressed in Rule 131. Under this new requirement, the median level of assessment in any primary category must be within five percent points of the median level of each other tested primary category. Compliance with this requirement will be tested by comparing median confidence intervals in each tested primary category. When these confidence intervals overlap or when the upper confidence limit of a category is no more than 5% below the lower confidence limit of any other category, the result will be considered in compliance. Examples are shown in the table below:

Category Level Comparison Table

Category	Median	Lower Confidence Limit (LCL)	Upper Confidence Limit (UCL)	In Compliance with 5% difference test?
Improved Residential	92%	88%	96%	Yes— all categories
Vacant Residential	102%	98%	106%	Yes—improved residential; No—improved commercial
Improved Commercial	87%	83%	91%	Yes—improved residential; No—Vacant Residential

In the example shown the level of assessment of vacant residential is provably more than 5% above the level of assessment of improved commercial. Note that the lower confidence limit for the vacant residential is 98% while the upper confidence limit for the improved commercial category is 91%. All categories shown in the table are in compliance with rule 131 requirements for the level of assessment to be within 10% of market value.

The dates of the sales the consulting appraiser will use to run the preliminary ratio study are from October 1st of the preceding year through September 30th of the year that is being assessed, and these sales are adjusted to January 1st of that year. If there are not enough sales in this time frame, the consulting appraiser can expand the dates used to try a get more data to run a ratio study. Once the preliminary ratio study is done it is sent to the Tax Policy Supervisor, Alan Dornfest who will verify the final ratio study data by February, as stated in Rule 131. He will send out a letter in early March stating whether the county was in compliance with Rule 131 or not. If the county is in compliance with the final ratio study, no further action is needed and there will be no need for a follow-up ratio study. If the county is out of compliance, this will require a follow-up study after the Board of Equalization of the county has heard all appeals and has adjourned. The follow-up ratio study consists of sales from the calendar year that is being

assessed and adjusted to January 1st of the year immediately following the assessment year. The follow-up ratio study is performed after the BOE because this is when the values are finalized and there should not be any more changes to the assessed values.

See the state tax commission's "Ratio Study Manual" and IAAO's Standard on Ratio Studies for further information.

2.13.0 Appraisal Contracts

All taxable properties in each county in the state of Idaho must be appraised within each five (5) year appraisal cycle [§63—314, I.C.]. Because of the expense involved, the assessor must make important decisions in selecting the staff to make these appraisals.

The assessor has certain options as to how the necessary appraisals are handled. Normally, an assessor will utilize appraisers on staff (employed by the county). An assessor can, however, use an independent appraiser to appraise all, or part, of the parcels in the county. Contracting with an appraisal firm has significant advantages and disadvantages. The assessor should be most aware of the financial capabilities and appraisal needs of the county and should be in the best position to weigh these factors.

To make the proper decision, the assessor must make a thorough evaluation of conditions and examine the pros and cons of contracting appraisals with an independent appraiser. An advantage in one situation could be a disadvantage in another.

For example, if an assessor had to hire and train several inexperienced appraisers to complete a revaluation program, the cost of the program might be greater than if a contract (which, at first glance, might appear more expensive) were made with an appraisal firm to do the same job. The assessor must decide how to best allocate the resources at his disposal.

2.13.1 Advantages of a Contract

Money: Considerable time, effort, and expense is involved in training and certifying an appraiser. It may be less expensive for a county to contract with an appraisal firm than to train and certify inhouse appraisers and to provide the necessary equipment, and transportation to and from the field. Contract appraisers must meet the same certification requirements as in house appraisers.

Time: It takes at least one year for an appraiser to become certified in Idaho. If the assessor's staff does not have enough certified appraisers to do the job within the necessary time-frame, it might be necessary to engage the services of a firm with sufficient manpower to get the job done in the allotted time.

Expertise: Though there may be a sufficient number of appraisers on staff, some properties (i.e. industrial properties, special use properties, large commercial properties) require a level of

expertise or specialization that is not typical in some in-house appraisal staffs. If careful consideration is given to the selection of an appraisal firm, this problem may be solved.

Lower Personnel Expenses: The assessor may decide to keep personnel expenses in the office to a minimum. A contractual agreement with an appraisal firm can often reduce the number of employees necessary to complete the revaluation program and thereby reduce payroll costs.

Besides reducing the size of the staff, contracting appraisals can also allow the assessor to hire help other than appraisers. Appraisers are generally the highest paid employees of the assessor's staff. Rather than using part of an appraiser's time for clerical work, it might be more cost-effective to sign a contract for only those appraisals which need to be done and hire a part-time or full-time clerk.

Convenience: The assessor may not wish to become overly involved with the actual execution of the revaluation program. If so, a contract with a reputable appraisal firm can serve to limit the assessor's role in the program to planning, thus enabling the assessor to direct his efforts in other areas which may be more beneficial to the functioning of the office.

2.13.2 Disadvantages of a Contract

Money: The cost of appraising the county is often greater when done by a contract appraiser than when done in-house. If the assessor has enough qualified appraisers to complete a revaluation program, meeting all legally mandated time-frames, the cost will probably be less than the cost of contracting with an independent appraisal firm.

Control: The assessor may wish to maintain direct control over the revaluation process. The assessor will not normally have as great an opportunity to exercise personal direction over contract appraisers as he would with in-house appraisers.

Flexibility: Once a contract has been signed, its terms are in effect until completion. If priorities change, or an unanticipated situation occurs, reallocation of resources is much more difficult with an appraisal contract in effect than it would be if the appraisal work were being done in-house. For example, if a great deal of commercial development were taking place in a county in which most available resources had been committed to a contract for the reappraisal of residential and agricultural property, the assessor would have trouble changing the direction (in the short run, at least) of the county's valuation program.

Future Resources: While a revaluation program conducted in-house might appear more expensive than contracting, in the long run, it may actually be more economical. After their training, in-house appraisers will be available for future revaluation programs. If a revaluation program is contracted and if the assessor does not hire and train in-house appraisers in the meantime, the next county revaluation and maintenance program will again require contract appraisers. The assessor may decide that spending more money for the current revaluation programs will save money on following programs.

2.13.3 Requirements for the Contract

Before drafting an appraisal contract, an assessor should consider many factors and answer many questions. Some of these are:

Time: There is a legal question as to the validity of an Idaho county entering into a multi-year contract. Article VIII, Section 3 of the Idaho Constitution prohibits a county from entering into indebtedness more than one year in advance, except to finance "ordinary and necessary expenses." The expense of a revaluation program mandated by law could be considered "ordinary and necessary," but there has not yet been a legal decision as to whether appraisal contracts extending for more than one year are "ordinary and necessary." On the other hand, it might be difficult to find an appraisal firm willing to operate on a series of one-year contracts. Contracts for more than one year, therefore, should include annual renewal clauses.

Quality of Appraisal: The contract should include an agreement as to the standards the appraisals must meet. These standards should be at least stringent enough to meet the requirements of the ratio study, in terms of both level and uniformity. (See the Idaho State Tax Commission's current "Ratio Study Manual.")

Method of Appraisal: The contract should include an agreement as to whether the appraiser will gather market data prior to making any appraisals, or if the necessary data will be gathered during the process of appraising the properties. If the second procedure is used, the earliest appraisals should be reviewed thoroughly, because they may have been made without sufficient market analysis. Because of the problems with the second procedure, it would be more advantageous to require the data be gathered prior to making any appraisals.

Liability: Perhaps the most difficult factor to consider is the issue of liability. The county prosecuting attorney must be aware of the potential problems which can occur. Generally, the courts have held that the level of a county's liability for persons performing contract services is relative to the amount of control which is intrinsic to (or a part of) the relationship between the assessor and appraiser (s). The more control a county has over the contract appraiser, the more responsibility the county has for the actions performed by that appraiser. The question of liability includes improper actions of the appraiser, workman's compensation, unemployment insurance, tax withholding, Social Security, and nearly every other aspect of a relationship between an employer and employee.

The courts use the same test to determine liability in all these areas. The relationship which the contract appraiser has with the assessor cannot be easily pigeonholed as that of an independent contractor (no liability for the county) or a county employee (county is liable). The most conservative view is for the county to treat the appraiser as a county employee and insure against the risks. This is costly, however, and the balance between cost and risk is a decision which should be made by the board of county commissioners in consultation with the assessor and the prosecuting attorney.

Insurance: Insurance coverage is often a problem in the contracting of appraisals. The amount of insurance coverage necessary for the county to purchase for the contract appraiser is often prohibitive. The county could alleviate part of the problem by requiring the appraiser or the appraisal firm to carry certain limits of coverage. This would ease the burden on the county, while guaranteeing the necessary protection for all parties.

Defending Values: Specific provisions should be made in the contract for the contract appraiser to defend his appraisals in the event of an appeal. This is particularly important in contracts for commercial, industrial, and recreational properties, where large tax values are at stake.

Supplying Necessities for Contract Appraiser: The contract should specifically mention which party is responsible for materials and information necessary for the contract appraiser to fulfill the contract. These could include, but are not limited to: appraisal records, aerial photographs, copies of maps, office space, office machines, data processing equipment, verified sales, transportation, and lodging.

Sample Appraisal Contracts

Examples of appraisal contracts are located in "Sample Appraisal Contracts" in the addendum of this manual. (Also see Summaries of Selected Idaho Supreme Court Cases in the addendum of this manual for information on pertinent count cases.)

2.14.0 Actual and Functional Use

Idaho law requires the state tax commission's rules to provide for each assessor to value all property, unless otherwise exempt, at market value for assessment purposes according to recognized appraisal methods and techniques while giving major consideration to "actual and functional use" (§63—208, I.C.). Do "actual and functional use" and "highest and best use" of a property mean the same thing in the world of assessment? The assessor must keep this question in mind when assessing property. The highest and best use of a property may not be its present use. "Actual and functional use" is defined in the dictionary as the use that is current and for which it is designed or intended. For example, the corner of Main and Busy Avenue may be a perfect spot for some commercial use, but if it is currently used as a residence, the property must be assessed as a residence when giving major consideration to the "actual and functional use."

Several court cases demonstrate this interpretation of "actual and functional use." In the *Fairway Development Co. v. Bannock County* case, the subject property was a fifty-six-unit apartment complex that had been converted into condominiums. The owner sold nine condominium units, but continued renting the unsold units as apartments. The assessor's office valued all of the condominiums in the complex based on the sales prices of other condominiums, causing a value increase from the prior assessment as apartments. The Idaho Supreme Court concluded that the "actual and functional use" was apartments.

In the case of *Greenfield Village Apartment, L.P. v. Ada County*, the subject property was low-income rental housing that was subject to a restrictive rent charge for twenty years. The

assessor valued the apartment complex based upon the sales comparison approach. The rent restriction was not taken into account. The court stated, "The 'actual and functional use' of this property is as rent-restricted, low-income housing. It cannot be used otherwise." Again the assessor must take into account the actual use of the property.

In the case of *Senator, Inc. v. Ada County Board of Equalization*, the subject property is a mobile home park. The appeal was based on the fact that the assessor did not consider the actual vacancy rate of the park, but a market rate. The courts concluded that the functional use of the park was for manufactured homes and that it was appropriate to use the market vacancy. **The Supreme Court concluded "actual and functional use" means the existing use for which the real property was designed or intended.** In conclusion the assessor must make careful consideration of the properties "actual and functional use" in determining assessed value.

3.0.0 Real Property

3.1.0 Real Property

One of the assessor's primary responsibilities is the appraisal and assessment of real property. Real property normally comprises the greatest portion of a jurisdiction's value and will require the greatest amount of effort. Real property generates a primary share of a county's revenue and most of the appeals are on this property type. Also important, from the assessor's point of view, is that real property assessment affects more taxpayers than does the assessment of any other type of property.

3.1.1 Value Levels

The assessment date for real property is established to be January 1 by §63—205, I.C. Regardless of when a property is actually inspected, its assessment should reflect its condition and market value as of that date. Value is estimated from data gathered during the preceding year. The time frame for gathering information can be expanded, if necessary, but all data should be adjusted to bring values to the January 1 level of value.

3.1.2 Approaches to Value Used for Real Property

§63—208, I.C., directs the state tax commission to prepare and distribute rules regarding assessment practices and methods to be used throughout the state. Property tax rules direct the assessor to consider each of the three approaches to value (cost, income, and sales comparison). While all three approaches can be applied to many properties, some approaches may be more applicable than others.

Following are a list of the approaches which work best with various categories of property.

Residential, Commercial and Industrial Land: These categories of property can only be appraised using the sales comparison and income approaches.

Rural Land: Rural land can only be appraised using the income and sales comparison approaches.

Land Actively Devoted to Agriculture: State law requires that the taxable value of agricultural land be calculated using the income approach with a prescribed capitalization rate.

Residential Buildings: These are best appraised using the sales comparison and cost approaches. The gross rent multiplier (GRM) can be used as a check on the other approaches.

Commercial Buildings: These buildings best appraised using the cost, income and sales comparison approaches. Again, the GRM can be used as a check.

Industrial Buildings: These buildings are best appraised using the cost, sales comparison and income approaches.

Rural Buildings: Rural buildings are best appraised using the cost and sales comparison approaches.

3.1.3 Timetable for the Assessment of Real Property

The assessor is to conduct a continuing revaluation program (§63—314, I.C). Beginning in year 1 of any five year cycle, no less than 15% of all taxable properties in the county shall be appraised during that year; by the end of year 2, no less than 35% of all taxable properties in the county shall have been appraised in that year and the previous year; by the end of year 3, no less than 55% of all taxable properties in the county shall have been appraised in that year and the previous 2 years; by the end of year 4, no less than 75% of all taxable properties shall have been appraised in that year and the previous 3 years; by the end of year 5, no less than 100% of all taxable properties in the county shall have been appraised in that year and the previous 4 years, resulting in all property in the county being physically appraised during each five-year period. The statute also directs that property not actually appraised during any individual year is to be indexed to reflect current value. These index factors are to be developed from the property which was actually appraised during the course of the year, or from sales compared to the non-revalued properties' assessed values. This comparison yields market adjustment factors used to adjust assessed values.

Because of the time frame within which property must be assessed, the assessor must plan carefully and utilize available resources efficiently. The International Association of Assessing Officers (IAAO) offers courses on the subject of assessment administration, which are periodically available in Idaho.

3.1.4 Quality of Real Property Assessment (Ratio Study)

There are certain requirements as to the quality of appraisal of real property. The quality of assessment is measured by ratio studies. Sales data is gathered by the counties and the state tax commission for use in the study. Appraisals, rather than sales, of agricultural land are used when a study is completed on this property type.

The ratio study is a statistical means of determining assessment level and uniformity on certain sold properties in the county. The results of this ratio study is also the best available indication of the level and uniformity of assessment for all properties in the county.

The ratio study is conducted by first determining the ratios. These ratios are calculated by dividing the assessed value of properties by the selling price. Statistical analyses are then performed on the ratios to determine how close to market value the assessed values are and how equitably properties are treated in relation to each other.

A "Ratio Study Manual" is provided annually and ratio study workshops are conducted periodically by the state tax commission, so the actual statistical analyses and the inferences

derived from them will not be discussed, at length, here. See the "Ratio Study Manual" and IAAO's Ratio Study Standard for an in-depth discussion of the topic.

3.1.5 State Board of Equalization

When the state tax commission meets each August to equalize value, it is commonly called the state board of equalization. Under certain circumstances (explained in the "Ratio Study Manual"), the state board of equalization is empowered to trend property appraisals by category by county. The only body with the authority to reverse such a decision is the Idaho Supreme Court. (See "The Appeals Process" in this manual).

3.1.6 Specific Real Property Assessment Problems

The remainder of section III of this manual is devoted to specific problems with real property assessment. If, during the course of preparing an assessment roll, a problem occurs which is not dealt with in the remainder of this section, or if the explanation provided in this manual is not sufficient to solve the particular problem, contact your consulting appraiser or the property appraisal bureau of the Idaho State Tax Commission (334—7733) for help.

3.2.0 Mapping

This subsection serves as an introduction of relevant mapping concepts; see the Idaho Association of County Assessor's "Mapping Manual" for more information.

Platting (parcel mapping) is a critical part of the assessor's job. The assessor needs good maps and aerial photos to: 1) determine parcel boundaries and areas; 2) locate and identify parcels for appraisers; 3) inventory resources such as soils and crops; 4) identify relationships between parcels and adjoining features; 5) track ownership so the proper person receives the assessment notice and tax bill; and 6) provide an important service to the public.

3.2.1 Statutes

Idaho law requires the assessor to perform two primary functions. First, you must track ownership of parcels of real property. §63—307, I.C., directs him to perform this function. Although the emphasis is on recorded documents, the law also provides for the use of unrecorded deeds or contracts and even reports from title insurance companies. These are sometimes referred to as "muniment of title." Second, he must map parcels. §63—209, I.C., requires the assessor to maintain a "full, accurate, and complete" plat record of all parcels of real property within his county. What if a parcel's legal description is so badly written that it can't be mapped? §63—210, I.C., gives the assessor authority to notify the county recorder of the need to order a survey (at owner's expense) when the description of a property is not "sufficiently certain and accurate for purposes of assessment."

In addition to these laws, the state tax commission has passed rules that dictate a few aspects of plat appearance. The plat must be drafted in ink on mylar (a clear plastic that duplicates easily

on blue line copiers); at specified scales (one inch on the map equals one hundred feet on the ground, one inch equals 200 feet, etc.). Permanent plats shall be drafted on a 30" x 36" drafting film. Smaller Sizes are permitted as long as they clearly depict parcel boundaries and dimensions. Property tax administrative Rule 218 permits other approaches to mapping such as computer or photo mapping.

The assessor's association and the state tax commission have jointly worked out a uniform parcel numbering system. This system is thoroughly explained in property tax administrative Rule 219, because the use of this numbering system is required by law.

3.2.2 Deed Processing

The ability to fully understand land records and ownership information is one of many important tasks for the assessor. To be effective in this position the assessor must possess all current and accurate information regarding property. The data must be readily retrievable regardless of the fact that it is constantly being updated and edited.

Ownership changes, as reflected in deeds, court decisions and contract sale agreements, must be kept current so that the right person receives assessment notices. New "splits" (divisions of one parcel into smaller parts) have to be identified and sent to platters and appraisers; and new legal descriptions that are given tax numbers must be entered into some form of tax number book (on paper or in a scanned or retyped computer file).

Defects in deeds must be brought to the buyer and sellers attention in order to protect the county records, the parties to the sale, and the accuracy of the assessor's appraisals. These defects may range from simple typographical errors to property transfers, where the seller does not appear to be the owner, to problems with legal descriptions that don't "close". The legal description of a property is considered to "close" when you draft all sides and you end up at the point of beginning. §55—1901, I.C. defines "error of closure" as an unadjusted mathematical error of closure of not less than one part in five thousand.

The deed processor's job requires familiarity with legal descriptions and with principles of title transfer. It requires patience, consistency and meticulous attention to detail. Last, it requires tact, because the deed processor often contacts the public and these issues must be handled tactfully but fairly and consistently. A great deal depends on the assessor's judgment. It helps to have well-established office policies on what will and will not be accepted.

Ownership-related problems are equally difficult. Because not all deeds and contracts of sale are recorded, some deeds appear to break the "chain of title." In other words, the grantor selling the property may not be the owner of record. Other problems result from failure to convey with correct names, correct grantors, or an accurate legal description. New trends in ownership, such as trusts, limited liability companies, etc., can also create problems. ***Remember in case of a dispute, your ownership records do not determine true ownership of property.*** A detailed title search may be presented in a court to establish true ownership. Your main goal is to deliver the

assessment notice and tax bill to the person with the most proximate interest in receiving them. The Assessor's deed processing responsibilities are not easy to carry out. However, title companies, realtors, surveyors, and lawyers can help in many ways. The county prosecutor should be consulted on legal issues.

3.2.3 Platting

The job of platting includes two primary functions. These are 1) researching the sections and parcels within the sections and 2) drafting these parcels so that they fit together on the map. The best maps are those with research built in. These maps will include bearings, distances, and notes on sources, problems, and solutions. This may be done with pencil on paper, ink on mylar, or by computer and plotter. When new maps are created several hours go into research. Keeping the bearing and distance data that creates the lines, either as annotation or as attributes to the lines, is essential to keeping the research from being lost.

One important platting function is a combination (sometimes called "combo"). This is when two or more parcels under the exact same ownership are combined into one parcel. Since you spend between $20 and $30 each year on each parcel to maintain that parcel, combining parcels when possible, makes good sense. This helps your certified property tax appraisers, the county treasurer, and taxpayers. However, combinations are not always possible. For example, you should not combine parcels when property taxes are not paid on any parent parcel or the parcels are in different tax code areas.

Another important platting function is dividing one parcel ("the parent") into two or more parcels ("the children"). This process is called a "split" or "segregation." When creating splits, deed processors should have their work checked by another mapper or by a certified property tax appraiser, insuring parcel division lines are accurately drawn, acreages for child parcels are accurately calculated, and assigned parcel numbers are in compliance with the state adopted parcel numbering system. In some counties, mappers simply map the new parcel, enter the parcel numbers on the maps, and calculate the acreages, while the certified property tax appraiser is left to "set up" the new parcels and make the necessary computer entries. In other counties, the entire process is performed by mappers.

Setting up a new subdivision is a special type of split. This requires additional steps, like assigning a new number to the new subdivision.

Boundary agreements that were made by a handshake or metes and bounds (direction and distance) descriptions that followed an unsurveyed road or creek were common years ago. That may have seemed OK then, but can you plat it correctly now? What liability does an assessor have for platting duties? Although you are mapping property lines, your plats do not establish boundaries on the basis of on-the-ground surveys. They are simply a compilation, based on the best information available, for the purposes of assessment. This point should always be made when dealing with the public, and a disclaimer should appear on all plats.

Unlike many other aspects of the assessor's work, Idaho law does not provide any rigid timetable for platting. The only deadline is to complete all updating of ownership records, as effective on January 1, for the mailing of assessment notices on or before the first Monday in June. It is best to process and plat new deeds as these come in, so any problems can be immediately acted on. It is hard to justify to a taxpayer that you're rejecting his deed because of a minor error, when he purchased the property eight months ago. The primary reason to process deeds and plat them in a timely fashion is to be sure that the correct property owner receives the assessment notice and tax bill.

3.2.4 Education

The "average" county employs one deed processor and one platter; smaller counties combine the jobs while larger counties need two or more people in each position. Mapping courses can set the stage for the background necessary to understand the concepts of deed processing and platting. Many of these skills can also be learned on the job. A background in title work, real estate, or surveying is very helpful.

In order to receive a mapping certification under the current voluntary agreement between the assessors and the state tax commission, the employee must pass the "Basic Mapping" course and the "Intermediate Mapping" course (or equivalent courses like IAAO course 600) and have two years of mapping experience with approximately twelve months of that experience occurring between the two courses. These courses are offered by the state tax commission during the winter and summer schools located in Boise. the state tax commission may also offer, upon request, basic and advanced mapping classes in those counties where the transition is being made from paper maps to computer maps. the state tax commission can provide guidance to the assessor and his staff in obtaining the training needed in completing mapping education.

As computer mapping becomes more and more widespread because of its power and flexibility, increasing pressure will be placed on each assessor's mapping staff. The expectation is that these people will learn software that becomes more and more complex every day. The best solution is a policy of gradually training these people today and upgrading their computer skills one step at a time. However, as counties invest more and more in geographic information systems (GIS), more highly skilled (and highly paid) employees will probably be needed to implement and administer these systems.

3.2.5 Budget

When budgeting for the assessor's office, the assessor should consider four likely areas of expenditures for mapping. These are personnel, mapping equipment and supplies, aerial photographs, and training. Mapping equipment and supplies vary from pens, paper, mylar, etc., to larger purchases of computers, software, xerographic copy machines, plotters, or large-format scanners. Remapping the entire county to high standards can cost from $8.00 to $12.00 per parcel if done in-house, and more if contracted out. Such a project requires an extraordinary outlay of staff time and office space.

Aerial photographs must be periodically updated. A complete set of traditional 1" = 660' aerial photographs can cost from $2,000 to $7,000, depending on the source and scale of the photos. Most counties use aerial photographs in addition to plats, to help in mapping and appraising. Counties can obtain aerial photographs through the Farm Service Agency (FSA). These aerials are located in Salt Lake City. Contact your local FSA office or e-mail them at: https://www.fsa.usda.gov/programs-and-services/aerialphotography/.

However, digital orthophotographs are becoming increasingly available. Check with the state tax commission before making an aerial photography decision.

Grants may be available to help the assessor get started with hardware, software and training. However, be alert "free" software may require high annual maintenance fees to keep up to date.

3.2.6 Computerized Mapping Geographic Information System (GIS)

There are several reasons for wanting to implement an automated mapping (AM) system or geographic information system (GIS). GIS is "a system for managing spatial (mappable) information." A GIS system is an organized collection of computer hardware, software, geographic data, and personnel designed to efficiently capture, store, update, manipulate, analyze, and display all forms of geographically referenced information.

The benefits of GIS are: (1) organizes all core geographic data into one common interface for managing and viewing; (2) provides a common relationship for otherwise unrelated information; (3) increases operational efficiency resulting in cost savings; (4) enhances decision making due to faster information access as well as enhanced capabilities to compare geographically similar data; (5) promotes data sharing; and (6) enhances communication.

Some useful GIS data layers are: parcels, roads, railroads, water, soils, tax code areas, rights-of-way, zoning, and areas of impact. There are many, many more possible layers. GIS is not a replacement for surveying. Accuracy requirements are determined by the planned uses for the information balanced with available funding. The higher the level of desired accuracy, the higher the costs for managing, storing, and updating the information.

3.2.7 Sharing Information

As computer mapping becomes more and more prevalent, the assessor has a new problem: dealing with the sharing of information. The assessor's mappers must map according to official records; and the assessor's deed processors need metes and bounds shown on maps to find points of beginning. The assessor is the likely person to start the process of educating individual members of the public and convincing developers, title companies, realtors, and lawyers that strict mapping policies are essential to all parties. The county needs to develop GIS policies, including data distribution and sharing. Other government agencies as well as title companies and realtors may want county data, and the county may want their data in exchange. Keep in mind the Public Records Act prohibits you from giving out data for mailing list purposes. Meta-data, disclaimers, freedom of information and privacy are a few issues with sharing GIS

data. Work with the board of county commissioners to educate them on the importance of funding replacing/computer mapping and being involved in the development of data distribution standards

3.3.0 The Occupancy Tax

In 1980 House Bill 402 became law with the legislature once again declaring that all real property subject to property taxation is to be valued and taxed based on its status as of January 1 of each year. This law also provides that the owners of newly constructed improvements and new manufactured housing, other than additions to existing improvements, shall pay a tax in lieu of the property tax upon first occupancy or use of such improvements. The occupancy tax is a separate roll and the value should not be reported with any property tax roll.

This occupancy tax applies to newly occupied improvements that were not in existence or were incomplete as of January 1. The tax is imposed on property at the time it is first occupied and does not apply to additions or alterations to existing improvements.

3.3.1 Homestead Exemption

Under §63—602Z, I.C., the homestead exemption for qualifying properties applies to the valuation subject to the occupancy tax. In 1993 the legislature passed Senate Bill 1185, requiring the assessors to notify owners of the right to apply for the homestead exemption. The homestead exemption applies only to the prorated improvement value that is subject to the occupancy tax. In other words, only that value that is included on the occupancy roll is eligible for the homestead exemption.

3.3.2 The Process

When the assessor decides that the improvement is occupied, the assessor appraises and assesses the prorated value on the occupancy tax roll. §63—317(2), I.C., defines "occupancy" as:

1. Use of the property as a residence, including occupancy of improvements or use in storage of vehicles, boats or household goods, provided such use is not solely related to construction or sale of the property.
2. Commercial or business use of the property for any purpose other than the construction or selling of the property, itself; or
3. Any possessory use of the property for which the owner receives any reimbursement.

Upon completion of the appraisal, a notice is sent to the owner. §63—317, I.C., requires the assessor to notify the property owners of the appraisals and of their rights to apply for certain exemptions. Property tax Rule 317(3) clarifies this requirement by providing for the assessor to notify the owner of the full market value, the length of time the property is subject to the occupancy tax, and the prorated value. The assessment notice may show the prorated value along with any exemptions. The full market value and the length of time the property is subject to the

occupancy tax may also be listed in the legal description on the assessment notice. The assessor also has the option of providing this information by letter. When deciding which form of notification to use, each assessor may want to consider that providing the information on the assessment notice keeps all of the information on one document for notification and record keeping.

After the assessor has placed the property on an occupancy tax roll, the property is treated the same as any other real property, with the following exceptions:

1. As stated above, the assessor must notify the owner of the right to apply for exemptions, the full market value, and the length of time subject to the occupancy tax.
2. Values on the occupancy tax roll are not to be reported on the abstract.
3. A penalty of 5% may be added to the taxes due for each month the owner fails to report the first occupancy of the property, up to a maximum of 25%.
4. The county board of equalization has the power to abate any penalties imposed under this tax, but it cannot abate interest

With these exceptions, after the property is assessed on the occupancy tax roll, the assessment is treated like any property tax assessment. The owner has the same rights of appeal, the same deadlines for payment, and is eligible for the same exemptions.

3.3.3 Examples

§63—317, I.C. (Occupancy Tax) creates a prorated tax process based on occupancy and an exemption on improvements from January 1st through the first date of occupancy. §63—602W(3), I.C., clarifies the process further, limiting the exemption to only residential improvements. Residential improvements for occupancy tax purposes are defined as (a) single family residences; (b) Residential Townhouses; (c) Residential condominiums. Additionally, if an improvement contains multiple residential units, each such unit shall lose the exemption provided in this section when it becomes occupied.

Standalone residential, commercial, and industrial improvements, not additions to existing improvements, qualify for occupancy tax status as outlined in §63—317, I.C., but only residential improvements qualify for the exemption between January 1st and the first day of occupancy, detailed in §63—602W, I.C.

Residential Improvement Example

- Standalone residential improvement 60% complete on January 1, 2015
- Occupancy is May 1, 2015 (Occupied 8 of 12 months in 2015)
- Value is $180,000 when finished and occupied
- Qualifies for Homestead exemption

Even though the residential improvement is 60% complete on January 1st 2015, the assessed value on the 2015 primary roll is zero because §63—602W(3), I.C. provides for an exemption to never occupied residential improvements.

Once the property is occupied, May 1, 2015 in this example, then a prorated occupancy value is calculated per §63—317, I.C.

Calculating the occupancy value:

$$\$180,000 \times \frac{8}{12} = \$120,000 - \$60,000(HOE) = \$60,000(2015\ Occupance\ Value)$$

Commercial Improvement Example

- Standalone commercial improvement 60% complete on January 1, 2015
- Occupancy is May 1, 2015 (Occupied 8 of 12 months in 2015)
- Value is $180,000 when finished and occupied

Since the commercial improvement is 60% complete on January 1st 2015, the assessed value on the 2015 primary roll is $108,000 ($180,000 * .60) §63—602W, I.C., clarifies the exclusion of nonresidential improvements from the January 1st through occupancy exemption.

Once the property is occupied, May 1, 2015 in this example, then a prorated occupancy value may be calculated on the remaining value not included on the primary roll. Calculating the Occupancy value:

$180,000−$108,000(*primary roll value*) = $72,000 x 8/12 = $48,000 2015 *Occupancy Value*

3.4.0 Agricultural Land

This subsection explains the assessment of agricultural land or "land actively devoted to agriculture." The assessment of land designated as forestland is explained in "Timber Tax" in this manual.

In Idaho, land actively devoted to agriculture is valued differently for assessment purposes than other land. Land actively devoted to agriculture assessed at a value commensurate with what it would produce, rather than the price for which it would sell. Therefore, it is advantageous to the property owner to have land assessed for property tax purposes as "actively devoted to agriculture".

"Land actively devoted to agriculture" is identified under secondary categories 1 through 5 in property tax Rule 510. These categories as described in property tax Rule 510 are:

Category 1. Irrigated Agricultural Land: (Called "Irrigated Ag.") Irrigated land and only such irrigated land eligible for and granted for the current year's assessment roll as actively

devoted to agriculture. (See §§ 63—604 & 63—602K, I.C., and Rule 645) This irrigated land must be capable of and normally producing harvestable crops and may be located inside or outside the boundaries of an incorporated city.

Category 2. Irrigated Grazing Land: Irrigated land and only such irrigated land eligible for and granted the partial exemption for the current year's assessment roll as actively devoted to agriculture. (See §§ 63— 604 I.C., and Rule 645) This irrigated land must be used for grazing and not normally capable of producing harvestable crops and may be located inside or outside the boundaries of an incorporated city.

Category 3. Non-irrigated Agricultural Land: (Called "Dry Ag.") Non-irrigated Agricultural Land. Land and only such land eligible for and granted for the current year's assessment roll as actively devoted to agriculture. (See §§ 63—604 I.C., and Rule 645) This non-irrigated land must be capable of and normally producing harvestable crops without man-made irrigation and may be located inside or outside the boundaries of an incorporated city.

Category 4. Meadow Land: Land and only such land eligible for and granted for the current year's assessment roll as actively devoted to agriculture. (See §§ 63—604 I.C., and Rule 645) This meadowland must be capable of lush production of grass and may be located inside or outside the boundaries of an incorporated city.

Category 5. Dry Grazing Land: Land and only such land eligible for and granted for the current year's assessment roll as actively devoted to agriculture. (See §§ 63—604 I.C., and Rule 645). This land must be capable of supporting grasses and not normally capable of supporting crops on regular rotation and may be located inside or outside the boundaries of an incorporated city.

3.4.1 General Considerations

Assessment as agricultural land is based on the land's capability to produce, so its probable sale price is not a factor. Neither the price for which it would probably sell nor the zoning of a particular property determines whether the land should be considered "actively devoted to agriculture." The primary determining factor is the use of the land. Whether the land is outside or inside the boundaries of an incorporated city doesn't matter, the land is considered actively devoted to agriculture as long as the use qualifies. This is also true whether the land is outside or inside the boundaries of a platted subdivision with the following exception.

If the property is part of a platted subdivision with stated restrictions prohibiting agricultural use, it cannot be classified as agricultural. Current use of the land for grazing livestock or cultivation does not override this consideration.

Additionally, land cannot be classified as agricultural land if it is used for the grazing of animals (horses, for example) which are kept primarily for personal use or for pleasure, rather than as part of an "agricultural enterprise."

3.4.2 Qualification as Land Actively Devoted to Agriculture

The first step in the assessment of agricultural land is to decide if the land qualifies as "actively devoted to agriculture." §§ 63—604 & 63—605, I.C., provide the requirements to decide if land qualifies as land actively devoted to agriculture. The criteria for this decision is different based on the size of the contiguous holding of land. For land that is five or more contiguous acres in size, the qualifying criteria is use. For land that is less than five contiguous acres in size, the qualifying criterion are use and income.

Land with an area greater than five contiguous acres must meet the use criteria to be categorized as actively devoted to agriculture. Simply because a parcel is larger than five acres does not mean that it is agricultural land. The land must be used to produce field crops or nursery stock, be used by the owner to graze livestock to be sold as part of a net profit making enterprise, be leased for grazing purposes, be in a crop land retirement or rotation program, or be used to protect wildlife or wildlife habitat as described in §63—605, I.C.

Land with an area of five contiguous acres or less, including home site must meet income criteria as well as the use criteria. If a parcel is five contiguous acres or less, it must be used as described in the previous paragraph and either agriculturally produce the equivalent of at least 15% of the owner's (or the lessee's) annual gross income or have agriculturally produced $1,000 in gross revenue during the immediately preceding year. If neither of these income criteria is met, a parcel of five acres or less is not classified as agricultural land, even if the use criteria is met. The following questions and answers may help when deciding eligibility:

1. Is the land currently grazed (does not include grazing animals for personal use or pleasure) or in field crops or nursery stock (may include fallow)?

   - If "no," use the **sales comparison** approach and assess at **market** value. (See Note A.)

   If "yes," ask:

2. Is the individual holding of contiguous land larger than five (5) acres?

   If "yes," use the **income** approach to value. (See

   Note B.) If "no," ask:

3. Does the land generate $1,000 gross revenue or 15% of the owner's (or lessee's) gross annual income?

   If "no," use the **sales comparison** approach and assess at **market** value. (See

   Note C.) If "yes," then:

4. Determine income. (See Note D.).

Note A: If any land (regardless of size) is not currently being used for growing field crops or nursery stock, for grazing, or as part of a land retirement program, it should not be classified as agricultural land and should be appraised using the sales comparison approach. If land

(regardless of size) is used to graze animals for personal use or pleasure, the land should not be classified as agricultural land and should be appraised using the sales comparison approach.

Note B: If the land is larger than five contiguous acres and is currently used for growing field crops, growing nursery stock, or grazing or is in a land retirement program or is fallow, it should be classified as agricultural land and should be appraised using the income approach, regardless of its past history.

Note C: For land, five acres or less in size and being used for agricultural purposes, to be considered agricultural land and appraised using the income approach, the owner must demonstrate that the land generates either $1,000 in gross revenue or 15% of the owner's (or lessee's) annual gross income. If the owner cannot demonstrate that either of these income criteria are met, the land must be appraised using the sales comparison approach.

The land must have been used for agricultural purposes during the past three growing seasons and must have generated either $1,000 or 15% of the owner's (or lessee's) gross income only during the previous year. The owner must provide to the assessor evidence verifying one of these income criteria has been met

Note D: If the owner of land, five acres or less in size and currently being used for agricultural purposes, can demonstrate that during the previous year, the land generated gross revenues of either $1,000 or 15% of the owner's (or lessee's) annual gross income, the land should be considered agricultural and appraised using the income approach.

More on the Income Criteria

Usually, it will be easier for the owner to demonstrate that the land generated $1,000 than to demonstrate that it produced 15% of his gross income. If the income attributable to the land is less than $1,000, the owner's gross income must be uncommonly low (less than $6,666.67). Regardless of whether the owner chooses to demonstrate $1,000 or 15%, the property owner must on or before March 15 each year provide evidence to the assessor that the land produced this income (§63—604, I.C., and property tax Rule 645).

If typical field crops are sold, it is no problem to determine the gross income generated by the land. If the sale of the crop (based on typical crop prices at the time of harvest) from the prior year's harvest generates at least $1,000 or 15% of the owner's or lessee's gross income, the land qualifies as agricultural, for the current year only.

If the produce is used for home consumption, determining the income is more difficult. The price of the produce should be the price which would have been received had it been sold at the time of harvest. If, for example, the land grew potatoes in that particular year, the income generated by the land should not be considered the amount of money the family saved from prices at the grocery store. The income generated by the land should be based on the unit price the potatoes would have sold for at the time of harvest.

Demonstrating the income requirement for land used for grazing is somewhat different. If the income generated by grazing land of five acres or less is from a lease for grazing, count the income from the lease. If the owner of the land is raising his own animals for sale, he must be able to demonstrate that the livestock sold for at least $1000 or 15% of his gross income.

The owner raising his own animals for home consumption has two possible courses of action. One possibility is to demonstrate the existence of a lease for grazing from a comparable holding of land indicating that his land would have generated sufficient income to qualify as agricultural land — in other words, if the owner had leased the land to someone to be grazed at typical market rates for grazing. The other possibility is to demonstrate that, at market prices, the sale of the livestock would have produced gross income of $1000 or 15% of his gross income.

3.4.3 Appraisal of Land Qualifying as Actively Devoted to Agriculture

After land is identified as actively devoted to agriculture, the next step is calculating a base value. Land actively devoted to agriculture is not valued using the sales comparison approach (the price for which it would probably sell). Agricultural land is valued using the income approach (based on what the land can typically produce). Values vary between different areas in the state, but the method of valuation is the same (property tax Rule 613).

Step #1: Determine Owner's Typical Gross Income for Land. The gross income to the land is determined by crop rotation programs typical to the area. Crop prices should be the average of the most recent five years — at the time of harvest. These prices are compiled by the and distributed to the counties. The owner's (landlord's) share of gross income is separated from the tenant's (operator's or lessee's) share, based on crop share programs or cash rents typical to the area. This information is easiest to obtain from farmers, themselves.

Step #2: Determine Owner's Typical Net Income for Land. The owner's net income is determined by deducting typical current owner's expenses from the typical owner's share of the five year average gross income. Costs typical to the owner will vary from area to area but may include all or a portion of water costs, seed costs, chemical costs, fertilizer costs, and harvest costs. Taxes should not be handled as expenses; they will be taken care of in the capitalization rate. Net income thus derived is assumed to be economic rent.

Step#3: Capitalize the Owner's Net Income. Capitalizing an income stream normally results in a figure approximating what the land would bring on the open market, but this is not the case with land actively devoted to agriculture. The capitalization rate for this property is not developed from the market; it is mandated by law.

The capitalization rate is composed of a tax rate and a discount rate. The tax rate component is the local tax rate for the preceding year and would normally be used with any property appraised through the income approach.

The required discount rate is the average rate of interest charged by the Spokane office of the farm credit system over the immediately proceeding five years. This rate is calculated and distributed annually by the state tax commission.

The discount rate is usually higher than that found in the market and will, therefore, produce a lower value than would a rate derived from the market.

3.4.4 Determining Base Values

The following formulas should be used to calculate the base value per acre.

Valuation Formulas	
Formula	**Definition**
$NI = (Y * P * SI * RP) - (E * SE)$	*NI* is "Landlord's Net Income." *Y* is "Crop Yield Per Acre." *P* is "Crop Price." *SI* is "Landlord's Share (%) of Income." *RP* is "Rotation Percentage." *E* is "Expenses." *SE* is "Landlord's Share (%) of Expenses."
$V = \frac{NI}{R}$	*V* is "Base Value Per Acre." *NI* is "Landlord's Net Income." *R* is "Capitalization Rate."

To determine base values for farmland, the Assessor must divide the county in "farming neighborhoods" by determining what is typical to the particular area, as far as general topography is concerned (i.e. lay of land, ditches, canals, laterals, general slope, and most common methods of irrigation).

By dividing the jurisdiction into farming neighborhoods, the assessor can determine the value of the given area since the income figures will represent the typical combination of characteristics for the neighborhood. If the Assessor does a good job determining farming neighborhoods, any variations can be handled with field adjustments.

With Soil Survey Available

When a soil survey conducted by the United States Department of Agriculture is available for a county, it should be used in the valuation of farmland. The soil survey divides a county into several different soil classifications (types), soil series and capability classes. It enables the assessor to discover the exact location of each type of soil represented in the survey.

The survey's land capability classification shows the suitability of soils for most kinds of field crops. The survey groups individual soil types into capability classes according to their limitations for growing field crops, their risk of damage if used for growing particular crops, and the way they respond to management.

To use the soil classification in the appraisal of land, typical yields must be established for each capability class for irrigated cropland, dry cropland, and rangeland. Each survey includes soil maps, charts, and graphs, indicating the capability classes into which each soil should be placed. The assessor needs only to establish a net income for each capability class to determine its base value before field adjustments.

With No Soil Survey Available

The assessor must divide the county into "farming neighborhoods" by determining what is typical to the particular area, as far as general topography is concerned (i.e. lay of land, ditches, canals, laterals, general slope, and most common methods of irrigation. By dividing the county into neighborhoods, the assessor will recognize the combinations of soils which are found in the separate neighborhoods. Although the assessor cannot recognize the particular type of soil in a given location, the predominant mixture of soils will be reflected through yields typical to the particular neighborhood.

By dividing the jurisdiction into farming neighborhoods, the assessor can determine the value of the predominant soil mixture in a given area. Income figures will not represent particular soil types, but the typical combination of soil types in the neighborhood. If the assessor does a good job determining farming neighborhoods, any variation from the typical soil mixture will be slight and much of that variation can be handled with field adjustments.

After determining what is typical to the neighborhood, the assessor should only adjust for those things which are not typical.

Adjusting the Base Value

The process of making field adjustments is basically the same, whether or not base values were determined through use of a soil survey. The only difference between adjusting base values developed from the soil survey as opposed to the farming neighborhood method is that base values developed from a survey should not be adjusted for topography. Topographical characteristics are taken into account in the capability classification of the soil survey.

The following are criteria for adjustment:

1. Factors affecting field size and shape (man-made)
    A. Ditches B. Canals
    C. Fences

D. Power Lines

2. Factors affecting irrigation and general farming (natural)

A. Rock Outcroppings (“Blowouts”)

B. Brush

C. Severe Slope, which is not typical to the “neighborhood”.

(If a soil survey is used, do not adjust for slope.)

There is no need to make adjustments to soil or production. The soil and production adjustments are inherent in the assessor’s analysis of typical crops grown and the data which has already been gathered and analyzed as to a five-year average production.

An adjustment is not made to the acres of land encompassed by a problem, but to the remaining farmable acres affected by the problem — especially when the problems are man-made, such as ditches and canals. In other words, if a farm of eighty acres has a problem caused by a canal (taking up a total of two acres), the adjustment should not be made to the two acres of canal, but to the remaining seventy-eight farmable acres.

As in all appraisal, adjustments are made from the typical. In other words, if the farms in the area typically have a few blowouts, a negative adjustment (usually a percentage) is made if the subject farm has more of these rock piles than is normal for the area. This negative adjustment is to recognize the fact that the subject farm has more problems than is typical to the area. These problems would reduce the capability of the farm to produce a net income from what is typical for the area.

If, on the other hand, the subject farm has no blowouts, a positive adjustment must be made to recognize the fact that the subject has fewer problems than is typical to the area. The lack of these problems makes the production capability of the farm greater than is typical to the area. Total the percentage adjustments, both positive and negative, and apply the total adjustment to the base value per acre.

For example, let’s assume that an eighty-acre farm is being appraised. The base value of the land is $600 per acre. The assessor determines that the following adjustments are necessary: -5% for blowouts, +10% for field shape, -5% because a power line runs through the farm and -5% because a drain ditch bisects the farm. The total adjustment would be -5% (-5% +10% -5% -5% = -5%). Subtracting 5% from 100% would leave 95%. This would make the farmland value $570 per acre ($600 * 95% = $570). The total value would be $45,600 ($570 * 80 = $45,600).

Making consistent field adjustments requires expertise. Adjustments applied by the assessor should be made in increments of five percent (5%). Any adjustment less than five percent would have little effect on the value of the farm. Since these adjustments are merely estimates by the assessor, any attempt to further refine adjustments (to the nearest percent, for example) is unnecessary.

3.5.0 The Farm/Forestland Homesite

For this subsection the use of the word farm means Farm or Forestland.

Idaho property tax Rule 645 provides for the residential portion of land in a farm to be appraised in a different manner than the portion used in the agricultural enterprise. For assessment purposes, agricultural/forest land in Idaho is valued using a variation of the income approach to value. This method normally produces a value estimate less than the amount for which the land would sell. A farm may include land actively devoted to agriculture and a homesite. The homesite is to be valued using the sales comparison approach. This approach should produce an estimate of value reflecting the value for which the homesite would probably sell.

This is an attempt to treat all property owners equitably, as far as their residences are concerned. Separating the homesite from the rest of the farm and valuing it independently puts the residential land of the owner of an agricultural property on the assessment roll at an equitable level with the land of the residential property owner in the city, in a subdivision, or on a rural tract. Establishing a value for the farm homesite presents an interesting situation. Since the sales comparison approach is to be used, the assessor is faced with the question: “What comparable market should I use?”

3.5.1 The Comparable Market

The farm homesite provides equity by assessing the homesite at “market value” (which is to say, the price for which the homesite would probably sell). When purchasing a farm, even if a residence exists or is planned, the buyer will not normally segregate the amount paid for the homesite from the rest of the land value. Property tax Rule 645, paragraph 02.b, states “The appropriate market is the market most similar to the homesite and improvements located on the homesite. In applying the sales comparison approach, the appraiser should select comparables having actual or potential residential use.” It is important to remember that more than one market for comparison may exist in any county. Thus, the value of a homesite may not be the same in all areas of the county.

3.5.2 Size and Secondary Category of the Farm Homesite

The Secondary Category for the homesite will be 10, 15 or 20, depending on the location of the farm. If the farm is located in the rural part of the county and not in a platted subdivision the secondary category for the homesite should be 10. If the farm is located in a rural portion of the county and is in a platted subdivision the secondary category for the homesite should be 15. If the farm is located within the city limits and the homesite is also located in the city limits the secondary category for the homesite should be 20. (See property tax rules 510, 511 and 645.)

Determining the size of the homesite requires judgment. The assessor finds few farms where the homesite is clearly defined. On those farms, which do have a clearly defined homesite (by fences, for example); there will rarely be an accurate survey of the homesite independent of the farm.

Though most assessors currently select one or two acres as the homesite, this size need not always apply. In determining the proper size for a farm homesite, consideration should be given the following factors:

- Is there an unusually large number of residential improvements to the homesite? (If so, more acres might be assigned to the homesite.)
- Is there more than one house (or manufactured home) on the homesite? If so, perhaps a larger homesite is warranted.
- Are there zoning or health department regulations or requirements for the minimum size of a residential building lot? (i.e., in areas of poor soil percolation, more land is required for a septic tank and drain-field than in areas of good soil percolation.
- What is the size of building site typical to the particular area?
- Do other physical features exist that limit the size of the homesite?
- If located in a rural subdivision does the homesite include more than 1 lot?

Regardless of the size of the farm homesite established by an assessor, the criteria for size determination should be consistent. One homesite value should not be determined using one set of criteria while another homesite value is determined using a different set.

3.5.3 Valuation of the Farm Homesite

The homesite should be valued by taking the price for undeveloped land from comparable sales. The factors affecting the value of comparable land should be considered. If the comparable market in an area is rural residential tracts, factors which affect the value of farmland (field shape, field size, soil type, etc.) would not apply to the value of the homesite. Only those factors which would affect the value of the properties used for comparison will affect the value of the farm homesite. If the farm is in a rural subdivision the appropriate market for comparison would be sales of other undeveloped lots within that subdivision or similar subdivisions. If the homesite is located within city limits, the appropriate market would be vacant residential land sales within the city.

To the market value of acquiring the undeveloped land, add the typical market value for developing the land. Factors affecting the value of developed land include but are not limited to grading, domestic well, septic tank, electricity, telephone and private roads. The value adjustments for these factors may vary in different areas of a county.

The following examples identify two farm homesites, which might be found in a county and demonstrate the methodology, which the assessor would use to place a value on them. Care should be taken to ensure that properties in taxing districts that cross county lines and county border areas are assessed equitably.

Example #1:

A farm is located one mile north of the city. There are two other farms in the immediate vicinity, but most properties in the area are rural subdivisions and rural residential tracts. The assessor determines that the market for comparison of the farm homesite should be rural residential tracts. Sales of rural residential tracts in the area indicate a price of $10,000 per acre for unimproved land. Because the county's zoning ordinances require a minimum of one acre for construction of a rural residence and since the residential improvements on this particular farm are rather modest, the assessor determines that the farm homesite for this particular farm should be considered to be one acre. He would value this homesite as follows:

1. The price to acquire a comparable acre is $10,000.

$$(\$10{,}000 * 1\ acre = \$10{,}000)$$

2. The topography in this area is level, typically requiring no leveling or grading. Telephone and electricity lines are typically near enough to require no additional poles and only a minimum amount of wire to connect the utility to the house, so the assessor determines that any added value is not enough to consider. The typical value adjustment resulting from the addition of a domestic well and septic tank would be $12,000. This adjustment is added to the price of acquiring the land.

$$(\$10{,}000 + \$12{,}000 = \$22{,}000)$$

3. The total value of the farm homesite is $22,000.

Example #2:

A second farm in the county is located 48 miles from the city. This area has been recently reclaimed from desert. This farm is one of the most remote in the county and all other developed properties in the vicinity are farms, so the assessor determines the comparable market for the homesite should be farmland. The assessor has a value of $420 per acre on the farmland (from the income approach), but comparable sales indicate that probable sale price for such land is $1,150 per acre.

The residence is new and there are a great many residential improvements, including a detached three-car garage, a swimming pool, tennis court and a manufactured home in which the farmer's hired hand lives. The assessor determines that the size of this homesite should be 2 acres. He would value this homesite as follows:

1. The typical price of acquiring a comparable parcel would be $2,300. (Remember that the assessed value per acre of the farm is based on its productivity rather than the price to acquire it.)
2. Because the topography of the area is uneven, the typical value adjustment to level and grade the homesite is $600 per acre:

$600 * 2 *acres* = $1,200.

The water table is close to the surface and the ground is easy to dig. The assessor determines that installing a domestic well and septic tank would typically be a value adjustment of $8,000. The value adjustment for connecting to utilities is determined to be $1,500. These adjustments would be added to the price of acquiring the raw land.

	$1,200	(Leveling and Grading)
+	$8,000	(Well and Septic Tank)
+	$1,500	(Utility Hook-up)
	$10,700	Total Value Adjustments for Developed Land
+	$2,300	(Price of Raw Land)
	$13,000	Total Value

1. The total value of this farm homesite is $13,000

3.6.0 Timber Tax

The three systems used for the assessment of forestland in Idaho are: 1) the sales comparison approach, 2) the productivity system, and 3) the bare land and yield tax system.

If the forestland ownership is over 5,000 acres in size the land must be appraised under the productivity forest tax system. If the forestland ownership is between 5 acres and 5,000 acres the landowner may chose the forest taxation system that best fits the management of their forestland. The owner may choose to have their forestland assessed under either the productivity system or the bare land and yield tax system [§63—1703, I.C.]. If the forestland ownership is less than five acres in size it must be appraised using the sales comparison approach (§63—1702, I.C.).

To designate forestland, an owner must use form FT — 101, which is available from the assessor. On or before December 31, the landowner must submit a completed form FT — 101 to the assessor indicating a choice between the two options of appraisal to be used for the assessments, beginning with the year following the year of designation. The option designated by the owner will be in effect for the next 10 years or until the end of the next designation period, whichever comes first, unless the parcel is sold or the use of the land changes. If forestland is sold to someone who already owns designated forestland, the newly acquired parcel must be assessed using the same forest tax option as the land already owned by the purchaser.

The assessor is to identify all designated forestland as either category 6 or 7 for assessment (property tax Rule 130). Categories 6 and 7 are described as follows:

Category 6. Forestland Productivity Value: Land designated by the owner for assessment, appraisal and taxation under §63—1703(a), I.C., for the current year's assessment roll. This land must be assessed as forestland under the productivity option and may be located inside or outside the boundaries of an incorporated city. Also included is all land assessed under §63—1704, I.C.

Category 7. Bare Forestland Value: Land designated by the owner for assessment, appraisal and taxation under §63—1703(b), I.C., for the current year's assessment roll. This land must be assessed as bare forestland and may be located inside or outside the boundaries of an incorporated city.

3.6.1 Sales Comparison Approach

(Land Less than Five Contiguous Acres in Size)

Forestland of less than five contiguous acres in size is valued using the sales comparison approach (§63— 1702, I.C.). Forested land of this size, regardless of its capacity to produce timber, is valued at market value (the price for which they would probably sell) and are not eligible for valuation and taxation as designated forestlands, regardless of whether the owner of such parcels has other non-contiguous land, which would qualify to be valued as designated forestland. For land to be valued as forestland (and not at market value) the area must be no less than 5 contiguous acres in size and all of this area must be used as forestland.

For example, assume that a property owner has a parcel of 10 acres of which 5 of the acres are used for grazing livestock and one of the acres is used as a homesite. The remaining 4 acres would not qualify for valuation as forestland, even though the size of the entire parcel is larger than 5 acres, because less than five contiguous acres are actually used as forestland. This would be the case even if the owner of the property had another 50-acre parcel, not contiguous to the first parcel, which was being used exclusively for the commercial production of forest products.

3.6.2 Productivity System

(Ownerships from 5 to Five Thousand Acres in Size)

The productivity system for the taxation of forestlands is described in §63—1705, I.C. This system is administered in the following manner.

The productivity system for taxation of forestland is used for all tracts of more than 5,000 acres (whether contiguous or not, so long as the tracts are held in common ownership). This system is also used for land totaling from 5 to 5,000 acres when the land is designated as such by the property owner.

Under this system, the assessed value of the forestland is determined by indexing the 2019 forestland values by the change in the 5-year rolling average stumpage value for each of the forest value zones each year. The yearly change is limited to no more than a 5% increase or decrease from the previous year. Productivity forestland is classified as "poor," "medium," or "good," and the value will vary according to the classification. Average annual net wood

production, stumpage values, appropriate forest valuation zones, and classification of productivity classes, are determined and distributed by the state tax commission. Definitions of these terms are in §63—1701, I.C.

3.6.3 Bare Land and Yield Tax System

(Ownerships from Five and Five Thousand Acres in Size)

The bare land and yield tax system is described in §63—1706, I.C. This system is administered in the following manner.

The property owner, under the bare land and yield tax system, pays an annual tax based on the present assessed value of bare forestland. Bare forestland is also classified as "poor," "medium," or "good," and the value for each classification is different. The property owner also pays a yield tax at the time of severance (when the trees are cut). This yield tax is based on 3% of the stumpage value. "Stumpage value" is defined in §63—1701(9), I.C., as "the value of timber, whether standing or downed ..., expressed in terms of dollars per unit of measure."

The forestland is valued by the assessor at rates, which reflect only the value of bare forestland. The yield tax is based on three percent (3%) of the stumpage value, and the stumpage value is determined by the state tax commission.

The landowner is responsible for the report and payment of the yield tax at the time of severance. Yield taxes are due and payable on December 20 for timber severed between January l and June 30 of the same year and on June 20 for timber severed between July 1 and December 31 of the previous year. These deadlines for payment are the same dates as the first and second installments for real property taxes.

3.6.4 Deferred Taxes

§63—1703, I.C., states that forestland assessed under §63—1706, I.C., is subject to the recapture of deferred taxes upon removal of the designation, a substantial change in use, or a change of ownership. §63—1703, I.C., also provides that once a designation is made by the forest landowner, that designation remains in effect until the designation period expires. Additionally, this section provides for the property to be subject to a recapture of deferred taxes up to a maximum of ten years.

After the property has been designated for bare land and yield assessment, pursuant to §63—1703, I.C., the deferred tax amount shall be calculated on the most recent ten-year period. For instance, in the eleventh year after initial designation, the earliest year would be dropped from consideration and the eleventh year would take its place.

§63—1703, I.C., states that any taxes, which are paid, are a credit against the deferred tax, up to the actual amount of the deferred tax. This yield and property tax credit applies for the same ten-year period used to calculate the deferred tax.

3.6.5 Helicopter Yarding Stumpage Rates

Helicopter yarding is much more expensive than either tractor or cable yarding. The additional cost experienced in helicopter yarding is subtracted from the stumpage values used to determine yield tax amounts. The Idaho department of lands does not indicate in their report that the timber was harvested using helicopter yarding. In some instances your yield tax administrator will be aware of the need to make an adjustment for helicopter yarding because of the landowner or location. The assessor may contact the state tax commission for information about how to make an adjustment for helicopter yarding.

3.6.6 Fire Loss Stumpage Rates

When planning to harvest standing timber that has been damaged by fire, a landowner may make written application to the assessor to have his actual stumpage rates considered for the calculation of the yield tax charges. To receive consideration, the information supplied must demonstrate that the actual stumpage rates are materially reduced from those stumpage rates supplied by the state tax commission for undamaged timber.

The assessor shall investigate the circumstances of the application and shall require the forestland owner to supply all pertinent facts substantiating the reduction in stumpage value, and may request assistance from the state tax commission in performing such investigations. After completing the investigation of the application, the assessor shall report the facts of the occurrence to the county board of equalization for its consideration when reaching a decision on an appeal of stumpage rates used to calculate taxes.

3.7.0 Mines

Mining operations are valued and taxed differently from other property in Idaho. This subsection provides the definition of a mine and a description of the three (3) basic mine taxes.

3.7.1 Definition of a Mine

A mine is an operation in which mineral substances are removed from the earth. §47—1205, I.C., defines valuable minerals as:

§47—1205, I.C. — Definition of valuable mineral: The term "valuable mineral" shall be deemed to include not only gold, silver, lead, zinc, phosphate and limestone, but also any other substance not gaseous or liquid in it's natural state, which makes real property more valuable by reason of it's presence thereon or there under and upon which depletion is allowable pursuant to section 613 of the Internal Revenue Code, provided, however, that sand and gravel are not included in this definition.

Operations taking mineral substances, other than liquids (oil), gasses (natural gas), or sand and gravel, from the earth are considered to be mines and taxed accordingly. This includes operations for the taking of pearlite, pumice, and diatomaceous earth. Liquids and gasses taken from the earth are taxed as provided by §§ 47—330 & 47—331, I.C

3.7.2 Mining Taxes in Idaho

Three (3) basic taxes apply to mining in Idaho. These taxes are:

1. Mine License Tax, §47—1201, I.C.,
2. Taxation of the Net Profits of Mines, 63—2803, I.C., and
3. Taxation of Real and Personal Property, including Reserved Mineral Rights, §§ 63—208 & 63—2801,
   I.C.

3.7.3 Mine License Tax

The mine license tax is administered at the state level. This tax is 1% of the value of royalties received on ores mined (§47—1201, I.C.). Since the state tax commission administers this tax at the state level, it will not be discussed in depth in this manual but is described in §§ 47—1201 through 47—1208, I.C.

3.7.4 Net Profits of Mines

The county administers the assessment and taxation of net profits of mines. All producing mines, whether patented or unpatented, are assessed on the basis of their net profits for the preceding year. The net profit is considered to be the money, or it's equivalent, received from the mining operation after deducting specified costs directly related to extraction and processing of the ore. Although most assessments are based on market value, this assessment is based on the operation of the mine.

The mine owner must annually file a statement of net profits with the assessor between January 1 and May 1 (63—2803, I.C.). The assessor must provide to the owner the form to report net profits.

If minerals are stockpiled, rather than marketed, their market value must be calculated to determine the "net profits". The assessor should place net profits on the property roll, subsequent property roll, or missed property roll depending on when the information is known to calculate the assessment (§63—301, I.C.). Property tax Rule 130 places net profits under Category 66.

The assessor has the right to examine the books in order to verify statements made by the mining company. If the statements are found to be false, the net profits are to be estimated from the best sources available, and if these false statements were made intentionally, a penalty shall be added equal to fifty percent (50%) of the estimate (63—2806, I.C.). The resulting total shall be the amount against which taxes shall be levied. The board of equalization shall not reduce the value so fixed. Under 63—2807, I.C., all information derived from the examination of the books shall be held confidential, "...except when it becomes necessary as a part of the performance of the public duty of such person to disclose the same in any proceeding affecting the validity of said

assessment or taxation, or for the prosecution for perjury of the person required to make the statement mentioned in this chapter."

The assessor must prepare an assessment book of the net profits of mines, alphabetically arranged, in which must be listed the net profits of all mines in the county (63—2809, I.C.). The book must specify in separate columns the name of the owners, name and location of the mine, tons extracted during the year, expense, net profit in dollars, and the total amount of taxes.

3.7.5 Taxation of Real and Personal Property

The value of the mine is determined by statute (63—2803, I. C.). All mines and mining claims are to be valued at the purchase price paid to the United States. The minimum value of the land is $5.00 per acre for rock in place (lode) mines and $2.50 per acre for placer mines.

63—2803, I.C., also says that if the surface area of a parcel containing a mine is used for purposes "other than mining purposes" and has a "separate and independent value for such purposes," the surface ground is to be taxed at it's value "for such other purposes." In addition, all machinery used in mining and all property and surface improvements shall be assessed at market value.

The definition of personal property includes reservations (§63—201, I.C.); therefore, the assessment of personal property includes the assessment of reserved mineral rights. Any mineral rights reserved by any grantor other than the United States or the State of Idaho, are assessed at not less than $5.00 and assessed to the recorded owner of those rights (63—2803, I.C.). 63—2803, I.C., also states: "When, in the opinion of the county assessor, the value of the reserved mineral rights does not warrant the expenditure to appraise and assess such value, such de minimus values need not be appraised or assessed..." An example of a form used by the counties to collect information for the assessment of net profits of mines can be found in the addendum of this manual.

3.8.0 Condominiums

The condominium has rapidly gained popularity as an alternative to traditional real estate ownership. There are several reasons: condominiums frequently make maximum use of quality locations; this type of property can free the owner from caring for a yard and various other maintenance chores; condominium ownership often provides amenities (landscaping, swimming pools, tennis courts, etc.) which would otherwise be beyond the means of many owners.

Appraising condominiums is somewhat different than appraising most residential or commercial properties. This subsection will examine these differences in appraisal methods and techniques.

3.8.1 The Laws

The laws governing condominiums are found in §55—15, I.C. Each assessor should become familiar with these laws, since they affect the market value of this type of property.

3.8.2 Condominium Organization

Condominiums are organized in a number of ways. Usually, purchase of a condominium unit entitles the owner to sole possessory interest of the unit, membership in a condominium association, an undivided interest in common areas, and a vote in the association proportionate to that undivided interest.

There are other, less common, organizational variations which can prove significant, since they may affect the property's market value. Before assessing any condominium, the assessor should become familiar with its organization. A condominium's articles of incorporation and its protective and restrictive covenants will be on file in the county recorder's office.

3.8.3 The Purchase of Condominiums

Regardless of which of the three approaches to value is used, a condominium appraisal should reflect market value. So, before beginning any appraisal work, the assessor should understand exactly what is involved in a condominium sale. There are differences between the purchase of a condominium and the purchase of other types of property. These differences are critical to the appraisal of condominiums.

The condominium buyer typically purchases two distinct interests. The first is sole possessory interest in a condominium unit and the second is an undivided interest in the condominium's common areas. These interests normally entitle the buyer to membership in an association made up of the other owners. The purchase price reflects the combined value of both interests. Even though, in most cases, the common areas will remain under the name of the association, the purchaser is normally buying an actual interest in these areas. In other words, the sale price represents more than the individual condominium unit. The assessor must recognize this to determine market value.

For example, let's assume that we have a ten unit residential condominium complex. Seven units have recently sold for $125,000, each. We believe this price reflects market value. The three unsold units are identical to the other seven, and are, therefore, also worth $125,000.

3.8.4 The Assessment of Condominiums

To avoid needless complications or confusion, the following method is recommended in assessing condominiums:

1. Assess each owner for his unit and an appropriate percentage of the common area;
2. Assess the unsold units and the appropriate percentage of the common area to the correct owner;
3. Do not segregate the common area from the units and separately assess it to the association.

4. No separate assessment is necessary for common area; its value is already reflected in the assessment to the owners of the sold units and in the assessment to the owner of the unsold units.

3.9.0 Section 42 Low Income Properties

In 2009 the legislature passed SB 1138 adding §63—205A to Idaho Code. This new section of law is entitled Assessment-Market Value for Assessment Purposes Of Section 42 Low-Income Properties and is intended to give direction to the assessor in his determination of market value. The tax commission has promulgated Rule 220 to clarify the process to be used in assessing section 42 properties.

3.9.1 Appraisal Approaches

The cost approach, the sales comparison approach, and the income approach will be considered when appraising section 42 properties. The individual values produced by each approach will be correlated into a single property value. The weights that you apply to each approach should be based on the quality and quantity of data you have for each approach. In the first years of a project, you should be able to place a little higher weight to the cost approach. Cost and value come closest to being the same when the improvements are new and represent the highest and best use of the site. Rule 217 of the Property Tax Administrative Rules requires the assessor to consider all three approaches. You should attempt to use all three approaches including a market comparison approach however sales of non-restricted properties are only used if sales of section 42 projects are unavailable.

3.9.2 Financial Statements to be Provided by the Owners

The owners of section 42 properties shall, by April 1 of each year, provide to the Tax Commission the prior year's Financial Statements. Failure to provide the Financial Statements by April 1 shall result in the appraisal of the section 42 property as if it were an unrestricted market rent, non-section 42 property. The Tax Commission shall forward to the assessor all Financial Statements received from the owners of section 42 properties and the information received from the IHFA by April 15. The assessor shall use the Financial Statements to develop normalized income and expense information to be used in the appraisal of section 42 properties.

3.9.3 Tax Commission to Provide Information on Section 42 Property Sales

The Tax Commission shall gather information from sale transactions of section 42 properties and shall compute the capitalization rate for each sale. The Tax Commission shall, for sales acquired during the immediate prior year, send capitalization rates and all information used to determine these rates to each county assessor by April 15. If information from three or more comparable sale transactions of section 42 properties is sent to the assessors, the assessors will consider these sales' capitalization rates in their determination of the capitalization rate to be used in appraising the particular section 42 property or group of section 42 properties.

4.0.0 Personal Property

4.1.0 Personal Property

Personal property assessment presents unique problems. §63—201(19), I.C., defines personal property as everything that is not "real property." "Real Property is defined in §63—201(23), I.C., as land and all rights and privileges thereto including improvements. Improvements are defined by §63—201(11), I.C., as all buildings, structures, manufactured homes, mobile homes and modular buildings erected upon or affixed to the land, fences, water ditches constructed for mining, manufacturing or irrigation purposes, fixtures, floating homes, and all fruit, nut-bearing and ornamental trees or vines not of natural growth, growing upon the land, except nursery stock. Fixtures are defined by §63—201(9), I.C., as those articles that, although once movable chattels, have become accessory to and a part of improvements to real property by having been physically incorporated therein or annexed or affixed thereto in such a manner that removing them would cause material injury or damage to the real property, the use or purpose of such articles is integral to the use of the real property to which it is affixed, and a person would reasonably be considered to intend to make the articles permanent additions to the real property. Fixtures include systems for the heating, air conditioning, ventilation, sanitation, lighting and plumbing of such building. The tax commission has promulgated property tax Rule 205 to clarify these definitions.

This subsection will deal only with movable personal property used for commercial and industrial activities. The extreme diversity, among the different types, costs, and age-lives of this personal property, creates a challenge in estimating values. The assessment of personal property may comprise a significant percentage of the market value in a jurisdiction and should be given considerable attention.

4.1.1 Discovery

Discovery is the first step in personal property assessment. Personal property may not be attached to land and cannot always be easily seen. It is more mobile, shorter lived and subject to change than real property. Unlike real property, for which deeds of ownership are recorded, the ownership of personal property is not typically a matter of public record. These factors make the discovery of personal property difficult.

Each taxpayer's personal property is exempt up to $250,000 per county and in addition exempts standalone personal property items with an installed cost of $3,000 or less. (See §63—602KK, I.C.) Even though the $250,000 per taxpayer de exemption has eliminated most personal property taxpayers and therefor eliminated the requirement for most taxpayers to file a personal property declaration, a continuous search should be conducted to discover all the county's assessable personal property. Since personal property is usually necessary for a business, commerce, or industry, owners should be assumed to have assessable personal property until demonstrated otherwise.

Any source that might lead a potential customer to a business can lead to assessable personal property. The identity of retail, wholesale, service or professional businesses can be found through the advertising which they use to attract customers. Newspaper, radio and television ads are excellent for the discovery of businesses with assessable personal property. The Yellow Pages, leaflets, billboards, word of mouth, leases, field work, signs, and office directories can also aid discovery.

While personal property used for agricultural purposes had been assessed in the past, in 2001 machinery and equipment used exclusively for certain agricultural purposes was exempted from taxation (§63— 602EE, I.C.). Equipment owned by a leasing company, but used for agricultural purposes is also exempt under §63— 602EE, I.C..

4.1.2 Special Considerations for Personal Property

For information relating to the taxation of personal property see §63—3, I.C.

Personal Property Coming into the State/Change of Status

Personal property entering the state (§63—311, I.C.) or changing status from exempt to taxable during the year (§63—602Y, I.C.) is assessed by the quarter. If personal property enters a county prior to April 1, it is assessable for its entire value; after March 31 but prior to July 1, for 75% of its value; after June 30, but prior to October 1, for 50% of its value. Any time during the remainder of the year, it is assessable for 25% of its value. (See Xerox v. Ada County in the addendum of this manual.) This process does not apply to property that has already been assessed for the year in its home county.

Limitations on Assessment and Collection

It is important to note that House Bill 8 in 1975 stated: "Taxes on personal property shall not be subject to assessment or collection any time after the second calendar year following the year for which such tax is imposed." The Idaho Supreme Court in Childers v. Wolters [115 Idaho 527, 768 P.2d 790 (Ct. App. 1988)] interpreted this as a two-year statute of limitations on collection of taxes rather than authority to assess back taxes for two years. (The exception is personally willfully concealed or misrepresented to avoid taxation.)

4.1.3 Valuation of Personal Property

The state tax commission does not conduct ratio studies on personal property due to the diversity of the property. For equitable taxation, it is essential to discover all personal property and value it systematically, using the best information available.

Allowance must be made for unusual circumstances. Price guides and depreciation schedules represent property in typical condition. Two items of personal property which are the same make, model and age may have different values, depending on physical condition.

Personal property should be valued at the retail level (property tax Rule 217) as of January 1 each year. Following are the three methods for estimating the market value of personal property and the information needed for each method.

4.1.4 Sales Comparison Approach

A properly completed Idaho "Personal Property Declaration" contains the information needed to use the sales comparison approach, since it includes the property's type, make, model, and serial number, as well as year of manufacture and year of purchase.

There are many price guides available to assist in the valuation of personal property. Prices found in published guides must be modified to reflect the local market. This is done by comparing sales reported by taxpayers on their personal property declarations with the prices in the guides. In a comparison of 50 backhoes purchased locally, with the prices for the same backhoes in the Official Guide, it may be found that local sales are 5% higher, on average. In that case all prices in the guide should be trended up by 5%.

An assessor should use the sales comparison approach whenever possible. This approach provides an informed opinion from a disinterested third party. When information is available, the sales comparison approach is the most accurate indicator of personal property value.

4.1.5 Cost Approach

The cost approach is the method used to estimate market value for personal property not found in pricing guides or when information is lacking to identify a comparable sale. With this method, historical costs are depreciated using the "Valuation Schedules" provided by the Idaho State Tax Commission.

Use of valuation schedules is the easiest way to value personal property, but may not be the most equitable, unless certain conditions are met: the cost reported must be the actual cost paid; the cost reported represents market value at the time of the sale; the cost reported includes all costs of installation, licensing, fees and other indirect costs; and the property is in average condition.

The valuation schedules provided by the state tax commission are based on the typical economic life for various types of property and designed to be used with historical costs, since taxpayers report historic costs on their "Personal Property Declaration". A trend to bring historic dollars to current dollars is incorporated in the schedules (except the schedules for high-tech equipment where prices for newer technology may have actually declined).

Adjusting Schedules to the Local Market

It may be necessary to modify the state tax commission's schedules with information obtained from the local market. Developing a local adjustment factor requires a sufficient number of sales of the same type of property, plus information on the historic cost of the sale items. Divide the price of each sale by its historical cost and plot the result by year of age on a graph. This curve will be the local depreciation table for the type of property represented by the sales. On the same

graph, the certified property tax appraiser may want to plot the points of the state tax commission's valuation schedule for the same type of property, as a comparison.

The "year" or "age" column can represent either the effective or the actual age. Most often, actual age is used, since the taxpayer reports the date of acquisition. However, use of effective age, based on inspection and the certified property tax appraiser's judgment can result in more accurate valuations.

Other Considerations in the Use of the Valuation Schedules

It is important to note that even though the "Index to Valuation Schedules" lists personal property under categories by type of business, some items may depreciate at different rates than the majority of the property used by that business.

For example, surveyors' equipment is listed in the "Index" under Schedule #7. Schedule #7 is based on an 11-year economic life and would apply to most of the equipment. Surveyors currently use desk top computers. Obsolescence occurs rapidly in equipment of this type, so rather than the 11-year life in Schedule #7, a more appropriate valuation schedule for the computer would be Schedule #0, which is used for data processing equipment.

A more accurate estimate is possible using schedules appropriate for the individual item of personal property rather than using one overall schedule for all equipment listed on a declaration. To use individual schedules, the equipment must be itemized on the declaration. If it is not itemized, there is no choice but to depreciate all the property using the overall schedule.

4.1.6 Income Approach

The income approach is the third method used to appraise personal property. The income approach is applicable to all income-producing property and is appropriate when income is directly attributable to the property. The income approach can be used for many types of property and must be used for others. This approach can be used to estimate the market value of any personal property commonly leased. It must be used for property which cannot be purchased retail (such as Pitney-Bowes postage meters which are not available for sale). Since assessment in Idaho is based on retail levels, the only way to accurately estimate retail value of this type of property would be through the income approach.

To use the income approach, the certified property tax appraiser must develop income and expenses typical to the type of property and a capitalization rate applicable to the property (taken from sales or developed by the band of investment technique).

The terms of any leases may be included on the "Personal Property Declaration." Among the options for gathering income and expense data is the use of a questionnaire or an alternate property declaration form. **§63—302, I.C.**

Taxpayer's Property Declaration: The assessor shall leave at the office, place of business or residence of each personal property owner, or mail to such personal property owner at his last

known post office address, a form with notice requiring such personal property owner to make a list of taxable personal property. Every personal property owner ... shall enter a true and correct statement of such personal property ... which ... shall be delivered to the assessor, not later than March 15. With the passage of the $100,000, (HB 315) in 2013 and an additional $150,000, HB535 in 2022 per taxpayer per county the requirement for the taxpayer to file a list of taxable personal property remains a requirement.

If the total market value of the personal property (excluding stand-alone personal property items with an installed cost of $3,000 or less and acquired after January 1, 2013) of the taxpayer is greater than $250,000, the taxpayer does own taxable personal property and therefore must file a property declaration listing all personal property except the qualifying exempt items costing less than $3,000.

If a taxpayer has previously filed a property declaration claiming an exemption under the $250,000 exemption provision and currently has personal property with a market value of $250,000 or less, the tax payer is not required to file the property declaration. However, a taxpayer having not previously filed a declaration establishing eligibility for the exemption must file the list or in lieu of the list may file an application attesting to ownership of personal property costing in the aggregate $250,000 or less.

If the assessor does not provide the taxpayer with the proper form, this failure does not invalidate the assessment. Nor does this failure absolve the taxpayer from the responsibility of obtaining the form or furnishing the appropriate information to the assessor [§63—302(1), I.C.].

If the assessor does not receive the property declaration form, the property is to be assessed according to "best judgment and information." [§63—302(2), I.C.] Any willful failure on the part of the assessor to obtain such information "... shall be deemed malfeasance in office and grounds for removal of the assessor from office." [63—302(1), I.C.]

4.2.1 Summary of Additional Laws

§63—306(1), I.C. — Listing of Property by Owner, Agent, or Fiduciary: The owner or his agent is required to list all assessable personal property, with a few exceptions: property of minors, persons determined legally incompetent, trust accounts, estates, bankruptcies, partnerships and corporations must be reported by a representative.

§63—306(2), I.C. — Assessment against Property in Name of Person in Representative Capacity: When property is listed by or assessed to any person in a representative capacity, his representative designation is to be added to the declaration after his name and the assessment of the property must be assessed separate from any property owned individually by such person.

§63—302(3), I.C. — Property in Another County: When a declaration discloses property taxable in another county, the assessor is required to immediately send a copy of that portion of the declaration to the assessor of the appropriate county, who is then responsible to assess the property.

§63—1401(1),I.C.—Subsequent Assessment of Property Willfully Concealed or Not Declared: Property "...willfully concealed, removed, transferred, misrepresented, or not listed by the person required to do so, such property, upon discovery, must be appraised, assessed and taxed at two (2) times its value for each year such property escaped taxation." This penalty can be excused by the board of equalization on showing of just cause.

§63—1401(1), I.C. — Authority of Assessor to Administer Oaths — Penalty for False Statement: The assessor has the authority to question property owners under oath concerning property. "Any person making a false list, schedule or statement under oath shall be guilty of perjury."

§63—1401(2),I.C.—Duty of Assessor to Note Neglect or Evasion: "The assessor shall note, at the time of appraisal, all cases where the owner, agent or other person required by this title to list property: refused or failed to make the sworn taxpayer's declaration required of him; refused to answer any question asked of him by the assessor in reference to the appraisal of property; was absent or willfully concealed, removed, transferred, misrepresented or failed to list such property."

§63—503(3), I.C. — Reduction Not Permitted When Owner at Fault: When the owners refusal to make the taxpayer's declaration is properly noted on the assessment roll, the board of equalization shall make no reduction in the assessment of any property, unless it is shown that the notation is erroneous or false.

§§74—107, I.C. — Records exempt from disclosure; trade secrets, production records, appraisal, bids, proprietary information: This section was updated in the 2011 Legislative Session with HB 239. Exempts from disclosure Personal property declarations, operator statements, confidential commercial or financial information including trade secrets, etc. Except with respect to lists of personal property required to be filed pursuant to §63—302, I.C., and the operator statements required to be filed pursuant to §63—404, I.C., it shall be the responsibility of the taxpayer to give notice of its claim to exemption by stamping or marking each page or the first page of each portion of documents so claimed.

4.2.2 Information Needed on the Declaration

§63—219, I.C., gives the state tax commission the authority to prescribe forms to be used to collect the needed information. The most commonly used declaration is the "Idaho Personal Property Declaration." This form requires: the item of property, make and model, serial number, the type of fuel used, year of manufacture, year of purchase, and purchase price of the item. The "Idaho Industrial Property Declaration" form requests generally the same information, but for large industrial properties. These forms may be altered with the approval of the state tax commission but any approved altered forms must be provided at the counties expense. (Examples of declarations are in the addendum of this manual.)

4.2.3 The Time Frame for Mailing and Return of Declarations

Assessment is based on a property's status as of January 1, so declarations should be mailed as close to this date as possible. The deadline for return of declarations to the assessor's office shall be no later than March 15.

Declarations for property entering the state (§63—311, I.C.) or changing status (§63—602Y, I.C.) after January 1, should be sent out when the property is discovered. When personal property enters the state or changes status from inventory (which is exempt) to business use, it is assessed based on the quarter as of the date of entry or change. For more information on change of status, see "Personal Property," in this manual.

4.2.4 Reporting Problems

The assessor will encounter problems with declarations. Following are remedies available for the six most common problems.

Declarations Not Returned

§63—302(2), I.C., states: "If such person fails to make and deliver the list as required, the assessor may list and assess such property according to his best judgment and information." (Emphasis added.) The failure of a property owner to return a declaration or the failure of the assessor to provide the declaration does not absolve the owner of his tax obligation, nor does it relieve the assessor of the responsibility of assessing the property.

When the assessor does not receive a property declaration, the most defensible solution is to assess the owner for personal property equal to comparable businesses which have returned declarations. The assessor should select values from operations that are at least as large as the subject (to avoid rewarding the owner for failing to return the declaration), but reasonably similar in size (to avoid "arbitrary and capricious assessment"). This estimated assessment is most defensible when attempts to get the property owner to complete a declaration are documented. Pursuant to §63—1401(2), I.C., "The assessor shall note, at the time of the appraisal, all cases where the owner, agent or other person required by this title to list property: refused or failed to make the sworn taxpayers declaration required of him...."

This type of assessment is effective, easily explained, legal, and leaves the property owner with no recourse. If the owner's refusal to return the declaration is properly documented and noted on the assessment roll, the board of county commissioners shall make no reduction in the assessment (§63—503 I.C.).

Declarations Returned Late

If a declaration is returned after the deadline, more than one course of action is available.

1. Value the property in lieu of a declaration. If the declaration is not returned by the deadline, it must be assumed that it will not be returned and the property should be valued accordingly, using the "best judgment and information," as described above.
2. Accept the late declaration. If the declaration is returned after the deadline but before the roll has been turned over to the board of equalization, the tardiness may have been an oversight, particularly if the owner typically returns declarations promptly. It could be most practical to accept the declaration and use it to value the property.
3. Refuse to accept the late declaration. If the property owner is typically late in returning declarations, the assessor could decide not to accept the declaration, relying instead on the estimate of value. If the assessment rolls have been given to the board of equalization, there is nothing the assessor can legally do; the decision is no longer his. If the property owner is not a chronic offender, the board of equalization might accept the declaration, with the understanding that the owner comply with the deadline in the future. If the owner is a chronic offender, the board might save future headaches by refusing to accept the declaration.

Declarations Not Sufficiently Completed

Another problem is declarations which do not contain enough information for accurate market value estimates.

Declarations are usually incomplete because the owner either doesn't know that certain information is necessary or can't easily get it. Contacting the owner a second time is often effective. There should be follow-up on all incomplete declarations each year either by a personal visit or by telephone. This type of follow-up will eventually produce a better quality of response. If the assessor is unable to get adequate information to complete the declaration it should be treated the same as a declaration that was not returned and the personal property should be valued based on the best judgment and information available.

Inaccurate Or Misleading Declarations

Inaccurate or misleading declarations are occasionally received. Property so misrepresented or concealed "must, upon discovery, be assessed at two times its value for each year such property has escaped assessment." (§63—1401, I.C.) The assessor bears the burden of proving deliberate misrepresentation, but if convinced that such is the case, there are two courses of action.

1. Contact the board of equalization and demonstrate that the owner attempted to evade taxation. If the board is persuaded it will support the penalty. If the board disagrees, enforcement of the penalty could be dropped.
2. Assess the property to "unknown owner". An appraiser may see an item of personal property and suspect it belongs to an individual who denies owning it. In this case, the

property should be assessed to "unknown owner," as provided in §63—307(4), I.C., payment could then be required on demand and the property seized.

The owner will most likely show up to redeem the property before it is sold for taxes. If it has been documented that the individual denied ownership then the assessor will have a very solid case upon which to base an assessment of two(2) times its value for each year such property has escaped assessment [63—1401(1), I.C.].

Owner of the Property Is Unknown

If the assessor is aware of taxable personal property but the owner of that property is unknown, it will be impossible for the assessor to send a property declaration. In this case, §63—307(4), I.C., requires the assessment of the property in the name of "unknown owner". When a warrant of distraint is issued and the property seized, the "unknown owner" will nearly always be identified. Then the assessor will know where to send next year's declaration.

4.3.0 Intangible Personal Property

Intangible personal property is exempt from taxation [§63—602L, I.C.]. To qualify for exemption, a thing must be identified. There is widespread misunderstanding as to what an intangible property actually is, so this subsection is intended to help the assessor recognize what constitutes an intangible personal property.

4.3.1 Definition of "Property"

An "intangible asset" and an "intangible property" are not necessarily the same thing. An "asset" is a probable future economic benefit obtained or controlled by an entity as a result of past transactions or events.[1] Property is one type of asset. All properties are assets, but not all assets are properties.

The question of intangible assets is not confined to personal property. Some real property interests may be intangible. For example, all real property has location. Location, it can be argued, is an intangible asset. When a person buys a parcel of land, he or she also buys the intangible asset of location.

"Property" is the right to control something, not the thing itself.[2] Thus the real property and real estate are different things. The courts generally hold that there are six ownership rights associated real property and five with personal property. If these rights cannot be exercised independent of any other property, an asset, not a property, is owned. In other words, whether an asset is a property depends on (1) what the ownership rights are and (2) the thing to which those rights apply.

[1] David H. Marshall; A Survey of Accounting What the Numbers Mean; Homewood, IL, Boston, MA; Irwin; 1990; p 46
[2] Property Appraisal and Assessment Administration, International Association of Assessing Officers; Chicago; 1990; p 76

The rights of ownership are:

1. The right to use;
2. The right to sell;
3. The right to lease or rent;
4. The right to give away;
5. The right to enter or leave (This right is peculiar to real property.); and
6. The right to refuse to do any of these.

4.3.2 Intangible Personal Properties

Intangible property is the evidence of ownership of property rights. Whether or not this evidence constitutes a property depends on the relationship of the thing owned to the ownership rights.

Let's look at United States currency, for example. The paper and ink in a ten-dollar bill are not worth ten dollars, but the bill represents ten dollars' worth of purchasing power. Let's examine how the rights of ownership apply to a ten-dollar bill.

1. The right to use: Anyone owning a ten-dollar bill has the right to spend it, to invest it, to paper a wall with it, or, to destroy it.
2. The right to sell: Anyone owning a ten-dollar bill has the right to trade it for something else. Buying an item with cash is merely selling that cash for that item.
3. The right to lease or rent: Anyone owning a ten-dollar has the right to loan it (rent it) to someone else.
4. The right to give away: Anyone owning a ten-dollar bill has the right to give it away.
5. The right to refuse to do any of these: A person owning a ten-dollar bill is not required to spend it, invest it, save it, lend it, or give it away; he could put it in his pocket and forget about it.

These rights can be exercised independent of any other property. Obviously, then, cash can be considered intangible personal property.

There are other intangibles upon which the rights of ownership can be exercised. These should be considered personal property. Some of these confer ownership rights for a limited period; others confer these rights indefinitely. Some examples are:

Copyrights: A copyright entitles the holder to exercise ownership rights over printed or recorded material for a period of time.

Patents: A patent entitles the holder to exercise ownership rights over a product or process for a specific period of time.

Bank Notes: The bank note entitles the holder to ownership rights of a certain amount of purchasing power.

Mortgages: The holder of a mortgage has ownership rights over the mortgage, until the obligation is discharged.

Deeds of Trust: The holder of a deed of trust has ownership rights over that deed, until the obligation is discharged.

Bonds: Bonds are evidence of ownership rights to a given amount of purchasing power.

Stock Certificates: Stock certificates are evidence of ownership rights to certain of a company's assets.

Trade Names: A trade name can typically be bought, sold, rented, or used independent of any other property. As evidence, trade names are frequently copyrighted.

Certain Types of Franchises: The rights associated with certain types of franchises can be exercised independent of any other property. This is true of the "McDonalds" variety of franchise.

Records, Files, and Accounts: Records, files, and accounts can be purchased apart from other property, so are considered intangible personal property.

4.3.3 Some Intangibles Are Not Property

There are other intangibles that cannot be defined as "property." These are intangibles for which the rights of ownership cannot be exercised or cannot be exercised independent of another property.

Location is an intangible; it can't be seen, felt, or heard. If the rights of ownership can be exercised on location, independent of any other property, location could be considered intangible personal property. Let's look at the location of a commercial retail store to determine whether it could be considered a property.

- The right to use. Even though location is a very important factor to a business, location cannot be used apart from the business' real property.
- The right to sell. Even though the location greatly affects the value of the retail store, ownership of the location cannot change hands without the real property changing hands, as well. Although an individual can acquire ownership of the location, he cannot do so without purchasing the real estate.
- The right to lease or rent. Location cannot be leased or rented without also leasing or renting the real estate.
- The right to give away. Location cannot be given away without also giving away the real property.
- The right to enter or leave. A person cannot enter or leave a location without doing the same thing to the real property.

- The right to refuse to do any of these things. If the owner of the commercial store exercises any of the ownership rights upon the real property, he automatically exercises that right upon the location; he can't do otherwise. If an intangible cannot be defined as property, what is it? After all, something like location can have significant value. If an asset is not a property, it is often an enhancement that adheres to a property. In other words, the location of a commercial store attaches to the land and the building, increasing (or decreasing) the value of the real estate. The value of otherwise identical properties can vary tremendously, depending on location. The location is inherent in the real property.

4.3.4 Examples of Enhancements

There are a number of things that would be considered enhancements, rather than intangible personal property. Some of these are:

Location: As has already been explained, the location of a property is not intangible personal property.

Management Expertise and Trained Labor Force: Property is normally valued at its highest and best use. If the highest and best use is as an income producing property, a certain degree and quality of management and labor is required to achieve its highest and best use. The evaluator attempts to value the property as if the management and labor associated with it were typical (competent). Unless it can be demonstrated that management or labor associated with a particular property are materially and measurably better than the typical, their contribution adds no value to the enterprise above that of the typically managed property.

Zoning: Zoning regulations can be value enhancements. For example, if two identical warehouses are located in different areas and zoning regulations prohibit a property's use as a warehouse in one of the locations, the value of the property that can be used for its intended purpose will normally be greater than that of the property that can't.

4.3.5 Assemblage, Going Concern and Enterprise Values, and Goodwill

In any discussion of intangibles, there are a number of terms that are tossed about. Because there are significant differences between the terms, an understanding of them is critical to the assessment of property in Idaho.

Assemblage Value: A collection of physical assets, assembled and operating as a unit, are more valuable than either those same assets not yet assembled or not yet operating as a unit. There are two reasons. First, if the assets are operating together, there is proof that they can. This proof reduces risk for the buyer. Secondly, to get a group of assets operating together takes time and is expensive. Not only does the company have to spend money for "debugging," the company loses the income stream that would have been generated if the debugging has not been necessary. Assemblage value includes the value of intangible enhancements, like location, that adhere to the physical plant.

Going Concern: "Going concern" refers to the ongoing operation of a business or a group of assets. Two important terms are included under the idea of the going concern.

Going Concern Concept: The "going concern concept" is the assumption that a property or business will continue to operate.[3] In most cases, this continued operation constitutes "highest and best use." To violate the going concern concept is to assume that the assets have no value greater than liquidation. If this were true, the prudent owner would liquidate the assets, not operate them. There is normally a value premium that attaches to a group of assets in place and operating as a unit.

Going Concern Value: A group of assets in place and producing income as a team is more valuable that an identical group of idle assets. Going concern value may include some intangible properties (brand name, for instance) that do not specifically attach to the physical assets.

Enterprise Value: Enterprise value encompasses the valuation of the corporate entity including tangible and intangible assets; it reflects the value of the present firm's total business. Because intangible personal property is exempt from taxation under §63—602L, I.C., only a portion of a business' enterprise value is assessable; that assessable portion is the tangible assets and their corresponding assemblage value.

Goodwill: "Goodwill" is a term that is frequently used incorrectly. Technically, goodwill is an intangible asset created when a purchase occurs for an amount greater than the "fair market value of the net assets involved."[4] In other words, goodwill can be described as the difference between assemblage value and going concern value or enterprise value. Goodwill should not be confused with the enhancement to value that occurs when tangible assets are in place and operating as a unit (assemblage value). Another term commonly used is "Blue Sky."

Obviously, the certified property tax appraiser should be careful of accepting any owner's claims of exempt goodwill. Most likely, what the owner means is that the property is worth more than it would, or actually did, cost to build (assemblage value). Unless an intangible asset has a legitimate existence, is capable of private ownership, and can be severed from the tangible property it should be included in the value of the tangible assets.

4.3.6 Operating Property

Intangible property as it is exempted in operating property is addressed in §63—602L(2), I.C., intangible personal property is separated out at the system level or the state allocated value level,

[3] David H. Marshall, A Survey of Accounting What the Numbers Mean; Homewood, IL, Boston, MA; Irwin; 1990; p 47

[4] Marshall; p 160

or by valuing only the tangible property. the state tax commission's operating property section can explain how this exemption is handled for each operating property industry type.

4.4.0 Land & Improvements Treated as Personal Property

It is not always easy to distinguish between real and personal property. Real property is generally considered to be land and improvements affixed to the land. Such improvements are, more or less, permanent in nature and are not easily moved.

Personal property, on the other hand, is generally not permanently affixed to land and therefore is more movable than real property. Items such as furniture, office equipment or construction machinery are easy to move and commonly do move.

In Idaho there are properties that would normally be considered real, except that state law defines them as personal [§63—309(1), I.C.]. These properties are not intended to be moved and are physically indistinguishable from real property. They should be appraised the same as real property, but assessed as personal property. These properties are not eligible for any personal property exemption.

§63—309(1), I.C., directs:...all taxable improvements on government, Indian, state, county, municipal or other lands exempt from taxation, and all improvements on all railroad rights-of-way owned separately from the ownership of the rights-of-way upon which the same stands, or in which nonexempt persons have possessory interest shall be assessed as personal property, provided that such improvements shall not be eligible for the exemption provided in §63—602KK, I.C.

4.4.1 Assessment as Personal Property

The following property should be assessed as personal property. (The fact that any land or improvement is assessed as personal property, rather than the real property, does not change the method of appraisal.).

Equities in state lands (state lands sold under contract) shall be assessed as other property is assessed but placed on a personal property parcel. Property tax Rules 510 and 511 provides for the assessment of these in category 57.

Reservations divide ownership of property rights. These include mineral rights reserved. Easements convey use, but not ownership. These two types of property are defined as personal property and assessed in category 70 as directed by property tax Rule 512.

Any taxable improvement located on exempt land is personal property. Examples of this type of improvement are private cabins on federal or state land, billboards on state highway land and private radio and TV facilities at high elevation sites owned by the government. Signs are category 71.

An improvement located on railroad right-of-way is personal property, if the improvement does not belong to the owner of that right-of-way. This type of property is relatively common in some

areas. Grain elevators, for example, are sometimes located on railroad land. Improvements on railroad rights-of-way are category 51.

Note: Improvements belonging to the railroad will usually be valued and assessed as operating property by the state tax commission. An STC Form R will be provided to the assessor identifying any railroad owned property that should be assessed locally.

4.4.2 Taxes for Land and Improvements Assessed as Personal Property

Like real property, personal property taxes may be paid in two halves or in installments scheduled with the county treasurer. However, if the first half is not paid in full by December 20, the entire tax is payable upon demand and the property can be sold to satisfy the lien. Taxes on real property are allowed three years delinquency before the property is deeded to the county with a tax deed. Unlike real property any personal property taxes may be payable on demand at the discretion of the county treasurer.

4.5.0 Data Processing Equipment

Computers can be difficult to value because rapid introduction of new technology causes accelerated depreciation. This depreciation is not the result of physical wearing out, but of functional and economic obsolescence. Appraising computer systems requires that the assessor understand: the basics of hardware and software, how to apply the three approaches to value for each, and annual attention to changes in value.

4.5.1 Hardware

Many labels are used to describe various computer systems and their capabilities. However, if you consider the progression from personal digital assistant (PDA) to personal computer (PC) to workstation computer to server to minicomputer to mainframe computer, you generally see four changes. First, they progress from full functionality in a stand-alone mode, through greater abilities for sharing data across networks, to reliance on a remote computer's central processing unit (CPU) for all computations. Second, the computers increase in power and size. Third, their operating systems and software become more complex and difficult to manage. Fourth, they increase in price. the state tax commission's "valuation schedule" makes a clear distinction between PDA's, PC's, workstations, and multi-tasking mini or mainframe computers.

4.5.2 Software

Computer software is any computer program or series of instructions for automatic data processing systems. Computer software may be "canned" or "custom." Canned software may also be called "off-the-shelf" or "commercial off-the-shelf" (COTS) software. Word, Excel, and Photoshop are examples of COTS software. Custom software is created exclusively for an individual customer using a programming language; it may also be built from powerful data entry, querying, and reporting tools. For property tax and assessment purposes, canned software

is considered tangible personal property and is taxable; while custom software, as defined in §63—3616, I.C., is exempt intangible personal property (§63—602L, I.C.).

4.5.3 Cost Approach

The cost approach to value is most commonly used for the mass appraisal of computer systems. In this approach, the taxpayer's reported cost is depreciated to arrive at market value.

There are problems with the reporting and depreciation of data processing systems. It may be difficult to determine whether a system is a personal or minicomputer from the taxpayer's personal property declaration. When this distinction is unclear, a follow-up inquiry is necessary.

The state tax commission's "valuation schedule" provides two different age-lives for computers: one for PC-based systems and another for mini and mainframe computers. PCs tend to lose value more quickly because introduction of new technology is generally more rapid with personal computers. Hence, these are given a shorter age-life. Manufacturers introduce multitasking systems less frequently and long-term leases are common for these systems, giving them a longer life. The "valuation schedule" represents average depreciation, but in this field there are many departures from the "average."

Estimating the market value for peripheral equipment (printers, monitors, and plotters) and for software can also be a problem. Peripheral equipment and software may be bought at different times from the parent computer, and, therefore, may have different actual ages.

4.5.4 Sales Comparison Approach

The sales comparison approach to value for computers can be more accurate than the cost approach; the typical sale price of a similar system is a better indicator of value than a depreciated historical cost. Unfortunately, because of the many different computer systems in use today, market data for comparable hardware and software is difficult to obtain.

There are commercially available sources for sales of used computers. Price guides are published periodically and provide market data for the valuation of microcomputers. For multitasking systems, information must usually be gathered from dealers.

4.5.5 Income Approach

The income approach is not often effective in appraising computers. The reasons are different for personal computers and larger systems.

The PC leasing market is limited. Because of the rapid rate at which new micros are introduced into the market, long-term (and even short term) leases are relatively rare. This limits the availability of income information.

Larger systems are frequently leased, but the leases are often difficult to use for assessment purposes. Many are lease/purchase contracts, which are extremely hard to analyze.

4.6.0 Recreational Vehicles

In addition to maintaining property ownership records and appraising property for property tax purposes, the assessor has responsibility for registering motor vehicles, recreational vehicles and boats. Some laws and changes involving recreational vehicles are found in §§ 49—444, 49—445, 49—446, 49—447, & 49—448, I.C., and property tax administrative Rule 020. §49—401, I.C., defines registration fee in lieu of property taxes.

"Motor vehicles properly registered," including recreational vehicles, are exempt from taxation (§63— 602J, I.C.). "Recreational vehicle" (RV) is a type of vehicle with motive power or mounted on or drawn by another vehicle, designed primarily as temporary living quarters for recreational camping or travel use. The basic entities are park model, travel trailer, camping trailer, truck camper, fifth wheel camper, and motor home. School buses and van-type vehicles converted to recreational use are also considered recreational vehicles.

4.6.1 Registration

All recreational vehicles, other than truck campers, must be registered for highway use (§49—444, I.C.). The state department of transportation supervises the registration process. The fee is generally based on the weight and type of the vehicle. Questions regarding registration of recreational vehicles for the road should be directed to the department of transportation.

4.6.2 Recreational Vehicle License Fee

In addition to registering the vehicle, each recreational vehicle owner must pay an annual RV license fee. An exception would be recreational vehicles in possession of a manufacturer or dealer and offered for sale or resale. The RV fee is a fee in lieu of property tax. If the RV is registered as a motor vehicle under the provisions of Idaho law, the annual license fee imposed shall be in addition to and not in lieu of the motor vehicle registration fee. Payment of the annual license fee shall license the RV for the full calendar year, irrespective of the month in which it is registered, change of ownership of the RV, or change of county of residence of the owner. The RV annual license shall expire midnight December 31 of each year (§49—445, I.C.). The RV sticker shall be placed on the rear of the recreational vehicle in a manner that is completely visible and shall be kept in a legible condition at all times. If the required license and sticker have not been purchased and displayed on the rear of the vehicle by August 31, a taxpayer's valuation notice shall be mailed to the owner of the RV. If payment of the license fee and display of the sticker is accomplished before the fourth Monday of November, the assessor shall cancel the assessment (property tax Rule 020).

Amount of Fee

The annual license fee imposed on each RV is $8.50 for a market value of $1,000 or less, and an additional $5.00 for each additional $1,000, or portion of it, of market value (§49—445, I.C.). Any additional fraction of $1,000 is regarded as a full $1,000. For example, a market value of $2,100 would be considered the same as $3,000.

4.6.3 Determining Market Value for the Fee

§49—446, I.C., states that the RV license fee is based on "market value," at the retail price level and should be further defined by rules of the state tax commission. Property tax Rule 020 states that, beginning with registration fees for calendar year 2004 the county assessor shall administer and collect the RV registration fee for most RVs based on the market value calculated from a depreciation schedule. This depreciation schedule multiplies the sales price of the RV or the applicable value by the appropriate percent good based on the "age" and type of the RV. This depreciation schedule is based on the "Recreation Vehicle Guide of the National Automobile Dealers Association" and the "Van/Truck Conversion and Limousine
Appraisal Guide of the National Automobile Dealers Association". the state tax commission will maintain the information on which this depreciation schedule is based while it is in use and for a minimum of three (3) years after it has been replaced. If the purchase price for the RV is not known, any standard industry indices of retail value should be used to determine the value. In 2017, the legislature (HB156) included park trailers in the definition of recreational vehicles so they became park model recreational vehicles (PMRV). For PMRVs, Rule 20 provides that the value will be determined by using any available standard industry indices of retail value to determine the market value. If no such indices are available, the assessor shall determine market value from sale price or by using appraisal procedures as defined in Rule 21of these rules.

4.6.4 Distribution of the Fee

The revenues received from the annual license fees imposed by §49—445, I.C., for RV registration shall be paid over monthly to the county treasurer, to be distributed as follows (§49—448, I.C.):

1. $2.00 goes to the current expense fund of the county in which the license was sold, to defray the cost of selling the license. However, 100% of the registration fees collected for park model recreational vehicles that would require a special highway movement permit goes to the current expense fund of the county where the park model is located.
2. Of the balance remaining, 99% goes to the "state recreational vehicle fund" account.

The remaining balance goes to the "search and rescue account" created in §67—2913, I.C.

Idaho sales and use tax Rule 106 provides that the assessor shall collect sales tax on vehicles purchased from non-dealers and out-of-state dealers. The rule also authorizes the state tax commission to issue letters of instruction to insure compliance with the Idaho Sales Tax Act and sales and use tax rules. A copy of the instructions for the county assessor's tax report (from sales and use tax Rule 110) is included in the addendum of this manual.

4.7.2 Determining Taxable Value

When sales tax must be collected, the amount of tax due is based on the sales price listed on the bill of sale. If there is no bill of sale, the tax is based on the retail value of the vehicle as listed in the most recent N.A.D.A. Official Used Car Guide.

4.7.3 Collection of the Tax

Sales tax moneys collected by the assessor must be transferred to the state tax commission on or before the 20th day of each month [§63—3623(c), I.C.].

If you have questions regarding the collection of this tax, contact the tax policy section at the state tax commission's office in Boise.

5.0.0 Other Responsibilities

5.1.0 Legislation

Most of what the assessor and his staff are charged to do is based on Idaho law. Idaho law starts out as an idea or a perceived problem. These ideas do not go through the legislature and the governor's office in pure form. Amendments and other ideas usually change the original intent of the idea along the way. Therefore it is necessary for any elected official to become familiar with the process and the players.

5.1.1 How an Idea Becomes Law

The process of how an idea becomes law can be found on the Internet at https://legislature.idaho.gov/resources/howabillbecomesalaw/. Basically, an idea is written in the form of a bill. The bill is introduced in the house or the senate and is sent to committee. In committee is where the public has a chance to comment on the bill and its impacts. If passed by the committee and the floor, it is sent to the other side of the rotunda to go through the same process. During this process amendments and other ideas are sometimes attached, sometimes changing the original idea greatly. If both the house and the senate pass the bill in the same form, it goes to the governor to be signed, vetoed or go into law without a signature.

5.1.2 The Players

There are more players than may originally appear to the novice. Of course, there is the elected representative or senator. However, one person cannot get a piece of legislation through the legislature by himself. He needs the support of ~~may~~ many other elected legislators to get the bill through both the house and the senate. This leads to party politics and favors. Then there are the people that this legislation will affect. These people can be many combinations of different people from which comes the expression "politics makes strange bedfellows." This combination of people can include a few average citizens to powerful lobby groups. There are many paid lobbyists whose job is to make sure their client's best interest are considered. A list of lobbyists

may be found at https://sos.idaho.gov/elections-division/lobbyistinformation/ or the secretary of state's office. The Idaho Association of Counties (IAC) is included in this group of lobbyist.

Other players in the process include the governor and his staff. Information sources, such as the state tax commission on tax matters, may be a part of the process. The media can also play a part in what is brought to the attention of the voters.

5.1.3 The Assessor's Role

In this process, what is the assessor's role? First of all, the assessor should know his legislators and hopefully be on a friendly basis with them and offer any help in keeping them informed on any bill that may affect his office. The assessor also needs to be somewhat familiar with the lobbyists and their influence on different bills. If the assessor wants to be more involved, the Idaho Association of Assessors has an active legislative committee that the assessor can be involved in. If the assessor or anyone would like to testify on a bill in committee, he needs to know the facts and present them in a brief professional manner. The person testifying should use the resources available to him, such as the IAC, other assessors, the state tax commission, and lobbyists that support the assessor's position. The assessor needs to keep in mind that if there is disagreement there will be another issue and burning bridges is not a good idea.

It was once said that watching law being made was like watching sausage being made, not the most pleasant thing in the world. However, since the counties have to live and work with the laws, we need to be involved in a positive manner.

5.2.0 Public Record's Law

Since everything in the assessor's office is paid for with public funds, the public has a right to access most information in the office. Idaho Public Records law is found in §§74—101 through 74—126, I.C., and dictates exactly how to handle the public's request for information.

Any person has a right to examine and copy any record that is not exempted by law. The "custodian" of the records may require a written request with the requestor's name and address. The request to examine or copy records needs to be answered in three working days from the date of the receipt of the request for Idaho residents and has 21 days to provide the public records to non-residents. The fees that may be charged for such information are defined in Idaho Code and may also be found in the "Idaho Public Records Law Manual." This manual may be obtained from the attorney general's office or accessed at https://agri.idaho.gov/wp-content/uploads/directors-office/PublicRecordsLaw.pdf. The exemptions from the public record law are also in Idaho Code and this manual.

5.2.1 Purpose of Idaho's Public Records Law

The Idaho Legislature's intent is that all records maintained by state and local government entities are available for public access and copying. At the same time, the legislature recognized the need to balance this policy of openness against the equally important need for privacy of

certain information provided by citizens and businesses that is necessary for the conduct of the government's business. This balance is contained in §74—102, I.C., which states "all public records in Idaho are open at all reasonable times for inspection except as otherwise expressly provided by statute." This law includes definitions and a simple, uniform procedure for inspection and copying of records. §§74—104 through 74—111, I.C., list the records that are exempt from disclosure.

5.2.2 Government Agencies Covered by Public Records Act

The law applies to all public agencies. §74—101(11), I.C., defines a "public agency" as any state or local agency. "Local agency," defined in §74—101(8), I.C., includes a county, city, school district, municipal corporation, public health district, political subdivision, or any agency thereof, any committee of a local agency, or any combination thereof. "State agency," defined in §74—101(15), I.C., includes "every state officer, department, division, bureau, commission and board or any committee of a state agency including those in the legislative or judicial branch. Every entity of state and local government is to comply with the Idaho Public Records Law.

5.2.3 Records Covered by the Act

Public record, defined in §74—101(13), I.C., "includes, but is not limited to, any writing containing information relating to the conduct or administration of the public's business prepared, owned, used or retained by any state or local agency regardless of physical form or characteristics." "Writing" in §74—101(16), I.C., means information maintained in many forms, including typewritten or hand written documents as well as pictures, maps, tapes, magnetic or punched cards, and computer discs (Fox v. Estep). "Working papers," "raw notes," "preliminary drafts" and the like are not necessarily exempt. E-mail is considered a public record subject to the same laws as any other public record.

5.2.4 Access to Public Records

§74—102, I.C., provides that the right to inspect and to receive a copy of public records at all reasonable times is absolute unless the record is exempt from disclosure by law. The concept of a "copy" of a public record in §74—101(2), I.C., is comprehensive, including "transcribing by handwriting, photocopying, duplicating machine and reproducing by any other means so long as the public record is not altered or damaged." Additionally, a certified copy, if feasible to produce, must be provided upon request [§74—102(3), I.C.] The timeline requirements for agencies to respond to public records requests varies depending on whether the records requestor is an Idaho resident. See §74—103(2) for up-to-date timeline requirements.

Under §74—102(13), I.C., a public agency may not refuse access to records "by contracting with a nongovernmental body to perform any of its duties or functions." Furthermore, public agencies are required, without exception, to separate exempt information from records when a request is made, and to provide access to the non-exempt material. The law does not require the agency to provide copies of records in a format not used by the agency in the normal course of business.

For example, the agency need not alphabetize information upon request or engage the services of a computer programmer to provide the information in a format desired by the requesting party.

5.2.5 Protecting the Integrity of the Records

In *Adams County Abstract Co. v. Fisk*, the court decided a case about allowing the title company to copy original documents with its own equipment prior to the microfilming of the records. The Idaho Court of Appeals held that the county recorder could not be compelled to allow private photocopying of public records in the courthouse, could reasonably restrict the physical handling of original documents, and could require that the county's copying equipment be used. §§74—101(1) & (2), I.C., provide the right to examine public records "at all reasonable times," and the right to receive photographs or other copies "using equipment provided by the public agency or independent public body corporate and politic or using equipment designated by the custodian." By this language, the legislature determined that the public agency may decide, for example, what degree of access would be allowed to its computer system. In §74—101(7), I.C., the custodian of the records shall maintain "...such vigilance as is required to prevent alteration of any public record while it is being examined."

5.2.6 Retention of Public Records

Idaho's counties are governed by statutes that define how records should be classified and retained, as well as the procedure for destruction of public records. (See the copy of §31—871, I.C., in the addendum of this manual.) Record retention policies and procedures shall remain consistent with the principles of the Idaho Public Records Law.

5.2.7 Copying Public Records

The concept of the law is that examination and copying of public records is part of the public business, already funded by taxpayers. Under §74—101(10)(c), I.C., an agency may establish a copying fee schedule which "may not exceed the actual cost to the agency of copying the record..." This law provides an exception to preserve fees already established by other laws, such as recorders' fees.

§74— 101(10)(b), I.C., permits charging for the "fees to recover the actual labor and copying costs associated with locating and copying documents." The language of the law regarding the cost of providing computer or similar records is rendered somewhat unclear, however, by language, which also allows the agency to collect "the standard cost, if any, for selling the same information in the form of a publication." It is the belief of the attorney general's office that this language permits a public agency to offer the requested information in an already-printed publication, and to charge the standard cost of selling the publication.

5.2.8 Costs for Public Records

Can an agency recover the cost of mailing or faxing copies of public records? The law requires an agency to provide public records to members of the public; the agency is not required to send

the records to the person making the request. Nothing in the law restricts the recovery of actual mailing or telecommunications costs if there is a request to mail or FAX information to someone.

What fees may be charged for any labor costs incurred in locating, redacting, copying, and providing access to public records? An agency may establish a fee to recover such labor costs for voluminous or complex requests, or requests that involve locating archival information [§74—101(10), I.C.]. Also, if an agency must incur additional expense to provide access to records during other than normal working hours, or requires the services of outside contract copying companies, or overtime on the part of its own employees, the agency may require advance payment to compensate for this additional expense [§74—101(12), I.C.].

5.2.9 Procedure for Denial of a Request for Public Records

Who determines if a request for records must be denied? The person legally responsible for administering the public agency or independent public body corporate and politic will determine if a request is to be denied in whole or in part with the advice of the prosecuting attorney or entity's legal adviser as applicable. Such denial shall be in writing citing statutory authority for the denial, and include a clear statement of the right to appeal and the time for doing so.

What right does an individual have to protest the denial of a request for public records? §74—115, I.C., authorizes a person aggrieved by the denial of a request for information to file a petition protesting that decision in the district court of the county where the records or some part of them are located. The petition must be filed within 180 days from the date of mailing of the denial notice.

5.2.10 Reproduction of Records-Destruction of Originals

Under §63—218, I.C., authorization is given to the state tax commission and any political subdivision of the state of Idaho to "photograph, microphotograph, film or reproduce by other technological means any document or record kept by it..." Those records that have been reproduced have the same force and effect as the original and shall be treated as the originals for the purpose of their admissibility in evidence [§63—218(2), I.C.].

After the records have been reproduced the "State Tax Commission or any political subdivision of the state of Idaho in its discretion may cause the original records from which reproductions have been made... to be disposed of or destroyed..." In destroying records §31—871(2)(d), I.C., should be followed. (See the copy of §31—871, I.C., in the addendum of this manual.)

Before destroying any reproduced records, the historical society should be contacted to see if they would like the originals of the records to be destroyed. The historical society is responsible for the collection and oversight of records with enduring value. Lists of those records with enduring value or any questions you may have can be found at: https://history.idaho.gov/collections/

5.2.11 Legal Issues

Many public officials don't realize the seriousness of illegally destroying or falsifying office records — it is a felony. §18—3201, I.C. says that any public employee "who willfully destroys, alters, falsifies or commits the theft" of any government record is guilty of a felony. It is important that employees clearly understand the penalty of such an offense and conduct themselves accordingly.

Questions

What type of records are exempt from disclosure?

The Idaho Attorney General publishes an "Idaho Public Records Law Manual" that every County Assessor should have a copy of. §§74—104 through 74—111, I.C., list the records that are exempt from disclosure.

§74—104,I.C. Records exempt from disclosure — Exemptions in federal or state law — Court files of judicial proceedings.

§74—105, I.C. Records exempt from disclosure — Law enforcement records, investigatory records of agencies, evacuation and emergency response plans, worker's compensation.

§74—106,I.C. Records exempt from disclosure — Personnel records, personal information, health records, professional discipline.

§74—107, I.C. Records exempt from disclosure — Trade secrets, production records, appraisal, bids, proprietary information. — This section was updated in the 2011 legislative session with HB 239.

§74—108, I.C. Exemptions from disclosure — Archaeological, endangered species, libraries, Licensing exams.

§74—109, I.C. Records exempt from disclosure — Draft legislation and supporting materials, tax commission, petroleum clean water trust fund.

What are the law's requirements regarding distributing, selling or using lists of persons for mailing or telephone number lists?

§74—110, I.C. Records exempt from disclosure — Records of court proceedings regarding judicial authorization of abortion procedures for minors.

§74—111, I.C. Records exempt from disclosure — Records related to the Uniform Securities Act.

5.3.0 Urban Renewal (Tax Increment Financing)

5.3.1 Introduction

Chapter 20 of Title 50 provides the statutory authority for each municipality, defined as a city or county, to raise revenue to finance economic growth and development using tax increment financing. In Idaho, such tax increment financing is called Urban Renewal. Each municipality

has the statutory authority to draft a resolution creating an independent public body corporate called an Urban Renewal Agencies (URA). URAs are administrative bodies which draft a plan of operation to outline development projects spearheaded by the agency. Any formation of a URA after July 1, 2011, requires voter approval. URAs are required to file an annual financial report with its governing body and are subject to the same audit requirements as a municipality.

To raise funds to pay for future development projects, the Urban Renewal Agency files an ordinance to create a Revenue Allocation Area (RAA). An RAA is a defined geographic area in which property tax revenue, collected on newly constructed improvements and the market appreciation of existing parcels, is paid to the Urban Renewal Agency. Once the RAA is created, the Urban Renewal Agency must file a plan for each RAA.

Existing parcels, both land and improvements, in the defined geographic area at the time the RAA was formed is called the base value. All newly constructed improvements and the market appreciation on existing parcels within the RAA are defined as increment value. Property taxes paid on the base value of parcels within the RAA are paid directly to the taxing districts whose district boundaries overlap with the RAA. Property taxes paid on the increment value within the RAA are paid to the Urban Renewal Agency to fund the agency's development projects. Urban Renewal Agencies are not taxing districts and have no legal authority to levy property taxes. Revenue is raised by the agency by using the property tax levy rates of the underlying taxing authorities multiplied by the increment value to calculate the property taxes owed to the Urban Renewal Agency. Underlying tax authorities still collect their entire property tax budget, plus an allowance for a 3% increase, if they so choose. Taxing districts cannot convert new construction value into new budget authority until the RAA terminates and no longer generates revenue for the Urban Renewal Agency. When an RAA eventually terminates, the increment value is placed on the new construction roll and available to taxing districts to calculate budget increases. However, taxing districts are restricted from increasing their annual property tax budgets by greater than 8%.

Voter approval is not required when Urban Renewal Agencies form RAAs, however there are several limitations to consider. If an Urban Renewal Agency created by a city municipality forms an RAA, the boundary cannot extend more than five miles outside the city, unless operated jointly with a county. One annexation is allowed per RAA and the annexation can only increase the original area by 10%. Additionally, the base value is fixed to reflect the assessed value of the parcels at the time the RAA was formed, but there is no limit on increment value within the RAA. See Section 50-2905A, I.C. and Administrative Rule 804.

Example

Assume there is a highway district with a total taxable value of $100,000,000 in 2023. An RAA is formed by an Urban Renewal Agency, and it is located within the highway district. When the RAA was formed, the county assessor determined that the assessed value of the parcels within the RAA's boundary is $10,000,000. Therefore, the base value is $10,000,000.

The next year, the highway district is setting its maintenance and operations' budget.

- Highest of the previous three years budgets = $185,000
- Current year's budget needs = $191,500
- Maximum increase allowed over the highest three years:
- $185,000 X (3% annual increase + 5% new construction) = 185,000 X 1.08 = $199,800

Generally, a taxing district's property tax levy rate is calculated by dividing the district's annual property tax budget by the net taxable value of all taxable parcels within the district's boundary. However, any taxing district which overlaps with an RAA must calculate its property tax levy rate differently. The levy rate is calculated as though the increased value or newly constructed improvements (increment value) within the RAA does not exist. The levy is calculated on the net taxable value of the taxable property in the highway district but outside the RAA, *plus* the base value within the RAA ($10,000,000 in this example).

Assuming the market has increased by 5% over the previous year and the value of the property within the RAA has grown to $10,500,000, the increment value is now $500,000. The newly calculated levy rate (using the budget divided by the total taxable value in the district outside of the RAA plus the base value) will be applied to the total value of the taxable property within the district, including the $10,500,000 within the RAA.

- The highway district: $191,500 (budget needs) / $104,500,000 (Taxable Value, including Base in the RAA) = 0.001832535 Property Tax Levy
- Property tax paid to the highway district: $191,500
- $500,000 (increment value) X 0.001832535 (Levy rate) = $916.27 (Paid to UR Agency)

The following chart depicts this example for the Highway District (HD) within which this revenue allocation area (RAA) exists.

	2023	2024
Highway District Total Value	$100,000,000	$105,000,000
RAA Base Value	$10,000,000	$10,000,000
RAA Increment Value	$0	$500,000
Taxable Value used for District Budget including RAA Base Value	$100,000,000	$104,500,000
Taxable Value in RAA	$10,000,000	$10,500,000
Highway District Budget	$185,000	$191,500
Urban Renewal Agency Property Tax	$0	$916.27

5.3.2 General Provisions

Urban renewal and tax increment financing are primarily governed by two chapters in Idaho Code. §50—20, I.C., creates procedures for the establishment of urban renewal agencies and describes bonding authority and other powers of such agencies. Chapter 29, title 50, provides statutory language for local economic development by granting urban renewal agencies the authority to raise revenue to finance development projects within urban renewal areas. Idaho Code requires that a map of the RAA be prepared and submitted to the assessor and the state tax commission in the same manner for maps of taxing districts (§63—215, I.C.).

Two chapters in the Idaho Code primarily govern urban renewal and tax increment financing. §50—20, I.C., creates procedures for establishing urban renewal agencies and describes bonding authority and other powers of such agencies. Chapter 29, title 50, provides statutory language and grants urban renewal agencies the statutory authority to raise revenue to finance development projects within urban renewal areas. Idaho Code requires that a map of the RAA be prepared and submitted to the assessor and the state tax commission in the same manner required for maps of taxing districts. (§63—215, I.C.).

Section 50-2007, I.C. provides a partial list of the types of improvements that urban renewal agencies can develop. Bond sales are a common source of financing for improvements developed by urban renewal agencies. These bonds are not subject to voter approval. Property taxes paid on increment value within the RAA are the revenue source used to pay the debt service on bonds sold by URAs.

5.3.3 State Tax Commission Responsibilities

The state tax commission is required to review and approve levies and the property tax portions of taxing districts' budgets to ensure that certain limits are not exceeded. In addition, the state tax commission apportions operating property values to RAAs. the state tax commission also provides technical assistance to county officials who must understand urban renewal and economic development law sufficiently to deal with the following issues:

- Identifying the boundaries of the RAA within the urban renewal area. (§63—215, I.C., and property tax Rule 225)
- Establishing and annually updating the base value within each RAA. (§50—2903A, I.C., and property tax Rule 804)
- Establishing and annually updating the increment value within each RAA. (§50—2903A, I.C., and property tax Rule 804)
- Calculating property tax levies for taxing districts that overlap RAAs. (§50—2908, I.C.)
- Allocating property tax revenue derived from properties contributing to the increment value, such as the increment value times the city's property tax levy distributed to the urban renewal agency. (§50—2908, I.C.)

- Allocating sales tax revenue to cities for revenue sharing purposes. (63—3638, I.C., and property tax Rule 995)

Beginning in 2017, the Tax Commission is also required to maintain a registry of urban renewal plans or links to urban renewal agency website locations where plans can be found. In addition, the Tax Commission must now administer penalties for urban renewal agencies that fail to submit plans or updates to plans as required under §§50—2913, I.C. Additional penalties are provided for urban renewal agencies that modify plans. This latter provision is found in Section 50—2903A, I.C., and applies only to revenue allocation areas formed on and after July 1, 2016.

5.3.4 Definition of Terms

Urban renewal area. An urban renewal area is any area designated by a local governing body for an urban renewal project [§50—2018(11), I.C.]. Urban renewal areas can be within the corporate boundaries of the municipality, and can also include an area within five miles of such boundaries [§50—2018(18), I.C.]. New urban renewal areas formed beginning July 1, 2011, require an election.

Municipality. Municipality is defined to be any incorporated city, town, or county [§50—2018(2), I.C.].

Revenue allocation area (RAA). An RAA is an area within an urban renewal area and is the portion of the urban renewal area that the municipality has determined will increase in property value due to implementation of an urban renewal plan. The base property value in an RAA or RAAs cannot exceed 10% of the value of the taxable property in the municipality at any time [§50—2903A(15), I.C.]. The RAA(s) is the area(s) within which the base and increment value must be established and annually updated, and within which reallocation of property tax revenue takes place.

Base assessment roll. The base assessment roll represents the taxable value of property within an RAA. This value is determined from all property tax rolls (property roll, subsequent property roll, missed property roll, and operating property roll) for the year in which the urban renewal plan is adopted. For example, if the urban renewal plan is adopted in 2002 and the state tax commission accepts the boundaries of the RAA for the 2003 property tax year, the value on the base assessment roll for this RAA is the total value of all the taxable property within the boundaries of the RAA for 2002, not that value for 2003. If taxable values decline in a future year, the base roll value is adjusted downward. Similarly, the base value is adjusted downward to account for property becoming exempt, and it is adjusted upward for property that was exempt becoming taxable. However if property values increase due to the loss of the speculative value exemption the value of the site improvements are to be excluded from the amount that will be added to the base value [§50—2903A(4), I.C., and property tax Rule 804.2.d.ii.].

This applies only to site improvements that are recognized in cases of loss of the speculative value exemption that applies to land actively devoted to agriculture and does not apply to site improvements that were once exempt under 63—602W(4),I.C. The base is adjusted upwards for

loss of the site improvement exemption provided in 63—602W(4). There is an exception, by rule, for personal property granted an exemption pursuant to §63—602KK, I.C. In this limited case, the exempt value is taken from the increment first, rather than the base value. Additional value caused by inflation of existing property or new construction does not change the value on the base assessment roll, but is attributed to the increment value. Value changes within the urban renewal area, but not within the RAA, affect the overall tax base (value of property against which levies are computed), but do not affect the base assessment roll. The base assessment roll only applies to the more geographically limited RAA. Property taxes levied against property on the base assessment roll are distributed to the respective taxing districts that are levying the taxes, not to the urban renewal agency.

Increment value. Increment value is the value within the RAA that exceeds the value on the base assessment roll [§50—2903A(10), I.C.]. Unless related to change of exempt status, or change of land use if agricultural land changes to another use, all value increases within the RAA are added to the increment value. Most levies are applied against, but not computed by using increment value. Property taxes computed against this value are paid by the property owners to the county, but the revenue is allocated by the county to the urban renewal agency, except special levies or situations as provided in §50—2908(1), I.C.

5.3.5 Public Participation

In establishing urban renewal areas, local governing bodies are given power to reach necessary findings and to appoint urban renewal agency commissions by resolutions or ordinance. Such ordinances must be adopted with the same public participation that applies to any other municipal ordinance. Specifically, §50—2008(c), I.C., requires the local governing body to hold a public hearing regarding approval of the plan for the urban renewal project. However, no law requires the governing body to hold any election on this issue; and the members of the governing board of the urban renewal agency are appointed, not elected. The only specific public hearing requirement relating to any modification of an urban renewal plan is the general provision under §50—2006, I.C., to comply with the open meeting law.

Additionally, the urban renewal agency is required to file an annual financial statement with the local governing body and publish a notice that such a statement has been filed. It shall also adopt an annual budget and file the same with the local governing body (§50—2006, I.C.).

Idaho Code establishes a limitation on the public review of the adoption or modification of a plan, and issuance of bonds. §50—2027(2), I.C., states in part:

For a period of thirty (30) days after the effective date of the ordinance or resolution, any person in interest shall have the right to contest the legality of such ordinance, resolution or proceeding or any bonds which may be authorized thereby. No contest or proceeding to question the validity or legality of any ordinance, resolution or proceeding, or any bonds which may be authorized thereby, passed or adopted under the provisions of this chapter shall be brought in any court by any person for any cause whatsoever, after the expiration of thirty (30) days from the effective date...

Urban renewal agencies are given broad powers to acquire property, dispose of property, issue bonds, and construct facilities without public participation. The meetings of boards of county commissioners, city councils, and urban renewal boards of commissioners are subject to Idaho's Open Meeting Law, with its respective requirements regarding public notice of meetings and published agendas.

5.3.6 Property Tax Rate

All property in urban renewal areas that is not otherwise exempt is taxable and pays property tax based on the prevailing rate (combined levies) in the tax code area in which the property is located. Property comprising the base value within the RAA pays tax to the appropriate taxing districts with no special consideration. The difference is for property taxes generated by application of appropriate levies to property that comprises the increment value, the amount paid is allocated to the urban renewal agency to be placed in a special fund "... to be used for the purposes enumerated in this chapter..." [§50—2908(3), I.C.].

5.3.7 Taxing Districts Considerations

When a taxing district boundary overlaps the boundary of an RAA (with an increment value), there generally is no effect on the property tax budget of the taxing district. This is the case for the following reasons:

1. The taxing district levy is computed by dividing the adopted property tax budget (dollars) by the value of the taxable property in the taxing district, including the value of the base assessment roll, but excluding the value of the increment. However if the levy is for the purpose of paying the obligation listed in §50—2908(1), I.C. the increment value must be included in the calculation of the levy. This may require the creation of a new tax code area which will include the area of the obligations listed in §50— 2908(1), I.C.

2. Most property tax budgets are constrained by the limits found in §63—802, I.C., which permits the budgeted non-exempt portion of the property tax to grow by 3% per year, with additional allowances for value increases due to new construction and annexation.

3. Levy (rate) limits are found throughout Idaho Code, but most districts have actual levies far below these limits as a result of more stringent budget constraints.

4. Taxable new construction occurring within the RAA is not included on the new construction roll in the year after the year of construction. At the time the RAA is dissolved, the increment value, less the total of the increment value on the property roll, subsequent property roll, and missed property roll in 2006, is included on the new construction roll. This means that any taxing district with boundaries including the area of the RAA cannot increase its maximum allowable property tax budget for new construction and possible increases in demands for services to new properties within the RAA until the RAA is dissolved. A similar enhancement of new construction roll values occurs when property is de-annexed from an RAA.

In this environment, limiting the value used as a base for computing tax levies usually results in increased tax rates, shifting taxes to taxpayers that are not within the RAA. The increased levy generates the amount of property tax revenue certified in the taxing district's budget (except for delinquencies and tax cancellations). With the exception of funds which may reach levy limits and certain cities which have been authorized to increase their property tax levies, taxing districts are held harmless from any adverse effect on the property tax budgets as a result of the existence of the urban renewal areas.

Certain taxing district funds, like county current expense or justice funds, are close to levy limits in some counties with urban renewal areas. When taxing districts are close to levy limits, the existence of urban renewal areas may play a role in limiting the taxing districts' abilities to increase property tax budgets and meet needs for services.

5.3.8 Occupancy Tax

In addition to revenue from property tax, many taxing districts receive revenue from occupancy tax pursuant to §63—317, I.C. Property tax Rule 317 provides clarification relating to the distribution of occupancy tax revenues collected on properties within RAAs. Occupancy taxes paid on property within the RAA are distributed by the county to the urban renewal agency unless the levy is for the situations identified in §50—2908(1), I.C.

5.3.9 Sales Tax Distribution

Sales tax distributions to cities are partially dependent on value and are affected by incremental value. For a portion of the distribution, the RAA increment value is added to the base value. By using this higher value, cities with RAAs command a greater share of the revenue sharing monies, taking money away from cities without RAAs. This distribution is from clarification provided by property tax Rule 995.

5.3.10 Termination

RAAs are limited to a term of 20 years unless established before July 1, 2000. Any established before that date with a stated term shall expire upon the stated term (§50—2904, I.C.). In the year preceding the year of termination, an urban renewal agency must adopt and publish a budget to specifically cover the projected expenses and make a determination whether the RAA can be terminated before January 1 of the year of the termination date. If the agency determines the current revenues are sufficient to cover all estimated expenses for the current and any future years, the agency shall notify the local governing body, the county auditor, and the state tax commission by September 1 of the termination of the RAA by December 31 of the current year and declare any surplus for distribution. Upon such notice, the increment value of that RAA must be included in the net taxable value of the taxing districts for determination of property tax levies. That increment value must also be included in subsequent notices of taxable value for each taxing district and subsequent certification of actual or adjusted market values for Boise School District [§50—2903A(5), I.C.]. That increment value less the total increment value for

that RAA on the 2006 property tax assessment rolls will be added to the new construction value for the year following the year of dissolution.

When the budget for an RAA estimates that all financial obligations have been provided for or shall be satisfied and the agency has determined no additional project costs need to be funded through revenue allocation financing, the allocation of revenues shall cease (§50—2909, I.C.). However, the law also recognizes urban renewal agencies will receive revenue in the year following the date of termination and provides requirements for the retention and disposition of assets held by the agencies upon the date of termination (§50—2905, I.C.). Revenue allocation area funds returned to the county must be distributed by the county to the taxing districts within which the revenue allocation area existed in the same proportion as the most recent distribution of property tax revenue (§50—2905, I.C.).

5.4.0 Media Guide

This guide helps county officials and staff effectively engage with modern media to ensure your story is told accurately and resonates with the public.

Why It Matters

Good media relations are vital for building public trust and ensuring the community understands your work. In today's 24/7 media environment, being proactive and transparent can help you tell your story clearly and avoid misunderstandings.

Getting your story in the news is no longer about having high-level "contacts" — it's about crafting a relevant message, using available platforms (traditional and digital), and being responsive.

5.4.1 How Newsrooms Operate

Newsrooms today operate across multiple platforms: print, broadcast, and digital (websites, social media, podcasts, and newsletters).

- Story Ideas: Reporters pitch ideas or get assignments from editors. Many ideas come from press releases, social media, or community tips — so your outreach can be a key source.
- Specialized Beats: Journalists often specialize in topics (like local government, education, or public safety). Get to know who covers your area.
- Editors & Producers: They decide what runs and how. Build relationships with them over time.
- Digital-First: Newsrooms prioritize online updates and social media first, with print or broadcast following.

Wire Services (AP, Reuters) and Aggregators are still important — but increasingly, newsrooms rely on local stories with strong digital engagement.

STEP 1: Clarify Your Goal

Decide, Are You:

- Sharing information (like a public event or policy update).
- Promoting a program or initiative (like online DMV services or tax assistance).
- Correcting misinformation or responding to controversy.

STEP 2: Find the News Angle

To break through the noise, highlight:

- What's new or changing
- Timeliness-link to current events, upcoming deadlines, or trends
- Relevance-why the public should care
- Human connection- real people's stories or experiences

If you're unsure of the best angle, write down everything you know and identify the most compelling fact or statistic.

STEP 3: Identify the Best Channels

Think beyond traditional print and TV:

- Local newspapers and TV/radio stations
- Hyperlocal news websites, blogs, and vlogs (i.e. YouTube channel)
- Social media — post updates directly on your office's accounts
- Community newsletters or podcasts

Smaller outlets (like local podcasts or Facebook community groups) can be just as effective — and often more engaged.

STEP 4: Be Ready for Coverage

Before reaching out:

- Designate a spokesperson who's informed, prepared, and available.
- Create a concise "media kit" if needed: a short summary, fact sheet, and relevant photos or graphics.
- Anticipate questions — especially around contentious topics — and have clear, factual answers ready.

- Understand you won't control the final story — journalists decide how to present it.

5.4.2 Writing a Modern Press Release

A good press release is clear, concise, and complete. Here's how to structure it:

1. Use your official letterhead.
2. Put a date and mark it "For Immediate Release" (or embargoed if you want it released on a specific publishing date).
3. Include a direct contact: Name, phone, and email of your media contact or spokesperson.

Crafting the Content

Headline: A short, clear summary of your news.

First Paragraph: The most important information – who, what, when, where, why – in plane language.

Second Paragraph: Additional details, context, or quotes.

Third Paragraph (optional): Background information about your office or program.

- Use short, direct sentences.
- Avoid jargon—imagine you are speaking to your neighbor.
- If sharing opinions attribute them to a spokesperson.
- Keep it to one page if possible.
- Double-check facts and spelling—accuracy is key to credibility.
- Attach relevant images or links—high-quality visuals boost engagement.

SAMPLE PRESS RELEASE

May 12, 2024
For Immediate Release

Contact:
Brian Stender, Canyon County Assessor
Phone: (208) 555-1234
Email: bstender@canyoncountyid.gov

Free Workshop to Help Seniors Lower Property Taxes

Canyon County Assessor's Office will host a free workshop, **"Demystifying the Circuit Breaker,"** on **Saturday, June 12, from 9 a.m. to noon** at the **Canyon County Courthouse**.

The workshop is designed to help seniors, people with disabilities, and other qualifying residents apply for property tax relief under Idaho's Circuit Breaker Program.

Attendees should bring:

- Their most recent federal tax return
- Proof of income (e.g., Social Security statements)
- Documentation of medical expenses

Canyon County staff will be on hand to answer questions and assist with applications.

For more information, contact: Brian Stender at (208) 555-1234 or bstender@canyoncountyid.gov.

####

Social Media: Your Own Media Platform

Use your official accounts (Facebook, X/Twitter, Instagram, LinkedIn) to:

- Share updates directly
- Post videos or short statements from your spokesperson
- Respond to questions and comments professionally

Be Proactive, Transparent, and Available

- Build relationships with local journalists, be a resource they trust.
- Be prompt and transparent in sharing accurate information, especially during controversies.
- Be available for follow-ups, your credibility depends on it!

Press Release Template

[Your County Logo or Letterhead]

[Date]
FOR IMMEDIATE RELEASE

Contact:
[Spokesperson's Name, Title]

[Office or Department]
Phone: [XXX-XXX-XXXX]
Email: [email@example.com]

[Headline: Clear and concise summary of your story]

[City, State] – [Date of event or announcement] –
[Intro Paragraph (Who, What, When, Where, Why): Provide a clear and compelling summary of the news or event. Include any urgent or timely information.]

[Second Paragraph: Add more context, quotes, or background about why this matters to the public. If there is a relevant spokesperson quote, include it here. Make sure to attribute the quote clearly (e.g., "According to John Smith, County Assessor…").]

[Optional Third Paragraph: Additional details, related programs, or future plans.]

For more information, please contact:
[Spokesperson's Name and Title]
Phone: [XXX-XXX-XXXX] | Email: **[email@example.com]**

About [Your County Office or Department]
[One to two sentences about your office, its mission, and how it serves the public.]

###

End of Press Release

Quick Tips for Using This Template:

- Keep your language simple and direct.
- Use bullet points if you're listing multiple items (like what to bring or important dates).
- Always double-check spelling, dates, and facts.
- Don't forget to attach images, links, or digital resources to your email.

When you want to include extra information without making your release too long, you should assemble a news packet. A news packet can save reporters time in gathering background information about your event. Besides your news release, a news packet can include:

- Fact sheets or pamphlets on your organization and/or event
- Biographies of key persons involved in your story
- Photographs
- Texts of speeches
- Reproduced copies of newspaper articles on your topic

Guidelines for materials in a news packet are similar to those for news releases. They should be typed, double — or triple — spaced on 8 1/2" x 11" paper. Make sure the material is accurate.

Put the materials in a folder or simply clip them together — but make sure the release is on top. Send only important material and check to see what the deadline is for photos.

5.4.3 Sending the News Release

The best-crafted news release won't have an impact if it's not sent to the right people at the right time.

Timing tips:

- For event listings: Send at least two weeks in advance so it can be included in online community calendars and printed newsletters.
- For coverage at the event (like news conferences or major announcements): Send at least 48 hours in advance to give reporters time to plan.
- For breaking news**:** Send as soon as possible and follow up by phone, text, or direct message to make sure it's seen.

Modern Distribution:

- Email is the primary channel. Use professional email addresses and keep your message short in the email body, with the release attached as a PDF or Word doc.
- If you have a media contact list, address your release to a specific reporter or editor — personalization matters!
- If you don't have a direct contact, send to the city editor (print), the news editor (community papers), the assignment editor (TV), or the news director (radio).
- Don't forget to post the release on your official county website and social media platforms news outlets often monitor these for updates.

Pro Tip:
After sending, follow up with a short email or phone call to make sure the release was received. This shows you're proactive and helps your message stand out in a crowded inbox.

5.4.4 Timing Is Everything

Key considerations when planning events or announcements:

- Avoid conflicts with major events (e.g., elections, festivals, or national news stories) that might overshadow yours.
- Mornings are best for most media coverage, reporters have more time to meet deadlines, and you're more likely to make the day's news cycle.
- For live TV coverage, consider early evening events that can be shown during prime-time newscasts but be concise, as live segments are usually under two minutes.
- Virtual or hybrid options: Offer livestreams or virtual interviews to accommodate reporters who can't attend in person.

5.4.5 Hosting an Effective News Conference

A news conference is a powerful tool to reach multiple media outlets at once — but it's important to use them strategically.

When to hold a news conference:

- For major announcements that need broad coverage.
- For urgent or breaking news where you want to ensure clarity and consistency.
- When you want to show visuals or demonstrations that support your message.

How to make it successful:

- Announce in advance: Send a media advisory or news release 48 hours ahead.
- Choose the right location: Use a relevant, visually interesting setting (like the site of a new project or a community center).
- Designate clear spokespersons: 1-2 knowledgeable speakers with clear, concise messages.
- Have background materials ready: Fact sheets, visuals, or digital media kits.
- Start on time: Aim for a 10-minute presentation and up to 20 minutes for questions.
- Prepare a written statement — and share it with reporters so they can accurately quote you.
- Have a media liaison: Someone to greet journalists, hand out materials, and record who attended for follow-ups.

Pro Tip:
Use livestreaming tools (like Facebook Live, YouTube, or a county website) to broadcast the news conference and reach a wider audience beyond traditional outlets.

5.4.6 Letters to the Editor

Letters to the editor remain a valuable way to share your perspective directly with the public.

Modern tips:

- Email your letter: Include your name, address and phone number where you can be reached.
- Keep it short and focused: ideally 150-200 words.
- Be timely: if responding to a recent article, send your letter within a day or two.
- Share it on your social media: link to the letter if it's published.
- Be factual and respectful: Personal attacks and emotional rants rarely get published.

5.4.7 Guest Columns

Some outlets accept guest columns or op-eds from local leaders. These longer pieces (400-800 words) let you explore an issue in depth and show leadership.

- Tailor your piece to the outlet's style and audience.
- Be transparent about your role (e.g., "As the county assessor, I believe...")
- Use data, examples, and human-interest angles to engage readers.
- Include a short bio and photo.

5.4.8 Talk Shows and Other Public-Affairs Programming

Local radio and TV stations (and now podcasts) are always looking for engaging guests.

Tips for getting booked:

- Reach out with a brief email explaining the topic you'd like to discuss, why it matters, and why you're a good spokesperson.
- Include your contact info, social media links, and a short bio.
- Offer visuals (photos, infographics) or local examples to boost interest.

Pro Tip: Podcasts and online radio shows often have smaller but highly engaged audiences — don't overlook them.

5.4.9 Radio and TV Editorials

Many stations still accept guest editorials or short statements on key issues.

- Submit your idea via email, keep it short and relevant to current events.
- Follow up politely to ensure it was received and see if the station wants to record or air it.

5.4.10 Tips on Being Interviewed

Before the interview:

- Ask what the focus is and what questions to expect.
- Prepare key facts and taking points—practice them!

- Identify personal stories or local impacts to share.

During the interview:

- Be concise and clear: aim for short, memorable soundbites.
- Speak with energy and authenticity: people respond to passion.
- Avoid jargon: explain in plain language.
- Be honest: if you don't know an answer, say so and promise to follow up later.
- Stay calm and professional: don't get drawn into arguments.
- **Volun**teer important information: don't wait for reporter to ask.
- Avoid off-the-record comments: assume anything you say may be published.
- For TV interviews: look at the reporter not the camera.

5.4.11 Public Service Announcements

A common method of publicizing organizations, events and activities is a public service announcement (or PSA). These are commercials on radio/TV stations offered at no charge to non-profit groups. Announcements are scheduled the same as commercials, appearing for 10, 20, 30 and 60 seconds during the broadcast day.

- Submit your material at least 15 days before potential broadcast. the first day you would like it to be broadcast.
- Keep it short (10-30 seconds) and focused on public benefit.
- Record your PSA in a professional, conversational tone.
- Provide context and visuals if possible.

SAMPLE PUBLIC SERVICE ANNOUNCEMENT

Start using: 3/15/2025
Stop using: 4/15/2025

Jerome County Assessor
300 N. Lincoln, Ste. 205
Jerome, ID 83338
Contact: Bonnie Tolman, 208-324-7507
Reading time: 10 seconds

The lesser of 50% or $125,000 of the value of residential improvements is exempt. To qualify, the property must be owner-occupied and an application must be filed with the assessor's office.

5.4.12 How to Lodge a Complaint

Like everyone else, reporters are not perfect. They make mistakes, and if there is inaccurate, biased or incomplete reporting, they and their editors want to know. Even if the problem is not serious, being aware of it might prevent it recurring in later stories.

Keep in mind, however, that newspapers and broadcast outlets are not required to cover every side of every community issue. And for broadcast outlets, only political candidates are entitled to "equal time." If you believe yours or another story has been mishandled, here are some suggestions on how to lodge your complaint:

- Pinpoint the problem: is it inaccurate, biased or incomplete? Prepare evidence to back your argument. You might want to suggest other stories, or sources that would give the story a more complete or accurate presentation.
- Call the reporter first: to clarify or correct.
- Be calm and professional: don't assume the reporter was at fault. It could have been the fault of an editor who changed the wording of the story or a film editor who cut out key footage.
- If needed, escalate to an editor, news director, or ombudsman.
- Have clear evidence of errors or omissions: If you believe the story was misleading or inaccurate, ask for a retraction, correction, or clarification.

5.4.13 Maintaining Good Media Relations

Building lasting relationships with journalists and outlets pays off in the long run.

- Be helpful: Share relevant tips or leads, even if they are not about your office.
- Be honest: Credibility and trust are your biggest assets.
- Plan ahead: Give reporters plenty of notice for events.
- Follow up: Let reporters know what happened after they covered a story—they appreciate the context.
- Stay engaged: Like and share coverage on your office's social media—this shows appreciation.

Avoid these pitfalls:

- Being overly pushy or entitled. Reporters decide what's newsworthy.
- Neglecting visuals or digital materials. Photos, infographics, and video are key today.
- Limiting yourself to only one story angle. Think features, human interest, and community impact.

Key Takeaways

- Be proactive, honest, and clear.
- Use modern channels like social media and email but never undervalue personal connections.
- Focus on community impact and human stories.

- Stay calm, open, and professional, even when correcting the record.

6.0.0 GLOSSARY & CALENDAR

6.1.0 Glossary

This glossary is a compendium of the following authoritative sources and are taken verbatim or paraphrased:

Black's Law Dictionary, Sixth Edition, published by West Publishing Co.
Glossary of Real Property Ad Valorem Tax Assessment Terms, published by Wayne Moore.
Idaho Code, published by Michie.
Property Appraisal and Assessment Administration, published by the International Association of Assessing Officers.

Abstract Method: Method of land valuation whereby improvement values obtained from the cost model are subtracted from sales prices of improved parcels to yield residual land value estimates.

Abstract of Value: A report or display which provides a summary of land, structure and total value for each parcel in a selected area with the grand totals by land use classification at the end.

Actual and Functional Use: Generally, the Idaho Supreme Court has interpreted this to mean the existing use for which the property is designed or intended. (See "Actual and Functional Use," in this manual.)

Ad Valorem Tax: Tax levied based on the value of an item; an example is property tax.

Adjusted Sale Price: The sale price that has been adjusted for the effects of time, financing and personal property.

Adjustments: Modifications in the reported value of a variable, such as sale price. These adjustments can be used to estimate market value in the sale comparison approach, for example, by adjustments for differences between comparable and subject properties.

Age/Life: A method of estimating accrued depreciation based on the age of the property and its economic life. Also called straight-line depreciation.

Anticipation: Market value accounts for the present worth of future benefits or detriments associated with the ownership of property.

Appeal: The informal or formal action by an owner of a parcel to seek a change in the assessed value of a parcel.

Appeal Period: The established period during which owners may file a formal appeal if they desire to contest the assessed value of a parcel.

Appraisal: The estimate of value for the purpose of revaluation and eventual assessment.

Appraisal Date: The date as of which the assessments for a tax year are made. (See "Appraisal Date," in this manual.)

Appraisal Foundation: The organization authorized by Congress as the source of appraisal standards and appraiser qualifications.

Appraisal Institute: A leading organization of professional real estate appraisers. This organization confers professional designations of MAI and SRA.

Appraise: The act of estimating the value of property for property tax purposes.

Arm's Length Sale: A sale between two unrelated parties, each of whom is reasonably knowledgeable of market conditions and under no undue pressure to buy or sell.
Assessed Value: The amount of money for a property entered on the assessment roll for purposes of computing the tax levy.
Assessment Date: The status date for tax purposes. Appraised values reflect the status of the property and any partially completed construction as of this date, except as otherwise directed by statute. **Assessment Level:** An overall indication of the level of the tax base relative to the prevailing value standard such as market value.
Assessment Notice: The official communication (legal notice) to the owner of a parcel stating the assessed value of the parcel on the tax lien date.
Assessment Roll: The official listing of assessed values as the tax lien date upon which tax liability (bills) will be calculated.
Assessment Sale Ratio: The assessed value of a parcel divided by the sales price of the same parcel.
Assessment Year: The 365 days either beginning or ending on the assessment date.
Associated Parcel: A parcel which is related to the subject parcel in some manner such as common ownership.
Attribute: A characteristic of a property.
Balance: The principle that the greatest value in property will occur when the type and size of improvements and uses are proportional to each other as well as to the land. **Base Line:** A principle east-west line in the rectangular land survey system.
Building Permit: A document issued by a local code enforcement and inspection department allowing construction to begin. A copy of the permit is normally forwarded to the assessor's office for tracking new construction.
Bundle of Rights: The six basic rights associated with the private ownership of property; right to use, sell, rent or lease, enter or leave, give away, or refuse to do any of these.
Burden of Proof: Except in cases of tax fraud, the initial burden of proof in a tax case generally is on the taxpayer.
Cadastral Map: A map displaying property ownership boundaries, dimensions, and other useful information, such as parcel identification numbers.
Capitalization Rate: The ratio between net income and value. The current value of a property can be estimated by dividing its current or stabilized net income by the appropriate capitalization rate. (See "Capitalization," in this manual.)
Change: The tendency of the social and economic forces affecting supply and demand to alter over time, thus influencing market value.
Combination: After verification with the property owner and verification of no legal reason for the division such as differences in ownership like a mortgage or location within differing sets of taxing districts for property tax purposes, the assessor may identify two or more parcels of property with different parcel numbers as one parcel with one unique parcel number.
Condominium: A special form of property ownership whereby the owner receives full property rights and interest in a specifically described part of the structure and an undivided interest in the

common areas and land. This form of ownership requires a master deed conforming to local statutes. (See "Condominiums," in this manual.)

Conformity: The principle that the value of a property depends in part on its relationship to its surroundings.

Consideration: The sale price officially recorded as the transaction price either as part of the deed or on the conveyance form when a property is transferred from a grantor to a grantee.

Consistent Use: The concept that land should not be valued on the basis of one use, while the improvements are valued on the basis of another.

Contribution: The value of property component is measured in terms of its contribution to the value of the whole, rather than by its cost alone.

Corner Influence: An effect on value found most often in commercial properties because of greater ease of entry and exit, accessibility to higher volume of traffic and increased show: window and advertising space.

Cost to Cure: Estimated cost to correct or replace a component or defect within a property.

Cost Approach: The method of estimating the value of property by: (1) estimating the cost of construction based on replacement or reproduction cost new or trended historical cost (often adjusted by a local multiplier); (2) subtracting depreciation; and, (3) adding the estimated land value.

Cost Index: An index showing the variation in construction costs over time.

Cost Manual: A set of cost factors organized in schedules or tables, with instructions for their use. **Curable:** That part of depreciation that can be revised by correcting deferred maintenance and modeling to relieve functional obsolescence.

Date of Sale (date of transfer): The date upon which the sale is agreed. This is considered to be the date the deed, or other instrument of transfer, is signed.

Deed: The instrument normally used to convey rights in a parcel.

Depreciation: The loss in value to property, after construction or purchase.

Depreciation Schedules: Tables used in mass appraisal which show the typical loss in value to various ages or effective ages for different types of properties. (See "Depreciation Schedules," in this manual.) **Depth Factor:** Standard, mechanical technique for determining the values of an urban land lot having certain depth from the value of a base lot having different dimensions.

Divided Rights: Rights to property that have been divided among several owners in partnerships, joint tenancy, tenancy in common, and time sharing.

Easement: A right held by one party to use the land of another party (usually the owner) for a specific purpose such as placement of utility lines or access to another property.

Economic Life (years): The period of time during which buildings or other improvements on a property are expected to contribute positively to the value of the total property. At the end of this period, the improvements are normally demolished and replaced.

Economic (external) Obsolescence: A loss in value resulting from an impairment in utility and desirability caused by factors outside the property's boundaries.

Economic Rent: See market rent.

Effective Age: The structure's typical age with respect to condition and utility, as of the appraisal date.
Engineering Breakdown Method: A detailed age/life method that can be used in conjunction with the quantity-survey of unit-in-place methods of estimating RCN.
Equalization: The process by which an appropriate governmental body attempts to ensure that property under its jurisdiction is appraised equally at market value, except as otherwise required by law.
Federal Rectangular Survey System: A surveying system used extensively in North America based upon a rectangular grid of townships made up of 36 sections of one-square mile each.
Fee Simple Absolute (fee simple): Complete interest in a property subject only to government powers and limits specifically cited in the deed.
Functional Obsolescence: A loss in value due to inability of the structure to perform adequately, the function for which it is used.
Functional Utility: The ability of improvements to satisfy market standards and demands.
Geo Code: The string of characters used to convey the geographic location of the parcel, either as coordinates for a GIS map database or from a standard surveying system such as the Federal Rectangular Surveying System.
Geodetic Control Network: A system of monuments used as reference points in constructing maps and surveys through triangulation.
Geographic Information System (GIS): One type of computerized mapping system capable of integrating spatial data (land information) and attribute data among different layers on a base map.
GPS Control Point: Ground positioning satellite reference point on the earth's surface.
Grantee: The party to whom property rights are conveyed by a deed.
Grantor: The party who grants (conveys, sells, transfers) property rights by deed.
Historical Cost: The original cost of a building, improvement, or personal property as opposed to the current replacement or reproduction cost.
IAAO: International Association of Assessing Officers, a leading international organization of assessors and professional property tax assessment and policy personnel. This organization confers the professional designations of CAE, AAS, PPS, CMS, and RES.
Income Approach: The method of estimating the value of property based on income capitalization. Income figures should reflect current market conditions and typical management. (See "The Income Approach," in this manual.)
Incurable: A part of depreciation where it is not economical to correct the condition, and if corrected, the cost of correction would exceed the value.
Intangible Personal Property: Rights over tangible real and personal property, but not rights of use and possession, for example, notes, bonds, stocks, patents, and copyrights. Other items identified as intangible personal property for property tax purposes in Idaho are listed in §63—602L, I.C..
Instrument: Another name given to deeds and other evidence of property interest which are recorded in the recorder's office.

Land Contract: A contract between a deeded owner and buyer to purchase a parcel. The buyer does not become the legal owner until the contract is fulfilled and the transfer is recorded in a deed.
Leasehold Rights: The interest in a property associated with a lessee (tenant).
Legal Descriptions: Written descriptions of the physical boundaries of property rights.
Lien: The legal right to take or hold property of a debtor as payment or security for a debt.
Local Multiplier: An adjustment to replacement or reproduction cost new or historical cost, to reflect local costs.
Long-lived Items: Items that are the basic structure of a building and are not usually replaced during economic life. Examples include the foundation, roof structure, and framing.
Market Rent: The rent currently prevailing in the market for properties comparable to the subject property.
Market Value: The amount of U.S. dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable down or full cash payment.
Mass Appraisal: The systematic appraisal of groups of properties at a given date using standardized procedures and statistical testing.
Meridian: A principle north-south line in the rectangular land survey system.
Metes and Bounds: A land description system in which boundaries are described as distances between two semi-permanent points or as lines following compass bearings.
Mineral Rights: Interest in the minerals that may exist below the surface of the parcel.
Multiple Regression Analysis (MRA): A statistical technique similar to correlation used to analyze data in order to predict the value of one variable (dependent), such as market value, from the known values of other variables (independent) such as lot size, number of rooms, etc.
Neighborhood: The environment of a subject property that has a direct and immediate impact on its value.
Neighborhood Analysis: A study of the relevant forces which influence property values within the boundaries of a homogenous area.
Net Income: The income expected from a property, after deduction of allowable expenses. (See "Net Income," in this manual.)
Occupied: Any of the following uses of a property mean that property is legally occupied for property tax purposes: use of the property as a residence, including occupying the house or storing vehicles, boats or household goods, provided such use is not solely related to the construction or sale of the property; use of the property for any commercial or business purpose other than the construction or sale of that property; or any possessory use of the property for which the owner receives any reimbursement. (See "The Occupancy Tax," in this manual.)
Overall Age/Life Method: Method of estimating accrued depreciation based on straight-line depreciation in which the property is assumed to depreciate by a constant percentage each year over its economic life.
Partial Interest: Property rights in a parcel shared in common with another party.
Party: Any entity which may have interest of any type in a legal parcel.

Percent Complete: When work to build a structure is not finished, an estimate of the amount of new construction completed for a structure on the tax lien date.
Personal Property: Property that is not real is personal. Characteristic of personal property is its mobility without damage to itself or the real estate. (See "Personal Property," in this manual.)
Physical Deterioration (Depreciation): A loss in value due to wear and tear and the forces of nature.
Plat: A map which shows the division of land into lots or parcels.
Preponderance of Evidence: Greater weight of evidence, or evidence which is more credible and convincing to the mind. That which best accords with reason and probability. There is generally a weight of evidence on each side in any case of contested facts. But a decision cannot be reached based on the weight of evidence, in favor of the one having the onus, unless it overbears, in some degree, the weight of evidence from the other side.
Price: Amount paid for an item.
Property Tax Levy: The rate applied to the assessed value of every property within the taxing district to raise the total amount of money from property taxes as set forth in the budget of a taxing district.
Property: An aggregate of things, or rights to things, which are protected by law. In general tax law, two basic types of property (real and personal) are considered; however, in Idaho property tax law a third type (operating property) is also considered.
Quarter Section: A subdivision of a section containing 160 acres more or less, described by referencing the center pointing the Section, i.e. the NE 1/4 is north and east of the center point.
Range Lines: Lines in succeeding six-mile increments on either side of a Meridian.
Ratio Study: Analyses of the relationship between appraised values and market values. Indicators of market values may be either sales or independent appraisals. The common interest in ratio studies is the level and uniformity of the appraisals. (See "Quality of Real Property Assessment (Ratio Study)," in this manual.)
RCN: Signifies Replacement Cost New or Reproduction Cost New. See replacement cost and reproduction cost.
Real Property: The rights, interests and benefits connected with real estate. (See "Real Property," in this manual.)
Real Estate: The physical parcel of land and all improvements permanently attached.
Reconciliation, Correlation: The final step in the appraisal process, resolving the differences that result from the application of the three approaches to value.
Rectangular Coordinates: A land description system where boundaries are described as lines running from points on a X and Y grid.
Rectangular Land Surveys: Land description systems based on permanent, uniformly sized rectangular grids which can be subdivided into smaller units of land.
Regular Section: A one-square mile subdivision of a township containing 640 acres.
Remaining Economic Life: The number of years remaining in the economic life of a structure as of the appraisal date and provides a basis for estimating replacement costs new less depreciation.

Replacement Cost: The cost of constructing a substitute structure of equal utility using current materials, design and standards.
Reproduction Cost: The cost of constructing a replica, or identical structure, using the same materials, construction standards, design and quality of workmanship.
Revaluation: The act of estimating a new value for one or more parcels, and possibly the entire jurisdiction, following the established valuation process. (See "Revaluation Program," in this manual.)
Sales Comparison Approach: The method of estimating the value of a property based on an analysis of sales of similar properties. (See "Sales Comparison Approach," in this manual.) **Sale Price:** The price for which a property was sold.
Sales Ratio Study: A ratio study which uses sales prices as proxies for market values.
Separated Rights: Rights to property that have been separated by deed such as: air, mineral, water, and leaseholds.
Short-Lived Items: Items of a structure that have a shorter life than the basic structure. For example: roofing, water heaters, floor covering and interior finish.
Single Property Appraisal: Systematic appraisal of properties one at a time.
Site Amenities: The specific location-related attributes of a property; such as topography, utilities, street traffic, view, etc.
Site Value: The value determined by an appraiser after viewing all evidence and concluding that none of the standard computed results yield the best indication of value for land.
Situs: The physical location of property. (See "Situs Property," in this manual.)
Situs Address: The physical location address of the primary structure in normal presentation format, which can be subdivided into smaller units of land.
Split: The process of creating new parcels from existing parcels. (See "Platting," in this manual.)
Subdivision: A platted map which has been approved by the appropriate local unit of government and recorded pursuant to the appropriate state laws or local ordinances by a developer.
Substitution: A property's value tends to be set by the potential cost of acquiring or producing an equally desirable substitute property. (See "Substitution," in this manual.)
System Value: The market value for assessment purposes of the operating property when considered as a unit.
Taxable Value: Market value for assessment purposes, less applicable exemptions or other statutory provisions. (See "Determining Taxable Value," in this manual.)
Tax Code Area: A geographical area made up of one or more taxing districts with one total levy within the geographic area, except as otherwise provided by law.
Taxing District: Any entity or unit with the statutory authority to levy a property tax.
Tenancy in Common: Parties with interest in property who are not joint tenants but rather, hold a specified fractional undivided interest in property (example c-owners).
Title: An official legal document which is accepted as proof of ownership or the collection of all elements constituting proof of ownership.

Township: An approximately 36-mile division of land employed in the Rectangular Land Survey System. Townships are bounded by two successive range lines on the east and west and two successive township lines on the north and south.
Township Lines: Lines in succeeding six-mile increments on either side of a base line.
Transfer: Official ownership change as indicated by a recorded deed.
Trending: The practice of increasing future certified values by applying a percentage factor, generally derived from analysis of market sales, to current certifies values in order to compute new values.
Unit-In-Place Method: Is a method of cost estimating which is a segregated cost expresses all the direct and some of the indirect costs of structural components and units.
United States Public Land Survey Systems: A rectangular land survey employed in most of the U.S., based on township lines and base lines.
Units of Comparison: A property as a whole or some smaller measure of the size of the property used in the sales comparison approach to estimate a price per unit.
Valuation: The act of using the established appraisal process to estimate a new value for a property. **Valuation Process:** The systematic procedure used by the assessing jurisdiction to insure that value estimates are made in a uniform, objective, and consistent manner which results in the best equity possible utilizing the resources provided for that purpose.
Value in Use: The value of property for a specific use.
Value in Exchange: The amount an informed purchaser would offer in exchange for a property under given market conditions.
Warranty Deed: A form of conveyance by which the grantor (and usually heirs) agree to defend the title and interest transferred to the grantee from claims of rights and interests by third parties. The extent of the warranty defines the different types of warranty deeds.
Zoning: The allowable uses for which a parcel may be developed according to current community and regional planning ordinances.

6.2.0 Assessor's Calendar

The following are dates and deadlines important in the assessment of property. When any deadline falls on a weekend or holiday, the deadline becomes the next business day [§63—217, I.C.].

DATE	DESCRIPTION	CODE/RULE
CONTINUOUS	Assessor Submits Tax Numbers — The assessor must provide a list of tax numbers, showing the complete legal description and the tax number for that description, to be recorded by the county recorder without fee.	§63—210
	Land Sale Certificate — The director of the department of lands furnishes a land sale certificate to the assessor for all state land or timber sold.	§63—211
	When in session, the board of county commissioners may cancel property taxes which for any lawful reason should not be paid.	§63—1302(1) Rule 936
	Filing by New or Altered Taxing Districts — New taxing districts or any with altered boundaries must file the formation or change with the county assessor within 30 days of the action, but no later than January 10 of the year following the action.	§63—215 Rule 225
	Accepting Applications for Homeowner's Exemption — For property taxes, homeowners may apply to receive the homeowner's exemption at any time during the year.	§63—602G
	Notification of Occupancy Tax Assessment — When the assessor completes the appraisal of any newly constructed improvement for the occupancy tax roll, the assessor shall notify the owner of the appraisal, the right to appeal, and the right to apply for the homeowner's exemption and the casualty loss exemption.	§63—317 Rule 317
	Accepting Applications for Homeowner's Exemption — For occupancy taxes, homeowners must apply to receive the homeowner's exemption within thirty (30) days of the notification by the assessor of the assessment and the right to apply.	§63—317 & §63—602G
	Personal Property Destroyed by Fire — Personal property destroyed by fire after January 1 becomes a lien against the insurance on that property.	63—1310
	Notice of Operating Property — the state tax commission must mail an STC Form R to each affected assessor and operating property owner to notify them of any decision about whether property is operating or non-operating.	§63—401 Rule 404
	Motion for Rehearing — Within ten days of the mailing of a decision by the board of tax appeals (BTA), any party adversely affected by that decision has the right to submit a motion for a rehearing, which may include a request that the rehearing be by the entire board.	§63—3810
	Fiscal Year — The governing boards for flood control districts and levee districts are given the power to set the dates for the district's fiscal year.	§§ 42—3115 & 42—4416

DATE	DESCRIPTION	CODE/RULE
MONTHLY (JANUARY — MAY/JUNE)	Statement of Net Profits — Annually between January 1 and May 1, mine operators must submit statements of net profits from the prior year.	§63—2803
	Equalization of Property Roll — Board of county commissioners shall convene as the board of equalization (BOE) at least once in every month (through the 4th Monday in June) to equalize values on the property roll.	§63—501(1)
JANUARY 1	Lien Date — All property taxes for each tax-year become a first and prior lien on the property as of January 1 of that year.	§63—206
	Date of Market Value — The assessor shall appraise each taxable property at market value as of 12:01 a.m. on January 1 of each year that the property is taxable.	§63—205
	Application for Property Tax Reduction (PTR) — Claimants may apply to the assessor for property tax reduction benefits through April 15 each year.	§63—706
	Effective Date for Forestland Designations — Forestland designations filed with the assessor by the landowner during the prior year become effective on this date.	§63—1703
	Deadline for Taxing Districts — Except for school districts that divide, consolidate, or reorganize and recreation districts, no new taxing district formed after January 1 is allowed to levy for the current year and no taxing district annexing property after January 1 is allowed to levy taxes on the annexed property for the current year.	§63—807
	Fiscal Year — Some fire protection districts may have selected January 1 for the beginning of the fiscal year.	§31—1422
FIRST MONDAY IN JANUARY	Missed Property Assessment Notice — No later than this date each year, the assessor mails the assessment notice to the taxpayer for any property assessed on the missed property roll.	§63—308(5)
	Delivery of Missed Property Roll — No later than this date each year, the assessor completes the assessment of any missed property and delivers the missed property roll for the prior year to county auditor.	§63—311(2)
	Deadline to File Appeal on Missed Property Roll — No later than this date, any taxpayer wanting to appeal the value as determined by the assessor for any property on the missed property roll must file an appeal with the BOE.	§63—501A
	Delivery of Final Occupancy Tax Roll — No later than this date each year, the assessor delivers to the county auditor for equalization by the BOE the roll of the final properties assessed for occupancy tax during the prior year.	§§ 63—317 & 63—301
SECOND MONDAY IN JANUARY	Fiscal Year — Any taxing district (abatement, ambulance, auditorium, cemetery, community college, herd, hospital, pest control, television translator, watershed improvement, or water and sewer districts) without the date for the beginning of the fiscal year set by statute begins its fiscal year on this date by *Idaho Constitution*.	Art. VII Sec. 1

DATE	DESCRIPTION	CODE/RULE
JANUARY	Equalization of Missed Roll — When the board of county commissioners convenes as the BOE in January, it shall equalize the assessments of all property assessed on the missed property roll for the prior year.	§63—501(2)
	Equalization of Occupancy Tax Roll — When the board of county commissioners convenes as the BOE in January, it shall equalize the assessments on the final occupancy tax roll for the prior year.	§§ 63—317 & 63—501(2)
	Optional 5-Year Plan Progress Report — When requested by the assessor, the state tax commission provides a January report to the assessor on the status of the 5-year plan for the appraisal of all the property in the county.	Rule 316
FIRST MONDAY IN FEBRUARY	Submission of 5-Year Appraisal Plan — Every fifth year beginning in 1997, each assessor submits a five—year appraisal plan to the state tax commission.	§63—314(1) Rule 314
MARCH	Completion of Annual Ratio Study — The state tax commission shall complete the annual ratio study of property assessments by each assessor in each applicable county and Boise school district for the prior year.	Rule 131
MARCH 1	Notice of changes in TCAs the state tax commission will furnish to operating property companies a list of all changes in tax code area (TCA) boundaries.	Rule 404
	Schedule of Forestland Values — No later than this date, the state tax commission provides to the assessor the schedule of values for forestlands by zone and productivity class.	§63—1705
FIRST MONDAY IN MARCH	Missed Property Roll Delivered — No later than this date, the BOE shall deliver the missed property roll to the county auditor.	§63—509(3)
	Submission of Abstract for Combined Subsequent and Missed Property Rolls — No later than this date, the county auditor submits to state tax commission the abstracts of the combined subsequent and missed property rolls (not occupancy tax roll) for the county and Boise school district.	§63—509(4) Rule 315.04
	Submission of Form A-2B — No later than this date, the county auditor delivers to the state tax commission the summary report of net taxable value on the subsequent and missed property rolls by taxing district or unit (form A-2B) and estimated annexation values.	§63—510(2)
	Computation of Tax Charge on Missed Property Roll -As soon as possible after this date, the county auditor must cause the property tax charge on the missed property roll to be computed and delivered to the county treasurer.	§63—811(3)
SECOND MONDAY IN MARCH	List of Fish & Game Properties — The department of fish and game provides to the assessor a parcel location list for all parcels subject to fee in lieu of property taxes.	§63—602A(3)

DATE	DESCRIPTION	CODE/RULE
MARCH 15	Personal Property Declaration — The owner of any taxable personal property or the owner's agent shall submit to the assessor a list of all taxable personal property.	§63—302(1)
	Partial Reporting Requirement for Postconsumer/PostIndustrial Waste Exemption — Before a "Postconsumer or Postindustrial Waste" exemption can be granted, the property owner or agent must have submitted to the assessor a list of all taxable personal property as described in §63—302.	§63—602CC Rule 629
Prior to the FOURTH MONDAY IN MARCH	Notice to Taxing Districts of Total Assessed Value — The county auditor notifies each non-school taxing district and the tax commission notifies the state board of education and the state department of education of total assessed valuation for the prior year.	63—1312(1)
THIRD WEDNESDAY IN MARCH	Capitalization Rate Conference — The annual meeting of the state tax commission's operating property staff and operating property owners to hear owners' proposals relating to setting capitalization rates.	§63—405 Rule 405
APRIL 1	Partial Year Assessment of Personal Property — Personal property coming into the state or changing status from exempt to taxable during the second quarter is assessed at ¾ of full market value.	§§ 63—311 & 63—602Y
FIRST MONDAY IN APRIL	Certification of Adjusted Market Values for School Districts — the state tax commission certifies to the department of education the Boise charter school district's adjusted market value for the prior year.	§63—315(6)
APRIL 15	Report of Private Railcar Fleets — No later than this date, each railroad company is to file a report with the state tax commission showing each private railcar fleet traveling in Idaho and the mileage traveled.	§63—411 Rule 411
	Report of Income from Land of Five Acres or Less in Agricultural Use — For five acres or less before the exemption for agricultural use can be granted, the landowner must verify agriculturally produced income of no less than $1,000 or 15% of total gross income.	§63—604(1) Rule 645
	Deadline to Apply for PTR Benefits — This is the last date a homeowner can file an application to receive any PTR benefits for the current year; applications for the following year can be taken between January 1 and April 15 of that year.	§63—706
	Deadline to Provide Evidence of Conservation Easement — No later than this date, any owner wanting land used for wildlife habitat to be appraised under §63—605, I.C., must annually apply and submit reports to the assessor.	§63—605
APRIL 30	Notice of Budget Hearing to County Auditor — No later than this date, a representative of each taxing district shall notify the county auditor of the date and location set for its budget hearing or submit a notice that no budget hearing will be held for the current year.	§63—802A
	Deadline to Apply for Exemption under §63—602O — No later than this date, each consumer who is not a customer of the deliverer of electrical power or gas energy must apply to the state tax commission to be eligible for the benefit provided under §63—602O, I.C., for energy used for irrigation or drainage purposes.	§§ 63—603 & 63—602O

	Filing of Operator's Statements — No later than this date, each company owning operating property in Idaho is to file an operator's statement with the state tax commission.	§63—404 Rule 404.06

DATE	DESCRIPTION	CODE/RULE
MAY 1	Deadline to File Net Profits of Mines — No later than this date, each mine operator shall file with the assessor the report of net profit of mines. Deadline for Decisions by BTA — No later than this date for all timely filed appeals from the previous year, the BTA must have held a hearing and issued a decision, unless delayed or continued by agreement of all parties.	63—2803 §63—3809(4)
FIRST MONDAY IN MAY	Auditor Provides Budget Sheets to County Officers — The county auditor (as county budget officer) shall send budget sheets to each county officer. Notice of Change in Property Tax Replacement — the state tax commission shall notify each county auditor and school district of any change made to the property tax replacement money for that school taxing district.	§31—1602 Rule 803.06
MAY 15	Report of Deferred Tax — No later than this date or within thirty (30) days of removal of designation, the assessor must report to the county treasurer to amount of deferred tax due on demand by the county treasurer. Report of Yield Tax for June Payment — No later than this date, the assessor must report to the county treasurer the yield tax amounts payable by June 20.	§63—1703 §63—1706(5)
THIRD MONDAY IN MAY	County Officers File Budget Sheets — No later than this date, each county officer shall file with the county auditor the completed budget sheets for the following year.	§31—1602
FOURTH MONDAY IN MAY	Report of Non-Complying Taxing Districts — No later than this date, the county auditor must submit to the state tax commission a report listing any taxing district failing to provide notice of its budget hearing.	§63—802A Rule 805

DATE	DESCRIPTION	CODE/RULE
JUNE 1	Certification of PTR Roll — No later than this date, each assessor shall certify the PTR roll to the county auditor and the state tax commission.	§63—707(2)
FIRST MONDAY IN JUNE	Report of Preliminary New Construction Roll — No later than this date, each assessor reports the preliminary value for the new construction roll to the county auditor and forwards the new construction roll listing to the state tax commission. Property Roll Assessment Notices Mailed — No later than this date, each assessor must mail valuation assessment notices to property owners for property assessed on the property roll.	§63—301A(2) §63—308(1)
JUNE 15	Notice of Taxes Due — No later than this date, each county treasurer shall notify each electrical cooperative, natural gas cooperative, and wind energy producer of taxes owed.	§63—3504
JUNE 20	Second Half Property Taxes Due — The second half property tax payment for the prior year on all taxable property is due and if not paid to the county tax collector by this date is delinquent.	§63—903

	Forest Products Yield Taxes Due — For forest products severed between July 1 and December 31 of the prior year, yield taxes are due and if not paid to the county tax collector by this date are delinquent.	§63—1706(5)
	Fish & Game Fee Due — No later than this date, the department of fish and game shall pay to the county tax collector the fee in lieu of property tax on certain properties owned by the department.	§63—602A(3)
	Second Half Reimbursement for PTR Benefits Due — No later than this date, the state tax commission shall pay to the county tax collector the second half of the reimbursement for PTR benefits from the prior year.	§63—709
FOURTH MONDAY IN JUNE	Property Roll Completed and Delivered — No later than this date, each assessor must complete the assessment of all real and personal property to be placed on the property roll and deliver to the county auditor the property roll along with all claims for exemption.	§§ 63—301(1) & 63—310
	Deadline for Hardship Exemption Application — No later than this date, taxpayers requesting the exemption for exceptional situations (hardship) must make application to the BOE	§63—602AA
	Deadline for Casualty Loss Exemption Application — No later than this date, taxpayers requesting the casualty loss exemption must make application to the BOE.	§63—602X & 63—711(1)
	Deadline to File Appeal on Property Roll — No later than this date, any taxpayer wanting to appeal the value as determined by the assessor for any property on the property roll must file an appeal with the BOE.	§63—501A
	Equalization of Property Roll — Each board of county commissioners must convene on this date as the board of equalization (BOE) to hear appeals and decide on exemptions on all property on the property roll.	§63—501(1)
	Occupancy Tax Roll Delivered — For all occupancy tax assessments noticed by this date, the assessor must make an occupancy tax roll and deliver it to the county auditor.	§§ 63—317 & 63—310
	Deadline to File Appeal on Occupancy Tax Roll — For occupancy tax assessments noticed by this date, any taxpayer wanting to appeal any value on the first occupancy tax roll for the current year must file an appeal with the BOE.	§§ 63—317 & 63—501A
	Equalization of Occupancy Tax Roll — For all occupancy tax assessments noticed by this date, the BOE must equalize these assessments.	§§ 63—317 & 63—501

DATE	DESCRIPTION	CODE/RULE
JULY 1	Taxes Due — No later than this date, each electrical cooperative, natural gas cooperative, and wind energy producer shall pay taxes owed to the county tax collector, and if not paid by this date, the taxes are delinquent.	§63—3504
	Partial Year Assessment of Personal Property — Personal property coming into the state or changing status from exempt to taxable during the third quarter is assessed at ½ of full market value.	§§ 63—311 & 63—602Y
	Fiscal Year — Port and school districts begin fiscal year.	§70—1701 & 33—701

FIRST MONDAY IN JULY	**Fiscal Year — Public health district begins fiscal year.**	§39—423
FIRST WEEK IN JULY	Notice of Operating Property Value — During this week, the state tax commission will notify each operating property owner of the value, appeal rights, and August 1 deadline for filing an appeal. Operating Property Values to Counties — During this week, the state tax commission will provide preliminary operating property values by district to county auditors and by county to assessors for examination.	§63—407 Rule 407 §63—408 Rule 408
SECOND MONDAY IN JULY	BOE Decides Casualty Loss Exemptions — No later than this date, the BOE decides on all applications for exemptions based on casualty loss. BOE Decides Hardship Exemptions — No later than this date, the BOE decides on all applications for exemptions based on exceptional situations (hardships). All claims for hardship granted by the board of county commissioners after this date must be handled as a cancellation of taxes. BOE Completes Equalization of Property Roll — No later than this date, the BOE hears all appeals and decides all applications for exemption of real and personal property assessed on the property roll and adjourns. BOE Delivers Property Roll — By this date, the BOE must deliver to county auditor the property roll with any changes it made while it was meeting. Exemption from Fire District Taxes — No later than this date, the board of county commissioners may enact an ordinance exempting all, or a portion of, unimproved real property and personal property from taxation by a fire protection district. Exemption from Ambulance District Taxes — No later than this date, the board of county commissioners may enact an ordinance exempting all, or a portion of, unimproved real property and personal property from taxation by an ambulance district. BOE Equalizes and Delivers Occupancy Tax Roll — For occupancy tax assessments noticed by this date, the BOE must equalize all assessments on this occupancy tax roll for the current year and deliver that roll to the county auditor.	§63—602X(2) §§ 63—602AA & 63—711 §63—501 §63—509(1) §31—1422(2) §31—3908A §63—317 & 63—501

DATE	DESCRIPTION	CODE/RULE
JULY 15	Deadline to File for Re-Examination of Value — No later than this date, any assessor wanting to request a re-examination of the value of any operating property must submit a written request to the state tax commission.	§63—408 Rule 408
THIRD MONDAY IN JULY	Operating Property Annexation Values Reported — the state tax commission shall report to the county auditor the preliminary operating property annexation values. Value of Electric Generation Equipment/Facilities Reported — the state tax commission shall report to appropriate county auditor(s) the value of certain independent equipment/facilities used in conjunction with generation of electricity and once reported the county auditor shall report this value to each taxing district as part of new construction value.	Rule 800 §63—301A(2)

	Report Dry Grazing to Idaho Rangeland Resources Commission — Each county assessor shall report, via electronic media (irrc@bigskytel.com), to Idaho Rangeland Resources Commission an alphabetic list of dry grazing owners (owns land assessed in secondary category 05) showing name, billing address, county, parcel number, and number of acres.	§58—1414A
	Auditors to report values to cemetery, hospital, highway districts	§27—120, §39—1332 & 40—802
FOURTH MONDAY IN JULY	Notice of Change in Property Tax Replacement Money — No later than this date, the state tax commission shall notify the county auditor of any change made to the property tax replacement money for any taxing district.	§63—602EE Rule 803.06
	Abstract of Property Roll — No later than this date, the county auditor sends to the state tax commission the abstract of the property roll.	§63—509(1)
	New Construction Roll Values — By this date, the county auditor reports to the state tax commission and to each taxing district corrected new construction roll values.	§63—301A Rule 802.07
JULY	5-Year Appraisal Plan Progress — Each assessor provides the state tax commission with information needed to evaluate progress made toward completion of the 5-year appraisal plan.	§§ 63—314 & 63—316 Rule 316

DATE	DESCRIPTION	CODE/RULE
AUGUST 1	Deadline to File for Hearing on Operating Property — No later than this date, any taxpayer owning and wanting to appeal the value of operating property as determined by the state tax commission must file for a hearing with the state tax commission meeting as the state board of equalization.	Rule 407.09
FIRST MONDAY IN AUGUST	Budgets Delivered to Board of County Commissioners — No later than this date, the county budget officer (auditor) shall deliver to the board of county commissioners the budgetary information received from county officials.	§31—1604
	Report of Value by Taxing District — By this date, the county auditor must report to the state tax commission the current year's estimated total taxable value and annexation value by taxing district and report to each taxing district the current year's estimated total taxable value and annexation value and the prior year's total occupancy tax roll value within that district.	§§ 63—510(1) & 63—1312(2)
	Notification of Property Tax Replacement Monies — By this date, the county auditor must notify each appropriate taxing district or unit of the total amount of property tax replacement monies.	Rule 803.06
SECOND MONDAY IN AUGUST	Equalization of Values — Date the state tax commission begins meeting to equalize values between counties and for any abstract not received on or before this date, it may compel the county auditor to submit that abstract. It also begins meeting on this date to hear appeals and to set values on operating property.	§§ 63—108 & 63—407
THIRD WEEK IN AUGUST	Publication of County Budget and Notice of Public Hearing — No later than this week, the county auditor submits to the newspaper for publication the tentative county budget and the notice of public hearing.	§31—1604

AUGUST 15	Notification of 5-Year Appraisal Plan Progress — No later than this date, the state tax commission shall notify each assessor of the current status of the continuing program of valuation and any necessary corrective action.	§§ 63—314 & 63—316 Rule 316
FOURTH MONDAY IN AUGUST	State BOE Completes Work and Adjourns — Date the state tax commission must complete the equalization of values and the hearing of appeals on operating property, set final values on operating property, and adjourn.	§63—110 & 63—405
AUGUST 31	Assessment of Unregistered Recreation Vehicles — No later than this date, the assessor must value each recreation vehicle on which the current year's registration fee has not been paid and subsequently mail a valuation assessment notice to the owner.	§63—602J Rule 020

DATE	DESCRIPTION	CODE/RULE
SEPTEMBER 1	Notice of Pending Termination of RAA — No later than this date, any urban renewal agency able to terminate a revenue allocation area (RAA) shall provide to its governing body, the county auditor, and the state tax commission a copy of the resolution recommending termination.	50—2903(5)
FIRST MONDAY IN SEPTEMBER	Corrected Operating Property Annexation Values — No later than this date the state tax commission shall report any correction in the operating property annexation values to appropriate county auditor(s) who shall notify any affected taxing districts.	Rule 800
	Certification of Operating Property Value — No later than this date, the state tax commission must send certified statements of the taxable value of the operating property to the county auditor for examination.	§§ 63—111(2), 63—410(1) & (2)
	Notice of Changes in Assessment — No later than this date, the state tax commission must send to the county auditor a certified statement of any changes it made to assessed values on the property roll.	§63—111(1)
	Value of Electric Generation Equipment/Facilities Reported — No later than this date the state tax commission shall report to county auditor(s) any correction in the value of certain equipment/facilities used in conjunction with generation of electricity and once reported the county auditor shall report this value to each taxing district as part of new construction value.	§63—301A(2)
TUESDAY AFTER FIRST MONDAY IN SEPTEMBER	County Budget Hearing & Adoption — No later than this date (on the date published in the notice during the third week in August), the board of county commissioners must hold a public hearing on the county budget and before adjourning must adopt the final county budget.	§31—1605
THURSDAY PRIOR TO SECOND MONDAY IN SEPTEMBER	Certification of Required Property Tax — By this date, the non—school taxing districts must certify to the board of county commissioners the amount of money needed for the portion of their budgets funded by property taxes. Certification may be extended by 7 working days.	§63—803(3)
	Fixing Levies — Upon receipt of the certification of required property taxes, the board of county commissioners shall fix a tax levy for each taxing district as a percent of taxable value of all property in that taxing district.	§63—803(3)

SEPTEMBER 15	Submission of Remediation Plan — If the annual report on the continuing program of valuation from the state tax commission included a requirement for corrective action requesting a remediation plan, the assessor shall submit that plan to the state tax commission no later than this date.	§§ 63—314 & 63—316 Rule 316
THIRD MONDAY IN SEPTEMBER	Certification of Required Property Tax — By this date, any taxing districts granted an extension by the board of county commissioners must certify to that board the amount of money needed for the portion of their budgets funded by property taxes.	§63—803(3)
	Submission of Certified Levies — No later than this date, the county auditor must submit to the assessor, tax collector, and state tax commission certified copies of all levies set by the board of county commissioners.	§63—808(1)
	Review of Certified Levies — Upon receipt of the certified copies of the levies, the state tax commission begins its review.	§63—802(3)
FOURTH MONDAY IN SEPTEMBER	Submission of Certified Levies — By this date, the county auditor must submit to the assessor, tax collector, and state tax commission certified copies of all levies set by the board of county commissioners for any taxing districts granted an extension by them.	§63—808(2)

DATE	DESCRIPTION	CODE/RULE
OCTOBER 1	Decision on Acceptability of Remediation Plan — No later than this date, the state tax commission must notify any assessor required to submit a remediation plan to bring the continuing program of valuation into compliance with §63—314, I.C., if that plan is acceptable or not.	§§ 63—314 & 63—316 Rule 316
	Partial Year Assessment of Personal Property — Personal property coming into the state or changing status from exempt to taxable during the fourth quarter is assessed at ¼ of full market value.	§§ 63—311 & 63—602Y
	Fiscal Year — The fiscal year begins for city, county, fire protection (not selecting January 1), highway, library, recreation, school community library, and weather modification districts.	§§ 50—1001, 31—1602, 31—1422, 40—1330, 33—2726, 31—4313, 33—2739, & 22—4302
SECOND MONDAY IN OCTOBER	PTR Claim Disapprovals or Changes — By this date, the state tax §63—707(6) commission notifies the county auditor of any PTR claim disapprovals or changes.	§63—707(6)
FOURTH MONDAY IN OCTOBER	Notice of Decision on Levies — By this date, the state tax commission notifies all boards of county commissioners of all approved levies and notifies all appropriate boards of county commissioners and taxing districts of any levy or property tax funded budget that exceeded any legal limitation.	§63—809(1)
	Certification of PTR Roll — No later than this date, the county auditor completes and submits the PTR roll to the state tax commission.	§63—707(3)
NOVEMBER 1	Fiscal Year — The fiscal year begins for fair districts.	§22—309
	Stumpage Values Set — No later than this date, the state tax commission must set the stumpages values by zone for the reporting and payment of yield taxes on timber severed during the following calendar year.	§63—1706(4)

FIRST MONDAY IN NOVEMBER	Delivery of Property Roll to Tax Collector — No later than this date, the §63—509(1) county auditor must deliver the property roll with all changes, corrections, additions, and exemptions from taxation to the county tax collector.	§63—509(1)
	Report of Leased or Rental Property Changing Status — By this date, owners of any leased or rental property that is inventory for part of the year and leased or rented for part of the year must submit to the assessor of the home county a list of that property and a copy of that list for each assessor in every other county in which that property was leased or rented during the year.	§63—602Y
	Computation of Tax Charge on Property and Operating Property Rolls — No later than this date, the county auditor must cause the local property tax charge on the property and operating property rolls to be computed and deliver this to the county tax collector.	§63—811(1)

DATE	DESCRIPTION	CODE/RULE
NOVEMBER 15	Report of Yield Tax for December Payment — No later than this date, the assessor must report to the county treasurer the yield tax amounts payable by December 20.	§63—1706(5)
	Report of Utility Taxes — No later than this date, the county treasurer shall send to the state tax commission a copy of the taxes due from each utility.	§§ 63—603 & 63—602O
THIRD MONDAY IN NOVEMBER	Certification of PTR Claims — No later than this date, the state tax commission must certify to each county auditor and tax collector the total number of PTR claims to be allowed, the dollar amount of each claim, and the total dollar amount for all allowed claims for that county.	§63—707(4)
	Subsequent Roll Assessment Notices Mailed — By this date, assessors mail valuation assessment notices to property owners for properties assessed on the subsequent roll.	§§ 63-308(4)
FOURTH MONDAY IN NOVEMBER	Completion and Delivery of Subsequent Roll — No later than this date, each assessor assesses all property (not subject to occupancy tax) completed or discovered between the fourth Monday in June and the fourth Monday in November and delivers that completed roll to the county auditor.	§63—311(1)
	Deadline to File Appeal on Subsequent Roll — No later than this date, any taxpayer wanting to appeal the value as determined by the assessor for any property on the subsequent property roll must file an appeal with the BOE.	§63—501A
	Subsequent Roll BOE Convenes — Each board of county commissioners must convene on this date as the BOE to hear appeals and decide on exemptions on all property on the subsequent property roll.	§63—501(2)
	Correction of Erroneous Levies — This date is the critical date for any board of county commissioners to be able to correct any erroneous levies.	§63—810
	Tax Bills Mailed — Before this date, county tax collectors mail to taxpayers tax bills for property assessed on the property or operating property rolls.	§63—902(1)

	Tax Bills to Private Rail-car Fleets — By this date, the state tax commission mails tax bills to owners of private rail-car fleets valued less than $500,000.	§§ 63—411(5) & 63—902(1)
	Cancellation of Recreation Vehicle Assessments — The assessor shall cancel the assessment on the subsequent roll of any recreation vehicle on which the owner has paid the current year's registration fee before this date.	§63—602J Rule 020
	Occupancy Tax Roll Delivered — For all occupancy tax assessments noticed between the fourth Monday in June and this date, the assessor must make an occupancy tax roll and deliver it to the county auditor.	§§ 63—311 & 63—317
	Deadline to File Appeal on Occupancy Tax Roll — For occupancy tax assessments noticed between the fourth Monday in June and this date, any taxpayer wanting to appeal any value on this occupancy tax roll for the current year must file an appeal with the BOE.	§§ 63—501A & 63—317
	Equalization of Occupancy Tax Roll — For all occupancy tax assessments noticed between the fourth Monday in June and this date, the BOE must equalize these assessments.	§§ 63—501 & 63—317
DATE	**DESCRIPTION**	**CODE/RULE**
FIRST MONDAY IN DECEMBER	Personal Property Shipped Out-of-State — By this date, the county BOE shall cancel any assessment of personal property upon receipt of documentary proof that it was shipped to another location outside the state.	§63—602T(1)
	Computation of Tax Charge on Subsequent Roll — As soon as possible after this date, the county auditors must compute and deliver the local property tax charge on the subsequent property roll to the county tax collectors.	§63—811(2)
	BOE Completes Equalization of Subsequent Roll — By this date, the county BOE hears all appeals, decides all applications for exemption of property assessed on the subsequent property roll, and adjourns.	§63—501(2)
	Delivery of Subsequent Roll — As soon as possible after this date, the county BOE must deliver the subsequent property roll to the county auditor for delivery to the county tax collector without delay.	§63—509(2)
DECEMBER 15	Statement of Revenues from Irrigation or Drainage — Each utility company shall file a statement with the state tax commission showing revenues collected from each irrigation or drainage pumping customer.	§§ 63—603 & 63—602O
DECEMBER 20	First Half Property Tax Reduction Reimbursement — the state tax commission pays to county tax collectors one—half (1/2) of the amount due to the county as reimbursement for property tax reduction (circuit breaker).	§63—709
	First Half Property Taxes Due — The first half of the property tax payment for the current year on all taxable property and operating property rolls is due and if not paid to the county tax collector by this date is delinquent.	§63—903
	Forest Products Yield Taxes Due — For forest products severed between January 1 and June 30 of the current year, yield taxes are due and if not paid to the county tax collector by this date are delinquent.	§63—1706(5)
DECEMBER 31	Deadline to File Forestland Designation — No later than this date, the taxpayer must file the form designating land to be assessed as forestland under §63—17, I.C., for the subsequent years of the 10-year period.	§63—1703 Rule 963

DECEMBER	Operators' Statements Mailed — By the end of this month, the state tax commission will mail to each operating property owner a blank operator's statement for completion and submittal by April 30 of the next year.	§63—404 Rule 404

ADDENDUM A

Sample Appraisal Contracts

Contract A

Contract B

Contract C

[Insert County Name] COUNTY

AGREEMENT FOR APPRAISAL SERVICES

THIS AGREEMENT, made this day of 20 , by and between _____ County (hereinafter called “County”), a political subdivision of the State of Idaho, By and through its Board of County "Commissioners"), (hereinafter called “Commissioners”) and its County Assessor (hereinafter called “Assessor"), and _____ of _____, (hereinafter called "Contractor"):

WITNESSETH WHEREAS, Idaho Code Section 63-314 imposes a duty upon the Assessor to carry out a continuing program of valuation of all properties under his jurisdiction to the end that all parcels of property under the Assessor's jurisdiction are appraised at current market value levels; WHEREAS, in order to promote uniform assessment of property in the State of Idaho, taxable property shall be appraised or indexed annually with at least twenty (20%) of the property included in each year's appraisal, resulting in a complete appraisal of property every five (5) years;

WHEREAS, the Commissioners are required to furnish the Assessor with such additional funds and personnel as may be required to carry out the program of Idaho Code Section 63-314;

WHEREAS, the Assessor is in need of additional qualified personnel to evaluate certain real properties under his jurisdiction to assist in his compliance with Idaho Code Sections 63-314 and 63-208;

WHEREAS, Contractor is qualified to conduct appraisals for property tax purposes of the required twenty percent (20%) of taxable properties each year and index all other properties not actually appraised each year, excepting those categories indicated herein, and are willing to make its personal, professional services available to the Assessor and the Commissioners to assist them in carrying out the continuous appraisal program, and;

WHEREAS, the Commissioners and Assessor wish to contract for professional appraisal of a portion of taxable real property, including leasehold improvements, in the County.

NOW, THEREFORE, for and in consideration of the services to be performed by the Contractor and the payments to be made by the County, as hereinafter set forth, the County employs the Contractor to appraise the taxable real property in the County, as specified herein.

The parties further agree as follows:

OBLIGATIONS OF CONTRACTOR

A. Contractor shall make professional, competent and impartial appraisals for the specified taxable real property in the County, Idaho, in accordance with the approved practices of the Commissioners, Assessor and the Idaho State Tax Commission. All appraisal practices shall meet the standards and ethics of the appraisal profession.

B. Contractor agrees to provide Assessor with the following:

(1) A complete reappraisal and attendant reports for _____ properties, and furnish complete data for the County's computer system.

(2) An estimate of value for taxation purposes as set fourth by Idaho Code Section 63-208 and Property Tax Rule 217 promulgated by the State Tax Commission.

Professional appraisal methods will be used in the execution of these estimates.

(3) A complete analysis of all sales applicable to the _____ assessment year to be applied to the reappraisal, along with all other data used in developing the necessary graphs, charts, tables, guidelines, local cost modifier, market grades and market values used in the valuation project for the residential property, a copy of which is to be made available to the Consulting Appraiser of the State Tax Commission, as well as to the Assessor. (NOTE: May want to specify timing of report here.)

C. Contractor shall investigate and reappraise all taxable properties within the scope of this contract upon which building permits will cause changes that would or will alter value.

D. Contractor shall collect and assimilate in report form, the appraisal data used for the residential appraisal.

E. Contractor agrees to make a sales study of the economic area in the County related to the property being reappraised. Such information shall be provided to the Assessor and the Consulting Appraiser of the State Tax Commission. A copy of said study shall be provided to the Assessor and the State Tax Commission. Final values will be submitted to the Assessor by _____.

F. Each appraisal report and comparable sale investigated shall indicate the date the property was viewed, who viewed the property and whether or not entry was obtained.

G. Contractor shall take representative photographs of each parcel.

H. Contractor shall hold informal hearings at times designated by the Assessor for the purposes of examining and supporting the appraisals to property owners.

I. When requested to do so by the Commissioner or the Assessor, the Contractor agrees to be present at any or all of the County Board of Equalization meetings, required by

Idaho Code Section 63-501, and at any or all of the State Board of Tax Appeals hearings for the purposes of supporting the appraisals which have been made by the Contractor and which are questioned or challenged by the owners before the County Board of Equalization or State Board of Tax Appeals or both for two (2) years after the new values go on the rolls. No additional fees or other expenses will be charged by Contractor for these appearances.

J. Contractor agrees to defend its appraisals in the event of an appeal to the District Court for a period of one year after the completion date of this contract on a fee basis of _____, including all expenses.

K. It shall be the policy of the Contractor to cooperate with the Assessor, the Commissioners and the Idaho State Tax Commission personnel. Contractor shall inform the above-mentioned parties of the values suggested for the properties. The values actually used shall be a result of a joint decision of the above-mentioned parties.

L. It shall be the duty of the Contractor to cooperate and accept the assistance of _____ County staff appraisers to assist in the reappraisal requirements of Idaho Code Section 63-314.

II.

OBLIGATIONS OF THE ASSESSOR AND THE COMMISSIONERS

A. To consult with the State Tax Commission and to cooperate with and assist the Contractor in complying with the requirements of Idaho Code Section 63-314.

B. To provide owner's name, tax lot number, maps of parcel boundaries, plat maps and legal descriptions of residential properties.

C. To pay Contractor on the following basis by monthly invoice, not to exceed the amount of specified work accomplished within Idaho Code Section 63-314.

D. To pay Contractor for its services in accordance with work accomplished. Upon completion of each itemized activity, the Contractor shall submit an invoice of services rendered and verified claims to the Commissioners for their approval and payment, which shall be the basis for periodic payments to the Contractor and which shall, when the Commissioners are satisfied that the work for which payment is claimed has been duly performed, be paid in the time and manner in which other claims against the County are paid.

III.

GENERAL PROVISIONS

A. In the appraisal of all property covered by this agreement, the Assessor shall act and serve as appraiser-in-chief. The Assessor shall have general supervision and control of the work and the right to review all work from time to time, and finally adopt it as his own work.

B. Appraisers shall commence work under this agreement not later than ten (10) days after the execution of this agreement by the parties and shall diligently and faithfully prosecute the work and complete the same according to the schedule approved by the Assessor, with all appraisal reports to be submitted by _____ and all supporting data to be completed and submitted to Assessor by _____.

C. It is mutually agreed between the parties that the Contractor shall not be responsible for appraising any personal property, other than mobile homes, within the specified appraisal area, except as the Contractor deems necessary to make any appraisal complete.

D. The per unit cost hereinabove agreed for this appraisal work is based upon the appraisal procedures, proposed by the Contractor for this work, which the Assessor and the Commissioners have determined to be necessary and adequate to the Idaho Code. If legislation is enacted changing these requirements, or if it is hereafter determined by

the Assessor and Commissioners that different appraisal procedures are either necessary or proper to fulfill present or future legal requirements for valuation of any property in the county, then the Assessor and the Commissioners may require change in the procedures or scope of this work. Provided, however, that any such changes shall not affect payment for work already accomplished by the Contractor at the time of such change.

E. The Assessor and Commissioners agree to consult with the Contractor and with the State Tax Commission or its representatives in respect to any proposed changes in appraisal procedures or the scope of this work, but it is understood and agreed that Assessor and the Commissioners have the final determination in this matter.

F. This contract covers only a part of the appraisal work required in the County to complete the County's valuation program. The County reserves the right to employ other parties to do the work outside the scope of this agreement.

G. In fulfilling the work of this contract, the Contractor agrees to employ competent, qualified and reliable employees, and the Contractor shall supervise and be responsible for such employees. The Contractor agrees to protect, indemnify and save harmless the Commissioners, the Assessor and the County from any claims against, losses to, and liability of said parties for acts, negligence or omissions of the Contractor, its agents or employees in the performance of this contract. The County may require proof of insurance sufficient to cover the Contractor’s obligations under this paragraph.

H. The Contractor will provide all data and analysis of the reappraisal programs to the State Tax Commission or its local representative. The Contractor will include suggestions and directions to that agency and conclusions of the values in the reappraisal program. The State Tax Commission may require such data and analysis on a monthly or annual basis, or both.

I. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this agreement.

J. This agreement shall be construed in accordance with and governed by the laws of the State of Idaho.

K. This agreement constitutes the entire agreement between the parties with respect to the performance of said agreement. This agreement shall not be modified, amended, altered or changed except with the written consent of the Assessor, Contractor, and the Commissioners. Any provision of this agreement found to be prohibited by law shall be ineffective to the extent of such probation without invalidating the remainder of this agreement. The waiver by a party of any term, condition or covenant hereof shall not operate as a waiver of any subsequent breach thereof.

L. This contract represents a binding agreement on all parties hereto, their successors and assigns.

IN WITNESS WHEREOF, the parties have hereto caused these presents to be executed as of the date first hereinbefore written.

_____

BY: _____

ASSESSOR OF _____COUNTY, IDAHO

BY: _____

_____ County Assessor

BOARD OF COUNTY COMMISSIONERS OF _____ COUNTY, IDAHO

BY: _____

_____

_____

ATTEST:

_____

_____, Clerk

_____ County, Idaho

BY: _____

Contract Appraisal Agreement

Contract Appraisal Agreement for Tax Year_____.

Date: _____

_____County Assessor

_____County Courthouse

_____ Idaho_____

SUBJECT: Contract Appraisal Agreement
Tax Year_____

Dear Assessor,

Per our verbal agreement, this letter will provide written verification of the appraisals to be performed by _____ for the ___ tax year.

This letter will serve as a contractual agreement between _____ County and the appraisal firm listed above.

Job procedure and the responsibilities of both parties are outlined in the "Appraisal Process and Procedure" document enclosed and made a part of this agreement.

The following list identifies the properties to be appraised and total fee for this year's work.

Property to be appraised:

Total Fee: $ _____

Sincerely,

_____ _____

Appraiser Appraisal Firm

Contract Appraisal Agreement for Tax Year_____.

Approved: _____ County Assessor

_____ _____
Assessor's Signature Date

Approved: _____ County Commissioners

_____ _____
Commissioner Chair's Signature Date

_____ _____
Commissioner's Signature Date

_____ _____
Commissioner's Signature Date

ATTEST: _____ , Clerk of _____ County.

_____
Date

APPRAISAL PROCESS AND PROCEDURE

The Contractor will perform an appraisal process and procedure that will provide County a reliable annual valuation program for industrial property. Idaho law requires each property to be appraised every five years. For industrial properties there may be substantial yearly changes in plant and equipment value.

_____ County is best served by using two appraisal methods.

Method 1.

Contractor will provide a complete appraisal of each industrial property every five years. This appraisal would include, but not be limited to:

1. A full and detailed plant inspection.
2. Discussion of accounting methods with the plant comptroller.
3. Discussion of operations regarding physical, functional, and economic obsolescence.
4. Valuation of plant structures (buildings) and yard improvements by the cost approach.
5. Valuation of furniture and fixtures, machinery and equipment using reported costs and available comparable data.
6. Consideration will be given to justifiable functional and economic loss as well as physical depreciation.
7. Reporting of the appraisal will be in full narrative style complete with photographs, where allowable.
8. Land valuation will not be a part of the appraisal. In the interest of equity with surrounding properties, the assessor's value for plant lands should be used.
9. The report will be complete and delivered in time for placement on the tax rolls.

Method 2.

In the interest of economy for the county and for the interim years (Years 2 through 5), Contractor will provide a limited scope appraisal each year. This appraisal would include but not be limited to:

1. An annual plant inspection (on site).

2. Discussion with plant officials regarding:
   - changes during the year;
   - construction work-in-progress;
   - equipment, new and/ or retired;
   - changes in reporting;
   - economic and/ or functional problems.

3. Analysis of the company's annual report.

4. Adjustment of the first full scale appraised value to reflect the necessary annual changes.

5. Use of the Tax Commission's recommended schedules of trend and depreciation factors where applicable.

6. Reporting to the assessor will be done in summary form and supportable where necessary by reference notes and/ or tables.

Contractor's Responsibility

Full Narrative Report

Meetings to discuss the completed appraisal with the taxpayer and assessor and/or before the county Board of Equalization will be attended on reasonable notice to the Contractor.

Limited Scope Appraisal

1. The limited scope appraisal will be supported by the Contractor under the conditions noted for the full appraisal.

2. If the taxpayer elects to carry his protest to the state Board of Appeals or to district court, and it has been two or more years since the last full narrative report, Contractor will process a full narrative appraisal to be completed prior to court appearance. Charges will be at the current year's narrative appraisal rate.

Job Procedure

Annual report forms are required from each industrial account with a return date of March 1 of the current assessment year.

Many times companies are less than prompt resulting in a limited period of time to complete reports in time for placement on the tax roll.

Contractor intends to make the annual plant visit and assemble the basic report - either full appraisal or update - in the preceding year or early in the tax year. The appraisal will be completed subsequent to receiving the annual report.

This procedure will allow Contractor adequate time and the ability to do a number of properties each year.

County Responsibility

1. The county as in past years will mail or cause the annual report to be mailed to each industrial account and be responsible for reception by the county of the completed report.
2. The county will provide all prior data, including any previous appraisals by the tax commission for the Contractor to review plus the current years annual report.

3. The assessor will assist the Contractor in obtaining appointments for plant visits and a letter of authorization for the Contractor's representatives regarding the appraisals to be made.

Appraisal Fees

1. Fees are negotiable and may be adjusted each year and a new agreement established. Full narrative appraisals are based more on complexity than plant value, and will generally range from $____ to $____.

2. For the interim years, fees will range from $____ to $____.

3. Fees will include the cost of travel and job supplies with the exception of travel cost for appearance before the county board of equalization.

4. After the appraisal is complete, meetings with the taxpayer and assessor and/ or the county Board of Equalization will be attended at no additional charge.

For appearance and testimony before the Board of Tax Appeals or district court and preliminary meetings with the county attorney, a daily rate of $____ will be charged. Preparatory time to produce report copies, additional exhibits, and support data will be a maximum of three days per appeal at a daily rate of $___.

5. Contractor assumes no responsibility for controversies resulting from prior years appraisals.

   In the event of a continuing court action wherein Contractor becomes involved through the use of its appraisal fees for court time will be over and above its standard rate and will be charged at a rate of $___ per day.

Payment

Payment for full-scale narrative reports or limited scope appraisals will be made in two parts:

1. One-half on the beginning the preliminary phase of the appraisal.

2. One-half upon completion and submittal of the appraisal to the county assessor.

3. Payment is to be made upon reception and approval of the appraiser's invoice for services by the county assessor.

ADDENDUM B

Timber Tax Information/Form

Examples Relating to Recapture of Deferred Taxes

STC Form: Deferred Forestland Tax Valuation Notice

Seller	Buyer	Recapture
Bare Land/Yield Tax	Bare Land/Yield Tax	None, if the buyer accepts liability of the previous owner. Otherwise, the seller may accept liability in the closing.
Bare Land/Yield Tax	Productivity	(Current productivity-bare land value) x current levy x number of years (up to 10 years) – yield tax credit
Bare Land/Yield Tax	No Designation	(Current productivity − bare land value) × current levy × number of years (up to 10 years) − yield tax credit
Bare Land/Yield Tax	Other Use	(Current productivity − bare land value) × current levy × number of years (up to 10 years) − yield tax credit
Bare Land/Yield Tax	Change in Use without Ownership Transfer	(Current market value – bare land value) x current levy x number of years under present owner (up to 10 years) – yield tax creidt
Productivity	Bare Land/Yield Tax	None
Productivity	Productivity	None
Productivity	Other Use	None

Use Form FT-103 to notify landowner of the Deferred Forest Land Tax Valuation. A copy of this form is shown below.

*Note the section of the form with the headings: Grade, Productivity, Bare Land & Yield, Deferred Value, Acres, and Total Deferred. This section is intended to assist you in weighting the deferred value by the productivity classes present on the property. The answer or weighted total can then be multiplied by the levy rate and years, the yield taxes are deducted from this total, the result is the total amount of deferred taxes due.

Another way to use this section is to weight the productivity and bare land values by the acres in each productivity class. Total these individual values for the productivity option and the bare land and yield option, divide by the total acres for the parcel and take these weighted averages into the section at the bottom of the form to calculate the total deferred tax due. The method you use would depend on which is easier for you to follow

STATE OF IDAHO

DEFERRED FORESTLAND TAX VALUATION NOTICE

Name	County	Date

Address

City, State, Zip

Parcel No. _____

Tax Code Area _____ Date of Designation _____

Legal Description:

You are hereby notified that the property herein described, which previously has been designated as Forestland under the Bare Land and Yield Tax option, will be assessed the deferred taxes as provided for in Sec. 63-1703, Idaho Code.

The deferred tax assessed for:

☐ Transfer in ownership
☐ Change in land use
☐ Removal of designation

is based on the following procedure:

Grade	Productivity		Bare Land and Yield		Deferred Value		Acres		Total Deferred Value	
		–		=		X		=		
		–		=		X		=		Wt. Ave. Deferred Value
		–		=		X		=		
						Total	=	÷	=	

☐ Per Acre Productivity Forestland Value ☐ Per Acre Market Value	Less	Per Acre Bare Land and Yield Tax Land Value or Wt. Average Deferred Value	Multiplied By	Most Current Levy Rate (Decimal)	Multiplied By	Years*	Equals	Per Acre Deferred Tax	Multiplied By	Acres	Less	Credit For Yield Tax Actually Paid	Equals	TOTAL TAX
$	—	$	X		X		=	$	X		—	$	=	$

*Number of years land has been in this designation (not to exceed 10 years) including entire current year.

PA.00110
3-19-02

FT-103

ADDENDUM C

Various Forms

Appeal Form (Example)

Net Profits of Mine Form (Example)

Statement of Net Profits of Mines Instructions

Request for Property Tax Cancellation (Example)

Wildlife Habitat Forms (Examples)

Annual Wildlife Habitat Exemption Application (Example)

Annual Progress Reports for Wildlife Habitat Exemption (Example)

Appeal Form

ADA COUNTY ASSESSOR

Rebecca Arnold, Assessor

Understanding your Assessed Value

The Assessor is required by state law to place current market value on all taxable property each year. This value is determined by an appraisal process, which includes analyzing construction costs, reviewing recent sales data, and may require a personal visit to the property. The sales information is gathered from the multiple listing service, property owners, realtors, builders, developers and independent appraisers.

Discussing your Assessed Value with the Deputy Assessor (Appraiser)

If you feel that your assessed value is higher than what your property would probably sell for on the open market, then we encourage you to submit market information to support your position. The appraiser assigned to assess your property will consider any evidence you wish to submit. Typical market information comes in the form of a realtor's comparative market analysis, copies of independent appraisals done for sales or refinance, repair estimates or any other pertinent data. Many property owners submit additional market information during the appeal process, and often values are adjusted to reflect the new evidence.

Board of Equalization (Filing the Appeal)

If you are not satisfied with the final assessment of value, it is your right as a property owner to file an appeal with the Ada County Board Of Equalization. The appeal will only address the market value of your property. An appeal to the Board is not a forum to protest property taxes.

Appeal Forms

A copy of your **Assessment Notice *must*** accompany your application. Please return the completed appeal form to the **Ada County Commissioners Office**, 200 Front St., Boise ID 83702. You may also submit your form via facsimile **or** U.S. mail, please not both. Completed forms must be filed on or before the 4th Monday of June at 5:00 p.m.

Contact Person

There is a place on the appeal form to list a contact person. It is very important that we know the correct name, address and phone number of the property owner or the property owner's representative so that we may contact them, if necessary.

Presenting your Appeal To the Board of Equalization

In a challenge to the assessor's valuation of property, the value of the property for purposes of taxation as determined by the assessor is presumed to be correct; the burden of proof is upon the taxpayer to show that they are entitled to the relief claimed.

*Please bring to the hearing **five (5) copies** of all records and/or evidence that you wish to submit in support of your appeal. (One for each Board Member, one for the Assessor, one for yourself)*

In short, you must prove that the assessed value is not market value through a factual or legal reason. In presenting your appeal, the best evidence is typically sales data from the marketplace, written analysis from a realtor or other professional source. State your appeal objectively and factually.

The Board of Equalization will give your case due consideration based on your evidence.

STATEMENT OF NET PROFIT ON MINES FOR TAXING PURPOSES

(Section 63-2803, Idaho Code)

You are requested to complete the following report and deliver it to the office of the Custer County Assessor, Challis, Idaho, prior to the first Monday of May.

Year Ending_____20_____

"This statement is not a true statement of "Net Income" because major expenses, including income taxes, depreciation, depletion, insurance, etc., are not allowable deductions and have not been deducted in arriving at net profit shown as Item (10)."

_____ *(1)* Name of owner or owners of mine.

……

(2) Name, description and location of mine.

……

……

(3) Number of Tons extracted during year

……

_____

(4) Gross Value of Production and/or Gross Receipts from Royalties……..…….. $_____

Less Deductions:

(5) Cost of Reduction or Sale:

a) Smelter Treatment Charges…….. $_____

b) (b) Transportation to Reduction or Sale……. $_____

c) (c) Other Allowable Costs (Attach Detail)……..… $_____

(6) (d) TOTAL REDUCTION COSTS……$_____

(7) Gross Income from Mining Operations and/or Gross Receipts from Royalties (Line 4 less Line 5)……... $_____

LESS

(8) Actual cost of Extracting and Concentrating (Schedule attached)...……$_____

(9) Betterments and Improvements capitalized during year…$_____

(10) Total lines 7 and 8……...……...…..…… $_____ NET PROFIT (LOSS) for the year line (6) less line (9)……...……... $_____

DATED……. _____

OWNER

STATE OF IDAHO, _____ County of Custer
LESSEE

_____, being first duly sworn, on his oath says that he/she is _____of the_____ owner of and operating the group of mines or mining claims named in the foregoing "Statement of the Net Profit on Mines for Taxing Purposes;" that said statement is a full, true, and correct statement of the net profits derived from the mining of the metals and minerals from said group of mines or mining claims during the year_____.

Subscribed and sworn to before me this _____ day of _____20_____.

STATEMENT OF NET PROFITS ON MINES FOR TAXING PURPOSES

(Instructions)

Line 1. Enter the name of the owner(s) of the mine.

Line 2. Enter the name of the mine and the description and location of the mine.

Line 3. Enter the number of tons of minerals extracted during the calendar year for which this report is being filed.

Line 4. Enter the gross revenues for sales of minerals before smelter treatment and freight costs beyond the smelter line.

Line 5(a). Enter the total charges paid for smelter treatment.

Line 5(b). Enter the total charges paid for transportation to the point of reduction or sale.

Line 5(c). Enter the total charges paid for other allowable costs and attach a detailed list of all costs claimed (for example, total charges paid for assaying).

Line 5(d). Enter the total of lines 5(a), 5(b), and 5(c).

Line 6. Subtract the amount reported on line 5(d) from the amount reported on line 4 and enter this remainder as the gross income from mining operations and/or gross receipts from royalties. This should be equivalent to the income reported on the federal income tax return depletion schedule as "Gross Income from Mining." This should also be equivalent to the income reported for Idaho income tax purposes and the Idaho mine license tax return for this specific property. Miscellaneous income such as rentals, discounts on purchases, and investment income should not be included.

Line 7. Enter the total costs including labor for the extracting of metals and minerals from this mine, the transporting of these from the mine, and the milling. Include all direct and indirect costs.

Line 8. Enter the total costs for betterments and improvement during the year; that is, all capital expenditures during the reporting year for necessary improvements in and about the mining plants or for construction of mills and reduction works.

Line 9. Add the amount reported on line 7 and the amount reported on line 8 and enter the total.

Line 10. Subtract the amount reported on line 9 from the amount reported on line 6 and enter this remainder as the Net Profit (loss) for the reporting year.

Example Tax Cancellation Form

To: _____ County Board of Commissioners

Re.: Request for Cancellation of Property Taxes

Date: _____

Parcel Number: _____

Name: _____

Honorable Commissioners,

Please cancel the taxes owed against the referenced parcel(s) for the year(s) of _____ in the amount of _____ plus penalty and interest for the following reason:
_____
_____
_____
_____

Presented to the Board of County Commissioners on this date: _____

_____ Assessor

Approved _____ Disapproved _____

_____ Commission Chairperson

_____ Commissioner

_____ Commissioner

ANNUAL WILDLIFE HABITAT EXEMPTION APPLICATION

OWNER NFORMATION

Owner's Legal Name:	Business Name (if different than owner):
Mailing Address:	
Legal Description of Property:	Phone number of owner or agent:
	Date Ownership Effective:

NONPROFIT WILDLIFE ORGANIZATION INFORMATION

Nonprofit Wildlife Organization's Legal Name:	Internal Revenue 501(c)(3) Exempt Status as of (Date):
	Contact Person's Phone Number:
Mailing Address:	

CONSERVATION EASEMENT/AGREEMENT INFORMATION

Title:	Date Filed With County Assessor:	
	Effective Date:	Duration:
Describe amendments to the easement/agreement:		
Describe use(s) formerly qualifying for exemption as "land actively devoted to agriculture:		

REQUIRED SUBMITTAL INFORMATION

Submit the following documents to the Assessor of the county where the wildlife habitat is located.

⑨ A copy of the signed noxious weed management plan and conservation easement/agreement or wildlife habitat management plan, including baseline documentation, if such documents are not already on file with that Assessor.

⑨ A copy of amendments (any not already on file with assessor) to the noxious weed management plan and conservation easement/agreement or wildlife habitat management plan.

⑨ A copy of a report, showing the property was managed according to the noxious weed management plan and wildlife habitat management plan or conservation easement/agreement during the prior year.

⑨ A copy of the most recent Internal Revenue Service document (any not already on file with assessor) showing the nonprofit wildlife organization's 501(c)(3) status.

⑨ A copy of the most recent assessment notice (if not already on file with assessor) showing the land formerly qualified for exemption as "actively devoted to agriculture."

· **For more information, see Idaho Code Section 63-605.**

I certify a conservation easement/agreement or wildlife habitat management plan is in effect for this property, the land is managed under its terms, and no circumstances have developed that result in this property being ineligible for the exemption pursuant to Section 63-605, Idaho Code.

Signature:_____

Title:_____ Date:_____

Official Use Only

Parcel Number _____ Application filed with Assessor by April 15: __ Yes No

Assessor's Signature _____

4/16/07

ANNUAL PROGRESS REPORTS FOR WILDLIFE HABITAT EXEMPTION

(Please submit with Annual Wildlife Habitat Exemption application.)

OWNER INFORMATION	
Owner's Legal Name:	Date Ownership Effective:
Legal Description of Property:	Phone number of owner or agent:

PROGRESS REPORT – WILDLIFE SPECIES
Describe management actions, events or developments taken in the prior year that affect wildlife species and/or habitat: (Attach additional sheets if necessary.)

PROGRESS REPORT – NOXIOUS WEEDS

Please describe actions taken to implement the noxious weed management plan and any departures from the plan:

Describe actions to control noxious weeds and status of infestation by species: (Attach additional sheets if necessary.)

I certify the information provided herein is a true description of the actions taken last year to manage the land under the terms of the noxious weed management plan and conservation easement/agreement or wildlife management plan.

Signature:_____

Title:_____ Date:_____

Official Use Only

Parcel Number _____ Application filed with Assessor by April 15: __ Yes No

Assessor's Signature _____

ADDENDUM D

STC Form R

RECORD OF REAL ESTATE OWNERSHIP - STATE OF IDAHO

Buyer/Owner/Lessor :

. Seller/Lessee:

.

Term of Lease:

.

County:

.

Date of Purchase:_____.

Tax Code Area Number:

.

Company map number

.

FOR TAX COMMISSION USE ONLY

S.T.C.

eference No:

(County No.-Industry Type-Company No.-ID No.)

_____-_____-_____.

CLASSIFICATION OF PROPERTY

⑥ Operating (TCO) ⑥ Non-Operating (CNO)

Company Reference Name:_____.

Statement of Intended Use:_____.

LEGAL DESCRIPTION OF PROPERTY (Limit to single section per page where practical)

For Tax Commission Use Only

Land to be assessed by local county assessor ⓖ Yes ⓖ No

Leasehold Improvements to be assessed by local county assessor: ⓖ Yes ⓖ No

Effective Assessment Date of S.T.C. Form R by the
January 1, _____.

IDAPA 35.01.03.404.05 **STC FORM R**

ADDENDUM E

Link to Motor Vehicle Sales Tax Remittance Form

STC Form ST-852

ADDENDUM F

Idaho Court Decisions

Canyon County BOE & Twin Falls County BOE -vs- Amalgamated Sugar

Summaries of Selected Idaho Supreme Court Cases

FAX TRANSMISSION

CANTRILL, SKINNER, SULLIVAN & KING LLP
1423 Tyrell Lane
P. O. Box 359
Boise, ID 83701
208-344-8035
Fax: 208-345-7212

August 5, 2004

Pages: 47

PLEASE DELIVER THE FOLLOWING PAGES:

TO: Joe Cox
208-454-7349

FROM: Robert D. Lewis
Cantrill, Skinner, Sullivan & King, LLP

RE: Amalgamated Sugar Company, LLC

MESSAGE:

Please see the attached letter and enclosure.

IF YOU HAVE ANY PROBLEMS IN RECEIVING, PLEASE CALL (208) 344-8035

(Check √)
Transmitted: _____

CANTRILL, SKINNER, SULLIVAN & KING LLP
ATTORNEYS AND COUNSELORS AT LAW
1423 TYRELL LANE P.O. BOX 359
BOISE, IDAHO 83701
(208) 344-8035

DAVID W. CANTRILL
GARDNER W. SKINNER, JR.
JOHN L. KING
ROBERT D. LEWIS
CLINTON O. CASEY
DEAN C. SORENSEN
STEVEN J. MEADE

WILLIS E. SULLIVAN, III (1941-2001)

FACSIMILE
(208) 345-7212
CSSKLAW@CSSKLAW.COM

August 5, 2004

VIA FACSIMILE: (208) 454-7349

Joe Cox
Canyon County Assessor's Office
1115 Albany Street
Caldwell, ID 83605

RE: In the Matter of the Appeals of Amalgamated Sugar Company, L.L.C., for the tax year 2002.

Dear Joe:

Today I received Judge Hoff's Findings, Conclusions, and Order. I enclose that 45 page document with this letter.

Judge Hoff has ruled in favor of the Counties. She has given us 15 days from August 3, or before August 18, to submit a Judgment for her review and approval. Once you have had an opportunity to review her Findings, Conclusions, and Order, please let me know if you have suggestions on the form of the Judgment.

Congratulations.

Very truly yours,

Robert D. Lewis

RDL/kls
Enclosure

IN THE DISTRICT COURT OF THE THIRD JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF CANYON

CANYON COUNTY BOARD OF EQUALIZATION and TWIN FALLS COUNTY BOARD OF EQUALIZATION, Petitioners, -vs- THE AMALGAMATED SUGAR COMPANY, LLC, Respondent.	CASE NO. CR-2003-5028C FINDINGS, CONCLUSIONS AND ORDER

This case came before the Court for trial de novo on April 13, 14, 15, 16, 22 and 23, 2004. The petitioners were represented by Robert D. Lewis of the firm of Cantrill, Skinner, Sullivan & King, LLP. Also present on behalf of the petitioners were Deputy Prosecuting Attorney for Canyon County, Thomas Vaughn, and Deputy Prosecuting Attorney for Twin Falls County, Rose Mary Emery. The elected Assessors for Canyon,

Twin Falls & Minidoka Counties were also in attendance. Robert B. Burns of the firm of Moffatt, Thomas, Barrett, Rock & Fields, Chartered represented the respondent. Wayne Neely, Vice President and Controller, and General Counsel, John Lemke, were also present for Amalgamated.

Following trial, both sides were permitted time in which to file briefs with the Court. It should be noted at the outset that both trial attorneys competently and professionally represented their clients at trial and in post-trial briefing. A considerable amount of complicated testimony relating to appraisal methods was covered in the days of trial.

Having considered the testimony presented at trial, the exhibits, the briefs of counsel, and applicable law, the Court hereby, finds, concludes, and orders as follows:

FINDINGS OF FACT

1. The respondent, The Amalgamated Sugar Company, LLC, operates four sugar production plants. Three plants are located in Idaho, and the fourth plant is located just across the Idaho border in Nyssa, Oregon. In January of 1997, The Amalgamated Sugar Company, LLC, the entity which is the subject of this litigation, was formed. At that time, Amalgamated Sugar Company,[1] which was a corporation, transferred its assets to The Amalgamated Sugar Company, LLC. At the same time, a beet growers' cooperative, Snake River Sugar Company, was formed to provide area farmer-producers with control and ownership of the plant and to preserve the farmers' ability to produce and provide sugar beets to Amalgamated for processing. The cooperative anticipated that in order to

[1] For over fifty years, Amalgamated Sugar Company had operated the sugar beet processing facilities, which are the subject of this litigation.

acquire ownership, it could borrow cash form a syndicate of lenders and contribute the cash to the LLC.[2] Exhibit 2, Page 6.

2. The two members of respondent Amalgamated LLC are the Snake River Sugar Company and ASC Holdings, Inc. a/k/a Valhi. The June 1996 Offering Memorandum of Snake River Sugar Company estimated that all of Amalgamated's plants and equipment assets had a value of $274 million dollars. Exhibit 2. In August 1996, Snake River Sugar had an appraisal performed on the sugar plants. "Fair market value – continued use" of the three Idaho plants, excluding real estate, was approximately $283 million dollars. Exhibit 3, Page 3204.[3] Member growers acquired their interest in Snake River Sugar and ultimately in the LLC by purchasing shares of stock.[4] Snake River Sugar Company became a five percent owner in the LLC. ASC Holdings maintained the other 95 percent. Neither the IRS nor state taxing authorities treated the transaction as a sale. Exhibit RR.

3. At the time the LLC was organized, Amalgamated was the second largest United States refiner and processor of sugar beets with annual production of about 1.5 billion pounds of sugar. Exhibit 2, Page 9. Although the offering projected profits of over $97 million for 1997-1999, the net income for that period was just under $18 million. Exhibit SS. Amalgamated Controller, Wayne Neely, testified that the difference between the projected offering profits and the actual profits to Snake River Sugar

---

[2] According to Wayne Neely, Vice President and Controller for Amalgamated, as of 2002, approximately 75% of the U.S. sugar industry is operated through grower cooperatives.

[3] While Exhibit 2, the offering, and Exhibit 3, the appraisal, were admitted over respondent objection at trial, neither exhibit was admitted for the truth of valuation. These exhibits are demonstrative, however, of the significant background facts lending momentum to the instant litigation. In addition, neither document was relied upon by either side's appraisers in making their respective appraisal reports.

[4] Snake River Sugar sold preferred stock. For each share sold, a member could grow one acre of beets, which would be processed into at Amalgamated. Snake River Sugar is made up of 1,200 sugar beet growers.

Company was the result of "unit retains" or "retainage." Mr. Neely testified that these unit retains were not envisioned at the time the offering was prepared. At the time the offering was prepared, it was anticipated that all profits would be passed on to the growers. The growers agreed to this price concession with the understanding that the unit retains would be utilized by the LLC for plant repairs and improvements. That is, some of the growers' profits were withheld and retained by the LLC. The growers' concessions to final payment for their crops for 1998, 1999, and 2000 are contained in amendments to the original agreement between Snake River Sugar and Amalgamated LLC. Exhibit 13, Addenda – R15, R16, R17. Amalgamated's audited financial statements do not contain the unit retains. Exhibit 12. Snake River Sugar Company's audited financial statements do contain the unit retains. Exhibit U.

4. For decades, the Idaho Amalgamated plants were assessed annually for property tax purposes by their respective resident counties, Canyon, Twin Falls, and Minidoka. Prior to 1992, the Idaho State Tax Commission provided the appraisal. In 1992, the individual county assessor offices took control of the assessment. From 1992 until 2002, the Counties used what has been referred to in this and prior litigation as "the model" to assess value. "The model" was a non-legislatively recognized "income like" approach, or formula, to valuing Amalgamated's property for assessment purposes. The data used to perform the calculations was gathered, prepared and submitted to the Counties by Amalgamated. Both sides testified that during its annual presentation to the Counties, Amalgamated generally painted a depressed picture of the sugar production industry emphasizing the uncertainty of future profitability. The county appraisers accepted Amalgamated's model-based values as presented. But beginning about 1992,

the Counties began to look more closely at the model, but did not make material changes until the 2002 tax year. Because the Counties changed two aspects of the model, the capitalization rate and income tax rate, the 2002 assessed value was triple the value calculated under the previously utilized model. The Counties' value was $167,200,000. Amalgamated's value without the changes applied by the Counties was $55,000,000 As a result, this litigation commenced.

5. Amalgamated appealed the 2002 county-assessed value to the respective Equalization Boards for each county. Each Board affirmed the tax assessment. Those decisions were then appealed to the Board of Tax Appeals (BTA). On the eve of the BTA hearing, Amalgamated produced and presented to the Counties an appraisal employing legislatively authorized appraisal approaches to value. Exhibit 11. The following day that appraisal was introduced at the BTA hearing. The BTA conducted its hearing and rendered its decision in April 2003. The BTA reversed the Counties' Boards of Equalization relying on Amalgamated's appraisal.

6. This case came before this Court on appeal from the BTA decision, in which Amalgamated was the prevailing party. The original appraisal, relied upon by the BTA at their hearing, was introduced and admitted as Exhibit 11 at this hearing. While the record below does form the basis for the appeal, the record is not examined for error in the traditional sense because the nature of the appeal is a *trial de novo.* Idaho Code Section 63-3812 (c) provides that the appeal "may be based upon any issue presented by the appellant to the board of tax appeals and shall be heard and determined by the court without a jury in a trial de novo on the issues and in the same manner as though it were an original proceeding. . . ."

7. Some comments made by the BTA in its May 2003 decision are significant. The BTA was critical of both parties to this appeal in their respective presentations of evidence. As stated on Page 13, Exhibit 1, of its decision, the BTA stated:

> Before this Board are two distinct appraisal cases. Effectively addressing our concerns with each appraisal, which is to reappraise the property or modify existing appraisals, was not possible. Likewise a reasonably accurate measurement of taxable value from the 1997 sale was beyond reach. The county assessment was found to be based substantially on the non-recognized "model." The taxpayer presented a more traditional appraisal, which proceeded forward under the three approaches to value.
>
> The Board finds the county assessments, especially with the threefold increase, that derived from a *non-recognized* appraisal model, should not prevail if there is an alternative, even a tenuously helpful one. Appellant's appraisal case is determined sufficient to decide this appeal.

8. As a result of these conclusions,[5] the Board held that although Amalgamated's appraisal was "wanting in instances," it "was the only one which reasonably proceeded forward under the three approaches to value." BTA decision, page 10. The Board then proceeded to invite *trial de novo* before the district court, by urging both parties to "start afresh in future assessments under the three approaches to value standard and the legislatively provided for cost approach (trended investment.)" BTA decision, Page 13. Pursuant to Idaho Code Section 63-3812, the trial in this case was conducted as though it were an original proceeding.

9. For purposes of this appeal, the parties have stipulated that the valuation of real estate upon which the subject plants sit and other real property, which Amalgamated owns utilizes in its manufacturing process are not at issue in this litigation. The valuation at issue is the plant and equipment. The parties have also stipulated that the age of each

[5] Although the BTA called the transfer of assets to the LLC a "sale," this Court has found to the contrary per Finding of Fact 2 hereinbefore.

plant is in excess of 50 years. However, each plant is in good condition, and all four plants operate as a combined or single business unit. Since 1997, $43 million in new capital has been invested to make improvements in the plants. Exhibit 12.

10. All plants conduct an annual slice campaign, which is the harvesting and slicing of the beets from the fall of the year until February or March. Both the Nampa and Twin Falls plants then begin the juice campaign, in which they draw stored sugar juice from large storage tanks back into the factory and process the raw product into sugar. This campaign occurs from March to September. Both plants utilize an advanced molasses de-sugarization process, which has increased the recovery rate for sugar extraction from 82% to 90%.

11. At trial, both parties presented market value appraisals, which applied the three approaches to market value set forth in Idaho Code Section 63-201[6] and Rule 217 promulgated by the Idaho State Tax Commission.[7] As a result, the trial de novo differed

---

[6] Market value is defined in Idaho Code Section 63-201(10) as follows: "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment

[7] Rule 217 provides as follows: RULES PERTAINING TO MARKET VALUE DUTY OF COUNTY ASSESSORS 02. Appraisal Approaches. Three (3) approaches to value will be considered on all property. The three (3) approaches to value are: (3-30-01) [emphasis added]
a. The sales comparison approach; (3-30-01)
b. The cost approach; and (3-30-01)
c. The income approach. (3-30-01)
03. Appraisal Procedures. Market value shall be determined through procedures, methods, and techniques recommended by nationally recognized appraisal and valuation associations, institutes, and societies and according to guidelines and publications approved by the State Tax Commission. This includes the use of market rent, not contract rent. (3-30-01)

significantly from the BTA hearing, where only Amalgamated presented an appraisal applying the three approaches to market value provided for in Idaho Code Section 63-201 and Rule 217.

12. The Counties utilized the services of L. Scott Erwin, Section Manager of the Idaho State Tax Commission, and Brent Eyre, a private appraiser. The professional qualifications of these two appraisers are contained in Exhibit 4, Section VII. Mr. Erwin is an Idaho State Certified General Appraiser. Mr. Eyre is an Accredited Senior Appraiser and a Utah State Certified Appraiser.

13. Amalgamated utilized the services of the Tapanen Group, Inc., specifically Larry J. Tapanen and Stephen H. Olson. Their professional qualifications are contained in a separate section entitled "Professional Qualifications" at the conclusion of Exhibit TT. Mr. Tapanen is an Accredited Senior Appraiser and an Oregon and Washington State Certified Appraiser. Mr. Olson is not accredited or certified.

14. While each appraisal presents the requisite three approaches to value, a cursory review of the appraisals reveals a noteworthy difference between the two appraisals. Exhibit 4 and Exhibit TT. Included in the Tapanen appraisal, on Page 12 of Exhibit TT, is a narrative entitled "History and Nature of the Business." The narrative reviews the history of the United States sugar industry including the competition created by corn and non-caloric sweeteners, allotments, imports, and low profit margins. While the Counties' appraisal lacks such historical information, it contains regional and area agricultural production data as well as a description of recent plant improvements made by Amalgamated. These noted differences in appraisal style were further developed in

presentation of their individual cases at trial. The Amalgamated appraisers had been appraising U.S. sugar manufacturing plants for decades. In contrast, although they had appraised other types of industrial properties, the Counties' appraisers had never appraised a sugar processing plant prior to this case.

15. In presenting their case at trial, Amalgamated used the same approach it had used at the BTA hearing. Amalgamated's original appraisal, Exhibit 3, was essentially left intact. There was additional material inserted in the narrative entitled "History and Nature of the Business." Exhibit TT, Pages 14 – 16. The additional information discusses the continued implementation of the 2002 Farm Bill and the USDA Commodity Credit Corporation's revision of sugar marketing allotments. Because Pacific Northwest Sugar Co. was idle for the year; Amalgamated was assigned almost half of Pacific Northwest's allocation. Amalgamated made some other lesser changes to its appraisal, which will be discussed later in these Findings as they relate to each valuation approach.

16. Amalgamated presented the expert testimony of Peter Buzzanell, a sugar market analyst, in support of their assertions that a proficient appraisal requires a knowledge of the overall stability of the U.S. and world sugar industry. Mr. Buzzanell testified that the United States is the second leading world sugar importer and the lowest cost producer of sugar. Forty foreign countries are currently allowed to import sugar to the United States. Quotas control sugar imports. If an importing country exceeds their quota, they are required to pay a tariff.

17. The United States does not export sugar. The U.S. government from time to time, beginning in 1934, has subsidized the farmer for producing sugar and has controlled production through allotments and government loan mechanisms. From 1990 to 2002,

there was significant growth in the world production of sugar, particularly in Brazil. As a result, sugar has been "dumped" on the international market selling for between 6 and 12 cents per pound even though world production costs averaged 16 cents per pound. (U.S. sugar production costs was between 9 and 15 cents per pound.). Since 1993, the U.S. industry has been in a state of restructure with 25 sugar mills closing. This restructure has increased allotments for the surviving plants. The surviving plants generally operate more efficiently than the plants that have closed. In spite of these closures, there has still been some growth in production.

18. Mr. Buzzanell testified that unlike wheat or corn, which a farmer can harvest and store for later sale, beets must have access to a mill at harvest time. Because growers have to have a sugar mill, grower groups in recent years have been purchasing part of the industry.

19. Mr. Buzzanell introduced demonstrative evidence showing the cyclical nature of the price of sugar. Exhibit M. Sugar prices have been affected not only by the fact the U.S. imports sugar, but also because consumers have reduced sugar consumption in recent years.

20. Prior to the 2002 Farm Bill, a sugar processor, who could not repay a government production loan, forfeited the sugar to the government. The 2002 Farm Bill instructs the United States Department of Agriculture (USDA) to operate the sugar program at no cost by avoiding forfeiture of sugar loans. This is accomplished by maintaining prices which are high enough to avoid forfeitures. The two management tools used to ensure necessary prices are allotments and import quotas.

21. Mr. Buzzanell further testified that he has never seen a time when the sugar industry has been more vulnerable or uncertain. Imports and pricing are affected and will continue to be affected by the World Trade Organization (WTO), The North American Free Trade Agreement (NAFTA), and by the Central American Free Trade Agreement (CAFTA). By 2008, NAFTA will eliminate sugar quotas for Mexico, and it is anticipated that unlimited quantities of sugar will be allowed to enter the U.S. without tariffs being imposed. However, Mr. Buzzanell opined that the United States, if allowed to do so, could compete in the world sugar market on its own.

THE THREE APPROACHES TO VALUE

22. **The sales comparison, or market data, approach.** Both parties presented evidence relevant to the sales comparison approach, sometimes referred to as the "market approach." Under the market approach, an appraiser studies the market selecting sales of properties, which are comparable to the property at issue. The appraiser then collects and verifies the data from the comparable sales. The second step involves adjustments to the sale price of selected comparables based on dissimilarities between the comparables and the subject property and elimination of unsuitable comparables. Finally the appraiser reconciles the adjusted comparable properties with the subject property.

22A. Because the property in this case is unique, both sides had a limited number of comparable properties available for consideration. In their decision, the BTA was critical of Amalgamated's comparables. On page 7 of its decision, Exhibit 1, the BTA notes the following deficiencies:

> Perhaps this Board's greatest concern with the fee appraisal involved its use of "comparable sales." Critically important declarations of gross purchase price, allocation calculations, condition and terms of sale, and precise data sources were not definitively disclosed. The serious

omissions however, were secondary to the more fundamental timeliness issue.

22B. At trial, Amalgamated's appraisers not only maintained the same comparable sales presented to the BTA, but also defended their use, asserting that by including two decades of comparable sales in their analysis, they appropriately demonstrated the sugar industry conditions and trends. They acknowledged that their comparables dated back to 1980, but asserted they were not stale and that their inclusion confirmed a total range of sales reflecting market conditions through the years. They testified that following the BTA decision, and in preparation for the instant hearing, they carefully considered the criticisms made by the BTA; and as a result, they made minor changes and additions to their data.[8] They also testified that the oldest sales were omitted from the final analysis.

22C. The major differences between the parties' presentations of the market approach were the number of sales and the time period over which the comparable sales occurred. Since Amalgamated's appraisers had been appraising sugar-processing plants for several decades, they had significant historical information on such sales. In fact, the Counties' appraisers ultimately acquired a significant portion of their information on comparable sales from Amalgamated's appraisal. Amalgamated selected 17 comparable sales occurring from February 1979 through October 2002. Exhibit TT, Pages 35 – 59, and Addenda-Exhibit N. Their comparables comprised "all known sales in the U.S. beet sugar industry since 1979." Exhibit TT, Page 59. Sixteen of those sales were analyzed.

[8] One of the other BTA's criticisms of Amalgamated's appraisal was their use of transactions, which occurred after the lien date of 2002. The BTA called the use "improper." Page 7. It was, however, stipulated by the parties that this criticism was without merit, and that the 2002 sales were permissible under Uniform Standards of Professional Appraisal Practice (USPAP). In fact, both sides utilized 2002 comparables at the instant hearing.

The last transaction was included, but was not used in the final conclusion of value because the sale was of a closed sugar facility, which was converted to an alcohol production plant.

22D. In contrast, the Counties' appraisers determined that any sales prior to 1988 were stale and should not be considered in the market approach. Ultimately, the Counties selected five comparable sales, all of which occurred in 2002. Pages 28 – 33. Exhibit 4. However, the Counties rejected four of those sales. Three sales were eliminated because they were sales that took place the year after the sugar processor emerged from bankruptcy. Those sales are as follows: Sale No. 1, Imperial Sugar to Michigan Sugar Beet Growers; Sale No. 3, Imperial Sugar to Wyoming Sugar; and Sale No. 4, Imperial Sugar to American Crystal Sugar Company. The Counties concluded that Imperial Sugar "was compelled to sell these plants for the purpose of retiring debt." Exhibit 4, Page 36. The fifth sale was rejected because it represented only a single plant. In addition, there were unusual circumstances surrounding the sale. First, The Northwest Sugar Company closed the plant in 2002 and sold it to North Central Leasing Company. North Central, in turn, sold the plant to American Crystal Sugar Co. However, American Crystal did not purchase the plant to operate it, but to acquire Pacific Northwest's sugar-making allotments. After eliminating the four comparables, only one comparable sale remained, Sale No. 2, Exhibit 4, Page 36, "Tate and Lyle to Rocky Mountain Sugar Growers Cooperative."

22E. Of the 16 properties they considered, Amalgamated maintained that the Michigan Sugar to Michigan Sugar Beet Growers sale, comparable No. 4, and the Western sale, comparable No. 3, were the sales with the highest degree of comparability

to Amalgamated Sugar. What was commonly referred to as the "Western Sale" by Amalgamated is the third comparable on Amalgamated's appraisal, Exhibit TT, Pages 36-37, entitled "Western Sugar to Western Sugar Growers Cooperative (3)". This comparable is the same comparable selected and utilized by the Counties, and is formally entitled "Sale No. 2, Tate and Lyle to Rocky Mountain Sugar Growers Cooperative." Exhibit 4, Page 30-31. For purposes of discussing this comparable in this decision, it will be referred to as the "Western Sale."

22F. As part of the verification process for comparables, the Counties acquired Form 10Q from the Securities and Exchange Commission (Exhibit 4, Addenda -Exhibit E) showing that Imperial Sugar Company had just emerged from bankruptcy at the time the sales took place to both American Crystal (Amalgamated No.1 and the Counties No. 4 comparable) and Wyoming Sugar Growers (Amalgamated No. 5 and the Counties No. 3 comparable.) This bankruptcy was not mentioned in Amalgamated's appraisal narrative. Amalgamated did note the bankruptcy filing by Michigan Sugar in 2001, in their No. 4 comparable narration. Exhibit TT, Page 38.

22G. In their challenge to the comparable sales selected by Amalgamated, the Counties queried both Amalgamated appraisers about the effect of the bankruptcy on the fair market value of the three comparables, Imperial Sugar to Wyoming Sugar, Michigan Sugar to Michigan Sugar Beet Growers, and Imperial Sugar to American Crystal. Both appraisers testified that the bankruptcy filings were irrelevant to their analysis of fair market value. They acknowledged that if the bankruptcy had had an effect on the market value, they would not have included those sales as comparables.

22H. In rejecting the Michigan and the two other Imperial sales as comparables, and in contrast to Amalgamated's appraisers, Counties' Appraiser Erwin concluded that the Michigan sale, and the other Imperial Sugar sales, were made under compulsion due to the bankruptcy. He concluded that these were not arms-length transactions, and should be rejected.

22I. Appraiser Erwin concluded that the best comparable to Amalgamated was "Sale No. 2, Tate and Lyle to Rocky Mountain Sugar Growers Cooperative." Exhibit 4, Page 30-31, the previously referred to "Western sale." Amalgamated's appraisers also determined the Western Sale was the best comparable. Exhibit TT, Page 60.

22J. Counties' Appraiser Erwin concluded the Western sale was closer in size to the subject property and was the only recent sale that was not made under compulsion. However, the reported sale information for Western lacked audited financial statements. Therefore, Erwin doubted the buyer's representation that $20 million of the $85 million sale price reported by the buyer had been allocated to working capital.[9] Exhibit 4, Page 34. As a result, appraiser Erwin made adjustments to working capital. The adjustment reduced working capital from the $20 million figure provided by Western to $4.5 million. Exhibit 4, Page 37. Erwin then adjusted the sale price downward for land value since land value is not included in valuation in the instant case. Page 37, Exhibit 4. Erwin's next adjustment related to the difference in production between Amalgamated and Western because he concluded that Amalgamated is far more efficient than Western in processing beets into sugar. Page 37, Exhibit 4. He concluded that the adjusted Western Sugar sale price was in the sum of $108,298,500. Erwin next adjustment was to reduce the sale amount by an amount representing the value of Amalgamated assets

[9] Working capital "is the difference between current assets and current liabilities". Exhibit 4, Page 34.

located in other Idaho counties not subject to this assessment. Erwin lastly reconciled the adjusted comparable value to Amalgamated and set value for Amalgamated LLC under the market data, or sales comparison approach, at $131,235,378. Exhibit 4, Pages 37 & 45.

22K. Amalgamated cited the adjustments made by Erwin as fiction and produced Exhibit Q, an undated letter to their appraiser Olson from the CFO of Western Sugar, which states that "(o)f the total purchase price of approximately $85,000,000 approximately $19,000,000 was used to purchase the net working capital of Western Sugar Company." Amalgamated urged that had Appraiser Erwin made his calculations based on Exhibit Q, the adjusted value of the Western sale would have been $36,740,000.

22L. After analyzing their comparables, making adjustments, and eliminating the extremes in sales data, Amalgamated concluded, "that the market for beet sugar factories is between approximately $1,000 and $1,800 per ton of daily slice capacity," with "an average of all sales after eliminating the high and low indications" of $1,374 per ton. Exhibit TT, Page 60. Amalgamated also considered the Michigan sale to be important because its unadjusted per ton daily slice capacity was $3,649. Amalgamated attributed this to the "premium applicable to factories located close to end markets." Exhibit TT, Page 60. Amalgamated's value was therefore significantly reduced because it has much higher transportation costs to markets on the east coast.

22M. Ultimately, Amalgamated concluded that the value range for Amalgamated's per ton daily slice capacity was between $1,550 and $1,650. After averaging this figure and multiplying it by the tons sliced per day, 41,766, Amalgamated

arrived at a sales comparison value of the subject property for $67 million. Exhibit TT Page 61.

23. **The cost approach.** The theory behind the cost approach to valuing property is to determine, as of the appraisal date, either the cost of reproduction new or the cost of replacement new of existing equipment. Deductions are then made for physical deterioration, functional deficiencies and economic obsolescence. At trial, both parties presented statutorily required evidence of the cost approach to market value at trial. However, each side chose a different method to present their evidence.

23A. The Counties used a trended investment technique, or trended cost approach, which is typically used by the County Assessors in Idaho and approximately 25 other states. Exhibit 4, Page 16. This was also the approach endorsed by the BTA on page eight of their decision when the Board said: "A persuasive reason was missing for not processing a complete cost approach on the Idaho plants using the statutorily mandated procedures and the STC Industrial Property Valuation Schedules." Exhibit 1, Page 8.

22B. In presenting their cost approach, the Counties' appraiser used the asset lists for the three Idaho plants, Exhibit 4-Addenda Exhibits A, B, and C, the trend and depreciation charts maintained by the Idaho State Tax Commission, and a mathematical equation. "The cost indices used by the counties are published by the Idaho State Tax Commission and are taken from Section 98 of the Marshall and Swift Valuation Service . . . a nationally recognized valuation service." Exhibit 4, Page 16. After identifying Amalgamated's assets, including land, County Appraiser Erwin calculated a Replacement Cost New (RCN). Next, Appraiser Erwin depreciated the assets, identifying a "% Good"

for each asset. The older assets and equipment were assigned 20%Good. The newer assets were assigned values increasing to a maximum 92%Good. The "%Good" factor was then applied to the RCN. The estimated replacement cost new for the plants located in Idaho was almost $459 million. The Counties' Appraiser then adjusted the depreciation creating an overall average, which resulted in a %Good factor of 28.26%. After the depreciation factor was multiplied by the replacement cost, the final value employing the cost approach is almost $130 million. The final adjustment made by Appraiser Erwin to establish a cost approach value was to subtract those properties located in and assessed by Counties other than Minidoka, Twin Falls and Canyon County. This resulted in a final cost approach value of $125,300,891. Exhibit 4, Page 24.

22C. Amalgamated selected a different cost approach. Instead of using the actual assets of Amalgamated, it utilized a model for building a new plant. Plant construction costs are ordinarily acquired by "contacting vendors of new plants and equipment to determine the selling price of such equipment new. However, there are no active manufacturers of much of the specialized beet sugar equipment left in the United States since no completely new plants have been built since 1975 and relatively little new equipment has been installed in existing facilities." Page 18, Exhibit TT. As a result, Amalgamated's Appraiser Larry Tapanen used construction costs of three sugar processing facilities built in the 1960s and 1970s, a replacement cost model report published by the Economic and Statistic Service of the USDA (ESS Model) in 1981, and a model prepared by H.K. Ferguson in 1985. Exhibit TT, Page 19. Once the cost of

reproduction new was determined, deductions were made for physical deterioration, functional obsolescence, and economic obsolescence.

22D. Amalgamated selected the sugar processing plants at Mendota, California, constructed in 1963, Chandler, Arizona, constructed in 1966, and Renville, Minnesota, constructed in 1975 as their constructed models. Exhibit TT, Page 19. The H.K Ferguson model was developed at the same time that the Renville, Minnesota plant was being constructed. Instead of depreciating every asset, as the Counties had done, an across-the-board depreciation of 92% or 8%Good was assigned to each asset. Appraiser Tapanen testified that under the cost approach, the entire cost of new construction was the basis needed before depreciation. However, the H.K. Ferguson model did not include land. Ultimately, Appraiser Tapanen concluded that Amalgamated's replacement cost new was $921 million. Exhibit TT- Addenda O-1. A market value of $74 million for Amalgamated LLC was the final value after the 92% depreciation factor was applied. Exhibit TT, Page 24 and Addenda O-1.

23. **The Income Approach.** The third approach to valuation involves an appraiser's prediction of the anticipated earning power of an asset. The income approach is centered on the expected benefits, or cash flow, that can be derived from the subject asset in the future. "(T)he income approach is a simple, two-step mathematical relationship between earning power and an appropriate capitalization rate. There are, however, a number of complexities that must be carefully addressed in determining reasonable and reliable inputs to the equation." Exhibit TT, Page 25. The income that the subject property is expected to produce is converted into a value estimate through the capitalization process. The capitalization process recognizes that "there is a relationship

between the prices an investor is willing to pay for assets and the income, which will be received, from the assets." Exhibit 4, Page 46.

23A. Appraiser Eyre developed the Counties' income approach. Amalgamated utilized Appraiser Olson and the services of Dr. Tyler J. Bowles, a college professor and valuation expert. As they had in the other two prior approaches to value, the value reached by each side under the income approach was vastly different. The Counties value was $116,702,601; Amalgamated's value was $46,000,000.

23B. In reaching these two different results, each side began with the same procedure. They each analyzed the audited financial records of the subject property. These records were analyzed in order to develop an income stream or future cash flow. To develop and predict a future cash flow, assumptions are made by the appraisers after reviewing data.

23C. Appraiser Eyre reviewed Amalgamated financial statements, and created two charts. Exhibit 4, Addenda-Exhibits 1 and 2. Addenda-Exhibit 1, which follows Page 69 of Exhibit 4, is a ten-year balance sheet; and Addenda-Exhibit 2 is a ten-year income statement. Addenda-Exhibits 1 and 2 cover years 1992 through 2001. In contrast, Appraiser Olson utilized years 1987 through 2001. Exhibit TT, Addenda – Exhibits G thru J. Each of the income statements developed by the respective parties demonstrates the step up in basis in total assets from 1996 to 1997, when the LLC was created. Total asset valuation on each of their exhibits goes from almost $381 million in 1996 to almost $638 million in 1997. These figures include the three Idaho plants and the Nyssa, Oregon plant.

23D. From their analysis of the respective balance sheets and income statements, each side attempted to discern identifiable trends in Amalgamated's income and expenses by use of their independent appraisal expertise and judgment. Appraiser Eyre created Addenda-Exhibit 3 from the data contained in Addenda-Exhibits 1 and 2, to demonstrate the cyclical nature of sugar production. Exhibit 4. Appraiser Olson also emphasized the cyclical nature of the sugar industry. Exhibit TT, Page 26.

23E. Appraiser Eyre assumed there was an annual average growth in sugar of 3% over 10 years. As a result, he forecast higher future sugar sales but only at .5% per year. Exhibit 4, Addenda-Exhibit 4.

23F. Contrary to the Counties, Appraiser Olson found that "the longer term trend of Amalgamated's earnings has been down. The 10-year averages are the highest and steadily decline as the average period decreases." Exhibit TT, Page 27. He also found that the U.S. sugar manufacturing industry is limited by the Farm Bill, noting that Amalgamated received an increased allotment only because one of Amalgamated's competitors had failed financially. He made a "retainage adjustment" to the operating statements. Exhibit TT, Addenda-Exhibit J. These retainage adjustments for years 1996 through 2001 were based on the price concessions made to Amalgamated by the growers (Snake River Sugar Co.). Appraiser Olson made this adjustment even though Amalgamated's audited financial statements do not contain the retainage financial data.[10] The retainage adjustments affecting the LLC's cash flow and net income are demonstrated on Exhibit 4, Addenda-Exhibit J. The retainage adjustments resulted in a negative cash flow.

[10] The retainage financial data is actually contained in the financial statements of Snake River Sugar Company.

23G. In contrast to Amalgamated, Appraiser Eyre noted that Amalgamated's sugar allotment had recently increased. He viewed this in a positive light. He also noted that prior to 1998, revenue had exceeded depreciation, but from 1998 forward, following the formation of the LLC, depreciation[11] had exceeded revenue. As a result, he determined that a discounted cash flow method would be more accurate than a direct capitalization method.[12] Amalgamated, on the other hand, selected the direct capitalization method, and utilized what was characterized throughout trial testimony as the "buildup method." In doing so, appraiser Olson noted as follows: "Based on Amalgamated's projections and prior experience, capital expenditures are approximately equal to annual depreciation. We have also made the assumption that there will be no real growth in earnings based on history." Exhibit TT, Page 30.

23H. Both sides projected net cash flow values. Appraiser Eyre's model set cash flow values through 2006. Present value was then determined by capitalizing the projected net cash flow using a discount and capitalization rate. "The discount rate is the required annual rate of return used to convert future incremental cash flows to present value." Exhibit TT, Page 28. The Counties used a 9.88% discount rate. Exhibit 4, Addenda-Exhibit 4. Amalgamated used a 14% discount rate. Exhibit TT, Pages 28 through 31. To arrive at their discount rate, the Counties relied on a ratio acquired through comparison of 32 publicly traded food-processing companies, which are listed in the Value Line Investment Survey. Exhibit 4, Addenda-Exhibit 5. After analyzing those

[11] Depreciation can be considered a form of income. Exhibit 4, Page 46.

[12] There are two different methods of capitalization an appraiser can utilize in the income approach, direct capitalization and yield capitalization. "Direct capitalization is used to convert an estimate of a single year's income expectancy into an indication of value in one direct step. Yield capitalization uses the discounting procedure to convert future income flows to present value on the premise of a required level of return on invested capital." Exhibit 4, Page 47.

companies, an industry structure of 80% equity/20% debt was selected. The Counties' conclusion was that a viable company for investment purposes has this equity/debt structure. The same 32 Value Line companies were considered by Amalgamated in their summary of food-processing industry statistics. Exhibit TT, Addenda Exhibit K-5. However, Appraiser Olson concluded that Amalgamated was "larger than small to mid cap companies and smaller than large cap companies" listed in the Value Line Investment Survey. As a result, he concluded that a 70% equity/30% debt structure was closer to the structure of companies comparable with Amalgamated.

231. Amalgamated's appraisers concluded that an investment in Amalgamated was much riskier than an investment in a Value Line rated company. Amalgamated further developed their capitalization rate "through analysis of market transactions and relating the purchase price to the earnings of the acquired property." In doing so, they noted, "Holly Sugar, Michigan Sugar and Amalgamated Sugar were all profitable companies prior to their sale". Exhibit TT, Page 30. Amalgamated found the Imperial to Michigan Sugar sale to be the "best" comparable. The sale was described as "definitely arms-length and heatedly negotiated." Exhibit TT, Page 32. Appraiser Olson found the expected capitalization rate for the Michigan transaction to be 13.8%. Appraiser Olson also noted, as did Amalgamated's appraisers in the preceding approaches to value as found in this decision, that Michigan had an enormous advantage over Amalgamated because of its shipping location to end markets. He concluded "Amalgamated produces and ships over 18 million cwt's annually, incurring nearly $30 million more in costs that would flow to the bottom line if they were located in Michigan. This single item equals or exceeds total Amalgamated annual earnings before tax." Exhibit TT, Page 32.

Ultimately, Appraiser Olson set the capitalization rate at 14%, the same as the discount rate. This capitalization rate was strongly tied to the Michigan Sugar capitalization rate.

23J. Both sides utilized their selected discount rates in calculating the present value of the future forecasted income stream. Both sides used the WACC (weighted average cost of capital) method to estimate the after- tax cost of raising funds. The weighted average cost of capital (WACC) method is used to estimate "the required returns on the debt and equity investments in the Company and weights them based on the observed debt-equity relationships in the industry." Exhibit TT, Page 28.

23K. A considerable portion of the testimony on discount rates surrounded the beta calculation. The beta calculation is a reflection of a company's specific risks in relation to the risks of the market in general. The Standard & Poor's 500 stocks have a beta of "1". Both sides acknowledged that the higher the beta, the riskier the stock.

23L. The beta calculation utilized by Appraiser Olson was "1". The beta calculation utilized by Appraiser Eyre was "0.68". Appraiser Eyre's beta calculation was derived from the previously described Value Line Survey Companies listed on Exhibit 4, Addenda-Exhibit 6. In Appraiser Olson's calculation of beta, he considered the same companies as considered by Appraiser Eyre. The selected industry beta for companies on Exhibit 4, Addenda-Exhibit 6 was "0.68", which was the beta selected by Appraiser Eyre. Mr. Olson's calculation is included in Exhibit TT, Addenda-Exhibit K-3. The industry average orf beta on Addenda-Exhibit K-3 was "0.72". Exhibit K-3 was not included in Amalgamated's Exhibit 11, the original appraisal presented to the BTA, but was added to Amalgamated's subsequent Tapanen Group appraisal for the instant trial. In addition to Addenda-Exhibit K-3, Appraiser Olson changed some erroneous

language included on Page 27 of Exhibit 11, Amalgamated's first Tapanen Group appraisal. He then inserted a significant amount of additional explanatory language. The first appraisal, Exhibit 11, which had been presented to the BTA, stated that when an appraiser takes into account a company risk factor by using a higher beta than the industry average, a company specific risk factor need not be included in the beta calculation. However, this analysis did not support the calculations in Addenda-Exhibit K, Exhibit 11. Appraiser Olson acknowledged in his trial testimony herein that the statement had been in error, and had been corrected in Exhibit TT, Page 29.

23M. In completing their computations for a discount rate, both sides developed the cost of equity and cost of debt. In developing the cost of equity, Appraiser Eyre used two models, the Capital Asset Pricing Model (CAPM) and the Dividend Growth Model (DGM). Exhibit 4, Pages 54 through 60. This allowed Appraiser Eyre to compare and contrast the two different results. Those results were 10.81% and 9.79%. Exhibit 4, Addenda-Exhibit 8. Ultimately, Appraiser Eyre selected a cost of equity of 11%. After completing the cost of equity calculation, Appraiser Eyre estimated the cost of debt at 5.38%. Exhibit 5, Addenda-Exhibit 4.

23N. In completing their computations for the discount rate, Amalgamated accounted for two additional specific risks, which are taken into consideration in the buildup method. Exhibit TT, Page 29. In addition to raising the beta to 1, Appraiser Olson in pursuing the buildup model added an unsystematic specific risk of 2 and an additional company specific risk premium of 2.0%. Exhibit TT, Page 29 & Addenda-Exhibit K. Ultimately, Appraiser Olson ended with a 12.39% equity rate after tax and a 1.56% debt rate after tax resulting in the rounded off 14% capitalization rate.

23O. In concluding their respective income approach to value, both sides deducted the out of state property in Oregon, and the property owned by Amalgamated in other Idaho Counties, which included beet receiving and piling stations and storage and distribution facilities. This adjustment was generally referred to as "the other county adjustment." In valuing assets in other Idaho Counties, both sides utilized the assessed values of those properties as set forth in the property tax assessments for each County in which the property was located. The Counties, however, further reduced the total value of these assets, from $4,31,167 to $2,142,722, by applying the unit market- to-book ratio of 0.62 to the total value of the assets. Exhibit 4, Pages 61 & 62.

24. **Ultimate Conclusions of Value.** After formulating the requisite values under the three approaches, both sides reached their ultimate conclusion of value.

24A. The Counties' summary of values is as follows:

Cost Approach	125.3 million	
Income Approach	116.7 million	
Market Approach	131.3 million	Exhibit 4, Page 64.

Their ultimate conclusion as tovalue was $121 million. The Counties placed moderate reliance on the cost approach because of the age of Amalgamated's factories. They relied most on the income approach concluding, "Amalgamated is a stable, mature company with a long history of operation and profitability." Exhibit 4, Page 65. They relied least amount of reliance on the market approach because of the lack of meaningful comparable market sales.

24B. Amalgamated's summary of values is as follows:

Cost Approach	74 million	
Income Approach	46 million	
Market Approach	67 million	Exhibit TT, Page 62.

Amalgamated's ultimate conclusion as to value was $53 million. Amalgamated relied less on the cost approach because of the age of Amalgamated's factories stating as follows: "(T)he Cost Approach is not considered overly persuasive in light of the extraordinary functional and economic depreciation that clearly exists in the domestic sugar industry in general and the Amalgamated factories in particular." Exhibit TT, Page 62. Amalgamated relied most on the market approach, which they based on all the sugar mill sales they had analyzed. They relied least on the income approach noting that it is "less determinative of value until margins improve and the company is able to make full beet payments and a return to the factory." Exhibit TT, Page 63. Each side then respectively broke down the total reconciliation value among the three subject counties, Canyon, Twin Falls, and Minidoka.

APPLICABLE LAW

1. Idaho Rule of Civil Procedure 84(e)(1) provides as follows:

> When judicial review is authorized by statute, and statute or law does not provide the procedure or standard, judicial review of agency action shall be based upon the record created before the agency. When the authorizing statute provides that the district court may take additional evidence itself upon judicial review, the district court may order the taking of additional evidence upon its own motion or motion of any party to the judicial review. When the statute provides that review is de novo, the appeal shall be tried in the district court on any and all issues, on a new record. (Emphasis mine.)

2. I.R.C.P. 84(e)(2) provides as follows:

The scope of judicial review on petition from an agency to the district court shall be as provided by statute.

3. Idaho Code Section 63-3812 was amended by the legislature in 2003 to include a provision setting forth the burden of proof and provides as follows:

> The **burden of proof** shall fall upon the party seeking affirmative relief to establish that the decision made by the board of tax appeals is erroneous. **A preponderance of the evidence shall suffice to sustain the burden of proof.** The burden of proof shall fall upon the party seeking affirmative relief and the party going forward with the evidence shall shift as in other civil litigation. The court shall render its decision in writing, including therein a concise statement of the facts found by the court and conclusions of law reached by the court.
>
> **Appeals may be based upon any issue presented by the appellant to the board of tax appeals and shall be heard and determined by the court without a jury in a trial de novo on the issues in the same manner as though it were an original proceeding in that court. . .** The court may affirm, reverse or modify the order, direct the tax collector of the county or the state tax commission to refund any taxes found in such appeal to be erroneously or illegally assessed or collected or may direct the collection of additional taxes in proper cases . . . (Emphasis Mine.)

4. The term "de novo" generally means a new hearing or a hearing for the second time, contemplating an entire trial in the same manner in which the matter was heard and a review of previous hearing. [Citation omitted.] On such a hearing the court hears the matter as a court of original and not appellate jurisdiction. [Citation omitted.) Beker Industries, Inc. v. Georgetown Irrigation District, 101 Idaho 187, 190, 610 P.2d 546, 549 (1980).

5. The role of the district judge hearing an appeal de novo is much like that of the trial judge. The "de novo" language goes to the manner in which the proceeding is to be conducted, but does not change the appellate nature of the proceeding. Upon an appeal from a governmental agency involving a trial de novo, the scope of review of the district court shall be to render a decision in the action as a trial court as though the matter had

been initially brought in the district court. I.R.C.P. 83(u)(2). Knight v. Department of Insurance, 119 Idaho 591, 593, 808 P.2d 1336, 1338 (Ct. App. 1991).

6. The burden of proof in this case is born by the Counties. The measure of proof is by a preponderance. I. C.Section 63-201. Big Butte Ranch –vs- Gransmick, 91 ID 6,9 n.2, 415 P2d. 48, 51 n.2 (1966).

7. B.T.A. Rule 217, 01 pertaining to market value duty of county assessors provides as follows:

> Market Value Definition. Market value is the most probable amount of United States dollars or equivalent for which a property would exchange hands between a knowledgeable and willing seller, under no compulsion to sell, and an informed, capable buyer, under no compulsion to buy, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

. . . .

Rule 217, 02 and 03, pertaining to appraisal duty of county assessors, provide as follows

> Three (3) approaches to value will be considered on all property. The three (3) approaches to value are: (3-30-01) [Emphasis mine.)
> The sales comparison approach; (3-30-01)
> The cost approach; and (3-30-01)
> The income approach. (3-30-01)
>
> Market value shall be determined through procedures, methods, and techniques recommended by nationally recognized appraisal and valuation associations, institutes, and societies and according to guidelines and publications approved by the State Tax Commission. This includes the use of market rent,
> not contract rent. (3-30-01)

8. Idaho Code Section 63-314(1) provides for proportional and uniform assessments to be achieved by annual appraisals that reflect market value as follows:

> It shall be the duty of the county assessor of each county in the state to conduct and carry out a continuing program of valuation of all taxable properties under his jurisdiction pursuant to such rules as the state tax commission may prescribe, to the end that all parcels of property under the

> assessor's jurisdiction are assessed at current market value. 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. . .

9. While the courts will not attempt to correct mere mistakes or errors of judgment on the part of the assessor, where intentional, systematic discrimination occurs, either through undervaluation or through overvaluation of one property or class of property as compared to other property in the county, the courts will grant relief. Anderson's Red & White Store v. Kootenai County, 70 Idaho 260, 215 P.2d 815 (1950). "Individual irregularities and inequality in taxation will always exist. It is a process that cannot be reduced to an exact science. The law does not require exactitude, but it does require uniformity." Id. At 265, 215 P.2d at 818." The Senator, Inc. v. Ada County Board of Equalization, 138 Idaho 566, 572, 67 P.3d 45, 51 (Idaho 2003).

10. Sections 2 and 5 of Article VII of the Idaho Constitution require that taxation must be proportional and uniform as among the "same class of those to be taxed. Fairway Development Co. v. Bannock County, 113 Idaho 933, 750 P.2d 954 (1988). Uniformity in taxing implies equality in the burden of taxation, which cannot exist without uniformity in the mode of assessment as well as in the rate of tax. Chastain's, Inc. v. State Tax Commission, 72 Idaho 344, 241 P.2d 167 (1952)." The Senator, Inc. v. Ada County Board of Equalization, 138 Idaho 566, 572, 67 P.3d 45, 51 (Idaho 2003).

11. The Constitution of the State of Idaho, Article VII, Section 2, provides as follows:

> The legislature shall provide such revenue as may be needful, by levying a tax by valuation, so that every person or corporation shall pay

> a tax in proportion to the value of his, her, or its property, except as in this article hereinafter otherwise provided.

12. The Constitution of the State of Idaho, Article VII, Section 5, provides as follows:

> 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: provided, that the legislature may allow such exemptions from taxation from time to time as shall seem necessary and just, and all existing exemptions provided by the laws of the territory, shall continue until changed by the legislature of the state: provided further, that duplicate taxation of property for the same purpose during the same year, is hereby prohibited.

CONCLUSIONS OF LAW

The Appraisal Process: The three approaches to value required by BTA Rule 217 are problematic because assessors are limited in acquiring factual information needed to complete the three approaches. This barrier to acquiring necessary factual information required to complete the three approaches was illustrated by the testimony of Counties' witness Joe Cox, a Canyon County Chief Deputy Appraiser, certified for ad valorem tax purposes. Mr. Cox testified that assessor's offices annually mail out the asset appraisal lists from the prior year requesting the taxpayer to make any revisions to the list consistent with the addition or deletion of assets during the tax year. The assessor's office also requests information on comparable sales and income. However, assessors cannot compel the taxpayer to disclose the requested information. Mr. Cox indicated that income information is particularly difficult to acquire because industrial

taxpayers logically do not want their competition to acquire such information; and once it is disclosed to the assessor, it becomes public record.

These weaknesses in the assessment approach were also commented upon by the BTA in this case in their decision on page 14, footnote 12, in which the Board stated:

> This is complicated where State law does not require disclosure of sale prices and terms, nor is the necessary income information to complete an income approach required from taxpayers. However, with expected diligence and the cooperation of taxpayers, assessors can often consider special valuation problems such as extraordinary obsolescence (cost approach), exempt property value calculations, and the processing of one or more income approaches to value. Information for a market capitalization rate is usually available through public information sources where publicly traded companies are present within the industry group. Expectations of future income are sometimes of public record, but often require a voluntary land optional disclosure by the taxpayer.

This comment demonstrates the barriers encountered by appraisers gathering information to pursue the three approaches to value. It also exemplifies the Counties difficulty in analyzing and appraising Amalgamated's property without full disclosure. The Counties ultimately acquired full disclosure pursuant to the discovery requests permitted under the Idaho Rules of Civil Procedure when the Counties were preparing for trial de novo in this case.

The sales comparison, or market data, approach. The market approach can be a valuable tool for determining fair market value if sufficient comparable sales can be identified. Accomplishing this was difficult in this case because of the unique nature of the subject property. The results reached by each side were vastly different and irreconcilable. The Counties appraisal set value at $131 million. Amalgamated set value at $67 million.

The lack of sufficient comparable sales became evident after analyzing the testimony and evidence from both sides. First, the United States has a limited number of sugar processing plants. Secondly, in the recent past there have been a limited number of sales of such plants without compulsion. Thirdly, the terms of sale often cannot be verified as factual. Appraisers are left to rely on verifiable hearsay from knowledgeable sources in making their appraisals. Further, as the BTA noted in their decision comment, which this Court cited in Finding 22A. hereinbefore, there were serious omissions by Amalgamated in its appraisal applying this approach to value. Omissions included the failure to include "gross purchase price, allocation calculations, condition and terms of sale." While both sides have argued about the accuracy and/or depth of the criticisms leveled by the BTA in its decision, the BTA decision and the comments of that Board have been considered here in reviewing analogous evidence presented at trial. Ultimately, the fact that this case was heard as a trial de novo, affords this Court the opportunity to make its own independent decision – not just affirm or reverse the decision of the BTA.[13] In spite of the criticism by the BTA that Amalgamated failed to include vital information on comparable sales in its appraisal, Amalgamated used essentially the same appraisal for the instant trial. Some of the criticism of the BTA is born out when comparisons are made of the two appraisals presented to this Court at trial.

First, this Court concurs with the conclusion of the BTA that many of Amalgamated's comparables are stale. As testified to by Appraiser Eyre, there was double-digit interest and inflation in the 1970s and 1980s. This in itself makes these

[13] This Court acknowledges that Amalgamated, in their failed motion for summary judgment here, asserted that the Trial Court in this appeal was narrowly limited by the BTA decision as to the issues and evidence which could be heard here.

comparables suspect. Logic dictates that Amalgamated's comparables 6 through 17 should have been eliminated because those sales took place between 1979 and 1988. Exhibit TT, Addenda-Exhibit N. This was the approach taken by the Counties' appraisers when they eliminated all comparables prior to 1988.

Secondly, on sales occurring after 1988, Amalgamated omitted the fact in their appraisal that Imperial Sugar was emerging from bankruptcy protection on two of the comparable sales: Sale No. 5 to Wyoming Sugar, and Sale No. 1 to American Crystal Sugar Company. The filing of bankruptcy the year prior to these sales was omitted from the appraisal with regard to these two sales. Moreover, Amalgamated's appraisers asserted at trial that the sale of the three sugar plants by Imperial the year after emerging from bankruptcy were not forced sales and represented fair market value. This rational is suspect. There is better rational in the Counties argument that these sales were liquidations following bankruptcy protection and, hence, not representative of fair market value. It is telling that Amalgamated's appraisers failed to include the bankruptcy status, which preceded two of the sales in their appraisal. Furthermore, there is significant logic noted by the BTA when they commented as follows, on page four of their decision: "There is typically a rarity of open market sales involving profitable and untroubled industrial plant operations." Concluding that the seller's bankruptcy filing the preceding year had no effect on the sale price defies the I.C definition of Fair Market Value under Rule 217, which requires a "knowledgeable and **willing**" seller, "**under no compulsion to sell.**" The SEC 10Q document for Imperial Sugar, Exhibit 4, Addenda-Exhibit 4, stated that Imperial and their lenders, pursuant to the bankruptcy reorganization, had agreed to refinance debt through asset sales. I conclude that it was more likely than not

that Imperial Sugar was under compulsion to sell the three plants, which suggests that these three sales were inadequate comparables and should have been eliminated. My conclusion, therefore, calls into question the reliance by Amalgamated on their comparables, Sales 1, 4, and 5.

Amalgamated also omitted the unusual circumstances surrounding their Sale No 2. There were actually two sales of this facility, which is located in Moses Lake Washington in 2002. First, The Northwest Sugar Company closed the plant in 2002 and sold to North Central Leasing Company. North Central, in turn, sold the plant to American Crystal Sugar Co. However, American Crystal did not purchase the plant to operate it but to acquire Pacific Northwest's sugar-making allotments. As a result, this sale was eliminated from the Counties' comparables. Those omitted facts by Amalgamated seem critical to an analysis of this property as an adequate comparable, and suggest to this Court that this comparable should have been eliminated from consideration. Again, the criticism leveled by the BTA in its decision seems to be born out.

Because Amalgamated failed to include relevant sale conditions, relied on stale transactions, and on comparables emerging from bankruptcy, their market appraisal lacks the judgment and critical analysis of comparables made by the Counties. As a result, preference will be given to the Counties' sales comparison approach in this decision.

The cost approach. Both sides pursued significantly different avenues to reach valuation under the cost approach. As a result, once again, the two sides came up with vastly different valuations. The Counties set value at $126 million. Amalgamated set value at $74 million.

The Counties utilized the asset lists of Amalgamated and built them up. Amalgamated used comparable facilities, the ESS model, and the H. K. Ferguson model. Because the selected comparables, and the ESS and Ferguson models all use information from the 1960's and 1970's, I conclude that Amalgamated likely utilized outdated costs of construction. The Counties use of the actual 2002 asset lists is preferable. The Counties included the date of purchase and amount paid for the asset. Replacement Cost New was then calculated pursuant to the Idaho trend table for the subject year 2002. Then each asset was individually depreciated. This depreciation method stands in contrast to the method used by Amalgamated. Amalgamated applied across-the-board depreciation to each asset of 92%. This method of depreciation is not recognized by the Idaho depreciation schedules for uniform use on industrial properties, which prohibit less than a 20% residual. "In other words, when an asset has reached the end of its economic life it receives a maximum 80% depreciation as long as the asset is still being used and part of an operational plant." Exhibit 4, Page 17. While the 92% across-the-board depreciation adds simplicity to the analysis, it also leads to the conclusion that the $43 million in new capital improvements placed in Amalgamated's facilities since 1997 would be only 8%Good. This defies logic because when the $43 million in improvements in the sugar plants is multiplied by 92% depreciation, only $3.4 million is left in current value. While this conclusion is not totally implausible, it does not seem probable and was never explained in testimony from Amalgamated's appraisers.

Because the Counties individually depreciated each asset, their analysis seems more logical and reasonable. Their method accounts for the actual out of pocket cost paid by Amalgamated, and further considers the new found technology placed in the

plants by Amalgamated, rather than a hypothetical value acquired from comparable properties. Amalgamated is the second largest refiner and processor of sugar beets in the United States. The modernization of their facilities in Canyon and Twin Falls Counties supports the Counties' assertion that this is why Amalgamated has been able to withstand the pressures which have caused their competitors to file bankruptcy or close competing facilities. The Counties' method also seems preferable because by using the established state trend tables, this method is in harmony with the Idaho constitutional mandate that appraisals be uniform. As noted in Finding 23A. hereinbefore, the BTA questioned the failure of the Counties to process "a complete cost approach on the Idaho plants using the statutorily mandated procedures and the STC Industrial Property Valuation Schedules." The Counties accordingly proceeded to prepare a cost approach utilizing the trend tables.

Amalgamated argues that the cost approach used by the Counties is indefensible because the RCN and the %Good are inaccurate. Appraiser Erwin acknowledged in his testimony that the cost approach has potential weaknesses when older facilities, such as Amalgamated's plants, are trended. He acknowledged that there is a risk that the RCN can be understated. Amalgamated asserts that the RCN is greatly overstated because it relies exclusively on Amalgamated's historical cost of assets. However, using the cost approach would obviously be a more accurate way to value the $43 million in capital improvements made by Amalgamated since 1997. Moreover, unlike the cost approach employed by Amalgamated, the cost approach used by the Counties tracks the mandate of Rule 217 by utilizing guidelines and publications approved by the State Tax Commission under Rule 217, Section 03. Amalgamated also asserts that the Moses Lake, Washington plant, Exhibit TT, Page 36, which was constructed in 1998 at a cost of $133 million, has

the most reliable RCN. However, the Moses Lake plant was constructed from 50% new assets and 50% used assets acquired from defunct sugar processing plants.

This Court's independent analysis and comparison of the two appraisals allows me to concur with the BTA criticism of Amalgamated's appraised value when they concluded that Amalgamated's value "likely approaches salvage. . . ."[14]

Preference is hereby given to the Counties' cost approach because the Counties used the asset lists of Amalgamated rather than a dated, or dissimilar, hypothetical model, because they used the Idaho depreciation schedules, and because their approach more likely takes into consideration the new technology utilized at Amalgamated's facilities.

The Income Approach. The Counties income approach appraiser, Mr. Eyre, testified he was of the opinion that the U.S. sugar industry was stable. He predicted modest growth in the industry. He also testified that only the best-equipped sugar factories have survived financially in recent decades. He described surviving plants as having enhanced technologies such as the molasses and desugarization processes utilized by Amalgamated. Appraiser Olson painted the opposite financial portrait for Amalgamated concluding that their earnings would continue to decline. His conclusion is linked to his treatment of the unit retains as a cost to Amalgamated. What consideration, if any, should be given to the unit retains was one of the most disputed issues at trial. Profits that would have gone to the sugar beet growers were withheld and retained by agreement as a price concession by the growers, to be utilized by the LLC for plant repairs and improvements. Amalgamated viewed these unit retains as additional

[14] After concluding the value suggested approached salvage, the BTA went on to state as follows: "The value for the four plants was barely higher than the new capital invested over the last five years. The percent good in the cost approach was minimal. These rock-bottom performance results would more normally be associated with inefficient operations, pending or actual plant closures, asset value write-downs or bankruptcy.

costs of sales. However, there was no evidence introduced that Amalgamated will ever have to repay these sums to the growers. Regardless, they were treated as costs of sale by Amalgamated for development of the income approach to value, and they were used in their pursuit of the buildup model to reduce the income stream. The result of reducing the income stream was a reduction in the net income and the ultimate value.

In support of their contention that the retainage should have been considered in the cash flow adjustment, Amalgamated cited the testimony of Dr. Bowles, who quoted from a leading business valuation manual entitled Guide to Business Valuations, co-authored by Dr. Shannon Pratt as follows:

> Closely held companies often have arrangements with related parties. If those arrangements relate to core operations but are not on arm's length terms, they should be adjusted to market rates.

Amalgamated in their post trial brief cites this quote and urges that this supports their appraisal adjustments to the projected income stream because "that is reflective of what a prospective buyer night reasonably be expected to obtain from the company in the future." The Counties took the position that the unit retains were irrelevant to any value approach regarding Amalgamated because they were included only in Snake River Sugar Company's financial statements, not Amalgamated's financial statements. Even though they are absent from the audited financial statements of Amalgamated, LLC, they were inserted into the income stream calculation prepared by Amalgamated. And while Dr. Bowles testified that recognized appraisal techniques allow adjustments between closely held companies, such as Snake River Sugar and Amalgamated, in formulating appraisals, there was no authority provided for the inclusion of the unit retains in the financial statements. The application of the retainage in this fashion explains some of the

approximately $70 million disparity between the two income approach values reached by the Counties and Amalgamated. Amalgamated contends that their revenues have been flat in the five years preceding 2002 and that net income before adjustments has declined significantly. However, when the unit retains are removed from consideration, these conclusions are not born out. By utilizing the retainage and subtracting them from the cash flow under the buildup model, Amalgamated concluded that the profitability of the LLC had substantially declined. They also concluded that the market value of the property was thereby substantially reduced. The deduction of unit retains was made by Appraiser Olson even though Amalgamated did not pay out this sum to anyone nor will they be required to do so in the future. Amalgamated has argued that declining profitability has forced the growers to make the price concessions in years 1998 through 2002-the unit retains. However, it has only been since the growers acquired their five percent interest in the Amalgamated LLC that Amalgamated has likely had the ability to acquire these concessions from the growers. When each grower purchases shares of stock, they agree to produce sugar beets for the Amalgamated. The fact that the growers have annually made concessions to Amalgamated, by taking less money for their sugar beet crop, would seem to enhance the value of Amalgamated LLC, the 95% owner, and make a purchase of that interest more attractive to a potential buyer. Furthermore, the step up in basis has allowed a significantly higher amount of depreciation to be taken by Amalgamated, which constitutes income.

This Court concludes that the unit retains should not have been factored into the income stream. Generally accepted accounting procedures do not appear to sanction this

practice. Since the unit retains were not included in the audited financial statements, I conclude the better practice was not to include them in the income stream.

Both appraisers selected different cash flow methods. Appraiser Eyre selected the discounted cash flow method because he found the depreciation had exceeded revenue. Mr. Olson chose the direct capitalization method because he concluded that Amalgamated's capital expenditures were approximately equal to annual depreciation and that there will be no real growth in earnings. However, the financial statements clearly show that in the five years preceding 2002, depreciation has exceeded rather than equaled capital expenditures. The financial statements also show modest growth.

Both appraisers selected different capitalization rates. Amalgamated developed their capitalization rate by analyzing the sales of Holly Sugar and Michigan Sugar, concluding that Holly Sugar, Michigan Sugar, and Amalgamated Sugar were all profitable companies prior to their sale. However, as this Court has previously concluded in this opinion, under the sales comparison approach, these two sales were made under compulsion. The Michigan Sugar sale was found to be the best comparable. In adopting the market capitalization rate from the Michigan Sugar sale for Amalgamated, Appraiser Olson insisted that there was no coercion in the sale by Imperial Sugar to Michigan Sugar; once again, the 10Q suggests otherwise. Although Appraiser Olson considered his development of the market capitalization rate for Amalgamated to be properly derived from the Michigan Sugar sale, this Court questions the wisdom of this analysis. The income approach relies on the establishment of an accurate capitalization rate, and this Court places more confidence in the capitalization rate established by the Counties.

Both appraisers selected different betas to be utilized in developing a discount rate. Appraiser Eyre selected a beta consistent with similar industrial companies as set out in the Value Line Survey of 0.68. Appraiser Olson used a beta of 1, which is neutral. Appraiser Olson testified that in the companies he appraises, he never uses a beta of less than 1 because none of the companies he appraises could be less risky than a Fortune 500 public company. Even though Appraiser Olson testified that in choosing a beta of 1, he was choosing a neutral risk factor, he acknowledged that he was placing a higher risk on Amalgamated than the industry average. This conclusion coupled with his failure to acknowledge a company specific risk factor in the beta calculation as presented to the BTA, makes his analysis suspect. Even though Appraiser Olson chose a beta of 1, he testified that Amalgamated is riskier than one of the S & P 500 companies listed by both sides in their beta computations. Why he did not use a higher beta since it was within the range was never addressed. Appraiser Eyre used the industry average for his beta. This selection seems rational and logical. It should be noted that on the Value Line Survey of Companies, the smaller companies, those more in line with Amalgamated, actually had a lower beta or risk factor.

Selection of the method of capitalization, as well as the manner in which Mr. Eyre and Mr. Olson accounted for the risk specific to Amalgamated, were based on their appraisal judgment. Because so much of appraisal is a judgment call by the appraiser, you must trust the appraiser and have confidence in their ability.

As to Amalgamated's "gloom and doom" prognosis for the future of the U.S. sugar industry and its effect on the survival of Amalgamated, I conclude that the effect of foreign competition and government controls is represented in the cyclical nature of the

industry as demonstrated by the numerous trial exhibits, and particularly in the exhibits of Peter Buzzanell. Just as sugar is affected by foreign and domestic competition and government controls, so are other industries in this country. Hardly a day goes in which the news media is not carrying an account about the outsourcing of domestic jobs in technology, automotive and other industries or the need for enforcement of government controls on imports in order to preserve domestic industry.

Appraiser Olson prepared Amalgamated's income approach in its entirety. Mr. Olson testified that the income approach had been a "specialty" of his for years, and that was the reason Mr. Tapanen hired him to pursue the income approach. Although Mr. Tapanen was ultimately responsible for the accuracy of the appraisal, Appraiser Tapanen could not explain some of the computations and conclusions reached by Mr. Olson, and Mr. Olson was the least confident of the four appraisers. Amalgamated urges as they did in the two prior approaches to value, that their appraisers' work is superior to that of the Counties. They assert that their appraisers have decades of experience in appraising sugar production facilities. And while this Court acknowledges that they have vast experience in the field, the Counties appraisers have vast experience in appraising other industrial properties. There is no statute, rule, or mandate presented to this Court that the appraiser must have had prior experience in appraising the same exact properties. Logic would suggest that a broad range of experience could register competence. Dr. Bowles is a college professor and a certified valuation analyst. He earned his Ph.D. in econometrics, the application of mathematics and statistics to economic analysis. Neither Mr. Olson nor Dr. Bowles, however, is a certified appraiser. Mr. Eyre has an impressive resume' and trains appraisers in 36 states.

Because Amalgamated included the unit retains in their income stream, because they selected the buildup method after concluding that depreciation was equal to capital expenditures, and because their capitalization rate and selection of beta lack validity, preference will be given to the Counties income approach to value.

I conclude that the Counties have met their burden under I. C. Section 63-3812 of establishing tax-assessed value of Amalgamated Sugar, LLC, for year 2002. Implicit in this conclusion is the fact that this Court reverses the decision of the BTA.

ORDER

The Counties' counsel shall prepare a judgment in conformance with these Findings and Conclusions of Law 15 days after the file stamped date on this document and submit the same to the Court and Amalgamated's counsel.

DATED: AUG 0 2 2004

District Judge

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Order is forwarded to the following persons on this 3rd day of August 2004:

Robert D. Lewis
CANTRILL SKINNER, SULLIVAN & KING LLP
1423 Tyrell Lane
P.O. Box 359
Boise, Idaho 83701 By Certified Mail

Thomas R. Vaughn
CANYON COUNTY PROSECUTING ATTORNEY
1115 Albany Street
Caldwell, Idaho 83605 By Courthouse Mail

Rosemary Emory
TWIN FALLS COUNTY PROSECUTING ATTORNEY
P.O. Box 126
Twin Falls, Idaho 83303-0126 By Certified Mail

Robert Burns
MOFFATT, THOMAS, BARRETT, ROCK & FIELDS, CHTD
P.O. Box 829
Boise, Idaho 83701 By Certified Mail

CLERK OF THE DISTRICT COURT

A. Maund
Deputy Clerk

SELECTED IDAHO SUPREME COURT CASES

(Alphabetized by topic)

Actual and Functional Use:

Greenfield Village Apts. v. Ada County, 130 Idaho 207, 938 P.2d 1245 (1997).

Since former law similar to §63-208, I.C., required that actual and functional use shall be a major consideration when determining market value for assessment purposes, assessor erred in refusing to consider restrictive covenants limiting use of the property to low-income housing with rent restrictions for the actual and functional use of the property was as rent-restricted, low-income housing.

Riverside Development Company, Inc. v. Kootenai County Assessor, 137 Idaho 382, 48 P.3d 1271 (2002)

Actual and functional use of unimproved lots held by developer was as single-family residential lots, and evidence supported assessor's valuation where unsold lots were indistinguishable from other lots in the development when the assessor look at retail values of comparable lots in the subdivision to determine the market value of the unsold lots. The Court also cited a prior finding that factual determinations by administrative agency are not erroneous when they are supported by competent and substantial evidence even though conflicting evidence exist.

Senator, Inc. v. Ada County Board of Equalization, 138 Idaho 566, 67 P.3d 45 (2003)

The taxpayer argued the statutory requirement to give major consideration to "actual and functional use" meant the assessor must use the actual vacancy rate rather than a market derived vacancy rate to decide the value of the mobile home park. The taxpayer admitted that a buyer purchasing the mobile home park would not pay a certain amount for the rented spaces and pay a lower amount for the unrented spaces. The Court decided the actual and functional use of the rented and the unrented spaces was the same because the real property was being valued, not the business being operated on it. The Court concluded the actual and functional use of real property for tax assessment purposes is its existing use and the use for which it is designed or intended. The Court also upheld the district court decision that the valuation did not include business goodwill.

Appeal Procedures:

In re Felton's Petition, 79 Idaho 325, 316 P.2d 1064 (1957).

Administrative remedies, provided by the legislature relative to the assessment of property, must be pursued by the taxpayer as a condition precedent to judicial action.

Castrigno v. McQuade and Ada County Board of Equalization, 141 Idaho 93, 106 P.3d 419 (2005)

The appellants were seeking a property tax refund on an occupancy tax assessment arguing, among other things, that the 2001 occupancy assessment notice received from the

county was defective under Idaho law and denied them procedural due process. (The notice included only a prorated value but not the full value as now required in Property Tax Rule 317.) The Court concluded the appellants failed to appeal their original or revised 2001 assessment to the board of equalization within the statutory timeframe and failed to provide an adequate basis upon which to excuse their failure to exhaust administrative remedies. The Court ordered the appellants to pay attorney's fees and costs to Ada County. Among others, the following rulings of law were reiterated:

1. The valuation placed on property by a county assessor for tax purposes is presumed to be correct.
2. Relief can be granted only if an assessor's valuation of property for tax purposes is manifestly excessive, fraudulent or oppressive, or arbitrary, capricious and erroneous.
3. Taxpayers' failure to exhaust administrative remedy of timely appealing their assessment and tax liability to county board of equalization (BOE), as statutorily prescribed, deprived district court of jurisdiction….
4. The construction and application of a legislative act are pure questions of law … to which the Supreme Court exercises free review.

Tobias v. State Tax Commission, 85 Idaho 250, 378 P.2d 628 (1963).

The procedure prescribed by the legislature, regarding levying, assessing and collecting taxes, must be strictly observed. The board of equalization may only hear appeals that are prescribed by law to be within their jurisdiction each time they meet.

Canyon & Twin Falls BOE vs. Amalgamated Sugar Company, 2006 Opinion No. 66, Docket No. 31063 (06.13 ISCR 603)

Property Tax Dispute-Assessed Valuation of Industrial Property

This is an appeal from a district court order concerning the assessed valuation of industrial property owned by appellant The Amalgamated Sugar Company, LLC (Amalgamated, or subsequently known as TASCO) as calculated by respondents Canyon County Board of Equalization and Twin Falls County Board of Equalization (Counties). After conducting a trial de novo, the district court reversed the decision of the Board of Tax Appeals (BTA) and adopted the Counties' assessed valuation of TASCO's property.

The case arose from a change in the valuation model used to assess four sugar beet processing facilities operated by the appellant that tripled the value calculated under the previously used model. The appeal examined whether the counties were entitles to present to the District Court evidence on the three approaches to value, when such evidence was not presented to the BTA; whether the District Court erred in entering judgment on the valuation of all three properties, when Minidoka County's appeal already been dismissed as untimely; and whether the taxpayer is entitles to a refund of the excess taxes paid, plus interest.

The Supreme Court concluded that the issue before the BTA was the market value of the plants and new or different evidence of the three allowable approaches under Section63-205, Idaho Code and Rule 217 were properly presented in the "de novo" trial. The Court concluded that the District Court was required to order a refund or a credit, including the excess taxes paid and interest. The

matter was remanded to determine the amount of refund/credit and interest. The taxpayer is not entitled to attorney fees below on appeal because the counties did not act unreasonably.

The District Court's opinion reversing the BTA and adopting the counties assessed valuation is affirmed.

Assessor Presumed Correct:

Board of County Commissioners of Ada County v. Sears, Roebuck & Co., 74 Idaho 39 (1953). The assessor's value is presumed to be correct.

Abbot v. State Tax Commission, 88 Idaho 200, 398 P.2d 221 (1965).

> The value of property for purposes of taxation as determined by the assessor is presumed to be correct.

Janss Corp. v. Board of Equalization Blaine County, 93 Idaho 928 (1970).

> Absent a showing that an assessed valuation of a property was prejudicially discriminative or
> that the assessment was otherwise unlawful or erroneous, the presumption prevails that the value affixed by the assessor is correct.

Merris v. Ada County, 100 Idaho 59, 64, (1979).

> The value of the property for purposes of taxation as determined by the assessor is presumed to be correct. The burden of proof is upon the taxpayer to show by clear and convincing evidence that he is entitled to the relief claimed. New law is somewhat different than this decision; see House Bill (HB) 302 (from the 2003 legislature) in the Addendum.

Burden of Proof:

Troy G. and Linda M. Mitchell v. Board of Equalization of Nez Perce County**,** 138 Idaho 52, 57 P.3d 763 (2002)

> The taxpayer argued the assessor could not decide the fair market value of the single-family residence on 4.70 acres because Idaho law does not require full disclosure of sales price. The Court ruled the fact that state law did not require disclosure of sale price failed to prove the assessor lacked sufficient information to make a reasonably accurate assessment and it recognized comparable sales are only one factor to consider and differences of opinion on value will occur. The Court also ruled the assessor did not need to know the sale price of every property in the county to be able to apply the sales comparison approach. A taxpayer must show the value fixed by the assessor was manifestly excessive, fraudulent, or oppressive, or it was arbitrary, capricious, and erroneous resulting in discrimination against the taxpayer.

Title and Trust Company v. Board of Equalization, Ada County, 94 Idaho 270, 278 (1971).

To be entitled to relief, the taxpayer has the burden by clear and convincing evidence (See HB 302 in the Addendum Q for more recent legislative action relating to issue of level of proof.) to overcome the presumption that the assessor and board of equalization have performed their duties correctly.

Equalization:

Idaho State Tax Commission v. Staker, 104 Idaho 734, 663 P.2d 270 (1982)

This case addressed the appeal process for the decisions on equalization by the state tax commission. The Supreme Court ruled that it was the only entity with jurisdiction for appeal of these decisions. The Supreme Court can hear these appeals if it chooses; it is not required to do so.

Exemptions:

Cheney v. Minidoka County, 26 Idaho 471, 144 P. 343 (1914).

Anyone who claims any property tax exemption, must identify a specific provision of law plainly giving the exemption.

Sunset Memorial Gardens, Inc. v. Idaho State Tax Commission, 80 Idaho 206, 327 P.2d 766 (1958).

There are three kinds of tax exemptions, those based on ownership alone, those based on ownership and use, and those based on use alone. Exemption statutes may be roughly classified as belonging to one of three groups: (1) Those making ownership of the property by a certain institution or class of people the test; (2) Those making the particular use of the property rather than the ownership the test; and (3) Those making both ownership and use the test. This classification of importance is especially true in connection with exemption of charitable, religious, and educational institutions. If ownership is the test, then the use is often held immaterial. If use is the test, then the ownership is generally immaterial.

Canyon County v. Sunny Ridge Manor, Inc., 106 Idaho 98, 675 P.2d 813 (1984).

Determination of an institution's charitable status is necessarily an individual matter, to be decided on a case-by-case basis. In determining charitable status of a non-profit corporation under §63-602C, I.C., a number of factors must be considered: (1) the stated purpose of its undertaking, (2) whether its functions are charitable, (3) whether it is supported by donations, (4) whether the recipients of its services are required to pay for the assistance they receive, (5) whether there is general public benefit, (6) whether the income received produces a profit, (7) to whom the assets would go upon dissolution of the corporation, and (8) whether the "charity" provided is based on need.
An institution may be entitled to an exemption where it performs a function which might

otherwise be an obligation of government and, thus, a nonprofit corporation may benefit only a limited group of people and still be considered "charitable" if that group of people possess a need which government might be required to fill; however, where there is no assistance to individuals which might normally require government funds, the institution must meet a stricter test: it must provide benefits to the community at large.

Coeur d' Alene Public Golf Club, Inc. v. Kootenai Board of Equalization, 106 Idaho 104, 675 P.2d 819 (1984).

For a corporation's uses to be considered charitable it is essential that they provide some sort of general public benefit.

Simmons v. Idaho State Tax Commission, 111 Idaho 343, 723 P.2d 887 (1986).

Homeowners are not a suspect class and the exemption under §63-602G, I.C., for homeowners furthers legitimate state interests, such as fostering home ownership and equalizing the tax burden between residential and business properties; therefore, this section does not violate the equal protection provisions of Constitution, Article 1, § 2, or the Fourth Amendment to the United States Constitution.

Bogus Basin Recreational Association v. Boise County Board of Equalization, 118 Idaho 686, 799 P.2d 974 (1990).

Exemptions are never presumed, and the burden is on a claimant to establish clearly a right to exemption.

Corporation of Presiding Bishop of Church of Latter-Day Saints v. Ada County, 123 Idaho 410, 849 P.2d 83 (1993).

General summary:
Tax exemptions cannot be presumed, but instead must be explicitly granted by statute. If an ambiguity arises in a tax exemption, courts must not only interpret the statute in favor of the state, but must choose the narrowest possible reasonable construction of the statute.

Rules of law reinstated in this case:
(a) It is solely the province of the legislature to make laws and the duty of a court to construe them and if the law, as construed by a court, is to be changed, that is a legislative not a judicial function;
(b) Unless a contrary purpose is clearly indicated, ordinary words will be given their ordinary meaning when construing a statute;
(c) The standard rules of statutory interpretation require a court to give effect to the legislature's intent and purpose and to every word and phrase employed;
(d) When construing a statute, a court will ascertain and give effect to the purpose and intent of the legislature, based on the whole act and every word therein, lending substance and meaning to the provisions;
(e) Where the language of a statute is unambiguous, the clear expressed intent of the

legislature must be given effect and there is no occasion for construction;
(f) The language of the tax exemption statutes must be given its ordinary meaning and an exemption will not be sustained unless within the spirit as well as the letter of the law;
(g) A court may not presume exemptions, nor may it extend an exemption by judicial construction where not specifically authorized by a statute;
(h) Tax exemptions exist as matter of legislative grace for the purpose of fairness, equality, and uniformity; therefore, these laws are to be construed according to "strict but reasonable"
rule of statutory construction;
(i) When an ambiguity arises in construing tax exemption statutes, a court must choose the narrowest possible reasonable construction;
(j) All tax exemption statutes must be strictly and narrowly construed against the taxpayer, who must show a clear entitlement; and

Findings specific to statute that is now §63-602B, I.C.:
(a) Where the state legislature has chosen not to implement an unlimited property tax exemption for religious properties, a court must protect and advance only those exemptions specifically delineated by the legislature;
(b) The religious corporation had to establish that it qualified for property tax exemption for parsonage; and
(c) Qualification for this exemption depends on ownership and use of the property.

Findings specific to statute that is now §63-602C, I.C.:
(a) An organization seeking a charitable property tax exemption must be charitable and must use its property exclusively for the charitable purposes for which it was designed or for those purposes combined with some other statutorily exempted use and
(b) The organization has the burden of proving clear entitlement to the charitable exemption by satisfying the requirements set forth in *Canyon County Assessor v. Sunny Ridge Manor, Inc.* (listed below) and *Coeur d'Alene Public Golf Club, Inc. v. Kootenai Board of Equalization* (listed below).

Findings specific to the facts of this case:
(a) For the purposes of the property tax exemption for religious corporations or societies, a "parsonage" is a building owned by a religious organization and occupied as a residence by a designated minister who ministers to a specific localized congregation that gathers to worship at frequent and regular intervals; a parsonage is not merely a residence owned by a religious organization in which an ordained member of that organization resides; (This localized congregation requirement is based on the sound policy that, since the exemption shifts the property tax burden onto the people of the county, those people should receive something in return – a place to worship in the community and a minister to conduct the services.)
(b) The mission president's home did not qualify for exemption as parsonage; the mission president had no affiliated meetinghouse and no local congregation, did not serve the function of a minister or parson, and never met with all missionaries at one time in one place; and the missionaries attended the Sabbath and other services at a church in the area

where they are staying; and
(c) The use made of the home could not be considered charitable so as to qualify for the property tax exemption for charitable corporations or societies.

Ada County Assessor v. Taylor, 124 Idaho 550, 861 P.2d 1215 (1993).

Where the agreement between sellers and taxpayers was found to be a contract to purchase home, taxpayers were owners of the property for the purposes of §63-602G, I.C., and were entitled to homeowner's exemption.

Community Action Agency v. Board of Equalization of Nez Perce County, 138 Idaho 82, 57 P.3d 793 (2002)

The Court applied the principle of strict construction against the Community Action Agency (CAA) even though:

(1) CAA had the charitable function of providing housing to those in need below market rate with the government grants inadequate to make up the difference;

(2) private donations somewhat lessened government's burden;

(3) CAA ever operated for profit;

(4) CAA's assets would be disbursed to charities if it were dissolved; and

(5) CAA had received the exemption in prior and subsequent years. The Court ruled CAA did not meet the requirements to be considered a charity because:

(1) it required the residents in the low-income housing to pay rent;

(2) it received federal and state grants; and

(3) it did not provide a general public benefit. The Court also concluded quasi estoppel does not apply because the county was justified in reexamining properties previously granted an exemption and also justified in revisiting the issue and again granting the exemption.

Student Loan Fund of Idaho, Inc. v. Payette County, 138 Idaho 684, 69 P.3d 104 (2003)

The law exempting fraternal, benevolent or charitable corporations or societies from property taxation has two initial requirements: 1) the property must belong to a charitable organization and 2) the property must be exclusively used for the purpose for which the corporation was organized. If either of these requirements is not met, no exemption should be granted. Where use is the criterion, the exemption is lost if the property is put to other uses. This taxpayer was not entitled to any property tax exemption because the majority of the property was not used exclusively for charitable purposes; 38.45 of 54.9 acres were used by a farmer in exchange for lawn maintenance, the house was used by a person who provided janitorial and security services, and a separate business entity shared the office space with this taxpayer and paid support fees.

Ada County Board of Equalization v. Highlands, Inc., Smith Family, L.L.C., 141 Idaho 202, 108 P.3d 349 (2005)

The taxpayer argued that § 63- 602K, I.C., only required the land to be leased to a "bona fide leasee for grazing purposes." The Court ruled: having a lease with a bona fide rancher is not enough to qualify for the speculative agricultural exemption (§ 63- 602K, I.C.), the lessee is required to actively "use" the property for grazing purposes. The Court also said, not only had the lessee not used the land for grazing, but had not even taken steps to be able to use the land for grazing, such as providing water sources or fencing. Among others, the following rulings of law were also reiterated:

1. Statutes granting tax exemptions are strictly construed against the taxpayer and in favor of the state
2. Taxpayer must show a clear entitlement to an exemption, as an exemption will never be presumed.

Omitted Property:

Hermann v. Blaine County Board of Commissioners, 126 Idaho 970, 895 P.2d 571 (1995).

When a property owner builds a new residence and fails to notify the assessor of the date of occupancy pursuant to §63-3905, I.C. (now §63-317, I.C.), the new residence can constitute "inadvertently omitted property" within the meaning of §63-306, I.C. (Note: The law that was §63-306, I.C., in 1995 became §63-301, I.C., in 1997. The phrase "inadvertently omitted property" is not in §63-301, I.C. §63-301, I.C., refers to "any property which has been omitted from the property roll" instead of "inadvertently omitted property.")

Operating Property:

Idaho Power Company v. Idaho State Tax Commission, 141 Idaho 316, 109 P. 3d 170 (2005)

The decision explained the unit method of appraisal and discussed the inclusion of values for non-taxable "regulatory assets." The Court affirmed the district court's decision that the regulatory assets did not generate income and addressed the argument that just because an asset earns a rate of return set by the Idaho Public Utilities Commission does not mean the asset is generating income. Among others, the following rulings of law were also reiterated:

1. An "arbitrary valuation" for tax purposes is one that does not reflect the fair market value or full cash value of the property.
2. As assessor's appraisal of property is presumed correct, but the court will grant relief where the valuation fixed by the assessor is manifestly excessive, fraudulent or oppressive or arbitrary, capricious, and erroneous resulting in discrimination against the taxpayer.

Union Pacific Land Resources v. Shoshone County Assessor, 140 Idaho 528, 96 P.3d 629 (2004)

The State Tax Commission (STC) has the responsibility to decide if property is to be classified as operating property or non-operating property. Once the decision has been

made that property is operating property, the only recourse available to the county assessor is to file a petition for a writ of review because the assessor cannot appeal the decision that the property is operating property. The assessor may only ask the STC to reexamine the assessment or allocation, not the classification.

PacifiCorp vs. Idaho State Tax Commission, 2012 Opinion No. 153, Docket No. 38307, (2012)

The Idaho State Tax Commission appealed the District Court's judgment, holding that PacifiCorp proved by a preponderance of the evidence that the Tax Commission's valuation of its operating property in Idaho was erroneous pursuant to Section 63-409(2), Idaho Code. The contention was that the District Court's decision was not supported by substantial and competent evidence because the appraisal methodologies utilized by PacifiCorp's appraiser are unreliable.

1. The Idaho Supreme Court held by a 3-2 decision that the District Court's judgment was supported by substantial and competent evidence.
2. The dissenting opinion felt that PacifiCorp failed to establish an entitlement to a 20.88% reduction in taxable value of its property under the cost approach, based upon external obsolescence.

Section 42:

Brandon Bay Limited Partnership v. Payette County, 142 Idaho 681, 132 P.3d 438 (2006)

The taxpayer argued that Section 42 Income Tax Credits were contract rights exempt from property taxation intangible personal property. The Court ruled:

1. The Federal Income Tax Credits received by owners of low income housing under the federal "Low Income Housing Tax Credit" Program (Section 42) are **not** "contract rights" exempt from property taxation as intangible property, relying on the State Tax Commission's rules defining a "contract right" as a right created by an enforceable agreement with mutual rights and responsibilities. The tax credits are created by federal law, not by contract.
2. Only taking into account the reduced rent (as required by the Court's earlier Greenfield Villages case) would result in artificially depressing the value because the value to the owners is from both the rents and the tax credits.

Taxation and Relief:

Diefendorf v. Gallet, 51 Idaho 619, 10 P.2d 307 (1932).

The term "property" within the constitutional provision requires all "property" to be taxed uniformly by value.

Ada County v. Red Steer Drive-Ins of Nevada , Inc., 101 Idaho 94, 609 P.2d 161 (1980).

A taxpayer is entitled to relief where the valuation fixed by an assessor is manifestly

excessive, fraudulent or oppressive, or arbitrary, capricious and systematically discriminatory.

Lewiston Orchards Irrigation District v. Mary E. Gilmore, Nez Perce County Treasurer, 53 Idaho 377, 23 P.2d 720 (1933).

An irrigation district is not a municipal corporation within the meaning of Article 7, § 4, *Idaho Constitution*; therefore, land acquired by an irrigation district for nonpayment of delinquent assessments is not exempt from property taxation.

Fairway Development Co. v. Bannock County, 119 Idaho 121, 804 P.2d 294 (1990).

The taxpayer cannot ignore the statutory appeal process by paying the tax under protest and then filing an action under §63-1308, I.C., for refund of the tax; such a collateral attack upon the decision of the assessor and the board of equalization is not permitted.

Erwin v. Hubbard, 4 Idaho 170, 37 P. 274 (1894).

It was the duty of the taxpayer to furnish the assessor, on demand, the statement on oath and if he neglected or failed to do so, it was the duty of the assessor to assess such taxable property within his jurisdiction and in that case the taxpayer could not recover taxes paid under protest on property so assessed.

Xerox Corp. v. Ada County Assessor, 101 Idaho 138, 609 P.2d 1129 (1980)

Where a county undertakes to update its initial declarations during the course of the tax year, it cannot increase a taxpayer's tax burden to reflect the taxpayer's acquisition of nonexempt 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.

IDAHO DISTRICT COURT DECISIONS

Boise Hospitality, LLC, Boise Hotels and Lodging, Eagle-Meridian Lodging vs. Ada County Assessor and Ada County Board of Equalization, CV OC 2011-07629

This case is a real property tax appeal from the Ada County Board of Equalization for tax years 2010 and 2011. The case initially consisted of eight separate cases consisting of appeals of four separate properties for two separate years. The cases were initially presented to the Ada County BOE and then appealed to the Board of Tax Appeals. They were then brought to the District Court as appeals *de novo.*

The District Court concluded that the hotel owners failed to prove that eh Ada County Assessor's Office appraisals were erroneous. The District Court concluded that the appraisal methods followed by the county appraisers were in accordance with industry standards and were approved by the Idaho State Tax Commission. There was no reason to

disturb the values determined by the Assessor and confirmed by the County BOE and Idaho Board of Tax Appeals.

Kimbrough v. Idaho Bd of Tax Appeals & Canyon County, 150 Idaho 417, 247 P.3d 644 (2011)

Landowners did not prove their own property appraisal, or any of their own comparables, to substantiate their claim that their property was overvalued, to suggest that the assessor did not locate enough comparables, or to show that the ones chosen were inappropriate.

Wurzburg v. Kootenai County, 155 Idaho 236, 308 P.3d 936 (2013)

The sales comparison approach to determining the market value of a vacant lakefront parcel was proper, even though the assessor did not go back in time as far as the taxpayer wanted or use only parcels on the same lake.

For additional judicial decisions about the assessment and taxation of real and personal property in Idaho, see Idaho Code, General Laws of Idaho Annotated Titles 63-66. The hardcopy Idaho Code lists specific court cases and a description of the arguments after each statute. This information is not readily available in the Idaho Statutes online version on the Idaho Legislature's website.

ADDENDUM G

Xerox Case

(Cite as: 101 Idaho 138, 609 P.2d 1129)

Supreme Court of Idaho.

XEROX CORPORATION, Appellant, Respondent,
Cross-Appellant,
v.
ADA COUNTY ASSESSOR,
Respondent,
Appellant, Cross-Respondent.

No. 12914.

April 9, 1980.

Corporation filed appeal of denial by county board of equalization and Board of Tax Appeals of corporation's petition for tax relief from personal property ad valorem taxes. The District Court, Fourth Judicial District, Ada County, W. E. Smith, J., rendered judgment, and corporation appealed. The Supreme Court, Bakes, J., held that: (1) corporation's equipment leased to county customers was not within business inventory tax exemption; (2) corporation's business machines were business inventory within meaning of statute exempting business inventory from taxation when machines were not in lease status; (3) record supported conclusion that county assessor's decision to require supplemental declarations only of certain types of taxpayers who actually did acquire or were likely to have acquired nonexempt personal property during tax year did not result in violation of constitutional requirement of uniformity of taxation; (4) county could not increase corporate taxpayer's tax burden to reflect taxpayer's acquisition of nonexempt property without decreasing tax burden to reflect fact that supplemental declarations indicated reduction in nonexempt property held in county occurred during tax year; and (5) tax status of corporation's business machines should be determined on quarterly rather than monthly basis.

Affirmed in part; reversed in part.

Jim C. Harris, Ada County Pros. Atty., Scott L. Campbell, Deputy Pros. Atty., Boise, for respondent, appellant, cross-respondent.

Larry Ripley of Elam, Burke, Jeppesen, Evans & Boyd, Boise, for appellant, respondent, cross-appellant.

BAKES, Justice.

Xerox Corporation, appellant, respondent and cross-appellant, and the Ada County assessor, respondent, appellant and cross-respondent, contend that the district court erred in its disposition of a dispute over the county's 1973 levy of personal property ad valorem taxes on business machines owned by Xerox and either leased to Xerox's customers in Ada County or held by Xerox in Ada County for lease or sale to its customers. We affirm in part and reverse in part.

The case was tried to the district court sitting without a jury on a statement of facts submitted by stipulation of the parties. Xerox maintains an office in Boise, Idaho, from which it solicits customers for lease and sale of Xerox business machines and directs a service program for the machines. Although Xerox offers its machines for either sale or

lease, only 0.3% of its customers chose to purchase machines in 1973. In compliance with the Idaho Sales Tax Act, Xerox collects and remits to the State of Idaho a use tax on proceeds derived from rental of the machines.

In 1973 Xerox submitted an initial personal property ad valorem tax declaration in which it reported the value on January 1, 1973, of the machines Xerox held in Ada County for sale or lease and the value of machines Xerox owned in Ada County which were then leased to its customers. Xerox also submitted at the end of each of the first three quarters of 1973 three supplemental declarations requested by the Ada County assessor in which Xerox reported the value of its machines in Ada County which were, at the time of the supplemental declaration, held for sale or lease or which had been leased by Xerox to its Ada County customers.[FN1] Ada County assessed personal property ad valorem taxes against Xerox based upon the initial and supplemental declarations pursuant to the schedule contained in I.C. ss 63-102 and - 105S. [FN2] However, although Xerox's ad valorem tax liability was increased as a result of business machines which Xerox acquired subsequent to the beginning of the year, Xerox's tax liability was not decreased to reflect the fact that certain machines reported by Xerox in the initial declaration or in a subsequent declaration were removed from the county during the course of the year.

FN1. I.C. s 63-1203 authorizes assessment, by an initial declaration and by subsequent supplemental assessments, of non-exempt personal property:

"63-1203. Assessment of personal property. The assessor shall assess all personal property required by this act to be entered on the personal property assessment roll, between the first day of January and the first Monday of July each year, and shall complete the assessment on or before the first Monday in July and file the roll with the clerk of the board of county commissioners. He shall assess and enter on a subsequent roll to be by him verified in the manner provided for the verification of the personal property assessment roll, all personal property which comes into the county, between the first Monday of July and the third Monday of November of each year which has not been assessed, and all personal property which has during the year escaped assessment, and shall immediately deliver the subsequent roll to the board of commissioners which shall then meet as a board of equalization as provided in section
63-1904, Idaho Code. . . ."

FN2. I.C. ss 63-102 and -105S address the ad valorem taxation of non-exempt property which comes into the state after January 1 of the tax year or which changes from exempt status to non-exempt status after January 1. The two statutes provide for an apportioned ad valorem tax assessment on the following basis: if the property becomes taxable before April first, it shall be assessed for its full assessed value; if on the first day of

April and before the first day of July for three-fourths of its full assessed value; if on the first day of July and before the first day of October, then for one-half its full assessed value; and if during the remainder of the taxing year, for one-fourth its full assessed value.

On the basis of the initial and supplemental declarations Xerox was assessed $15,494.44 in personal property ad valorem taxes for the 1973 tax year. Xerox paid its tax liability under protest in January, 1974. Xerox's petitions for relief were denied by the Ada County Board of Equalization and the Idaho Board of Tax Appeals. Xerox filed timely appeal to district court where a trial de novo was held pursuant to I.C. s 63-3812(c).

Following a court trial the district court in a memorandum decision held that Xerox's machines, while leased out to its customers, were not "business inventory" exempt from personal property ad valorem taxation under I.C. s 63-105Y,[FN3] but that those machines held by Xerox in its offices or warehouses for sale or lease were "business inventory" exempt from ad valorem taxation. The court held that the assessor's decision to impose an ad valorem property tax pursuant to the supplemental declarations on non-exempt property entering the county after the beginning of the tax year without entitling the taxpayer to a reduction in liability to reflect removal of non-exempt property from the county during the tax year was improper and ordered the county to afford Xerox proper credit for any taxes levied on equipment which had been removed from the county. The court upheld the assessor's decision to require supplemental declarations only of those taxpayer's involved in businesses which the assessor's experience indicated were likely to bring substantial amounts of non-exempt property into the county during the tax year subsequent to the initial declaration. Finally, the court held that the taxable status of Xerox's machines must be determined on a monthly basis, and not on a quarterly basis as required by the county.

FN3. "63-105Y. Business inventory exempt from taxation. Commencing on January 1, 1971 the following property is exempt from taxation: business inventory. For the purpose of this section, 'business inventory' means all items of tangible personal property described as:
"(1) All livestock, fur-bearing animals, fish, fowl and bees.
"(2) All nursery stock, stock-in-trade, merchandise, products, finished or partly finished goods, raw materials, supplies, containers and other personal property which is held for sale or consumption in the ordinary course of the taxpayer's manufacturing, farming, wholesale jobbing, or merchandising business."

[1][2][3][4] Xerox Corporation argues on appeal that the district court erred in concluding that those machines owned by Xerox which were leased out to Xerox's Ada County customers were not within the business inventory exemption from personal property ad valorem taxation contained in I.C. s 63- 105Y. Xerox contends that the machines, when leased out, still constitute its stock in trade and that they are still available for sale. Ada County, however, points out that I.C. s

63-105S governs taxation of property which changes from exempt to non-exempt status during the tax year and expressly provides that if the change in tax status

> "results from the leasing or rental of property normally constituting business inventory, the same shall be subject to tax only for the period it is so leased or (so) rented and upon its return to business inventory shall again be exempt as provided in section 63-105Y, Idaho Code."

I.C. ss 63-105S and -105Y are in para materia and must be construed to effect a common purpose. I.C. s 63-105S evidences a clear legislative intent that property owned by a business not be exempted from ad valorem taxation as business inventory when it is leased to customers of the business. Statutory tax exemptions should be strictly construed against the taxpayer. Richardson v. State Tax Comm'n, 100 Idaho 705, 604 P.2d 719 (1979). The district court properly determined that Xerox's equipment leased to its Ada County customers is not within the business inventory tax exemption contained in I.C. s 63-105Y. Cf. Olson Equipment Co. v. City of Minneapolis, 285 Minn. 146, 171 N.W.2d 717 (1969) (rental equipment in lessees' possession on assessment date held not tax exempt as inventory of lessor).

[5] We also agree with the district court that Xerox's machines are "business inventory" within the meaning of I.C. s 63-105Y when they are not in lease status. When not leased to customers the equipment falls within the plain language of I.C. s 63-105Y since it is then stock in trade, merchandise, or personal property held for sale or consumption in the course of Xerox's business. Cf. Aeronautical Communications Equipment, Inc. v. Metropolitan Dade County, 219 So.2d 101 (Fla.App.1969) (stock in trade or inventory consists of chattels used in a merchant's trade or held for sale). [FN4]

> FN4. Nowhere does the Idaho Code directly address the taxable status of stock-in-trade held for lease or leased out to customers of the taxpayer lessor. We have construed the ad valorem taxation statutes, to the best of our ability, to effect what appears to us to be the legislature's intent. However, the statutes addressed here, as well as below in this opinion, have been amended on a piecemeal basis numerous times. It is virtually impossible to gather a coherent ad valorem tax policy from them. As I noted in State v. Boyenger, 95 Idaho 396, 509 P.2d 1317 (1973), a process of piecemeal amendment of legislation "like too many layers of old wallpaper, makes the task of the artisans of the law extremely difficult." 95 Idaho at 402, 509 P.2d at 1323.

Xerox next argues that the district court erred in sanctioning the Ada County assessor's decision to require supplemental personal property declarations to be filed only by particular taxpayers which, as indicated by the assessor's experience, were likely to acquire additional taxable personal property during the tax year. Xerox contends that the county's requirement that only certain taxpayers file supplemental declarations resulted in an unlawful, arbitrary, capricious, intentional and systematic discrimination in the county's personal property ad valorem tax policy. Xerox maintains that the county's

procedure constitutes selective enforcement of the personal property supplemental assessment provisions and violates Idaho Constitution Art. 7, s 5,[FN5] which precludes tax discrimination within classes of property or businesses. See Anderson's Red & White Store v. Kootenai County, 70 Idaho 260, 215 P.2d 815 (1950).

> FN5. "(Id. Const. Art. 7) s 5. Taxes to be uniform Exemptions. 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: provided, that the legislature may allow such exemptions from taxation from time to time as shall seem necessary and just, and all existing exemptions provided by the laws of the territory, shall continue until changed by the legislature of the state: provided further, that duplicate taxation of property for the same purpose during the same year, is hereby prohibited."

In January, 1973, the Ada County assessor issued approximately 8,500 initial personal property tax declarations to owners of non-exempt personal property. Subsequently between 1,100 and 1,200 supplemental declarations were sent to certain taxpayers selected by the assessor. Supplemental declarations were sent to two groups of taxpayers: (1) those taxpayers which the assessor's office knew had actually acquired additional taxable personal property during the tax year; and (2) certain classes of taxpayers, i. e., leasing companies, sign companies and vending machine companies, whose businesses were of a nature that, as shown by the assessor's experience, they were likely to have acquired taxable personal property during the tax year after filing of the initial declaration in January.

The district court upheld the assessor's method of selecting taxpayers required to submit supplemental declarations, noting that the county pursued to the extent its staff resources and budget permitted those taxpayers who did bring property into the county after the assessment date. The record on appeal supports the district court's conclusion that the county's method of assessing the ad valorem personal property taxes, although not ideal, does not violate the Idaho constitutional requirement that ad valorem property taxes be assessed uniformly.

[6][7] The constitutional rule of uniform ad valorem taxation requires that all property not exempt from taxation be assessed at a uniform percentage of actual cash value and that a single fixed rate of taxation must be applied against all taxable property. E. g., Merris v. Ada County, Idaho, 100 Idaho 59, 593 P.2d 394 (1979); Idaho Telephone Co. v. Baird, 91 Idaho 425, 423 P.2d 337 (1967). The rule requiring uniformity in ad valorem taxation is not offended by reasonable classifications of property for purposes of applying different methods of valuation of disparate types of property. "The constitutional mandate is satisfied if the methods are not obviously designed to produce discriminatory burdens upon different classes of property." Idaho

Telephone Co. v. Baird, 91 Idaho at 431, 423 P.2d at 343. Although uniformity in imposition of the tax burden is the goal, mathematical precision is, as a practical matter, impossible to achieve. "Individual irregularities and inequality in taxation will always exist. It is a process which cannot be reduced to an exact science. The law does not require exactitude, but it does require uniformity." Anderson's Red & White Store v. Kootenai County, 70 Idaho 260, 265, 215 P.2d 815, 818 (1950).

In State ex rel. Frizzell v. Dwyer, 204 Kan. 1, 460 P.2d 507 (1969), the Kansas Supreme Court considered a challenge to the validity of a statutory ad valorem tax provision which provided for the assessment of motor vehicles purchased after January 1, but before November 1. Plaintiff contended that the procedure violated the state constitutional requirement of uniform taxation because motor vehicles purchased after January 1 were taxed for the year of purchase while other personal property was not taxed in the year of purchase. Plaintiff also noted that the statute did not provide for ad valorem taxation in the year of purchase of automobiles purchased after November 1. In upholding the statutory procedure, the court made the following comments which we find applicable to the case at bar:

> "The dominant principle of our constitutional mandate is that property shall be assessed for taxation under uniform rules so that equality in the burden of taxation results. Yet practical problems in the administration of a taxing system always remain; absolute or perfect equality in taxation, being impossible of attainment, is not required. As long as there is substantial uniformity in the application of tax statutes, constitutional provisions relating to equality and uniformity are not violated (see 84 C.J.S. Taxation s 22 a and b; 1 Cooley, Taxation, s 259).
> "One element to be considered in determining subjection of various kinds of personal property to tax liability is the expense attendant to the listing and assessment procedure. Long ago, this factor was recognized in Francis, Treas. v. Atchison, T. & S. F. Rld. Co., 19 Kan. 303, when this court rejected a contention of lack of equality and uniformity in taxation in violation of article 11, section 1, in a situation where expense of the machinery for collection of certain taxes might well have exceeded the amount of taxes collected. "Some kind of inquisitorial process is generally required in the discovery of personal property to be listed for taxation. That this could be profitably carried on by the state beyond a certain listing date as to all kinds of personal property might well be doubted. Certainly the state is not obliged to tax property when the cost of discovery and assessment would be greater than the amount received. . . .
> "Plaintiff also urges the act lacks the requisite uniformity and equality because vehicles purchased after November 1 would not be subject to taxation, while those purchased before that date are. That which has been heretofore said respecting the practical problems of taxation sufficiently answers this contention. A final cutoff date in our taxing system so as to give certainty and stability to the public revenues in a given year is an obvious necessity, which fact this court has recognized (Benn v. Slaymaker, 93 Kan. 64, 143 P. 503).

"We cannot say the act results in invidious discrimination so as to destroy the requisite uniformity and equality in our taxing system, and its validity must be upheld." 460 P.2d at 511.

In Security Properties v. Arizona Dept. of Property Valuation, 112 Ariz. 58, 537 P.2d 924 (1975), the Arizona Supreme Court upheld selective assessments made only of high rise buildings. The court ruled that the assessor had adequately justified the procedure as an attempt to rectify acknowledged discrepancies in individual valuations of high rise real estate located in the county. The court held that to characterize the selective assessment procedure as violative of the state constitutional requirement of uniformity of taxation, "it must be clearly shown that assessments which are unequal are the result of systematic and intentional conduct in the sense that the inequality would thereby be deliberately created." 537 P.2d at 927. See also, State v. Reefer King Co., Inc., 559 P.2d 56 (Alaska 1976); Ernest W. Hahn, Inc. v. County Assessor for Bernalillo County, 92 N.M. 609, 592 P.2d 965 (1978). Subsequently, the Arizona Court of Appeals, in County of Maricopa v. North Central Development Co., 115 Ariz. 540, 566 P.2d 688 (App.1977), applied the rule enunciated in Security Properties to find that the selective assessment of partially completed building construction projects in Maricopa County was violative of the Arizona constitutional requirement that ad valorem taxes be uniformly levied. The county assessor had not attempted to value all non-exempt partially completed structures in the county for purposes of levying ad valorem taxes on the structures. The assessors had, however, valued the major construction projects in the county and levied ad valorem taxes on them. The result was that only a few prominent construction projects in the county were assessed and that, in the court's words, the "vast majority" of partial completions were omitted from the tax rolls for the year in question. "(T)he result of (the assessor's) conduct was discrimination against the more substantial partial completions . . . ." 566 P.2d at 691.

[8][9] We agree with the authorities cited above that an individual who claims that a selective assessment procedure has deprived him or her of the protection guaranteed by the state constitutional requirement of uniformity of taxation must show a deliberate plan to discriminate based upon an unjustifiable or arbitrary classification. The record before the court on this appeal supports the district court's conclusion that the
Ada County assessor's decision to require supplemental declarations only of certain types of taxpayers who actually did acquire or who were likely to have acquired non-exempt personal property during the 1973 tax year does not result in a violation of the Idaho constitutional requirement of uniformity of taxation.

Xerox Corporation presented no evidence at trial, as did the plaintiff in County of Maricopa v. North Central Development Co., supra, which would indicate that the selective assessment procedure adopted by the assessor left a substantial amount of non-exempt personal property entering the county after January 1, 1973, untaxed. The assessor, on the other hand, testified that his office had compared the personal property declarations submitted by Ada County taxpayers from year to year and had isolated and classified those taxpayers who

were most likely to acquire additional non-exempt personal property during the year. As a result of the data drawn from past declarations, supplemental declarations were automatically sent to lease companies, loaned equipment companies, sign companies, and vending machine companies. The assessor testified that businesses not included in the four classes which automatically received supplemental declarations usually did not, from year to year, report an increase in non-exempt personal property. The assessor also testified that his office actively sought to discover non-exempt property which may have been brought into the county after January 1, 1973, by taxpayers other than those who automatically received supplemental declarations.

> "(D)uring the subsequent taxing time we have a policy of actively seeking out equipment and new businesses that have come into being since our first taxing time of the first six months of the year. And we do this by a couple of different methods. One is we actively cruise the areas, my people and myself actively cruise the county, looking for new businesses and looking for equipment. We'll jot down the name and address of the new business, we'll stop where we see a piece of equipment that's setting out in a field, or something of that nature, and go over and find out who owns it, get the serial number of it and go back in the office and check to see if we have that piece of equipment or if we have that business. Then if we don't, we will send out a new tax declaration. The other method is that we check the filings with the County Recorder's office for the filings of contracts, new contracts that are filed with the County Recorder's office, the equipment that has been purchased on contract. We check the Secretary of State's office which has a filing of contracts by companies of equipment that is being purchased and then we go back and we send out tax declarations to these individuals or companies requesting information on the equipment that they have purchased and then we issue a subsequent assessment."

It was the assessor's testimony that in 1973 it was not physically or economically feasible to require supplemental declarations of all taxpayers who filed initial declarations. The record does not show that the Ada County assessor in 1973 undertook a deliberate plan based upon an arbitrary or unjustifiable classification to discriminate in the assessment of ad valorem personal property taxes. To the contrary, it indicates that he used every effort within his resources to discover all non-exempt property within the county. Although certainly not perfect, the plan formulated by the assessor was based on reasonable classifications of the county's taxpayers. The record reveals no evidence of any discriminatory results other than Xerox's unsupported assertions that the county must have missed some non-exempt personal property which was acquired after January 1, 1973. We therefore affirm the district court's decision that Xerox has not shown a constitutional defect in the Ada County assessor's determination of which taxpayers were required to file supplemental declarations in 1973 pursuant to I.C. s 63- 1203.

Ada County, on cross appeal, maintains that the district court erred in ruling that the assessor may not impose an ad valorem tax for the entire year on non-exempt property which a supplemental declaration indicated

was sold by the taxpayer or removed from the county during the tax year. The assessor in 1973 levied an ad valorem tax for the entire year on non-exempt property reported in Xerox's initial declaration filed in January, 1973. Additional property reported in a supplemental declaration was assessed for a proportionate part of the year based upon the time the property entered the county.[FN6] However, the county did not reduce the tax levy on machines which were removed from the county before the end of the year. Although there was a net reduction in the total number of business machines owned by Xerox in Ada County in the third quarter of 1973, the assessor increased the tax assessment to reflect the fact that Xerox had brought new machines into the county that quarter. The county asserts that its practice is proper because the Idaho Code does not provide for removal of property from the ad valorem tax rolls during the course of the tax year.

FN6. See n. 2, supra.

[10][11] We agree with the district court that the county must adjust Xerox's tax liability downward if the supplemental declarations indicate that a reduction in non-exempt property held in the county occurred during the tax year. To hold otherwise and to approve the county's practice would result in the imposition of a tax burden disproportionate to the actual value of the property assessed, in violation of Idaho Constitution, Art. 7, s 5. See, e. g., Anderson's
Red & White Store v. Kootenai County, supra. Where the county undertakes to update its initial 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. Ada County's contention that the district court erred in ordering the county to cease assessing property which a supplemental declaration indicated was no longer subject to taxation is without merit.

[12] Finally, both Xerox and Ada County argue on appeal that the district court erred in requiring the taxable status of the business machines in question to be determined on a monthly basis rather than on a quarterly basis. I.C. ss 63-102 & -105S refer to the determination of the taxable status of property in the county on a quarterly basis. Although neither these two statutes, nor I.C. s 63-1203 which outlines the procedure for assessment of personal property indicate when supplemental assessments are to be filed, we agree with the county and Xerox that in the interests of efficient recordkeeping and reporting a quarterly reporting system, and not a monthly reporting system, is required. Because property is to be assessed on a quarterly basis,[FN7] administrative efficiency would be better achieved by a quarterly rather than a monthly declaration requirement.

FN7. See n. 2, supra.

Affirmed in part and reversed in part. No costs allowed.

DONALDSON, C. J., and SHEPARD, McFADDEN and BISTLINE, JJ., concur.

609 P.2d 1129, 101 Idaho 138

ADDENDUM H

§31-871, I.C. (Records Retention)

Idaho Statutes

TITLE 31
COUNTIES AND COUNTY LAW
CHAPTER 8
POWERS AND DUTIES OF BOARD OF COMMISSIONERS

31-871. Classification and retention of records. (1) County records shall be classified as follows:

(a) "Law enforcement media recording" means a digital record created by a law enforcement agency in the performance of its duties that consists of a recording of visual or audible components or both.

(b) "Permanent records" shall consist of, but not be limited to, the following: proceedings of the governing body, ordinances, resolutions, building plans and specifications for commercial projects and government buildings, bond register, warrant register, budget records, general ledger, cash books and records affecting the title to real property or liens thereon, and other documents or records as may be deemed of permanent nature by the board of county commissioners.

(c) "Semipermanent records" shall consist of, but not be limited to, the following: claims, contracts, canceled checks, warrants, duplicate warrants, license applications, building applications for commercial projects and government buildings, departmental reports, purchase orders, vouchers, duplicate receipts, bonds and coupons, financial records, and other documents or records as may be deemed of semipermanent nature by the board of county commissioners.

(d) "Temporary records" shall consist of, but not be limited to, the following: correspondence not related to subsections (1) and (2) of this section, building applications, plans, and specifications for noncommercial and nongovernment projects after the structure or project receives final inspection and approval, cash receipts subject to audit, and other records as may be deemed temporary by the board of county commissioners.

(e) Those records not included in paragraph (a), (b), (c) or (d) of this subsection shall be classified as permanent, semipermanent or temporary by the board of county commissioners and upon the advice of the office of the prosecuting attorney.

(2) County records shall be retained as follows:

(a) Permanent records shall be retained for not less than ten (10) years.

(b) Semipermanent records shall be kept for not less than five (5) years after date of issuance or completion of the matter contained within the record.

(c) Temporary records shall be retained for not less than two (2) years.

(d) Law enforcement media recordings with evidentiary value shall be retained for not less than two hundred (200) days from the date the recording was made.

(e) Law enforcement media recordings that have no evidentiary value and that are recorded by the law enforcement agency’s equipment that is not affixed to any building or structure’s

interior or exterior wall shall be retained for not less than sixty (60) days from the date the recording was made.
(f) Law enforcement media recordings that have no evidentiary value and that are recorded by the law enforcement agency's equipment that is affixed to any building or structure's interior or exterior wall shall be retained for not less than fourteen (14) days from the date the recording was made.
(g) Records may be destroyed only by resolution of the board of county commissioners after regular audit and upon the advice of the prosecuting attorney, except that law enforcement media recordings may be destroyed without a resolution. A resolution ordering destruction must list, in detail, records to be destroyed. Such disposition shall be under the direction and supervision of the elected official or department head responsible for such records.
(h) The provisions of this section shall control the classification, retention and destruction of all county records unless otherwise provided in Idaho Code or any applicable federal law.
(3) As used in this section:
(a) "Evidentiary value" means containing information relevant to:
(i) Any use of force by a government agency;
(ii) Any events leading up to and including an arrest or citation for a criminal offense;
(iii) Any events that constitute a criminal offense;
(iv) Any encounter about which a complaint has been filed by a subject, or his representative, of the law enforcement media recording; or
(v) Any encounter about which a valid public records request has been filed by a subject, or his representative, of the law enforcement media recording.
(b) "Law enforcement agency" means a county agency given law enforcement powers or that has authority to investigate, enforce, prosecute or punish violators of state or federal criminal statutes, ordinances or regulations including a county sheriff's office, a county prosecuting attorney's office, and misdemeanor and juvenile probation offices. "Law enforcement agency" shall include any private entity contracting with a county to provide the services of a law enforcement agency.
(c) "Valid public records request" means a request as described in section 74-102, Idaho Code.

History:
[31-871, added 1993, ch. 140, sec. 2, p. 372; am. 2000, ch. 54, sec. 1, p. 108; am. 2001, ch. 99, sec. 3, p. 249; am. 2010, ch. 62, sec. 1, p. 111; am. 2011, ch. 285, sec. 1, p. 778; am. 2018, ch. 184, sec. 1, p. 403.]

ADDENDUM I

History of Property Tax

1863 – 1890	Idaho Territorial government and local governments relied on property taxes as a significant source of revenue. Each county assessor was to estimate full cash value of property to determine assessment. Exemptions: Property of the U.S., Territory, counties, and municipalities; Public buildings; Public hospitals and charitable institutions; Churches; Benevolent and charitable societies; Cemeteries and graveyards; Property not over $1,000 in value belonging to widows or orphans; Growing crops; Mining claims; Tools not over $50 in value belonging to mechanics; and Property only in transit through a county but assessed in the home county. County commissioners sit as county board of equalization. Sheriffs generally were the tax collectors until 1881 when responsibility was changed to collect license taxes and the assessors were given the responsibility of collecting property taxes. School distribution formula developed with a portion of the school funding distributed equally to each school district and a portion distributed based on the number of students. Other sources of revenue included: poll taxes imposed on each adult male inhabitant with half of the revenue to the territory and half to the counties, license taxes for Mongolians or Chinamen, for professionals including physicians, surgeons, dentists, attorneys, or local officials, and for the operations of pool tables, bowling alleys, theaters, exhibitions, insurance companies, pawnbrokers, intelligence offices, brokerage houses, banks, vendors, or dealers in wines or spirits, and receipts taxes on the proceeds from mines (40% to the territory and 60% to the counties), toll roads, bridges, ferries, or the like (school fund).
1891	State board of equalization created to meet the first Monday in September to equalize the valuation of property. Board members are the Governor (Chairman), secretary of state, attorney-general, state auditor, and state treasurer. Set levy limits on property tax revenue for state purposes, county purposes, and county bridge purposes.
1893	Reenacted[1] exemptions: (See 1863 – 1890.) Property of U.S., state, county, municipal corporation, or school district; Churches, chapels, and buildings used for religious worship;

[1] Sometimes laws are reenacted rather than amended; i.e., the original law is repealed and the same law is then passed as if it were new legislation. You cannot easily tell the difference between a reenacted law and a new law without researching the history of that law in prior years.

1893 (continued)	Cemeteries; Benevolent and charitable societies; Property not over $1,000 in value belonging to widows or orphans; Growing crops; Mining claims; Tools not over $200 in value; and Public and (New) private libraries. New exemptions: Property used exclusively for school purposes; Capital stock of a corporation; Possessory rights to public lands; and Dues or credit secured by trust deed or lien. State board of equalization given authority to assess telegraph and telephone lines and railroads with value apportioned based on mileage.
1895 – 1896	Set amount of revenue from property taxes for state purposes at $231,000 per year. State board of equalization to meet first Monday in August. Created county current expense fund. (New) Exempted hospitals. Repealed receipts tax on toll roads, bridges, and ferries.
1897	Set amount of revenue from property taxes for state purposes at $253,000 per year. Set second Monday in January as date for assessment of property. Repealed license tax on theaters.
1899	Set amount of revenue from property taxes for state purposes at $245,000 per year. (New) Exempted irrigation canals, ditches, and water rights.
1901	Set amount of revenue from property taxes for state purposes at $245,000 per year. (New) Exempted household goods not over $400 in value and belonging to the head of the household. Authorized a special property road tax to be used only on county roads which could be paid in work performed on the road.
1903	Set amount of revenue from property taxes for state purposes at $275,000 per year. Changed the rate of the net profits tax on mining from 1% to the same rate as paid on other property. Repealed license tax on bankers.
1905	Set amount of revenue from property taxes for state purposes at $350,000 per year.

1905 (continued)	Authorized road districts with bonding authority and levy authority to repay bonds.
1907	Set amount of revenue from property taxes for state purposes at $500,000 per year. Expanded the exemption created during territorial days for property not over $1,000 in value and belonging to orphans and widows by adding Civil War veterans. (See 1890 and 1893.)
1909	Set amount of revenue from property taxes for state purposes at $600,000 per year. Amended the school funding distribution formula by adding number of teachers in rural high school districts as the basis for part of the funding. Provided for road districts to receive 75% of the general tax revenue raised for roads. Authorized highway districts with bonding authority and levy authority to repay bonds and to pay for operating expenses with no apparent levy limit. Authorized county road system with authority to levy within set limits and additional levy authority to repay bonds.
1911	Set amount of revenue from property taxes for state purposes at $900,000 per year. Required all future road taxes to be paid in money (discontinued allowing payment by working on the road). Authorized highway districts to levy for bridges. Exempted improvements not over $200 in value. (New) Enacted a gross receipts tax at 3% on all companies doing business in the state. Added car companies and sleeping car companies to the operating property assessed by the state board of equalization and apportioned to the counties with main line track.
1912	Required an application and certification of eligibility for the exemption on property not over $1,000 in value and belonging to widows, orphans, and veterans. Required property (including operating property assessed by the state board of equalization) to be valued at full cash value and to be assessed at 40% of that value. Established a land classification system for assessment purposes and required land and improvements to be assessed separately.
1913	Set amount of revenue from property taxes for state purposes at $1,000,000 per year. Clarified all property is subject to property taxation unless expressly exempted. Repealed the 40% assessment ratio and required all property to be valued and assessed at full cash value. Required property owners to file claims to be granted exemptions.

1913 (continued)	Reenacted exemptions: (See 1863 – 1890.) Property of U.S., state, county, municipal corporation, or school district; Property of religious corporations or societies; Property of fraternal, benevolent, or charitable societies; All public cemeteries and all public libraries; Growing crops, fruit, or nut bearing trees; Not patented mining claims; Private libraries not over $400 in value; Tools not over $400 in value; (Repealed in 1957.) Dues or credit secured by mortgage, trust deed, or lien; and Hospitals. Reenacted exemptions: Possessory rights to public lands; (See 1893.) Capital stock of corporations; (See 1893.) All property used for school purposes; (See 1893.) Property not over $1,000 in value belonging to widows, orphans, or Civil War veterans; (See 1863 – 1890 & 1907.) Irrigation canals, ditches, and water rights; (See 1899.) and Household goods and furniture not over $400 in value removing limitation to head of household. (See 1901.) New exemptions: Surgical or scientific instruments of physicians not over $400 in value; and Cooperative telephone lines; Mobile homes with a dealer's plate or used as cow or sheep camps. Set levy limits for the county current expense fund, roads, bridges, and schools.
1915	Set amount of revenue from property taxes for state purposes at $750,000 per year. Changed the method for apportioning the value of electric transmission lines to be by line mile within county where investment is made.
1917	Set amount of revenue from property taxes for state purposes at $1,000,000 per year. (New) Exempted forestry tracts for 10 years. Amended levy limits for schools to require each county to raise a set minimum.
1919	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Established classification of property as real, personal or operating. Clarified requirement for property owners to file claims for exemptions. Raised levy limits for bridges.
1921	Set amount of revenue from property taxes for state purposes at $1,800,000 per year.

1921 (continued)	(New-HB161) Exempted property owned by electrical public utility and used to generate and deliver electrical power for irrigation.
1923	Set amount of revenue from property taxes for state purposes at $1,575,000 per year. Amended the levy limits for county current expense, for roads, and for bridges. (New) Enacted a gasoline tax and exempted aircraft fuel from property taxation.
1925	Set amount of revenue from property taxes for state purposes at $1,675,000 per year.
1927	Set amount of revenue from property taxes for state purposes at $2,350,000 per year. (SB31) Exempted property up to $1,000 in value belonging to veterans of the Spanish-American War or the Philippine Insurrection. (See 1913.)
1929	Set amount of revenue from property taxes for state purposes at $2,250,000 per year. Repealed the exemptions for forestry tracts and for surgical and scientific instruments of physicians.
1931	Set amount of revenue from property taxes for state purposes at $2,250,000 per year. Enacted the Property Tax Relief Act with the property tax levy for state funding to be reduced by the amount of the revenue raised from the new income tax and creating the office of the Tax Commissioner to administer the income tax. Required merchant's stock to be valued based on the average value during the first three months of the year. Enacted a kilowatt hour tax on electrical energy generated in Idaho.
1933	Set amount of revenue from property taxes for state purposes at $1,250,000 per year. Authorized the state board of equalization to compel each assessor to assess any omitted property and to reassess all property improperly assessed. Authorized the department of finance to investigate the assessment of property in each county and report the finding to the state board of equalization. Repealed property tax on motor vehicles.
1935	Set amount of revenue from property taxes for state purposes at $1,000,000 per year. Expanded exemption for property up to $1,000 in value belonging to orphans, widows or certain veterans by adding veterans of the World War. (See 1927.)
1937	Set amount of revenue from property taxes for state purposes at $1,500,000 per year. Amended the levy limits for the county current expense fund.
1939	Set amount of revenue from property taxes for state purposes at $1,000,000 per year. Added $400,000 in property taxes for public assistance. Added $1,000,000 in property taxes for public schools.

1939 (continued)	Amended the powers of the tax commission to include administration of the license tax on electricity, motor fuels tax, aircraft fuels tax, tax on beer, tax on malt syrup and malt extract, ore mining tax, and contractor's license tax that were all prior duties of the commissioner of law enforcement.
1941	Set amount of revenue from property taxes for state purposes at $2,150,000 per year. (New-SB66) Exempted property used to produce electrical energy for pumping water for drainage.
1943	Set amount of revenue from property taxes for state purposes at $2,250,000 per year. Required the assessment of electric current transmission lines belonging to rural electrification associations by the state board of equalization. Expanded the exemption for property up to $1,000 in value belonging to orphans, widows or certain veterans by adding blind persons or veterans of World War II with a service connected disability. (See 1935.) (New-SB111) Exempted operating property from taxation by any fire district unless by consent of the owner. Amended the road tax to be the road and bridge tax and changed the levy limit.
1945	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Created the tax commission as required by the Constitutional amendment approved in November 1944 giving it the powers of the former state board of equalization. Expanded the exemption for property up to $1,000 in value belonging to orphans, widows or certain veterans by adding members of the Armed Forces for the duration of World War II and 6 months after. (See 1943.) (New-SB66) Exempted registered aircraft. Amended the levy limits for the county current expense fund. Enacted a tax on cigarettes to be collected by the tax commission.
1947	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Expanded the exemption for property up to $1,000 in value belonging to orphans, widows and certain veterans by adding all permanently disabled veterans of all wars. (See 1945.) Repealed the requirement for the department of finance to investigate the assessment of property.
1949	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Repealed the tax on malt syrup and malt extract. Amended the levy limits on the county current expense fund.

1949 (continued)	Created the office of the state tax collector to collect and administer the license tax on electricity, motor fuels tax, aircraft fuels tax, beer tax, ore mining tax, contractor's license tax, chain store license tax, transfer and inheritance tax, express companies tax, income tax, dealers in dairy products tax, oleomargarine tax, cigarette tax, and punch boards and spindle tax.
1951	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Repealed the requirement to assess merchant's stock. Required the tax commission to assess and apportion pipeline companies.
1953	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Amended the levy limits on the county current expense fund.
1955	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. Required the county assessors to complete the revaluation of property within 6 years. (New-HB72) Exempted personal property stored in a public warehouse in original container. Organized a study committee to examine property taxes and the funding of state government.
1957	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. (New-SB110) Exempted all property owned by any soil conservation district. (New-SB106) Exempted certain personal property or operating property from taxation by any watershed improvement district. (New-SB20) Exempted property belonging to nonprofit irrigation district or canal company and used for irrigation. Required the tax commission to determine the ratio of assessment in each county to be used for equalization of the distribution of school funds and the state property tax levy. Repealed the exemption for tools. Set the limit for and authorized the boards of county commissioners to set a levy to fund the revaluation program. Amended the levy limits on the county current expense fund.
1959	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. (New-HB35) Required all new taxing districts to file legal descriptions with tax commission within 10 days of formation. (New-HB129) Enacted the gross receipts tax on cooperative electric association in lieu of all other taxes; thereby, exempting property owned by them from property taxation. (New-HB352) Required the assessment of trailer houses in addition to a registration fee.

1961	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. (New-HB17) Property exempt at beginning of tax year and changing status during that year is valued and taxed on quarterly basis. (HB17) Reenacted exemptions: (See 1863 – 1890.) Property of U.S. (except when permitted), state, county, municipal corporation, or school district; Property of religious corporations or societies; All public cemeteries and all public libraries; Property of fraternal, benevolent, or charitable corporations or societies; Growing crops; Not patented mining claims; and Hospitals and refuge homes. (HB17) Reenacted exemptions: Amended widows and veterans exemption exempting up to $1,000 in value of property not over $3,600 in value belonging to the following persons with income not over $3,600: blind persons, widows, fatherless children under 18, honorably discharged veterans of the Civil War, Spanish-American War, Philippine Insurrection, and Indian Wars, and disabled veterans of any war; (See 1863 – 1890, 1907, 1913, 1927, 1935, 1943; 1945 and 1947.) Property used for school or educational purposes; (See 1893.) Capital stock and deposits; (See 1893.) Possessory rights to public lands; (See 1893.) Dues or credit secured by mortgage, trust deed, or other liens; (See 1893.) Irrigation water and structures and operating property of irrigation districts and canal companies; (See 1899 & 1957.) Household goods, wearing apparel, and personal effects; (See 1901.) Fruit and vegetables held for consumption; (See 1913.) and Property used for generating and delivering electrical power for irrigation and drainage. (See 1921.) New exemptions: (HB17) Properly registered motor vehicles; (HB120) Cooperative telephone lines from which no profit is derived (limited to systems with 25 or fewer customers); and (HB182) Personal property owned by insurers or their agents or representatives. Amended the levy limits on the county current expense fund.
1963	Set amount of revenue from property taxes for state purposes at $2,000,000 per year. (New) (SB217) Facilities used to control air or water pollution. (New) (HB274) Natural gas public utility property used for generating and delivering power for irrigation and drainage.

1963 (continued)	(New) (SB296) Personal property manufactured or processed in Idaho but shipped out of state.
1965	(SB246) Required a uniform method of assessing property, defining assessed value to be 20% of full cash value for real and personal property and 40% of full cash value for operating property. (HB222) Enacted the Idaho Sales Tax Act and provisions prohibiting a property tax levy for state purposes while a sales tax is in effect. (SB246) Clarified classification of property as real, personal, or operating. Required the tax commission to describe the method of finding full cash value based on: earning capacity, relative location, desirability and functional use, reproduction cost less depreciation, comparison with other like properties of known or recognized value, and market value in the ordinary course of trade. (HB42) Defined condominium. (SB217) Reenacted air and water pollution control exemption. New exemptions: (HB152) All property owned by any urban renewal agency; (SB186) Personal property in transit; (SB186) Fruit and vegetables in transit; and (SB186) Personal property sold or shipped out of state. Amended the levy limits for the county current expense fund.
1967	(New-HB243) Exempted business inventory, including livestock, to become effective over a 4-year period. Appropriate revenue from the sales tax fund to local taxing districts to make up for exempted business inventory. Abolished the office of state tax collector and transferred all powers and duties to the tax commission. (HB403) Required tax commission study of appraisal practices and required the value of all real, personal, or operating to be adjusted annually in equal increments to achieve 20% of full cash value by January 1, 1977 and organized a legislative Interim Tax Study Committee that contracted with Mr. Broley E. Travis to prepare a report on the appraisal and assessment of operating property and with Justin H. Haynes & Company to prepare a report on the appraisal and assessment of real and personal property. (SB139) Amended the exemption to be $1,250 for property not over $6,000 in value belonging to the following persons with income not over $3,600: blind persons, widows, fatherless children under 18, honorably discharged veterans of the Civil War, Spanish-American War, Philippine Insurrection, and Indian Wars, and disabled veterans of any war.

1967 (continued)	(New-HB3) Exempted all property owned by any housing authority except by agreement. In Idaho Telephone Co. v. Baird, the Idaho Supreme Court declared unconstitutional the law setting the assessed value at 20% for real and personal property and 40% for operating property. The Court cited the Idaho Constitution's requirements that a tax be proportional to the value of the property (Article 7, § 2) and that a tax be levied uniformly on the same class of subjects within a taxing district (Article 7, § 5) and said that the uniformity provision is not only violated when the tax is levied unevenly on the same class of subjects but when one class of property is assessed at a different percentage than another class within the same taxing district. (SCR3) Urged all taxing districts to use all possible economy and discretion when setting levies.
1969	Created the board of tax appeals, consisting of three members appointed by the governor, to hear appeals from county boards of equalization and to hear appeals of operating property values or allocations filed by county assessors. (New-HB59) Provided for inadvertently omitted property to be assessed on the subsequent roll. Required the implementation of a continuing program of valuation to achieve the appraisal of all property at least every five years and to be funded by an annual levy of not more than two mills. Established January 1 each year as the lien date. Required the value of all real, personal, or operating property to be adjusted annually in equal increments to achieve 20% of market value by January 1, 1982. Required the tax commission to define categories of property and equalize the valuations within and between the counties. Required the tax commission to provide rules directing the determination of market value by the counties using recognized appraisal methods and techniques as set forth by the tax commission. Limited the property tax portion of the budgets of taxing districts to the prior year's budget plus 4%, which could be exceeded upon 60% vote in an election held for such purpose or by petition to the tax commission citing extraordinary circumstances or conditions. (New-HB59) For property valued $15,000 or less and owned by anyone age 65 or over, exempted any taxes exceeding the amount of the taxes for 1966 beginning with 1970 assessments. Required plat maps to be prepared under tax commission rules to established scales and other criteria and all tracts to be numbered using a uniform numbering system established by the tax commission. (New-HB59) Required the tax commission to provide an annual appraisal school. Required the personal property declaration to be in a form prescribed by the tax commission.

1969 (continued)	Required the tax commission to prescribe the form for the assessment notice and tax bill, outlining the contents of said bill. (New-HB251) Authorized each translator district to exempt certain property from taxation by itself. Transferred personal property tax collection duties from the assessor to the tax collector (treasurer).
1970	(New-HB524) Required county assessors to report assessment ratio for each year to the Tax Commission. Set maximum value at $15,000 and maximum income at $4,800 to be eligible for 65 and over exemption created in 1969 and changed the exemption to exempt the value of the dwelling exceeding the ratio of assessment for such property in 1966. (Replaced by property tax reduction program in 1974.) Raised lower value limit from $6,000 to $15,000 and expanded exemption of property belonging to widows, blind persons, orphans, and honorably discharged veterans to include persons taken prisoner in a hostile action. (HB599) Allowed county assessors to determine exempt portion of facilities, installations, or equipment providing pollution control. (See 1965.) Lease or use of property belonging to fraternal, benevolent, or charitable organization for athletic or recreational activities, dormitories or residence halls, meeting rooms or halls, or auditoriums or club rooms, even when revenue is derived from such use, does not result in loss of exemption. Exempted certain personal property or operating property from taxation by any watershed improvement district. (See 1957.) (New-HB538) Exempted all real property owned by any county housing authority except by agreement. Allowed adjustments to inventory replacement revenue based on variations from average revenues in property taxes on inventory in 1965, 1966, and 1967. Set 2% penalty and 8% interest on delinquencies. *(Repealed 63-1102.)*
1971	(New-SB1086) Required actual and functional use to be a major consideration when determining the value of commercial or agricultural properties. (New-HB54) Persons recognized for hardship are granted a $15,000 exemption for real and personal property. Changed the operator's statements' filing deadline from the second Monday in May to April 30. Repealed assessment of migratory livestock.

1971 (continued)	(New-HB215) Exempted all personal or operating property from taxation by any flood control district because only authorized to levy on real property. Increased maximum limit from $3,600 to $4,800 for exemption of property belonging to widows, blind persons, orphans, honorably discharged veterans, and persons taken prisoner in a hostile action. Limited the taxes exempted by the 65 and over exemption to $75. Added water companies under jurisdiction of the public utilities commission to operating property subject to assessment by the tax commission. Repealed 4% limit on growth of property tax funded budgets for taxing districts.
1972	Extended the exemption for property owned by religious organizations to include property with a combination of religious worship along with any nonprofit educational purposes and recreational activities. (New-HB678) Rental property is taxable during the period of time that it is leased or rented and exempt during the period of time that it is in business inventory with owners required to report the monthly rental status by the first Monday in November for assessment on the subsequent roll. (New-SB1348) Exempted all property owned by the Idaho Health facility authority. (New-HB596) Exempted all property owned by any urban renewal agency with it becoming exempt on the date of acquisition.
1973	Required name and address of grantee to be included on conveyance of real property. (HB83) Required taxing districts with altered boundaries to provide a complete legal description and map designating the boundaries of the altered part of the district. Created interim study of farmland assessment practices, senior citizens' property tax relief, and operation and administration of the tax commission. (HB181) Exempted property used to convey, store or provide water to irrigate land. (See 1961.) (HB7) Removed $15,000 limit on hardship exemption. (See 1971.) (New-SB1150) Exempted all property owned by the Idaho Health facility authority.
1974	(New-HB619) Created property tax reduction program with state reimbursement to taxing districts for reductions up to $200 granted to persons with less than $5,000 in household income who are 65 or over, fatherless children under 18, widows, disabled veterans, blind, or former prisoners taken by hostile force. Repealed exemption for property belonging to widows, blind persons, orphans, and honorably discharged veterans to include persons taken prisoner in a hostile action.

1974 (continued)	(New-HB368) Exempted all real property owned by the Idaho Housing Agency except by agreement.
1975	Appropriated $1,948,900 for property tax reduction. (HB10) Required assessor to determine the value of personal property from the information provided on the personal property declaration. (HB256) Allowed the creation of weather modification districts with authority to levy property taxes on all taxable property within district. (New-HB10) Repealed assessment of migratory livestock for property taxation. (New-HB57) Expanded the exemption for hospital property owned by religious or benevolent entity to include leased medical equipment. (New-HB247) Exempted properly registered recreation vehicles. Allowed assessment of personal property for the current year and the prior year. The term of office of the county assessor changed from 2 years to 4 years.
1976	Appropriated $1,669,400 for property tax reduction. Increased maximum income for property tax reduction benefits to $5,500. (HB606) Required the tax commission to provide an appraiser certification program with minimum requirements including period of time within which a county appraiser must become certified. (HB381) Established missed property roll with appeal to BOE in January of the following year. (SB1273) Defined tax code area and established the tax code area mapping system. (New-SB1418) Exempted all property owned by any sewer and water district. (HCR69) Established a committee to study taxes including the process of indexing values for property taxation.
1977	(New-HB272) Required the tax commission to develop, maintain, and enforce a uniform system for property tax assessment and taxation (Property Tax Assessment Assistance to Counties), including parcel numbering, requiring every assessor to use the computer software prescribed by the tax commission, and appropriating $200,000 for implementation. Required the tax commission to establish procedures to assess mobile homes in the same manner as other residential housing. (New-SB1022a) Exempted personal property owned by any credit union or the Idaho corporate credit union.

1977 (continued)	Appropriated $1,700,000 for property tax reduction.
1978	Appropriated $2,300,000 for property tax reduction. Voters approved 1% Initiative limiting property taxes to 1% of 1978 market value, requiring two-thirds vote in the legislature to increase rate of property taxes and two-thirds vote of people to impose special taxes. Added interstate water transportation tugs, boats, barges, equipment, and docks to the definition of operating property and defined public utility for property tax purposes. (New-SB1457) Expanded exemption for properly registered vehicles to include properly registered boats. Increased the maximum property tax reduction benefit to $400 and increased the maximum household income to $7,500. Allows certain cities the option for hotel-motel taxes and liquor taxes with revenue to go to property tax relief fund.
1979	Appropriated $3,000,000 for property tax reduction. (New-HB 166) Amended the 1% Initiative requiring market values to be at 1978 with all property to be appraised or indexed to achieve 100% of 1978 value by January 1, 1980, allowing an annual adjustment of values up to 2%, requiring a tax commission monitored comprehensive appraisal plan from each county specifying how 1978 market value plus inflation up to 2%, and froze most property tax budgets by limiting taxing districts to no more than the approved 1978 property tax budget without a two-thirds vote. Added widowers to the property tax reduction program. (New-SB1193) Defined land actively devoted to agriculture. (New-HB215) Exempted the value in excess of the residential value for residential property continuously used solely for residential purposes in rezoned areas previously zoned residential. Placed a one-year moratorium on ratio study for school district equalization. Allowed computer generated documents instead of forms previously required in property tax assessment and taxation. Authorized the tax commission to charge counties for Property Tax Assessment Assistance to Counties and deposit receipts in Property Tax Assistance Account. Allowed supplemental maintenance and operation budget for junior colleges exempt from budget limitations of amended 1% Initiative upon majority approval of voters. Changed interest rate on delinquent property taxes from 8% per year to 1% per month.

1979 (continued)	(New-SB1385) Expanded hardship exemption allowing cancellation of passed due property taxes as an extraordinary hardship exemption. Repealed county authority to charge collection fee to taxing districts for collection of property taxes.
1980	Appropriated $3,000,000 for property tax reduction. Expanded eligibility for property tax reduction benefits to include persons receiving disability benefits, increased maximum household income for qualifying claimants from $7,500 to $8,750, authorized the tax commission to make cost of living adjustments to the maximum income, and provided for subtraction of medical expenses when determining income eligibility requirements. Required the use, whenever practical, of reproduction or replacement cost less depreciation when considering the cost approach to valuing depreciable property. Required tax charges to be expressed as a percent of market value. (New-HB748) Upon application exempted for 1981 20% of the market value of residential improvements used as a primary dwelling up to a maximum of $10,000 and required the subtraction of this exemption before payment of property tax reduction benefits. (First Idaho homeowner's exemption) (New-HB402) Initiated the occupancy tax on newly constructed improvements to real property and applied all applicable property tax exemptions to the occupancy tax. (New-HB697) Exempted the speculative portion of the value of land actively devoted to agriculture. Exempted tort funds from the budget limitations resulting from the 1% Initiative. Authorized prepayment of property taxes in certain situations. Authorized administrative fee for motor vehicle registrations. Authorized county commissioners to charge fees for services otherwise funded by property tax revenue. Authorized taxing districts to impose and collect fees for services otherwise funded by property taxes. (New-HB 795) Authorized taxing districts to increase non-exempt property tax portion of budget by 4% provided the cumulative tax levy was less than 1% of market value. Otherwise, this portion of the budget was frozen at 1979 amounts.

1981	Appropriated $3,170,000 for property tax reduction. Repealed the requirement that property be assessed at 1978 market value and adjusted annually at an inflation rate not to exceed 2%. (New-HB 389) Repealed the freeze on property tax funded budgets of taxing districts, but imposed no more than the greater of a 5% increase or half of the percentage increase in value applied to the highest of the property tax funded budgets for 1978, 1979, 1980, or the prior year. Limited the amount of revenue to be raised from property taxes to be no more than the amount advertised prior to adoption of the final budget. Extended for one more year the exemption for 20% of the market value of owner occupied residential improvements up to $10,000. (New-HB30) Expanded the exemption for financial instruments to include other intangible personal property. Established the non-revocable option to declare a mobile home as real property. Amended property tax reduction program to exclude public welfare recipients. Provided for sales tax distribution to non-school taxing districts.
1982	Appropriated $3,245,400 for property tax reduction and provided for percentage reduction in claims for property tax reduction exceeding the amount of the appropriation. Extended for one more year the exemption for 20% of the market value of owner occupied residential improvements up to $10,000. Amended the continuing appraisal program to require at least 20% of each category of property be appraised each year and to require any property not included in this 20% to be indexed so all property is valued at current market value each year. (New-HB648) Established the taxation of forestland and forest products based on forestland designated under the productivity option or bare land and yield tax option with the yield tax rate set at 3%. Allowed taxes on improvements on exempt land to be paid in two installments.
1983	Appropriated $2,816,000 for property tax reduction. (New-HB254) Implemented the initiative passed by the people to call for an exemption of 50% of the market value up to $50,000 on residential property; however, this legislation limited this exemption to owner occupied residential improvements. Removed from jurisdiction of the state board of tax appeals authority to hear appeals on assessments of operating property and provided that such appeals must be to district court within 30 days of the notice of the value being sent to the operating property company.

1983 (Continued)	For the exemption for power used to pump irrigation water, required the companies to certify to the tax commission the amount refunded or credited against customers' bills. (New-HB281) Imposed the fuels tax on aircraft fuel and exempted it from property tax. Amended the 5% cap on property tax funded budgets allowing additional growth in the budget based on the current levy times 80% of the increase in value.
1984	Added $329,300 to the 1983 appropriation for property tax reduction Appropriated $3,001,200 for property tax reduction. Required value exempted for pollution control, hardship, benevolent and charitable, and homeowners to be reported on the abstract. Repealed requirement that annexations by fire districts be contiguous. Required records of property tax payments to be retained for five (5) years. Excluded from the recapture tax forestland designated under the bare land and yield tax option being transferred to an owner with forestland designated under the productivity option. Applied the yield tax to forest products harvested from non-designated forestlands used for agriculture. Excluded property not providing utility service from rate base in public utility commission rate setting. Required land surveys to be conducted so as to produce an unadjusted mathematical error of closure of not less than one part in five thousand. Repealed requirement for owners to report non-registered motor vehicles to the assessor. Increased the interest rate on delinquent property taxes from 8% to 12%.
1985	Appropriated $3,188,000 for property tax reduction. (New-HB137) Empowered county commissioners to uniformly exempt all or part of the taxable personal property and unimproved real property from taxation by any fire district. Allowed appeals that can be taken to the board of tax appeals to alternatively be taken to district court. Exempted junior college tuition funds and policeman's retirement funds from the 5% cap on property tax funded budgets.
1986	Appropriated $3,188,000 for property tax reduction. Subtracted $144,400 from the 1985 appropriation for property tax reduction. Amended the 5% cap on property tax funded budgets replacing 80% of the increase in value with the lesser of the maximum levy or 105% of the prior year's levy rate. Changed terminology from mobile home to manufactured home. Limited to a maximum of three acres the size of the land eligible for the exemption as residential use property in areas where the zoning is changed to other than residential. (See 1979.)

1987	Continuously appropriated funds for property tax reduction in the amount needed to pay the first half and second half reimbursement in full to the counties. Removed yield tax revenue from the property tax funded budget cap. Defined the procedure for the apportionment of the value of the operating property of railroads. Limited revenue allocation areas (RAAs) to no more than 35 acres and only one existing in any urban renewal agency (URA) at the same time and established the base assessment roll within RAAs as the basis of revenue to taxing districts with the taxes on the increased value financing the URA.
1988	Deleted cable television from the definition of public utility and excluded mobile telephone services or pager service from that definition. Authorized assessors to exclude assessments of reserved mineral rights with de minimis values meaning the value of the reserved mineral rights do not warrant the expenditure to appraise and assess. Enacted the “Local Economic Development Act” extending RAAs to municipalities under 100,000. Clarified the 5% cap on property tax funded budgets as being 5% above the highest of the prior three years instead of 1978, 1979, and 1980. Required proposed areas for annexation to be contiguous with the annexing taxing district’s boundary unless otherwise specifically allowed to be noncontiguous by law. Defined non-household member for purposes of property tax reduction. Allowed personal property tax payments to be made in two installments.

1989	Required the mailing of the assessment notice by the first Monday in June and required statement on the assessment notice informing the property owner of the right and deadline to appeal. Changed the date for the completion of the assessment of personal property from the second Monday of July to the fourth Monday of June, required the completion of the assessment of personal property for the subsequent roll by the fourth Monday of November, and required all remaining personal property discovered by December 31 to be assessed on the missed property roll. Provided for personal property discovered between the fourth Monday in November and December 31 to be assessed on the second subsequent roll (Now Missed Property Roll). Clarified manufactured home eligible to be used with a dealer's plate, designated as sheep or cow camps, or meeting the definition of recreational vehicles are exempt from property tax. Required BOE to hear appeals received by the fourth Monday in June. Provided for reporting of increment values on the abstract. Required the complete mailing address of the grantee on instruments conveying property. Allowed taxing districts to increase the property tax funded budget above the 5% budget or levy increase limit by two-thirds of any amount of allowed increase foregone for the current year. Discontinued the closing of the property tax books during the audit and required the county treasurer to accept property tax payments during the audit and hold these payments in a tax custodial account. Required the tax notice to be on forms prescribed by the state tax commission. Reduced the interest on delinquent property taxes from 2% to 1% per month and reduced the time for right of redemption from 5 years to 3 years after date of issuance of tax deed.
1990	(New-HB713) Authorized the levying of property taxes on all taxable real property within herd districts; thereby, exempting personal property and operating property from taxation by herd districts. (New-HB843) Created levee districts with authority to levy property taxes on real property; thereby, exempting personal property and operating property from taxation by levee districts. Allowed county governments to receive grants from any source. Granted the boards of county commissioners the authority to adjust penalties, interest, or fees on property taxes. Authorized counties to create and levy property taxes for a justice fund.
1990 (Continued)	Authorized the boards of county commissioners to either refund property taxes or apply the refund as a credit against the following year when refunds are ordered by any court or the board of tax appeals.

1991	(New-HB318) Defined land to be agricultural and eligible for the exemption under Idaho Code section 63-602K when that land is used for wildlife habitat and owned by any entity qualifying as nonprofit under section 501(C)(3) of the Internal Revenue Code and Idaho Code section 63-602C and which is dedicated to conservation of wildlife or wildlife habitat. **Repealed the limits on property tax increases and enacted truth in taxation provisions for property tax funded budget growth and limits on increases in property taxes. (Truth in Taxation – effective 1992 – 1994)** Amended the definition of nonhousehold member for property tax reduction purposes to include persons receiving disability benefits and persons with proof of disability for whom the claimant provides care. Established the county museum board as a separate taxing unit with independent authority to request approval of a property tax funded budget for which the board of county commissioners would levy on all taxable property in the county.
1992	(New-HB617) Made parcels of land, not less than 10 acres and owned by the Department of Fish and Game, subject to a fee in lieu of property taxes. Authorized the state tax commission to provide information to the assessors about income tax filings for any person applying for homeowner's exemption. Clarified designation of forestland for legislated property tax valuation is for 10-year period; each landowner must have designated forestland in same designation and designation of all lands may be changed at end of designation period. Clarified claimant for property tax reduction must own and occupy dwelling as primary dwelling place, provided a definition of owner, and increased maximum benefits to $600 for 1992 and to $800 beginning 1993. Required assessors to provide an inventory of exempt properties to the state tax commission. Established procedure for correction of erroneous levies. Amended truth-in-taxation, requiring advertisement of the proposed increase for property tax funded budgets that increased by more than 105% from the prior year. Enacted procedures for correction of erroneous levies. Prohibited the creation of any new school-community library district after June 30, 1994. Allowed property taxes to be paid in part or full at any time with the total first half to be paid by December 20 and the total second half by June 20 of the following year with penalty and interest charged on any unpaid balance.

1993	(New-HB300) Clarified that all property tax exemptions granted under Chapter 6, Title 63, must be annually approved by the county BOE. Amended the occupancy tax law to require assessors to notify each occupancy taxpayer of his right to apply for the homeowner's exemption. (New-HB313) Repealed the nonrevocable option of providing for mobile homes to become real property and enacted procedure for manufactured homes to be declared real property and procedure to reverse the declaration. (New-HB389) Enacted provision requiring assessment of six or more lots in the same subdivision under the same ownership to recognize the time period needed to sell the lots in order to realize current market value. (Repealed in 1994.) Clarified that any appeal to the board of tax appeals is a trial de novo. Allowed recreation districts to only levy fees in lieu of property taxes and those fees must be uniform. Required payment of penalty and interest on refunds of erroneous property taxes.
1994	(New-HB665) Amended exemption for government owned property to make properties that are inventory of the Farmers Home Administration subject to taxation like other property in the county. (New-SB1364) Repealed 1993 provision about assessment of six or more lots in the same subdivision under the same ownership recognizing the time period needed to sell the lots in order to realize current market value. Changed urban renewal law to allow creation of urban renewal areas in competitively disadvantaged border community areas that are areas within 25 miles of the state border. Defined deferred taxes on forestland designated under the bare land/yield tax option. Changed definition of owner for purposes of property tax reduction and homeowner's exemption to include revocable trusts. Allowed surviving spouse to file claim for property tax reduction on behalf of deceased spouse. Required all taxing districts to advertise any fee increase exceeding 5%. Clarified all property tax liens are perpetual and continuous on all real and personal property.
1995	Clarified the definition of income for property tax reduction purposes to include the nontaxable amount of any individual retirement account excluding rollovers, repealed the requirement for a claimant to have owned and lived in property in this state in the year prior to applying for benefits, and defined occupied to mean actual use and possession.

1995 (Continued)	Repealed truth in taxation and limited non-school district property tax funded budgets to the highest from the prior 3 years plus 3% plus a factor for growth from new construction and annexation plus any foregone amount. (New-HB198) Enacted the casualty loss exemption enabling the BOE to exempt all or part of the value of any real or personal property damaged by an event causing casualty loss. Expanded the hardship exemption allowing disapproved property tax reduction claimants to be granted a cancellation of property taxes as a special hardship exemption. Converted property tax mill levies to percent of taxable value. Reduced the multiplier for determining the property tax funded portion of the school maintenance and operations budget from .004 to .003 and provided property tax replacement funding.
1996 1	Recodified Title 63, Idaho Code, effective January 1, 1997. Changed large size forestland from minimum 2,000 acres to minimum 5,000 acres. Changed yield tax making it (if not paid) a lien on the land where the timber was severed and on all real and personal property belonging to the owner of the land at the time of severance. Clarified calculation of the property tax funded budget for consolidating fire districts. Changed fire district law to require the board of county commissioners to submit the map and legal description to the assessor and recorder when approving boundary changes for a fire district. Created authority for a local option sales or use tax for certain resort counties requiring 50% of the revenue receipts to be used for county property tax fund relief. Authorized fire districts to reach agreements with public utility companies for fire protection service with the property of that utility company them subject to taxation by that fire district. Authorized the district court under very specific conditions to order school districts to impose maintenance and operations levies and emergency fund levies in the maximum allowed by law. Prohibited any transfer of money from one county fund to another without authorization by resolution of the board of county commissioners. Prohibited any charge, other than property taxes, from being included on a property tax bill unless approved by the board of county commissioners. Amended rules relating to valuation of operating property prohibiting the use of direct capitalization. Clarified the definitions of income, household, claimant, and owner for property tax reduction purposes and allowed filing on behalf of deceased spouse who would have qualified on January 1.

1996 (continued)	Increased the maximum benefit for property tax reduction to $900 in 1996, $1,000 in 1997, $1,100 in 1998, and $1,200 in 1999 and increased the minimum benefit to $150 or actual taxes, whichever is less. Modified the procedures for appealing property valuations requiring taxpayers to file the appeal in writing on county-provided forms, identifying the taxpayer, property, and reason for the appeal. (New-SB1516) Enacted partial exemption for remediated land. (New-HB700) Enacted the exemption for utilization of post-consumer or post-industrial waste. New-HB746) Authorized the county commissioners to exempt by ordinance all or a portion of the personal property and/or unimproved real property within an ambulance district. Changed the exemption for casualty loss to require written application on a form provided by the county on which the claimant, the date of loss, and the damaged or destroyed property must be identified and to provide for prorating the value to determine the amount of the exemption. Amended the 5-year appraisal program providing that 20% of all taxable property be appraised annually not 20% of the property in each category, requiring a 5-year plan to be submitted to the state tax commission, and defining "adequate appraisal and valuation of all properties in any county." Changed procedures for petitioning for a hearing on the validity of a proposed bond and required the court upon such filing to identify the legal authority upon which the taxing district bases the proposed bond and whether the bond is permissible.
	Clarified that the office property belonging to the Idaho Housing and Finance Association is subject to property taxation. Required any taxing district increasing any fee by more than 5% to advertise and hold a hearing on the proposed increase. Modified the 1995 property tax funded budget limitation law, providing for the new construction roll. Clarified calculation of the property tax funded budget for consolidating library districts. Authorized extensions of payment of taxes as disaster relief in Presidential declared disaster.
1997	Technical cleanup for Recodification of Title 63, Idaho Code, effective January 1, 1997. (New-HB314) Modified the exemption for certain business inventory to include for one year new residential single-family homes that have not been previously occupied. Modified the homeowner's exemption to allow other uses except any portion used exclusively for any purpose other than the primary dwelling of the owner.

1997 (Continued)	(New-SB1152a) Changed the procedures relating to ownership records requiring the assessor to accept any evidence of ownership that would be admissible in a civil trial. Provided a definition of cogenerators and provided these are not a public utility. Changed the provisions relating to the appointment of the Chairman of the State Tax Commission providing for the appointment by the Governor to serve at his pleasure and providing oversight duties of the chairman. Modified calculations of property tax funded budgets to include operating property annexation values provided by the State Tax Commission. Allowed fire districts with certain conditions to increase the base property tax funded budget upon at least 60% voter approval. Authorized extensions of payment of taxes as disaster relief when disaster declared by Governor. Required options for payment of property taxes to be printed on the property tax bill.
1998	Modified forestland taxation law requiring the capitalization rate to be the sum of the farm credit system's rate as set forth in section 2032A of the Internal Revenue Code plus 0.85% and a component for the local tax rate. (New-HB752) Amended the definition of intangible personal property exempt from property taxes to include certain specific personal property and allowed operating property owners to elect one of three methods for excluding the value of exempt intangible personal property. Deferred property taxes for certain charitable non-profit medical facilities. (New-HB475) Modified the exemption for certain business inventory removing one year limitation on new residential single-family homes that have not been previously occupied. (New-HB686) Modified the 3½% gross receipts tax making cooperative natural gas associations subject to this tax in lieu all other taxes on the operating property of such associations. Allowed county commissioners to cancel property taxes for casualty loss occurring after fourth Monday in June. Modified the annual training program requiring training for county commissioners and appropriated money for this training. Required the Idaho Rangeland Resources Commission to file with the county assessor a copy of each affidavit by any grazing landowner stating that dry grazing land is not used for grazing. Allowed cities with certain conditions to increase the base property tax funded budget upon at least 60% voter approval. Modified auditorium district law prohibiting such districts with populations of 25,000 or more from levying property taxes.

1999	(New-HB154) Clarified real property owned by and personal property owned or leased by certain non-profit hospitals is exempt from property taxation. Clarified definition of non-household member for purposes of property tax reduction. Extended eligibility for the homeowner's exemption to partner of a limited partnership, member of a limited liability company, shareholder of a corporation, and person who is a beneficiary of an irrevocable trust. Required the county auditor to submit appeals from the board of equalization to the board of tax appeals by the later of within thirty days or October 1. Required all taxing districts to notify the county clerk by April 30 each year the date and location of the budget hearing. Allowed library districts to increase the base property tax funded budget upon 2/3 voter approval. Under certain conditions, allowed fire districts to increase the base property tax funded budget upon 2/3 voter approval. Excluded cooperative service agencies from the 1995 cap on the property tax funded budget.
2000	Authorized the state tax commission to grant extensions of the 5-year appraisal plan under limited conditions. (New-HB606) Allowed land formerly eligible for the agricultural exemption to continue to be valued as if eligible for that exemption when the land is managed under a conservation agreement with a non-profit entity having a non-profit/charitable exempt status. Modified forestland valuation for productivity values requiring the lesser of the value from the income approach as provided for since 1982 or the value from a table of alternative values and created a committee to research methodologies for valuation of forestland and to make a recommendation to the legislature by January 15, 2005. Prohibited property tax funded budget increases beginning in 2003 for taxing districts failing to notify the county clerk by April 30 of the date and location of the budget hearing. Excluded cosignatories for purposes of a loan from the definition of an owner and excluded lump sum death benefits paid by the Social Security Administration from the definition of income for purposes of property tax reduction. Allowed fire districts in the year after an agreement to provide fire protection service for a public utility to increase the property tax funded budget based on the value of that utility company. Required all taxing districts upon creation or when altering boundaries to file a copy of the legal description and map with the state tax commission within 30 days but not later than January 10.

2000 (continued)	Required urban renewal agencies to record legal description and map and file same with county assessor upon creation or when altering boundaries of a revenue allocation areas and file same with the state tax commission within 30 days but not later than January 10. Set the duration of a revenue allocation area at 24 years but if the maturity date of bonds is longer the limit is 30 years but allowed for refinancing of bonds and required any revenue in excess of the amount to repay bonds after 24 years to be returned to the taxing districts.

2001	(New-HB378) Exempted agricultural machinery and equipment used exclusively in agriculture during the prior year from property taxation and distributed annually 106% of the year 2000 tax charge on such property from the state to each taxing district as property tax replacement. Modified the definition of "land actively devoted to agriculture" to include land used to produce nursery stock for the purposes of the speculative agricultural exemption. Limited the homeowner's exemption for partners of limited partnerships, members of limited liability companies, or shareholders of corporations to persons having a minimum 5% ownership. Modified the homeowner's exemption and property tax reduction, extending eligibility to homes occupied after January 1 but before April 15. For the purposes of property tax reduction, expanded definition of fatherless/motherless child to include an abandoned child; redefined household to only include the claimant and claimant's spouse; redefined income to exclude social security death benefits, non-reimbursed funeral expenses, and non-reimbursed medical expenses of the claimant and claimant's spouse; and allowed person or entity acting on behalf of widow/widower to make application. Modified manufactured home installation requirements requiring installations to be made according to the manufactured home installation standard. Limited period of redemption to one year after issuance of tax deed.
2002	(New-HB679) Amended the exemption for equipment used exclusively in agricultural production to include equipment used exclusively in the production or care of nursery stock. (New-HB488) Enacted the exemption for lots in rural homesite plats that previously qualified for the speculative agricultural exemption; the exemption is lost when construction of improvements begins, the property is annexed into a city, or the population of the county exceeds 100,000. (New-HB652) Exempted low-income housing owned by certain nonprofit organizations. Changed the new construction roll to include any improvement constructed for or equipment installed to use in conjunction with the generation of electricity unless the value of the property is allocated or apportioned as centrally assessed operating property with the state tax commission providing this value to the county auditor by the third Monday in July. Extended value decisions of the state board of tax appeals to the current and subsequent years unless the property is physically changed or the value is adjusted as part of a property class or category wide trending.

2002 (Continued)	Clarified the assessment of operating property requiring the state tax commission to identify the property to be included in central assessment, prohibiting county assessors from assessing such property, and making the decision that the property is to be centrally assessed subject to appeal. Clarified the definition of land actively devoted to agriculture providing a definition of contiguous. Amended urban renewal area law providing procedures for the termination of revenue allocation areas (RAA), defining increment value, and providing for the increment value to be included in the taxable value of each appropriate taxing district upon termination of a RAA. Provided for any part of the increment value resulting from new construction or additions or alternations to nonresidential structures or change of land classification or loss of exemption under Idaho Code section 63-602W and not previously reported on the new construction roll to be reported on the new construction roll upon termination of a revenue allocation area. Changed the provisions for manufactured homes becoming real property to include manufactured homes on certain leased land. Made the property tax funded maintenance and operations budgets for all fire districts subject to the levy limit of 0.24% and for fire districts constrained by the property tax funded budget cap, allowed increases in said property tax funded budgets up to the revenue from said maximum levy limit upon approval of 2/3rds of the voters. Changed the law relating to school districts property tax funded budget calculations requiring deduction for only the appropriate property tax replacement received to replace the revenue for exempt agricultural equipment and machinery. Changed the date for the certification to county commissioners of property tax funded budget requests by taxing districts to the Thursday prior to the second Monday in September.
2003	(New-HB453) Created two-year property tax exemption in lieu of investment tax credit for income tax purposes on property first placed in service in the prior year when taxpayer had income tax loss in the second preceding year. Clarified exemption for property owned by fraternal, benevolent, or charitable organizations making the law consistent with the business inventory exemption. Added property used for charter school purposes to the exemption for property used exclusively for school purposes making only any portion of the property not used for charter school purposes subject to property taxation. Changed the 5-year appraisal program requiring no less than 15% of the property in the county to be appraised by the end of year one, 35% by the end of year two, 55% by the end of year three, 75% by the end of year four, and 100% by the end of year five and a remediation plan to be submitted to the state tax commission in any year of failure to complete the required percentage.

2003 (Continued)	Modified the procedures relating to the appeal of property valuations placing the burden of proof on the party seeking relief with the burden shifting as in civil litigation and making a preponderance of the evidence sufficient to sustain the burden of proof. Clarified the definition of occupied for occupancy tax purposes. Required the new construction roll to be submitted to the state tax commission by the fourth Monday in July. Authorized county local option sales tax with approval of no less than 2/3rds of the voters, requiring half the revenue as property tax relief and half of the revenue for expansion of detention facilities. Clarified that school emergency property tax funded budgets are certified to the county commissioners by the second Monday in September. Established procedures for calculation of the maximum property tax funded budget for a library district when city library services and a library district are consolidated within the library district. Empowered district courts to impose educational necessity levies to raise property tax revenue to abate unsafe or unhealthy conditions in schools. Authorized operation of revenue allocation areas within unincorporated areas of a county upon declaration of a need by the county commissioners.
2004	Clarified manufactured homes with dealer's plate or designated as sheep or cow camps are exempt from property taxes. For purposes of the speculative agricultural exemption, required publication of the average crop prices and of the discount rate used to calculate the capitalization rate. Modified two-year property tax exemption in lieu of investment tax credit limiting the exemption to non-regulated property and providing for recapture of property tax benefit based on average levies with the recaptured revenue to be distributed to the taxing districts and treated as property tax revenue within the budget cap. Established procedures for recovery of improperly claimed or approved homeowner's exemptions with the recovered revenue to be treated as property tax revenue within the budget cap. Applied the occupancy tax to never previously occupied manufactured homes upon first occupancy. For purposes of property tax reduction, clarified the definition of household income to include the income of the claimant and the claimant's spouse, clarified the definition of owner, clarified eligibility of claimants who occupied homes after January 1 and before April 15, and required the state tax commission to certify the total number and total amount of all claims in the county to the county auditor and treasurer by the third Monday in November.

2004 (continued)	Clarified deferred property taxes are to be distributed in the same manner as other property taxes. Required newly installed or constructed equipment in or within 5 miles of any city and used in conjunction with generation of electricity to be apportioned based on its physical location.

2005	(HB319) Exempted value in excess of $800,000,000 when taxpayer owns or leases property exceeding $800,000,000 in one county and meets certain employment and prior investment requirements (section 63-602HH). (HB323A) Upon the owner meeting certain employment, pay and investment requirements, the county board of equalization **may** exempt, in part or whole, the value of structural components or investments otherwise eligible for investment tax credit (section 63-606A). (HB253) The county board of equalization **may** exempt unused infrastructure, such as rail, water, natural gas and electrical lines, for up to 5 years with a possible extension of another 5 years (63-602II). (HB126) Revised forestland valuation law setting taxable values at the values calculated from Schlosser's User's Guide and providing for the Tax Commission to conduct a forest management cost study every 5 years (Title 63, Chapter 17). (HCR23) Established a committee to study the state's property tax structure with the goal of implementing a property tax structure that is balanced, encouraging economic development while meeting the revenue needs of local governments, and answering the concerns over rising property values and property taxes. Oct. 6 Property Tax Symposium held at Boise State University reviewed Idaho's current property tax system and outlined some alternatives. Revised the definition of "actively devoted to agriculture" defining "for profit" and requiring land used by the owner for the grazing of livestock to be part of a for profit enterprise. (HB 309) In the Corporate Headquarters Incentive Act of 2005, a company that meets certain qualifications and constructs new property at its headquarters or administrative facilities in Idaho may receive a rebate on its income tax return of up to $2,000,000 paid annually in property taxes during the years 2005 through 2012. (HB31) Amended property tax reduction law, clarifying ownership and occupancy must be before April 15, an application must be submitted by April 15 each year, and sales under contract may be eligible. Also, redefined income for property tax reduction purposes excluding income received as a death benefit from Veteran's Affairs when the death is service connected. Homes owned by military personnel and leased while on active duty in a designated combat zone are eligible for the homeowner's exemption. Exempted records containing a taxpayer's income and expense information from public disclosure when received from the taxpayer and used by the assessor to value the taxpayer's property.

2005 (continued)	Amended property tax funded budget cap law allowing said budget for all taxing districts except school districts to exceed the cap upon 2/3 vote. Upon receiving notice of the termination of a revenue allocation area (RAA), a school district may add the increment value within said RAA to the December 31 value for the purpose of calculating the maintenance and operations budget and property tax replacement revenue.

2006	**(**HB1 – Extraordinary Session 8/25/06) The Property Tax Relief Act of 2006 repealed formula for funding of school district's maintenance and operations (M&O) budget from property taxes, created the budget stabilization levy for Avery, Blaine, McCall – Donnelly, and Swan Valley school districts, reduced Boise Charter School District's M&O levy by .003, and increased the sales tax from 5% to 6%. (HB421) Amended homeowner's exemption (now property tax homestead exemption) law, adding up to 1 acre of land, increasing the maximum exemption for 2006 to $75,000, and requiring annual recalculation of the maximum exemption using the House Pricing Index. (HB422) Amended property tax reduction (PTR) law, increasing the maximum eligible income to $28,000 per household with future increases at 185% of the federal poverty level for a family of two, increasing the maximum benefit to $1,320, excluding the return of any principal paid on nontaxable portion of any annuity by the recipient, adding household income from capital gains, and clarifying only recipients of the homeowner's exemption are eligible to apply for PTR. (HB443) Amended recapture of investment tax credit law, requiring taxpayer to report recapture to the tax commission and to pay recapture with state income tax filing for distribution. (HB 778) Amended Idaho Code Section 63-602E, clarifying property used for primarily nonprofit or charter school purposes is partially exempt. (HB 676) Clarified "land actively devoted to agricultural" (Idaho Code Sections 63-604 and 63-602K) includes subdivided land on which the qualifying use is continued; therefore, such land continues to be eligible for the agricultural use exemption. (HB676) Repealed Idaho Code Section 63-602FF, the rural homesite partial exemption. (HB680) Adopted property tax deferral law, allowing (upon application) deferral of property taxes in excess of property tax reduction benefits up to the proportional share of $500,000. (HB763) Recodified fire district law (Chapter 14, Title 31, Idaho Code) relating to annexations. (HB764) Exempted medical equipment leased to county hospitals. (HB781) Required certain school district funds to be listed separately on the property tax bill.

2006 (continued)	(HB474) Amended Idaho Code Section 63-201, clarifying operating property includes electrical generation under construction whether or not owned by or operated in connection with any public utility. (HB461) Amended Idaho Code Section 63-602HH, excluding property exempted as significant capital improvement (value exceeding $800,000,000 in total value in 1 county) from the new construction roll. (HB 474) Amended Idaho Code Section 63-405, clarifying operating property used in connection with thermal generation of electricity and apportioned based on physical location is included on the new construction roll. (HB474) Amended Idaho Code Section 63-317, clarifying industrial property is subject to occupancy tax but operating property is not.

2007	(HB22) Amended Idaho Code Section 63-506, requiring the board of equalization to wait 10 days after mailing a notice to a taxpayer of intent to make a new assessment or change an existing assessment before taking final action to finalize the order. (HB69) Amended Idaho Code Section 63-602B, clarifying property, including residences used in furtherance of qualifying uses, is exempt that belongs to a religious corporation or society and is used for any combination of religious, educational, or recreational purposes by that entity even if fees or charges are imposed and revenue is derived there from; excluding property leased or used entirely for business or commercial purposes; and requiring prorated exemption when part of the property used for these non-qualifying uses exceeded 3% of the value of the property. (HB70) Amended the homestead (homeowner's) exemption law, changing the procedures for recovery of an improper homeowner's exemption, giving the county commissioners authority to waive recovery if the exemption was granted due to county error; giving the county commissioners authority to cancel costs, late charges, or interest to facilitate payment of recovery; requiring the assessor to record a notice of intent to attach a lien 30 days after the taxpayer if notified of the recovery; requiring the assessor and treasurer to cease recovery if the property is sold before the intent to attach the lien is recorded; and requiring the assessor to record a rescission of the intent to attach a lien within 7 days of receiving payment or the board of equalization granting an appeal. (HB79) Amended Idaho Code Section 63-301A, removing new construction within a revenue allocation area from the new construction roll and including on the new construction roll after the revenue allocation area is dissolved the current increment value, less the increment values on the property roll, subsequent property roll, and missed property roll in 2006. (HB181) Amended Idaho Code Section 33-2111A, reducing the maximum levy rate for a community college district from 0.16% to 0.125%. (HB189) Added Idaho Code Section 63-602JJ, exempting a wind energy producer's operating property used to produce wind energy on which the wind energy tax will be paid.

2007 (Continued)	(HB189) Amended Chapter 35, Title 63, Idaho Code, providing for a 3% gross receipts tax on the gross wind energy earnings of all wind energy producers not regulated as to price by the Idaho Public Utilities Commission and providing a methodology for apportionment of the wind energy tax revenue to the taxing districts. (HB197) Amended the property tax funded budget limit law, allowing school district's tort funds to increase for new construction above the 3% limit based on a hypothetical new construction levy, as defined in property tax rule subsection 803.10. (HB215) Amended the wildlife habitat partial exemption law, requiring annual application; requiring qualification for the speculative agriculture exemption for the 3 years preceding becoming partially exempt as wildlife habitat; requiring a noxious weed management plan; and requiring annual progress reports on the management of wildlife, wildlife habitat, and noxious weeds. (SB1157) Added Chapter 79, Title 67, Idaho Code, prohibiting payment of public benefits, including property tax reduction benefits, to anyone not legally in the U.S.
2008	The maximum homeowner's exemption increased to $100,948 from $89,325 in 2007. (HB 419) Added to Idaho Code Section 63-105A the requirement to establish a cadastral certification program. (HB 470) Amended Idaho Code Section 50-2908 to require that the equalized base be used in calculating the levy for certain funds in urban renewal RAAs including Section 63-802(3) over-rides, bonds and plant facilities, and school supplemental funds.

	(HB 529) Amended Chapter 35, Title 63, Idaho Code to include geothermal in the 3% gross receipts tax, and amended Idaho Code section 63-602JJ to exempt geothermal plant from property tax. (HB 544) Amended Idaho Code Section 63-713 increasing the income limit to $40,000 for the property tax deferral program.
2008 (Continued)	(HB 550) Added Idaho Code Section 63-602NN, exempting new plant and building facilities for projects over $3 million and approved by the county commissioners. (HB 562) Added Idaho Code Section 63-4502, exempting the property of a taxpayer over $400 Million. The property must be in a single county and be new capital investment and be part of a project that is at least $1 Billion. (HB 599) Added Idaho Code Section 63-602KK which makes effective in tax year 2009 a $100,000 exemption on a taxpayer's personal property, that is not operating property, located in each county. The exemption becomes effective the first tax year after state general fund revenues increase 5% over the previous year and then remains continually in effect. (HB 680) Added Chapter 31, Title 30, Idaho Code, creating community infrastructure districts to finance publicly owned improvements. Infrastructure districts can levy up to .01% for administration. (HB 691) Amended Idaho Code Section 31-808, the proceeds from the sale of property acquired by tax deed must be transferred to the indigent fund if the original owner cannot be located. The indigent budget is subject to limitations provided in Section 63-802 less any funds transferred to the indigent fund from the proceeds of the sale of the property.
2009	The maximum homeowner's exemption increased to $104,471 from $100,948 in 2008. (HB 4) Amended Idaho Code Section 63-602G to allow the maximum homeowner's exemption to be adjusted for changes in the Idaho Housing Price Index whether the change be an increase or a decrease. (HB 83) Amended Idaho Code Section 63-602KK (2) to make the $100,000 personal property exemption effective the year after state general fund revenues increase 5% over fiscal 2008 base year. Added to Idaho Code Section 63-602KK paragraph 6 permitting the taxpayer who has filed an initial declaration and who has $100,000 or less of personal property to file an affidavit in lieu of filing future property declarations. (HB 253) Added to Idaho Code Section 33-317 providing for a cooperative service agency school plant facility levy. (SB 1138) Added to Idaho Code Section 63-205(A) setting forth procedures for determining market value for assessment purposes of Section 42, low income housing projects.

2010	The maximum homeowner's exemption decreased to $101,153 from $104,471 in 2009. (HB 645) Amended Idaho Code Section 63-301A requiring certain deductions from the new construction roll for previously overstated amounts and also provided that previously missed new construction may be added to the current roll. (HB 691) Amended Idaho Code Section 31-3908 to permit certain ambulance districts to have a maximum levy rate of 0.06% instead of 0.04% upon 2/3 majority vote.
2011	The maximum homeowner's exemption decreased to $92,040 from $101,153 in 2010. (HB 11) Amended Idaho Code Section 63-1705 changing the requirement for a forest management cost study to be done every five years. A cost study will be done when recommended by the Committee on Forest Land Taxation Methodology (CFTM), or when deemed appropriate by the Tax Commission but cannot be done more often than every 5 years. The CFTM was changed to include four members who represent business entities each owning not less than 5000 acres of forest lands to replace the four members who were members of The Intermountain Forest Association which is no longer in existence. (HB 95) Added to Idaho Code Section 50-2033 (effective 7/1/11) allowing a one-time annexation after July 1, 2011 and limits the annexation to ten percent of the revenue allocation area's (RAAs) existing area. Also amended in Idaho Code Section 50-2903 (effective 1/1/11) the definition of base assessment roll to include value increases due to the loss of the agricultural exemption. The value increase attributed to undeveloped land is added to the base however the increase in value due to the addition of roads and utilities should be part of the increment. Also Amended Idaho Code Section 50-2904 limiting the maximum duration of a new urban renewal formed after July 1, 2011 to 20 years (still 30years if bonds)(Effective 7/1/11). The duration of an existing urban renewal is limited to the time stated in the plan or ordinance. Any RAA revenues exceeding the amount to repay bonds during period exceeding the maximum maturity of RAA financing shall be returned to the taxing districts in the RAA on a pro-rata basis. Such returned revenue is not included in the maximum property tax budget calculations. (HB 113) Amended Idaho Code Section 63-707 to eliminate the requirement for the county commissioners to approve circuit breaker applications. It also changed the due date of the preliminary roll from the 4th Monday in June to June 1and changed the date for tax commission notice of disapproval from the 4th Monday in October to the 2nd Monday in October. The time allowed to appeal a tax commission denial is changed from 14 days to 28 days. (HB 239) Amended Idaho Code Section 9-340D to exempt from disclosure to the public personal property declarations, centrally assessed operator's statements and other commercial or financial documents that are so marked including trade secrets. Exempt means that the documents cannot be released without the consent of the taxpayer. Exceptions are provided allowing release to officials, under a continuing claim of confidentiality, in order to carry out proceedings such as appeals.
2012	The maximum homeowner's exemption decreased to $83,974 from $92,040 in 2011. (HB356) Amended Idaho Code Section 63-501 to change the function of the county BOE from granting or disapproving exemptions to hearing appeals of exemption decisions by the county commissioners. Also amended Section 63-602 to require the exemption decision be made by the county commissions by April 15 and a decision notice sent by May 15 to applicants and Assessor. (HB357) Amended Idaho Code Section 63-1705 to set a floor at the 2011 value and a ceiling of 30% of the 2011 value for the next ten years from January 1, 2012 for forestland valuation.

	(HB519) Amended Idaho Code Section 63-602W(effective 1/1/2012) to exempt site improvements associated with land that were installed by and continue to be held by the land developer. This bill also requires a deduction from the new construction roll for this exemption. (HB584) Amended Idaho Code Section 63-602G to extend the homeowner's exemption for one year after the death of the eligible homeowner
2013	The maximum homeowner's exemption decreased to $81,000 from $83,974 in 2012. (HB052) Amended Idaho Code Section 63-713 providing a definition of "sufficient equity" for the property tax deferral program. (HB140) Amended Idaho Code Section 63-602A adding to list of exempt government property, Indian reservation lands. (HB141) Added to Idaho Code Section 63-602OO providing an exemption for oil and gas wells. (HB242) Amended Idaho Code Section 63-602W specifying the method that must be used to compute the amount of the site improvement exemption. (HB315) Amended Idaho Code Section 63-602KK to exempt personal property up to $100,000 for each taxpayer per county, adds a new section exempting all stand- alone items purchased after January 1, 2013 with an installed cost of $3,000 or less. Replacement funds are provided for each taxing district for the amount of taxes lost during tax year 2013 as a result of the $100,000 exemption. (SB1107) Amended Idaho Code Section 63-308 to permit the assessment notice to be transmitted electronically.
2014	The maximum homeowner's exemption increased to $83,920 from $81,000 in 2013. (HB440) Added to Idaho Code Section 63-205B setting the correlation weights to be applied when valuing rate regulated electric utility companies (cost approach and market approach, 20% maximum, income approach, 80 to 100%, stock and debt approach, 0%) and provides that additional depreciation shall not be recognized even if it exits (HB441) Amended Code Section 63-309 affirming that improvement (real property) that may be treated as personal property under 63-309 are not eligible for the personal property exemption, amended section 63-602KK deleting the requirement to file a property declaration every fifth year, and amended section 63-201(11) (fixture definition) by deleting words that added to or confused the application of the three factor test to determine a fixture. (HB584) Amended Code Section 63-602G to permit an active-duty military member to qualify for the homeowner's exemption even if not deployed in a combat zone. (SB1236) Amends Code Section 63-902 to permit the property tax notice to be transmitted electronically

2015	The maximum homeowner's exemption increased to $89,580 from $83,920 in 2014. (HB027) Amended Idaho Code Section 31-4314 deleting the provision allowing recreation districts to levy property tax in the year of formation if the district is formed by June 1. Requires formation before January 1 to levy in the following calendar year, the same as most other taxing districts. (HB028) Amended Idaho Code 63-802(a) to require the adding back of personal property replacement funds when calculating school districts' "Hypothetical Levy Rate" which is applied to new construction value to create additional budget authority. (HB29a) Amended Idaho Code Section 63-602KK to provide for a reduction in reimbursement funds for recoveries of improperly claimed personal property exemptions. Also provides that the exemption for operating property companies would be $100,000 times the number of counties in which the company is located not to exceed actual personal property. This exemption is subtracted from the counties Idaho value before apportionment to the taxing districts. An allowance would be made for any local exemption. (HB076) Amended Idaho Code Section 50-2908(f) to provide that the school emergency fund levy be computed using the total equalized assessed value (rather than the base value only) thereby not generating funds for urban renewal. (HB208) Amended Idaho Code Section 63-701 to provide that those recognized as disabled by any public employee disability program are eligible for the circuit breaker.
2016	The maximum homeowner's exemption increased to $94,745 from $89,580 in 2015. (HB431) Effective July 1, 2016 the maximum homeowner's exemption set at $100,000. The house price index provision for setting the amount was repealed. (HB474) Amended Idaho Code Section 63-802 to require that prior to budgeting any forgone increase a notice of intent to do so must be provided and the amount and purpose must be certified by resolution. (HB534) Amended Idaho Code Section 63-602JJ to exempt solar energy producing property from property tax; also enacts a 3 ½ % tax on gross solar earnings which tax shall be considered property tax for purposes of Idaho Code section 63-802, the property tax limitation statute. (HB606AA) Amended Idaho Code Section 50-29 establishing an urban renewal central registry requiring reporting of urban renewal plans to the State Tax Commission. The statute provides that all agencies formed after July 1, 2016 which modify their plan outside the provisions described in the statute, will lose increment.
2017	(HB030) Effective January 1, 2017 amended Idaho Code Section 63-205B to provide that a flotation cost component of .2% be added to the market discount rate used to determine the assessment of rate regulated electric utility companies. (HB031) Effective January 1, 2017 amended Idaho Code Section 63-701(5)(d) to exclude the nontaxable portion of a Roth individual retirement account distribution from income relative to the circuit breaker. (HB153) Effective January 1, 2017 Amends I. C. 63-1705 extending timber valuation factors and procedures until January 1, 2022. (HB207) Added 63-802(e) to allow taxing districts to disclaim the past year's forgone amount.
2017 (Continued)	(HB235) Amended 63-602NN to include all property that is used for non-retail uses and is commercial or industrial. The County Commissioners by resolution sets the investment criteria at not less than $500,000. The exemption may be

	granted for any amount above the base value for a period not to exceed five years. The requirement for a public hearing was also added.
2018	(HB0462) Amended 63-1705 to freeze forest land productive classifications at the class held on January 1, 2016 and directed the Committee on Forest Land Taxation Methodology to designate a process by which classifications may be made considering landowner notification requirements, inspector qualifications and document retention. (HB0492) Added Section 63-705A providing a benefit for veterans with service-connected disability of 100%. (HB0559) Added Section 63-1305C providing an exemption for property that will be used for an exempt purpose. There is a 5-yr. look back for qualifying properties and there may be refunds of taxes paid that ultimately qualify for this provisional exemption. (HB0591) Amended 63-4502 (Idaho New Capital Investments Incentive Act of 2008) to include operating property in the exemption. (HB0594a) Amended, repealed and re-enacted 63-602EE effecting an exemption for hops machinery and equipment until January 1, 2020.
2019	(HB062) Amends existing law to make property tax relief applicable to either the property tax or the occupancy tax. (HB087) Clarifies Idaho code 63-602EE to ensure that all agricultural operations are treated consistently and equitably when agricultural personal property is assessed for property tax purposes. (HB103) This legislation amends Title 34, Chapter 4 of Idaho Code by amending language and adding a new subsection with a disclosure requirement for property tax levy election ballot questions. When a taxing district authorizes a levy election, the ballot must include a disclosure statement indicating the estimated average annual cost to a property owner per $100,000 of property value and the length of time. The county clerk will make the calculation and include the financial information on the disclosure statement on the levy ballot. (HB164) This legislation proposes amending Section 63-109, Idaho Code, to require the Idaho State Tax Commission to provide written notice to county assessors and commissioners by April 1st of each year if it has reason to believe that a county has improperly assessed a category of property. Failure to notify the county of potential improper assessments would prevent the tax commission from equalizing the category of property for which it failed to provide written notice. (HB193a) Clarifies the Tax Commission's duties in reviewing a taxing district's proposed boundary changes. These duties would be limited to reviewing proposed legal descriptions and total boundary areas that are submitted by a taxing district to ensure they are accurate. If the Tax Commission finds any errors in those legal descriptions or boundary changes, they would then be required to notify the appropriate taxing district within a specific time frame (HB201) To allow counties with less than 7,500 population, that have had 3 Bond Elections in the past 5 years and have obtained Judicial confirmation after March 1, 2018 and before December 31, 2019 to issue bonds and levy taxes to pay for the obligation that was subject to the Court Order. (HB217) The purpose is to establish more taxpayer input into municipal structures that come off the tax roll. Urban Renewal was designed to encourage private sector development. Municipal buildings, remodels and multipurpose sports stadium complexes must go to the voters in the qualified municipality for approval. The threshold to approve spending on qualified project costs is lowered from 60% to 55%. (HCR017) The concurrent Resolution is to reject, in its entirety, Docket No. 35-0103-1803 from the Idaho State Tax Commission

	(SCT107) This legislation rejects certain sections of rule of the Idaho State Tax Commission relating to property tax administrative rules in Docket No. 35-0103-1801, Section 613 and Section 614.
2020	(HB354) This legislation provides that when a taxing district sets a budget for less than the allowed 3%, creating a forgone balance, the district must explicitly reserve, through a public resolution, such unused portions in order to recover the reserved amount in a subsequent year. (HB381) This bill adds the residency requirement to section 63-701 Idaho Code making Administrative Rule 701 obsolete, which will be deleted to conform with Governor Little's Red Tape Reduction Act. (HB408) This bill establishes a new base amount for sales tax distribution by using the previous year's distribution to each city. Additionally, if sales tax collections increase, the first 1% is divided amongst all of the cities. If the state collects more than a 1% revenue increase over the previous year, the excess funds are only distributed to cities that receive less than their respective counterparts based on a per capita calculation. (HB451) This legislation prevents land actively devoted to forestry from being annexed without the express written permission of the owner. (HB491) This bill relates to ambulance service districts and cooperative agreements amending section 31-1430 Idaho Code to enable an intra-agency agreement and resource-sharing clause between an ambulance district and fire districts. (HB517a) This legislation is to clarify an ambiguity between existing statues with regards to how delinquent local improvement district (LID) assessment installments are treated once those delinquencies have been certified to the county tax collector for collection. (HB518a) This bill adds additional disclosure to the Property Tax Notices in section 74-109(1) Idaho Code. The additions of the expiration date of any bonds and the prior year's tax amounts will be placed on all property tax notices. (HB521) This bill provides a sales and use tax exemption to large-scale data centers which invest $250 Million within a 5 year period and creates no less than 30 jobs within 2 years of commencing operations. (HB552) This bill adds language that would increase the number of disabled veterans who are eligible to receive a property tax credit. The tax credit includes all disabled veterans who are being paid at the 100% disabled rate because they are unemployable due to their disability, but their actual service-connected disability may be less than 100%. (HB553) The owners of 5,000 or more acres of forest land pay taxes according to a complex formula developed by the Committee on Forestland Taxation Methodology (CFTM). One variable in the formula is productivity classification, which measures the quality of soil, at the parcel level, for growing trees. This bill would limit changes to a parcel's productivity classification. Additionally, it would simplify the formula by indexing forest land values to average changes in stumpage values, as well as encouraging greater transparency and predictability. Finally, it would place the language detailing the implementation of the methodology, currently found in administrative rule, into statute.
2020 (Continued)	(HB560) This legislation amends the method for calculating agricultural land assessed values. (HB562) This legislation removes the April 15th deadline to qualify for the homeowner's exemption. A homeowner can apply and receive the homeowner's exemption at any time throughout the calendar year starting on January 1, 2021. (HB565) This legislation creates a procedure for landowners to file a petition with a flood control district seeking the district's approval to annex their land into the district. (HB587) This legislation allows property taxes paid on increment value in a hwy district overlapped by an RAA to be provided to the hwy district unless the district and UR agency sign an agreement.

	(S1283) The purpose of this amendment is to provide a consistent method across all state agencies for any person to request a waiver, variance, or amendment of an existing Idaho Administrative Rules. (S1332) This bill removes the governance of Ambulance Service Districts by the Board of County Commissioners and puts in place an independent commission which allows the district to operate across county boundaries. (SCR134) This concurrent resolution would authorize the legislative council to appoint an interim committee to undertake and complete a study of property taxes and property tax revenue expenditures.

2021	(HB 15) The due date for an assessment notice to be sent to a property owner on the subsequent property roll is moved from the fourth Monday in November to the third Monday in November. The fourth Monday is the due date for any appeals to be filed. (HB 66aa) Ballot language is restricted by precluding additional information about other bond and levy obligations which are not impacted by the outcome of the ballot question. The legislation also provides for nullification and penalty if provisions are violated. (HB 73) The Uniform Accounting, Budgeting, and Financial Reporting procedures are established for counties, cities, urban renewal agencies, and all other local districts. All financial information will be published on the controller's Transparent Idaho website. (HB 120) Qualified disabled veterans who applied before April 15th for the 100% Disabled Veterans program may transfer their property tax reduction or occupancy tax reduction benefit to a new residence after April 15th but before October 15th. (HB 252aa) The definition of "land actively devoted to agriculture" is amended to include pivot corners or land that is used to support he agricultural use of the qualifying property, such as land that is used to store agricultural commodities or equipment. (HB 277) Property owners are allowed to have another person of their choosing represent them in a Board of Tax Appeals hearing or rehearing. (HB 309) The Property Tax Deferral Program is amended to increase household income limits, adjust the interest rate, include properties that are part of a trust or life estate and increase the total amount of funding available from the State of Idaho. (HB 389) This bill amends, repeals and adds to existing law provisions regarding the Homestead Exemption, PTR, the 100% Service-connected Disabled Veterans program, the Property Tax Deferral Program, and expands the personal property exemption.

2022	(HB 481) Amends section 63-705 Idaho Code to disqualify Circuit Breaker applicants whose home assessed value is the greater of $300,000 or 150% of the county median. Disqualified applicants will be referred to the Property Tax Deferral Program. (HB) The bill authorizes a city to rebate property taxes at the discretion of the city council with an approved ordinance. Any rebate must not result in a property owner receiving more than the property owner paid in total property taxes. If the rebate follows the parameters of PTR, the Tax Commission must provide a list of those who received PTR benefits. (HB 565aaS) This bill exempts all construction, logging, and personal property used in mining salable minerals. (HB 673) This bill disqualifies land change of use from being added to the new construction roll as a means of increasing budget capacity for taxing districts. (SB 1249) Amends section 63-802 Idaho Code to remove the 8% budget cap as it relates to the termination, modification, or de-annexation of Urban Renewal Revenue Allocation Areas (RAA). It also closes an unintended loophole regarding the use of foregone balances in property tax budgets. (SB 1259) This legislation would exclude payments received by providers of the Certified Family Home program from their qualifying income when applying for Idaho's Circuit Breaker.
2023	(HB 51) This legislation requires the State Tax Commission to generate a universal assessment notice itemizing the market value of the taxpayer's property (2 yrs), property taxes by taxing district (2 yrs), percent change in property taxes per parcel (2 yrs), taxing district's budget hearing date, taxing district's phone number. (HB166a) Private property owners the right to have an accessory dwelling unit (ADU) on owner-occupied residential property. The ADU can be a basement apartment or mother-in-law suites, attached but subordinate to a primary dwelling. (HB 174aa) This legislation clarifies that agency policies and guidance shall not have the force and effect of law. (HB 206aa) This bill creates an eight-year cycle for the review and approval of administrative rules by the Legislature. This bill also requires every proposed administrative rule to be approved by a concurrent resolution for the rule to be in effect following sine die. (HB 230) The bill requires that upon request by the property owner, the assessor shall provide the property owner with the assessor's calculations of the income-producing property's market value, including any value exempted by statute. (HB 258) Veterans with 100% service-connected permanent and total disability rating to make a one-time application for the special property tax or occupancy tax reduction under Title 63, Chapter 7 in Idaho Code and would be able to continuously receive this benefit in subsequent years.

	(HB 292) This bill provides property tax relief by creating the School District Facilities Fund and the Homeowner Property Tax Relief Account, both of which are funded by state money. Additionally, all property owners will receive property tax relief under a third program entitled, "All Property Tax Relief." (HB 328) Any data center making a capital investment of at least $250 Million in 5 years and creating and maintaining at least 30 new jobs in 2 years shall be added to the property tax base assessment roll.
2024	(HB 449) Taxpayers claiming more than one homestead exemption shall be subject to a penalty, payable to the county treasurer in an amount equal to the amount of property tax recovered, plus late charges and interest. If a second violation is discovered within seven years, the property owner may be charged with a misdemeanor. (HB 521) The School Modernization Facilities Fund is increased by $125 million of dedicated funds from the state's sales tax revenue. The Homeowner Tax Relief (HTR) and the School District Facilities Fund (SDFF) are increased with the elimination of the All Tax Relief (ATR) payments. The previous year's property tax levy rates will now be used to calculate the statewide factor used to determine the proportional share of property tax relief provided to counties. Lastly, income tax rates are reduced. (HB 563) The Administrative Procedure Act is narrowed to restrict the creation of temporary rules and provides legislative oversight of materials incorporated into Administrative Rules by reference. Executive branch agencies are now restricted to an eight-year review process and each agency is required to legitimize the rules by providing the legislature with a report demonstrating the necessity of each rule chapter under review. (HB 608) The Idaho Local Land Use Planning Act provides authority to county governments to receive applications from willing landowners to establish an Ag Protection Area. (HB 624) The Commercial Property Assessed Clean Energy (CPACE) financing structure allows private commercial building owners to borrow money for certain energy and water-related projects. Repayment is made as a special assessment on the annual property tax bill. The special assessment is recorded on the deed and will remain on the parcel, even if the deed is conveyed to a new owner. (HB 626) This legislation will require courts reviewing administrative rules, where an interpretation is in relative doubt, to limit executive agency power in favor of individual liberty. (HB 630) Provides for corrections to the boundaries of Minidoka and Cassia Counties. (HB 646) Provides for corrections to the boundaries of Benewah, Bonner, Clearwater Kootenai, Latah, and Shoshone Counties.
2025	(HB 208) **Fire District Consolidation**. This legislation removes the statutory language that treats fire district consolidation as an annexation, removing the 8% budget cap. (HB 304) **Property Tax Relief.** This legislation provides $100 million of property tax relief starting in 2025 and every year after. $50 million provided through the School Facilities Fund and $50 million to the Homeowner Property Tax Relief account. (HB 316) **Homestead Exemption.** This legislation clarifies that the identification forms required for the HOE need to be from Idaho, with limited exceptions. (HB 329) **Rate Regulated Utilities.** Electric and gas utilities no longer pay property tax, but pay a tax based on the sales of kilowatt hours or therms.

	(HB 436) **Urban Renewal.** This bill allows fire or ambulance districts to opt in to an existing RAA or opt out, provided there is no existing indebtedness or existing financial obligations. (SB 1216) **Equalization.** This legislation enacts testing annual assessments by category for inter-category horizontal equity, and limits the variance between property categories to 5%, based on provable statistical measures.

ADDENDUM J

Easy Reference List of Property Tax Exemptions

PROPERTY TAX EXEMPTIONS

Chapter 6, Title 63, Idaho Code

Code Section	Description For more information, see the referenced code section or "Exemptions'' in this manual.
§63-601	All non-exempt property subject to taxation.
§63-602	Property Exempt from Taxation
§63-602A	Government Property
§63-602B	Certain Property of Religious LLC's, Corporations or Societies
§63-602C	Certain Property of Fraternal, Benevolent, or Charitable LLC's, Corporations or Societies
§63-602D	Certain Hospital's Property
§63-602E	Property Used for School or Educational Purposes
§63-602F	Possessory Rights to Public Lands, Unpatented Mining Claims, Public Cemeteries and libraries
§63-602G	Partial Value of Residential Improvements (Homestead Exemption)
§63-602H	Partial Value of Residential Property in Certain Zoned Areas
§63-602I	Household Goods, Wearing Apparel, and other Personal Effects
§63-602J	Properly Registered Motor Vehicles and Vessels.
§63-602L	Certain Intangible Personal Property
§63-602M	Certain Secured Dues and Credits
§63-602N	Irrigation Water and Certain Structures, Certain Property of Irrigation Districts or Canal Companies
§63-602O	Property Used to Generate and Deliver Electrical Power or Natural Gas Energy for Irrigation or Drainage
§63-602P	Certain Facilities Used for Air and Water Pollution Control
§63-602Q	Certain Cooperative Telephone Lines
§63-602R	Agricultural Crops
§63-602S	Fruits and Vegetable Held for Consumption and Seeds Shipped out of State
§63-602T	Certain Personal Property Sold or Shipped out of State
§63-602U	Certain Personal Property in Transit
§63-602V	Certain Personal Property Shipped into the State and Stored in Original Package in Storage
§63-602W	Business Inventory that is a Component of Real Property that is a Single-Family Dwelling (Developer's Exemption)
§63-602X	Property that Has Experienced Casualty Loss
§63-602Y	Property that Has Changed Exempt Status
§63-602Z	Exemptions from Occupancy Tax
§63-602AA	Property of People with Exceptional Situations (Hardship)
§63-602BB	Partial Exemption for Remediated Land
§63-602CC	Qualified Equipment Utilizing Postconsumer or Postindustrial Waste
§63-602DD	Certain Manufactured Homes with a Dealer's Plate or Used as Sheep or Cow Camps
§63-602EE	Certain Tangible Personal Property Used Exclusively in Agriculture
§63-602GG	Low Income Housing Owned by Nonprofit Organizations
§63-602HH	Property in One County in Excess of $800,000,000

§63-602II	Unused Infrastructure (Optional)
§63-602JJ	Operating Property – Certain Property of Electricity by means of Wind, Solar and Geothermal
§63-602KK	$250,000 Personal Property Exemption
§63-602NN	New Plant and Building Facilities (Optional)
§63-602OO	Oil or Gas Related Wells
§63-603	Reduction in Assessment or Credit Relating to Exemption under §63-602O
§63-604	Land Actively Devoted to Agricultural Defined
§63-605	Certain Land Used to Protect Wildlife and Wildlife Habitat
§63-606A	Property Eligible for ITC with Certain Employment & Investment (Optional)

Addendum R

Exemptions not in Chapter 6, Title 63, Idaho Code	
63-1305C	Provisional Exemption – for property that will be used for an exempt purpose
§63-2431	Gasoline, Aircraft Engine Fuel, or Special Fuels
§63-2801	Mines "shall be taxed at the price paid the US –unless used for other than mining
§63-3029B	Qualifying Taxpayers may elect to exempt investments from property taxes for two years in lieu of taking investment tax credit on income taxes
§63-3502	Cooperative Electric Association Exempt from all Taxes except Gross Receipts Tax
§63-3502A & B	Levy of Tax on Annual Gross Electrical Earnings in lieu of all other taxes on property; Levy of tax on Wind, Energy, Solar Energy, or Geothermal Energy Electrical Production in lieu of all other taxes on property
§63-4502	New Capital Investment over $400 Million, $1Billion investment to qualify
§21-114(b)(1)	Properly Registered Aircraft
§22-2722	All Property Owned / Used by Soil Conservation District
§25-2402	Operating or Personal Property Exempt from Taxation by Herd District
§26-2138	Personal Property Owned by Credit Union
§26-2186	Personal Property Owned by Idaho Corporate Credit Union
§27-422	Perpetual or Endowed Care Cemetery
§31-1425	Operating Property Exempt from Taxation by Fire District Unless by Agreement
§31-1426	Certain Unimproved Real Property May Be Granted Exemption from Taxation by Fire District
§31-3908A	Certain Personal Property and Unimproved Real Property May Be Granted Exemption from Taxation by Ambulance District
§31-4117	Certain Real Property May Be Exempt from Taxation by Translator District
§31-4208	All Property Owned by County Housing Authority except by Agreement
§33-2133	All Property Owned by a Dormitory Housing Commission
§39-1452	All Property Owned by Idaho Health Facility Authority
§41-405	Personal Property Owned by Insurers, Agents, or Representatives
§42-3115	Personal and Operating Property Exempt from Taxation by Flood Control District
§42-3238	Private community sewer system exempt from water and sewer district levies
§42-3708	Personal and Operating Property Exempt from Taxation by Watershed Improvement District with Exceptions
§42-4115	Property Owned by Water and Sewer District

§42-4416	Personal and Operating Property Exempt from Taxation by Levee District
§49-401	Registration fee in lieu of property tax for vehicles
§50-1908	Property Owned by Housing Authority except by Agreement
§50-2014	Property Owned by Urban Renewal Agency
§67-6208	Real Property Owned by Idaho Housing Agency except by Agreement
§67-7439	Equipment directly used in state lottery
§70-2206	Property of an intermodal commerce authority

Addendum R

ADDENDUM J-1

Property Tax Exemptions Listed by Application Requirements

PROPERTY TAX EXEMPTIONS LISTED BY APPLICATION REQUIREMENT

As Extracted From Section 63-602, I. C.

Statutory exemptions that do not require an application or approval by the board of county commissioners	
63-602A	Government Property
63-602F	Possessory Rights to Public Lands, Unpatented Mining Claims, Public Cemeteries and libraries
63-602I	Household Goods, Wearing Apparel, Personal Effects
63-602J	Properly Registered Motor Vehicles
63-602L(1)	Certain Intangible Personal Property
63-602M	Certain Secured Dues and Credits
63-602R	Agricultural Crops
63-602S	Fruits and Vegetable Held for Consumption and Seeds Shipped out of State
63-602U	Certain Personal Property in Transit
63-602V	Certain Personal Property in Original Package in Storage
63-602W(1,2,3)	Business Inventory Including Certain Dwellings
63-602Z	Property Tax Exemptions Apply to Occupancy Tax
63-602DD	Certain Manuf. Homes with a Dealer's Plate or Used as Sheep or Cow Camps
63-602EE	Certain Tangible Personal Property Used Exclusively in Agriculture; ag machinery
63-602OO	Oil and Gas Related Property
63-2431	Gasoline, Aircraft Engine Fuel, or Special Fuels
63-3502	Cooperative Electric Association Exempt from all Taxes Except Gross Receipts Tax
63-3502A	Cooperative Natural Gas Assoc. Exempt from all Taxes Except Gross Receipts Tax
63-3502B	Wind and geothermal Exempt from all Taxes Except Gross Receipts Tax
No process is specified in exemption statute but an application is necessary to identify the exempt property and therefore annual application is required	
63-602B	Certain Property of Religious Corporations or Societies
63-602C	Certain Property of Fraternal, Benevolent, or Charitable Corporations or Societies
63-602D	Certain hospital's Property-Non-Profit
63-602E	Property Used for School or Educational Purposes
63-602H	Partial Value of Residential Property in Certain Zoned Areas
63-602N	Irrigation Water and Certain Structures
63-602P	Certain Facilities Used for Air and Water Pollution Control
63-602Q	Certain Cooperative Telephone Lines
63-602X	Property that Has Experienced Casualty Loss
63-602GG	Low Income Housing Owned by Nonprofit Organizations
63-602HH	Property in One County in Excess of $800,000,000
63-602KK	$100,000 Pers. Property Exemption
63-4502	New Capital Investment over $400 Million, $1 Billion to qualify

63-606A	Property Eligible for ITC with Certain Employment & Investment (Optional)

Application process is specified in the exemption statute	
63-602G	Partial Value of Residential Improvements (Homeowners' Exemption)
63-602W(4)	Site Improvements Installed by the Land Developer
63-602AA	Property of People with Exceptional Situations (Hardship)
63-602BB	Partial Exemption for Remediated Land
63-602CC	Qualified Equipment Utilizing Postconsumer or Postindustrial Waste
63-602II	Unused Infrastructure (Optional)
63-602NN	New Plant and Building Facilities (Optional)
63-603[63-602 O]	Reduction in Assessment or Credit Relating to Exemption under §63-602O Utility plant used to generate power for pumping water
63-1305C	Provisional Exemption – Property that will be used for an exempt purpose
Exemptions that require an application pertaining to property that is otherwise assessed by the state tax commission and is include with the operator's statement	
63-602J	Properly Registered Motor Vehicles
63-602P	Certain Facilities Used for Air and Water Pollution Control
63-602L (2)	Certain Intangible Personal Property
Exemptions found in titles other than title 63 do not require applications	
§21-114)	Registered Aircraft
§22-2722	Property Owned/ Used by Soil Conservation District
§25-2402	Operating or Personal Property Exempt from Taxation by Herd District
§26-2138	Personal Property Owned by Credit Union
§27-422	Perpetual or Endowed Care Cemetery
§26-2186	Personal Property Owned by Idaho Corporate Credit Union
§31-1425	Operating Property Exempt from Taxation by Fire District Unless by Agreement
§31-1425	Certain Unimproved Real Property May Be Granted Exemption from Taxation by Fire District
§31-3908A	Certain Personal Property and Unimproved Real Property May Be Granted Exemption from Taxation by Ambulance District
§31-4117	Certain Real Property May Be Exempt from Taxation by Translator District
§31-4208	All Property Owned by County Housing Authority Except by Agreement
§33-2133	All Property Owned by a Dormitory Housing Commission
§39-1452	All Property Owned by Idaho Health Facility Authority
§41-405	Personal Property Owned by Insurers or Agents
§42-3115	Personal and Operating Property Exempt from Taxation by Flood Control District
§42-3708	Personal and Operating Property Exempt from Taxation by Watershed Improvement District with Exceptions
§42-4115	Property Owned by Water and Sewer District
§42-3238	Private community sewer system exempt from water and sewer district levies

§42-4416	Personal and Operating Property Exempt from Taxation by Levee District
§49-401	Registration fee in lieu of property tax
§50-1908	Property Owned by Housing Authority Except by Agreement
§50-2014	Property Owned by Urban Renewal Agency
§67-6208	Real Property Owned by Idaho Housing Agency Except by Agreement
67-7439	Equipment directly used in state lottery
§70-2206	Property of an intermodal commerce authority

Addendum R1

ADDENDUM K

Sample Homeowner Exemption Application

Justin Baldwin
ASSESSOR
145 7th Ave East
GOODING, ID 83330
Phone: 934-5666
jbaldwin@goodingcountyid.gov

Gooding County . . . . . .

HOMEOWNER EXEMPTION APPLICATION

- To qualify for a HOMEOWNER'S EXEMPTION, Idaho Code 63-602G, this property must serve as your primary dwelling and you must be a resident of the State of Idaho.
- **Application for new construction must be within 30 days of occupying new construction**.
- It is the responsibility of the taxpayer to ensure the Homeowner's Exemption form is received by the Gooding County Assessor's Office before any required deadline.

Parcel #: _____ Owner(s) of Record:_____

Full Legal Name:_____ Date of Birth:_____ DL#_____

Full Legal Name:_____ Date of Birth:_____ DL#_____

Property Address: _____ City _____ State _____ Zip _____

Mailing Address: _____ City _____ State _____ Zip _____

Date property was purchased _____/_____/_____ Date property was occupied _____/_____/_____

What was your previous address? _____ County: _____

Did you have the Homeowner Exemption on the previous property? _____ Do you have it on any other property? _____

Pursuant to Idaho Code 63-602G(5) upon discovery of evidence indicating the existence of an improperly claimed Homeowner's Exemption, the Assessor must assess a recovery of property taxes, plus costs, fines, late charges and interest. Information collected will be submitted to the Idaho State Tax Commission and the Idaho Secretary of State.

By signing below: I certify to the best of my knowledge and belief, and under penalty of perjury that the information provided herein is true and correct, I certify that I am an Idaho resident, I am the owner of the property described herein, and I occupy the property as my primary dwelling place. **I understand that I am only allowed one Homeowner's Exemption and this application voids any previous Homeowner's Exemption.**

_____ ____/____/_____ _____ ____/____/_____

Owner's Signature Date Owner's Signature Date

Phone #/Email: _____Phone #/Email: _____

FOR GOODING COUNTY USE ONLY: _____ ____/____/_____

ADDENDUM L

Appointment of Deputy and Oath of Office

Appointment of Deputy

STATE OF IDAHO,)
) ss.
COUNTY OF _____,)

KNOWN ALL MEN BY THESE PRESENTS, That I, _____
_____ County Assessor in and for said County, have this day appointed, and by these presents do appoint _____ to be CHIEF DEPUTY ASSESSOR with such powers and duties as are defined by law.

Given under my hand and seal at _____, Idaho, this ____ day of August A.D. 20__

_____

Oath of Office

STATE OF IDAHO,)
) ss.
COUNTY OF _____,)

I do solemnly swear (or affirm) that I will support the Constitution of the United States and the Constitution and Laws of this State; that I will faithfully discharge all the duties of the office of CHIEF DEPUTY ASSESSOR according to the best of my ability; so help me God.

_____

Subscribed and sworn to before me this ___ day of August, 20__.

_____
Notary Public
Residing at:_____
My Commission Expires on_____

ADDENDUM M

Taxable Federal Government Property

*Adapted from an on-line publication of the Utah State Tax Commission. The federal property that is clearly taxable is noted by the **bold type.***

Taxable Federal Government Property:

0. Constitutional Provisions

   All federal property is exempt from taxation, **except those properties that the laws of the United States allow to be taxed. (Article VII, § 4 Idaho State Constitution)**

1. U.S. Postal Service

   Property owned by the U.S. Postal Service is exempt from taxation. It is considered an independent branch of the federal government, and is therefore included under the supremacy clause. (39 USC 201) **Property leased or rented to the U.S. Postal Service is taxable. Post Office property used in conjunction with a business for profit is taxable under the privilege tax law.**

2. Internal Revenue Service

   All administrative property of the IRS is exempt. Property seized by the Internal Revenue Service, and then declared purchased by the United States or redeemed from foreclosure, pursuant to Title 26, U.S. Code 6331, by the United States **is exempt from property tax only where such property is titled either in the name of the United States or the District Director of the Internal Revenue Service.**

3. Small Business Administration (SBA)

   State and local taxes may not be levied against property, real or personal, acquired in the name of the Small Business Administration in the liquidation of an SBA loan. **However, such property is not exempt from the liens for taxes assessed before the agency acquired title. (15 USC 646)**

4. Environmental Protection Agency and The Environmental Financing Authority

   All real and tangible personal property of the Environmental Financing Authority shall be subject to local taxation to the same extent as other such property is taxed. (33 USC 1281)

5. Farm Credit Administration

   All property held for administrative use or in receivership under one of the following programs of the Farm Credit Administration is subject to real and personal property taxation:

   - **Production Credit Association (12 USC 2098)**
   - **Banks for Cooperatives (12 USC 2134)**
   - **Administrative and receivership property of the following are subject to real property taxation only:**
   - **Federal Land Banks and Associations (12 USC 2055)**

- **Farm Credit Banks (12 USC 2023)**
- **Financial Assistance Corporation (12 USC 2278b-10)**
- **Farm Credit System Insurance Corporation (12 USC 2277a-12)**

6. Federal Deposit Insurance Corporation (FDIC)

All real property held for administrative use or in receivership by the FDIC is subject to taxation. (12 USC 1825)

7. Federal Home Loan Bank Board

All real property held for administrative use or in receivership under one of the following programs of the Federal Home Loan Bank Board is subject to real property taxation:

- **Federal Home Loan Bank (12 USC 1433)**
- **Federal Home Loan Mortgage Corporation (Freddie Mac) [12 USC 1452(e)]**
- **Resolution Trust Corporation [12 USC 1441a(g)]**

8. Housing and Urban Development (HUD)

The Secretary of HUD **may** enter into an agreement to pay annual sums in lieu of taxes to any state
or local taxing authority for property owned by HUD. [42 USC 3535(I)(2)]

All real property held for administrative use or in receivership under the following programs is subject to taxation:

- **Federal Housing Administration (FHA) (12 USC 1706b) Title I (12 USC 1714) Title II;**
- **Government National Mortgage Association (Ginne Mae) [12 USC 1723a (c-1)] Title III;**
- **Federal National Mortgage Association (Fannie Mae) [12 USC 1723a (c-2)];**
- **Armed Services Housing. Housing provided for servicemen off base will be taxed, as would any private housing. [12 USC 1748b (Section 222)]**

9. National Credit Union Administration

All property held for administrative use or in receivership by Federal Credit Unions and the
Federal Credit Union Share Insurance Fund is subject to taxation. (12 USC 1768)

10. U.S. Department of Agriculture

- Federal Crop Insurance Corporation. All property of the Federal Crop Insurance Corporation is exempt from all taxation. (7 USC 1513)
- **Farmers Home Administration. All property is subject to taxation except** that used for administrative purposes of the FHA. (42 USC 490h)
- **Farm Security Administration. Farmers Home Administration is the successor to the Farm Security Administration and the same procedures apply.**

- **The Commodity Credit Corporation of the Agriculture Stabilization Conservation Service. All property held for administrative use or in receivership by the CCC is subject to taxation. (15 USC 713a-5)**

11. U.S. Department of Treasury Federal Reserve Bank

    All real property owned by the Federal Reserve Bank is taxable. (12 USC 531)

12. Veterans Administration (VA)

    A private residence of a veteran is taxable but may be eligible for an exemption or abatement. When the VA takes into receivership by title any real, personal, or mixed property, the VA is held liable for all back and current taxes. [38 USC 1820(5)(6)]

13. American Red Cross

    The American Red Cross is an instrumentality of the United States and therefore, all its property is tax exempt. Local Red Cross chapters are not required to apply for exemption based on use for religious, charitable, or educational purposes. [Department of Employment v. U.S. (87 SC 464), 1966 and U.S. v. City of Spokane (734 F Supp 919), 1989]

14. Railroad Property

    Lands granted by Congress to any railroad corporation are not exempt from taxation by states, territories and municipal corporations because of a lien by the United States for costs of surveying, selecting, and conveyance or because a patent has not been issued. (43 USC 882)

15. Indian Property

    The United States Supreme Court has ruled that property owned by Indians who are registered with their tribe and living on their reservation is not subject to state taxes, unless the state has acquired the authority to tax pursuant to an act of Congress

Addendum N

Property Tax Organization Chart