

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 87

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PERSONAL PROPERTY TAX; PROVIDING LEGISLATIVE INTENT; AMENDING  
2 SECTION 63-602EE, IDAHO CODE, TO PROVIDE THAT A PROPERTY TAX EXEMPTION  
3 FOR AGRICULTURAL MACHINERY AND EQUIPMENT INCLUDES CERTAIN APPLICA-  
4 TIONS, TO PROVIDE A DEFINITION, TO PROVIDE A RULE OF CONSTRUCTION, AND  
5 TO MAKE A TECHNICAL CORRECTION; REPEALING SECTION 63-602EE, IDAHO CODE,  
6 RELATING TO THE PROPERTY TAX EXEMPTION FOR AGRICULTURAL MACHINERY AND  
7 EQUIPMENT; AMENDING SECTION 63-602EE, IDAHO CODE, AS ENACTED BY SECTION  
8 3, CHAPTER 297, LAWS OF 2018, TO PROVIDE THAT A PROPERTY TAX EXEMPTION  
9 FOR AGRICULTURAL MACHINERY AND EQUIPMENT HAS CERTAIN APPLICATIONS, TO  
10 PROVIDE A DEFINITION, TO PROVIDE A RULE OF CONSTRUCTION, AND TO MAKE A  
11 TECHNICAL CORRECTION; AND DECLARING AN EMERGENCY, PROVIDING RETROAC-  
12 TIVE APPLICATION, AND PROVIDING AN EFFECTIVE DATE.  
13

14 Be It Enacted by the Legislature of the State of Idaho:

15 SECTION 1. LEGISLATIVE INTENT. Since the enactment in 2001 of Section  
16 63-602EE, Idaho Code, it has been the policy of the state of Idaho to exempt  
17 all machinery and equipment used exclusively in the production or harvest of  
18 agricultural commodities from property tax. However, farmers engaged in the  
19 production or harvest of certain commodities, including mint, milk, honey,  
20 and hops, have been charged property tax on machinery or equipment in some  
21 counties, while farmers in other counties were not taxed. The Legislature  
22 finds that machinery or equipment used to distill mint oil; pick, move,  
23 dry, or bale hops; milk dairy animals; or extract honey should all be exempt  
24 from paying property taxes under the original intent of Section 63-602EE,  
25 Idaho Code. There may also be other types of machinery or equipment used  
26 exclusively for the production or harvest of agricultural commodities that  
27 should have received this exemption but were denied the exemption in the  
28 past. Therefore, the purpose of this act is to make clarifications to ensure  
29 that county assessors treat all farming operations fairly and consistently  
30 throughout the state. Furthermore, it is the intent of the Legislature that  
31 Section 63-602EE, Idaho Code, be broadly construed to ensure that agricul-  
32 tural machinery and equipment that has been denied the exemption in the past  
33 will now receive the exemption and to ensure that all machinery and equipment  
34 used exclusively in the production or harvest of agricultural commodities  
35 that currently receive the exemption will continue to receive the exemption.  
36 It is legislative intent that if there is any doubt as to whether current  
37 or future machinery or equipment meets the standards of the exemption, the  
38 benefit shall go to the taxpayer.

39 SECTION 2. That Section 63-602EE, Idaho Code, be, and the same is hereby  
40 amended to read as follows:

1           63-602EE. PROPERTY EXEMPT FROM TAXATION -- CERTAIN TANGIBLE PERSONAL  
2 PROPERTY. The following property is exempt from taxation: class 2 property  
3 that is agricultural machinery and equipment and exclusively used in agri-  
4 culture during the immediately preceding tax year. For purposes of this sec-  
5 tion:

6           (1) "Agricultural machinery and equipment" shall mean any machinery  
7 and equipment that is used in:

8           (a) Production or harvest of field crops including, but not limited to,  
9 grains, feed crops, fruits and vegetables, or the production of or car-  
10 ing for nursery stock as defined in section 22-2302, Idaho Code;

11           (b) Production of hop crops including, but not limited to, stationary  
12 picking machines, drying kilns, fans and burners, conveyors and other  
13 equipment to move hop crops and baling equipment; hop crops including,  
14 but not limited to, rhizomes, bines, leaves, stems and cones; or

15           (c) The grazing, feeding or raising of livestock, fur-bearing animals,  
16 fish, fowl and bees, or harvest of their production, to be sold or used  
17 as part of a net profit-making agricultural enterprise or dairy.

18           (2) "Harvest" shall include all activities necessary for a raw agricul-  
19 tural commodity to be put into its most basic salable form and shall also in-  
20 clude on-farm storage of the commodity before it is first handled in the pri-  
21 mary channels of trade.

22           (3) Buildings shall not be considered to be agricultural machinery and  
23 equipment.

24           (4) The provisions of this section shall be broadly interpreted in fa-  
25 vor of granting the exemption.

26           SECTION 3. That Section [63-602EE](#), Idaho Code, be, and the same is hereby  
27 repealed.

28           SECTION 4. That Section 63-602EE, Idaho Code, as enacted by Section 3,  
29 Chapter 297, Laws of 2018, be, and the same is hereby amended to read as fol-  
30 lows:

31           63-602EE. PROPERTY EXEMPT FROM TAXATION -- CERTAIN TANGIBLE PERSONAL  
32 PROPERTY. The following property is exempt from taxation: class 2 property  
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47 mary channels of trade.

1       (3) Buildings shall not be considered to be agricultural machinery and  
2 equipment.

3       (4) The provisions of this section shall be broadly interpreted in fa-  
4 vor of granting the exemption.

5       SECTION 5. An emergency existing therefor, which emergency is hereby  
6 declared to exist, Sections 1 and 2 of this act shall be in full force and ef-  
7 fect on and after passage and approval, and retroactively to January 1, 2019.  
8 Sections 3 and 4 of this act shall be in full force and effect on and after  
9 January 1, 2020.