

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 242

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXATION; AMENDING SECTION 63-602W, IDAHO CODE, TO  
2 REVISE PROVISIONS RELATING TO SITE IMPROVEMENTS AS BUSINESS INVENTORY  
3 EXEMPT FROM PROPERTY TAXATION, TO PROVIDE THAT CERTAIN TRANSFERS SHALL  
4 NOT BE CONSIDERED A CONVEYANCE TO A THIRD PARTY, TO PROVIDE FOR A DE-  
5 TERMINATION OF THE AMOUNT OF EXEMPTION, TO PROVIDE FOR APPLICATION FOR  
6 ASSESSMENT, TO PROVIDE FOR NOTIFICATION BY THE BOARD OF COUNTY COMMIS-  
7 SIONERS TO THE TAXPAYER AND COUNTY ASSESSOR RELATING TO ITS DECISION  
8 AND ASSESSMENT, TO PROVIDE FOR APPEAL, TO PROVIDE FOR NOTIFICATION OF  
9 CHANGE IN ELIGIBILITY AND TO MAKE TECHNICAL CORRECTIONS; DECLARING AN  
10 EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.  
11

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

13 SECTION 1. That Section 63-602W, Idaho Code, be, and the same is hereby  
14 amended to read as follows:

15 63-602W. BUSINESS INVENTORY EXEMPT FROM TAXATION -- BUSINESS IN-  
16 VENTORY THAT IS A COMPONENT OF REAL PROPERTY THAT IS A SINGLE FAMILY  
17 DWELLING. The following property is exempt from property taxation: business  
18 inventory. For the purpose of this section, "business inventory" means all  
19 items of tangible personal property or other property, including site im-  
20 provements, described as:

21 (1) All livestock, fur-bearing animals, fish, fowl and bees.

22 (2) All nursery stock, stock-in-trade, merchandise, products, fin-  
23 ished or partly finished goods, raw materials, and all forest products  
24 subject to the provisions of chapter 17, title 63, Idaho Code, supplies,  
25 containers and other personal property ~~which~~ that is held for sale or con-  
26 sumption in the ordinary course of the taxpayer's manufacturing, farming,  
27 wholesale jobbing, or merchandising business.

28 (3) Residential improvements never occupied. Once residential im-  
29 provements are occupied as defined in section 63-317, Idaho Code, they shall  
30 be subject to the tax provided by section 63-317, Idaho Code. The provisions  
31 of section 63-602Y, Idaho Code, shall not apply to the exemption provided by  
32 this subsection. The exemption provided by this subsection applies only to  
33 improvements to real property, and only until first occupied. For purposes  
34 of this section, the term "residential improvements" means only:

35 (a) Single family residences; or

36 (b) Residential townhouses; or

37 (c) Residential condominium units.

38 The nonresidential portion of an improvement to real property that is used  
39 or is to be used for residential and nonresidential purposes does not qualify  
40 for the exemption provided by this section. If an improvement contains mul-  
41 tiple residential units, each such unit shall lose the exemption provided in  
42 this section when it becomes occupied.

1           (4) Site improvements, that are associated with land, such as roads and  
2 utilities, on real property held by the land developer, either as owner or  
3 vendee in possession under a land sale contract, for sale or consumption in  
4 the ordinary course of the land developer's business until other improve-  
5 ments, such as buildings or structural components of buildings, are begun or  
6 ~~title to the land the real property is conveyed from~~ to a third party. For  
7 purposes of this subsection, a transfer of title to real property to a le-  
8 gal entity of which at least fifty percent (50%) is owned by the land devel-  
9 oper, the land developer's original entity or the same principals who owned  
10 the land developer's original entity shall not be considered a conveyance  
11 to a third party. For purposes of this subsection, the amount of the exemp-  
12 tion shall be the difference between the market value of the land with site  
13 improvements and the market value of the land without site improvements as  
14 shall be determined by a comparative market analysis of a similarly situated  
15 parcel or parcels of real property that have not been improved with such site  
16 improvements contemplated by this subsection. In the case the market value  
17 of land without site improvements cannot be reasonably assessed because of  
18 the absence of comparable sales, an exemption value of seventy-five percent  
19 (75%) of the market value of land with site improvements shall be granted to  
20 that parcel. An application is required for the exemption provided in this  
21 subsection in the first year the exemption is claimed; in subsequent consec-  
22 utive years no new application is required. The application must be made to  
23 the board of county commissioners by April 15 and the taxpayer and county as-  
24 sessor must be notified of any decision and assessment of property by May 15.  
25 The decision or assessment of property, or both, of the board of county com-  
26 missioners may be appealed to the county board of equalization no later than  
27 the fourth Monday in June. The applicant shall notify the board of county  
28 commissioners in writing of any change in eligibility for the parcel by April  
29 15.

30           SECTION 2. An emergency existing therefor, which emergency is hereby  
31 declared to exist, this act shall be in full force and effect on and after its  
32 passage and approval, and retroactively to January 1, 2013.