

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 442

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX ADMINISTRATION; AMENDING SECTION 63-110, IDAHO
2 CODE, TO REVISE THE DATE BY WHICH THE STATE TAX COMMISSION SHALL COM-
3 PLETE ITS WORK AS THE STATE BOARD OF EQUALIZATION RELATING TO ASSESSMENT
4 OF OPERATING PROPERTY; AMENDING SECTION 63-317, IDAHO CODE, TO REVISE
5 ADMINISTRATION OF THE OCCUPANCY TAX AND TO MAKE A TECHNICAL CORRECTION;
6 AMENDING SECTION 63-1706, IDAHO CODE, TO REQUIRE THE COUNTY ASSESSOR TO
7 PROVIDE NOTICE TO TAXPAYERS THAT A YIELD TAX IS DUE AND TO MAKE TECHNICAL
8 CORRECTIONS; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICA-
9 TION.
10

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

12 SECTION 1. That Section 63-110, Idaho Code, be, and the same is hereby
13 amended to read as follows:

14 63-110. PROPERTY AND SPECIAL TAXES. The state tax commission must
15 complete the equalization of assessments throughout the state ~~on~~ during its
16 meeting as the state board of equalization, after receipt of each county
17 auditor's abstract of the property roll, no later than the fourth Monday
18 of August in the year in which such assessments are made, and, if there is
19 to be a state property tax, shall on that day determine the amount of state
20 property tax which each county must collect and remit to the state, by appor-
21 tioning the total state property tax among the several counties in the state
22 in the exact proportion that the total equalized valuation of each county,
23 as shown by the property roll for the current year, and the subsequent and
24 missed property rolls for the preceding year, bears to the total equalized
25 valuation of the state from such rolls of all the counties in the state.
26 The state tax commission shall also determine the amount of special state
27 taxes, if any, which each county must collect and remit to the state, and
28 the total amount of such state property and special state taxes found to be
29 due from each county shall be certified to the county auditor of such county
30 by the chairman of the state tax commission, and the county auditor shall,
31 upon receipt of such certificate, file the same in his office; provided,
32 that the total amount of all special state taxes levied for the current year
33 upon property entered upon the subsequent and missed property rolls of each
34 county for such year shall be certified to the county auditor of such county
35 by the chairman of the state tax commission upon receipt of the county audi-
36 tor's abstract of the subsequent and missed property rolls.

37 SECTION 2. That Section 63-317, Idaho Code, be, and the same is hereby
38 amended to read as follows:

39 63-317. OCCUPANCY TAX -- PROCEDURES. (1) All real property subject to
40 property taxation shall be valued and taxed based upon its status as of Jan-

1 uary 1 of each tax year. Improvements, other than additions to existing im-
 2 provements, constructed upon real property shall not be subject to property
 3 taxation during the year of construction other than that portion actually in
 4 place as of January 1 of each calendar year; new manufactured housing shall
 5 not be subject to property taxation during the first year of occupancy if oc-
 6 cupied after January 1. For the purposes of this section, "new manufactured
 7 housing" means manufactured housing, whether real or personal, never previ-
 8 ously occupied.

9 (2) There is hereby levied an occupancy tax upon all newly constructed
 10 and occupied residential, commercial and industrial structures, including
 11 new manufactured housing, except additions to existing improvements or man-
 12 ufactured housing, prorated for the portion of the year for which the struc-
 13 ture was occupied. The occupancy tax shall be upon those improvements or new
 14 manufactured housing for that portion of the calendar year in which first
 15 occupancy occurs. The occupancy tax does not apply to operating property.
 16 Improvements that were exempt as of January 1 of the tax year, but that may be
 17 subject to occupancy tax during that tax year, shall not be subject to prop-
 18 erty tax as otherwise provided in section 63-602Y, Idaho Code. For the pur-
 19 poses of this section, the term "occupied" means:

20 (a) Use of the property by any person as a residence including occupancy
 21 of improvements or use in storage of vehicles, boats or household goods,
 22 provided such use is not solely related to construction or sale of the
 23 property; or

24 (b) Use of the property for any business or commercial purpose unre-
 25 lated to the construction and sale of the property; or

26 (c) Any possessory use of the property for which the owner received any
 27 compensation or consideration.

28 (3) The owner of any newly constructed improvement or new manufactured
 29 housing, as described in this section, upon which no occupancy tax has been
 30 charged shall report to the county assessor that the improvement or new man-
 31 ufactured housing has been occupied. As soon as practical after receiving
 32 such a report, the county assessor shall appraise and determine the market
 33 value for assessment purposes.

34 (a) At the time the county assessor determines the market value for
 35 assessment purposes of any improvement, he shall allow as an offset
 36 against the market value of the improvement, the market value of any
 37 portion of that improvement which was existing on January 1 and placed
 38 upon the property roll.

39 (b) Upon completion of the appraisal and entry of the appraised value
 40 on the occupancy tax roll, which roll shall be prepared for property
 41 subject to the occupancy tax, the county assessor shall notify the
 42 owner of the appraisal appraised value and their right to appeal the
 43 value provided in the appraisal within twenty-eight (28) days of such
 44 notification in the manner provided in section 63-501A, Idaho Code,
 45 notwithstanding date limitations found in that section, and further
 46 shall notify the owner of their right to apply for the exemption pro-
 47 vided in sections 63-602G and 63-602X, Idaho Code. If the owner applies
 48 for and meets the requirements for such exemption within thirty (30)
 49 days of the notification by the county assessor, the exemption shall be
 50 extended to the newly constructed and occupied residential structures

1 in compliance with section 63-602G, Idaho Code, notwithstanding limi-
2 tations requiring occupancy as of April 15 of the tax year.

3 (c) In the event that the owner fails to report to the county assessor
4 that the property is ready for occupancy, the assessor shall notify the
5 county board of equalization, who may impose as penalty an additional
6 amount equal to five percent (5%) of the tax for each month following the
7 date of first occupancy during which the report is not made, to a maximum
8 of twenty-five percent (25%) of the tax.

9 (4) Appeals of the market value for assessment purposes shall be re-
10 solved in the same manner as all other appeals of valuation by the board of
11 equalization.

12 (5) The occupancy tax calculated upon the values set by the county as-
13 sessor, and any penalty imposed by the board of equalization shall be col-
14 lected in the same manner as all other property taxes.

15 (6) An occupancy tax lien shall be imposed in the manner provided in
16 section 63-206, Idaho Code.

17 (7) Occupancy taxes shall be billed, collected and distributed in the
18 same manner as all other property taxes.

19 SECTION 3. That Section 63-1706, Idaho Code, be, and the same is hereby
20 amended to read as follows:

21 63-1706. YIELD TAX ON APPLICABLE FOREST PRODUCTS. (1) All forest
22 lands designated by the owner to be subject to the provisions of section
23 63-1703(b), Idaho Code, shall be appraised, assessed and taxed according to
24 the provisions of this section.

25 (2) Forest lands held in private ownership and designated by the owner
26 to be subject to the provisions of this section for property taxation shall
27 be valued by the county assessor as real property at rates which reflect only
28 bare forest land value as determined under rules of the state tax commission.

29 (3) All timber severed from lands subject to the provisions of this sec-
30 tion and delivered to a point of utilization as logs or semiprocessed forest
31 products, shall be subject to a forest products yield tax. This yield tax is
32 in lieu of and replacement for, and not in addition to, property taxes on tim-
33 ber.

34 (4) The yield tax rate shall be three percent (3%) of stumpage value as
35 determined by the state tax commission. In establishing stumpage values,
36 the state tax commission shall:

37 (a) Divide the state into appropriate stumpage value zones, with each
38 zone designated so as to recognize the uniqueness of timber marketing
39 areas.

40 (b) By November 1, set stumpage values by zone for each species and/or
41 product, for use in the reporting and payment of yield taxes for timber
42 severed during the following calendar year. Stumpage values shall be
43 based on a five (5) year rolling average value of comparable timber har-
44 vested from state timber sales within the stumpage value zone and/or the
45 best available data for the same five (5) year period.

46 (5) Report and payment of yield taxes become the direct liability and
47 responsibility of the landowner at the time of severance. At the time of sev-
48 erance the yield taxes become a perpetual lien on the real and personal prop-
49 erty of the landowner. Yield tax amounts shall be calculated by the county

1 assessor on forms prescribed by the state tax commission. Yield tax amounts
2 shall be supplied by the county assessor to the county tax collector on or be-
3 fore November 15 for timber that was severed from January 1 through June 30~~7~~.
4 The county tax collector shall, by the fourth Monday in November, notify the
5 landowner of any such yield tax amount with payments due and payable on or
6 before December 20. If the taxes due for said period are not paid on or be-
7 fore December 20, the payment becomes delinquent and subject to late charges
8 and interest in the amount provided in sections 63-201 and 63-1001 or 63-904,
9 Idaho Code, calculated from the following January 1. Yield tax amounts shall
10 be supplied by the county assessor to the county tax collector on or before
11 May 15 for timber severed from July 1 through December 31 in the year fol-
12 lowing severance. The county tax collector shall, by the fourth Monday in
13 May, notify the landowner of any such yield tax amount with payments due on
14 or before June 20 in the year following severance. If the yield taxes due for
15 said period are not paid on or before June 20, the payment becomes delinquent
16 and subject to late charges and interest in the amount provided in sections
17 63-201 and 63-1001 or 63-904, Idaho Code, calculated from the following July
18 1. Delinquent yield taxes shall remain a lien against the land from which the
19 timber was harvested and against any other real and personal property of the
20 landowner who owned the land at the time of severance. To collect delinquent
21 yield taxes, the treasurer may use either the personal or real property col-
22 lection procedures provided in title 63, Idaho Code.

23 (6) All yield tax revenues and any late charges or interest thereon
24 shall be apportioned among the several county funds and taxing districts as
25 provided for the apportionment of property taxes.

26 (7) The party utilizing logs or semiprocessed forest products as raw
27 materials shall be required to report the quantity, species and source of
28 all such materials to the Idaho department of lands. Such report shall be
29 structured to comply with and act as a simultaneous report of data already
30 required under the provisions of section 38-122, Idaho Code. The report for-
31 mat shall include the identification of the forest landowner at the source,
32 legal description of the source, timber or product owner at time of sever-
33 ance, harvester and volume of forest products severed. The Idaho department
34 of lands shall deliver to the various county assessors without fee, copies
35 of these reports as they are available. In the event the point of utiliza-
36 tion lies out of the state or a report is not required under the provisions
37 of section 38-122, Idaho Code, the timber owner at time of severance shall be
38 responsible for the reporting of the above-stated data to the department of
39 lands.

40 (8) If reports required by this section are found to be intentionally
41 false or when appropriate reports are not made, the assessor shall value the
42 forest crop harvested, based on the best available estimates.

43 (9) Not reporting timber or forest products delivery or receipt as re-
44 quired by this section shall be deemed a misdemeanor.

45 (10) Buildings and other improvements, other than roads, located on
46 forest lands shall be appraised, assessed and taxed as provided by applica-
47 ble law and rules.

48 SECTION 4. An emergency existing therefor, which emergency is hereby
49 declared to exist, this act shall be in full force and effect on and after its
50 passage and approval, and retroactively to January 1, 2013.