

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 519

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO TAXATION; AMENDING SECTION 63-602W, IDAHO CODE, TO PROVIDE
2 THAT CERTAIN SITE IMPROVEMENTS SHALL BE EXEMPT FROM PROPERTY TAXATION;
3 AMENDING SECTION 63-301A, IDAHO CODE, TO PROVIDE FOR A REDUCTION IN
4 VALUE TO BE ADDED TO THE NEW CONSTRUCTION ROLL FOR THE EXEMPTION FOR SITE
5 IMPROVEMENTS AND TO PROVIDE CORRECT CODE CITATIONS; DECLARING AN EMER-
6 GENCY AND PROVIDING RETROACTIVE APPLICATION.
7

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

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

11 63-602W. BUSINESS INVENTORY EXEMPT FROM TAXATION -- BUSINESS IN-
12 VENTORY THAT IS A COMPONENT OF REAL PROPERTY THAT IS A SINGLE FAMILY
13 DWELLING. The following property is exempt from property taxation: business
14 inventory. For the purpose of this section, "business inventory" means all
15 items of tangible personal property or other property, including site im-
16 provements, described as:

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

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

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

31 (a) Single family residences; or

32 (b) Residential townhouses; or

33 (c) Residential condominium units.

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

39 (4) Site improvements, that are associated with land, such as roads and
40 utilities, on real property held by the land developer for sale or consump-
41 tion in the ordinary course of the land developer's business until other im-
42 provements, such as buildings or structural components of buildings, are be-

1 gun or title to the land is conveyed from the land developer. An application
 2 is required for the exemption provided in this subsection.

3 SECTION 2. That Section 63-301A, Idaho Code, be, and the same is hereby
 4 amended to read as follows:

5 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare
 6 a new construction roll, which shall be in addition to the property roll,
 7 which new construction roll shall show:

- 8 (a) The name of the taxpayer;
 9 (b) The description of the new construction, suitably detailed to meet
 10 the requirements of the individual county;
 11 (c) A description of the land and its change in use, suitably detailed
 12 to meet the needs of the individual county;
 13 (d) The amount of taxable market value added to the property on the cur-
 14 rent year's property roll that is directly the result of new construc-
 15 tion or a change in use of the land or both;
 16 (e) The amount of taxable market value added as provided in subsection
 17 (3) (g) of this section as a result of dissolution of any revenue alloca-
 18 tion area;
 19 (f) The amount of taxable market value to be deducted to reflect the
 20 adjustments required in paragraphs (f) (i), (f) (ii), ~~and~~ (f) (iii) and
 21 (f) (iv) of this subsection:

- 22 (i) Any board of tax appeals or court ordered value change, if
 23 property has a taxable value lower than that shown on any new con-
 24 struction roll in any one (1) of the immediate five (5) tax years
 25 preceding the current tax year;
 26 (ii) Any reduction in value resulting from correction of value im-
 27 properly included on any previous new construction roll as a re-
 28 sult of double or otherwise erroneous assessment;
 29 (iii) Any reduction in value, in any one (1) of the immediate five
 30 (5) tax years preceding the current tax year, resulting from a
 31 change of land use classification;
 32 (iv) Any reduction in value resulting from the exemption provided
 33 in section 63-602W(4), Idaho Code, in any one (1) of the immediate
 34 five (5) tax years preceding the current tax year.

35 (2) As soon as possible, but in any event by no later than the first Mon-
 36 day in June, the new construction roll shall be certified to the county audi-
 37 tor and a listing showing the amount of value on the new construction roll in
 38 each taxing district or unit be forwarded to the state tax commission on or
 39 before the fourth Monday in July. Provided however, the value shown in sub-
 40 section (3) (f) of this section shall be reported to the appropriate county
 41 auditor by the state tax commission by the third Monday in July and the value
 42 sent by the county auditor to each taxing district. The value established
 43 pursuant to subsection (3) (f) of this section is subject to correction by the
 44 state tax commission until the first Monday in September and any such correc-
 45 tions shall be sent to the appropriate county auditor, who shall notify any
 46 affected taxing districts.

47 (3) The value shown on the new construction roll shall include the tax-
 48 able market value increase from:

- 49 (a) Construction of any new structure that previously did not exist; or

1 (b) Additions or alterations to existing nonresidential structures; or
2 (c) Installation of new or used manufactured housing that did not pre-
3 viously exist within the county; or
4 (d) Change of land use classification; or
5 (e) Property newly taxable as a result of loss of the exemption provided
6 by section 63-602W(3) or (4), Idaho Code; or
7 (f) The construction of any improvement or installation of any equip-
8 ment used for or in conjunction with the generation of electricity and
9 the addition of any improvement or equipment intended to be so used, ex-
10 cept property that has a value allocated or apportioned pursuant to sec-
11 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-
12 ity, as those terms are defined in section 61-332A, Idaho Code, or that
13 is owned by a public utility, as that term is defined in section 61-332A,
14 Idaho Code, owning any other property that is allocated or apportioned.
15 No replacement equipment or improvements may be included; or
16 (g) Increases in value over the base value of property on the base as-
17 sessment roll within an urban renewal revenue allocation area that has
18 been terminated pursuant to section 50-2909(4), Idaho Code, to the ex-
19 tent that this increment exceeds the incremental value as of December
20 31, 2006, or, for revenue allocation areas formed after December 31,
21 2006, the entire increment value. Notwithstanding other provisions of
22 this section, the new construction roll shall not include new construc-
23 tion located within an urban renewal district's revenue allocation
24 area, except as provided in this subsection (3) (g); or
25 (h) New construction, in any one (1) of the immediate five (5) tax years
26 preceding the current tax year, allowable but never included on a new
27 construction roll, provided however, that, for such property, the value
28 on the new construction roll shall reflect the taxable value that would
29 have been included on the new construction roll for the first year in
30 which the property should have been included.
31 (i) Formerly exempt improvements on state college or state university
32 owned land for student dining, housing, or other education related pur-
33 poses approved by the state board of education and board of regents of
34 the university of Idaho as proper for the operation of such state col-
35 lege or university provided however, such improvements were never in-
36 cluded on any previous new construction roll.
37 (4) The amount of taxable market value of new construction shall be the
38 change in net taxable market value that is attributable directly to new con-
39 struction or a change in use of the land or loss of the exemption provided by
40 section 63-602W(3) or (4), Idaho Code. It shall not include any change in
41 value of existing property that is due to external market forces such as gen-
42 eral or localized inflation, except as provided in subsection (3) (g) of this
43 section.

44 SECTION 3. An emergency existing therefor, which emergency is hereby
45 declared to exist, this act shall be in full force and effect on and after its
46 passage and approval, and retroactively to January 1, 2012.