

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 564

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING SECTION 63-602G, IDAHO CODE, AS AMENDED IN SECTION 1 OF HOUSE BILL NO. 449, IF ENACTED BY THE SECOND REGULAR SESSION OF THE SIXTY-SEVENTH IDAHO LEGISLATURE, TO REVISE PROVISIONS REGARDING THE HOMESTEAD EXEMPTION; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. That Section 63-602G, Idaho Code, as amended in Section 1 of House Bill No. 449, if enacted by the Second Regular Session of the Sixty-seventh Legislature Idaho Legislature, be, and the same is hereby amended to read as follows:

63-602G. PROPERTY EXEMPT FROM TAXATION -- HOMESTEAD. (1) For each tax year, the first one hundred twenty-five thousand dollars (\$125,000) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, or fifty percent (50%) of the market value for assessment purposes of the homestead as that term is defined in section 63-701, Idaho Code, whichever is the lesser, shall be exempt from property taxation.

(2) The exemption allowed by this section may be granted only if:

(a) The homestead is owner-occupied and used as the primary dwelling place of the owner. The homestead may consist of part of a multidwelling 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 presence of an office in a homestead, which office is used for multiple purposes, including business and personal use, shall not prevent the owner from claiming the exemption provided in this section; and

(b) The state tax commission has certified to the board of county commissioners that all properties in the county subject to appraisal by the county assessor have, in fact, been appraised uniformly so as to secure a just valuation for all property within the county; and

(c) The owner has certified to the county assessor that:  
(i) He is making application for the exemption allowed by this section;  
(ii) The homestead is his primary dwelling place; and  
(iii) He has not made application in any other county for the exemption and has not made application for the exemption on any other homestead in the county.

(d) For the purpose of this section, the definition of "owner" shall be the same definition set forth in section 63-701(7), Idaho Code. When an owner, pursuant to the provisions of section 63-701(7), Idaho Code, is any person who is the beneficiary of a revocable or irrevocable trust,

1 or who is a partner of a limited partnership, a member of a limited lia-  
2 bility company, or a shareholder of a corporation, he or she may provide  
3 proof of the trust, limited partnership, limited liability company, or  
4 corporation in the manner set forth in section 63-703(4), Idaho Code.

5 (e) Any owner may request in writing the return of all copies of any  
6 documents submitted with the affidavit set forth in section 63-703(4),  
7 Idaho Code, that are held by a county assessor, and the copies shall  
8 be returned by the county assessor upon submission of the affidavit in  
9 proper form.

10 (f) For the purpose of this section, the definition of "primary  
11 dwelling place" shall be the same definition set forth in section  
12 63-701(8), Idaho Code.

13 (g) For the purpose of this section, the definition of "occupied" shall  
14 be the same definition set forth in section 63-701(6), Idaho Code.

15 (3) The county assessor of each county shall prescribe and make avail-  
16 able forms to be used by a homeowner to apply for the homestead exemption pro-  
17 vided in this section. The homeowner shall provide on such forms the home-  
18 owner's full name, date of birth, complete address, and most recent previ-  
19 ous complete address. The homeowner shall also provide, if applicable, such  
20 homeowner's state-issued driver's license number or state-issued identifi-  
21 cation card number.

22 (4) An owner need make application for the exemption described in sub-  
23 section (1) of this section only once, as long as all of the following condi-  
24 tions are met:

25 (a) The owner has received the exemption during the previous year as a  
26 result of making a valid application as set forth in subsection (2) (c)  
27 of this section.

28 (b) The owner or beneficiary, partner, member or shareholder, as appro-  
29 priate, still occupies the same homestead for which the owner made ap-  
30 plication.

31 (c) The homestead described in paragraph (b) of this subsection is  
32 owner-occupied or occupied by a beneficiary, partner, member or share-  
33 holder, as appropriate, and used as the primary dwelling place of the  
34 owner or beneficiary, partner, member or shareholder, as appropriate.

35 (5) (a) The exemption allowed by this section shall be effective upon  
36 the date of the application and must be taken before the reduction in  
37 taxes provided by sections 63-701 through 63-710, Idaho Code, is ap-  
38 plied.

39 (b) If the eligibility status of the property eligible for the exemp-  
40 tion changes during the tax year, the property taxes shall be prorated  
41 based on the property's eligibility status during the year. The levy  
42 rate shall be multiplied against the market value for assessment pur-  
43 poses of the property, and the resulting tax due shall be divided by  
44 three hundred sixty-five (365) days, or by three hundred sixty-six  
45 (366) days if the tax year is a leap year, for the daily tax amount  
46 and then multiplied by the number of days of the year such property  
47 is subject to a given exemption eligibility status. For an owner who  
48 qualifies for the homeowner exemption, the property taxes shall be cal-  
49 culated using the market value for assessment purposes, reduced by the  
50 exemption amount provided in subsection (1) of this section. The levy

1 rate shall be multiplied against such value and divided by the appropri-  
 2 ate number of days, either three hundred sixty-five (365) days or, if a  
 3 leap year, then three hundred sixty-six (366) days, and such resulting  
 4 number shall be multiplied by the number of days such person is eligible  
 5 for the exemption.

6 (c) If the status of the property changes during the year so that the  
 7 property is no longer eligible for the exemption, the additional tax-  
 8 able value of the property for the portion of the year for which the  
 9 homestead is not eligible for the exemption shall be assessed or the tax  
 10 recovered in one (1) of the following ways:

11 (i) If such change occurs after the fourth Monday of May and no  
 12 later than the fourth Monday of November of the tax year, the ad-  
 13 ditional value shall be assessed and entered on the subsequent  
 14 or missed property roll, pursuant to the provisions of section  
 15 63-301, Idaho Code, and collected through the second half of the  
 16 year's tax billing; or

17 (ii) If such change occurs after the fourth Monday of November of  
 18 the tax year, the tax on the additional value, as listed on the sub-  
 19 sequent or missed property roll, may be calculated and billed as  
 20 provided in section 63-810(1)(b), Idaho Code, for the recovery of  
 21 the property tax exemption pursuant to this subsection.

22 (6) Recovery of property tax exemptions allowed by this section but im-  
 23 properly claimed or approved:

24 (a) (i) Prior to granting an exemption, the county assessor shall  
 25 investigate whether an applicant for the exemption has claimed the  
 26 exemption for another homestead and shall not grant the exemption  
 27 where it appears the exemption has been improperly claimed. The  
 28 applicant shall be notified of the county assessor's refusal to  
 29 grant the exemption.

30 (ii) Upon discovery of evidence, facts or circumstances indicat-  
 31 ing any exemption allowed by this section was improperly claimed  
 32 or approved, the county assessor shall decide whether the exemp-  
 33 tion claimed should have been allowed and, if not, notify the tax-  
 34 payer in writing, assess a recovery of property tax and notify the  
 35 county treasurer of this assessment. If the county assessor de-  
 36 termined that an exemption was improperly approved as a result of  
 37 county error, the county assessor shall present the discovered ev-  
 38 idence, facts or circumstances from the improperly approved ex-  
 39 emption to the board of county commissioners, at which time the  
 40 board may waive a recovery of the property tax and notify such tax-  
 41 payer in writing.

42 (iii) Upon the first instance of a taxpayer being discovered to  
 43 have claimed more than one (1) homestead exemption, the taxpayer  
 44 shall be subject to a penalty, payable to the county treasurer, in  
 45 an amount equal to the amount of property tax recovered pursuant  
 46 to subparagraph (ii) of this paragraph, which shall be paid in ad-  
 47 dition to such recovery amount. The taxpayer shall be notified of  
 48 the assessment of such penalty at the same time as the notice of the  
 49 assessor's refusal to grant the exemption in subparagraph (i) of  
 50 this paragraph.

1 (iv) Any subsequent violation within seven (7) years of an in-  
2 stance pursuant to subparagraph (iii) of this paragraph shall be a  
3 misdemeanor, subject to the penalties provided in section 18-113,  
4 Idaho Code. The county assessor shall notify the county prosecut-  
5 ing attorney of any conduct that would constitute a misdemeanor  
6 pursuant to this subparagraph.

7 (v) Nothing in this paragraph shall prohibit a taxpayer from  
8 claiming a homestead exemption after January 1 for a property that  
9 is not already subject to the homestead exemption, provided any  
10 claim for an exemption is consistent with the requirements of sub-  
11 section (2) (c) (iii) of this section.

12 (b) Upon request by a county assessor conducting an investigation under  
13 paragraph (a) of this subsection, or when information indicating that  
14 an improper claim for the exemption allowed by this section is discov-  
15 ered by the state tax commission, the state tax commission shall dis-  
16 close relevant information to the appropriate county assessor, board  
17 of county commissioners, county clerk, and county treasurer and to the  
18 secretary of state. Information disclosed to county officials and the  
19 secretary of state by the state tax commission under this subsection:

20 (i) May be used to decide the validity of any entitlement to the  
21 exemption provided in this section;

22 (ii) Shall, as necessary, be used to determine a person's resi-  
23 dence for voting purposes under title 34, Idaho Code; and

24 (iii) Is not otherwise subject to public disclosure pursuant to  
25 chapter 1, title 74, Idaho Code.

26 (c) The assessment and collection of the recovery of property tax must  
27 begin within the seven (7) year period beginning the date the assessment  
28 notice reflecting the improperly claimed or approved exemption was re-  
29 quired to be mailed to the taxpayer.

30 (d) (i) An applicant for an exemption under this section may appeal  
31 to the county board of equalization the county assessor's refusal  
32 to grant an exemption pursuant to paragraph (a) of this subsection  
33 within thirty (30) days of the date the county assessor sent notice  
34 of the refusal.

35 (ii) The taxpayer may appeal to the county board of equalization  
36 the decision by the county assessor to assess the recovery of prop-  
37 erty tax within thirty (30) days of the date the county assessor  
38 sent the notice to the taxpayer pursuant to this section. The  
39 board may waive the collection of all or part of any costs, late  
40 charges, and interest in order to facilitate the collection of the  
41 recovery of the property tax.

42 (iii) The taxpayer may appeal the imposition of the penalty pro-  
43 vided in paragraph (a) (iii) of this subsection within thirty (30)  
44 days of the date the county assessor sent the notice to the tax-  
45 payer pursuant to this section.

46 (e) For purposes of calculating the tax, the amount of the recovered  
47 property tax shall be for each year the exemption allowed by this sec-  
48 tion was improperly claimed or approved, up to a maximum of seven (7)  
49 years. The amount of the recovery of property tax shall be calculated  
50 using the product of the amount of exempted value for each year multi-

1 plied by the levy for that year plus costs, late charges, and interest  
2 for each year at the rates equal to those provided for delinquent prop-  
3 erty taxes during that year.

4 (f) Any recovery of property tax shall be due and payable no later than  
5 the date provided for property taxes in section 63-903, Idaho Code, and  
6 if not timely paid, late charges and interest, beginning the first day  
7 of January in the year following the year the county assessor sent the  
8 notice to the taxpayer pursuant to this section, shall be calculated at  
9 the current rate provided for property taxes.

10 (g) Recovered property taxes shall be billed, collected and dis-  
11 tributed in the same manner as property taxes, except each taxing dis-  
12 trict or unit shall be notified of the amount of any recovered property  
13 taxes included in any distribution.

14 (h) Thirty (30) days after the taxpayer is notified, as provided in  
15 paragraph (a) of this subsection, the assessor shall record a notice  
16 of intent to attach a lien. Upon the payment in full of such recov-  
17 ered property taxes prior to the attachment of the lien as provided in  
18 paragraph (i) of this subsection, or upon the successful appeal by the  
19 taxpayer, the county assessor shall record a rescission of the intent to  
20 attach a lien within seven (7) business days of receiving such payment  
21 or within seven (7) business days of the county board of equalization  
22 decision granting the appeal. If the real property is sold to a bona  
23 fide purchaser for value prior to the recording of the notice of the in-  
24 tent to attach a lien, the county assessor and treasurer shall cease the  
25 recovery of such unpaid recovered property tax.

26 (i) Any unpaid recovered property taxes shall become a lien on the real  
27 property in the same manner as provided for property taxes in section  
28 63-206, Idaho Code, except such lien shall attach as of the first day of  
29 January in the year following the year the county assessor sent the no-  
30 tice to the taxpayer pursuant to this section.

31 (j) For purposes of the limitation provided by section 63-802, Idaho  
32 Code, moneys received pursuant to this subsection as recovery of prop-  
33 erty tax shall be treated as property tax revenue.

34 (7) The legislature declares that this exemption is necessary and just.

35 (8) A homestead that previously qualified for exemption under this sec-  
36 tion in the preceding year shall not lose such qualification due to: the  
37 owner's, beneficiary's, partner's, member's or shareholder's absence in the  
38 current year by reason of active military service or because the homestead  
39 has been leased because the owner, beneficiary, partner, member or share-  
40 holder is absent in the current year by reason of active military service.  
41 An owner subject to the provisions of this subsection must apply for the ex-  
42 emption with the county assessor every year on or before a deadline date as  
43 specified by the county assessor for the county in which the homestead is  
44 claimed. If an owner fails to apply on or before the established deadline,  
45 the county may, at its discretion, discontinue the exemption for that year.

46 (9) A homestead that previously qualified for exemption under this  
47 section in the preceding year shall not lose such qualification due to the  
48 owner's, beneficiary's, partner's, member's or shareholder's death during  
49 the year of the owner's, beneficiary's, partner's, member's or share-  
50 holder's death and the tax year immediately following such death, provided

1 that the homestead continues to be a part of the owner's, beneficiary's,  
2 partner's, member's or shareholder's estate. After such time, the new owner  
3 shall reapply to receive the exemption pursuant to this section and shall  
4 meet the qualification criteria contained in this section.

5 (10) The amount by which each exemption approved under this section ex-  
6 ceeds one hundred thousand dollars (\$100,000) may, in the discretion of the  
7 governing board of a taxing district, be deducted from the new construction  
8 roll for the following year prepared by the county assessor in accordance  
9 with section 63-301A, Idaho Code, but only to the extent that the amount ex-  
10 ceeds the same deduction made in the previous year.

11 (11) By July 1, 2023, the state tax commission shall establish a data-  
12 base of all active exemptions claimed under this section, which database  
13 shall be searchable by a person's name and by the address of the homestead  
14 for which the exemption is claimed. The database shall be made accessible  
15 to officials listed in subsection (6) (b) of this section for the purpose of  
16 verifying that:

17 (a) Multiple active exemptions have not been claimed by the same per-  
18 son; and

19 (b) A person's residence for voting purposes is the same as the home-  
20 stead for which such person has an active exemption pursuant to this  
21 section, if an exemption is so claimed.

22 (12) Information in a homeowner exemption application and any change  
23 in status of a property formerly or newly receiving the homeowner exemption  
24 shall be included by the county assessor on the property roll or subsequent  
25 property roll required pursuant to section 63-510, Idaho Code.

26 SECTION 2. An emergency existing therefor, which emergency is hereby  
27 declared to exist, this act shall be in full force and effect on and after  
28 July 1, 2024.