

IN THE SENATE

SENATE BILL NO. 1180

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX EXEMPTIONS; AMENDING SECTION 63-602W, IDAHO CODE,
2 TO REVISE EXEMPTION CRITERIA, AMOUNT AND DURATION FOR THE PROPERTY TAX
3 EXEMPTION FOR BUSINESS INVENTORY EXEMPT FROM TAXATION AND BUSINESS
4 INVENTORY THAT IS A COMPONENT OF REAL PROPERTY THAT IS A SINGLE FAMILY
5 DWELLING; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICA-
6 TION.
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 that 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, or a
26 maximum of two (2) years' worth of this business exemptions have been taken,
27 they shall be subject to the tax provided by section 63-317, Idaho Code. The
28 provisions of section 63-602Y, Idaho Code, shall not apply to the exemption
29 provided by this subsection. The exemption provided by this subsection ap-
30 plies only to improvements to real property, and only until first occupied or
31 a maximum of two (2) years' worth of exemptions have been taken. For purposes
32 of this section, the term "residential improvements" means only:

33 (a) Single family residences; or

34 (b) Residential townhouses; or

35 (c) Residential condominium units.

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

41 (4) Site improvements that are associated with land, such as roads and
42 utilities, on real property held by the land developer, either as owner or

1 vendee in possession under a land sale contract, for sale or consumption in
2 the ordinary course of the land developer's business until other improve-
3 ments, such as buildings or structural components of buildings, are begun or
4 the real property is conveyed to a third party. For purposes of this sub-
5 section, a transfer of title to real property to a legal entity of which at
6 least fifty percent (50%) is owned by the land developer, the land devel-
7 oper's original entity or the same principals who owned the land developer's
8 original entity shall not be considered a conveyance to a third party. For
9 purposes of this subsection, the amount of the exemption shall be the dif-
10 ference between the market value of the land with site improvements and the
11 market value of the land without site improvements as shall be determined by
12 a comparative market analysis of a similarly situated parcel or parcels of
13 real property that have not been improved with such site improvements con-
14 templated by this subsection. In the case the market value of land with-
15 out site improvements cannot be reasonably assessed because of the absence
16 of comparable sales, an exemption value of ~~seventy-five~~ thirty-five percent
17 (~~75~~35%) of the market value of land with site improvements shall be granted to
18 that parcel. An application is required for the exemption provided in this
19 subsection in the first year the exemption is claimed; in subsequent consec-
20 utive years no new application is required but the exemption shall be limited
21 to a maximum of two (2) years' worth of exemptions. The application must be
22 made to the board of county commissioners by April 15 and the taxpayer and
23 county assessor must be notified of any decision and assessment of property
24 by May 15. The decision or assessment of property, or both, of the board of
25 county commissioners may be appealed to the county board of equalization no
26 later than the fourth Monday in June. The applicant shall notify the board of
27 county commissioners in writing of any change in eligibility for the parcel
28 by April 15.

29 SECTION 2. An emergency existing therefor, which emergency is hereby
30 declared to exist, this act shall be in full force and effect on and after its
31 passage and approval, and retroactively to January 1, 2017.