

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 379

BY GANNON AND TANNER

AN ACT

RELATING TO REAL PROPERTY ASSESSMENTS; AMENDING SECTION 63-208, IDAHO CODE,
TO REVISE PROVISIONS REGARDING REAL PROPERTY ASSESSMENTS; AMENDING
SECTION 63-301A, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE NEW
CONSTRUCTION ROLL; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. That Section 63-208, Idaho Code, be, and the same is hereby
amended to read as follows:

63-208. RULES PERTAINING TO MARKET VALUE -- DUTY OF ASSESSORS. (1) It
shall be the duty of the state tax commission to prepare and distribute to
each county assessor and the county commissioners within the state of Idaho,
rules prescribing and directing the manner in which market value for assess-
ment purposes is to be determined for the purpose of taxation. The rules pro-
mulgated by the state tax commission shall require each assessor to find mar-
ket value for assessment purposes of all property, except that expressly ex-
empt under chapter 6, title 63, Idaho Code, within his county according to
recognized appraisal methods and techniques as set forth by the state tax
commission; provided, that the actual and functional use shall be a major
consideration when determining market value for assessment purposes.

(2) To maximize uniformity and equity in assessment of different cat-
egories of property, such rules shall, to the extent practical, require the
use of reproduction or replacement cost less depreciation as opposed to his-
toric cost less depreciation whenever cost is considered as a single or one
(1) of several factors in establishing the market value of depreciable prop-
erty. The state tax commission shall also prepare and distribute amendments
and changes to the rules as shall be necessary in order to carry out the in-
tent and purposes of this title. The rules shall be in the form as the commis-
sion shall direct, and shall be made available upon request to other public
officers and the general public in reasonable quantities without charge. In
ascertaining the market value for assessment purposes of any item of prop-
erty, the assessor of each county shall, and is required to, abide by, adhere
to and conform with rules promulgated by the state tax commission.

(3) (a) After determining the current market value for assessment
purposes of a parcel of residential, commercial, agricultural, or in-
dustrial real property, the county assessor shall determine the five
(5) year rolling average value of the property. For the purpose of this
subsection, the value shall be the combined value of the land and any
improvements. Except as provided in paragraph (b) of this subsection,
the current market value for assessment purposes or the rolling average
calculated under this paragraph, whichever is less, shall be considered
the market value for assessment purposes for the property and shall be
entered on the property roll. If the rolling average is used, any dif-

ference between it and the current market value for assessment purposes shall be considered an exemption.

(b) In the event the property has changed ownership, the current market value for assessment purposes of the property shall be used for the first year of such a change in ownership and the rolling average shall be reset without regard for assessments made before the change in property ownership. In the event the property has changed in use or category or the property boundaries have changed during the previous five (5) years, the rolling average shall be calculated for as much of the five (5) years' assessed value that is available for the property under the same conditions and uses. A property that has changed in use or category or property boundaries shall be assessed at its current market value for assessment purposes for the first year of such a change and the rolling average shall be reset without regard for assessments made before the change in the property. A property that has been remodeled such that its usable square footage has increased by ten percent (10%) or more shall be newly assessed at its current market value for assessment purposes as provided in this paragraph as if a change in use had occurred.

(c) The provisions of this subsection do not apply to the assessment or taxation of forest lands pursuant to chapter 17, title 63, Idaho Code, or to the assessment and taxation of mines.

(d) The state tax commission shall promptly promulgate rules for the administration of this subsection.

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

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

(a) The name of the taxpayer;

(b) The description of the new construction, suitably detailed to meet the requirements of the individual county;

(c) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction;

(d) The amount of taxable market value added as provided in subsection (3) (f) of this section as a result of dissolution of any revenue allocation area; and

(e) The amount of taxable market value to be deducted to reflect the adjustments required in this paragraph:

(i) Any board of tax appeals or court-ordered value change, if property has a taxable value lower than that shown on any new construction roll in any one (1) of the immediate five (5) tax years preceding the current tax year;

(ii) Any reduction in value resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;

(iii) Any reduction in value resulting from the exemption provided in section 63-602W(4), Idaho Code, in any one (1) of the immediate five (5) tax years preceding the current tax year; and

(iv) Any voluntary reduction in value reflecting a portion of certain homestead exemptions as provided in section 63-602G(9), Idaho Code.

(2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit be forwarded to the state tax commission on or before the fourth Monday in July. Provided however, the value shown in subsection (3) (e) of this section shall be reported to the appropriate county auditor by the state tax commission by the third Monday in July and the value sent by the county auditor to each taxing district. The value established pursuant to subsection (3) (e) of this section is subject to correction by the state tax commission until the first Monday in September and any such corrections shall be sent to the appropriate county auditor, who shall notify any affected taxing districts.

(3) Except as otherwise provided in this subsection, the value shown on the new construction roll shall include ninety percent (90%) of the taxable market value increase from:

(a) Construction of any new structure that previously did not exist, once it is completed and taxable;

(b) Additions or alterations to existing nonresidential structures;

(c) Installation of new or used manufactured housing that did not previously exist within the county;

(d) Property newly taxable as a result of loss of the exemption provided by section 63-602W(3) or (4), Idaho Code;

(e) The construction of any improvement or installation of any equipment used for or in conjunction with the generation of electricity and the addition of any improvement or equipment intended to be so used, except property that has a value allocated or apportioned pursuant to section 63-405, Idaho Code, or that is owned by a cooperative or municipality as those terms are defined in section 61-332A, Idaho Code, or that is owned by a public utility as that term is defined in section 61-332A, Idaho Code, owning any other property that is allocated or apportioned. No replacement equipment or improvements may be included;

(f) Provided such increases do not include increases already reported on the new construction roll as permitted in paragraphs (i) and (j) of this subsection, increases in value over the base value of property on the base assessment roll within an urban renewal revenue allocation area that has been terminated pursuant to section 50-2909(4), Idaho Code, to the extent that this increment exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, eighty percent (80%) of the increment value. Notwithstanding other provisions of this section, the new construction roll shall not include new construction located within an urban renewal district's revenue allocation area, except as provided in this paragraph;

(g) New construction, in any one (1) of the immediate five (5) tax years preceding the current tax year, allowable but never included on a new

1 construction roll, provided however, that, for such property, the value
 2 on the new construction roll shall reflect the taxable value that would
 3 have been included on the new construction roll for the first year in
 4 which the property should have been included;

5 (h) Formerly exempt improvements on state college-owned or state uni-
 6 versity-owned land for student dining, housing, or other education-re-
 7 lated purposes approved by the state board of education and board of
 8 regents of the university of Idaho as proper for the operation of such
 9 state college or university, provided such improvements were never in-
 10 cluded on any previous new construction roll;

11 (i) Increases in base value when due to previously determined incre-
 12 ment value added to the base value as required in sections 50-2903 and
 13 50-2903A, Idaho Code, due to a modification of the urban renewal plan.
 14 In this case, the amount added to the new construction roll will equal
 15 eighty percent (80%) of the amount by which the increment value in the
 16 year immediately preceding the year in which the base value adjustment
 17 described in this subsection occurs exceeds the incremental value as of
 18 December 31, 2006, or, for revenue allocation areas formed after Decem-
 19 ber 31, 2006, the entire increment value; and

20 (j) Increases in base value when due to previously determined incre-
 21 ment value added to the base value as a result of a de-annexation within
 22 a revenue allocation area as defined in section 50-2903, Idaho Code.
 23 In this case, the amount added to the new construction roll will equal
 24 eighty percent (80%) of the amount by which the increment value in the
 25 year immediately preceding the year in which the de-annexation de-
 26 scribed in this subsection occurs exceeds the incremental value as of
 27 December 31, 2006, or, for revenue allocation areas formed after Decem-
 28 ber 31, 2006, the entire increment value within the area subject to the
 29 de-annexation.

30 (4) The amount of taxable market value of new construction shall be the
 31 change in net taxable market value that is attributable directly to the new
 32 construction or loss of the exemption provided by section 63-602W(3) or (4),
 33 Idaho Code. It shall not include any change in value of existing property
 34 that is due to external market forces such as general or localized infla-
 35 tion, except as provided in subsection (3) (f) of this section. It shall not
 36 include any change in value of existing residential property that is due to
 37 renovation or remodeling of the residential property.

38 (5) The amount of taxable market value of new construction shall not in-
 39 clude any new construction of property that has been granted a provisional
 40 property tax exemption, pursuant to section 63-1305C, Idaho Code. A prop-
 41 erty owner may apply to the board of county commissioners, if an application
 42 is required pursuant to section 63-602, Idaho Code, for an exemption from
 43 property tax at the time the initial building permits are applied for or at
 44 the time construction of the property has begun, whichever is earlier, or at
 45 any time thereafter.

46 (6) The amount of taxable market value of new construction shall not in-
 47 clude any new construction of property for which an exemption from sales and
 48 use tax has been granted pursuant to section 63-3622VV, Idaho Code.

49 SECTION 3. This act shall be in full force and effect on and after Jan-
 50 uary 1, 2024.