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Idaho State Legislature

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MEMORANDUM

TO: Rules Review Subcommittee of the Senate Local Government & Taxation Committee and the House Revenue & Taxation Committee

FROM: Division Manager - Mike Nugent

DATE: September 03, 2015

SUBJECT: State Tax Commission Property Tax Rules

IDAPA 35.01.03 - Property Tax - Proposed Rule (Docket No. 35-0103-1504)

IDAPA 35.01.03 - Property Tax - Proposed Rule (Docket No. 35-0103-1505)

The Idaho State Tax Commission is proposing to promulgate two Dockets relating to its property tax rules. The first Docket No. 35-0103-1504 proposes to amend Rules 315 and 626 relating to the use of the ratio study to equalize the Boise School District - property exempt from taxation - certain personal property. The proposed rule change in Rule 315 provides that at termination of a revenue allocation area, the Boise School District needs instructions on how to handle the increment value. The increment value of a terminating revenue allocation area will be included in the taxable value and if a ratio study indicates that an adjustment should be made, the adjustment will be applied to the actual value including the increment value.

Proposed Rule 626 provides guidance to taxpayers and both Idaho State Tax Commission appraisers and county assessors on the implementation of HB29 of 2015. This rule directs the reporting and apportionment procedures of Section 63-602KK(2), Idaho Code, personal property exemption for operating properties as provided for in new law (HB29). A cross reference is provided to explain that "taxpayer" is the claimant of the exemption and that Section 63-201, Idaho Code, defines a "person." This rule is proposed to be changed so that the operator's statement reports only the personal property items located in Idaho and the tax code area need not be reported. Operating properties that operate in multiple counties are entitled to an exemption equal to the lesser of the amount 1) computed by multiplying the number of counties that the operating property operates in times \$100,000, or 2) the value of personal property reported by the company. The private rail car company size, which is measured by the company's taxable value, determines the apportionment of value and allocation of the tax collected from rail car companies, is determined after deducting the exemption from the Idaho value prior to apportionment. This rule provides that operating property apportionment occurs after subtracting the exemption from the Idaho value. The rule provides notice to operating property companies when their locally assessed property is granted the exemption.

Docket No. 35-0103-1505 proposes to amend five property tax rules. Property Tax Rule 006 is proposed to be amended to update the dates of guides and standards referenced in various property tax rules. This proposed rule adopts current editions of manuals used to determine the value of recreational and certain other vehicles and railcars. The amendment also confirms the link to all referenced standards on the IAAO website. Property Tax Rule 627 is proposed to be amended to conform with House Bill 29 (2015) which changed the

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word “taxpayer” to the word “person.” Property Tax Rule 632 is proposed to be amended to conform with Section 63-60200, Idaho Code, (Oil or Gas Related Wells Exemption) by deleting the requirement to apply for the exemption. Property Tax Rule 645 is proposed to be amended to change the application due date from March 15 to April 15 thereby making the rule conform to subsection (3)(b) of Section 63-602, Idaho Code. Finally, Property Tax Rule 802 is proposed to be amended to add a new provision requiring qualifying new construction which is valued by the Idaho State Tax Commission to be reported to the county assessor by October 1 and be listed on the immediate next new construction roll.

It appears that the proposed rules contained in both dockets have been promulgated within the scope of statutory authority granted to the Idaho State Tax Commission.

cc: State Tax Commission
Sherry Briscoe