

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 345

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO THE TAXATION OF FOREST LANDS; AMENDING SECTION 63-1703, IDAHO CODE, TO ESTABLISH AN APPEALS PROCESS IF A COUNTY ASSESSOR DETERMINES THAT A PROPERTY NO LONGER MEETS THE DEFINITION OF "FOREST LAND" AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY.

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

SECTION 1. That Section 63-1703, Idaho Code, be, and the same is hereby amended to read as follows:

63-1703. CERTAIN FOREST LANDS TO BE DESIGNATED FOR TAXATION BY OWNER -- LIMITATIONS. For the purposes of appraisal, assessment and taxation under the provisions of this chapter, all forest lands in parcels of five (5) or more acres but less than five thousand (5,000), whether contiguous or not, as long as such parcels are held in common ownership, must be designated by the forest landowner to be subject to the provisions of either subsection (a) or (b) of this section. A forest landowner cannot have parcels designated under the provisions of both subsections (a) and (b) of this section at one (1) time. If the forest landowner fails to make a designation, his forest lands shall be subject to appraisal, assessment and taxation under the provisions of section 63-1702, Idaho Code. Once a designation is made by the forest landowner, such designation must remain in effect until the designation period expires, unless the forest lands are transferred to another owner using a different taxing category; in such case, the taxing category of the transferred forest lands shall be the same as that maintained by the new owner.

A forest landowner may change the designation of all forest lands in common ownership at the end of any designation period, subject to the recapture of any deferred taxes due as a result of such change. After January 1 and by December 31 of the tenth year of each designation period, the forest landowner must notify the county assessor of any change in forest land designation. Failure to notify the county assessor will result in the continuation of the landowner's present designation until the end of the next designation period.

Any substantial change in the use of forest lands not conforming with the definition of "forest land" in section 63-1701, Idaho Code, during such ten (10) year period under the designations made in subsection (a) or (b) of this section shall be reported by the landowner to the county assessor within thirty (30) days of the change in use. Upon notification of the change in use or a determination by the assessor that the land no longer meets the definition of "forest land" in section 63-1701, Idaho Code, the assessor shall appraise, assess and tax those acres as provided by applicable laws and rules. Failure to notify the assessor of the change in use when forest lands have been designated as subject to the provisions of subsection (a) or (b) of this section shall cause forfeiture of such designation, and cause that property

1 to be appraised, assessed and taxed as provided in section 63-1702, Idaho
 2 Code. If there are deferred taxes subject to recapture as a result of loss
 3 of forest land designation, the assessor shall take no action to supply de-
 4 ferred tax amounts to the county treasurer before the taxpayer has been no-
 5 tified and provided an opportunity to appeal the decision of the assessor to
 6 the county board of equalization. Said appeal shall be considered timely if
 7 filed with the county clerk within thirty (30) days of receipt of the notifi-
 8 cation of the decision of the assessor. Upon the filing of a timely appeal,
 9 the taxpayer shall be given at least ten (10) days' notice of the date and lo-
 10 cation of the next meeting of the county board of equalization at which the
 11 appeal shall be considered. Once the appeal is considered, the county board
 12 of equalization shall notify the appellant of the decision, which is further
 13 appealable pursuant to section 63-511, Idaho Code.

14 Forest lands designated for assessment pursuant to the provisions of
 15 section 63-1706, Idaho Code, shall be subject to the recapture of deferred
 16 taxes upon removal of such designation, a substantial change in use, or
 17 ownership transfer, except that there shall be no recapture initiated upon
 18 ownership transfer of forest lands designated as subject to the provisions
 19 of section 63-1706, Idaho Code, to a landowner with forest lands already des-
 20 ignated as subject to the provisions of section 63-1706, Idaho Code, prior to
 21 the transfer, or who so designates his lands to be subject to the provisions
 22 of section 63-1706, Idaho Code. In the event payment is offered or made, it
 23 shall be accepted by the county treasurer and applied in the manner of pay-
 24 ment of other property tax.

25 The dollar amount of deferred taxes subject to recapture shall be deter-
 26 mined by the county assessor by applying current tax levies against the cur-
 27 rent values that would have been in effect if the lands were subject to ap-
 28 praisal and assessment during the current year under the provisions of sec-
 29 tion 63-1705, Idaho Code, if there has been a change in ownership or a re-
 30 moval of designation, or section 63-1702, Idaho Code, if there has been a
 31 change in use with no change in ownership, which amount shall be multiplied
 32 by the number of years that the lands have been subject to the designation un-
 33 der section 63-1706, Idaho Code. The amount of the deferred tax shall accrue
 34 through designation periods, up to a maximum of ten (10) years, and shall ap-
 35 ply to the most recent ten (10) years in which the parcel has been designated
 36 under the provisions of section 63-1706, Idaho Code. A credit shall be al-
 37 lowed for taxes actually paid under the provisions of section 63-1706, Idaho
 38 Code, for an identical ten (10) year period, up to the total amount of the
 39 deferred taxes. All deferred amounts shall be a lien against the land. De-
 40 ferred tax amounts shall be calculated by the county assessor on forms pre-
 41 scribed by the state tax commission. Deferred tax amounts shall be supplied
 42 by the county assessor to the county treasurer by May 15 of the year follow-
 43 ing conveyance or within thirty (30) days of the lapsing or conclusion of the
 44 appeals procedure provided in this section with regard to the removal of the
 45 forest land designation, or of learning of a change in use. All deferred tax
 46 amounts shall be due and payable to the county treasurer on demand and shall
 47 become delinquent if not paid by the demand due date specified by the county
 48 treasurer on the forms prescribed by the state tax commission. If the de-
 49 ferred tax is not paid as provided ~~above~~ in this section, the payment becomes
 50 delinquent and subject to late charges, and interest in the amounts provided

1 in sections 63-201(12) and 63-1001, Idaho Code, and subject to collection in
2 the manner as set forth in chapter 10, title 63, Idaho Code. Estimated de-
3 ferred tax amounts may be held by the county treasurer in a tax anticipation
4 account from the date of conveyance until June 1 of the year following con-
5 veyance.

6 The county treasurer shall cause the deferred taxes and any penalty and
7 interest paid pursuant to the provisions of this section to be apportioned to
8 the various taxing authorities within which the property subject to the tax
9 is located in the same manner as property taxes.

10 (a) A forest landowner may choose to have his forest land assessed, ap-
11 praised and taxed under the provisions of section 63-1705, Idaho Code, by
12 filing such choice with the county assessor on a form prescribed by the state
13 tax commission. Designation filed pursuant to section 63-1705, Idaho Code,
14 shall become effective the first day of January following the year of desig-
15 nation.

16 (b) A forest landowner may choose to have his forest land assessed, ap-
17 praised and taxed under the provisions of section 63-1706, Idaho Code, by
18 filing such choice with the county assessor on a form prescribed by the state
19 tax commission. Designation filed pursuant to section 63-1706, Idaho Code,
20 shall become effective the first day of January following the year of desig-
21 nation.

22 (c) All forest products or timber harvested from investment lands
23 not designated as subject to the provisions of section 63-1702, 63-1705
24 or 63-1706, Idaho Code, and delivered to a point of utilization as logs or
25 semiprocessed forest products, except those forest products harvested for
26 the domestic use of the landowner under the provisions of section 63-1708,
27 Idaho Code, shall be subject to the yield tax at the time of harvest in the
28 same manner provided for in section 63-1706, Idaho Code.

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.