Idaho Statute 63-602W, also known as the Site Improvement Exemption, was signed into law in 2012. The intent of this exemption is to provide tax relief to land developers that have incurred the expense of making site improvements associated with land development such as building roads and bringing in utilities and other infrastructure and have an inventory of buildable lots that may be slow to sell.

Who Qualifies?

A developer, who owns land that they have developed, or caused to be developed, may qualify for this exemption on parcels that have not been built upon. Investors, banks or any other subsequent owners that have purchased or repossessed developed land with infrastructure already in place do not qualify for this exemption.

How it Works

An application must be submitted to the Assessor by April 15th for every qualifying development, itemizing the parcels in the subdivision for which the exemption is being requested.

Developer must provide sufficient proof that the title to the real property remains in a legal entity of which at least fifty percent (50%) is owned by the land developer, the land developer's original entity or the same principals who owned the land developer's original entity. The assessor will also do a site inspection to ensure that improvements, such as buildings or structural components of buildings, have not been built or begun to be built.

Once all documentation has been provided by the applicant and researched by the Assessor, the Commissioners will consider granting the exemption. The taxpayer and county assessor must be notified of any decision and assessment of property by May 15.

Parcels that receive the exemption enjoy a reduced taxable value. The amount of the exemption is the difference between the market value of the land with site improvements and the market value of the land without site improvements. In the event that the market value of land without site improvements cannot be reasonably appraised because of a lack of comparable sales, an exemption value of 75% of the market value of land with site improvements (as of January 1st) shall be granted to that parcel.

The exemption decision or the assessment valuation, or both, may be appealed to the Ada County Board of Equalization (B.O.E)

How and When the Exemption is Lost/Removed

There are two events that would change the status of a parcel eligible for this exemption.

- When other improvements, such as buildings or structural components of buildings, are begun
- The real property is conveyed to a third party (a transfer of title to real property to a legal entity of which at least fifty percent (50%) is owned by the land developer, the land developer's original entity or the same principals who owned the land developer's original entity shall not be considered a conveyance to a third party.)

When an exemption is removed the taxes are pro-rated quarterly per Idaho Code 63-602Y. This assessment is in addition to the land value assessed on the Property Roll. If the eligibility of a parcel changes before the first day of April (1/1 thru 3/31), the exemption will be removed and the full market value (100%) will be assessed. If the eligibility changes on the first day of April and before the first day of July (4/1 thru 6/30), then 75% of the exempted amount will be placed back on the Missed Property tax roll at the end of the year. If the eligibility changes on the first day of July and before the first day of October (7/1 thru 9/30), then 50% of the exempted amount will be placed back on the Missed Property tax roll. If the status changed on or after the first day of October (10/1 thru 12/31), then 25% of the exempted amount will be placed back on the Missed Property tax roll.

How this Exemption Affects Buyers

When buying a newly built home in a subdivision that has the site improvement exemption a buyer could end up with three different tax bills in the months to follow.

- A bill from the **Property Roll** for the land valued without site improvements. This bill is typically estimated at closing and the seller credits the buyer the estimated amount of taxes for the portion of the year they owned the land. Then the buyer is responsible for the full bill when it actually comes due. Since this bill is calculated on an exempted value it will be much lower than a bill on similar land without the site improvement exemption. This bill is sent by the Treasurer at the end of the year and is due December 20th.
- A bill for the **Occupancy Tax** on a newly constructed home. This bill is just for the new buildings (not the land) and is prorated for the number of days the home was occupied.
- A bill from the **Missed Property Roll**. This bill is the difference between the exempted land value and the full value of the land. This is an additional bill generated because the prior owner had the Site Improvement exemption. Land that does not have the Site Improvement Exemption would not incur this bill because the full value of the land was taxed all at once on the Property Roll. This bill is sent by the Treasurer shortly after the first of the year.

EXAMPLE CALCULATIONS

Market Value of Land (Full Assessed Value)	$100,000
Site Improvement Exemption (75% in most cases)	-75,000
Taxable Value on Property Roll	25,000

Change of Status (Conveyance to third party or buildings/structures started)

January 1 – March 31	**Exemption removed, full $100,000 assessed on Property Roll**
April 1 – June 30	**75% of exemption placed on Missed Roll ($75,000 X 75% = $56,250)**
July 1 – September 30	**50% of exemption placed on Missed Roll ($75,000 X 50% = $37,500)**
October 1 – December 31	**25% of exemption placed on Missed Roll ($75,000 X 25% = $18,750)**