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2020 Idaho REALTORS® Legislative Session Review – West District

The Second Regular Session of the 65th Idaho Legislature adjourned “Sine Die” on March 20th, 2020. The Idaho Legislative Session began this year with a prolonged administrative rules review process due to the action in 2019 where the Idaho Legislature decided not to extend the administrative rules. Although the Legislature didn’t extend the rules again this year, the Governor and the Division of Financial Management prepped state agencies for this possibility in January so agencies submitted temporary rules that went into effect when the Idaho Legislature adjourned. However, we can expect another prolonged rules process at the beginning of the 2021 Idaho Legislative Session.

Fiscal responsibility continues to be a key element of the Little Administration and the state’s budget – with Governor Little and the Idaho Legislature setting an increase of just 3.75% spending growth for Fiscal Year 2021. In addition, Governor Little and the Idaho Legislature reduced all state agency budgets, except for Education, by 1% for Fiscal Year 2021. State agencies have been told that budget requests for FY2022 shall be reduced by 2%.

PROPERTY TAXES:

Property taxes were the hottest issue going into the 2020 Idaho Legislative Session and continued to hold much of the discussion throughout. Idaho’s population growth mixed with limited housing supply in several parts of the Gem State have resulted in skyrocketing property appraisals and taxes on many Idaho residents. Although the hottest topic of the Idaho Legislative Session, no comprehensive property tax solution was agreed upon. However, Idaho REALTORS® were able to pass a bill that addresses a decades-long problem with how Idaho’s Homeowner’s Exemption is administered, so that it works better and serves the taxpayer, not the county. H.562 which removes the April 15 filing deadline for the homeowner’s exemption was signed into law by Governor Little on March 24, 2020 and will take effect on January 1, 2021. This means if any of your clients purchase a home (a rental or a property that doesn’t have the homeowner’s exemption currently) after April 15, they will be able to apply and receive the exemption any time of year if they are occupying the home as their primary residence, saving them thousands in property taxes and helping them to qualify for a loan. This is especially important for younger or first-time homebuyers.

The Idaho Legislature did establish a Property Tax Interim Committee that will meet this summer to work on a comprehensive plan to address property taxes. Idaho REALTORS® are working to get a member of the IR Government Affairs team or an IR member appointed to this interim committee so that the association can provide much-needed input and data surrounding these discussions. Based on what we know now, a variety of topics will be brought forward in that committee including, how counties set budgets, property tax exemptions, homeowner’s exemption indexing, county medical indigency responsibilities and more.

IDAHO REALTORS® LEGISLATIVE HIGHLIGHTS:

In addition to passing H.562, IR was able to pass H.589, Idaho’s First-Time Home Buyer Savings Account Act into law. IR is proud of our partnership with Governor Little and his office and other industry allies in this two-year effort to establish these savings accounts. The Gem State is one of



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the fastest-growing states in the nation and the ability to offer first-time buyers a tax incentive to save for their first home is a smart, common-sense approach to many of the housing challenges these Idahoans are facing. Again, we thank Governor Little for his efforts and for including the program in his first State of the State address in 2019.

IR is proud of our close relationship with the Idaho Real Estate Commission (IREC) and their understanding and responsiveness to our industry. Due in large part to this relationship, IR and IREC were able to pass three bills that aimed to modernize industry regulatory code. H.476, H.477 & H.478 were all ideas with a genesis in Broker Summits and industry meetings over the last several years and all three were signed into law this year by Governor Little. These pieces of legislation bring regulatory code up-to-date with modern technology advances to allow brokerages to move at the speed of business, provide proper broker oversight and agent responsibilities all while maintaining our industry's standard for ethics and consumer protection.

IR and the Idaho Farm Bureau have a long history of working together and this year was no different. Working with the Idaho Farm Bureau and other allies, IR was able to see H.560 pass as well. H.560 updates the way that agricultural land is valued in the Gem State. Before H.560's passage, there were long-running problems and confusion about "speculative" versus "actual use" values. H.560 cleans up that language and establishes one standardized system for valuing agricultural land. In addition, this bill gives the county assessor the ability to use local data rather than state or national data to calculate land values.

OVERVIEW:

In some respects, the 2020 Idaho Legislative Session left much on the table for the Property Tax Interim Committee to work on this summer to address the growing concerns with property tax hikes on many Idahoans. In addition, there was work to be done on Medicaid Expansion that wasn't agreed upon this year and will be addressed again in 2021. For Idaho REALTORS® specifically, it was a banner year for our industry and members. H.562 (April 15 homeowner's exemption fix) was an idea twenty years in the making and H.589 (First-Time Home Buyer Savings Accounts) was a high priority for two years – both were signed into law by Governor Little this year. The IR Government Affairs Team is blessed to have the unyielding dedication of the IR Legislative Committee that meets every week during the Idaho Legislative Session to help guide the association in navigating legislative priorities and identifying legislation that may negatively impact our industry. Their work isn't done for the year yet, however. With the Property Tax Interim Committee convening this summer, they will be on the front lines maintaining the association's focus on the important proposals coming out of that committee and working to provide data and expertise. As we move forward, the 2021 Idaho Legislative Session will begin to take shape and our priorities for next session will become clearer. Again, IR appreciates our membership in their unmatched engagement and expertise in the arenas of public engagement and public policy.

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