



STATE OF IDAHO

OFFICE OF THE ATTORNEY GENERAL

LAWRENCE G. WASDEN

ATTORNEY GENERAL OPINION NO. 21-01

TO: The Honorable Brandon Mitchell
Idaho State Representative
P.O. Box 8897
Moscow, Idaho 83843

Per Request for Attorney General's Opinion Regarding House Bill 562 (2020)

This letter responds to your request for legal guidance regarding the effects of amendments to the homestead property tax exemption—Idaho Code section 63-602G—by House Bill 562 (2020).

QUESTIONS PRESENTED

1. Do the amendments in House Bill 562 allow individuals to claim the homestead exemption at any time during the year?
2. Do the changes to the homestead exemption by House Bill 562 subject the exemption to any type of proration?

CONCLUSION

For the reasons discussed in detail below, Idaho's law regarding the canons of statutory construction and interpretation dictate that individuals can claim the full homestead exemption—not subject to proration—at any time during the year.

ANALYSIS

A. The Homestead Exemption's Incorporation of the Definition of "Primary Dwelling Place" Found in Idaho Code Section 63-701(8) Does Not Impose an April 15 Deadline Where House Bill 562 Explicitly Removed This Same Requirement From the Exemption

In matters of statutory interpretation, the Idaho Supreme Court has long held that while "[s]tatutory interpretation begins with the literal language of the statute. Provisions should not be read in isolation, but must be interpreted in the context of the entire document." Estate of Stahl v. Idaho State Tax Comm'n, 162 Idaho 558, 562, 401 P.3d 136, 140 (2017) (quoting State v. Schulz, 151 Idaho 863, 866, 264 P.3d 970, 973 (2011)). See also Idaho Code § 73-113. Where ambiguity exists in a statute or a conflict exists between provisions of law, statutory interpretation is necessary. "The object of statutory interpretation is to give effect to legislative intent." State v. Doe, 147 Idaho 326, 328, 208 P.3d 730, 732 (2009) (citation omitted). When interpreting statutes, "[c]onstrutions that would lead to absurd or unreasonably harsh results are disfavored." Saint Alphonsus Reg'l Med. Ctr. v. Gooding County, 159 Idaho 84, 89, 356 P.3d 377, 382 (2015) (quoting Spencer v. Kootenai County, 145 Idaho 448, 455, 180 P.3d 487, 494 (2008)). Further, when construing a statute, it must be given "an interpretation **that will not render it a nullity**, and effect must be given to all the words of the statute if possible, **so that none will be void**, superfluous, or redundant." Bonner County v. Cunningham, 156 Idaho 291, 295, 323 P.3d 1252, 1256 (Ct. App. 2014) (emphasis added) (quoting State v. Mercer, 143 Idaho 108, 109, 138 P.3d 308, 309 (2006)). Finally, when resolving statutory conflicts: "**the more recent expression of legislative intent prevails.**" Mickelsen v. City of Rexburg, 101 Idaho 305, 307, 612 P.2d 542, 544 (1980) (emphasis added).

House Bill 562 sought to remove the April 15 deadline from the homestead exemption in Idaho Code section 63-602G. According to the statement of purpose: "This legislation simply removes the April 15 date, so a homeowner can apply and receive the homeowner's exemption at any point in the year." H.B. 562, 65th Leg., 2d Reg. Sess., *Revised Statement of Purpose & Fiscal Note* (2020). This purpose is clearly reflected by reviewing the strikethrough, amended version of the requirement to qualify for the homestead exemption: "The homestead is owner-occupied and used as the primary dwelling place of the owner ~~as of January 1, provided that in the event the homestead is owner-occupied after January 1 but before April 15, the owner of the property is entitled to the exemption.~~" H.B. 562, 65th Leg., 2d Reg. Sess., 2020 Idaho Sess. Laws 727.

It has been argued that the April 15 deadline remains relevant for administration of this exemption because House Bill 562 maintained the requirement that the homestead be a “primary dwelling place.” Primary dwelling place is defined in a separate statute—Idaho Code section 63-701(8)—that retains the April 15 deadline for applications for property tax reduction. Because of the reference to this definition, it has been argued that any application for the homestead exemption must still comply with the April 15 deadline that the Legislature clearly intended to remove. This view is inconsistent with application of the statutory interpretation principles set forth above. First, such a view would render the entirety of the amendment—the very stated purpose of the Bill—a nullity. Accordingly, such a result would violate the tenet that it is “incumbent . . . to give a statute an interpretation which will not render it a nullity.” State v. Beard, 135 Idaho 641, 646, 22 P.3d 116, 121 (Ct. App. 2001) (quoting State v. Nelson, 119 Idaho 444, 447, 807 P.2d 1282, 1285 (Ct. App. 1991)). Second, the explicit removal of the April 15 deadline by House Bill 562 and the deadline being found in the related definition in Idaho Code section 63-701(8) arguably results in a conflict. As such, House Bill 562’s removal of the deadline controls as the latest pronouncement of the Legislature. Finally, when a statute is ambiguous, “[t]he object of statutory interpretation is to give effect to legislative intent.” Doe, 147 Idaho at 328, 208 P.3d at 732 (citation omitted). “[S]tatutory language is ambiguous where reasonable minds might differ or be uncertain as to its meaning.” City of Idaho Falls v. H-K Contractors, Inc., 163 Idaho 579, 582, 416 P.3d 951, 954 (2018) (internal quotations marks omitted) (quoting Payette River Prop. Owners Ass’n v. Bd. of Comm’rs of Valley Cty., 132 Idaho 551, 557, 976 P.2d 477, 483 (1999)). The legislative intent for House Bill 562 is clearly stated: the Bill “removes the April 15 date, so a homeowner can apply and receive the homeowner’s exemption at any point in the year.” H.B. 562, *Revised Statement of Purpose & Fiscal Note*. Thus, any construction to the contrary would violate the most central tenet of statutory interpretation—to interpret consistent with the legislative purpose. Accordingly, any interpretation that maintains the April 15 deadline for application of the exemption is not supported by Idaho’s law regarding statutory interpretation and construction.

B. The Plain Language of House Bill 562 Provides No Legal Basis for Prorating the Homestead Exemption

Aside from removing the April 15 deadline, House Bill 562 made one other substantive change to the homestead exemption. House Bill 562 modified subsection (4) by adding the following underlined language: “The exemption allowed by this section shall be effective upon the date of the application and must be taken before the reduction in taxes provided by sections 63-701 through 63-710, Idaho Code, is applied.” 2020 Idaho

Sess. Laws 728. It has been argued that the Bill's use of the added phrase "effective upon the date of the application" requires proration of the homestead exemption. For example, under this view, if an application is filed on July 1 of a tax year, that property should receive the homestead exemption for only the second half of the year. Arguably, this argument is supported by a single line in the Bill's fiscal note regarding a lesser effect on the budgets of taxing districts for applications made later in the year.¹ However, as outlined above, "[s]tatutory interpretation begins with the literal language of the statute." Estate of Stahl, 162 Idaho at 562, 401 P.3d at 140 (quoting Schultz, 151 Idaho at 866, 264 P.2d at 973)). Additionally, statutory interpretation does not allow for "insert[ing] words into a statute" Saint Alphonsus, 159 Idaho at 89, 356 P.3d at 382 (citations omitted). "The most fundamental premise" of interpreting statutory provisions is the "**assum[ption] that the legislature meant what it said.**" Verska v. Saint Alphonsus Reg'l Med. Ctr., 151 Idaho 889, 894, 265 P.3d 502, 507 (2011) (emphasis added) (citations omitted). House Bill 562 does not speak to or mention prorating the exemption nor does it provide any guidance on how to accomplish proration—unlike other exemptions that do contemplate a form of proration. See Idaho Code §§ 63-602X(1), 63-602Y(1). Instead, the plain language of the exemption as amended by House Bill 562 provides that the "exemption allowed by this section shall be effective upon the date of the application" Idaho Code § 63-602G(4).

Today, the exemption allowed by this section is "the first one hundred twenty-five thousand dollars (\$125,000) of the market value for assessment purposes of the homestead . . . or fifty percent (50%) of the market value" Idaho Code § 63-602G(1). To read proration of this exemption into this statute would violate the tenets of statutory interpretation above because doing so would not provide the applicant with the full "exemption allowed by this section." Idaho Code § 63-602G(4). Thus, it appears that in full context, this provision is consistent with the stated legislative purpose of the Bill: "a homeowner can apply and receive the homeowner's exemption at any point in the year." H.B. 562, *Revised Statement of Purpose & Fiscal Note*. Through this lens, the words "effective upon the date of the application" seem to simply indicate the intent that homeowners can qualify for this exemption at any time during the year. This conclusion

¹ This single line from the fiscal note provides: "The fiscal impact to a taxing district decreases the further away from April 15 that the property is purchased if it becomes a primary residence." H.B. 562, *Revised Statement of Purpose & Fiscal Note*. While this statement would be true if proration were used, it also inexplicably ties the impact to April 15—a date which the Bill removed entirely from the homestead exemption. In other words, if proration were to be required by the Bill, there is no support for beginning proration on April 16 rather than on January 2 of the tax year at issue. Alternatively, this line of the fiscal note could be referencing the fact that only for properties that apply later in the year, after April 15, are tax cancellations necessary to effectuate the exemption.

is bolstered by the fact that the previous version of the homestead exemption also had no provision indicating proration, even though a homeowner could file for the exemption as late as April 15. Additionally, the property tax exemptions subject to proration have different proration formulas and selecting one with no Legislative guidance would simply be creating a method out of whole cloth. As such, where proration is not mentioned or indicated by the exemption statute, there is no statutory basis for prorating the exemption in the plain language of the statute.

It has also been argued that this interpretation—applying full exemption to homesteads for applications made anytime during the year—also impermissibly inserts words into the statute because the Bill does not specify that it relates back to January 1 of the tax year in question. This argument ignores the basic scheme of property tax in Idaho. January 1 is the relevant date for all property tax questions in Idaho: “All real, personal and operating property subject to property taxation must be assessed annually at market value for assessment purposes as of 12:01 a.m. of the first day of January[.]” Idaho Code § 63-205(1). The homestead exemption applies to a qualifying property “[f]or each tax year” Idaho Code § 63-602G(1). Before House Bill 562, no language existed to specifically revert the homestead exemption to January 1 of the tax year at issue. Under the prior version of the exemption, if a taxpayer filed an application on April 15, the property qualified for the full amount of the exemption for the year without any language specifically directing any relation back to January 1. Because no such language specifically directing relation back was necessary before House Bill 562, no such language is needed now to effectuate the full amount of an exemption after House Bill 562.

Applying the full exemption at any point in the year simply recognizes that property tax exemptions apply for the entirety of the year unless that exemption specifically and explicitly provides differently. See Idaho Code §§ 63-602X(1), 63-602Y(1). This presumption that exemptions apply for the full year is not the impermissible addition of words to the language of the Bill, but rather the well-documented canon of construction that statutes on the same subject, or *in pari materia*, “**be construed together** to effect legislative intent.” City of Sandpoint v. Sandpoint Indep. Highway Dist., 139 Idaho 65, 69, 72 P.3d 905, 909 (2003) (emphasis added) (citation omitted). Finally, it should be observed that even if this portion of the statute were found to be ambiguous, it would be interpreted to accomplish the stated legislative purpose that “a homeowner can apply and receive the homeowner’s exemption at any point in the year.” H.B. 562, *Revised Statement of Purpose & Fiscal Note*. Applying proration or partial exemption would not accomplish this stated legislative goal.

CONCLUSION

For the reasons detailed above, Idaho's law regarding statutory construction and interpretation dictate that individuals can claim the full homestead exemption—not subject to proration—at any time during the year.

AUTHORITIES CONSIDERED

1. Idaho Code:

§ 63-205(1).
§ 63-602G.
§ 63-602G(1).
§ 63-602G(4).
§ 63-602X(1).
§ 63-602Y(1).
§ 63-701(8).
§ 73-113.

2. Idaho Session Laws:

2020 Idaho Sess. Laws 727.

3. Idaho Cases:

City of Idaho Falls v. H-K Contractors, Inc., 163 Idaho 579, 416 P.3d 951 (2018).
City of Sandpoint v. Sandpoint Indep. Highway Dist., 139 Idaho 65, 72 P.3d 905 (2003).
Estate of Stahl v. Idaho State Tax Comm'n, 162 Idaho 558, 401 P.3d 136 (2017).
Mickelsen v. City of Rexburg, 101 Idaho 305, 612 P.2d 542 (1980).
Payette River Prop. Owners Ass'n v. Bd. of Comm'rs of Valley Cty., 132 Idaho 551, 976 P.2d 477 (1999).
Saint Alphonsus Reg'l Med. Ctr. v. Gooding County, 159 Idaho 84, 356 P.3d 377 (2015).
Spencer v. Kootenai County, 145 Idaho 448, 180 P.3d 487 (2008).
State v. Beard, 135 Idaho 641, 22 P.3d 116 (Ct. App. 2001).
State v. Doe, 147 Idaho 326, 208 P.3d 730 (2009).
State v. Mercer, 143 Idaho 108, 138 P.3d 308 (2006).
State v. Nelson, 119 Idaho 444, 807 P.2d 1282 (Ct. App. 1991).

State v. Schulz, 151 Idaho 863, 264 P.3d 970 (2011).

Verska v. Saint Alphonsus Reg'l Med. Ctr., 151 Idaho 889, 265 P.3d 502 (2011).

4. Other Authorities:

H.B. 562, 65th Leg., 2d Reg. Sess. (2020), *Revised Statement of Purpose & Fiscal Note*.

Dated this 27th day of October, 2021.



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