

OPERATING PROPERTY

An Educational Guide to Operating Property in the State of Idaho

What is Operating Property?

Operating property or “centrally assessed property” is property appraised by the Idaho State Tax Commission for property tax purposes. Operating property includes all movable and immovable property operated in connection with any public utility, railroad, or private railcar fleet, located wholly or partly within Idaho.

The following industry types are classified as operating property:

- Electric generation, transmission, and distribution
- Gas distribution
- Gas transmission
- Petroleum pipelines
- Private railcar fleets
- Nonutility generators
- PUC regulated water distributors
- Water transportation
- Telecommunications (except mobile telephone, cellular, pagers, and long-distance resellers)

How is Operating Property Appraised?

Operating property is appraised as a unit. Unit appraisal is a technique used to value a group of property items as one entity. The cost, income, and market approaches are considered to estimate the market value of the unit.

Example: An owner of operating property has property and provides services in Idaho and nine other states. The total property in all 10 states is appraised as an operating unit. Part of the total value is allocated to Idaho based on its presence in the state. (This step is called allocation.)

How Often is Operating Property Appraised?

Appraisals of all operating property must be completed annually. Every person or company owning operating property in Idaho is required to file a report (operator’s statement) with the Tax Commission by April 30 of each year. This report may include asset listings, financial statements, reports to stockholders, and reports to regulatory agencies.

What is a Form R?

Some companies that own operating property also own property that is classified as nonoperating. Nonoperating property is property owned but not used for the continuing operation of a company's business.

Property is identified as either operating or nonoperating when a company files a record of real estate ownership (Form R), obtained from and filed with the Tax Commission. After a review by the Tax Commission, the Form R is sent to each county where the property is located. Nonoperating property is appraised by the county assessor.

What is Apportionment?

The process of placing the value of operating property in the appropriate taxing district is called apportionment.

How is Property Reported?

Operating property owners obtain an operator's statement from and submit it to the Tax Commission. Included in it is a report of the location of their property by county and by tax code area. For property tax purposes, each county in Idaho is divided into tax code areas determined by the boundaries of taxing districts. Rather than reporting individual property items by specific location, the companies report the location and length of their wire, pipe or rail within a particular tax code area.

How is Apportionment Calculated?

Apportionment is accomplished by calculating the value per mile (wire, pipe, or rail) in Idaho and applying this rate per mile to each tax code area in which the wire, pipe, or rail is located. Apportionment for electric companies is done on a rate per wire mile for each county.

Is all Property Apportioned Within a County?

Some items, such as leased equipment and microwave facilities, are reported separately and assessed at their actual physical location. When a property is located in only one tax code area, no apportionment is necessary.

Appeals

Any county assessor in any affected county that questions the valuation, allocation, or apportionment of operating property may file a complaint with the Tax Commission. The Tax Commission must then examine the valuation, allocation, and apportionment of the operating property.

If an operating property owner disagrees with the appraised property value, he may meet with the appraiser to informally discuss the valuation and may request a formal hearing before the Tax Commission. The owner must request a formal hearing before August 1.

The Tax Commission will conduct a hearing on any appeals filed with it and will issue a decision after the hearing. Any taxpayer or county assessor who does not agree with the Tax Commission's decision may then file an appeal to the district court. This appeal must be filed within 30 days after the taxpayer receives the Tax Commission's decision.

Map Orders

Every year Idaho counties submit tax code area changes to the Tax Commission's GIS section of County Support. Digital copies of the maps for these tax code areas are available to the operating property owners at no charge. Go to the Tax Commission's website at tax.idaho.gov and click on Property Tax, then GIS Maps. You may also purchase these maps on CD or paper.

For More Information, Contact:

- Technical Support: in the Boise area, 334-7722; or Toll free, 800-777-098
- Idaho State Tax Commission: In the Boise area, 334-7750; Toll free, 800-972-7660 x 7750
- Hearing impaired: TDD 1-800-377-3529
- tax.idaho.gov

This information was prepared by the Idaho State Tax Commission. It does not provide comprehensive explanations of Idaho tax laws or rules. Specific questions should be addressed to the Tax Commission.