



Idaho Home Builders Association

2025 Idaho Legislative Session Overview

By Ken Burgess, Veritas Advisors, LLP

The 68th Idaho Legislature officially adjourned Sine Die on April 4th, 2025. The session lasted 89 days. A total of 1,036 pieces of legislation were drafted, 708 were introduced. And 342 bills passed both the House and Senate. Out of the bills that passed both bodies, only one bill was vetoed by Governor Little ([S1023aaS](#)).

Big Picture item: Tax relief

Three measures providing tax relief for income, grocery, and property were all signed into law, totaling \$403 million in tax relief. [HB40](#) is the largest income tax cut in state history. It reduces Idaho's flat tax for both individuals and corporations from 5.695 percent to 5.3 percent. It also expands Idaho's income tax exemption on U.S. military pension income for certain disabled veterans. **The total income tax relief is \$253 million.** Retroactive to Jan 1, 2025.

On the property tax front, [HB304](#) provides an additional **\$100 million in annual relief**, split between the School Facilities Fund and the Homeowner Property Tax Relief Account. Programs originally created in the 2023 session under HB 292.

Effective as of March 26, 2025.

[HB231](#) increases the grocery tax credit for all individuals to \$155. (previous credit was \$120, or \$140 for 65+) The bill gives Idaho income tax filers the option to take the \$155 tax credit per person or receive a larger refund based on actual sales tax paid on groceries up to \$250. If choosing this option, the income tax filers must itemize their grocery expenses on their annual income tax returns. **Total value is \$50 million.** Retroactive to Jan 1, 2025

The Idaho Home Builders Association was directly involved in supporting, opposing, or monitoring over 20 pieces of legislation in the 2025 session that would have an impact on our industry. We will necessarily have to work on a couple policy issues through the interim in preparation for the 2026 legislative session.

Domestic water well permitting – We were deeply involved in months of discussions with the Idaho Water Users Association regarding permitting exemptions for domestic wells. IWUA started by wanting to require a permit from Idaho Department of Water Resources and monitoring of EVERY SINGLE domestic water well. Through our negotiations, a bill was introduced that would require IDWR permit for wells installed in a designated Critical Ground Water Shortage Area or Ground Water Management Area (as designated by the Director of IDWR) AND for which the well would be used for purposes other than in-home use (S1083).

While this was certainly a better place than where we started, the IHBA ultimately opposed the bill, largely because there is language that could be construed to give irrigation districts more authority over design of irrigation distribution systems past their point of delivery.

This bill was sponsored by the President Pro Tem of the Senate Kelly Anthon and Speaker of the House Mike Moyle. The bill passed the legislature handily and was signed into law by Governor Little. It has an effective date of July 1, 2025.

Electrical Board rules – The IHBA was involved for the last two years in the negotiated rule-making process through the Idaho Electrical Board to amend and adopt the 2023 version of the National Electrical Code. Those final recommendations were adopted by the Legislature and now go into effect. The main thing for our members to understand is the adoption of alternatives in installation of electrical outlets in kitchen islands and peninsulas. That alternative became effective upon adjournment of the legislature on April 4, and I sent a more detailed e-mail to our members dated April 7.

Immigration – Somewhat unexpectedly the IHBA became deeply involved in immigration legislation this year as many legislators sought to jump on the Donald Trump bandwagon of mass deportation talk. Note: on a nationwide basis, roughly one-third of the workforce in the residential home construction industry are foreign born workers.

A total of nine immigration bills were introduced this year. Everything from the possibility of requiring all Idaho employers to utilize the federal E-verify system, to requiring school districts to ascertain and report the legal status and nationality of all of their students. The IHBA joined a coalition group led by the Idaho Dairymen's Association to negotiate and support the main immigration bill that ultimately passed the legislature. This bill (H83) clarifies the relationship between local law enforcement and federal Immigration and Customs

Enforcement agencies, with a goal of detaining and deporting dangerous criminal aliens (as opposed to generically rounding up all who may be in the country illegally), thus putting a focus on the true bad guys. The passage of this bill headed off the progression of the other, not-so-reasonable immigration bills.

On the day Governor Little signed H93 into law, the Idaho Chapter of the American Civil Liberties Union filed a federal lawsuit to stop the bill from going into effect, arguing it is unconstitutional because local law enforcement should have no role in what should be a federal agency responsibility. A federal judge did put a stay on the implementation and as of this writing we are awaiting the outcome of that federal lawsuit. Otherwise, the law would have gone into effect upon signature of the Governor on March 27.

Homeowners Association legislation – After successfully killing an HOA bill last year that would have been really bad for IHBA members, we came forward with our own version that we think will resolve some concerns of legislators and that we think we can live with. Our HOA bill (H361) passed both houses of the legislature unanimously and was signed into law on March 28. It becomes effective on July 1, 2025.

The bill prescribes how/when a developer-controlled HOA board shall transition to ultimate homeowner control as the development is built out. Upon sale and occupancy of 75% of the lots the developer shall offer an opportunity for a homeowner elected member to join the HOA board. Up to one-third of the board shall be a homeowner. Upon sale and occupancy of 95% of the lots, the HOA board shall plan for and transition to full homeowner control within 12 months. Developer maintains architectural design control through complete buildout.

Building permit application completeness review – The IHBA aggressively supported this bill (S1164), which gives the permitting agency 10 days to confirm the building permit application is complete (20 days for commercial applications). The purpose is to prevent delays by the entity discovering (late) that the application is not complete and starting process over. This law becomes effective July 1, 2025.

Virtual re-inspections – The IHBA supported this bill (H266), which formalizes and legalizes the use of “virtual” re-inspection options. This means that video or photos of required re-inspections can be accomplished through this means. We are aware that as a matter of practice this is happening in some jurisdictions, but this bill clarifies the legal use of the method. This law becomes effective July 1, 2025.

Urban Renewal District tweaks – clarifies processes for dissolution of an URD among other things. The IHBA supported this bill because it allows Fire and Ambulance Districts to opt-out of property tax freeze with the creation of an Urban Renewal District, thus providing continued funding options as the property value with the

boundaries increase. This is a very small step toward helping fast-growing Fire Districts collect additional funds for personnel and operations as they grow.

Interim Study Committee on Housing (SCR 103) – The IHBA has been invited to participate, along with numerous other groups, in a process to review land use processes throughout the summer and fall with an eye toward recommending legislation that can reduce delays we regularly see in local decision-making processes. The purpose of the committee states, in part: *“This effort will include evaluating city comprehensive plans and zoning and ultimately seek to identify opportunities to reduce regulatory building costs and waiting times, and provide greater flexibility in housing development.”* I am optimistic some legitimate opportunities could come from this exercise over the next few months.

Workforce Development – LAUNCH – The legislature continues to focus on Launch, Governor Little’s successful grant program that provides eligible participants with grants for education and training programs for in-demand careers. We saw major policy bills anywhere from sunseting the program, to creating significant legislative oversight. In the end, none of those efforts were successful and a bill was passed fully funding LAUNCH to the tune of \$74.8 million for the In-Demand Careers Fund at the Workforce Development Council.

Items of interest that did NOT get done this year

Contractor Registration Board Authority – The IHBA engaged in discussions and negotiations on a concept to provide the Contractor Registration Board more authority to penalize and restrict “bad actors” who are taking advantage of consumers and not providing services. (it should be noted we are fairly certain these bad actors are NOT members of the Idaho Home Builders Association!). The draft bill never did get a hearing however, and we have a promise from a couple legislators to work through this issue in the 2026 legislative session.

Community Infrastructure Districts (H437) – This bill would allow the creation of CIDs to be formed in the county, outside of city boundaries, to which they are currently limited by law. We are aware of a handful of developments that might utilize this tool for infrastructure development for their projects outside city limits/areas of impact. The bill also would have provided for the creation of emergency services infrastructure districts to provide funding source for Fire Districts (see Urban Renewal explanation above). We expect a version of this bill to be introduced again in the 2026 legislative session.

Workforce Housing – A couple proposals to make housing more affordable for middle income workers were introduced but did not advance. One would have provided a tax credit to anyone who donated land to a land trust and upon which middle-income affordable housing was developed. It would also have provided a tax credit to builders who construct such homes for sale at a reduced rate. Another proposal would provide option

for a property tax exemption, on a case-by-case basis, in the instance a developer builds larg(er), multi-family projects for rent or sale at more “affordable” rates. The IHBA supported both concepts as a matter of principle. We expect these concepts to be further discussed and developed through the Interim Study Committee on Housing.

Advocacy is a fundamental pillar of the Idaho Home Builders Association mission. If you or someone at your company is interested in getting involved or has questions, please reach out any time. Please also reach out to me with specific questions or comments regarding any of these issues.

Thanks Much,

Ken Burgess



Ken Burgess, Partner

Veritas Advisors, LLP

802 W Bannock

Boise, ID 83702

(208)385-7070