

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 474

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO TAXING DISTRICT BUDGETS; AMENDING SECTION 63-802, IDAHO CODE, TO
2 REQUIRE NOTICE, A PUBLIC HEARING AND A RESOLUTION WITH CERTAIN INFORMA-
3 TION BEFORE A TAXING DISTRICT MAY BUDGET A FORGONE INCREASE AND TO MAKE
4 TECHNICAL CORRECTIONS; AMENDING SECTION 63-802, IDAHO CODE, AS AMENDED
5 BY SECTION 2, CHAPTER 10, LAWS OF 2015, TO REQUIRE NOTICE, A PUBLIC HEAR-
6 ING AND A RESOLUTION WITH CERTAIN INFORMATION BEFORE A TAXING DISTRICT
7 MAY BUDGET A FORGONE INCREASE AND TO MAKE TECHNICAL CORRECTIONS; AND TO
8 PROVIDE EFFECTIVE DATES.
9

10 Be It Enacted by the Legislature of the State of Idaho:

11 SECTION 1. That Section 63-802, Idaho Code, be, and the same is hereby
12 amended to read as follows:

13 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES
14 -- EXCEPTIONS. (1) Except as provided in subsections (3) and (4) of this
15 section, no taxing district shall certify a budget request for an amount of
16 property tax revenues to finance an annual budget that exceeds the greater of
17 paragraphs (a) through (i) of this subsection inclusive:

18 (a) The dollar amount of property taxes certified for its annual bud-
19 get for any one (1) of the three (3) tax years preceding the current tax
20 year, whichever is greater, for the past tax year, which amount may be
21 increased by a growth factor of not to exceed three percent (3%) plus
22 the amount of revenue calculated as described in this subsection. Mul-
23 tiple the levy of the previous year, not including any levy described
24 in subsection (4) of this section, or any school district levy reduc-
25 tion resulting from a distribution of state funds pursuant to section
26 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-
27 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the
28 value of annexation during the previous calendar year, as certified by
29 the state tax commission for market values of operating property of pub-
30 lic utilities and by the county assessor;

31 (b) The dollar amount of property taxes certified for its annual budget
32 during the last year in which a levy was made;

33 (c) The dollar amount of the actual budget request, if the taxing dis-
34 trict is newly created except as may be provided in subsection (1) (h) of
35 this section;

36 (d) In the case of school districts, the restriction imposed in section
37 33-802, Idaho Code;

38 (e) In the case of a nonschool district for which less than the maximum
39 allowable increase in the dollar amount of property taxes is certified
40 for annual budget purposes in any one (1) year, such a district may, in
41 any following year, recover the ~~foregone~~ forgone increase by certify-
42 ing, in addition to any increase otherwise allowed, an amount not to

1 exceed one hundred percent (100%) of the increase originally ~~foregone~~
2 ~~forgone~~. Provided however, that prior to budgeting any forgone in-
3 crease, the district must provide notice of its intent to do so, hold
4 a public hearing, which may be in conjunction with its annual budget
5 hearing, and certify by resolution the amount of forgone increase to
6 be budgeted and the specific purpose for which the forgone increase
7 is being budgeted. Upon adoption of the resolution, the clerk of the
8 district shall file a copy of the resolution with the county clerk and
9 the state tax commission. Said additional amount shall be included in
10 future calculations for increases as allowed;

11 (f) In the case of cities, if the immediately preceding year's levy
12 subject to the limitation provided by this section, is less than 0.004,
13 the city may increase its budget by an amount not to exceed the differ-
14 ence between 0.004 and actual prior year's levy multiplied by the prior
15 year's market value for assessment purposes. The additional amount
16 must be approved by sixty percent (60%) of the voters voting on the ques-
17 tion at an election called for that purpose and held on the date in May or
18 November provided by law, and may be included in the annual budget of the
19 city for purposes of this section;

20 (g) A taxing district may submit to the electors within the district
21 the question of whether the budget from property tax revenues may be
22 increased beyond the amount authorized in this section, but not beyond
23 the levy authorized by statute. The additional amount must be approved
24 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
25 voting on the question at an election called for that purpose and held
26 on the May or November dates provided by section 34-106, Idaho Code.
27 If approved by the required minimum sixty-six and two-thirds percent
28 (66 2/3%) of the voters voting at the election, the new budget amount
29 shall be the base budget for the purposes of this section;

30 (h) When a nonschool district consolidates with another nonschool
31 district or dissolves and a new district performing similar governmen-
32 tal functions as the dissolved district forms with the same boundaries
33 within three (3) years, the maximum amount of a budget of the district
34 from property tax revenues shall not be greater than the sum of the
35 amounts that would have been authorized by this section for the district
36 itself or for the districts that were consolidated or dissolved and in-
37 corporated into a new district;

38 (i) In the instance or case of cooperative service agencies, the re-
39 strictions imposed in sections 33-315 through 33-318, Idaho Code.

40 (2) In the case of fire districts, during the year immediately follow-
41 ing the election of a public utility or public utilities to consent to be pro-
42 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum
43 amount of property tax revenues permitted in subsection (1) of this section
44 may be increased by an amount equal to the current year's taxable value of the
45 consenting public utility or public utilities multiplied by that portion of
46 the prior year's levy subject to the limitation provided by subsection (1) of
47 this section.

48 (3) No board of county commissioners shall set a levy, nor shall the
49 state tax commission approve a levy for annual budget purposes, which ex-
50 ceeds the limitation imposed in subsection (1) of this section unless au-

1 thority to exceed such limitation has been approved by a majority of the tax-
 2 ing district's electors voting on the question at an election called for that
 3 purpose and held pursuant to section 34-106, Idaho Code, provided however,
 4 that such voter approval shall be for a period of not to exceed two (2) years.

5 (4) The amount of property tax revenues to finance an annual budget does
 6 not include revenues from nonproperty tax sources, and does not include rev-
 7 enue from levies to satisfy judgments pursuant to section 63-1305A, Idaho
 8 Code, and revenue from levies that are voter approved for bonds, override
 9 levies or supplemental levies, plant facilities reserve fund levies, school
 10 emergency fund levies or for levies applicable to newly annexed property or
 11 for levies applicable to new construction as evidenced by the value of prop-
 12 erty subject to the occupancy tax pursuant to section 63-317, Idaho Code, for
 13 the preceding tax year.

14 SECTION 2. That Section 63-802, Idaho Code, as amended by Section 2,
 15 Chapter 10, Laws of 2015, be, and the same is hereby amended to read as fol-
 16 lows:

17 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --
 18 EXCEPTIONS. (1) Except as provided in subsection (3) of this section, no tax-
 19 ing district shall certify a budget request for an amount of property tax
 20 revenues to finance an annual budget that exceeds the greater of paragraphs
 21 (a) through (i) of this subsection inclusive:

22 (a) The dollar amount of property taxes certified for its annual bud-
 23 get for any one (1) of the three (3) tax years preceding the current tax
 24 year, whichever is greater, for the past tax year, which amount may be
 25 increased by a growth factor of not to exceed three percent (3%) plus
 26 the amount of revenue calculated as described in this subsection. Mul-
 27 tiply the levy of the previous year, not including any levy described
 28 in subsection (4) of this section, or any school district levy reduc-
 29 tion resulting from a distribution of state funds pursuant to section
 30 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-
 31 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the
 32 value of annexation during the previous calendar year, as certified by
 33 the state tax commission for market values of operating property of pub-
 34 lic utilities and by the county assessor;

35 (b) The dollar amount of property taxes certified for its annual budget
 36 during the last year in which a levy was made;

37 (c) The dollar amount of the actual budget request, if the taxing dis-
 38 trict is newly created except as may be provided in subsection (1) (h) of
 39 this section;

40 (d) In the case of school districts, the restriction imposed in section
 41 33-802, Idaho Code;

42 (e) In the case of a nonschool district for which less than the maximum
 43 allowable increase in the dollar amount of property taxes is certified
 44 for annual budget purposes in any one (1) year, such a district may, in
 45 any following year, recover the ~~foregone~~ forgone increase by certify-
 46 ing, in addition to any increase otherwise allowed, an amount not to
 47 exceed one hundred percent (100%) of the increase originally ~~foregone~~
 48 forgone. Provided however, that prior to budgeting any forgone in-
 49 crease, the district must provide notice of its intent to do so, hold

1 a public hearing, which may be in conjunction with its annual budget
2 hearing, and certify by resolution the amount of forgone increase to
3 be budgeted and the specific purpose for which the forgone increase
4 is being budgeted. Upon adoption of the resolution, the clerk of the
5 district shall file a copy of the resolution with the county clerk and
6 the state tax commission. Said additional amount shall be included in
7 future calculations for increases as allowed;

8 (f) In the case of cities, if the immediately preceding year's levy
9 subject to the limitation provided by this section, is less than 0.004,
10 the city may increase its budget by an amount not to exceed the differ-
11 ence between 0.004 and actual prior year's levy multiplied by the prior
12 year's market value for assessment purposes. The additional amount
13 must be approved by sixty percent (60%) of the voters voting on the ques-
14 tion at an election called for that purpose and held on the date in May or
15 November provided by law, and may be included in the annual budget of the
16 city for purposes of this section;

17 (g) A taxing district may submit to the electors within the district
18 the question of whether the budget from property tax revenues may be
19 increased beyond the amount authorized in this section, but not beyond
20 the levy authorized by statute. The additional amount must be approved
21 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
22 voting on the question at an election called for that purpose and held
23 on the May or November dates provided by section 34-106, Idaho Code.
24 If approved by the required minimum sixty-six and two-thirds percent
25 (66 2/3%) of the voters voting at the election, the new budget amount
26 shall be the base budget for the purposes of this section;

27 (h) When a nonschool district consolidates with another nonschool
28 district or dissolves and a new district performing similar governmen-
29 tal functions as the dissolved district forms with the same boundaries
30 within three (3) years, the maximum amount of a budget of the district
31 from property tax revenues shall not be greater than the sum of the
32 amounts that would have been authorized by this section for the district
33 itself or for the districts that were consolidated or dissolved and in-
34 corporated into a new district;

35 (i) In the instance or case of cooperative service agencies, the re-
36 strictions imposed in sections 33-315 through 33-318, Idaho Code.

37 (2) In the case of fire districts, during the year immediately follow-
38 ing the election of a public utility or public utilities to consent to be pro-
39 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum
40 amount of property tax revenues permitted in subsection (1) of this section
41 may be increased by an amount equal to the current year's taxable value of the
42 consenting public utility or public utilities multiplied by that portion of
43 the prior year's levy subject to the limitation provided by subsection (1) of
44 this section.

45 (3) No board of county commissioners shall set a levy, nor shall the
46 state tax commission approve a levy for annual budget purposes, which ex-
47 ceeds the limitation imposed in subsection (1) of this section unless au-
48 thority to exceed such limitation has been approved by a majority of the tax-
49 ing district's electors voting on the question at an election called for that

1 purpose and held pursuant to section 34-106, Idaho Code, provided however,
2 that such voter approval shall be for a period of not to exceed two (2) years.

3 (4) The amount of property tax revenues to finance an annual budget
4 does not include revenues from nonproperty tax sources, and does not include
5 revenue from levies that are voter approved for bonds, override levies or
6 supplemental levies, plant facilities reserve fund levies, school emergency
7 fund levies or for levies applicable to newly annexed property or for levies
8 applicable to new construction as evidenced by the value of property subject
9 to the occupancy tax pursuant to section 63-317, Idaho Code, for the preced-
10 ing tax year.

11 SECTION 3. The provisions of Section 1 of this act shall be in full force
12 and effect on and after July 1, 2016. The provisions of Section 2 of this act
13 shall be in full force and effect on and after July 1, 2017.