

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 354

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXING DISTRICT BUDGET REQUESTS; AMENDING SECTION 63-802, IDAHO CODE, TO REVISE PROVISIONS REGARDING A TAXING DISTRICT'S FORGONE PROPERTY TAX INCREASE AND TO MAKE TECHNICAL CORRECTIONS.

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

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

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

(a) The dollar amount of property taxes certified for its annual budget for any one (1) of the three (3) tax years preceding the current tax year, whichever is greater, for the past tax year, which amount may be increased by a growth factor of not to exceed three percent (3%) plus the amount of revenue calculated as described in this subsection. Multiply the levy of the previous year, not including any levy described in subsection (4) of this section, or any school district levy reduction resulting from a distribution of state funds pursuant to section 63-3638(11) or (13), Idaho Code, by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code; and by the value of annexation during the previous calendar year, as certified by the state tax commission for market values of operating property of public utilities and by the county assessor;

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

(c) The dollar amount of the actual budget request, if the taxing district is newly created, except as may be provided in paragraph (i) of this subsection;

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

(e) In the case of a nonschool district for which less than the maximum allowable increase in the dollar amount of property taxes is certified for annual budget purposes in any one (1) year, such a district may, in any following year, recover the forgone increase by certifying, in addition to any increase otherwise allowed, an amount not to exceed one hundred percent (100%) of the increase originally forgone. Provided however, that prior to budgeting any forgone increase, the district must provide notice of its intent to do so, hold a public hearing, which may be in conjunction with its annual budget hearing, and certify by resolution the amount of forgone increase to be budgeted and the spe-

1 cific purpose for which the forgone increase is being budgeted. Upon
2 adoption of the resolution, the clerk of the district shall file a copy
3 of the resolution with the county clerk and the state tax commission.
4 Said additional amount shall be included in future calculations for
5 increases as allowed;

6 (f) If a taxing district elects to budget less than the maximum al-
7 lowable increase in the dollar amount of property taxes, the taxing
8 district may ~~disclaim~~ reserve the right to recover all or any portion
9 of that year's forgone increase in a subsequent year by adoption of a
10 resolution ~~declaring the same~~ specifying the dollar amount of property
11 taxes being reserved. ~~Otherwise, that year's forgone increase may not~~
12 ~~be recovered under paragraph (e) of this subsection~~. The district must
13 provide notice of its intent to do so and hold a public hearing, which
14 may be in conjunction with its annual budget hearing if applicable.
15 The resolution to ~~disclaim~~ reserve the right to recover the forgone
16 increase for that year shall be adopted at the annual budget hearing of
17 the taxing district if the district has a budget hearing requirement;
18 ~~provided however, that the resolution shall not apply to forgone in-~~
19 ~~creases from prior budget years;~~

20 (g) In the case of cities, if the immediately preceding year's levy
21 subject to the limitation provided by this section is less than 0.004,
22 the city may increase its budget by an amount not to exceed the differ-
23 ence between 0.004 and actual prior year's levy multiplied by the prior
24 year's market value for assessment purposes. The additional amount
25 must be approved by sixty percent (60%) of the voters voting on the ques-
26 tion at an election called for that purpose and held on the date in May or
27 November provided by law, and may be included in the annual budget of the
28 city for purposes of this section;

29 (h) A taxing district may submit to the electors within the district
30 the question of whether the budget from property tax revenues may be
31 increased beyond the amount authorized in this section, but not beyond
32 the levy authorized by statute. The additional amount must be approved
33 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
34 voting on the question at an election called for that purpose and held
35 on the May or November dates provided by section 34-106, Idaho Code.
36 If approved by the required minimum sixty-six and two-thirds percent
37 (66 2/3%) of the voters voting at the election, the new budget amount
38 shall be the base budget for the purposes of this section;

39 (i) When a nonschool district consolidates with another nonschool
40 district or dissolves and a new district performing similar governmen-
41 tal functions as the dissolved district forms with the same boundaries
42 within three (3) years, the maximum amount of a budget of the district
43 from property tax revenues shall not be greater than the sum of the
44 amounts that would have been authorized by this section for the district
45 itself or for the districts that were consolidated or dissolved and in-
46 corporated into a new district;

47 (j) In the instance or case of cooperative service agencies, the re-
48 strictions imposed in sections 33-315 through 33-318, Idaho Code;

1 (k) The amount of money received in the twelve (12) months immediately
2 preceding June 30 of the current tax year as a result of distributions of
3 the tax provided in section 63-3502B(2), Idaho Code.

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

12 (3) No board of county commissioners shall set a levy, nor shall the
13 state tax commission approve a levy for annual budget purposes, which ex-
14 ceeds the limitation imposed in subsection (1) of this section unless au-
15 thority to exceed such limitation has been approved by a majority of the tax-
16 ing district's electors voting on the question at an election called for that
17 purpose and held pursuant to section 34-106, Idaho Code, provided however,
18 that such voter approval shall be for a period of not to exceed two (2) years.

19 (4) The amount of property tax revenues to finance an annual budget does
20 not include revenues from nonproperty tax sources, and does not include rev-
21 enue from levies for the payment of judicially confirmed obligations pur-
22 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
23 that are voter-approved for bonds, override levies or supplemental levies,
24 plant facilities reserve fund levies, school emergency fund levies or for
25 levies applicable to newly annexed property or for levies applicable to new
26 construction as evidenced by the value of property subject to the occupancy
27 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The
28 amount of property tax revenues to finance an annual budget does not include
29 any property taxes that were collected and refunded on property that is ex-
30 empt from taxation, pursuant to section 63-1305C, Idaho Code.

31 (5) The amount of property tax revenues to finance an annual budget
32 shall include moneys received as recovery of property tax for a revoked pro-
33 visional property tax exemption under section 63-1305C, Idaho Code.