

IN THE SENATE

SENATE BILL NO. 1108, As Amended

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXING DISTRICT BUDGETS; AMENDING SECTION 63-802, IDAHO CODE,
TO REVISE PROVISIONS REGARDING THE LIMITATION ON TAXING DISTRICT BUDGET
REQUESTS.

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 otherwise 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~~ maximum sum per-
mitted under this section:

(a) (i) The highest dollar amount of property taxes certified for
its annual budget for any one (1) of the three (3) tax years pre-
ceding 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 previ-
ous 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

(ii) The taxing district shall determine what portion of the three
percent (3%) increase permitted under subparagraph (i) of this
paragraph it requires and then calculate the new levy rate based on
the percentage chosen.

(iii) The new levy rate shall be multiplied:

1. By seventy-five percent (75%) of the value shown on the
new construction roll compiled pursuant to section 63-301A,
Idaho Code, except for the value set forth on the new con-
struction roll under section 63-301A(3) (g), Idaho Code, for
which fifty percent (50%) of the value shall be multiplied by
the new levy rate; and by

2. By seventy-five percent (75%) of the value of annexation
during the previous calendar year, as certified by the state
tax commission for market taxable values of operating prop-
erty of public utilities and by the county assessor, except
for a fire protection district annexing property prior to
July 1, 2021, pursuant to section 31-1429, Idaho Code, the
new levy rate shall be multiplied by one hundred percent

1 (100%) of the value of any such property annexed prior to
 2 July 1, 2021.

3 (iv) The taxing district shall add the sum calculated under sub-
 4 paragraph (iii) of this paragraph to the amount calculated under
 5 subparagraph (i) of this paragraph to determine its budget limita-
 6 tion.

7 (v) Following the first year in which a fire protection district
 8 has annexed an area embraced within the limits of a city pursuant
 9 to section 31-1429, Idaho Code, the city shall subtract from its
 10 budget limitations under this subsection an amount equal to the
 11 moneys spent by the city on fire protection services during the
 12 last full year in which the city provided fire protection services
 13 to its residents.

14 (b) If the taxing district has not imposed a levy for three (3) or more
 15 years, the highest dollar amount of property taxes certified for its an-
 16 annual budget for the purpose of paragraph (a) (i) of this subsection shall
 17 be tThe dollar amount of property taxes certified for its annual budget
 18 during the last year in which a levy was made.

19 (c) The dollar amount of the actual budget request, may be substituted
 20 for the amount in paragraph (a) of this subsection if the taxing dis-
 21 trict is newly created, except as may be provided in paragraph (i) of
 22 this subsection.

23 (d) ~~In the case of school districts, the restriction~~ This section does
 24 not apply to school district levies imposed in section 33-802, Idaho
 25 Code.

26 (e) In the case of a nonschool district for which less than the maximum
 27 allowable increase in the dollar amount of property taxes is certified
 28 for annual budget purposes in any one (1) year, such a district may,
 29 in any following year, recover the forgone increase by certifying, in
 30 addition to any increase otherwise allowed, an amount not to exceed one
 31 hundred percent (100%) any or all of the increase originally forgone.
 32 Provided however, that if any such forgone amount is recovered, the
 33 total maximum increase permitted under this paragraph and paragraph
 34 (a) of this subsection must not exceed four percent (4%) without voter
 35 approval pursuant to paragraph (h) of this subsection or subsection (3)
 36 of this section. Pprior to budgeting any forgone increase, the district
 37 must provide notice of its intent to do so, hold a public hearing, which
 38 may be in conjunction with its annual budget hearing, and certify by
 39 resolution the amount of forgone increase to be budgeted and the spe-
 40 cific purpose for which the forgone increase is being budgeted. Upon
 41 adoption of the resolution, the clerk of the district shall file a copy
 42 of the resolution with the county clerk and the state tax commission.
 43 Said additional amount shall be included in future calculations for
 44 increases as allowed.

45 (f) If a taxing district elects to budget less than the maximum allow-
 46 able increase in the dollar amount of property taxes, the taxing dis-
 47 trict may reserve the right to recover all or any portion of that year's
 48 forgone increase in a subsequent year by adoption of a resolution spec-
 49 ifying the dollar amount of property taxes being reserved. Otherwise,
 50 that year's forgone increase may not be recovered under paragraph (e) of

1 this subsection. The district must provide notice of its intent to do
2 so and hold a public hearing, which may be in conjunction with its an-
3 nual budget hearing if applicable. The resolution to reserve the right
4 to recover the forgone increase for that year shall be adopted at the an-
5 nual budget hearing of the taxing district if the district has a budget
6 hearing requirement.

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

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

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

34 ~~(j) In the instance or case of cooperative service agencies, the re-~~
35 ~~strictions imposed in sections 33-315 through 33-318, Idaho Code; This~~
36 ~~section does not apply to cooperative service agency levies imposed in~~
37 ~~sections 33-317 and 33-317A, Idaho Code.~~

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

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

49 (3) No board of county commissioners shall set a levy, nor shall the
50 state tax commission approve a levy for annual budget purposes, which ex-

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

6 (4) The amount of property tax revenues to finance an annual budget does
7 not include revenues from nonproperty tax sources and does not include rev-
8 enue from levies for the payment of judicially confirmed obligations pur-
9 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
10 that are voter-approved for bonds, override levies or supplemental levies,
11 plant facilities reserve fund levies, school emergency fund levies or for
12 levies applicable to newly annexed property or for levies applicable to new
13 construction as evidenced by the value of property subject to the occupancy
14 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The
15 amount of property tax revenues to finance an annual budget does not include
16 any property taxes that were collected and refunded on property that is ex-
17 empt from taxation, pursuant to section 63-1305C, Idaho Code. The amount of
18 property tax revenues to finance an annual budget does not include the amount
19 of money received in the twelve (12) months immediately preceding June 30 of
20 the current tax year as a result of distributions of the tax provided in sec-
21 tion 63-3502B(2), Idaho Code.

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