

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 247

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAX REDUCTION; PROVIDING LEGISLATIVE INTENT; AMEND-
2 ING SECTION 34-1801B, IDAHO CODE, TO PROVIDE THAT A CITY'S PROPERTY
3 TAX BASE BUDGET MAY BE THE SUBJECT OF AN INITIATIVE OR REFERENDUM PETI-
4 TION; AMENDING SECTION 34-1801C, IDAHO CODE, TO PROVIDE THAT A COUNTY'S
5 PROPERTY TAX BASE BUDGET MAY BE THE SUBJECT OF AN INITIATIVE OR REF-
6 ERENDUM PETITION; AMENDING SECTION 63-802, IDAHO CODE, TO REQUIRE
7 VOTER APPROVAL OF A TAXING DISTRICT BUDGET THAT INCREASES THAT TAXING
8 DISTRICT'S PROPERTY TAX LEVY RATE; AND DECLARING AN EMERGENCY AND PRO-
9 VIDING AN EFFECTIVE DATE.
10

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

12 SECTION 1. LEGISLATIVE INTENT. (1) The Legislature finds that Idaho
13 citizens are seeking relief from property taxes in many jurisdictions across
14 Idaho. The Legislature further finds that property taxpayers currently have
15 only two tools with which to address this issue at the local level:

- 16 (a) Taxpayers may attend the annual budget hearing for each local tax-
17 ing district and provide comments on the proposed budget; and
- 18 (b) After budgets have been certified and are already in effect, tax-
19 payers may attempt to elect different officials who may propose to re-
20 duce the property tax budget.

21 (2) The Legislature finds that neither of the tools currently avail-
22 able to property taxpayers provides a meaningful way to engage in the budget
23 process. Therefore, it is the intent of the Legislature to provide taxpayers
24 with additional tools to address the level of property tax to which they are
25 subject by local taxing entities.

26 SECTION 2. That Section 34-1801B, Idaho Code, be, and the same is hereby
27 amended to read as follows:

28 34-1801B. INITIATIVE AND REFERENDUM PROCEDURES FOR CITIES. Each city
29 shall allow direct legislation by the people through the initiative and ref-
30 erendum. Cities shall follow the procedures set forth in this chapter sub-
31 ject to the following provisions:

- 32 (1) The city attorney shall perform the duties assigned to the attorney
33 general.
- 34 (2) The city clerk shall perform those duties assigned to the secretary
35 of state.
- 36 (3) City initiative and referendum elections shall be held on the Tues-
37 day following the first Monday in November in odd-numbered years.
- 38 (4) An action brought pursuant to section 34-1809, Idaho Code, chal-
39 lenging the ballot title or short title shall be brought in the district
40 court in the county in which the city is located.

1 (5) Pursuant to section 34-1809, Idaho Code, the city attorney shall
2 prepare recommendations concerning revision of the initiative or referen-
3 dum, issue a certificate of review to the city clerk, and shall prepare the
4 ballot title and short title.

5 (6) To be eligible to sign a petition for city initiative or referen-
6 dum, a person shall be a qualified elector of the city at the time of signing
7 thereon.

8 (7) To perfect a petition for city initiative or referendum, the pe-
9 tition shall have signatures from at least twenty percent (20%) of the to-
10 tal number of qualified electors voting in the last general city election in
11 November of an odd-numbered year.

12 (8) The provisions of section 34-1805, Idaho Code, relating to the num-
13 ber of required signatures and geographic distribution of signatures shall
14 not apply to city initiative or referendum.

15 (9) Any person who circulates a petition for city initiative or refer-
16 endum shall be a resident of the state of Idaho and at least eighteen (18)
17 years of age, and, pursuant to section 34-1807, Idaho Code, shall certify
18 their belief that each signer of the petition is a qualified elector of the
19 state of Idaho and the city.

20 (10) A copy of all petitions and signature sheets shall be kept by the
21 city clerk as a public record.

22 (11) The prospective petition for referendum, as provided by section
23 34-1804, Idaho Code, shall be filed not more than sixty (60) days following
24 publication of the adopted ordinance as provided by section 50-901, Idaho
25 Code.

26 (12) The deadline for submission of signatures to the city clerk is one
27 hundred eighty (180) days after the petitioners for initiative or referendum
28 receive the official ballot title from the city clerk, or April 30 of the year
29 of the initiative or referendum election, whichever is earlier.

30 (13) Petitioners must submit the signed initiative or referendum peti-
31 tions to the county clerk for verification not later than the close of busi-
32 ness on the first day of May in the year of the initiative or referendum elec-
33 tion, or one hundred eighty (180) days after the petitioners receive the of-
34 ficial ballot title from the city clerk, whichever is earlier.

35 (14) The county clerk has sixty (60) calendar days to verify the signa-
36 tures as provided in subsection (3) of section 34-1802, Idaho Code.

37 (15) The city council shall have the option to adopt the ordinance pro-
38 posed by initiative within thirty (30) days after the notification pursuant
39 to section 34-1807, Idaho Code, provided that the petition has the required
40 number of signatures. The city council shall hold a public hearing on the
41 proposed ordinance within the thirty (30) day period, preceded by legal no-
42 tice published once in the official city newspaper at least seven (7) days
43 preceding the hearing. If the ordinance is not adopted by the council by the
44 end of the thirty (30) day period, the initiative shall be put on the ballot.

45 (16) As provided by sections 34-1812A through 34-1812C, Idaho Code, a
46 voters' pamphlet shall be prepared by the city clerk.

47 (17) To be passed into law, an initiative or referendum shall be ap-
48 proved by a majority of the votes cast on the measure.

49 (18) The mayor shall issue the proclamation provided by section
50 34-1813, Idaho Code.

1 (19) The city clerk shall publish an ordinance adopted by initiative or
2 referendum within thirty (30) days after the proclamation by the mayor pro-
3 vided in subsection (18) of this section.

4 (20) All city ordinances setting forth procedures for initiative or
5 referendum are void on July 1, 2015.

6 (21) This section does not apply to bond elections.

7 (22) This section does not apply to any local zoning legislation includ-
8 ing, but not limited to, ordinances required or authorized pursuant to chap-
9 ter 65, title 67, Idaho Code.

10 (23) Notwithstanding any other provision of law to the contrary, noth-
11 ing prohibits the citizens of Idaho from using the power of the initiative or
12 referendum to reduce the property tax base budget of a city.

13 SECTION 3. That Section 34-1801C, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 34-1801C. INITIATIVE AND REFERENDUM PROCEDURES FOR COUNTIES. Each
16 county shall allow direct legislation by the people through the initiative
17 and referendum. Counties shall follow the procedures set forth in this chap-
18 ter subject to the following provisions:

19 (1) The county prosecuting attorney shall perform the duties assigned
20 to the attorney general.

21 (2) The county clerk shall perform those duties assigned to the secre-
22 tary of state.

23 (3) County initiative and referendum elections shall be held pursuant
24 to section 34-106(8), Idaho Code.

25 (4) Pursuant to section 34-1809, Idaho Code, the county prosecuting at-
26 torney shall prepare recommendations concerning revision of the initiative
27 or referendum, issue a certificate of review to the county clerk and prepare
28 the ballot title and short title.

29 (5) An action brought pursuant to section 34-1809, Idaho Code, chal-
30 lenging the ballot title or short title shall be brought in the district
31 court of the county.

32 (6) To be eligible to sign a petition for county initiative or referen-
33 dum, a person shall be a qualified elector of the county at the time of sign-
34 ing the petition.

35 (7) To perfect a petition for county initiative or referendum, the pe-
36 tition shall have signatures from at least twenty percent (20%) of the total
37 number of qualified electors voting in the last general county election in
38 November of an even-numbered year.

39 (8) The provisions of section 34-1805, Idaho Code, relating to the num-
40 ber of required signatures and geographic distribution of signatures shall
41 not apply to a county initiative or referendum.

42 (9) Any person who circulates a petition for county initiative or ref-
43 erendum shall be a resident of the state of Idaho and at least eighteen (18)
44 years of age, and, pursuant to section 34-1807, Idaho Code, shall certify his
45 belief that each signer of the petition is a qualified elector of the state of
46 Idaho and the county.

47 (10) A copy of all petitions and signature sheets shall be kept by the
48 county clerk as a public record.

1 (11) The prospective petition for referendum, as provided by section
2 34-1804, Idaho Code, shall be filed no more than sixty (60) days following
3 publication of the adopted ordinance as provided by section 31-715, Idaho
4 Code.

5 (12) Petitioners must submit the signed initiative or referendum peti-
6 tions to the county clerk for verification no later than one hundred eighty
7 (180) days after the petitioners receive the official ballot title from the
8 county clerk, or one hundred eighty (180) days before the election at which
9 the initiative or referendum is to be voted on, whichever is earlier.

10 (13) The county clerk has sixty (60) calendar days to verify the signa-
11 tures as provided in section 34-1802(3), Idaho Code.

12 (14) The board of county commissioners shall have the option to adopt
13 the ordinance proposed by initiative within thirty (30) days after the noti-
14 fication pursuant to section 34-1807, Idaho Code, provided that the petition
15 has the required number of signatures. The board of county commissioners
16 shall hold a public hearing on the proposed ordinance within the thirty (30)
17 day period, preceded by legal notice published once in the county at least
18 seven (7) days preceding the hearing. If the ordinance is not adopted by the
19 board of county commissioners by the end of the thirty (30) day period, the
20 initiative shall be put on the ballot.

21 (15) As provided by sections 34-1812A through 34-1812C, Idaho Code, a
22 voters' pamphlet shall be prepared by the county clerk.

23 (16) To be passed into law, an initiative or referendum shall be ap-
24 proved by a majority of the votes cast on the measure.

25 (17) The board of county commissioners shall issue the proclamation
26 provided by section 34-1813, Idaho Code.

27 (18) The county clerk shall publish an ordinance adopted by initiative
28 or referendum within thirty (30) days after the proclamation by the board of
29 county commissioners provided in subsection (17) of this section.

30 (19) All county ordinances setting forth initiative or referendum pro-
31 cedures are void on July 1, 2018.

32 (20) This section does not apply to bond elections.

33 (21) This section does not apply to zoning legislation, including, but
34 not limited to, ordinances required or authorized pursuant to chapter 65,
35 title 67, Idaho Code.

36 (22) Notwithstanding any other provision of law to the contrary, noth-
37 ing prohibits the citizens of Idaho from using the power of the initiative or
38 referendum to reduce the property tax base budget of a county.

39 SECTION 4. That Section 63-802, Idaho Code, be, and the same is hereby
40 amended to read as follows:

41 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --
42 EXCEPTIONS. (1) Except as otherwise provided in this section, no taxing dis-
43 trict shall certify a budget request for an amount of property tax revenues
44 to finance an annual budget that exceeds the maximum sum permitted under this
45 section:

46 (a) (i) The highest dollar amount of property taxes certified for
47 its annual budget for any one (1) of the three (3) tax years preced-
48 ing the current tax year, which amount may be increased by a growth
49 factor of not to exceed three percent (3%) plus the amount of rev-

1 enue calculated as described in this subsection. The taxing dis-
2 trict shall determine what portion of the three-percent (3%) in-
3 crease permitted under this subparagraph that it requires and then
4 calculate a preliminary levy rate based on the percent chosen. In
5 calculating the preliminary levy rate, the most current taxable
6 market value shall be used, except that, for taxable market values
7 of centrally assessed operating property, the prior year's valua-
8 tion may be used instead of the current year's taxable market val-
9 ues. The preliminary levy rate shall be multiplied by the value
10 shown on the new construction roll compiled pursuant to section
11 63-301A, Idaho Code, and by ninety percent (90%) of the value of
12 annexation during the previous calendar year, as certified by the
13 state tax commission for taxable market values of operating prop-
14 erty of public utilities and by the county assessor; except for a
15 fire protection district annexing property prior to July 1, 2021,
16 pursuant to section 31-1429, Idaho Code, the new levy rate shall be
17 multiplied by one hundred percent (100%) of the value of any such
18 property annexed prior to July 1, 2021.

19 (ii) The total budget increase calculated under this paragraph
20 must not exceed eight percent (8%), except that any increase in the
21 amount of property tax revenue to finance an annual budget added
22 as a result of the termination, de-annexation, or plan modifica-
23 tion of a revenue allocation area of an urban renewal district pur-
24 suant to section 63-301A(3)(g), (j), or (k), Idaho Code, shall not
25 be subject to such limitation.

26 (iii) Following the first year in which a fire protection district
27 has annexed city property pursuant to section 31-1429, Idaho Code,
28 the city shall subtract an amount equal to the moneys spent on fire
29 protection services during the last full year the city provided
30 fire protection services to its residents from its budget limita-
31 tion under this section.

32 (b) If the taxing district has not imposed a levy for three (3) or more
33 years, the highest dollar amount of property taxes certified for its an-
34 nual budget for the purpose of paragraph (a) (i) of this subsection shall
35 be 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 may be substituted
38 for the amount in paragraph (a) of this subsection if the taxing dis-
39 trict is newly created, except as may be provided in paragraph ~~(i)~~ (j) of
40 this subsection.

41 (d) This section does not apply to school district levies imposed in
42 section 33-802, Idaho Code.

43 (e) (i) In the case of a nonschool district for which less than the
44 maximum allowable increase in the dollar amount of property taxes
45 is certified for annual budget purposes in any one (1) year, such a
46 district may, in any following year, recover the forgone increase
47 by certifying, in addition to any increase otherwise allowed, any
48 or all of the increase originally forgone. Provided however, that
49 prior to budgeting any forgone increase, the district must provide
50 notice of its intent to do so, hold a public hearing that may be in

1 conjunction with its annual budget hearing, and certify by resolu-
2 tion the amount of forgone increase to be budgeted and the specific
3 purpose for which the forgone increase is being budgeted. Upon
4 adoption of the resolution, the clerk of the district shall file a
5 copy of the resolution with the county clerk and the state tax com-
6 mission. Said additional amount shall be included in future cal-
7 culations for increases as allowed, except as provided in subpara-
8 graph (iii) of this paragraph.

9 (ii) If the forgone increase is budgeted for the purpose of main-
10 tenance and operations, the rate of recovering the reserved for-
11 gone moneys may increase the taxing district's budget by no more
12 than one percent (1%) per year.

13 (iii) If the forgone increase is budgeted for a capital project or
14 projects, the rate of recovering the reserved forgone moneys may
15 not exceed three percent (3%) of the taxing district's budget for
16 the year in which the forgone increase is budgeted. Forgone moneys
17 budgeted for a capital project must be deducted from the taxing
18 district's forgone balance in the year in which it is budgeted.
19 Upon completion of such a capital project, the taxing district
20 shall certify such completion to the state tax commission and
21 county clerk. If, upon certification, the state tax commission
22 finds that the taxing district included forgone moneys for a capi-
23 tal project in calculating the increase permitted under paragraph
24 (a) of this subsection, the state tax commission shall direct the
25 taxing district to reduce its property tax budget for any year
26 in which the forgone moneys were used to calculate a budget in-
27 crease, in an amount equal to the forgone moneys budgeted plus any
28 increases attributed to the forgone moneys improperly included in
29 the taxing district's property tax budget. For the purpose of this
30 paragraph, a capital project includes:

- 31 1. The construction, expansion, renovation, or replacement
32 of public facilities, including the acquisition of land and
33 other site improvements;
- 34 2. The construction, expansion, or reconstruction of public
35 works improvements, including roads, bridges, water sys-
36 tems, sewer systems, and broadband systems; and
- 37 3. The purchase of equipment with a useful life of ten (10)
38 years or more.

39 (f) If a taxing district elects to budget less than the maximum allow-
40 able increase in the dollar amount of property taxes, the taxing dis-
41 trict may reserve the right to recover all or any portion of that year's
42 forgone increase in a subsequent year by adoption of a resolution spec-
43 ifying the dollar amount of property taxes being reserved. Otherwise,
44 that year's forgone increase may not be recovered under paragraph (e) of
45 this subsection. The district must provide notice of its intent to do so
46 and hold a public hearing that may be in conjunction with its annual bud-
47 get hearing, if applicable. The resolution to reserve the right to re-
48 cover the forgone increase for that year shall be adopted at the annual
49 budget hearing of the taxing district if the district has a budget hear-
50 ing requirement.

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

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

20 (i) Notwithstanding any other provision of this section to the con-
21 trary, whenever a taxing district's proposed property tax budget re-
22 quires the property tax levy rate for that taxing district to increase,
23 that taxing district must submit to the electors within the district
24 the question of whether to approve such increase in the property tax
25 levy rate. The ballot question shall be accompanied by a description of
26 the amount by which the new levy rate would increase property taxes per
27 one hundred thousand dollars (\$100,000) of taxable assessed value in
28 the taxing district. Such levy rate, if approved, may not be increased
29 beyond the maximum levy rate authorized by statute for the taxing dis-
30 trict. The increased levy amount must be approved by a simple majority
31 of the voters voting on the question at an election called for that pur-
32 pose and held on the November date provided by section 34-106, Idaho
33 Code. If the measure fails, the levy rate from the previous tax year for
34 that taxing district must be used.

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

43 ~~(j)~~ (k) This section does not apply to cooperative service agency
44 levies imposed in sections 33-317 and 33-317A, Idaho Code.

45 ~~(k)~~ (l) The amount of money received in the twelve (12) months immedi-
46 ately preceding June 30 of the current tax year as a result of distribu-
47 tions of the tax provided in section 63-3502B(2), Idaho Code.

48 (2) In the case of fire districts, during the year immediately follow-
49 ing the election of a public utility or public utilities to consent to be pro-
50 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum

1 amount of property tax revenues permitted in subsection (1) of this section
2 may be increased by an amount equal to the current year's taxable value of the
3 consenting public utility or public utilities multiplied by that portion of
4 the prior year's levy, subject to the limitation provided by subsection (1)
5 of this section.

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

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

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

28 (6) For tax year 2023, before calculating the amount required in sub-
29 section (1) (a) (i) of this section, the board of county commissioners shall
30 reduce the approved property tax levy portion of its budget for the immedi-
31 ate prior three (3) years in an amount equal to the amount levied for indigent
32 public defense. The reduced budget amount shall be the base budget for the
33 purpose of subsection (1) (a) (i) of this section.

34 SECTION 5. An emergency existing therefor, which emergency is hereby
35 declared to exist, this act shall be in full force and effect on and after
36 July 1, 2023.