

IN THE SENATE

SENATE BILL NO. 1249

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAX BUDGETS; AMENDING SECTION 63-802, IDAHO CODE, TO  
REVISE PROVISIONS REGARDING LIMITATIONS ON TAXING DISTRICT BUDGETS;  
AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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 this section, no taxing dis-  
trict shall certify a budget request for an amount of property tax revenues  
to finance an annual budget that exceeds the maximum sum permitted 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 preced-  
ing the current tax year, which amount may be increased by a growth  
factor of not to exceed three percent (3%) plus the amount of rev-  
enue calculated as described in this subsection. The taxing dis-  
trict shall determine what portion of the three percent (3%) in-  
crease permitted under this subparagraph that it requires and then  
calculate a preliminary levy rate based on the percent chosen. In  
calculating the preliminary levy rate, the most current taxable  
market value shall be used, except that for taxable market values  
of centrally assessed operating property, the prior year's valua-  
tion may be used instead of the current year's taxable market val-  
ues. The preliminary levy rate shall be multiplied by the value  
shown on the new construction roll compiled pursuant to section  
63-301A, Idaho Code, and by ninety percent (90%) of the value of  
annexation during the previous calendar year, as certified by the  
state tax commission for taxable market 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 (100%) of the value of any such  
property annexed prior to July 1, 2021.

(ii) The total budget increase calculated under this paragraph  
must not exceed eight percent (8%), except that any ~~distribution  
of funds to a taxing district~~ increase in the amount of property  
tax revenue to finance an annual budget added as a result of the  
termination, deannexation, or plan modification of a revenue al-  
location area of an urban renewal district pursuant to section  
~~50-2909(4)~~ 63-301A(3)(g), (j), or (k), Idaho Code, shall not be  
subject to such limitation.

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

7 (b) If the taxing district has not imposed a levy for three (3) or more  
8 years, the highest dollar amount of property taxes certified for its an-  
9 nual budget for the purpose of paragraph (a) (i) of this subsection shall  
10 be the dollar amount of property taxes certified for its annual budget  
11 during the last year in which a levy was made.

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

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

18 (e) (i) In the case of a nonschool district for which less than the  
19 maximum allowable increase in the dollar amount of property taxes  
20 is certified for annual budget purposes in any one (1) year, such a  
21 district may, in any following year, recover the forgone increase  
22 by certifying, in addition to any increase otherwise allowed, any  
23 or all of the increase originally forgone. Provided however, that  
24 prior to budgeting any forgone increase, the district must provide  
25 notice of its intent to do so, hold a public hearing, ~~which that~~  
26 may be in conjunction with its annual budget hearing, and certify  
27 by resolution the amount of forgone increase to be budgeted and the  
28 specific purpose for which the forgone increase is being budgeted.  
29 Upon adoption of the resolution, the clerk of the district shall  
30 file a copy of the resolution with the county clerk and the state  
31 tax commission. Said additional amount shall be included in fu-  
32 ture calculations for increases as allowed, except as provided in  
33 subparagraph (iii) of this paragraph.

34 (ii) If the forgone increase is budgeted for the purpose of main-  
35 tenance and operations, the rate of recovering the reserved for-  
36 gone moneys may increase the taxing district's budget by no more  
37 than one percent (1%) per year. ~~Provided, however, this cap shall~~  
38 ~~not apply to a taxing district that budgets its reserved forgone~~  
39 ~~moneys for the purpose of maintenance and operations as long as it~~  
40 ~~does not budget, or reserve as forgone, any portion of the three~~  
41 ~~percent (3%) increase otherwise allowed and does not budget any~~  
42 ~~new construction or annexation increases.~~

43 (iii) If the forgone increase is budgeted for a capital project or  
44 projects, the rate of recovering the reserved forgone moneys may  
45 not exceed three percent (3%) of the taxing district's budget for  
46 the year in which the forgone increase is budgeted. Forgone moneys  
47 budgeted for a capital project must be deducted from the taxing  
48 district's forgone balance in the year in which it is budgeted.  
49 Upon completion of such a capital project, the taxing district  
50 shall certify such completion to the state tax commission and

1 county clerk. If, upon certification, the state tax commission  
2 finds that the taxing district included forgone moneys for a capi-  
3 tal project in calculating the increase permitted under paragraph  
4 (a) of this subsection, the state tax commission shall direct the  
5 taxing district to reduce its property tax budget for any year  
6 in which the forgone moneys were used to calculate a budget in-  
7 crease, in an amount equal to the forgone moneys budgeted plus any  
8 increases attributed to the forgone moneys improperly included in  
9 the taxing district's property tax budget. For the purpose of this  
10 paragraph, a capital project includes:

- 11 1. The construction, expansion, renovation, or replacement  
12 of public facilities, including the acquisition of land and  
13 other site improvements;
- 14 2. The construction, expansion, or reconstruction of public  
15 works improvements, including roads, bridges, water sys-  
16 tems, sewer systems, and broadband systems; and
- 17 3. The purchase of equipment with a useful life of ten (10)  
18 years or more.

19 (f) If a taxing district elects to budget less than the maximum allow-  
20 able increase in the dollar amount of property taxes, the taxing dis-  
21 trict may reserve the right to recover all or any portion of that year's  
22 forgone increase in a subsequent year by adoption of a resolution spec-  
23 ifying the dollar amount of property taxes being reserved. Otherwise,  
24 that year's forgone increase may not be recovered under paragraph (e) of  
25 this subsection. The district must provide notice of its intent to do so  
26 and hold a public hearing, ~~which~~ that may be in conjunction with its an-  
27 nual budget hearing, if applicable. The resolution to reserve the right  
28 to recover the forgone increase for that year shall be adopted at the an-  
29 nual budget hearing of the taxing district if the district has a budget  
30 hearing requirement.

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

40 (h) A taxing district may submit to the electors within the district  
41 the question of whether the budget from property tax revenues may be  
42 increased beyond the amount authorized in this section, but not beyond  
43 the levy authorized by statute. The additional amount must be approved  
44 by sixty-six and two-thirds percent (66 2/3%) or more of the voters  
45 voting on the question at an election called for that purpose and held  
46 on the May or November dates provided by section 34-106, Idaho Code.  
47 If approved by the required minimum sixty-six and two-thirds percent  
48 (66 2/3%) of the voters voting at the election, the new budget amount  
49 shall be the base budget for the purposes of this section.

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

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

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

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

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

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

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

44 SECTION 2. An emergency existing therefor, which emergency is hereby  
45 declared to exist, this act shall be in full force and effect on and after its  
46 passage and approval, and retroactively to January 1, 2022.