

IN THE SENATE

SENATE BILL NO. 1170

BY STATE AFFAIRS COMMITTEE

AN ACT

1 RELATING TO TAXING DISTRICTS; AMENDING SECTION 63-802, IDAHO CODE, AS  
2 AMENDED IN SECTION 1 OF SENATE BILL NO. 1108, AS AMENDED, AS ENACTED  
3 BY THE FIRST REGULAR SESSION OF THE SIXTY-SIXTH IDAHO LEGISLATURE, TO  
4 REVISE PROVISIONS REGARDING THE LIMITATION ON TAXING DISTRICT BUDGETS.  
5

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

7 SECTION 1. That Section 63-802, Idaho Code, as amended in Section 1 of  
8 Senate Bill No. 1108, As Amended, as enacted by the First Regular Session of  
9 the Sixty-sixth Idaho Legislature, be, and the same is hereby amended to read  
10 as follows:

11 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --  
12 EXCEPTIONS. (1) Except as otherwise provided in this section, no taxing dis-  
13 trict shall certify a budget request for an amount of property tax revenues  
14 to finance an annual budget that exceeds the maximum sum permitted under this  
15 section:

16 (a) (i) The highest dollar amount of property taxes certified for  
17 its annual budget for any one (1) of the three (3) tax years preced-  
18 ing the current tax year, which amount may be increased by a growth  
19 factor not to exceed three percent (3%) plus the amount of revenue  
20 calculated as described in this subsection.

21 (ii) The taxing district shall determine what portion of the  
22 three percent (3%) increase permitted under subparagraph (i) of  
23 this paragraph it requires and then calculate the new levy rate  
24 based on the percentage chosen. In calculating the levy rate, the  
25 most current valuation data shall be used, except that for cen-  
26 trally assessed operating property the prior year's valuation may  
27 be used instead of the current year's valuation.

28 (iii) The new levy rate shall be multiplied:

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

35 2. By seventy-five percent (75%) of the value of annexation  
36 during the previous calendar year, as certified by the state  
37 tax commission for taxable values of operating property of  
38 public utilities and by the county assessor, except for a  
39 fire protection district annexing property prior to July 1,  
40 2021, pursuant to section 31-1429, Idaho Code, the new levy  
41 rate shall be multiplied by one hundred percent (100%) of the  
42 value of any such property annexed prior to July 1, 2021.

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

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

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

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

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

23 (e) In the case of a nonschool district for which less than the maxi-  
24 mum allowable increase in the dollar amount of property taxes is cer-  
25 tified for annual budget purposes in any one (1) year, such a district  
26 may, in any following year, recover the forgone increase by certifying,  
27 in addition to any increase otherwise allowed, any or all of the in-  
28 crease originally forgone. Provided however, that if any such forgone  
29 amount is recovered, the total maximum increase permitted under this  
30 paragraph and paragraph (a) of this subsection must not exceed four per-  
31 cent (4%) without voter approval pursuant to paragraph (h) of this sub-  
32 section or subsection (3) of this section. Prior to budgeting any for-  
33 gone increase, the district must provide notice of its intent to do so,  
34 hold a public hearing, which may be in conjunction with its annual bud-  
35 get hearing, and certify by resolution the amount of forgone increase to  
36 be budgeted and the specific purpose for which the forgone increase is  
37 being budgeted. Upon adoption of the resolution, the clerk of the dis-  
38 trict shall file a copy of the resolution with the county clerk and the  
39 state tax commission. Said additional amount shall be included in fu-  
40 ture calculations for increases as allowed.

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

1 nual budget hearing of the taxing district if the district has a budget  
2 hearing requirement.

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

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

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

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

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

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

47 (4) The amount of property tax revenues to finance an annual budget does  
48 not include revenues from nonproperty tax sources and does not include rev-  
49 enue from levies for the payment of judicially confirmed obligations pur-  
50 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies

1 that are voter-approved for bonds, override levies or supplemental levies,  
2 plant facilities reserve fund levies, school emergency fund levies or for  
3 levies applicable to newly annexed property or for levies applicable to new  
4 construction as evidenced by the value of property subject to the occupancy  
5 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The  
6 amount of property tax revenues to finance an annual budget does not include  
7 any property taxes that were collected and refunded on property that is ex-  
8 empt from taxation, pursuant to section 63-1305C, Idaho Code. The amount of  
9 property tax revenues to finance an annual budget does not include the amount  
10 of money received in the twelve (12) months immediately preceding June 30 of  
11 the current tax year as a result of distributions of the tax provided in sec-  
12 tion 63-3502B(2), Idaho Code.

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