

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 49

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO PROPERTY TAXATION; AMENDING SECTION 63-602KK, IDAHO
 2 CODE, TO SPECIFY THE DATE THE SECTION TAKES EFFECT AND TO
 3 CORRECT THE CALCULATION OF REIMBURSEMENTS FOR EXEMPT
 4 PERSONAL PROPERTY LOCATED IN REVENUE ALLOCATION AREAS;
 5 AMENDING SECTION 63-802, IDAHO CODE, TO CORRECT THE CALCULATION
 6 OF THE THREE PERCENT PROPERTY TAX BUDGET LIMITATION RELATING
 7 TO REIMBURSEMENT MONEYS FOR EXEMPT PERSONAL PROPERTY; AND
 8 AMENDING SECTION 63-803, IDAHO CODE, TO CORRECT THE DEFINITION
 9 OF TAXABLE VALUE OF PROPERTY ON THE BASE ASSESSMENT ROLL OF A
 10 REVENUE ALLOCATION AREA.
 11

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

13 SECTION 1. That Section 63-602KK, Idaho Code, be, and the same is hereby amended
 14 to read as follows:

15 63-602KK. PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL
 16 PROPERTY. (1) On and after January 1, 2009, subject to subsection (2) of this section, each
 17 taxpayer’s personal property, located in the county, which is not otherwise exempt and which
 18 is not operating property, shall be exempt to the extent of one hundred thousand dollars
 19 (\$100,000). For the purposes of this section, a taxpayer includes two (2) or more individuals
 20 using the property in a common enterprise or a related group of two (2) or more organizations
 21 when the individuals or organizations are within a relationship described in section 267 of the
 22 Internal Revenue Code, as defined in section 63-3004, Idaho Code.

23 (2) This section shall not take effect on January 1, 2009, if on September 1, 2008, the
 24 state controller certifies that the receipts to the general fund for the fiscal year ending June
 25 30, 2008, have not exceeded receipts to the general fund from the previous fiscal year by five
 26 percent (5%) or more. This section shall take effect on January 1 of the year following the first
 27 year when the state controller certifies to the state tax commission that receipts to the general
 28 fund for the fiscal year just ended have exceeded the receipts to the general fund during the
 29 previous fiscal year by five percent (5%) or more.

30 (3) No later than the third Monday of November of each year, the county clerk of each
 31 county shall certify to the state tax commission the amount of exemption from property taxes
 32 under subsection (1) of this section, in that county for that year. The certification shall identify
 33 the property receiving tax reductions, the value of the property, the property’s location, the
 34 amount of the tax levy applicable to personal property in the location, and the tax before and
 35 after the exemption allowed in subsection (1) of this section. The certification shall be in the
 36 form prescribed by the state tax commission and shall include such additional information as
 37 the commission may require by rule as needed to implement the purpose of this section. The
 38 certification shall be reviewed and if necessary, corrected by the state tax commission.

(4) (a) Subject to the limitations of this section, the state tax commission shall reimburse from the amount appropriated for personal property tax replacement in section 63-3638, Idaho Code, the county treasurer of each county for the reduction on the certification provided in subsection (3) of this section. The county treasurer shall reimburse from the amount received to each taxing district within the county an amount in proportion to the amount of reduction shown on the certification in subsection (3) of this section as corrected. The amount that would otherwise be attributable to tax revenues derived from tax levies on ~~taxable~~ personal property exempted by this section within an existing revenue allocation area as defined in section 50-2903(15), Idaho Code, ~~on or before January 1, 2009,~~ shall be paid directly by the county treasurer to such public body or agency entitled ~~therein~~ thereto, equal to the amounts that would have been distributed in accordance with the formula for such distribution set forth in section 50-2908, Idaho Code.

(b) The state tax commission shall pay one-half (1/2) of the reimbursement provided in this section no later than December 20 of each year, and the second one-half (1/2) shall be paid by no later than June 20 of the following year. The money received by the county tax collector under the provisions of this section may be considered by counties and other taxing districts and budgeted against at the same time, and in the same manner, and in the same year as revenues from taxation. The total amount paid to the county treasurers shall not exceed the amount certified to the state tax commission under subsection (3) of this section.

(c) For purposes of the limitation provided by section 63-802, Idaho Code, moneys received from distributions pursuant to section 63-3638, Idaho Code, as property tax replacement for the taxable value of property exempt from taxation pursuant to this section shall be treated as property tax revenues.

(5) Nothing contained in this section shall affect the taxation of forest lands or forest products pursuant to chapter 17, title 63, Idaho Code, or the taxation of the net profits of mines pursuant to chapter 28, title 63, Idaho Code.

SECTION 2. 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 subsection (3) of this section for tax year 1995, and each year thereafter, 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:

(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, ~~plus the dollar amount of moneys received pursuant to section 63-3638(12), Idaho Code,~~ 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 that would have been generated by applying 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(10), Idaho Code, to any increase in market value subject to taxation resulting from new construction or change of land use classification as evidenced 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

1 the state tax commission for market values of operating property of public utilities and by
2 the county assessor; or

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

5 (c) The dollar amount of the actual budget request, if the taxing district is newly created
6 except as may be provided in subsection (1)(h) of this section; or

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

9 (e) In the case of a nonschool district for which less than the maximum allowable
10 increase in the dollar amount of property taxes is certified for annual budget purposes in
11 any one (1) year, such a district may, in any following year, recover the foregone increase
12 by certifying, in addition to any increase otherwise allowed, an amount not to exceed one
13 hundred percent (100%) of the increase originally foregone. Said additional amount shall
14 be included in future calculations for increases as allowed; or

15 (f) In the case of cities, if the immediately preceding year's levy subject to the limitation
16 provided by this section, is less than 0.004, the city may increase its budget by an amount
17 not to exceed the difference between 0.004 and actual prior year's levy multiplied by
18 the prior year's market value for assessment purposes. The additional amount must be
19 approved by sixty percent (60%) of the voters voting on the question at an election called
20 for that purpose and held on the date in May or November provided by law, and may be
21 included in the annual budget of the city for purposes of this section; or

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

30 (h) When a nonschool district consolidates with another nonschool district or dissolves
31 and a new district performing similar governmental functions as the dissolved district
32 forms with the same boundaries within three (3) years, the maximum amount of a budget
33 of the district from property tax revenues shall not be greater than the sum of the amounts
34 that would have been authorized by this section for the district itself or for the districts
35 that were consolidated or dissolved and incorporated into a new district; or

36 (i) In the instance or case of cooperative service agencies, the restrictions imposed in
37 sections 33-315 through 33-318, Idaho Code.

38 (2) In the case of fire districts, during the year immediately following the election of
39 a public utility or public utilities to consent to be provided fire protection pursuant to section
40 31-1425, Idaho Code, the maximum amount of property tax revenues permitted in subsection
41 (1) of this section may be increased by an amount equal to the current year's taxable value of
42 the consenting public utility or public utilities multiplied by that portion of the prior year's levy
43 subject to the limitation provided by subsection (1) of this section.

44 (3) No board of county commissioners shall set a levy, nor shall the state tax commission
45 approve a levy for annual budget purposes which exceeds the limitation imposed in subsection
46 (1) of this section, unless authority to exceed such limitation has been approved by a majority

1 of the taxing district's electors voting on the question at an election called for that purpose and
 2 held pursuant to section 34-106, Idaho Code, provided however, that such voter approval shall
 3 be for a period of not to exceed two (2) years.

4 (4) The amount of property tax revenues to finance an annual budget does not include
 5 revenues from nonproperty tax sources, and does not include revenue from levies that are voter
 6 approved for bonds, override levies or supplemental levies, plant facilities reserve fund levies,
 7 school emergency fund levies or for levies applicable to newly annexed property or for levies
 8 applicable to new construction as evidenced by the value of property subject to the occupancy
 9 tax pursuant to section 63-317, Idaho Code, for the preceding tax year.

10 SECTION 3. That Section 63-803, Idaho Code, be, and the same is hereby amended to
 11 read as follows:

12 63-803. CERTIFICATION OF BUDGETS IN DOLLARS. (1) Whenever any taxing
 13 district is required by law to certify to any county treasurer, county auditor, county assessor,
 14 county commissioners or to any other county officer, any property tax levy, upon property
 15 located within said district, such certification shall, notwithstanding any other provision of the
 16 law applicable to any such district, be made at the time and in the manner hereinafter provided.

17 (2) The county auditor shall inform each of the taxing districts within his county of the
 18 taxable value of that district as soon as such value is known to the auditor, whether the value
 19 comes from the appraisal and assessment of real and personal property, or from allocation of
 20 the taxable value of operating property, or from other sources.

21 (3) Using the taxable value of the district, the council, trustees, board or other governing
 22 body of any taxing district shall certify the total amount required from a property tax upon
 23 property within the district to raise the amount of money fixed by their budget as previously
 24 prepared or approved. The amount of money so determined shall be certified in dollars to
 25 the appropriate county commissioners. Any taxing unit, except regional airport authorities,
 26 located in more than one (1) county shall divide its dollar budget for certification to the
 27 separate counties by multiplying the amount of such budget by a fraction, the numerator of
 28 which shall be the total taxable value of all property in such taxing unit within the county
 29 to which such certification is to be made, and the denominator of which shall be the total
 30 taxable value of property in such taxing unit in all such counties. Budget certification to the
 31 participating counties of regional airport authorities shall be made in the manner prescribed
 32 in section 21-807(10), Idaho Code. Taxable value shall be certified by the county auditor of
 33 each affected county to such taxing unit and such certification shall be used in this formula.
 34 Except as provided in section 33-805, Idaho Code, relating to school emergency fund levies,
 35 the certification to the county commissioners required in this section shall be made not later
 36 than the Thursday prior to the second Monday in September, unless, upon application therefor,
 37 the county commissioners grant an extension of not more than seven (7) working days. After
 38 receipt of this certification, the county commissioners shall make a tax levy as a percent of
 39 taxable value of all property in the taxing district, which when applied to the tax rolls, will
 40 meet the budget requirements certified by such taxing districts.

41 (4) Except as provided in subsection (1)(a) through (e) of section 50-2908, Idaho Code,
 42 for the purpose of this section, "taxable value" shall mean the portion of the equalized assessed
 43 value, less any exemptions, except the exemption for personal property in section 63-602KK,
 44 Idaho Code, and the value that exceeds the value of the base assessment roll for the portion
 45 of any taxing district within a revenue allocation area of an urban renewal district, located

1 within each taxing district which certifies a budget to be raised from a property tax levy. When
2 the county auditor is notified of revenues sufficient to cover expenses as provided in section
3 50-2903(5), Idaho Code, taxable value shall also include the value that exceeds the value of
4 the base assessment roll for the portion of any taxing district within a revenue allocation area.
5 For each taxing district, taxable value shall include the value from the property and operating
6 property rolls for the current year and subsequent and missed property rolls for the prior year or
7 the best estimate of the subsequent and missed property rolls for the current year.