

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 645

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXATION; AMENDING SECTION 63-301A, IDAHO CODE, TO REVISE WHAT MAY BE PLACED ON THE NEW CONSTRUCTION ROLL AND TO PROVIDE FOR CORRECTIONS IN THE ROLL; AMENDING SECTION 63-802, IDAHO CODE, TO REVISE HOW THE THREE PERCENT INCREASE IN PROPERTY TAX BUDGETS IS CALCULATED; AMENDING SECTION 63-802, IDAHO CODE, AS AMENDED BY SECTION 142, CHAPTER 341, LAWS OF 2009, TO REVISE HOW THE THREE PERCENT INCREASE IN PROPERTY TAX BUDGETS IS CALCULATED; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.

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

SECTION 1. That Section 63-301A, Idaho Code, be, and the same is hereby amended to read as follows:

63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare a new construction roll, which shall be in addition to the property roll, which new construction roll shall show:

(a) The name of the taxpayer;

(b) The description of the new construction, suitably detailed to meet the requirements of the individual county;

(c) A description of the land and its change in use, suitably detailed to meet the needs of the individual county;

(d) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction or a change in use of the land or both;

(e) The amount of taxable market value added as provided in subsection (3)(g) of this section as a result of dissolution of any revenue allocation area;

(f) The amount of taxable market value to be deducted to reflect the adjustments required in paragraphs (f)(i) and (f)(ii) of this subsection:

(i) Any board of tax appeals or court ordered value change, if property has a taxable value lower than that shown on any previous new construction roll;

(ii) Any value change resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;

(iii) Any value change resulting from a change of land use classification.

(2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit be forwarded to the state tax commission on or before the fourth Monday in July. Provided however, the value shown

1 in subsection (3) (f) of this section shall be reported to the appropriate  
2 county auditor by the state tax commission by the third Monday in July and  
3 the value sent by the county auditor to each taxing district. The value  
4 established pursuant to subsection (3) (f) of this section is subject to  
5 correction by the state tax commission until the first Monday in September  
6 and any such corrections shall be sent to the appropriate county auditor, who  
7 shall notify any affected taxing districts.

8 (3) The value shown on the new construction roll may include the taxable  
9 market value increase from:

10 (a) Construction of any new structure that previously did not exist; or

11 (b) Additions or alterations to existing nonresidential structures; or

12 (c) Installation of new or used manufactured housing that did not  
13 previously exist within the county; or

14 (d) Change of land use classification; or

15 (e) Property newly taxable as a result of loss of the exemption provided  
16 by section 63-602W, Idaho Code; or

17 (f) The construction of any improvement or installation of any  
18 equipment used for or in conjunction with the generation of electricity  
19 and the addition of any improvement or equipment intended to be so used,  
20 except property that has a value allocated or apportioned pursuant  
21 to section 63-405, Idaho Code, or that is owned by a cooperative or  
22 municipality, as those terms are defined in section 61-332A, Idaho  
23 Code, or that is owned by a public utility, as that term is defined  
24 in section 61-332A, Idaho Code, owning any other property that is  
25 allocated or apportioned. No replacement equipment or improvements may  
26 be included; or

27 (g) Increases in value over the base value of property on the base  
28 assessment roll within an urban renewal revenue allocation area that  
29 has been terminated pursuant to section 50-2909(4), Idaho Code, to  
30 the extent that this increment exceeds the incremental value as of  
31 December 31, 2006, or, for revenue allocation areas formed after  
32 December 31, 2006, the entire increment value. Notwithstanding other  
33 provisions of this section, the new construction roll shall not include  
34 new construction located within an urban renewal district's revenue  
35 allocation area, except as provided in this subsection (3) (g); or

36 (h) New construction previously allowable but never included on a new  
37 construction roll, provided however, that, for such property, the value  
38 on the new construction roll shall reflect the taxable value that would  
39 have been included on the new construction roll for the first year in  
40 which the property should have been included.

41 (4) The amount of taxable market value of new construction shall be  
42 the change in net taxable market value that is attributable directly to new  
43 construction or a change in use of the land or loss of the exemption provided  
44 by section 63-602W(3), Idaho Code. It shall not include any change in value  
45 of existing property that is due to external market forces such as general  
46 or localized inflation, except as provided in subsection (3) (g) of this  
47 section.

48 SECTION 2. That Section 63-802, Idaho Code, be, and the same is hereby  
49 amended to read as follows:

1           63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES  
 2 -- EXCEPTIONS. (1) Except as provided in subsection (3) of this section ~~for~~  
 3 ~~tax year 1995, and each year thereafter~~, no taxing district shall certify a  
 4 budget request for an amount of property tax revenues to finance an annual  
 5 budget that exceeds the greater of paragraphs (a) through (i) of this  
 6 subsection inclusive:

7           (a) The dollar amount of property taxes certified for its annual budget  
 8 for any one (1) of the three (3) tax years preceding the current tax  
 9 year, whichever is greater, for the past tax year, which amount may  
 10 be increased by a growth factor of not to exceed three percent (3%)  
 11 plus the amount of revenue ~~that would have been generated by applying~~  
 12 calculated as described in this subsection. Multiply the levy of the  
 13 previous year, not including any levy described in subsection (4) of  
 14 this section, or any school district levy reduction resulting from a  
 15 distribution of state funds pursuant to section 63-3638(10), Idaho  
 16 Code, ~~to any increase in market value subject to taxation resulting~~  
 17 ~~from new construction or change of land use classification as evidenced~~  
 18 by the value shown on the new construction roll compiled pursuant to  
 19 section 63-301A, Idaho Code; and by the value of annexation during  
 20 the previous calendar year, as certified by the state tax commission  
 21 for market values of operating property of public utilities and by the  
 22 county assessor; ~~or~~

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

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

28           (d) In the case of school districts, the restriction imposed in section  
 29 33-802, Idaho Code; ~~or~~

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

38           (f) In the case of cities, if the immediately preceding year's levy  
 39 subject to the limitation provided by this section, is less than  
 40 0.004, the city may increase its budget by an amount not to exceed the  
 41 difference between 0.004 and actual prior year's levy multiplied by  
 42 the prior year's market value for assessment purposes. The additional  
 43 amount must be approved by sixty percent (60%) of the voters voting on  
 44 the question at an election called for that purpose and held on the date  
 45 in May or November provided by law, and may be included in the annual  
 46 budget of the city for purposes of this section; ~~or~~

47           (g) A taxing district may submit to the electors within the district  
 48 the question of whether the budget from property tax revenues may be  
 49 increased beyond the amount authorized in this section, but not beyond  
 50 the levy authorized by statute. The additional amount must be approved

1 by sixty-six and two-thirds percent (66 2/3%) or more of the voters  
 2 voting on the question at an election called for that purpose and held  
 3 on the May or November dates provided by section 34-106, Idaho Code.  
 4 If approved by the required minimum sixty-six and two-thirds percent  
 5 (66 2/3%) of the voters voting at the election, the new budget amount  
 6 shall be the base budget for the purposes of this section; ~~or~~

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

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

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

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

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

40 SECTION 3. That Section 63-802, Idaho Code, as amended by Section 142,  
 41 Chapter 341, Laws of 2009, be, and the same is hereby amended to read as  
 42 follows:

43 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES  
 44 -- EXCEPTIONS. (1) Except as provided in subsection (3) of this section ~~for~~  
 45 ~~tax year 1995, and each year thereafter,~~ no taxing district shall certify a  
 46 budget request for an amount of property tax revenues to finance an annual  
 47 budget that exceeds the greater of paragraphs (a) through (i) of this  
 48 subsection inclusive:

1 (a) The dollar amount of property taxes certified for its annual budget  
2 for any one (1) of the three (3) tax years preceding the current tax  
3 year, whichever is greater, for the past tax year, which amount may  
4 be increased by a growth factor of not to exceed three percent (3%)  
5 plus the amount of revenue ~~that would have been generated by applying~~  
6 calculated as described in this subsection. Multiply the levy of the  
7 previous year, not including any levy described in subsection (4) of  
8 this section, or any school district levy reduction resulting from a  
9 distribution of state funds pursuant to section 63-3638(11), Idaho  
10 Code, ~~to any increase in market value subject to taxation resulting~~  
11 ~~from new construction or change of land use classification as evidenced~~  
12 by the value shown on the new construction roll compiled pursuant to  
13 section 63-301A, Idaho Code; and by the value of annexation during  
14 the previous calendar year, as certified by the state tax commission  
15 for market values of operating property of public utilities and by the  
16 county assessor; ~~or~~

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

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

22 (d) In the case of school districts, the restriction imposed in section  
23 33-802, Idaho Code; ~~or~~

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

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

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

1 (66 2/3%) of the voters voting at the election, the new budget amount  
2 shall be the base budget for the purposes of this section; ~~or~~

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

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

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

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

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

36 SECTION 4. An emergency existing therefor, which emergency is hereby  
37 declared to exist, Sections 1 and 2 of this act shall be in full force and  
38 effect on and after passage and approval, and retroactively to January 1,  
39 2010. Section 3 of this act shall be in full force and effect on and after  
40 January 1, 2011.