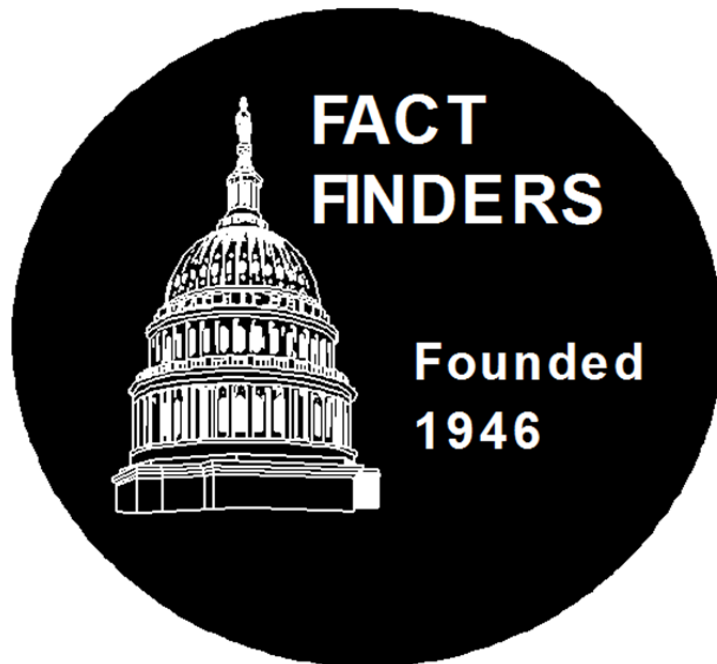


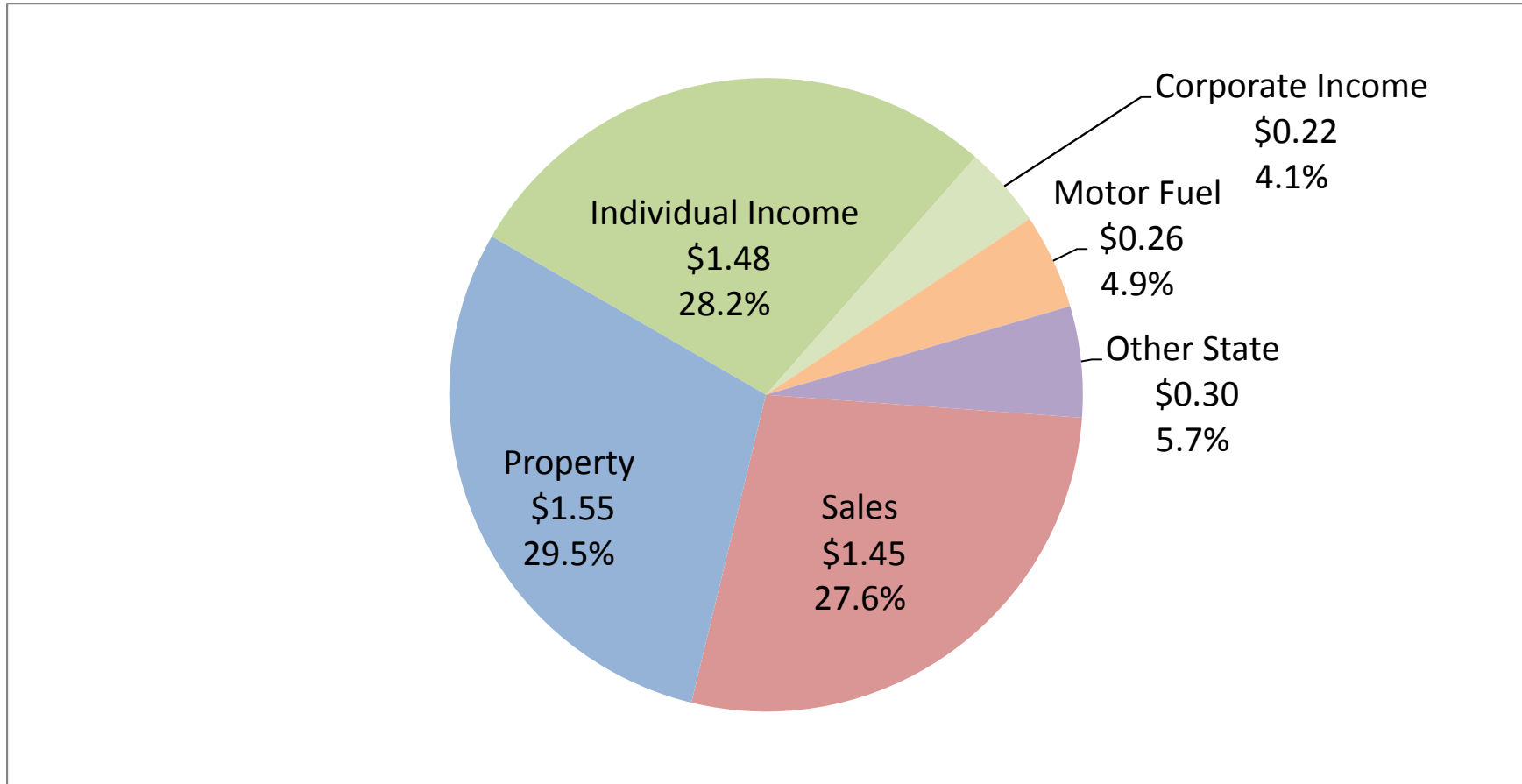
# ASSOCIATED TAXPAYERS OF IDAHO



Legislative Tax Working Group

November 3, 2015

## Idaho Revenue Sources



Source: Idaho Legislative Services Fiscal Facts Book

PUBLIC SCHOOL M&O PROPERTY  
TAX RELIEF AND SHIFT TO STATE G.F.  
(AUGUST 2006, H001 REVISITED)

- 1) Prior to 2006 and H001 the previous year's December 31, (higher of actual/adjusted) taxable property value was multiplied by .003 to calculate the public school property tax share of total equalized school funding support. Because December 31, 2005 was the last year this value and ratio studies were used for all statewide school districts, the December 31, statewide actual market values for counties were used for estimating future year increases. Below are the actual and estimated amounts used for determining taxable values and public school property taxes had there been no H001 in 2006.

	Tax Year	Prev. Yr. Dec. 31 Taxable Value	"Equalization" Rate	Property Tax Amt.	Pct. Chg.	School/FY
	2005	\$83,907,076,945	.003 =	\$251,721,231	14.0%	FY2006
<u>HB001</u>	<u>2006</u>	<u>97,367,008,331</u>	<u>.003 =</u>	<u>292,101,025</u>	<u>16.1%</u>	<u>FY2007</u>
	2007	116,840.4M est.	.003 =	350,521,200	20.0%	FY2008
	2008	135,768.5M est.	.003 =	407,305,500	16.2%	FY2009
	2009	142,013.8M est.	.003 =	426,041,400	4.6%	FY2010
	2010	134,771.1M est.	.003 =	404,313,300	-5.1%	FY2011
	2011	121,967.9M est.	.003 =	365,903,500	-9.5%	FY2012
	2012	116,113.4M est.	.003 =	348,340,200	-4.8%	FY2013
	2013	113,471.2M est.	.003 =	340,413,600	-2.3%	FY2014
	2014	117,060.7M est.	.003 =	351,182,100	3.2%	FY2015
	2015	125,366.1M est.	.003 =	376,098,300	7.1%	FY2016

Note: Above amounts do not include the additional .00364167 Boise School District M&O levy (due to its charter district status).

- 2) The following property tax amounts include the charter Boise School District's additional M&O levy. The estimated public school General M&O column uses the same annual percent changes as above.

Tax Year Fiscal Yr.	Est. Gen. M&O without H001	Actual Gen. M&O with H001	P-Tax Difference	6 <sup>th</sup> cent** Sales Tax	Net P-Tax Sales Tax Diff.
2005/FY2006	293.5M 16.1%	293.5M	N/A		
2006/FY2007	340.8M 20.0%	87.3M 5.3%	(\$253.5)	*\$143.1	\$(110.4)M
2007/FY2008	408.9M 16.2%	91.9M 5.4%	(\$317.0)	221.6	(\$95.4)
2008/FY2009	475.1M 4.6%	96.9M 0.0%	(\$378.2)	199.2	(\$179.0)
2009/FY2010	497.0M -5.1%	96.9M 0.0%	(\$400.1)	186.8	(\$213.3)
2010/FY2011	471.7M -9.5%	96.9M -8.0%	(\$374.8)	190.8	(\$184.0)
2011/FY2012	426.9M -4.8%	89.1M -4.9%	(\$337.8)	201.3	(\$136.6)
2012/FY2013	406.4M -2.3%	84.7M -0.7%	(\$321.7)	217.1	(\$104.7)
2013/FY2014	397.2M 3.2%	84.1M 6.9%	(\$313.1)	227.6	(\$85.4)
2014/FY2015	409.7M (See Note)	89.9M	(\$319.8)	241.9	(\$77.9)
					<u>\$(1,186.7)M</u>

\* The fiscal note for a full year sales tax was estimated at \$210 million. The \$143.1M amount is for 8 months of the 1-cent sales tax increase.

\*\* Assumes 100% of sales tax increase is dedicated to M&O. This figure is typically closer to 50%.

Note: The actual remaining \$87.3M general M&O amount in FY2007 consists of \$51.9M Boise S.D. M&O plus \$35.4M fixed annual M&O stabilization for Blaine, Swan Valley, Avery and McCall/Donnelly school districts. The Boise S.D. only took \$61.5M of allowable \$73.0M in FY2009. Of their allowable \$67.9M in FY2010 the Boise S.D. again took only \$61.5M. In the following years 2011 through 2013 the Boise S.D. took the maximum allowed, \$53.7 in 2011, \$49.3 in 2012 and \$48.7 in 2013.

**STATEWIDE HOMEOWNER EXEMPTION (H/E) PROPERTY TAX SHIFTS - SUMMARY**

<b>TAX YEAR</b>	<b>Maximum H/E Amount</b>	<b>Statewide H/E Value</b>	<b>Statewide Net Taxable Value</b>	<b>Statewide Tax Shift</b>	<b>Statewide Property Taxes</b>	<b>Statewide Tax Rate</b>
<b>2005</b>	<b>\$50,000</b>	<b>\$14.1 B</b>	<b>\$89.4 B</b>	<b>\$105.7 M</b>	<b>\$1,239.1 M</b>	<b>1.385%</b>
% Chg.	50.0%	52.5%	19.9%	13.8%	-11.4%	-26.1%
<b>2006*</b>	<b>\$75,000</b>	<b>\$21.5 B</b>	<b>\$107.2 B</b>	<b>\$120.3 M</b>	<b>\$1,097.7 M</b>	<b>1.024%</b>
% Chg.	19.1%	21.4%	16.5%	13.4%	10.9%	-4.8%
<b>2007</b>	<b>\$89,325</b>	<b>\$26.1 B</b>	<b>\$124.9 B</b>	<b>\$136.4 M</b>	<b>\$1,217.8 M</b>	<b>0.975%</b>
% Chg.	13.0%	11.1%	4.4%	14.4%	8.0%	3.5%
<b>2008</b>	<b>\$100,938</b>	<b>\$29.0 B</b>	<b>\$130.4 B</b>	<b>\$156.1 M</b>	<b>\$1,315.8 M</b>	<b>1.009%</b>
% Chg.	3.5%	-1.4%	-5.0%	15.0%	1.9%	7.2%
<b>2009</b>	<b>\$104,471</b>	<b>\$28.6 B</b>	<b>\$123.9 B</b>	<b>\$179.5 M</b>	<b>\$1,341.4 M</b>	<b>1.082%</b>
% Chg.	-3.2%	-5.9%	-9.4%	-4.5%	2.0%	12.6%
<b>2010</b>	<b>\$101,153</b>	<b>\$26.9 B</b>	<b>\$112.3 B</b>	<b>\$171.4 M</b>	<b>\$1,367.8 M</b>	<b>1.218%</b>
% Chg.	-9.0%	-7.1%	-5.0%	-0.9%	0.9%	6.2%
<b>2011</b>	<b>\$92,040</b>	<b>\$25.0 B</b>	<b>\$106.7 B</b>	<b>\$169.9 M</b>	<b>\$1,380.6 M</b>	<b>1.294%</b>
% Chg.	-8.8%	-6.5%	-2.3%	-9.9%	3.8%	6.3%
<b>2012</b>	<b>\$83,974</b>	<b>\$23.4 B</b>	<b>\$104.2 B</b>	<b>\$153.0 M</b>	<b>\$1,433.6 M</b>	<b>1.376%</b>
% Chg.	-3.5%	1.0%	2.4%	4.8%	3.6%	0.9%
<b>2013</b>	<b>\$81,000</b>	<b>\$23.6 B</b>	<b>\$106.7 B</b>	<b>\$160.4 M</b>	<b>\$1,485.7 M</b>	<b>1.389%</b>
% Chg.	3.6%	8.6%	8.0%	1.4%	4.5%	-3.1%
<b>2014</b>	<b>\$83,920</b>	<b>\$25.6 B</b>	<b>\$115.3 B</b>	<b>\$162.6 M</b>	<b>\$1,552.1 M</b>	<b>1.346%</b>
% Chg.	6.7%					
<b>2015</b>	<b>\$89,580</b>					
% Chg.	5.8%					
<b>2016</b>	<b>\$94,745</b>					

**STATEWIDE PROPERTY TAX SHIFT BY CATEGORY**

<b>Property Category</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Homeowner Residential	(\$156.1) M	(\$179.5) M	(\$171.4) M	(\$169.9) M	(\$153.0) M	(\$160.4) M	(\$162.6) M
Other Residential	\$60.8	\$75.5	\$59.5	\$58.0	\$42.3	\$46.2	\$50.6
Com/Ind./>4 plex apts.	\$77.5	\$84.6	\$93.6	\$92.1	\$92.0	\$93.3	\$90.7
Agri./Timber/Mining	\$10.0	\$10.5	\$8.1	\$8.3	\$8.8	\$9.2	\$9.7
Operating (Utilities)	\$7.8	\$8.9	\$10.2	\$11.5	\$9.9	\$11.6	\$11.5
Net Tax Impact	<u>\$0.0 M</u>	<u>\$0.0 M</u>	<u>\$0.0 M</u>	<u>\$0.0 M</u>	<u>\$0.0 M</u>	<u>\$0.0 M</u>	<u>\$0.0 M</u>

Source:

Annual Market Values and Property Taxes Report, Idaho State Tax Commission  
Summary and Calculations, Associated Taxpayers of Idaho, 10/27/2015

\*Note: In 2006 the local .3% Public School General M & O Levy was shifted to the state. Also, the H/E was increased, included up to one acre land, and was annually indexed after 2006 based on a housing price index

## THE STEVE AND SHARON SPUD - IDAHO FAMILY TAX BURDEN By Associated Taxpayers of Idaho & Idaho Tax Foundation

The Steve and Sharon Spud family is a statistical unit of four created by the Associated Taxpayers of Idaho to illustrate the annual Idaho family tax burden.

This statistical family has been created using data provided by the Idaho State Tax Commission and other state agencies. In addition, income and spending patterns have been obtained from local and national sources.

Steve and Sharon Spud have two children, 16-year-old Sam and 12-year-old Shelly and both attend public schools. Steve and Sharon are like many tax-paying families in Idaho. Their story is the story of taxes paid by citizens of our state.

Steve and Sharon are aware of the taxes they pay directly such as their personal income taxes, social security taxes, property taxes, and sales taxes.

In addition to these taxes, the typical Idaho family's annual tax burden is comprised of numerous employment taxes, which are paid by employers.

In addition to employment taxes, businesses also pay "hidden" or "indirect" taxes on their business income, as well as many of the same taxes individuals pay, such as fuel, property, and sales tax.

The Spud's annual family income was \$75,964, the average adjusted federal gross income for Idaho families filing jointly in 2012. When all direct and indirect taxes are considered, the Spud's share of the billions of dollars paid by Idaho taxpayers to local, state, and federal governments amounts to \$15,056 or nearly 20% of their total income.

### TOTAL TAXES

When Steve and Sharon added up all the taxes paid in 2012, they found that their total direct tax bill came to \$15,056 or nearly 20% of their \$75,964 wages income. The indirect taxes, which are paid by their employers, totaled \$8,460. Of the total taxes paid by Steve and Sharon, 58.84% were federal, 31.04% state and 10.12% local.

#### TOTAL 2012 TAXES PAID

<b>Federal Income Tax</b>	<b>\$4,086</b>
<b>Social Security</b>	<b>\$4,292</b>
<b>State Income Tax</b>	<b>\$2,871</b>
<b>Property Taxes</b>	<b>\$1,372</b>
<b>Sales Taxes</b>	<b>\$1,271</b>
<b>Auto Taxes</b>	<b>\$702</b>
<b>Excise Tax</b>	<b>\$227</b>
<b>Franchise/Other Taxes/Fees</b>	<b>\$235</b>

**TOTAL FAMILY TAXES** **\$15,056**

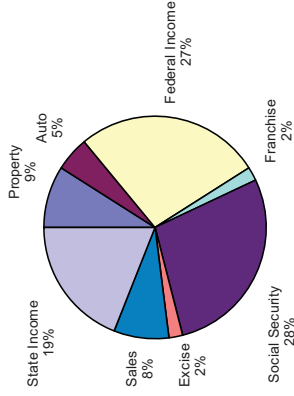
**Employers Employment Taxes** **\$8,460**  
(Includes employers share of Social Security Tax)  
**GRAND TOTAL** **\$23,516**

#### TOTAL 2012 FAMILY BUDGET

	Amount	% of Total
Taxes	\$15,056	19.82%
Housing	\$20,430	26.89%
Transportation	\$11,566	15.23%
Food/Tobacco/Beverage	\$9,719	12.79%
Miscellaneous	\$4,357	5.74%
Health & Personal Care	\$4,538	5.97%
Apparel & Services	\$2,485	3.27%
Entertainment	\$3,531	4.65%
Personal Ins. & Pensions	\$4,281	5.64%
<b>Total Expenses &amp; Taxes</b>	<b>\$75,964</b>	<b>100.00%</b>

### STEVE AND SHARON'S TAX BURDEN

The following pie chart shows the different taxes as a percentage of the Spud family's \$15,056 tax burden.



### THE SPUD'S INCOME

As is true for most Idaho families, Steve and Sharon must both hold jobs in order to comfortably support their family.

Steve Spud earned \$37,982 as an accountant with a local manufacturing company and Sharon Spud earned \$37,982 working as an administrative assistant with a local law firm. Their total income was \$75,964.

**Based on this income along with national and local expenditure patterns, the Spud family paid the following taxes:**

### PROPERTY TAX

One of the direct taxes paid by the Spud family is the real property tax.

A homeowner's property tax depends on the taxable value of the home and local property tax rates. In 2012, Idaho exempted the least of 50% or \$83,974 of the homestead value, (home up to 1 acre land).

The Spud's home market value in 2012 was \$169,567 (the residential building was \$140,741 and the land \$28,826).

Various taxing entities are permitted to levy property taxes. School districts usually account for the greatest part of the Idaho family property tax bill. The average 2012 tax bill was 29.4% for school districts, 26.6% county government, 27.1% cities, 6.4% roads and 10.5% all other local taxing districts.

The rate used to calculate the Spud family's property tax bill was .01634 per dollar of taxable value, the Idaho urban average rate. The tax is calculated as follows:

Home (building) value	\$140,741
Plus Land Value	\$28,826
Less 50% up to \$92,040 Exempt	(\$83,974)

Taxable Value	\$83,974
2011 Tax Rate	x .01634

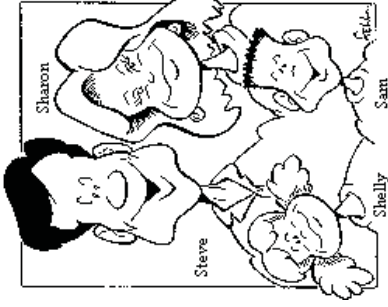
**2011 PROPERTY TAXES** **\$1,372**

### STATE INCOME TAX

For 2012, Steve and Sharon filed a joint return. They reported a federal adjusted gross income of \$75,964 and Idaho adjusted income of \$75,964. They had two personal exemptions and two dependency exemptions totaling \$15,200.

Their net taxable income after \$11,900 net standard deductions and the exemptions totaled \$48,864. The state income tax for that amount was \$3,141. After a \$10 tax for the Idaho permanent building fund, the net result was \$3,151. After a \$280 grocery tax credit the total Idaho income tax Steve and Sharon paid in 2012 was **\$3,433**.

# THE STEVE AND SHARON SPUD FAMILY TAX BURDEN 2012



TAX	2011 TAX
Beer	\$16
Wine	\$20
Liquor	\$27
Cigarettes	<u>\$164</u>
<b>TOTAL</b>	<b>\$227</b>

## SOCIAL SECURITY

In 2012, Steve and Sharon Spud's salaries were subject to a 5.65% social security tax. Steve paid \$2,146 in social security tax and Sharon paid \$2,146. The total amount of **\$4,292**, their respective employers must pay \$5,811 for both of them. Note that Steve and Sharon have the same incomes.

## EMPLOYMENT TAXES

**Unemployment Compensation Insurance** is paid by employers to cover employees in the event they lose their jobs. The average estimated rate in 2012 was 3.36% against taxable wage base of \$34,100 each. Steve's employer paid \$1,146 in unemployment insurance. Sharon's employer also paid \$1,146. Altogether, their employers paid a total of **\$2,292** for unemployment compensation insurance.

**Workers Compensation** provides insurance coverage for employees who are injured on the job. The cost of coverage to the employer depends upon how hazardous the employee's job is. Because both Steve and Sharon have less than dangerous jobs, they are taxed at 47 cents per \$100 of income. A total of **\$357** (\$178.52 each) was paid by Steve and Sharon's employers for workers compensation insurance.

<b>Employers Share of Employment Taxes</b>	
Employers Share of Social Security	\$5,811
Unemployment Compensation Ins.	\$2,292
Workers Compensation	\$357
<b>TOTAL</b>	<b>\$8,460</b>

## STATE SALES TAX, Franchise and Other Taxes/Fees

During 2012, the Spud family spent a total of \$21,183 on purchases subject to an average annual 6% state sales tax. Resort cities and certain counties may also assess a local option sales tax.

### TAXABLE EXPENDITURES

Food	\$10,480
Transportation (maint, purchase, etc.)	\$2,835
Housing (maint, furnishings, etc.)	\$3,029
Apparel	\$1,538
Entertainment	\$2,185
Miscellaneous	\$603
Personal Care (health care products)	\$513
<b>Total</b>	<b>\$21,183</b>
<b>Total Sales Tax (\$19,733 x 6.0%)</b>	<b>\$1,271</b>
<b>Franchise/Other Taxes/Fees</b>	<b>\$235</b>
<b>Total Tax</b>	<b>\$1,506</b>

Utilities (gas, electricity, water, telephone, and cable) are currently subject to locally imposed utility franchise taxes of 1% to +5% rates and/or various other local, state and federal charges levied on each bill. In 2012, the Spud family paid a total of **\$235** in utility tax/fee charges.

## EXCISE TAXES

There are specific taxes on some items such as alcohol and tobacco that are levied by both the federal and state governments. They are easily overlooked since they are not listed separately from the selling price. The Spud family paid a total of **\$227** in state and federal excise taxes in 2012.

## FEDERAL INCOME TAX

Steve and Sharon reported a federal adjusted gross income of \$75,964. The Spud family reported itemized deductions of \$14,403. The total amount of their exemptions was \$15,200. After all the deductions and exemptions, their taxable income came to \$46,361. The taxes paid for that amount totaled \$6,086. After deducting the \$2,000 child tax credit, their total tax amounted to **\$4,086**.

## AUTO TAXES

Like many Idahoans, the Spud family travels mostly by private automobile. They own two cars - a 2011 Ford Explorer 4x4 and a 2009 Honda Accord. They drive about 13,000 miles a year in the Explorer, which gets about 17 mpg and put about 12,000 miles on the Accord which gets about 24 mpg.

During 2012, they used a total of 1,265 gallons of gasoline, paying 25 cents/gallon in state gasoline tax. The Spud family paid 18.4 cents/gallon in federal gasoline tax.

The Explorer and Honda, respectively are subject to an annual registration fee of \$69 and \$56, ISP fee of \$3.00, EMS fee of \$1.50, plate fees of \$6, and rounded County Administration/mail fee of \$3.50. A local option vehicle registration fee may also be assessed.

TAX	2012 TAX
Gasoline	\$549
State Registration Fee	\$125
ID. State Police (ISP) fee	\$6
Plate Fees	\$12
EMS (rounded)	\$3
County Administration (rounded)	<u>\$7</u>
<b>TOTAL AUTO TAXES</b>	<b>\$702</b>

**TAXES/FEEES CONSUME  
NEARLY 20 CENTS OF EVERY  
DOLLAR EARNED.**

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