

DRAFT

DRKMF049

LEGISLATURE OF THE STATE OF IDAHO
Sixty-sixth Legislature First Regular Session - 2021

This bill draft contains confidential and privileged information exempt from disclosure under Section 74-109(1), Idaho Code. If you have received this message by mistake, please notify us immediately by replying to this message or telephoning the Legislative Services Office at (208) 334-2475.

1 AN ACT
2 RELATING TO TAXING DISTRICT BUDGETS; AMENDING SECTION 63-802, IDAHO CODE,
3 TO REVISE PROVISIONS REGARDING THE LIMITATION ON TAXING DISTRICT BUDGET
4 REQUESTS.

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

6 SECTION 1. That Section 63-802, Idaho Code, be, and the same is hereby
7 amended to read as follows:

8 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --
9 EXCEPTIONS. (1) Except as otherwise provided in subsections ~~(3) and (4)~~ of
10 this section, no taxing district shall certify a budget request for an amount
11 of property tax revenues to finance an annual budget that exceeds the ~~greater~~
12 ~~of paragraphs (a) through (k) of this subsection, inclusive~~ sum of paragraph
13 (a) of this subsection:

14 (a) (i) The highest dollar amount of property taxes certified for
15 its annual budget for any one (1) of the three (3) tax years preced-
16 ing the current tax year; plus
17 (ii) whichever is greater, for the past tax year, which amount may
18 be increased by a A growth factor of represented by the change in
19 consumer price index, as defined in section 63-3024, Idaho Code.
20 The increase shall be calculated by multiplying the amount in sub-
21 paragraph (a) (i) of this subsection by the percentage represent-
22 ing the consumer price index for the tax year immediately preced-
23 ing the current tax year divided by the consumer price index for
24 tax year 2019, as determined by the state tax commission, but not
25 to exceed three percent (3%); plus
26 (iii) ~~the amount of revenue calculated as described in this sub-~~
27 section. Multiply by multiplying the levy of the previous year,
28 not including any levy described in subsection (4) of this sec-
29 tion, or any school district levy reduction resulting from a dis-
30 tribution of state funds pursuant to section 63-3638(11) or (13),
31 Idaho Code, by:

32 1. The value shown on the new construction roll compiled
33 pursuant to section 63-301A, Idaho Code; and by plus
34 2. The value of annexation during the previous calendar
35 year, as certified by the state tax commission for market
36 values of operating property of public utilities and by the
37 county assessor;
38 provided that the total maximum increase permitted under paragraphs (a) and
39 (e) of this subsection shall not exceed five percent (5%) without voter ap-
40 proval pursuant to paragraph (h) of this subsection.

41 (b) The dollar amount of property taxes certified for its annual bud-
42 get during the last year in which a levy was made may be substituted for

1 the amount in subparagraph (a) (1), if no levy has been made by the taxing
2 district for three (3) years.

3 (c) The dollar amount of the actual budget request, may be substituted
4 for the amount in paragraph (a) if the taxing district is newly created,
5 except as may be provided in paragraph (i) of this subsection.

6 (d) In the case of This section shall not apply to school districts,
7 which are governed by the restriction imposed in section 33-802, Idaho
8 Code.

9 (e) In the case of a nonschool district for which less than the maximum
10 allowable increase in the dollar amount of property taxes is certified
11 for annual budget purposes in any one (1) year, such a district may,
12 in any following year, recover the forgone increase by certifying, in
13 addition to any increase otherwise allowed, an amount not to exceed one
14 hundred percent (100%) of the increase originally forgone. Provided
15 however, that prior to budgeting any forgone increase, the district
16 must provide notice of its intent to do so, hold a public hearing, which
17 may be in conjunction with its annual budget hearing, and certify by
18 resolution the amount of forgone increase to be budgeted and the spe-
19 cific purpose for which the forgone increase is being budgeted. Upon
20 adoption of the resolution, the clerk of the district shall file a copy
21 of the resolution with the county clerk and the state tax commission.
22 Said additional amount shall be included in future calculations for
23 increases as allowed.

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

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

45 (h) A taxing district may submit to the electors within the district
46 the question of whether the budget from property tax revenues may be
47 increased beyond the amount authorized in this section, but not beyond
48 the levy authorized by statute. The additional amount must be approved
49 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
50 voting on the question at an election called for that purpose and held

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

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

13 (j) ~~In the instance or case of~~ This section shall not apply to cooper-
14 ative service agencies, which are governed by the restrictions imposed
15 in sections 33-315 through 33-318, Idaho Code.

16 (k) The amount of money received in the twelve (12) months immediately
17 preceding June 30 of the current tax year as a result of distributions of
18 the tax provided in section 63-3502B(2), Idaho Code, may be substituted
19 for the amount set forth in subparagraph (a) (i) of this subsection.

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

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

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

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