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LEGISLATURE OF THE STATE OF IDAHO
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1 AN ACT
2 RELATING TO TAXING DISTRICTS; AMENDING CHAPTER 8, TITLE 63, IDAHO CODE,
3 BY THE ADDITION OF A NEW SECTION 63-806A, IDAHO CODE, TO AUTHORIZE AND
4 LIMIT CERTAIN TAXING DISTRICT FUND RESERVES AND TO PROVIDE FOR A PROP-
5 erty TAX REFUND IN CERTAIN CIRCUMSTANCES; AND AMENDING SECTION 63-802,
6 IDAHO CODE, TO REVISE REQUIREMENTS REGARDING FORGONE PROPERTY TAX IN-
7 CREASES.

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

9 SECTION 1. That Chapter 8, Title 63, Idaho Code, be, and the same is
10 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
11 ignated as Section 63-806A, Idaho Code, and to read as follows:

12 63-806A. TAXING DISTRICT FUND RESERVES -- LIMITATIONS. (1) The legis-
13 lature finds that government should maintain a prudent, but not excessive,
14 level of financial resources to protect against reducing service levels or
15 raising taxes and fees because of temporary revenue shortfalls, unpredicted
16 one-time expenditures, or emergency situations.

17 (2) Every taxing district may hold up to three (3) months of ordinary
18 administrative and operating expenses in a cash reserve as unassigned funds.
19 The calculation of such expenses should not include services that are funded
20 by user fees.

21 (3) A taxing district may also establish a rainy day fund that may con-
22 tain up to one (1) month of ordinary administrative and operating expenses.
23 Interest earned on the account shall be returned to the account. Money in the
24 rainy day fund is subject to the same appropriation process as any other tax
25 moneys. The governing body of the taxing district may vote to transfer money
26 from the rainy day fund to the district's general fund when needed.

27 (4) If the taxing district has accounts or funds in excess of those al-
28 lowed by this section or by any other provision of law at the end of the tax
29 year, excluding any funds that were specifically approved by voters at an
30 election held for that purpose, such excess funds shall be used for prop-
31 erty tax relief by partially offsetting any budget increases in the follow-
32 ing year.

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

35 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES
36 -- EXCEPTIONS. (1) Except as provided in subsections (3) and (4) of this
37 section, no taxing district shall certify a budget request for an amount of
38 property tax revenues to finance an annual budget that exceeds the greater of
39 paragraphs (a) through (k) of this subsection, inclusive:

- 1 (a) The dollar amount of property taxes certified for its annual bud-
2 get 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 be
4 increased by a growth factor of not to exceed three percent (3%) plus
5 the amount of revenue calculated as described in this subsection. Mul-
6 tiple the levy of the previous year, not including any levy described
7 in subsection (4) of this section, or any school district levy reduc-
8 tion resulting from a distribution of state funds pursuant to section
9 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-
10 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the
11 value of annexation during the previous calendar year, as certified by
12 the state tax commission for market values of operating property of pub-
13 lic utilities and by the county assessor;
- 14 (b) The dollar amount of property taxes certified for its annual budget
15 during the last year in which a levy was made;
- 16 (c) The dollar amount of the actual budget request, if the taxing dis-
17 trict is newly created, except as may be provided in paragraph (i) of
18 this subsection;
- 19 (d) In the case of school districts, the restriction imposed in section
20 33-802, Idaho Code;
- 21 (e) (i) In the case of a nonschool district for which less than the
22 maximum allowable increase in the dollar amount of property taxes
23 is certified for annual budget purposes in any one (1) year, such
24 a district may, in any following year, recover the any properly
25 reserved forgone increase by certifying, in addition to any in-
26 crease otherwise allowed, an amount not to exceed one hundred per-
27 cent (100%) any or all of the increase originally forgone, if the
28 requirements of this paragraph have been met. Provided however,
29 that prior to budgeting any forgone increase, the district must
30 provide notice of its intent to do so, hold a public hearing, which
31 may be in conjunction with its annual budget hearing, and certify
32 by resolution the amount of forgone increase to be budgeted and the
33 specific purpose for which the forgone increase is being budgeted.
34 The taxing district must provide notice and hold a public hear-
35 ing, which may be in conjunction with its annual budget hearing,
36 on its intent to reserve any forgone increase and the specific pur-
37 pose or projects for which the funds are being reserved. Follow-
38 ing the hearing, the taxing district must pass a resolution stat-
39 ing the dollar amount of property taxes being reserved and the spe-
40 specific purpose or projects for which the forgone property tax in-
41 crease is being reserved. The resolution shall be adopted at the
42 annual budget hearing of the taxing district if the district has a
43 budget hearing requirement;
- 44 (ii) In a subsequent year, when the taxing district wishes to
45 budget any or all of the reserved forgone funds, it shall provide
46 notice and hold a public hearing. The taxing district shall cer-
47 tify by resolution the amount of the forgone funds that it wishes
48 to recover, how the funds will be used for the purpose or projects
49 delineated at the time the funds were reserved, and the proposed
50 schedule for recovering the funds reserved for the purpose or

1 projects. The rate of recovering such reserved forgone funds may
2 increase the taxing district's budget by no more than three per-
3 cent (3%) per year. Upon adoption of the resolution, the clerk of
4 the district shall file a copy of the resolution with the county
5 clerk and the state tax commission. Said additional amount shall
6 be included in future calculations for increases as allowed;

7 ~~(f) If a taxing district elects to budget less than the maximum allow-~~
8 ~~able increase in the dollar amount of property taxes, the taxing dis-~~
9 ~~trict may reserve the right to recover all or any portion of that year's~~
10 ~~forgone increase in a subsequent year by adoption of a resolution spec-~~
11 ~~ifying the dollar amount of property taxes being reserved. Otherwise,~~
12 ~~that year's forgone increase may not be recovered under paragraph (e) of~~
13 ~~this subsection. The district must provide notice of its intent to do~~
14 ~~so and hold a public hearing, which may be in conjunction with its an-~~
15 ~~annual budget hearing if applicable. The resolution to reserve the right~~
16 ~~to recover the forgone increase for that year shall be adopted at the~~
17 ~~annual budget hearing of the taxing district if the district has a bud-~~
18 ~~get hearing requirement~~ If the purpose or projects for which a taxing
19 district has reserved a forgone property tax increase are no longer re-
20 quired or desired, the taxing district shall lose the right to recover
21 the forgone property tax increases that were associated with the pur-
22 pose or projects;

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

32 (h) A taxing district may submit to the electors within the district
33 the question of whether the budget from property tax revenues may be
34 increased beyond the amount authorized in this section, but not beyond
35 the levy authorized by statute. The additional amount must be approved
36 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
37 voting on the question at an election called for that purpose and held
38 on the May or November dates provided by section 34-106, Idaho Code.
39 If approved by the required minimum sixty-six and two-thirds percent
40 (66 2/3%) of the voters voting at the election, the new budget amount
41 shall be the base budget for the purposes of this section;

42 (i) When a nonschool district consolidates with another nonschool
43 district or dissolves and a new district performing similar governmen-
44 tal functions as the dissolved district forms with the same boundaries
45 within three (3) years, the maximum amount of a budget of the district
46 from property tax revenues shall not be greater than the sum of the
47 amounts that would have been authorized by this section for the district
48 itself or for the districts that were consolidated or dissolved and in-
49 corporated into a new district;

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1 (j) In the instance or case of cooperative service agencies, the re-
2 strictions imposed in sections 33-315 through 33-318, Idaho Code;

3 (k) The amount of money received in the twelve (12) months immediately
4 preceding June 30 of the current tax year as a result of distributions of
5 the tax provided in section 63-3502B(2), Idaho Code.

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

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

21 (4) The amount of property tax revenues to finance an annual budget does
22 not include revenues from nonproperty tax sources and does not include rev-
23 enue from levies for the payment of judicially confirmed obligations pur-
24 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
25 that are voter-approved for bonds, override levies or supplemental levies,
26 plant facilities reserve fund levies, school emergency fund levies or for
27 levies applicable to newly annexed property or for levies applicable to new
28 construction as evidenced by the value of property subject to the occupancy
29 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The
30 amount of property tax revenues to finance an annual budget does not include
31 any property taxes that were collected and refunded on property that is ex-
32 empt from taxation, pursuant to section 63-1305C, Idaho Code.

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