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

IN THE SENATE

SENATE BILL NO. 1021

BY LOCAL GOVERNMENT AND TAXATION COMMITTEE

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

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

SECTION 1. 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 otherwise provided in subsections (3) and (4) of
this section, 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 paragraphs (a) through (k) of this subsection, inclusive amount permitted
under the provisions of this section:

(a)(i) The highest dollar amount of property taxes certified for
its annual budget for any one (1) of the three (3) tax years pre-
ceeding the current tax year, whichever is greater, for the past tax
year, which amount may be increased by; plus
(ii) A growth factor of represented by the change in consumer
price index, as defined in section 63-3024, Idaho Code. The
increase shall be calculated by multiplying the amount in subpara-
graph (i) of this paragraph by the percentage representing the
consumer price index for the tax year immediately preceding the
current tax year divided by the consumer price index for tax year
2019, as determined by the state tax commission, but not to exceed
three percent (3%) plus
(iii) The amount of revenue calculated as described in this sub-
section. Multiply by multiplying the levy of the previous year,
not including any levy described in subsection (4) of this sec-
tion, or any school district levy reduction resulting from a dis-
tribution of state funds pursuant to section 63-3638(11) or (13),
Idaho Code, by:

1. The value shown on the new construction roll compiled
pursuant to section 63-301A, Idaho Code; and plus
2. The value of annexation during the previous calendar
year, as certified by the state tax commission for market
values of operating property of public utilities and by the
county assessor;
(iv) If the value shown on the new construction roll reflects less
than two percent (2%) growth in the taxing district's budget, the
taxing district may choose either an increase permitted by sub-
paragraphs (i), (ii), and (iii) of this paragraph or up to a three
percent (3%) increase.
(v) Notwithstanding any other provision of this section, the total maximum increase permitted under paragraphs (a) and (e) of this subsection shall not exceed four percent (4%) without voter approval pursuant to subsection (3) of this section or paragraph (h) of this subsection.

(b) The dollar amount of property taxes certified for its annual budget during the last year in which a levy was made may be substituted for the amount in paragraph (a)(i) of this subsection if no levy has been made by the taxing district for three (3) years.

(c) The dollar amount of the actual budget request may be substituted for the amount in paragraph (a) of this subsection if the taxing district is newly created, except as may be provided in paragraph (i) of this subsection. In the case of this section shall not apply to school districts, which are governed by the restriction imposed in section 33-802, Idaho Code.

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

(f) If a taxing district elects to budget less than the maximum allowable increase in the dollar amount of property taxes, the taxing district may reserve the right to recover all or any portion of that year's forgone increase in a subsequent year by adoption of a resolution specifying the dollar amount of property taxes being reserved. Otherwise, that year's forgone increase may not be recovered under paragraph (e) of this subsection. The district must provide notice of its intent to do so and hold a public hearing, which may be in conjunction with its annual budget hearing if applicable. The resolution to reserve the right to recover the forgone increase for that year shall be adopted at the annual budget hearing of the taxing district if the district has a budget hearing requirement.

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

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

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

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

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

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

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

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

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