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

IN THE SENATE

SENATE BILL NO. 1048

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 maximum sum 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 preceding the current tax year, whichever is greater, for the past tax year, which amount may be increased by ; plus

(ii) A growth factor 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 subparagraph (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 subsection. Multiply by multiplying the levy of the previous year, not including any levy described in subsection (4) of this section, or any school district levy reduction resulting from a distribution 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 by 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 taxing district's budget increase permitted by the sum of subparagraphs (i), (ii), and (iii) of this paragraph is less than three percent (3%), the taxing district may instead choose up to a three percent (3%) increase.

(2) The provisions of this subsection shall not

(3) The provisions of this subsection shall not

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(13) The provisions of this subsection shall not
(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.

(d) In the case of school districts, the restriction This section shall not apply to school district levies 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%) any or all of the increase originally forgiven. 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 forgiven increase to be budgeted and the specific purpose for which the forgiven 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 forgiven 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 forgiven 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 governmen-
tal 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 in-
corporated into a new district.

(j) In the instance of a cooperative service agencies, the re-
strictions This section shall not apply to cooperative services agency
levies 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.

(2) In the case of fire districts, during the year immediately follow-
ing the election of a public utility or public utilities to consent to be pro-
vided 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 ex-
ceeds the limitation imposed in subsection (1) of this section unless au-
thority to exceed such limitation has been approved by a majority of the tax-
ing 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 rev-
ue from levies for the payment of judicially confirmed obligations pur-
suant 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
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. The amount of property tax revenues to finance an annual budget does not include 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.

(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.