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

IN THE SENATE

SENATE BILL NO. 1108

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 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 a growth factor of not to exceed three percent (3%) plus the amount of revenue calculated as described in this subsection. Multiply 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

(ii) The taxing district shall determine what portion of the three percent (3%) increase permitted under subparagraph (i) of this paragraph it requires and then calculate the new levy rate based on the percentage chosen.

(iii) The new levy rate shall be multiplied:

1. By seventy-five percent (75%) of the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code, except for the value set forth on the new construction roll under section 63-301A(3)(g), Idaho Code, for which fifty percent (50%) of the value shall be multiplied by the new levy rate; and

2. By seventy-five percent (75%) of the value of annexation during the previous calendar year, as certified by the state tax commission for market taxable values of operating property of public utilities and by the county assessor.

(iv) The taxing district shall add the sum calculated under subparagraph (iii) of this paragraph to the amount calculated under subparagraph (i) of this paragraph to determine its budget limitation.
(b) If the taxing district has not imposed a levy for three (3) or more years, the highest dollar amount of property taxes certified for its annual budget for the purpose of paragraph (a)(i) of this subsection shall be that dollar amount of property taxes certified for its annual budget during the last year in which a levy was made.

(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 does 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%) of all of the increase originally forgone. Provided however, that if any such forgone amount is recovered, the total maximum increase permitted under this paragraph and paragraph (a) of this subsection must not exceed four percent (4%) without voter approval pursuant to paragraph (h) of this subsection or subsection (3) of this section. 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 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 or case of cooperative service agencies, the re-
strictions imposed in sections 33-315 through 33-318, Idaho Code, this
section does not apply to cooperative service agency levies imposed in

(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-

nown 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 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.