Kathlynn Ireland

Property Tax Division

Idaho State Tax Commission

Benefit the people of Idaho with courteous customer service and education by providing fair, efficient, and effective revenue and tax administration.

Idaho's Property Tax

- How is property assessed?
- Who pays how much?
- How are property taxes determined?
- Who spends property tax?
- What are the recent trends?
- How do we provide property tax relief?

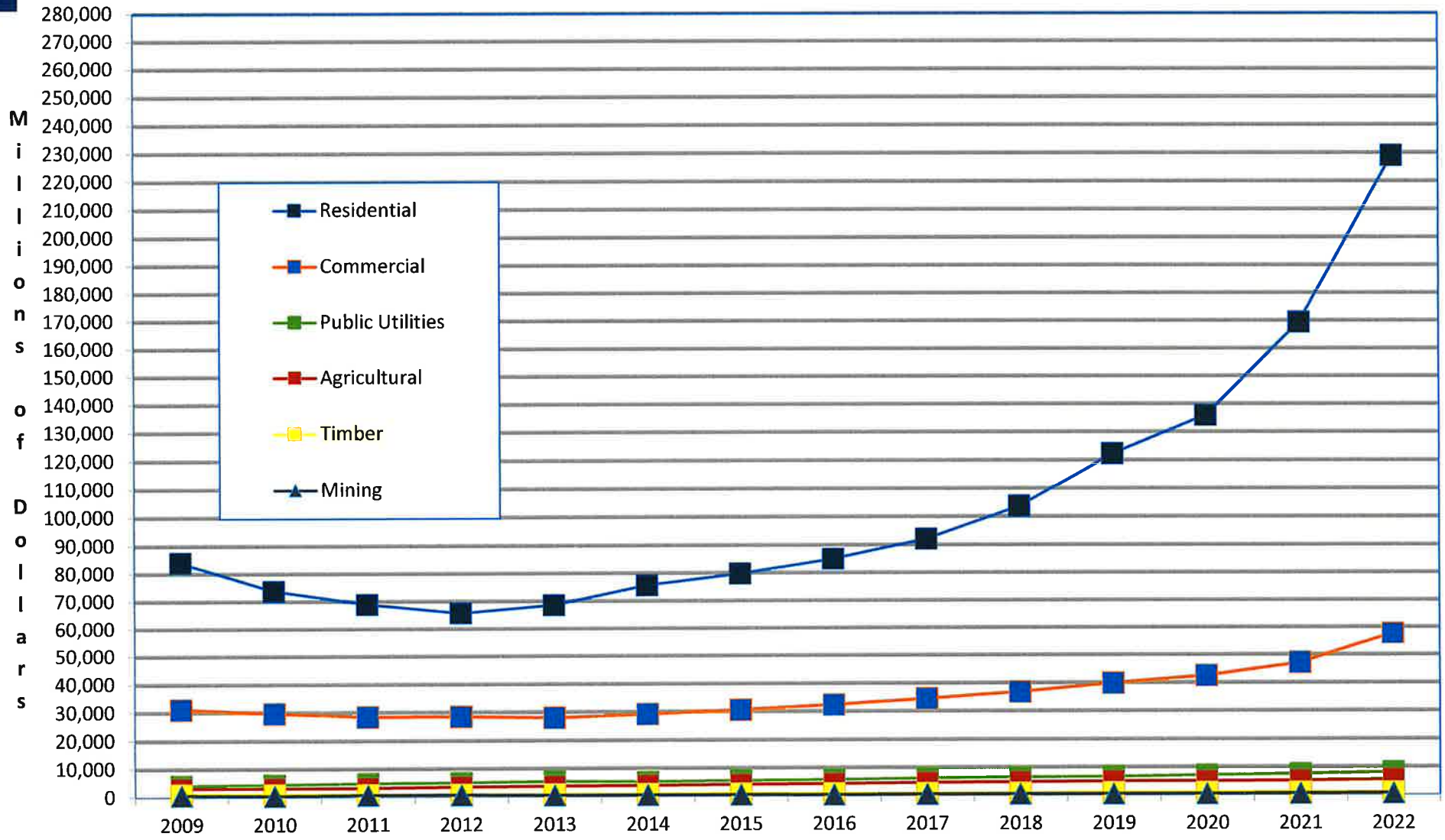
Assessment of Property

- **Section 63-205, Idaho Code**
- Property subject to property taxation must be assessed annually
  - County assesses real and personal property
  - STC assesses operating property (utilities and railroads)
- **Section 63-314, Idaho Code**
- Taxable property appraised or indexed annually
  - Appraisal includes field inspection (required at least every 5 years).
  - Property not appraised in given year must be indexed to current market value.

Idaho Property Tax Essentials

- January 1, 2023
  - Lien Date of assessment of current market value
- 2022 Assessed Value **$332.1 Billion**
  - 43.7% Increase over 2021
- 2021 Assessed Value **$230.7 Billion**
  - 20.2% increase over 2020
- 2005 – 2006
  - 19.8% increase in assessed value

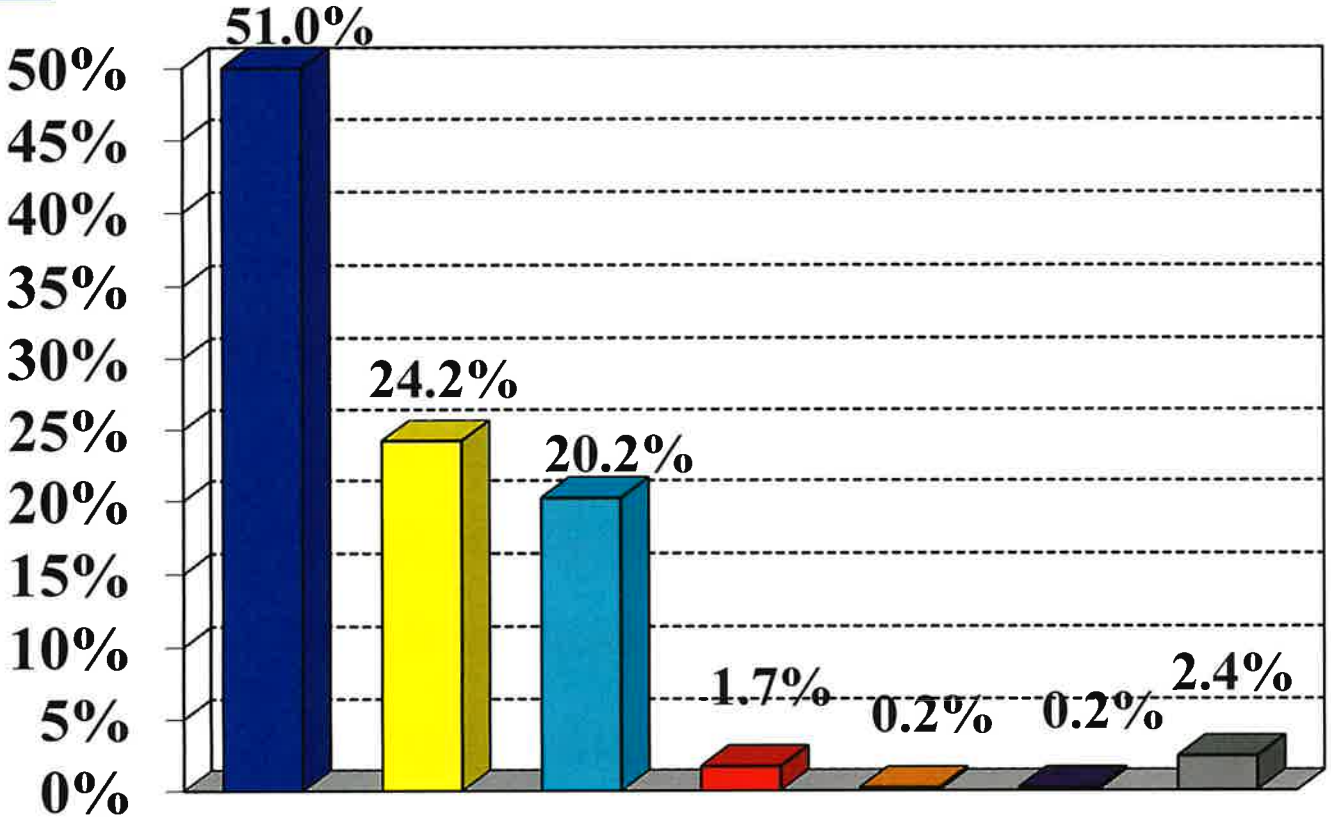
14 Year Chart of Taxable Value Changes by Major Property Category



Property Tax Myths v. Facts

Topic	Myth	Fact
Who pays?	Only homes pay property tax!	*2022* Primary residences - 51% *All residential - 75.4%*
Who spends?	It's all schools (*conversely, schools = $0*)	Schools = 27.3% (*2022*)
How significant is property tax revenue?	It's the only source of revenue for local governments	Overall in FY 2020* it represented 27.5% of local government general revenue; 92.9% of tax revenue
What happens when existing property value increases?	My assessment went up because the government wants more money	Total property tax revenue unchanged, burden shifts

Who Pays the Property Tax?



2022 Idaho Distribution

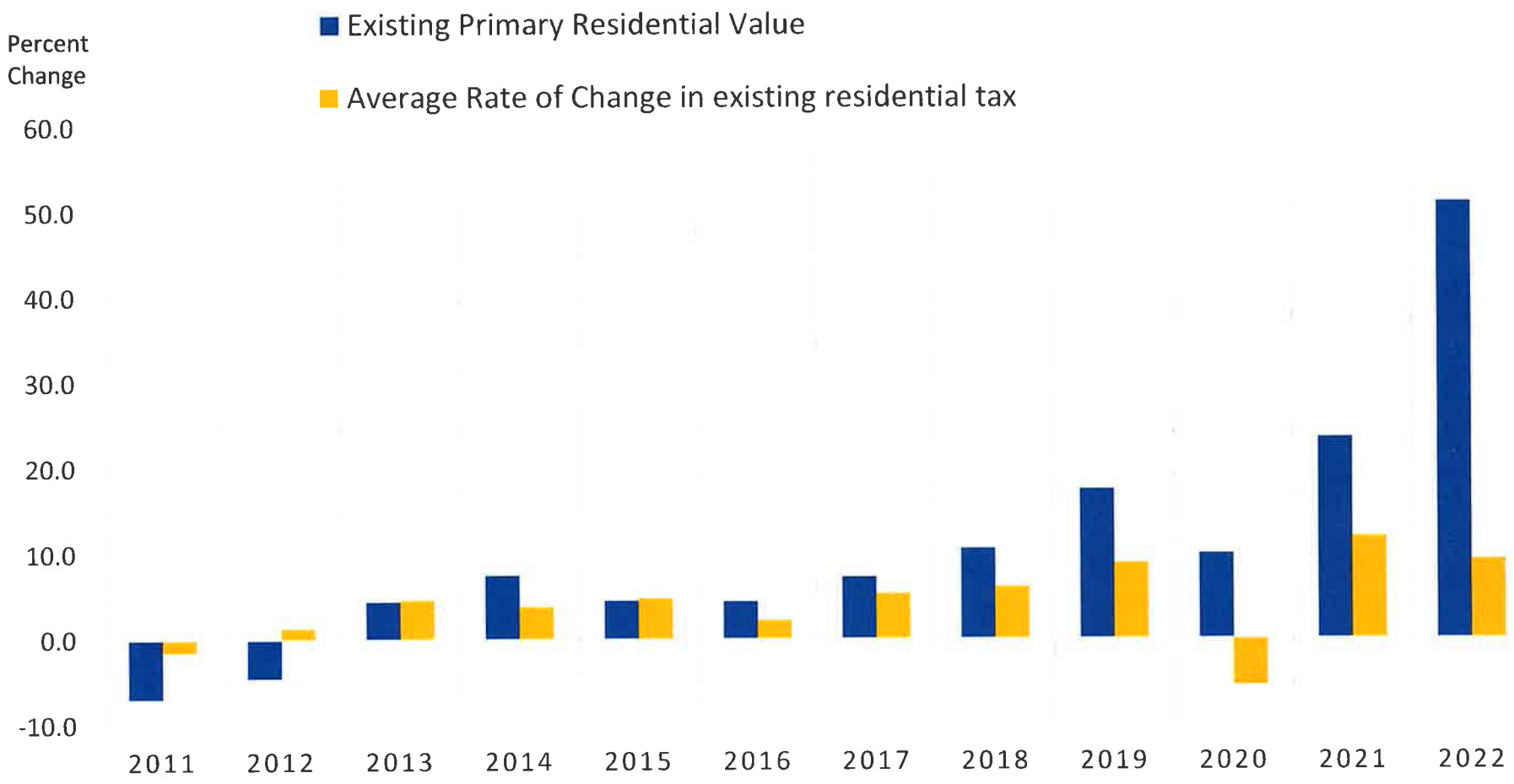
- Owner occupied residential
- Non-owner occupied residential
- Commercial / Industrial
- Agricultural
- Timber
- Mining
- Operating (Utilities)

All Residential v. Primary Residential

- **All Residential**
  - Includes rental properties up to 4-plexes
  - Entire residential class
    - 78.1% of all taxable value
    - 75.4% of all property tax
- **Primary residential** (owner-occupied)
  - Has the largest separate share of property value
    - 49.8% in 2022
  - Pays the largest separate share of property tax
    - 51.1% in 2022

Value Changes v. Tax Changes

PERCENT CHANGE YEAR OVER YEAR



Basic Property Tax

- **Budget -** Total budget of taxing district

  - non-property tax revenues

  = property tax budget

- **Levy Rate –** computed by dividing the property tax budget by the net taxable value of the district

$$\frac{\textbf{\$100,000 P-tax Budget}}{\textbf{\$100,000,000 Net Taxable Value}} = \textbf{0.001}$$

- **Net taxable value of the district**: Market value of all parcels, minus any exemptions, within the taxing district's boundaries.

Effects of Value Changes on Levies

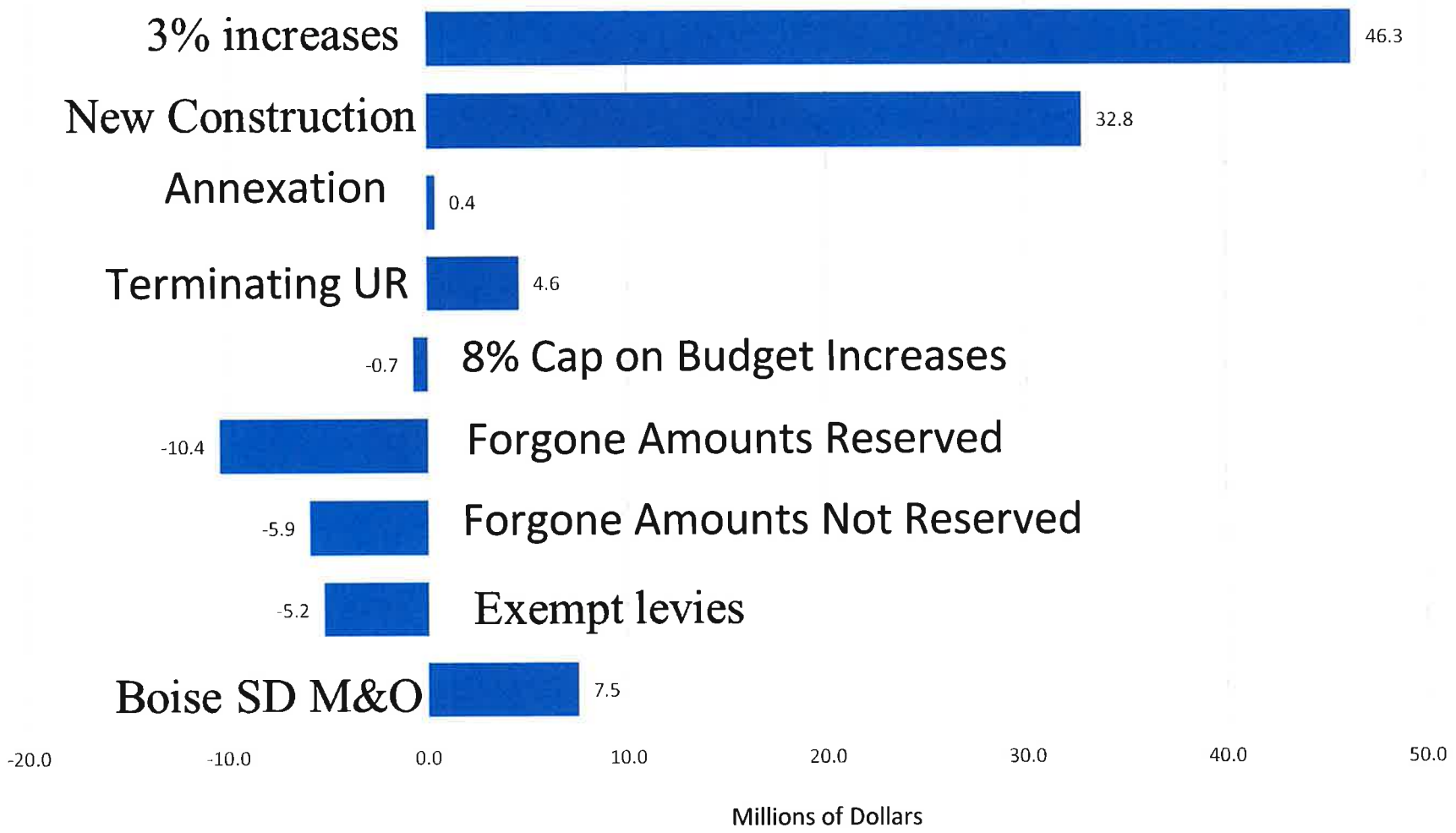
- Assuming that the budget remains constant: the higher the taxable market value, the lower the levy rate

P-Tax Budget	Taxable Value	Levy Rate
55,000	137,500,000	0.0004
55,000	140,000,000	0.000392857
55,000	175,000,000	0.000314286

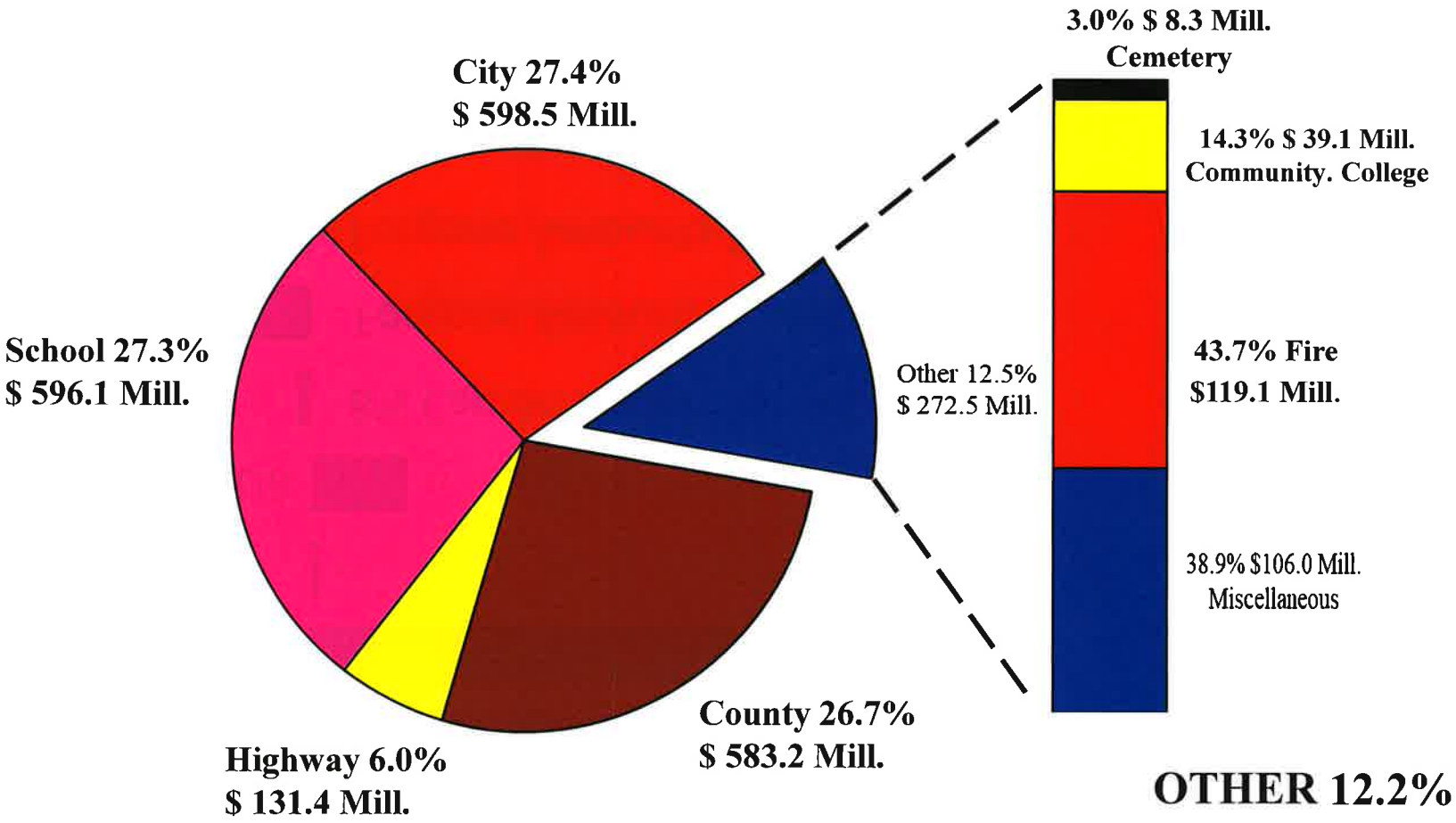
How do Property Tax Budget Limits Work?

- Non-exempt funds
  - Mostly general operations
- Increases in property tax
  - Up to 3% over highest of last three years
  - Plus 90% of new construction value X prelim levy rate
  - Plus 90% of annexation value X 2nd prelim levy rate
  - The sum of the above items cannot exceed an 8% increase
  - Plus an allowance for dissolving urban renewal revenue allocation areas
  - Plus some previously accrued forgone amount
    - may increase budget up to 1%
    - plus 3% for capital projects
  - Allowed only if result does not create levy rate that exceeds statutory limit

2021 – 2022 Property Tax Budgets



2022 Property Tax Use

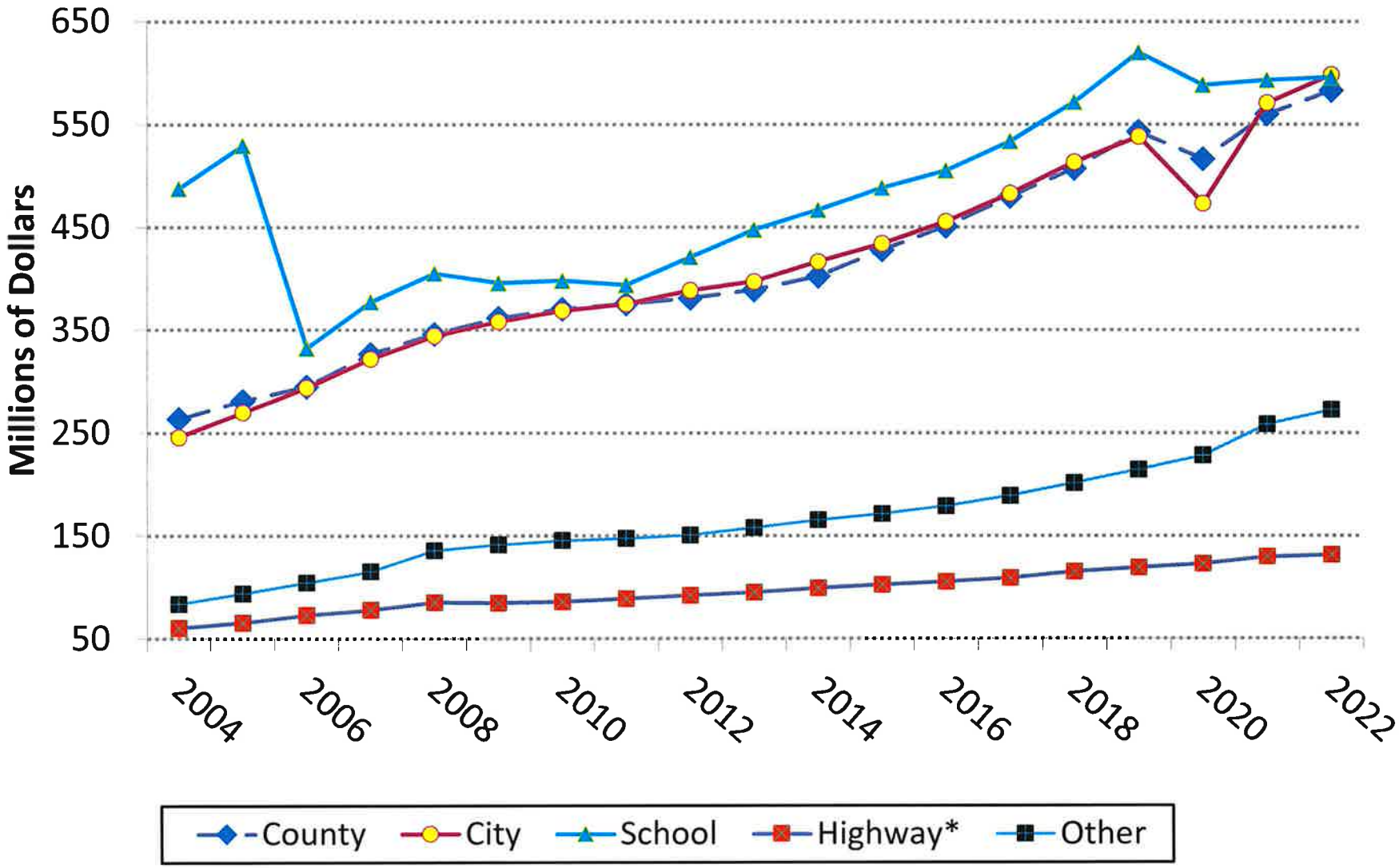


New Construction v. Changes in Existing Property Values & Taxes: 2021 – 2022

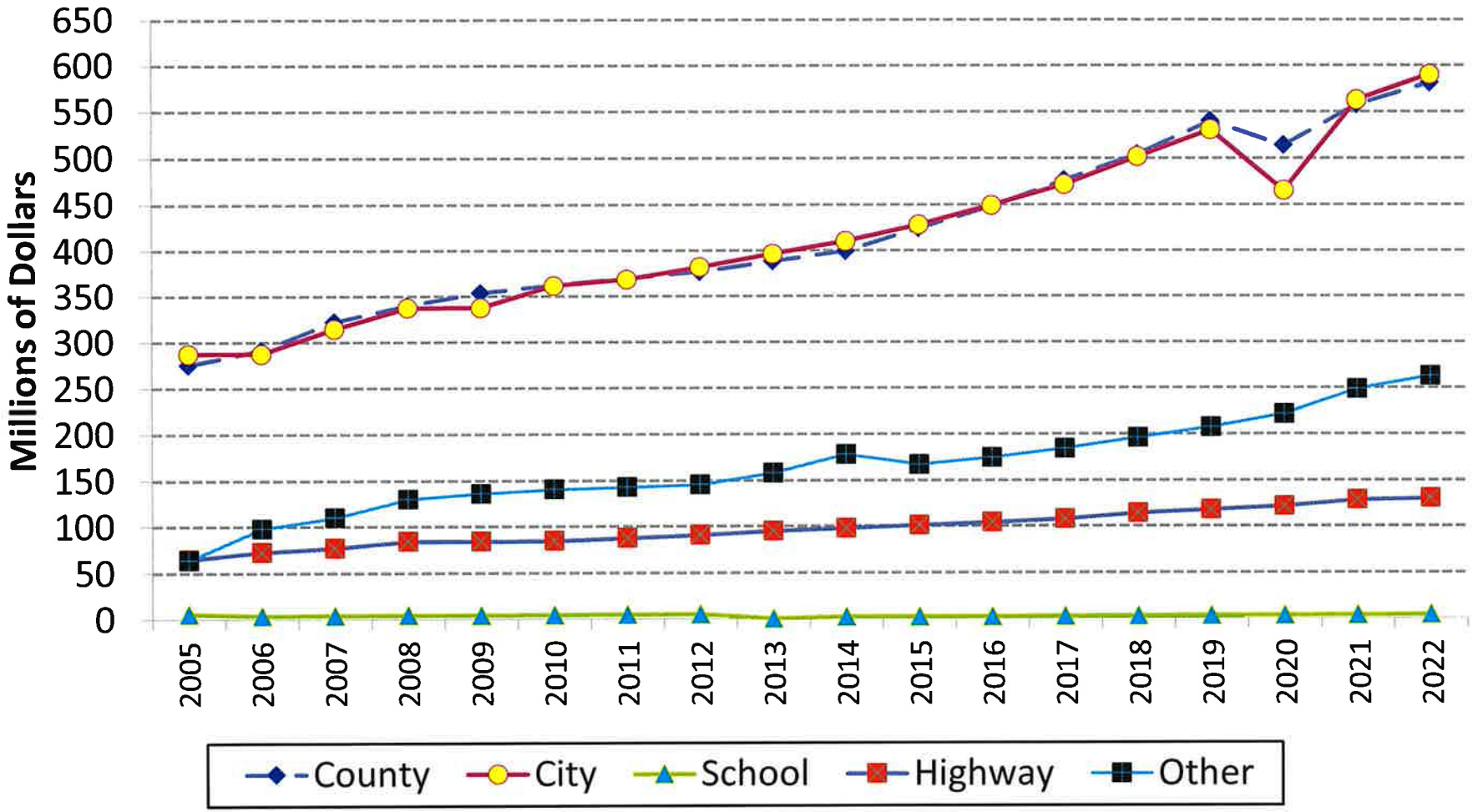
Category of Property	Overall Percent change in Value (21 – 22)	Existing Property Value % Change (21 – 22)	Existing Property Tax % Change (21 – 22)
Primary Residential (eligible for homeowner's exemption)	+ 54.4%	+ 51.3%	+ 9.3%
Other Residential	+ 50.4%	+ 47.7%	+ 3.4%
Commercial and industrial	+ 21.5%	+ 18.1%	- 13.5%

Commercial shown after expanded pp exemption

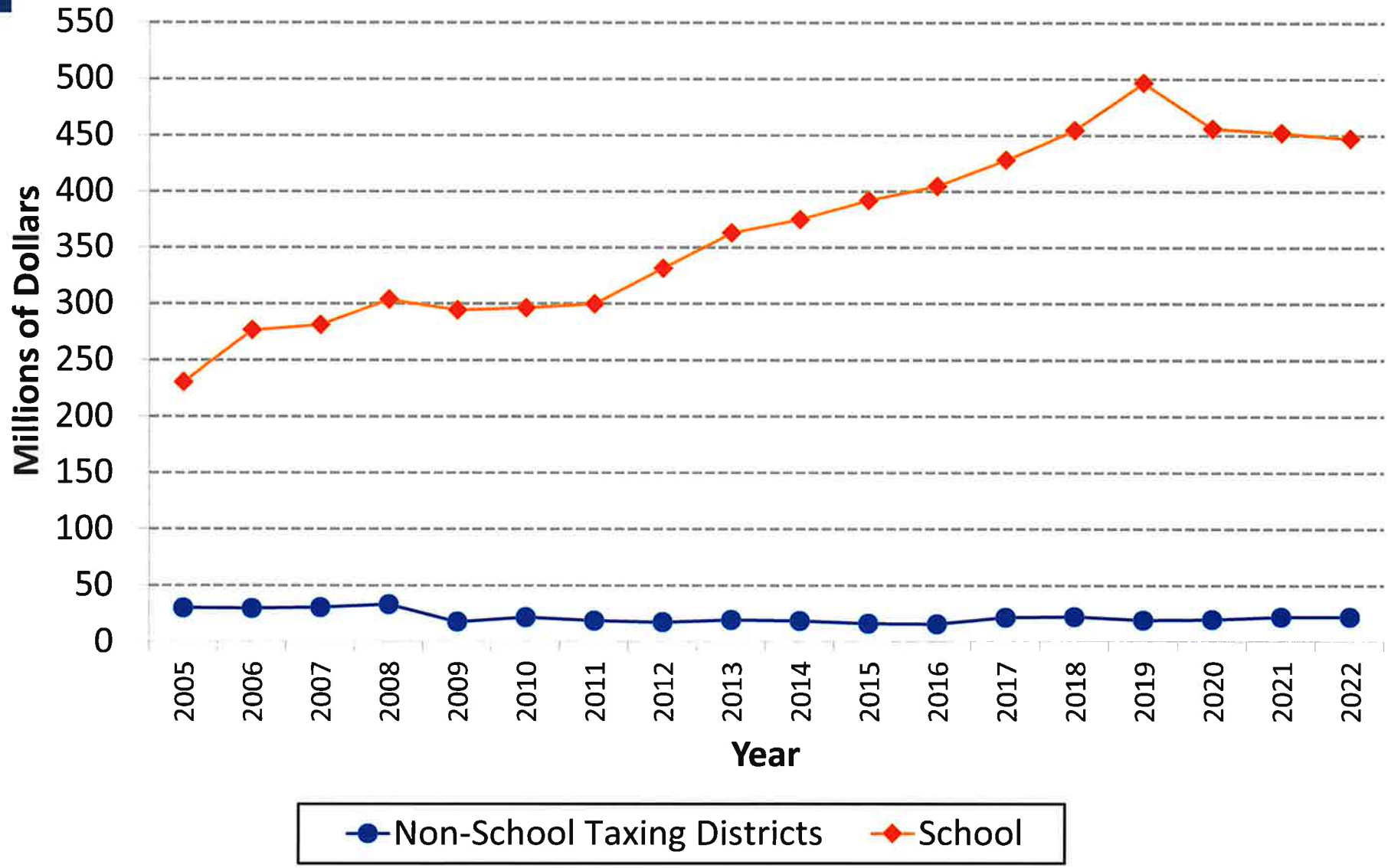
Property Tax Growth



Non-Exempt Property Tax Funds



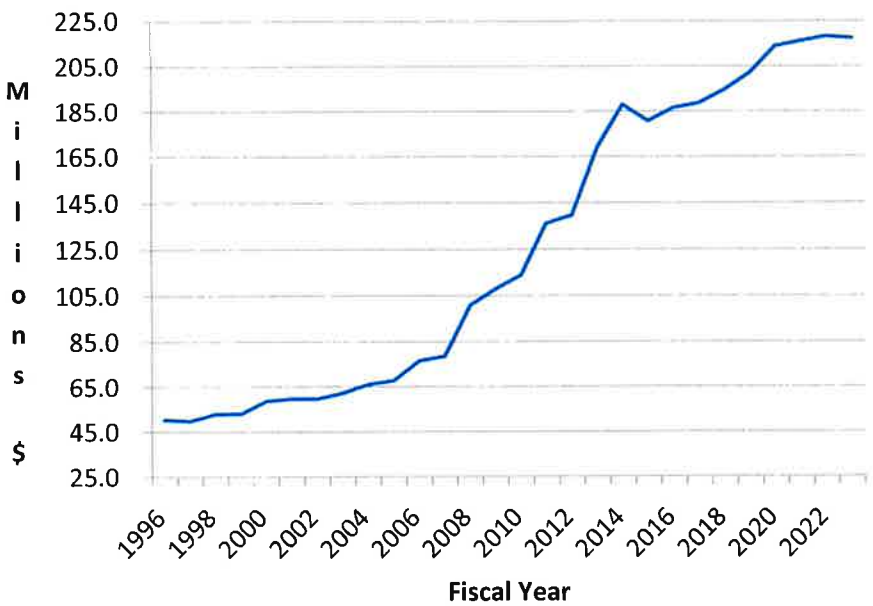
Exempt Funds



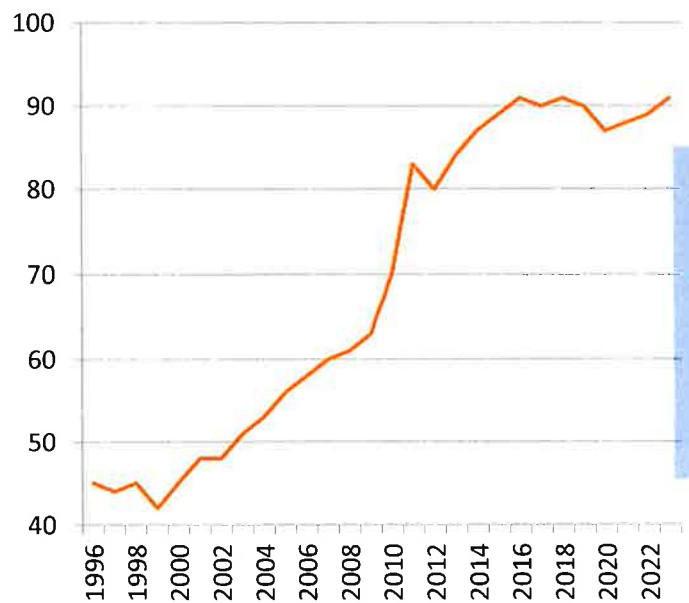
School Supplemental Levies

- Most voter approved for 1 – 2 years
  - May be longer for charter school districts
  - Permanent for some school districts

Supplemental Levy Amounts



Count of School Districts Levying Supplementals

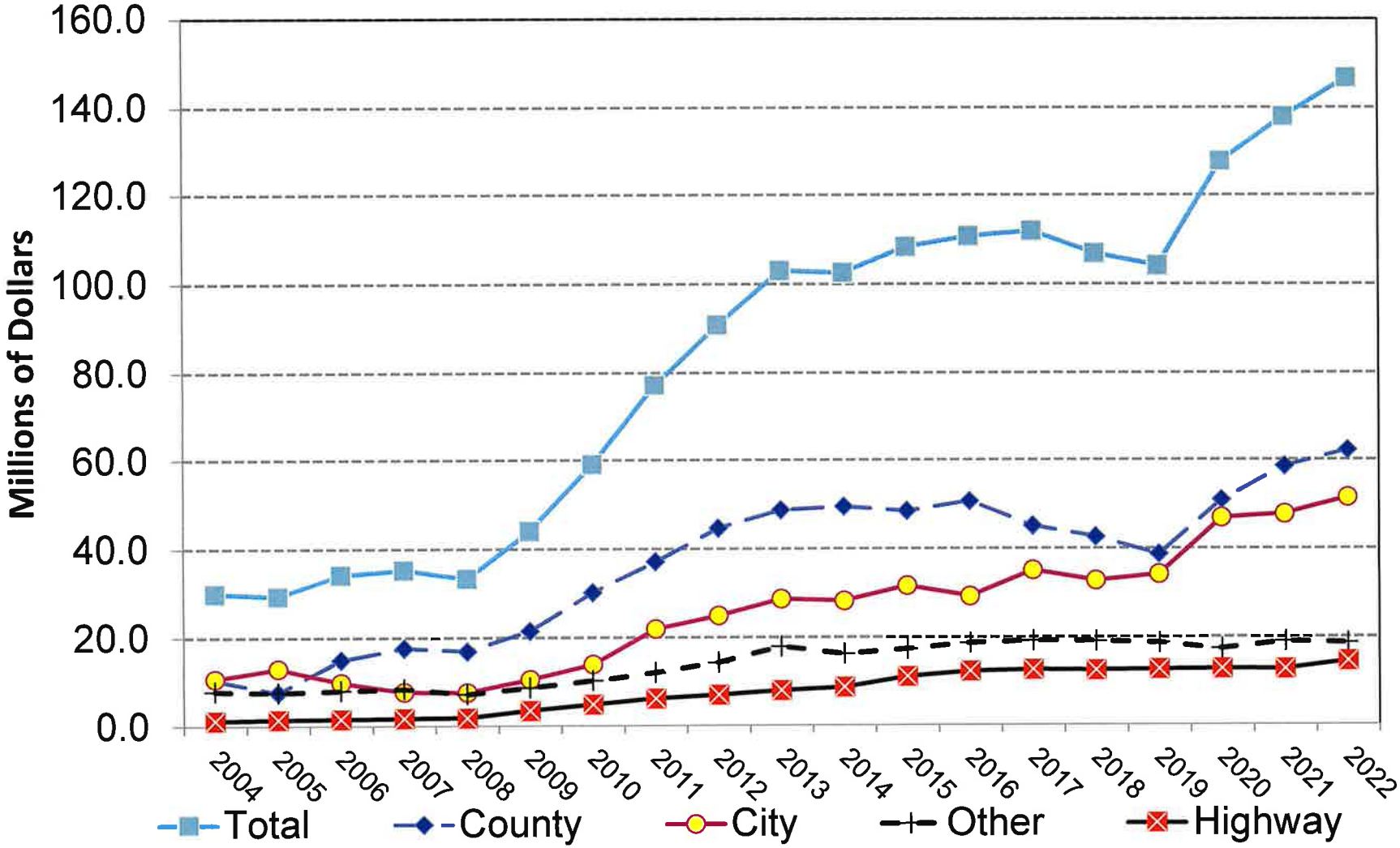


There are 115 School Districts

How has Property Tax use changed?

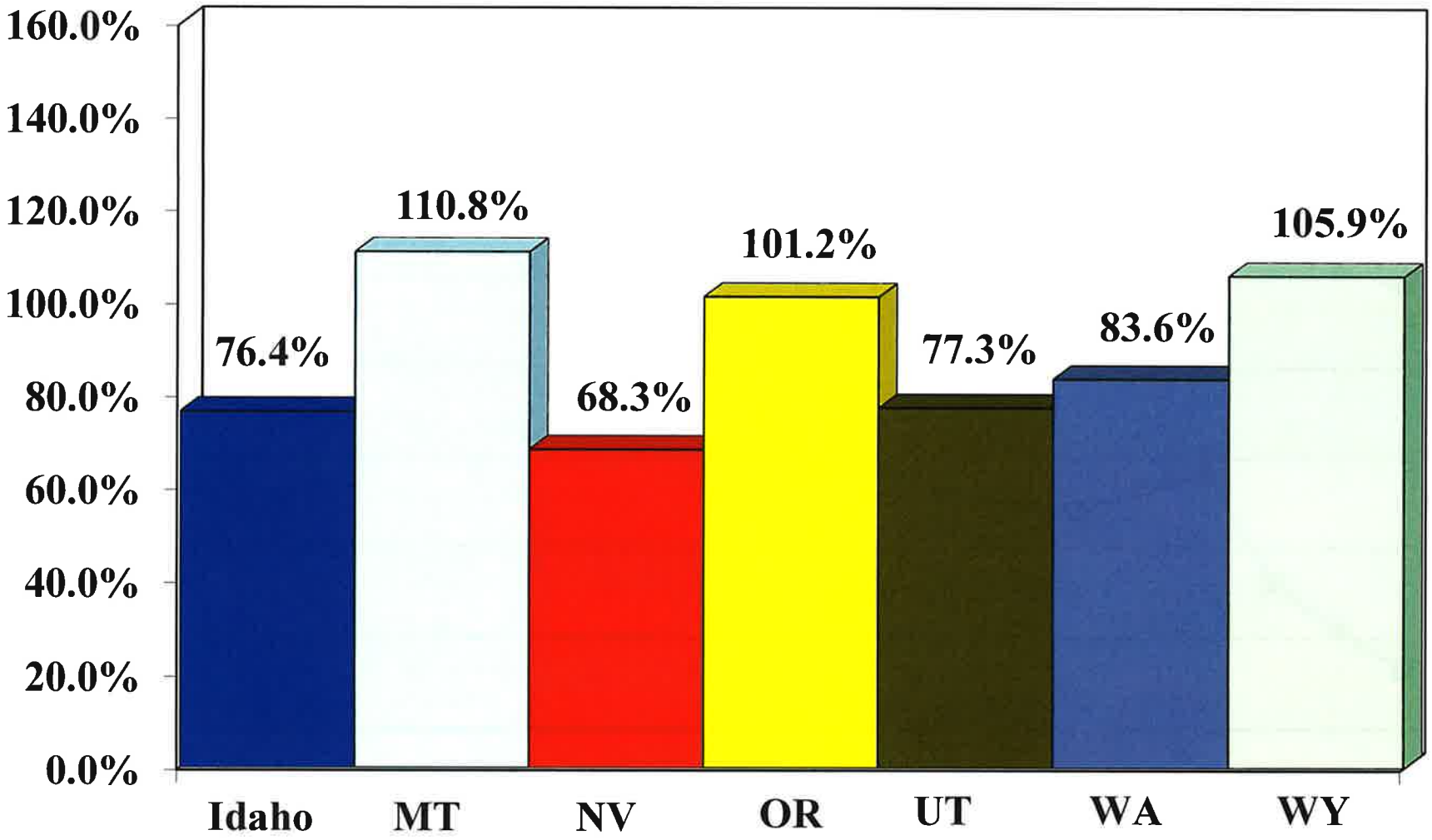
District Category	2021	2022	% Change
Ambulance	$33,122,488	$34,981,880	5.6%
Auditorium	17,786	$19,927	12.0%
Cemetery	7,903,138	$8,328,054	5.4%
City	571,220,393	$598,481,538	4.8%
Community Infra.	1,461,475	$2,153,835	47.4%
County	560,115,518	$583,232,343	4.1%
Extermination	1,155,459	$1,199,386	3.8%
Fire	113,002,016	$119,256,747	5.4%
Flood Control	889,067	$940,662	5.8%
Hospital	10,006,705	$10,443,692	4.4%
Junior College	37,632,310	$39,066,225	3.8%
Library	32,859,949	$34,358,573	4.6%
Mosquito Abatement	9,034,683	$9,931,641	9.9%
Port	405,000	$405,000	0%
Recreation	6,996,276	$7,118,699	1.7%
Roads & Highways	129,525,419	$131,362,245	1.4%
School	593,294,026	$596,067,358	0.5%
Sewer & Water	3,224,293	$3,493,375	8.3%
Sewer, incl. rec. sewer	546,532	$565,853	3.5%
Water	190,248	$221,416	16.4%
Watershed	130,000	$132,000	1.5%
Total	**$2,112,732,781**	**$2,181,760,449**	**3.3%**

Forgone Amounts



Idaho vs. Neighbor States FY 2020

Based on taxes per $ of income.



Property Tax Burden
Idaho vs US

- FY 2020
- Based on $ of income
  - Idaho property tax – **38th**
  - **23%** below national average
- Per Capita
  - Idaho property tax – **40th**
  - **37.5%** below national average

Circuit Breaker

- Up to $1,500 credit for eligible homeowners
  - Over age 65, disabled, widows and widowers
  - Income up to $32,230 for 2022 program
- $1,500 for 100% disabled veterans
  - No income test
- Must apply annually with county assessor by **April 15th**
- 2022 claims
  - **26,677** approved (includes disabled vets. qualifiers)
  - **$ 881** tax relief per claim average
  - **$ 23.49 Million** paid by state to counties and taxing districts
- State funded, so **no** loss of revenue to any taxing district.
- **Not** an exemption, so no property tax shifted to other property taxpayers.
- **Not** subject to repayment

Property Tax Deferral

- **2006**
- Requires equity in the property.
- $50,650 income limit to qualify
- Deferral can last as long as the taxpayers continue to live in the home
- Property Tax must be paid back (plus interest but no penalty) after sale, etc.
  - Interest is 3% for 2022
- 2021 – 2022
  - 4 households approved in 2021
  - $11,631 in total benefits paid in 2021
  - 16 households approved in 2022
    - $47,245 in total benefits to be paid in 2022 -estimated

Idaho State Tax Commission

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