

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 255

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO URBAN RENEWAL; AMENDING SECTION 50-2006, IDAHO CODE, TO RE-
2 VISE A PROVISION REGARDING THE DISSOLUTION OF AN URBAN RENEWAL AGENCY;
3 AMENDING SECTION 50-2903, IDAHO CODE, TO REVISE A DEFINITION AND TO
4 MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 50-2906, IDAHO CODE, TO
5 REVISE PROVISIONS REGARDING A PUBLIC HEARING AND ORDINANCE FOR A PRO-
6 POSED REVENUE ALLOCATION AREA; AMENDING SECTION 50-2907, IDAHO CODE,
7 TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 50-2908, IDAHO
8 CODE, TO REVISE PROVISIONS REGARDING THE ALLOCATION OF PROPERTY TAXES
9 BETWEEN AN URBAN RENEWAL AGENCY AND A TAXING DISTRICT; AMENDING SECTION
10 50-2909, IDAHO CODE, TO REMOVE A PROVISION REGARDING REVENUE ALLOCA-
11 TION; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, BY THE ADDITION OF A NEW
12 SECTION 50-2914, IDAHO CODE, TO PROVIDE FOR THE TERMINATION OF A REVENUE
13 ALLOCATION AREA; AMENDING SECTION 63-301A, IDAHO CODE, TO ESTABLISH
14 A PROVISION REGARDING THE NEW CONSTRUCTION ROLL; AMENDING SECTION
15 63-802, IDAHO CODE, TO REVISE A PROVISION REGARDING CERTAIN LIMITATIONS
16 ON BUDGET REQUESTS OF TAXING DISTRICTS; AMENDING SECTION 63-803, IDAHO
17 CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 63-1312,
18 IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AND DECLARING AN EMER-
19 GENCY AND PROVIDING RETROACTIVE APPLICATION.
20

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

22 SECTION 1. That Section 50-2006, Idaho Code, be, and the same is hereby
23 amended to read as follows:

24 50-2006. URBAN RENEWAL AGENCY -- AUTHORIZATION -- DISSOLUTION.

25 (1) (a) There is hereby created in each municipality an independent pub-
26 lic body corporate and politic to be known as the "urban renewal agency"
27 that was created by resolution as provided in section 50-2005, Idaho
28 Code, before July 1, 2011, for the municipality; provided, that such
29 agency shall not transact any business or exercise its powers hereunder
30 until or unless the local governing body has made the findings pre-
31 scribed in section 50-2005, Idaho Code.

32 (b) An urban renewal agency created after July 1, 2011, shall not trans-
33 act any business or exercise its powers provided for in this chapter
34 until a majority of qualified electors, voting in a citywide or coun-
35 tywide election, depending on the municipality in which such agency is
36 created, vote to authorize such agency to transact business and exer-
37 cise its powers provided for in this chapter. If prior to July 1, 2011,
38 the local governing body has made the findings prescribed in paragraph
39 (a) of this subsection, then such agency shall transact business and
40 shall exercise its powers hereunder and is not subject to the require-
41 ments of this paragraph.

1 (2) Upon satisfaction of the requirements under subsection (1) of this
2 section, the urban renewal agency is authorized to transact the business and
3 exercise the powers hereunder by a board of commissioners to be established
4 as follows:

5 (a) Unless provided otherwise in this section, the mayor, by and with
6 the advice and consent of the local governing body, shall appoint a
7 board of commissioners of the urban renewal agency, which shall consist
8 of not less than three (3) commissioners nor more than nine (9) commis-
9 sioners. In the order of appointment, the mayor shall designate the
10 number of commissioners to be appointed, and the term of each, provided
11 that the original term of office of no more than two (2) commissioners
12 shall expire in the same year. The commissioners shall serve for terms
13 not to exceed five (5) years, from the date of appointment, except that
14 all vacancies shall be filled for the unexpired term.

15 (b) For inefficiency or neglect of duty or misconduct in office, a com-
16 missioner may be removed by a majority vote of the local governing body
17 only after a hearing and after he shall have been given a copy of the
18 charges at least ten (10) days prior to such hearing and have had an op-
19 portunity to be heard in person or by counsel. Any commission position
20 that becomes vacant at a time other than the expiration of a term shall
21 be filled by the mayor or chair of the board of county commissioners, if
22 that is the local governing body, by and with the advice and consent of
23 the local governing body, including the mayor, if applicable, and shall
24 be filled for the unexpired term.

25 (c) By enactment of an ordinance, the local governing body may appoint
26 and designate, from among its members, members of the board of commis-
27 sioners of the urban renewal agency, provided that such representation
28 shall be less than a majority of the board of commissioners of the urban
29 renewal agency of the members of the local governing body on and after
30 July 1, 2017, in which case all the rights, powers, duties, privileges,
31 and immunities vested by the urban renewal law of 1965, and as amended,
32 in an appointed board of commissioners, shall be vested in the local
33 governing body, which shall, in all respects when acting as an urban re-
34 newal agency, be acting as an arm of state government, entirely separate
35 and distinct from the municipality, to achieve, perform, and accomplish
36 the public purposes prescribed and provided by said urban renewal law of
37 1965, and as amended.

38 (d) By enactment of an ordinance, the local governing body may termi-
39 nate the appointed board of commissioners and thereby appoint and des-
40 ignate itself as the board of commissioners of the urban renewal agency
41 for not more than one (1) calendar year.

42 (e) By enactment of an ordinance, the local governing body may provide
43 that the board of commissioners of the urban renewal agency shall be
44 elected at an election held for such purpose on one (1) of the November
45 dates provided in section 34-106, Idaho Code, and the ordinance may pro-
46 vide term limits for the commissioners. In this case, all the rights,
47 powers, duties, privileges, and immunities vested by the urban renewal
48 law of 1965, and as amended, in an appointed board of commissioners,
49 shall be vested in the elected board of commissioners of the urban
50 renewal agency, which shall, in all respects when acting as an urban re-

1 newal agency, be acting as an arm of state government, entirely separate
2 and distinct from the municipality, to achieve, perform, and accomplish
3 the public purposes prescribed and provided by said urban renewal law
4 of 1965, and as amended. The provisions of chapter 66, title 67, Idaho
5 Code, shall apply to elected commissioners, and the county election law
6 shall apply to the person running for commissioner as if the person were
7 running for county commissioner. In the event of a vacancy in an elected
8 commissioner position, the replacement shall be appointed by the mayor
9 or chair of the board of county commissioners, if that is the local gov-
10 erning body, by and with the advice and consent of the local governing
11 body, and shall be filled for the unexpired term.

12 (3) In all instances, a member of the board of commissioners of the ur-
13 ban renewal agency must be a resident of the county where the urban renewal
14 agency is located or is doing business.

15 (4) A commissioner shall receive no compensation for his services but
16 shall be entitled to the necessary expenses, including travel expenses, in-
17 curred in the discharge of his duties. Each commissioner shall hold office
18 until his successor has been appointed and has qualified. A certificate of
19 the appointment or reappointment of any commissioner shall be filed with the
20 clerk of the municipality and such certificate shall be conclusive evidence
21 of the due and proper appointment of such commissioner.

22 (5) (a) The powers of an urban renewal agency shall be exercised by the
23 commissioners thereof. A majority of the commissioners shall consti-
24 tute a quorum for the purpose of conducting business and exercising the
25 powers of the agency and for all other purposes. Action may be taken by
26 the agency upon a vote of a majority of the commissioners present, un-
27 less in any case the bylaws shall require a larger number.

28 (b) The commissioners shall elect the chairman, cochairman, or vice
29 chairman for a term of one (1) year from among their members. An agency
30 may employ an executive director, technical experts, and such other
31 agents and employees, permanent and temporary, as it may require, and
32 determine their qualifications, duties, and compensation. For such
33 legal service as it may require, an agency may employ or retain its own
34 counsel and legal staff.

35 (c) An agency authorized to transact business and exercise powers un-
36 der this chapter shall file, with the local governing body, on or be-
37 fore March 31 of each year a report of its activities for the preced-
38 ing calendar year, which report shall include the financial data and au-
39 dit reports required under sections 67-1075 and 67-1076, Idaho Code.
40 The agency shall be required to hold a public meeting to report these
41 findings and take comments from the public. At the time of filing the
42 report, the agency shall publish in a newspaper of general circulation
43 in the community a notice to the effect that such report has been filed
44 with the municipality and the state controller and that the report is
45 available for inspection during business hours in the office of the city
46 clerk or county recorder, in the office of the agency, and at all times
47 on the website of the state controller.

48 (d) An urban renewal agency shall have the same fiscal year as a mu-
49 nicipality and shall be subject to the same audit requirements as a mu-
50 nicipality. An urban renewal agency shall be required to prepare and

1 file with its local governing body an annual financial report and shall
2 prepare, approve, and adopt an annual budget for filing with the local
3 governing body, for informational purposes. A budget means an annual
4 estimate of revenues and expenses for the following fiscal year of the
5 agency.

6 (6) An urban renewal agency shall comply with the public records law
7 pursuant to chapter 1, title 74, Idaho Code, open meetings law pursuant to
8 chapter 2, title 74, Idaho Code, the ethics in government law pursuant to
9 chapter 4, title 74, Idaho Code, and the competitive bidding provisions of
10 chapter 28, title 67, Idaho Code.

11 (7) A local governing body that has created an urban renewal agency pur-
12 suant to the provisions of this section may dissolve the urban renewal agency
13 by the enactment of an ordinance in the same manner, and upon the same condi-
14 tions, as termination of an urban renewal area pursuant to section 50-2914,
15 Idaho Code. The urban renewal agency shall be dissolved on the date pro-
16 vided for dissolution in the ordinance and shall no longer be authorized to
17 transact business or exercise any powers pursuant to the provisions of this
18 chapter or any other provision of law. Upon dissolution of the urban renewal
19 agency, title to all property of the urban renewal agency shall revert to the
20 municipality. The local governing body shall transmit a copy of the dissolu-
21 tion ordinance to each taxing district affected by the urban renewal agency,
22 the county clerk, and the state tax commission within ten (10) business days
23 from the date that the dissolution ordinance is enacted.

24 SECTION 2. That Section 50-2903, Idaho Code, be, and the same is hereby
25 amended to read as follows:

26 50-2903. DEFINITIONS. The following terms used in this chapter shall
27 have the following meanings, unless the context otherwise requires:

28 (1) "Act" or "this act" means this revenue allocation act.

29 (2) "Agency" or "urban renewal agency" means a public body created pur-
30 suant to section 50-2006, Idaho Code.

31 (3) "Authorized municipality" or "municipality" means any county or
32 incorporated city that has established an urban renewal agency or by or-
33 dinance has identified and created a competitively disadvantaged border
34 community.

35 (4) Except as provided in section 50-2903A, Idaho Code, "base assess-
36 ment roll" means the equalized assessment rolls, for all classes of taxable
37 property, on January 1 of the year in which the local governing body of an
38 authorized municipality passes an ordinance adopting or modifying an urban
39 renewal plan containing a revenue allocation financing provision, except
40 that the base assessment roll shall be adjusted as follows: the equalized
41 assessment valuation of the taxable property in a revenue allocation area
42 as shown upon the base assessment roll shall be reduced by the amount by
43 which the equalized assessed valuation as shown on the base assessment roll
44 exceeds the current equalized assessed valuation of any taxable property
45 located in the revenue allocation area and by the equalized assessed val-
46 uation of taxable property in such revenue allocation area that becomes
47 exempt from taxation subsequent to the date of the base assessment roll.
48 The equalized assessed valuation of the taxable property in a revenue allo-
49 cation area as shown on the base assessment roll shall be increased by the

1 equalized assessed valuation, as of the date of the base assessment roll, of
2 taxable property in such revenue allocation area that becomes taxable after
3 the date of the base assessment roll. Any increase in valuation due to prop-
4 erty owned, leased, or used in the operation of a business entity that makes
5 capital investments in one (1) or more data centers, as defined in section
6 63-3622VV(2) (f), Idaho Code, after July 1, 2020, in amounts of at least two
7 hundred fifty million dollars (\$250,000,000) in the aggregate within the
8 first five (5) years after commencement of construction, that creates and
9 maintains at least thirty (30) new jobs at the data center within two (2)
10 calendar years after the commencement of operations, and that is located in
11 a revenue allocation area for which no bonds have been issued pursuant to
12 section 50-2909, Idaho Code, as of March 16, 2023, shall be added to the base
13 assessment roll in the current tax year. An urban renewal plan containing
14 a revenue allocation financing provision adopted or modified prior to July
15 1, 2016, is not subject to section 50-2903A, Idaho Code. For plans adopted
16 or modified prior to July 1, 2016, and for subsequent modifications of those
17 urban renewal plans, the value of the base assessment roll of property within
18 the revenue allocation area shall be determined as if the modification had
19 not occurred.

20 (5) "Budget" means an annual estimate of revenues and expenses for the
21 following fiscal year of the agency. An agency shall, by September 1 of each
22 calendar year, adopt and publish, as described in section 50-1002, Idaho
23 Code, a budget for the next fiscal year. An agency may amend its adopted
24 budget using the same procedures as used for adoption of the budget. ~~For~~
25 ~~the fiscal year that immediately predates the termination date for an urban~~
26 ~~renewal plan involving a revenue allocation area or will include the termi-~~
27 ~~nation date, the agency shall adopt and publish a budget specifically for the~~
28 ~~projected revenues and expenses of the plan and make a determination as to~~
29 ~~whether the revenue allocation area can be terminated before the January 1~~
30 ~~of the termination year pursuant to the terms of section 50-2909(4), Idaho~~
31 ~~Code. In the event that the agency determines that current tax year revenues~~
32 ~~are sufficient to cover all estimated expenses for the current year and all~~
33 ~~future years, by September 1 the agency shall adopt a resolution advising and~~
34 ~~notifying the local governing body, the county auditor, and the state tax~~
35 ~~commission and recommending the adoption of an ordinance for termination of~~
36 ~~the revenue allocation area by December 31 of the current year and declaring~~
37 ~~a surplus to be distributed as described in section 50-2909, Idaho Code,~~
38 ~~should a surplus be determined to exist. The agency shall cause the ordi-~~
39 ~~nance to be filed with the office of the county recorder and the Idaho state~~
40 ~~tax commission as provided in section 63-215, Idaho Code. Upon notification~~
41 ~~of revenues sufficient to cover expenses as provided herein, the increment~~
42 ~~value of that revenue allocation area shall be included in the net taxable~~
43 ~~value of the appropriate taxing districts when calculating the subsequent~~
44 ~~property tax levies pursuant to section 63-803, Idaho Code. The increment~~
45 ~~value shall also be included in subsequent notification of taxable value for~~
46 ~~each taxing district pursuant to section 63-1312, Idaho Code, and subsequent~~
47 ~~certification of actual and adjusted market values for each school district~~
48 ~~pursuant to section 63-315, Idaho Code.~~

49 (6) "Clerk" means the clerk of the municipality.

1 (7) "Competitively disadvantaged border community area" means a parcel
2 of land consisting of at least forty (40) acres that is situated within the
3 jurisdiction of a county or an incorporated city and within twenty-five (25)
4 miles of a state or international border, which the governing body of such
5 county or incorporated city has determined by ordinance is disadvantaged in
6 its ability to attract business, private investment, or commercial develop-
7 ment as a result of a competitive advantage in the adjacent state or nation
8 resulting from inequities or disparities in comparative sales taxes, income
9 taxes, property taxes, population or unique geographic features.

10 (8) "Deteriorated area" means:

11 (a) Any area, including a slum area, in which there is a predominance
12 of buildings or improvements, whether residential or nonresidential,
13 which by reason of dilapidation, deterioration, age or obsolescence,
14 inadequate provision for ventilation, light, air, sanitation, or open
15 spaces, high density of population and overcrowding, or the existence
16 of conditions that endanger life or property by fire and other causes,
17 or any combination of such factors, is conducive to ill health, trans-
18 mission of disease, infant mortality, juvenile delinquency, or crime,
19 and is detrimental to the public health, safety, morals or welfare.

20 (b) Any area which by reason of the presence of a substantial number of
21 deteriorated or deteriorating structures, predominance of defective or
22 inadequate street layout, faulty lot layout in relation to size, ade-
23 quacy, accessibility or usefulness, insanitary or unsafe conditions,
24 deterioration of site or other improvements, diversity of ownership,
25 tax or special assessment delinquency exceeding the fair value of the
26 land, defective or unusual conditions of title, or the existence of con-
27 ditions that endanger life or property by fire and other causes, or any
28 combination of such factors, results in economic underdevelopment of
29 the area, substantially impairs or arrests the sound growth of a munici-
30 pality, retards the provision of housing accommodations or constitutes
31 an economic or social liability and is a menace to the public health,
32 safety, morals or welfare in its present condition and use.

33 (c) Any area which is predominately open and which because of obsolete
34 platting, diversity of ownership, deterioration of structures or im-
35 provements, or otherwise, results in economic underdevelopment of the
36 area or substantially impairs or arrests the sound growth of a munici-
37 pality. The provisions of section 50-2008(d), Idaho Code, shall apply
38 to open areas.

39 (d) Any area which the local governing body certifies is in need of
40 redevelopment or rehabilitation as a result of a flood, storm, earth-
41 quake, or other natural disaster or catastrophe respecting which the
42 governor of the state has certified the need for disaster assistance
43 under any federal law.

44 (e) Any area which by reason of its proximity to the border of an ad-
45 jacent state is competitively disadvantaged in its ability to attract
46 private investment, business or commercial development which would
47 promote the purposes of this chapter.

48 (f) Deteriorated area does not mean not developed beyond agricultural,
49 or any agricultural operation as defined in section 22-4502(1), Idaho
50 Code, or any forest land as defined in section 63-1701(4), Idaho Code,

1 unless the owner of the agricultural operation or the forest landowner
2 of the forest land gives written consent to be included in the deterio-
3 rated area, except for an agricultural operation or forest land that has
4 not been used for three (3) consecutive years.

5 (9) "Facilities" means land, rights in land, buildings, structures,
6 machinery, landscaping, extension of utility services, approaches, road-
7 ways and parking, handling and storage areas, and similar auxiliary and re-
8 lated facilities.

9 (10) "Increment value" means the total value calculated by summing the
10 differences between the current equalized value of each taxable property in
11 the revenue allocation area and that property's current base value on the
12 base assessment roll, provided such difference is a positive value.

13 (11) "Local governing body" means the city council or board of county
14 commissioners of a municipality.

15 (12) "Plan" or "urban renewal plan" means a plan, as it exists or may
16 from time to time be amended, prepared and approved pursuant to sections
17 50-2008 and 50-2905, Idaho Code, and any method or methods of financing such
18 plan, which methods may include revenue allocation financing provisions.

19 (13) "Project" or "urban renewal project" or "competitively disadvan-
20 taged border areas" may include undertakings and activities of a municipal-
21 ity in an urban renewal area for the elimination of deteriorated or deterio-
22 rating areas and for the prevention of the development or spread of slums and
23 blight and may involve slum clearance and redevelopment in an urban renewal
24 area, or rehabilitation or conservation in an urban renewal area, or any com-
25 bination or part thereof in accordance with an urban renewal plan. Such un-
26 dertakings and activities may include:

27 (a) Acquisition of a deteriorated area or a deteriorating area or por-
28 tion thereof;

29 (b) Demolition and removal of buildings and improvement;

30 (c) Installation, construction, or reconstruction of streets, utili-
31 ties, parks, playgrounds, open space, off-street parking facilities,
32 public facilities, public recreation and entertainment facilities or
33 buildings and other improvements necessary for carrying out, in the ur-
34 ban renewal area or competitively disadvantaged border community area,
35 the urban renewal objectives of this act in accordance with the urban
36 renewal plan or the competitively disadvantaged border community area
37 ordinance.

38 (d) Disposition of any property acquired in the urban renewal area
39 or the competitively disadvantaged border community area, ~~(including~~
40 ~~sale, initial leasing, or retention by the agency itself),~~ or the mu-
41 nicipality creating the competitively disadvantaged border community
42 area at its fair value for uses in accordance with the urban renewal plan
43 except for disposition of property to another public body;

44 (e) Carrying out plans for a program of voluntary or compulsory repair
45 and rehabilitation of buildings or other improvements in accordance
46 with the urban renewal plan;

47 (f) Acquisition of real property in the urban renewal area or the com-
48 petitively disadvantaged border community area that, under the urban
49 renewal plan, is to be repaired or rehabilitated for dwelling use or re-

1 lated facilities, repair or rehabilitation of the structures for guid-
2 ance purposes, and resale of the property;

3 (g) Acquisition of any other real property in the urban renewal area
4 or competitively disadvantaged border community area where necessary
5 to eliminate unhealthful, insanitary or unsafe conditions, lessen den-
6 sity, eliminate obsolete or other uses detrimental to the public wel-
7 fare, or otherwise to remove or to prevent the spread of blight or dete-
8 rioration, or to provide land for needed public facilities or where nec-
9 essary to accomplish the purposes for which a competitively disadvan-
10 taged border community area was created by ordinance;

11 (h) Lending or investing federal funds; and

12 (i) Construction of foundations, platforms and other like structural
13 forms.

14 (14) "Project costs" includes, but is not limited to:

15 (a) Capital costs, including the actual costs of the construction of
16 public works or improvements, facilities, buildings, structures, and
17 permanent fixtures; the demolition, alteration, remodeling, repair or
18 reconstruction of existing buildings, structures, and permanent fix-
19 tures; the acquisition of equipment; and the clearing and grading of
20 land;

21 (b) Financing costs, including interest during construction and capi-
22 talized debt service or repair and replacement or other appropriate re-
23 serves;

24 (c) Real property assembly costs, meaning any deficit incurred from the
25 sale or lease by a municipality of real or personal property within a
26 revenue allocation district;

27 (d) Professional service costs, including those costs incurred for ar-
28 chitectural, planning, engineering, and legal advice and services;

29 (e) Direct administrative costs, including reasonable charges for the
30 time spent by city or county employees in connection with the implemen-
31 tation of a project plan;

32 (f) Relocation costs; and

33 (g) Other costs incidental to any of the foregoing costs.

34 (15) "Revenue allocation area" means that portion of an urban renewal
35 area or competitively disadvantaged border community area where the equal-
36 ized assessed valuation, (as shown by the taxable property assessment
37 rolls), of which the local governing body has determined, on and as a part of
38 an urban renewal plan, is likely to increase as a result of the initiation of
39 an urban renewal project or competitively disadvantaged border community
40 area. The base assessment roll or rolls of revenue allocation area or areas
41 shall not exceed at any time ten percent (10%) of the current assessed valua-
42 tion of all taxable property within the municipality.

43 (16) "State" means the state of Idaho.

44 (17) "Tax" or "taxes" means all property tax levies upon taxable prop-
45 erty.

46 (18) "Taxable property" means taxable real property, personal prop-
47 erty, operating property, or any other tangible or intangible property
48 included on the equalized assessment rolls.

49 (19) "Taxing district" means a taxing district as defined in section
50 63-201, Idaho Code, as that section now exists or may hereafter be amended.

1 (20) "Termination date" means a specific date no later than twenty (20)
 2 years from the effective date of an urban renewal plan or as described in sec-
 3 tion 50-2904, Idaho Code, on which date the plan shall terminate. Every ur-
 4 ban renewal plan shall have a termination date that can be modified or ex-
 5 tended subject to the twenty (20) year maximum limitation. Provided how-
 6 ever, the duration of a revenue allocation financing provision may be ex-
 7 tended as provided in section 50-2904, Idaho Code.

8 SECTION 3. That Section 50-2906, Idaho Code, be, and the same is hereby
 9 amended to read as follows:

10 50-2906. PUBLIC HEARING AND ORDINANCE REQUIRED -- SPECIAL RULES FOR
 11 CERTAIN TAXING DISTRICTS. (1) To adopt a new urban renewal plan or create
 12 a competitively disadvantaged border community area containing a revenue
 13 allocation financing provision, the local governing body of an authorized
 14 municipality must enact an ordinance in accordance with chapter 9, title 50,
 15 Idaho Code, and section 50-2008, Idaho Code. To modify an existing urban
 16 renewal plan, to add or change a revenue allocation, an authorized municipi-
 17 tality must enact an ordinance in accordance with chapter 9, title 50, Idaho
 18 Code, and conduct a public hearing as provided in section 50-2008(c), Idaho
 19 Code. No urban renewal project, plan, competitively disadvantaged border
 20 community area or modification thereto, or revenue allocation financial
 21 provision shall be held ineffective for failure to comply with the require-
 22 ments of this section if compliance with the section is substantial and in
 23 good faith and administrative authority of both the local governing body
 24 and urban renewal agency does not extend beyond the municipal boundary of
 25 the authorized municipality. Urban renewal plans and revenue allocation
 26 financing provisions may be held ineffective if an urban renewal area or rev-
 27 enue allocation area extends outside the municipal boundary of an authorized
 28 municipality and a transfer of powers ordinance has not been adopted by the
 29 cooperating county.

30 (2) A revenue allocation financing provision adopted in accordance
 31 with this chapter shall be effective retroactively to January 1 of the year
 32 in which the local governing body of the authorized municipality enacts such
 33 ordinance.

34 (3) (a) The Prior to taking action on an ordinance to adopt a revenue al-
 35 location financing provision, the local governing body of an authorized
 36 municipality shall prepare a notice stating: ~~(a) that~~

37 (i) That an urban renewal plan or modification thereto or a com-
 38 petitively disadvantaged border community area has been proposed
 39 and is being considered for adoption, and that such plan or modi-
 40 fication thereto or proposal to create a competitively disadvan-
 41 tagged border community area contains a revenue allocation financ-
 42 ing provision that will cause property taxes resulting from any
 43 increases in equalized assessed valuation in excess of the equal-
 44 ized assessed valuation as shown on the base assessment roll to be
 45 allocated to the agency for urban renewal and competitively disad-
 46 vantaged border community area purposes; and ~~(b) that~~

47 (ii) That an agreement on the administration of a revenue alloca-
 48 tion financing provision extending beyond the municipal boundary
 49 of the authorized municipality has been negotiated with the coop-

1 erating county having extraterritorial power and that the agree-
2 ment has been formalized by a transfer of power ordinance adopted
3 by that county; and ~~(e) that~~

4 (iii) That a public hearing on such plan or modification will be
5 held by the local governing body pursuant to section 50-2008(c),
6 Idaho Code.

7 (b) The notice shall also state the time, date, and place of the hear-
8 ing. At least thirty (30) days but not more than sixty (60) days prior
9 to the date set for final reading of the ordinance, the local governing
10 body shall publish the notice in a newspaper of general circulation and
11 transmit the notice, together with a copy of the plan and recommenda-
12 tion of the urban renewal agency or the municipality which by ordinance
13 created the competitively disadvantaged border community area, to the
14 governing body of each taxing district which levies taxes upon any tax-
15 able property in the revenue allocation area and which would be affected
16 by the revenue allocation financing provision of the urban renewal plan
17 proposed to be approved by the local governing body.

18 (4) No fire protection district or ambulance service district shall be
19 subject to the financing provisions of an urban renewal revenue allocation
20 area, or any modification thereof, created or modified after July 1, 2025,
21 unless the local governing body of the authorized municipality proposing to
22 create or modify such financing provision requests such district to consent
23 to be subject to the financing provision and the district receiving such
24 request consents. To request such a district to consent, the local governing
25 body of an authorized municipality shall send a request to the district at
26 the same time it sends notice to taxing districts of its intent to create or
27 modify an urban renewal plan that includes a revenue allocation financing
28 provision pursuant to subsection (3) of this section. If the governing board
29 of the district receiving a request to consent agrees with the request, it
30 shall adopt a resolution providing that such district shall be subject to
31 the financing provisions of the proposed urban renewal area plan or proposed
32 urban renewal area plan modification that was identified in the request, and
33 shall thereafter be subject to such financing provision. The consenting
34 district shall, within ten (10) business days, file a copy of the resolution
35 with the local governing body of the authorized municipality. Upon receipt
36 of the district's resolution consenting to be subject to the financing pro-
37 vision, the governing body of the municipality shall transmit a copy of such
38 resolution to the county clerk and the state tax commission within ten (10)
39 business days.

40 (5) Any fire protection district or ambulance service district may
41 withdraw from being subject to an urban renewal revenue allocation financ-
42 ing provision at any time if the urban renewal agency governing the revenue
43 allocation financing provision does not have any outstanding bonds or other
44 indebtedness being funded by such revenue allocation financing provision.
45 Any fire protection district or ambulance service district that seeks to
46 withdraw shall adopt a resolution expressing such intent and file the same
47 with the urban renewal agency and local governing body of the authorized
48 municipality that approved the revenue allocation financing provision that
49 the district seeks to withdraw from. Upon receipt of the fire protection
50 district's or ambulance service district's resolution approving the with-

1 drawal, the governing body of the municipality shall transmit a copy of
 2 such resolution to the county clerk and the state tax commission within ten
 3 (10) business days. The district's withdrawal from the revenue allocation
 4 financing provision shall take affect on December 31 of the year that the
 5 resolution approving the withdrawal is adopted, and the district shall
 6 thereafter be entitled to a levy on the equalized assessed valuation of tax-
 7 able property within its jurisdiction pursuant to section 50-2908(1)(g),
 8 Idaho Code.

9 SECTION 4. That Section 50-2907, Idaho Code, be, and the same is hereby
 10 amended to read as follows:

11 50-2907. TRANSMITTAL OF REVENUE ALLOCATION AREA DESCRIPTION AND OTHER
 12 DOCUMENTS TO TAXING AGENCIES. (1) After the effective date of an ordinance
 13 enacted by the local governing body of an authorized municipality, the clerk
 14 of the authorized municipality shall transmit, to the county auditor and tax
 15 assessor of the county in which the revenue allocation area is located, to
 16 the affected taxing districts, and to the state tax commission, a copy of the
 17 ordinance enacted, a copy of the legal description of the boundaries of the
 18 revenue allocation area, and a map indicating the boundaries of the revenue
 19 allocation area.

20 (2) For revenue allocation areas extending beyond the corporate munic-
 21 ipal boundary of the authorized municipality, the copy of the ordinance en-
 22 acted by the authorized municipality shall include, as an attachment, a copy
 23 of the transfer of powers ordinance adopted by the cooperating county under
 24 section 50-2906~~(3)(b)~~(3)(a)(ii), Idaho Code.

25 (3) Such documents shall be transmitted within the time required by
 26 section 63-215, Idaho Code.

27 SECTION 5. That Section 50-2908, Idaho Code, be, and the same is hereby
 28 amended to read as follows:

29 50-2908. DETERMINATION OF TAX LEVIES -- CREATION OF SPECIAL FUND. (1)
 30 For purposes of calculating the rate at which taxes shall be levied by or
 31 for each taxing district in which a revenue allocation area is located, the
 32 county commissioners shall, with respect to the taxable property located in
 33 such revenue allocation area, use the equalized assessed value of such tax-
 34 able property as shown on the base assessment roll rather than on the current
 35 equalized assessed valuation of such taxable property, except the current
 36 equalized assessed valuation shall be used for calculating the tax rate for:

37 (a) Levies for refunds and credits pursuant to section 63-1305, Idaho
 38 Code, and any judgment pursuant to section 33-802(1), Idaho Code, certi-
 39 fied after December 31, 2007;

40 (b) Levies permitted pursuant to section 63-802(3), Idaho Code, certi-
 41 fied after December 31, 2007;

42 (c) Levies for voter-approved general obligation bonds of any taxing
 43 district and plant facility reserve fund levies passed after December
 44 31, 2007;

45 (d) Levies for payment of obligations that have been judicially con-
 46 firmed pursuant to chapter 13, title 7, Idaho Code, and that meet the
 47 criteria of sections 63-1315 and 63-1316, Idaho Code;

1 (e) Levies set forth in paragraphs (a) through (d) of this subsection,
2 first certified prior to December 31, 2007, when the property affected
3 by said levies is included within the boundaries of a revenue allocation
4 area by a change in the boundaries of either the revenue allocation area
5 or any taxing district after December 31, 2007; ~~and~~

6 (f) School levies for supplemental maintenance and operation pursuant
7 to section 33-802(3) and (4), Idaho Code, approved after December 31,
8 2007, and for emergency funds pursuant to section 33-805, Idaho Code,
9 approved after July 1, 2015-; ~~and~~

10 (g) Levies of fire protection districts and ambulance services dis-
11 tricts that are exempt from being subject to a revenue allocation
12 financing provision pursuant to section 50-2906(4), Idaho Code, or that
13 withdraw from being subject to a revenue allocation financing provision
14 pursuant to section 50-2906(5), Idaho Code.

15 (2) With respect to each such taxing district, the tax rate calculated
16 under subsection (1) of this section shall be applied to the current equal-
17 ized assessed valuation of all taxable property in the taxing district, in-
18 cluding the taxable property in the revenue allocation area. The tax rev-
19 enues thereby produced shall be allocated as follows:

20 (a) To the taxing district shall be allocated and shall be paid by the
21 county treasurer:

22 (i) All taxes levied by the taxing district or on its behalf on
23 taxable property located within the taxing district but outside
24 the revenue allocation area;

25 (ii) Except as otherwise provided in subparagraph (iv) of this
26 paragraph, a portion of the taxes levied by the taxing district or
27 on its behalf on the taxable property located within the revenue
28 allocation area, which portion is the amount produced by applying
29 the taxing district's tax rate determined under subsection (1) of
30 this section to the equalized assessed valuation, as shown on the
31 base assessment roll, of the taxable property located within the
32 revenue allocation area;

33 (iii) All taxes levied by the taxing district to satisfy obliga-
34 tions specified in subsection (1) of this section; and

35 (iv) In the case of a revenue allocation area first formed or ex-
36 panded to include the property on or after July 1, 2020, all taxes
37 levied by any highway district, unless the local governing body
38 that created the revenue allocation area has responsibility for
39 the maintenance of roads or highways. In the case of property lo-
40 cated within a revenue allocation area prior to July 1, 2020, or
41 property located within a revenue allocation area created by a lo-
42 cal governing body that has responsibility for the maintenance of
43 roads or highways, the allocation of taxes shall be governed by
44 subparagraph (ii) of this paragraph. In any case, the highway dis-
45 trict and the urban renewal agency may enter into an agreement for
46 a different allocation. A copy of any such agreement shall be sub-
47 mitted to the state tax commission and to the county clerk by the
48 highway district as soon as practicable after the parties have en-
49 tered into the contract and by no later than September 1 of the year
50 in which the agreement takes effect.

1 (b) To the urban renewal agency shall be allocated the balance, if any,
2 of the taxes levied on the taxable property located within the revenue
3 allocation area.

4 (3) Upon enactment of an ordinance adopting a revenue allocation fi-
5 nancing provision as part of an urban renewal plan, the urban renewal agency
6 shall create a special fund or funds to be used for the purposes enumerated
7 in this chapter. The revenues allocated to the urban renewal agency pursuant
8 to this chapter shall be paid to the agency by the treasurer of the county in
9 which the revenue allocation district is located and shall be deposited by
10 the agency into one (1) or more of such special funds. The agency may, in ad-
11 dition, deposit into such special fund or funds such other income, proceeds,
12 revenues and funds it may receive from sources other than the revenues allo-
13 cated to it under subsection (2) (b) of this section.

14 (4) For the purposes of section 63-803, Idaho Code, during the period
15 when revenue allocation under this chapter is in effect, and solely with
16 respect to any taxing district in which a revenue allocation area is located,
17 the county commissioners shall, in fixing any tax levy other than a levy
18 specified in subsection (1) of this section, take into consideration the
19 equalized assessed valuation of the taxable property situated in the revenue
20 allocation area as shown in the base assessment roll, rather than the current
21 equalized assessed value of such taxable property.

22 (5) For all other purposes, including, without limitation, for pur-
23 poses of sections 33-802, 33-1002 and 63-1313, Idaho Code, reference in the
24 Idaho Code to the term "market value for assessment purposes" (or any other
25 such similar term) shall mean market value for assessment purposes as de-
26 fined in section 63-208, Idaho Code.

27 SECTION 6. That Section 50-2909, Idaho Code, be, and the same is hereby
28 amended to read as follows:

29 50-2909. ISSUANCE OF BONDS -- BOND PROVISIONS. (1) If the local gov-
30 erning body of an authorized municipality has enacted an ordinance adopting
31 a revenue allocation financing provision as part of an urban renewal plan,
32 the urban renewal agency established by such municipality is hereby autho-
33 rized and empowered:

34 (a) To apply the revenues allocated to it pursuant to section 50-2908,
35 Idaho Code, for payment of the projected costs of any urban renewal
36 project located in the revenue allocation area;

37 (b) To borrow money, incur indebtedness and issue one (1) or more series
38 of bonds to finance or refinance, in whole or in part, the urban renewal
39 projects authorized pursuant to such plan within the limits established
40 by paragraph (c) of this subsection; and

41 (c) To pledge irrevocably to the payment of principal of and interest
42 on such moneys borrowed, indebtedness incurred or bonds issued by the
43 agency the revenues allocated to it pursuant to section 50-2908, Idaho
44 Code.

45 All bonds issued under this section shall be issued in accordance with sec-
46 tion 50-2012, Idaho Code, except that such bonds shall be payable solely from
47 the special fund or funds established pursuant to section 50-2908, Idaho
48 Code. On and after July 1, 2011, bonds may be issued for a maximum period of
49 twenty (20) years.

1 (2) The agency shall be obligated and bound to pay such borrowed moneys,
 2 indebtedness, and bonds as the same shall become due, but only to the extent
 3 that the moneys are available in a special fund or funds established under
 4 section 50-2908, Idaho Code; and the agency is authorized to maintain an ad-
 5 equate reserve therefor from any moneys deposited in such a special fund or
 6 funds.

7 (3) Nothing in this chapter shall in any way impair any powers an urban
 8 renewal agency may have under subsection (a) of section 50-2012, Idaho Code.

9 ~~(4) When the revenue allocation area plan budget described in section
 10 50-2903(5), Idaho Code, estimates that all financial obligations have been
 11 provided for, the principal of and interest on such moneys, indebtedness and
 12 bonds have been paid in full, or when deposits in the special fund or funds
 13 created under this chapter are sufficient to pay such principal and interest
 14 as they come due, and to fund reserves, if any, or any other obligations of
 15 the agency funded through revenue allocation proceeds shall be satisfied and
 16 the agency has determined no additional project costs need be funded through
 17 revenue allocation financing, the allocation of revenues under section
 18 50-2908, Idaho Code, shall thereupon cease; any moneys in such fund or funds
 19 in excess of the amount necessary to pay such principal and interest shall be
 20 distributed to the affected taxing districts in which the revenue allocation
 21 area is located in the same manner and proportion as the most recent distri-
 22 bution to the affected taxing districts of the taxes on the taxable property
 23 located within the revenue allocation area; and the powers granted to the
 24 urban renewal agency under section 50-2909, Idaho Code, shall thereupon
 25 terminate.~~

26 SECTION 7. That Chapter 29, Title 50, Idaho Code, be, and the same is
 27 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
 28 ignated as Section 50-2914, Idaho Code, and to read as follows:

29 50-2914. TERMINATION OF REVENUE ALLOCATION AREA. (1) A revenue allo-
 30 cation area, along with any associated revenue allocation financing provi-
 31 sion adopted pursuant to this chapter, may be terminated either on or before
 32 the termination date as defined in section 50-2903 in accordance with the
 33 provisions of this section.

34 (2) (a) Prior to the termination date of a revenue allocation area,
 35 the urban renewal agency shall adopt and publish a budget for the fi-
 36 nal fiscal year or years of an urban renewal plan involving a revenue
 37 allocation area. The budget shall specify the projected revenues and
 38 expenses of the plan. The agency's budget for the final fiscal year or
 39 years of the revenue allocation area must estimate that all financial
 40 obligations shall have been provided for, the principal of and interest
 41 on such moneys, indebtedness, and bonds shall have been paid in full,
 42 or that deposits in the special fund or funds created under this chapter
 43 are sufficient to pay such principal and interest as they come due, and
 44 that any other obligations of the agency funded through revenue alloca-
 45 tion proceeds shall be satisfied.

46 (b) In the event the budget indicates a shortfall in meeting the rev-
 47 enue allocation area's financial obligations by the termination date,
 48 the agency may pursue an annual extension of the duration of the rev-

1 enue allocation area pursuant to the provisions of section 50-2903A(2),
2 Idaho Code.

3 (c) If the budget meets the requirements of paragraph (a) of this sub-
4 section, the agency shall make a finding that no additional project
5 costs need be funded through revenue allocation financing and shall
6 adopt a resolution notifying the local governing body that the revenue
7 allocation area is on schedule to terminate pursuant to the plan and
8 recommending that the local governing body enact an ordinance terminat-
9 ing the revenue allocation area on the termination date.

10 (d) If the agency determines that a revenue allocation area can be ter-
11 minated before the January 1 of the termination year because the cur-
12 rent tax year revenues are sufficient to cover all estimated expenses
13 for the current year and all future years prior to the termination date,
14 the agency shall adopt a resolution by no later than August 1 containing
15 its findings and recommending the adoption of an ordinance by the local
16 governing body for termination of the revenue allocation area by Decem-
17 ber 31 of the current year.

18 (3) The agency shall cause a copy of any resolution enacted pursuant to
19 this section to be filed with the office of the county recorder and the Idaho
20 state tax commission.

21 (4) If the local governing body concurs with the budget and findings of
22 the agency, it shall enact an ordinance no later than September 1 terminat-
23 ing the revenue allocation area and stating the date of termination. Within
24 ten (10) days of enacting such an ordinance, the local governing body shall
25 transmit a copy of the ordinance to the office of the county recorder and the
26 Idaho state tax commission as provided in section 63-215, Idaho Code, and
27 each taxing district within the revenue allocation area. Upon the enact-
28 ment of the ordinance terminating the revenue allocation area, the increment
29 value of that revenue allocation area shall be included in the net taxable
30 value of the appropriate taxing districts when calculating the subsequent
31 property tax levies pursuant to section 63-803, Idaho Code. The increment
32 value shall also be included in subsequent notification of taxable value for
33 each taxing district pursuant to section 63-1312, Idaho Code, and subsequent
34 certification of actual and adjusted market values for each school district
35 pursuant to section 63-315, Idaho Code.

36 (5) On the date of termination:

37 (a) The allocation of revenues under section 50-2908, Idaho Code, shall
38 thereupon cease;

39 (b) Any moneys in the revenue allocation area fund or funds in excess
40 of the amount necessary to pay such principal and interest shall be dis-
41 tributed to the affected taxing districts in which the revenue alloca-
42 tion area is located in the same manner and proportion as the most recent
43 distribution to the affected taxing districts of the taxes on the tax-
44 able property located within the revenue allocation area; and

45 (c) The powers granted to the urban renewal agency under section
46 50-2909, Idaho Code, shall thereupon terminate.

47 SECTION 8. That Section 63-301A, Idaho Code, be, and the same is hereby
48 amended to read as follows:

1 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare
2 a new construction roll, which shall be in addition to the property roll,
3 which new construction roll shall show:

4 (a) The name of the taxpayer;

5 (b) The description of the new construction, suitably detailed to meet
6 the requirements of the individual county;

7 (c) The amount of taxable market value added to the property on the cur-
8 rent year's property roll that is directly the result of new construc-
9 tion;

10 (d) The amount of taxable market value added as provided in subsection
11 (3) (f) of this section as a result of dissolution of any revenue alloca-
12 tion area; and

13 (e) The amount of taxable market value to be deducted to reflect the ad-
14 justments required in this paragraph:

15 (i) Any board of tax appeals or court-ordered value change, if
16 property has a taxable value lower than that shown on any new con-
17 struction roll in any one (1) of the immediate five (5) tax years
18 preceding the current tax year;

19 (ii) Any reduction in value resulting from correction of value im-
20 properly included on any previous new construction roll as a re-
21 sult of double or otherwise erroneous assessment;

22 (iii) Any reduction in value resulting from the exemption provided
23 in section 63-602W(4), Idaho Code, in any one (1) of the immediate
24 five (5) tax years preceding the current tax year; and

25 (iv) Any voluntary reduction in value reflecting a portion of
26 certain homestead exemptions as provided in section 63-602G(10),
27 Idaho Code.

28 (2) As soon as possible, but in any event by no later than the first Mon-
29 day in June, the new construction roll shall be certified to the county audi-
30 tor and a listing showing the amount of value on the new construction roll in
31 each taxing district or unit shall be forwarded to the state tax commission
32 on or before the fourth Monday in July. Provided however, the value shown
33 in subsection (3) (e) of this section shall be reported to the appropriate
34 county auditor by the state tax commission by the third Monday in July and the
35 value sent by the county auditor to each taxing district. The value estab-
36 lished pursuant to subsection (3) (e) of this section is subject to correc-
37 tion by the state tax commission until the first Monday in September, and any
38 such corrections shall be sent to the appropriate county auditor, who shall
39 notify any affected taxing districts.

40 (3) Except as otherwise provided in this subsection, the value shown on
41 the new construction roll shall include ninety percent (90%) of the taxable
42 market value increase from:

43 (a) Construction of any new structure that previously did not exist,
44 once it is completed and taxable;

45 (b) Additions or alterations to existing nonresidential structures;

46 (c) Installation of new or used manufactured housing that did not pre-
47 viously exist within the county;

48 (d) Property newly taxable as a result of loss of the exemption provided
49 by section 63-602W(3) or (4), Idaho Code;

1 (e) The construction of any improvement or installation of any equip-
2 ment used for or in conjunction with the generation of electricity and
3 the addition of any improvement or equipment intended to be so used, ex-
4 cept property that has a value allocated or apportioned pursuant to sec-
5 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-
6 ity as those terms are defined in section 61-332A, Idaho Code, or that
7 is owned by a public utility as that term is defined in section 61-332A,
8 Idaho Code, owning any other property that is allocated or apportioned.
9 No replacement equipment or improvements may be included;

10 (f) Provided such increases do not include increases already reported
11 on the new construction roll as permitted in paragraphs (i) and (j) of
12 this subsection, increases in value over the base value of property on
13 the base assessment roll within an urban renewal revenue allocation
14 area that has been terminated pursuant to section ~~50-2909(4)~~ 50-2914,
15 Idaho Code, to the extent that this increment exceeds the incremental
16 value as of December 31, 2006, or, for revenue allocation areas formed
17 after December 31, 2006, eighty percent (80%) of the increment value.
18 Notwithstanding other provisions of this section, the new construction
19 roll shall not include new construction located within an urban renewal
20 district's revenue allocation area, except as provided in this para-
21 graph or paragraph (k) of this subsection;

22 (g) New construction, in any one (1) of the immediate five (5) tax years
23 preceding the current tax year, allowable but never included on a new
24 construction roll, provided however, that for such property the value
25 on the new construction roll shall reflect the taxable value that would
26 have been included on the new construction roll for the first year in
27 which the property should have been included;

28 (h) Formerly exempt improvements on state college-owned or state uni-
29 versity-owned land for student dining, housing, or other education-re-
30 lated purposes approved by the state board of education and board of
31 regents of the university of Idaho as proper for the operation of such
32 state college or university, provided such improvements were never in-
33 cluded on any previous new construction roll;

34 (i) Increases in base value when due to previously determined incre-
35 ment value added to the base value as required in sections 50-2903 and
36 50-2903A, Idaho Code, due to a modification of the urban renewal plan.
37 In this case, the amount added to the new construction roll will equal
38 eighty percent (80%) of the amount by which the increment value in the
39 year immediately preceding the year in which the base value adjustment
40 described in this subsection occurs exceeds the incremental value as of
41 December 31, 2006, or, for revenue allocation areas formed after Decem-
42 ber 31, 2006, the entire increment value; and

43 (j) Increases in base value when due to previously determined incre-
44 ment value added to the base value as a result of a de-annexation within
45 a revenue allocation area as defined in section 50-2903, Idaho Code.
46 In this case, the amount added to the new construction roll will equal
47 eighty percent (80%) of the amount by which the increment value in the
48 year immediately preceding the year in which the de-annexation de-
49 scribed in this subsection occurs exceeds the incremental value as of
50 December 31, 2006, or, for revenue allocation areas formed after Decem-

ber 31, 2006, the entire increment value within the area subject to the de-annexation.

(k) In the case of a fire protection district or ambulance service district that encompasses all or part of any urban renewal revenue allocation area that such district withdrew from pursuant to section 50-2906(5), Idaho Code, eighty percent (80%) of the increment value may be included on the new construction roll for the year in which the district withdrew from such urban renewal revenue allocation area. Each year thereafter, ninety percent (90%) of the taxable value of otherwise qualifying new construction shall be included in the new construction roll for such fire protection district or ambulance service district, even if such new construction would not otherwise qualify because it was located within a revenue allocation area.

(4) The amount of taxable market value of new construction shall be the change in net taxable market value that is attributable directly to the new construction or loss of the exemption provided by section 63-602W(3) or (4), Idaho Code. It shall not include any change in value of existing property that is due to external market forces such as general or localized inflation, except as provided in subsection (3) (f) of this section.

(5) The amount of taxable market value of new construction shall not include any new construction of property that has been granted a provisional property tax exemption, pursuant to section 63-1305C, Idaho Code. A property owner may apply to the board of county commissioners, if an application is required pursuant to section 63-602, Idaho Code, for an exemption from property tax at the time the initial building permits are applied for or at the time construction of the property has begun, whichever is earlier, or at any time thereafter.

(6) The amount of taxable market value of new construction shall not include any new construction of property for which an exemption from sales and use tax has been granted pursuant to section 63-3622VV, Idaho Code.

SECTION 9. 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 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 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, 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. The taxing district shall determine what portion of the three percent (3%) increase permitted under this subparagraph that it requires and then calculate a preliminary levy rate based on the percent chosen. In calculating the preliminary levy rate, the most current taxable market value shall be used, except that for taxable market values of centrally assessed operating property, the prior year's valuation may be used instead of the current year's taxable market val-

1 ues. The preliminary levy rate shall be multiplied by the value
2 shown on the new construction roll compiled pursuant to section
3 63-301A, Idaho Code, and by ninety percent (90%) of the value of
4 annexation during the previous calendar year, as certified by the
5 state tax commission for taxable market values of operating prop-
6 erty of public utilities and by the county assessor; except for a
7 fire protection district annexing property prior to July 1, 2021,
8 pursuant to section 31-1429, Idaho Code, the new levy rate shall be
9 multiplied by one hundred percent (100%) of the value of any such
10 property annexed prior to July 1, 2021.

11 (ii) The total budget increase calculated under this paragraph
12 must not exceed eight percent (8%), except that any increase in the
13 amount of property tax revenue to finance an annual budget added
14 as a result of the termination, deannexation, ~~or~~ plan modification
15 of, or the withdrawal of certain taxing districts from, a revenue
16 allocation area of an urban renewal district pursuant to section
17 63-301A-~~(3) (g), (j), or (k),~~ (3) (f), (i), (j), or (k), Idaho Code,
18 or section 50-2908 (1) (g), Idaho Code, shall not be subject to such
19 limitation.

20 (iii) Following the first year in which a fire protection district
21 has annexed city property pursuant to section 31-1429, Idaho Code,
22 the city shall subtract an amount equal to the moneys spent on fire
23 protection services during the last full year the city provided
24 fire protection services to its residents from its budget limita-
25 tion under this section.

26 (b) If the taxing district has not imposed a levy for three (3) or more
27 years, the highest dollar amount of property taxes certified for its an-
28 nual budget for the purpose of paragraph (a) (i) of this subsection shall
29 be the dollar amount of property taxes certified for its annual budget
30 during the last year in which a levy was made.

31 (c) The dollar amount of the actual budget request may be substituted
32 for the amount in paragraph (a) of this subsection if the taxing dis-
33 trict is newly created, except as may be provided in paragraph (i) of
34 this subsection.

35 (d) This section does not apply to school district levies imposed in
36 section 33-802, Idaho Code.

37 (e) (i) In the case of a nonschool district for which less than the
38 maximum allowable increase in the dollar amount of property taxes
39 is certified for annual budget purposes in any one (1) year, such a
40 district may, in any following year, recover the forgone increase
41 by certifying, in addition to any increase otherwise allowed, any
42 or all of the increase originally forgone. Provided however, that
43 prior to budgeting any forgone increase, the district must provide
44 notice of its intent to do so, hold a public hearing that may be in
45 conjunction with its annual budget hearing, and certify by resolu-
46 tion the amount of forgone increase to be budgeted and the specific
47 purpose for which the forgone increase is being budgeted. Upon
48 adoption of the resolution, the clerk of the district shall file a
49 copy of the resolution with the county clerk and the state tax com-
50 mission. Said additional amount shall be included in future cal-

1 culations for increases as allowed, except as provided in subpara-
2 graph (iii) of this paragraph.

3 (ii) If the forgone increase is budgeted for the purpose of main-
4 tenance and operations, the rate of recovering the reserved for-
5 gone moneys may increase the taxing district's budget by no more
6 than one percent (1%) per year.

7 (iii) If the forgone increase is budgeted for a capital project or
8 projects, the rate of recovering the reserved forgone moneys may
9 not exceed three percent (3%) of the taxing district's budget for
10 the year in which the forgone increase is budgeted. Forgone moneys
11 budgeted for a capital project must be deducted from the taxing
12 district's forgone balance in the year in which it is budgeted.
13 Upon completion of such a capital project, the taxing district
14 shall certify such completion to the state tax commission and
15 county clerk. If, upon certification, the state tax commission
16 finds that the taxing district included forgone moneys for a capi-
17 tal project in calculating the increase permitted under paragraph
18 (a) of this subsection, the state tax commission shall direct the
19 taxing district to reduce its property tax budget for any year
20 in which the forgone moneys were used to calculate a budget in-
21 crease, in an amount equal to the forgone moneys budgeted plus any
22 increases attributed to the forgone moneys improperly included in
23 the taxing district's property tax budget. For the purpose of this
24 paragraph, a capital project includes:

25 1. The construction, expansion, renovation, or replacement
26 of public facilities, including the acquisition of land and
27 other site improvements;

28 2. The construction, expansion, or reconstruction of public
29 works improvements, including roads, bridges, water sys-
30 tems, sewer systems, and broadband systems; and

31 3. The purchase of equipment with a useful life of ten (10)
32 years or more.

33 (f) If a taxing district elects to budget less than the maximum allow-
34 able increase in the dollar amount of property taxes, the taxing dis-
35 trict may reserve the right to recover all or any portion of that year's
36 forgone increase in a subsequent year by adoption of a resolution spec-
37 ifying the dollar amount of property taxes being reserved. Otherwise,
38 that year's forgone increase may not be recovered under paragraph (e) of
39 this subsection. The district must provide notice of its intent to do so
40 and hold a public hearing that may be in conjunction with its annual bud-
41 get hearing, if applicable. The resolution to reserve the right to re-
42 cover the forgone increase for that year shall be adopted at the annual
43 budget hearing of the taxing district if the district has a budget hear-
44 ing requirement.

45 (g) In the case of cities, if the immediately preceding year's levy sub-
46 ject to the limitation provided by this section is less than 0.004, the
47 city may increase its budget by an amount not to exceed the difference
48 between 0.004 and the actual prior year's levy multiplied by the prior
49 year's market value for assessment purposes. The additional amount
50 must be approved by sixty percent (60%) of the voters voting on the ques-

1 tion at an election called for that purpose and held on the date in May or
2 November provided by law and may be included in the annual budget of the
3 city for purposes of this section.

4 (h) A taxing district may submit to the electors within the district
5 the question of whether the budget from property tax revenues may be
6 increased beyond the amount authorized in this section, but not beyond
7 the levy authorized by statute. The additional amount must be approved
8 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
9 voting on the question at an election called for that purpose and held
10 on the May or November dates provided by section 34-106, Idaho Code.
11 If approved by the required minimum sixty-six and two-thirds percent
12 (66 2/3%) of the voters voting at the election, the new budget amount
13 shall be the base budget for the purposes of this section.

14 (i) When a nonschool district consolidates with another nonschool
15 district or dissolves and a new district performing similar governmen-
16 tal functions as the dissolved district forms with the same boundaries
17 within three (3) years, the maximum amount of a budget of the district
18 from property tax revenues shall not be greater than the sum of the
19 amounts that would have been authorized by this section for the district
20 itself or for the districts that were consolidated or dissolved and in-
21 corporated into a new district.

22 (j) This section does not apply to cooperative service agency levies
23 imposed in sections 33-317 and 33-317A, Idaho Code.

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

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

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

42 (4) The amount of property tax revenues to finance an annual budget does
43 not include revenues from nonproperty tax sources and does not include rev-
44 enue from levies for the payment of judicially confirmed obligations pur-
45 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
46 that are voter-approved for bonds, override levies or supplemental levies,
47 plant facilities reserve fund levies, school emergency fund levies, or for
48 levies applicable to newly annexed property or for levies applicable to new
49 construction as evidenced by the value of property subject to the occupancy
50 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The

1 amount of property tax revenues to finance an annual budget does not include
2 any property taxes that were collected and refunded on property that is ex-
3 empt from taxation, pursuant to section 63-1305C, Idaho Code.

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

7 (6) For tax year 2023, before calculating the amount required in sub-
8 section (1) (a) (i) of this section, the board of county commissioners shall
9 reduce the approved property tax levy portion of its budget for the immedi-
10 ate prior three (3) years in an amount equal to the amount levied for indigent
11 public defense. The reduced budget amount shall be the base budget for the
12 purpose of subsection (1) (a) (i) of this section.

13 SECTION 10. That Section 63-803, Idaho Code, be, and the same is hereby
14 amended to read as follows:

15 63-803. CERTIFICATION OF BUDGETS IN DOLLARS. (1) Whenever any taxing
16 district is required by law to certify to any county treasurer, county au-
17 ditor, county assessor, county commissioners, or other county officer any
18 property tax levy on property located within said district, such certifica-
19 tion shall, notwithstanding any other provision of the law applicable to any
20 such district, be made at the time and in the manner hereinafter provided.

21 (2) The county auditor shall inform each of the taxing districts within
22 his county of the taxable value of that district as soon as such value is
23 known to the auditor, whether the value comes from the appraisal and assess-
24 ment of real and personal property, from allocation of the taxable value of
25 operating property, or from other sources.

26 (3) Using the taxable value of the district, the council, trustees,
27 board, or other governing body of any taxing district shall certify the to-
28 tal amount required from a property tax upon property within the district
29 to raise the amount of money fixed by its budget as previously prepared or
30 approved. The amount of money so determined shall be certified in dollars
31 to the appropriate county commissioners. Any taxing unit, except regional
32 airport authorities, located in more than one (1) county shall divide its
33 dollar budget for certification to the separate counties by multiplying the
34 amount of such budget by a fraction, the numerator of which shall be the total
35 taxable value of all property in such taxing unit within the county to which
36 such certification is to be made, and the denominator of which shall be the
37 total taxable value of property in such taxing unit in all such counties.
38 Budget certification to the participating counties of regional airport
39 authorities shall be made in the manner prescribed in section 21-807(10),
40 Idaho Code. Taxable value shall be certified by the county auditor of each
41 affected county to such taxing unit and such certification shall be used in
42 this formula. Except as provided in section 33-805, Idaho Code, relating to
43 school emergency fund levies, the certification to the county commissioners
44 required in this section shall be made not later than the Thursday prior
45 to the second Monday in September, unless, upon application therefor, the
46 county commissioners grant an extension of not more than seven (7) working
47 days. After receipt of this certification, the county commissioners shall
48 make a tax levy as a percent of taxable value of all property in the taxing

1 district which, when applied to the tax rolls, will meet the budget require-
2 ments certified by such taxing districts.

3 (4) Except as provided in section 50-2908(1), Idaho Code, for the pur-
4 pose of this section, "taxable value" shall mean the portion of the equal-
5 ized assessed value, less any exemptions, not including the additional ex-
6 emption provided for tax year 2022 in section 63-602KK(2)(b), Idaho Code,
7 and the value that exceeds the value of the base assessment roll for the por-
8 tion of any taxing district within a revenue allocation area of an urban re-
9 newal district, located within each taxing district that certifies a budget
10 to be raised from a property tax levy. When the county auditor is notified
11 of revenues sufficient to cover expenses as provided in section ~~50-2903(5)~~
12 50-2914, Idaho Code, taxable value shall also include the value that exceeds
13 the value of the base assessment roll for the portion of any taxing district
14 within a revenue allocation area. For each taxing district, taxable value
15 shall include the value from the property and operating property rolls for
16 the current year and subsequent and missed property rolls for the prior year
17 or the best estimate of the subsequent and missed property rolls for the cur-
18 rent year.

19 (5) At the time of certifying to the county commissioners the amount re-
20 quired from a property tax under subsection (3) of this section, any taxing
21 district with one (1) or more voter-approved bonds and levies shall submit to
22 the appropriate county tax collector the expiration date of each voter-ap-
23 proved bond and levy applicable to the taxing district.

24 SECTION 11. That Section 63-1312, Idaho Code, be, and the same is hereby
25 amended to read as follows:

26 63-1312. MUNICIPAL PROPERTY TAXES -- NOTIFICATION OF VALUATION. (1)
27 Prior to the fourth Monday of March of the current year the county auditor
28 must notify every taxing district or authority, other than school districts,
29 of the total taxable valuation of all the taxable property situated within
30 such districts for the preceding calendar year for the purpose of assisting
31 such governing authorities in their determination of tax rates to be levied
32 for the current year and other informational purposes.

33 (2) Prior to the first Monday in August the auditor of each county in
34 the state shall notify the state tax commission and the clerk of each taxing
35 unit in his county of the taxable valuation of all the taxable property situ-
36 ated within that taxing district from the property roll for the current year,
37 from the operating property roll for the previous year, from the prior year's
38 actual or current year's estimated subsequent property roll and missed prop-
39 erty roll, and the amount of value subject to occupancy tax notwithstanding
40 exemptions authorized in chapter 6, title 63, Idaho Code, for the previous
41 year.

42 (3) The auditor shall furnish the valuation from the current operating
43 property roll upon receipt from the state tax commission.

44 (4) Subsequent to the notification of the county auditor of revenues
45 sufficient to cover expenses as provided in section ~~50-2903(5)~~ 50-2914,
46 Idaho Code, taxable value as used in this section shall also include the
47 value that exceeds the value of the base assessment roll for the portion of
48 any taxing district within a revenue allocation area.

1 SECTION 12. An emergency existing therefor, which emergency is hereby
2 declared to exist, this act shall be in full force and effect on and after its
3 passage and approval, and retroactively to January 1, 2025.