Attachment 1
February 6, 2025

Property Tax

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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

- Assessed values statewide
- Property tax budgets
- How property taxes are determined
- Property tax trends
- HB 292 and HB 521
- Property tax relief programs

Property Tax Myths v. Facts

Topic	Myth	Fact
Who pays?	It's all a tax on homes	*2024* Primary residences – 47.8% *All residential – 71.3%*
Who spends?	It's all schools (*conversely, schools = $0*)	Schools = 20.0% (*2024*) HB 521 school tax relief
How significant is property tax revenue?	It's the only source of revenue for local governments	Overall, in FY **2022*** it represented **23.9%** of local government general revenue
What happens when existing property value increases?	Higher taxable value = more revenue for govt.	Total property tax revenue unchanged, burden shifts

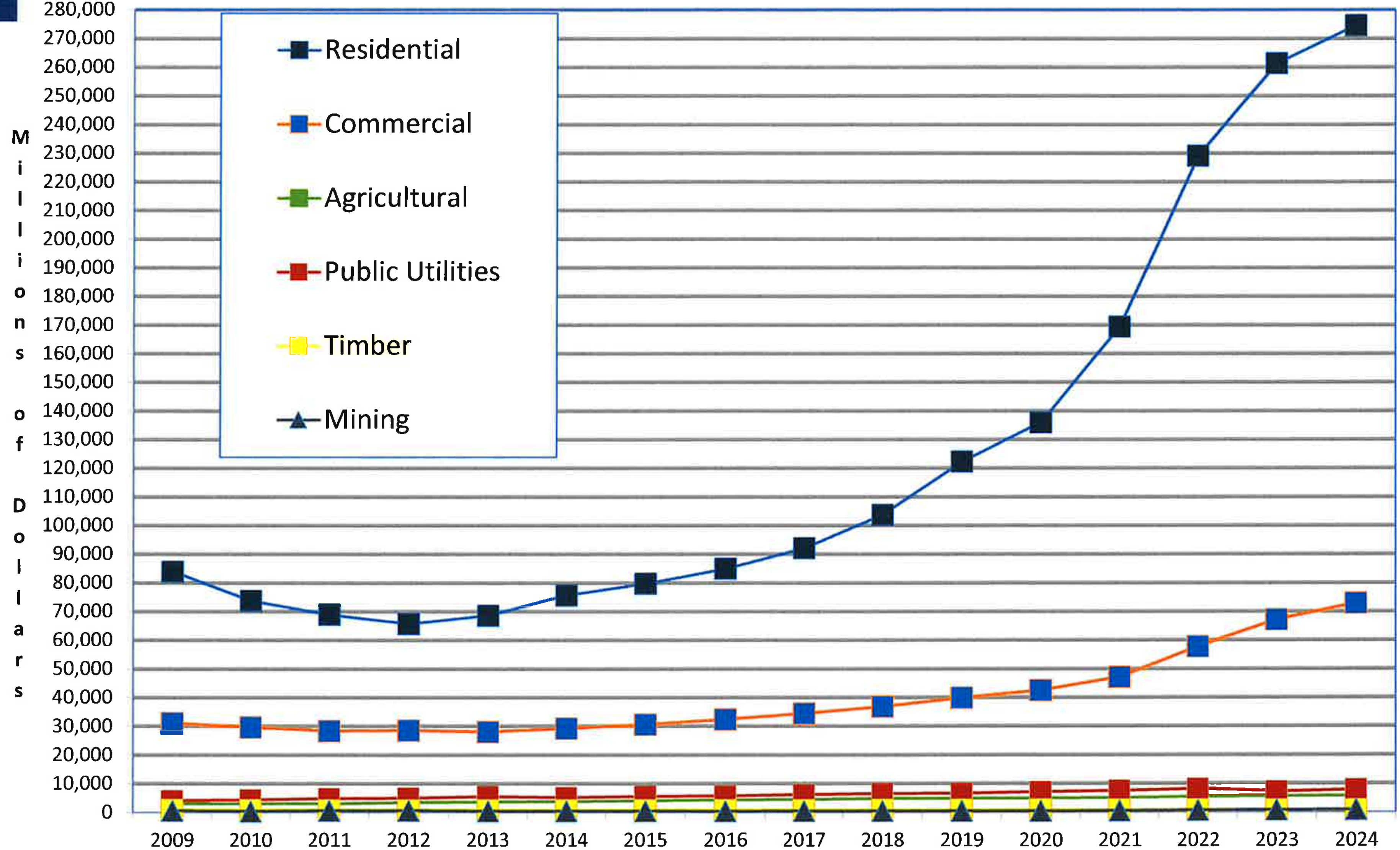
Assessment of Property

- **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.

Assessment of Property

- January 1, 2025
  - Lien Date of assessment of current market value
- 2024 Assessed Value **$363.02 Billion**
  - 5.8% Increase over 2023
- 2023 Assessed Value **$342.9 Billion**
  - 3.3% increase over 2022
- 2021 - 2022
  - 47.7% increase in assessed value

15 Year Chart of Taxable Value Changes by Major Property Category



Basic Property Tax

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

  - non-property tax revenues

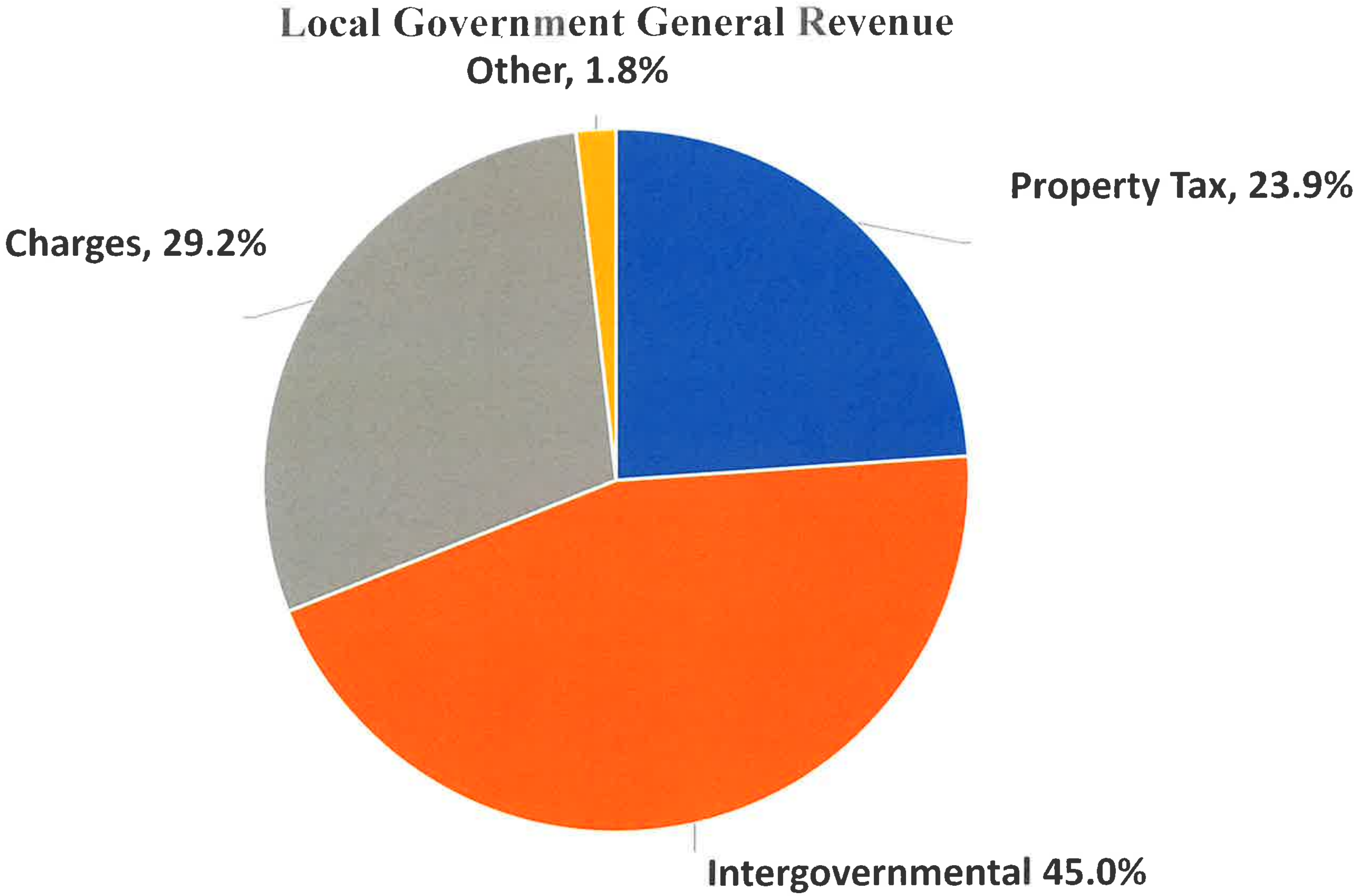
  = property tax budget

- **Levy Rate** – divide 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.

Idaho Local Government Finances
FY 2022



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

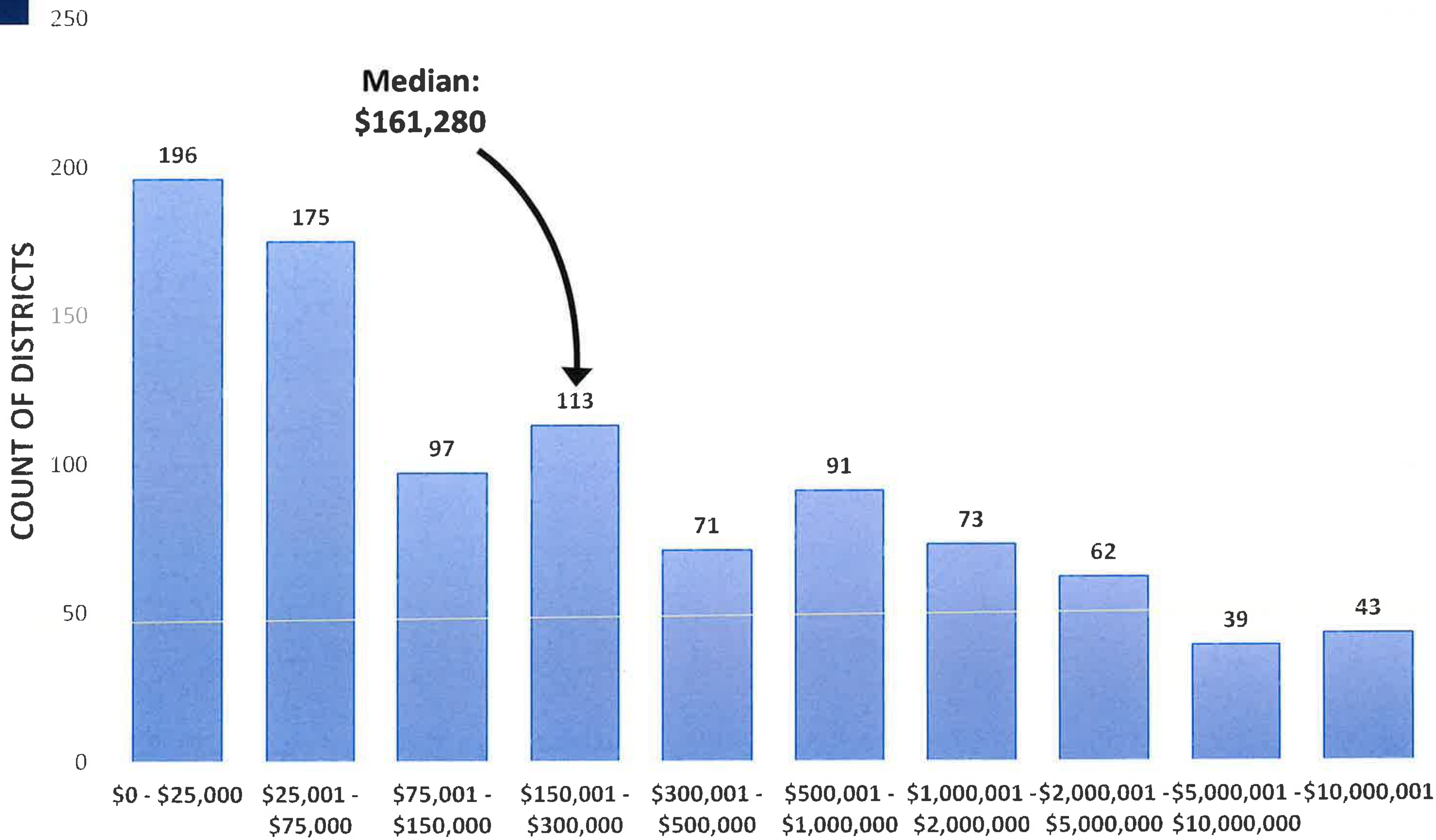
Property Tax Budget Limits

- **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 2^{nd} prelim levy rate
  - The sum of the above items cannot exceed an 8% increase
  - Plus an allowance for terminating 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

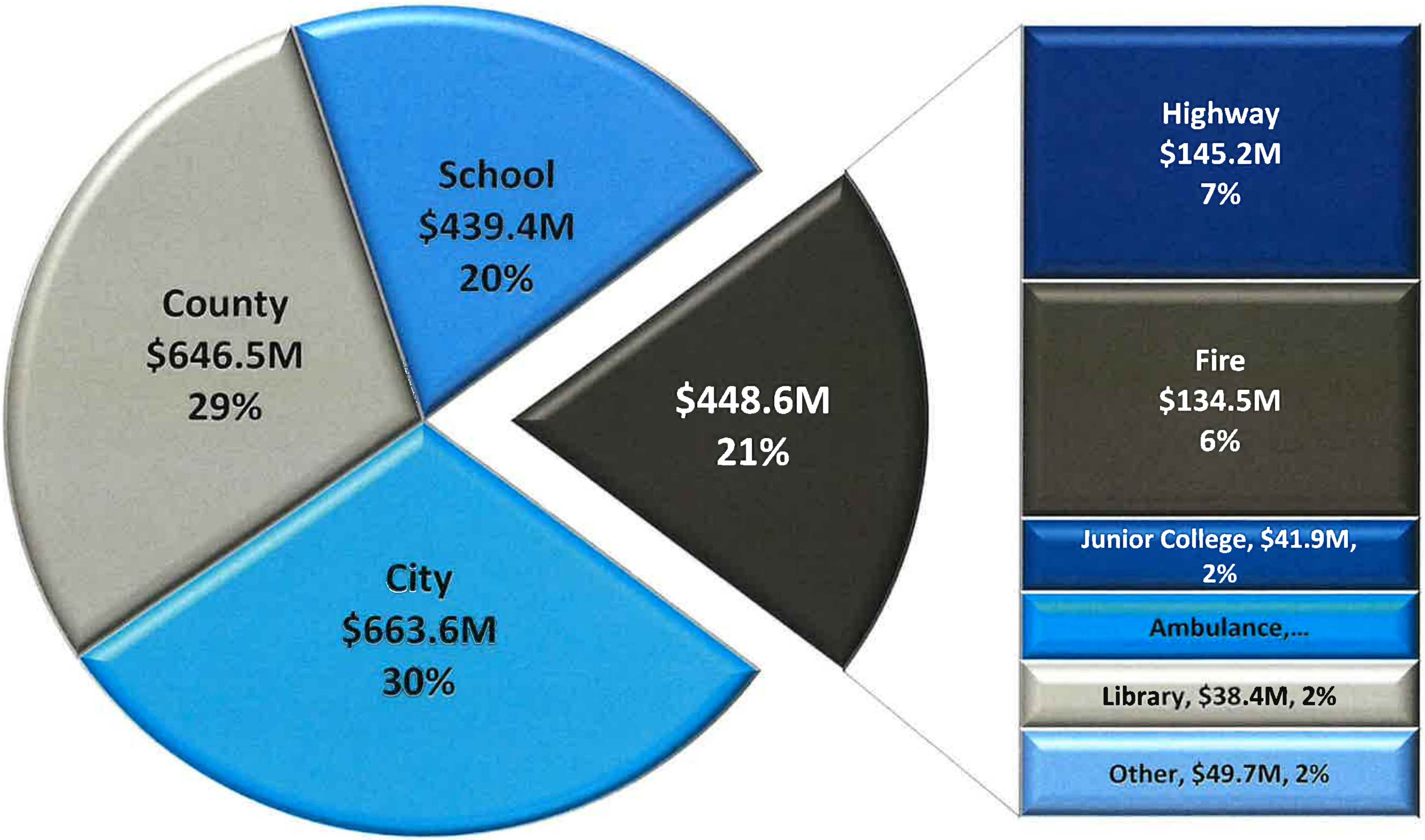
District Category	2023	2024	% Change
Ambulance	$ 37,165,816	$ 38,969,308	4.9%
Auditorium	$ 20,570	$ 20,972	2.0%
Cemetery	$ 8,602,890	$ 8,885,596	3.3%
City	$ 628,050,551	$ 663,635,279	5.7%
Community Infra.	$ 1,952,901	$ 2,942,852	50.7%
County	$ 619,772,666	$ 646,508,834	4.3%
Extermination	$ 1,258,365	$ 1,299,622	3.3%
Fire	$ 127,435,218	$ 134,487,855	5.5%
Flood Control	$ 986,084	$ 1,024,530	3.9%
Hospital	$ 10,669,267	$ 11,220,021	5.2%
Junior College	$ 40,506,049	$ 41,895,112	3.4%
Library	$ 36,893,206	$ 38,426,814	4.2%
Mosquito Abatement	$ 10,516,579	$ 11,067,460	5.2%
Port	$ 405,000	$ 405,000	0.0%
Recreation	$ 7,739,971	$ 7,921,358	2.3%
Roads & Highways	$ 137,725,928	$ 145,154,004	5.4%
School	$ 487,454,218	$ 439,394,238	-9.9%
Sewer & Water	$ 3,981,587	$ 3,903,195	-2.0%
Sewer, incl. rec. sewer	$ 588,630	$ 605,788	2.9%
Water	$ 231,453	$ 245,301	6.0%
Watershed	$ 134,505	$ 137,095	1.9%
Total	$ 2,162,091,454	$ 2,198,150,234	1.7%

Accounts for School HB292 & HB521 tax relief but not the Homeowner's Tax Relief

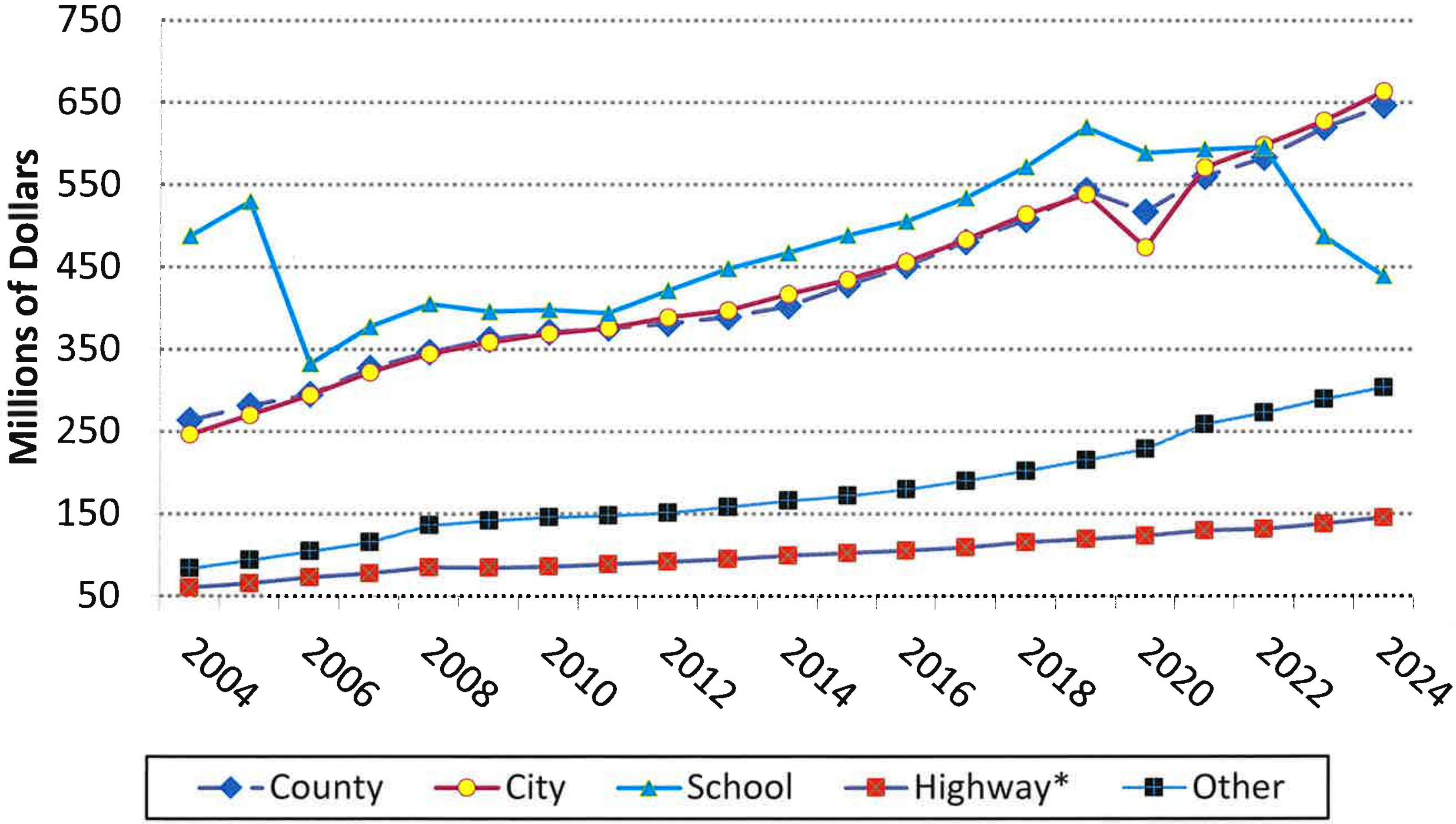
Actively Levying Taxing Districts in 2024 by Size of Property Tax Budget



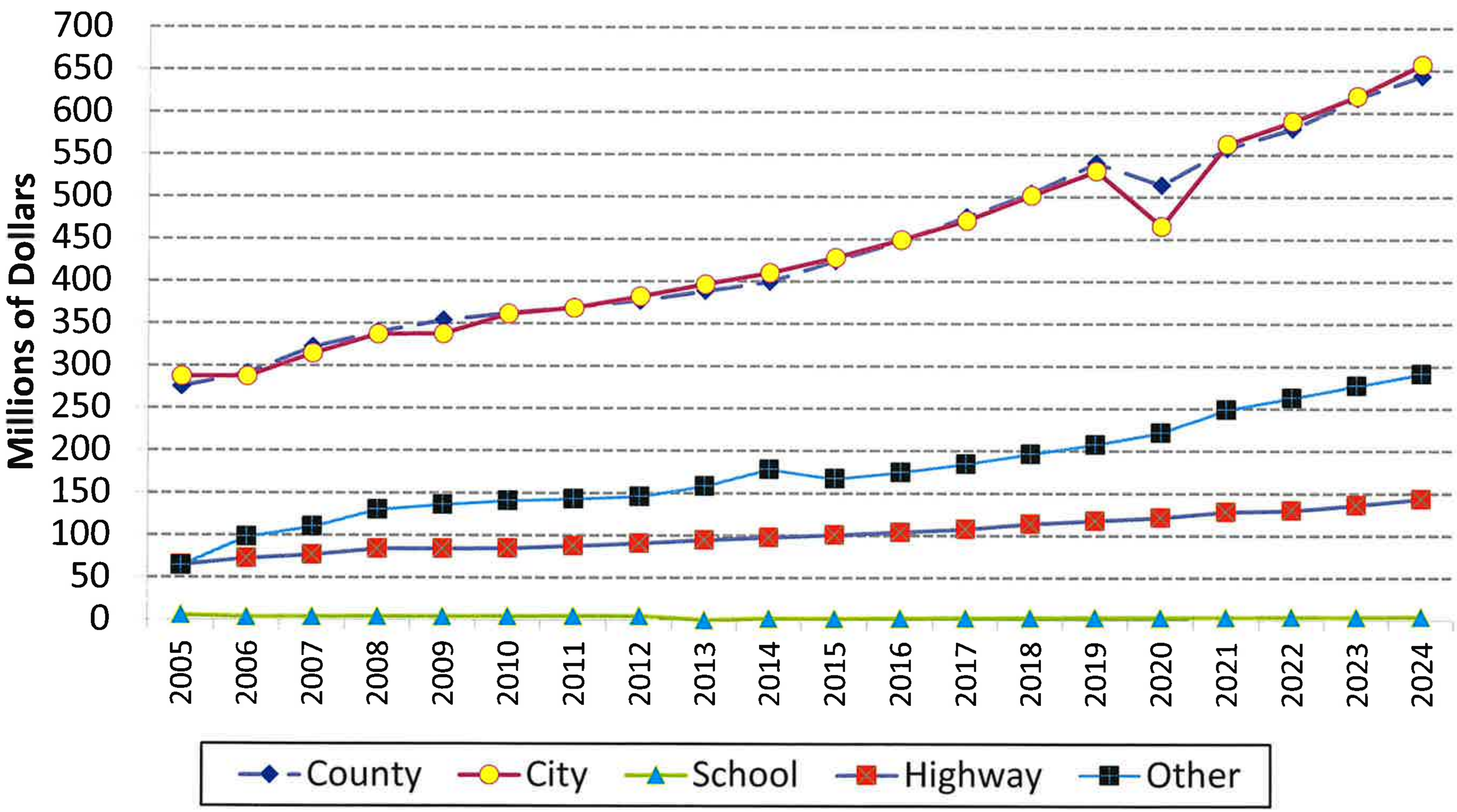
2024 Property Tax Use



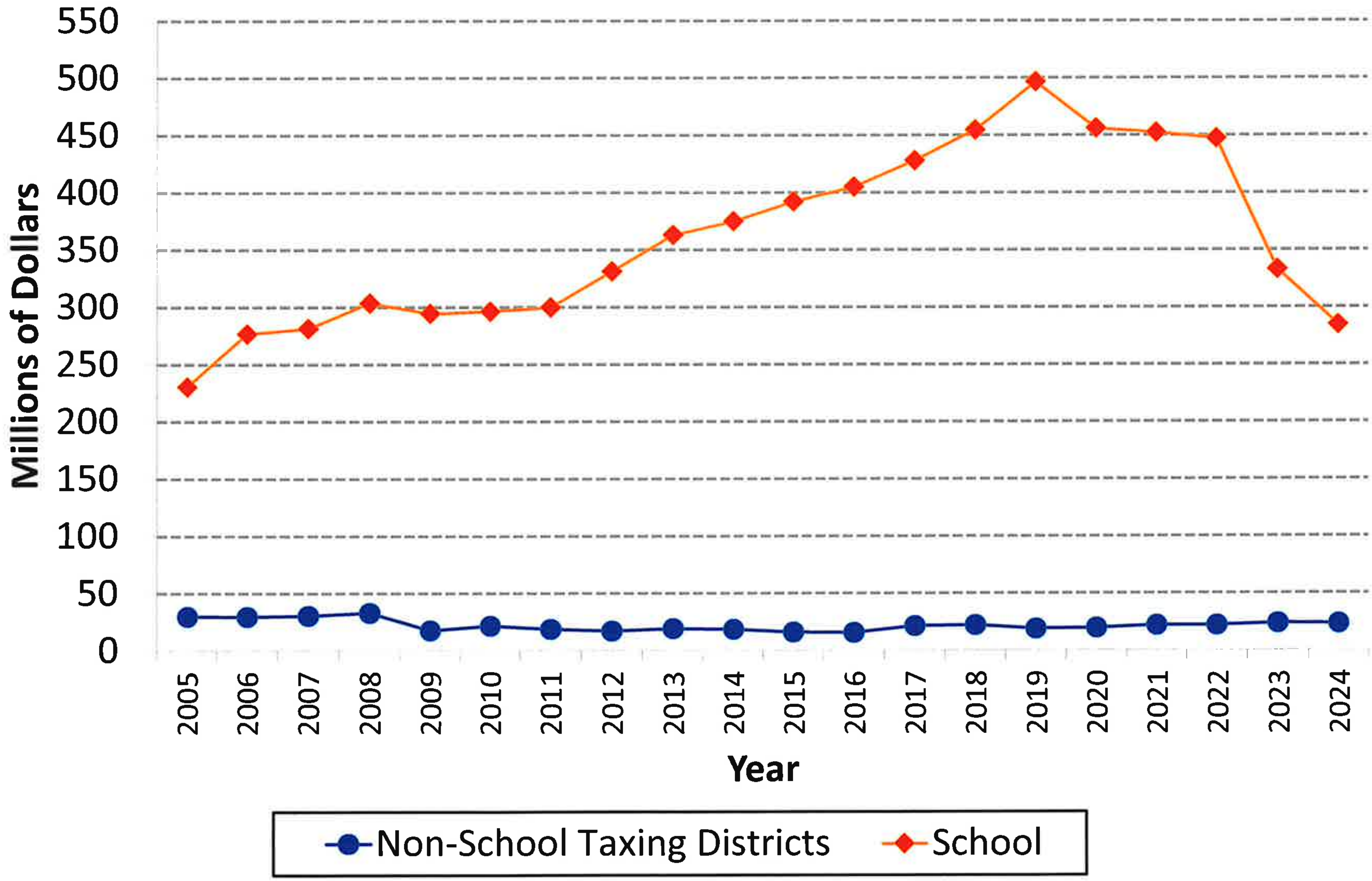
Property Tax Growth



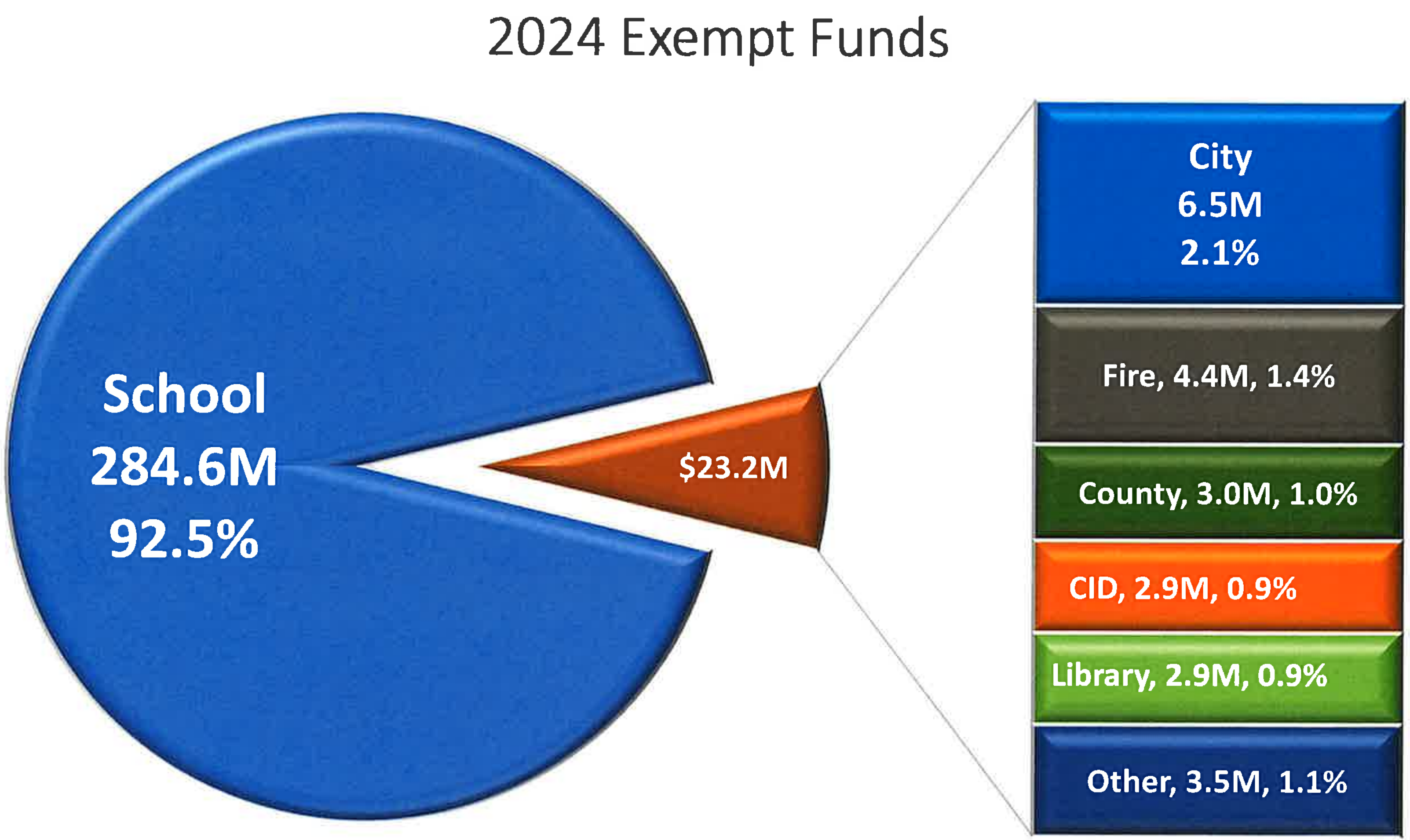
Non-Exempt Property Tax Funds
(As Levied)



Use of Exempt Funds

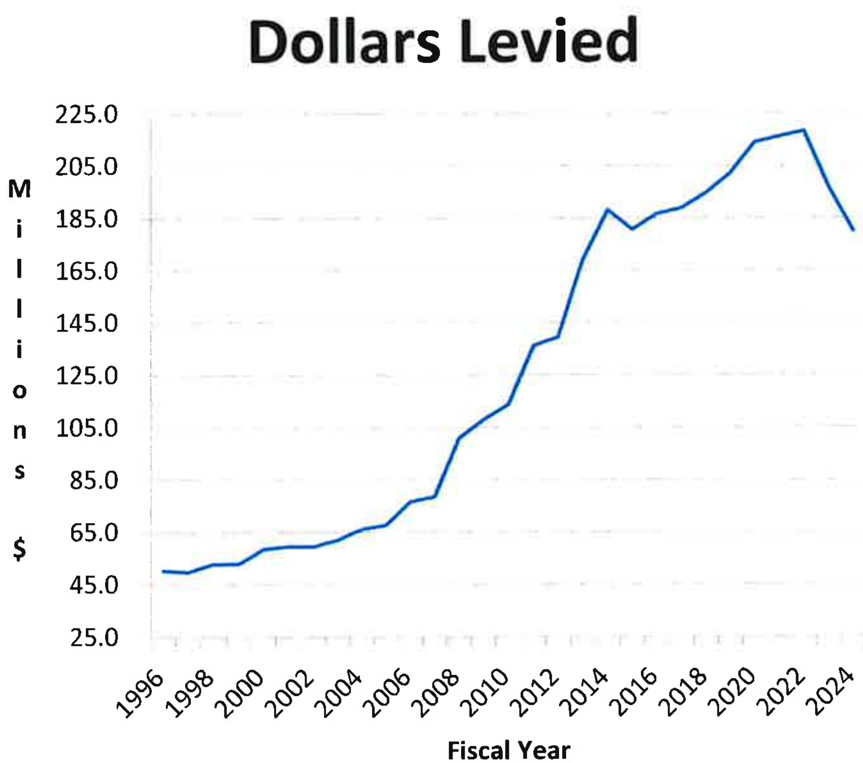


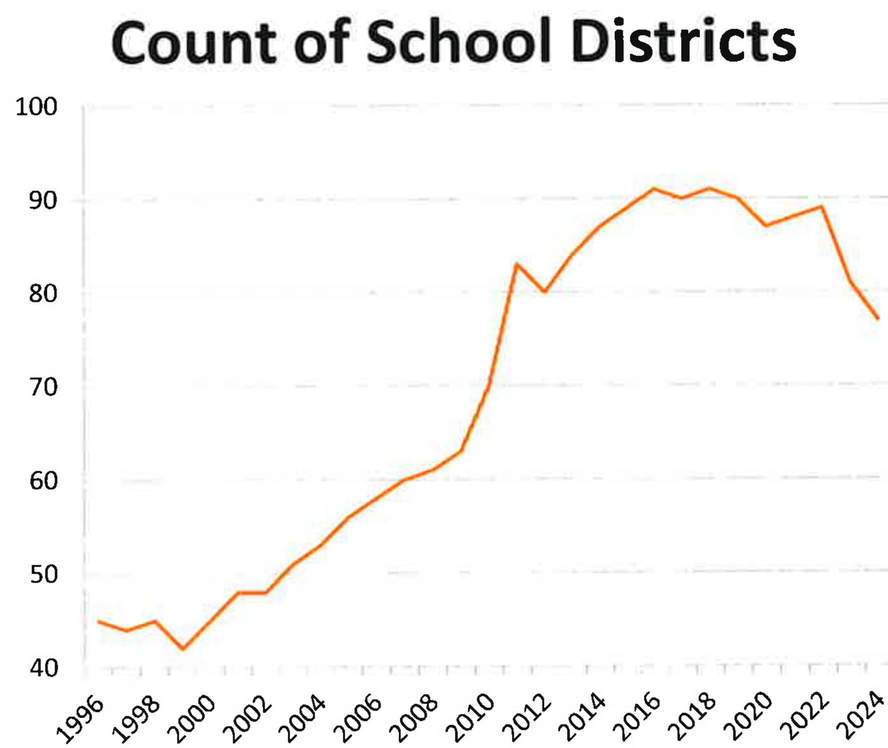
Schools - Exempt Funds
(bonds, overrides, etc.)



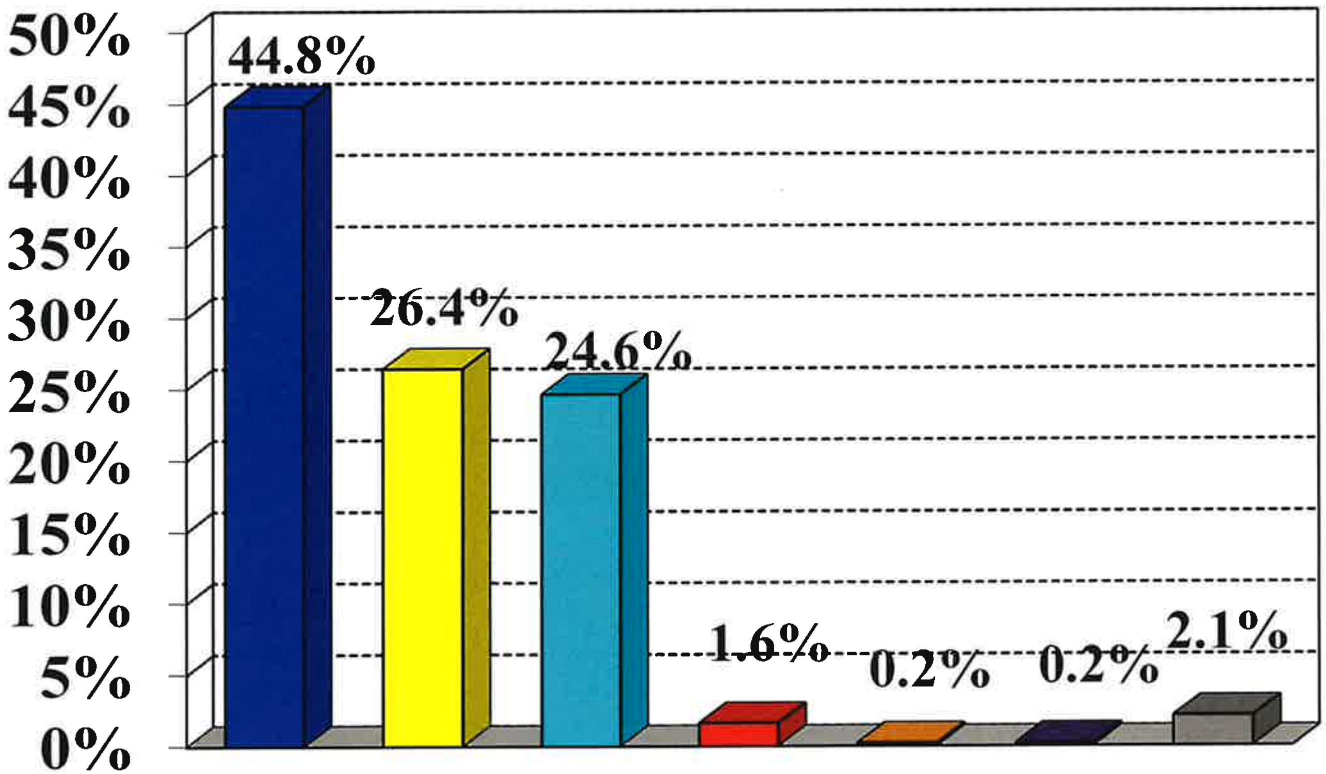
School Supplemental Levies

- Most voter approved for 1 – 2 years
- Total of 115 School Districts
- Reflects HB 292 and HB 521





Who Pays the Property Tax?



2024 Idaho Statewide

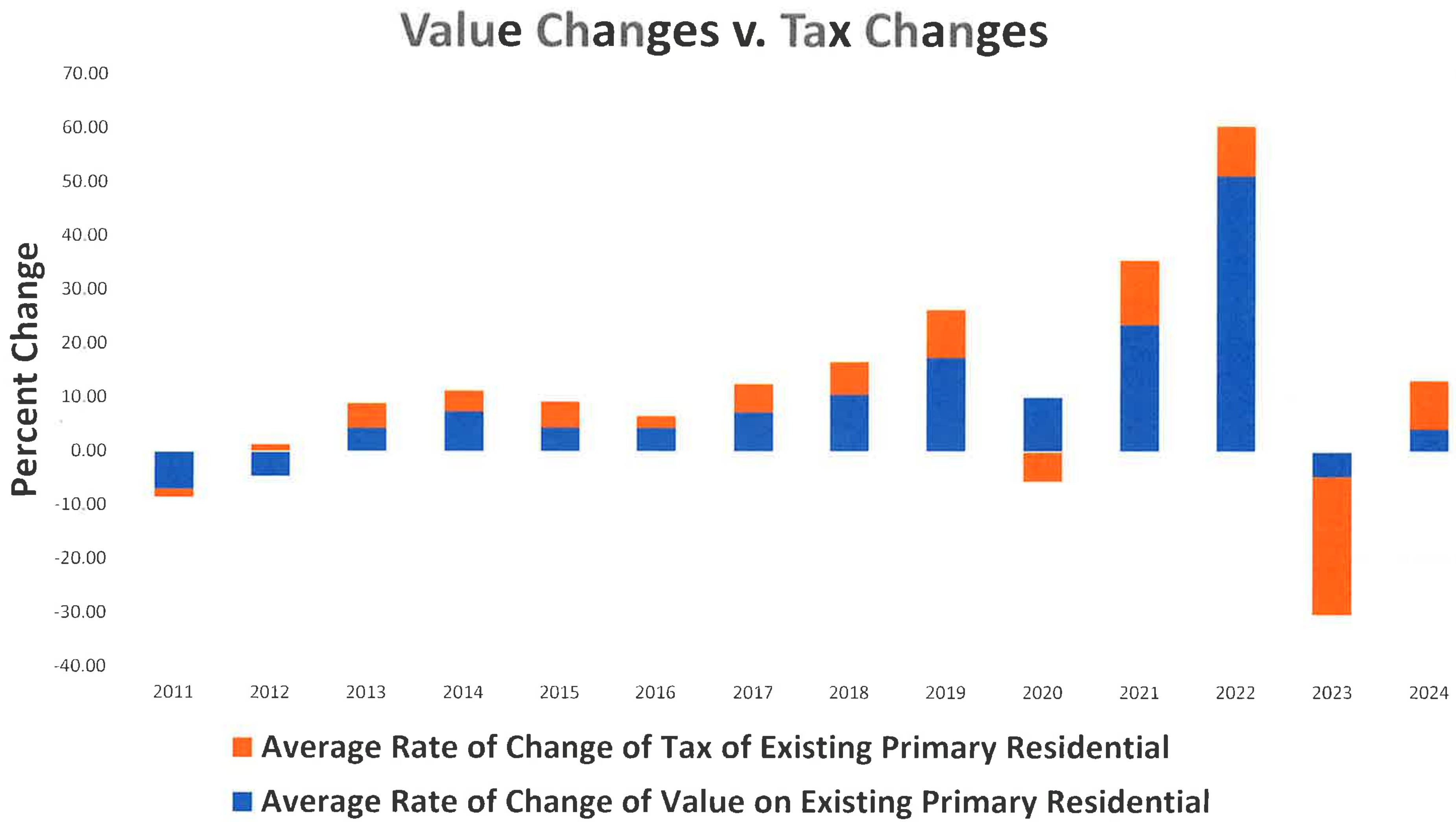
***Accounts for Tax Relief**

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

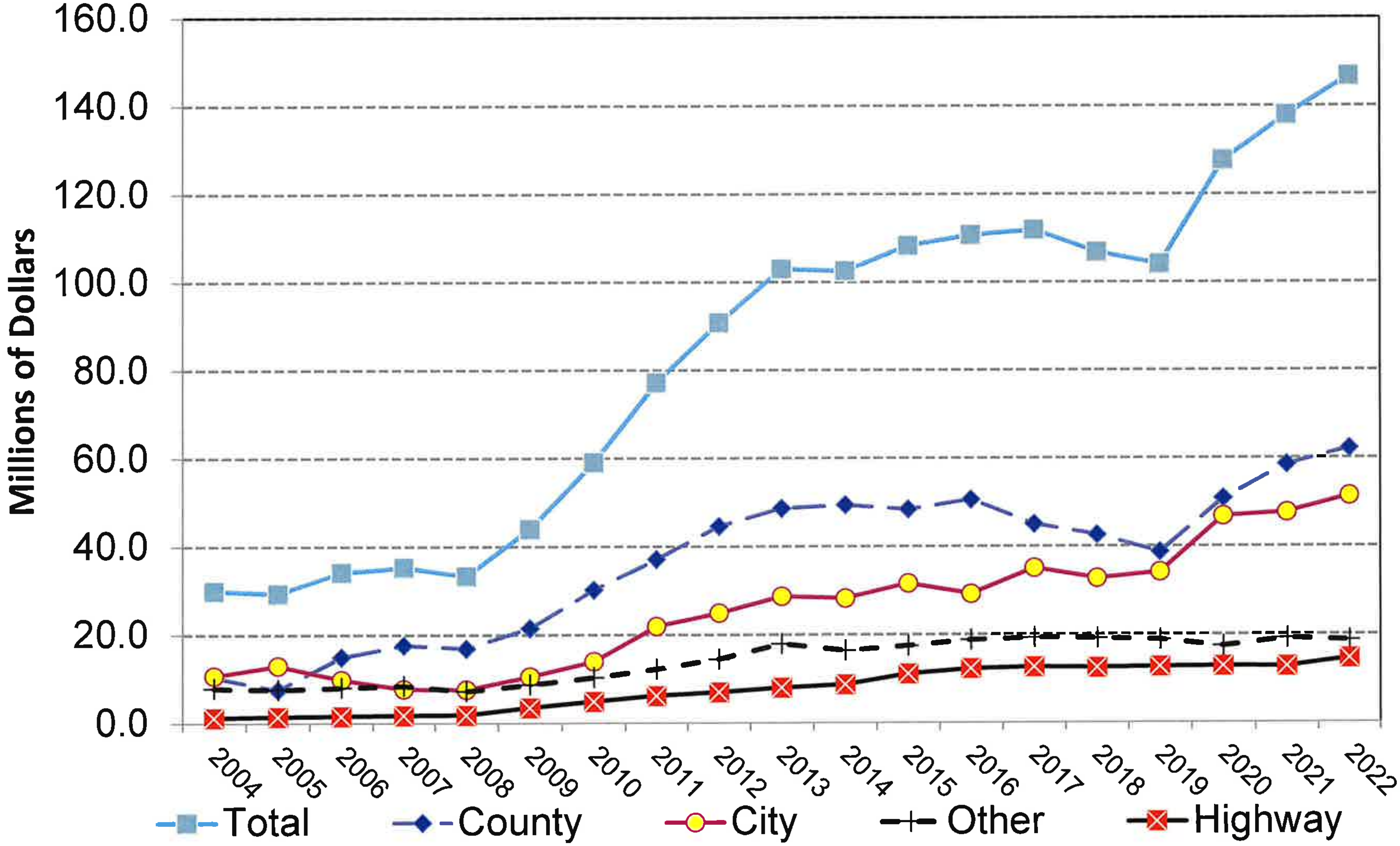
All Residential v. Primary Residential

- **All Residential**
  - Includes rental properties up to 4-plexes
  - Entire residential class
    - 75.6% of all taxable value
    - 71.3% of all property tax (*Including Tax Relief*)
- **Primary residential** (owner-occupied)
  - Has the largest separate share of property value
    - 46.0% in 2024
  - Pays the largest separate share of property tax
    - 44.8% in 2024

Primary Residential

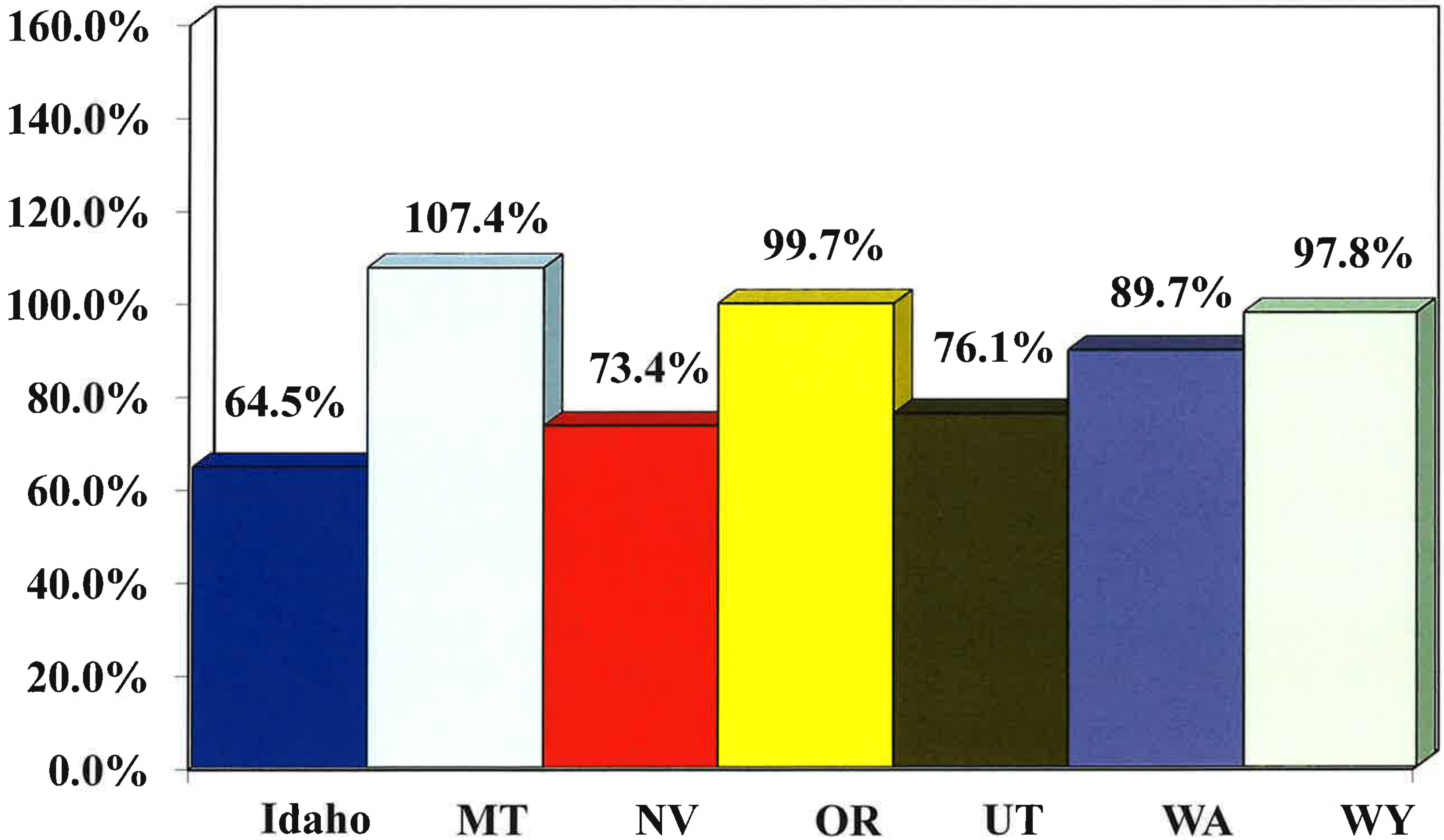


Forgone Amounts



Idaho vs. Neighbor States FY 2022

Based on taxes per $ of income.



Property Tax Burden Idaho vs US

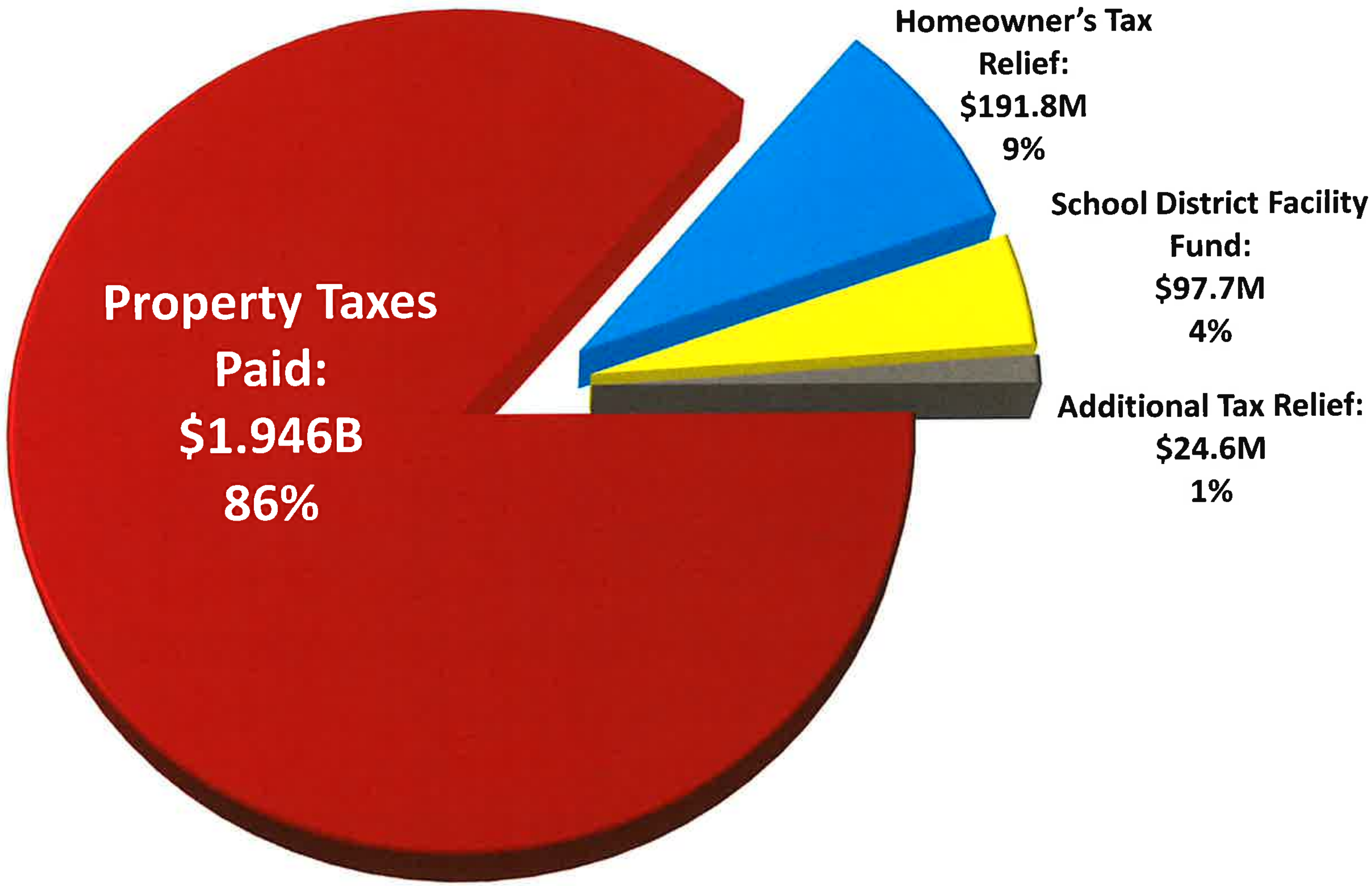
- FY 2022
- Based on $ of income
  - Idaho property tax – **45th**
  - **35.5%** below national average
- Per Capita
  - Idaho property tax – **45th**
  - **44.7%** below national average

HB 292 (2023)
vs.
HB 521 (2024)

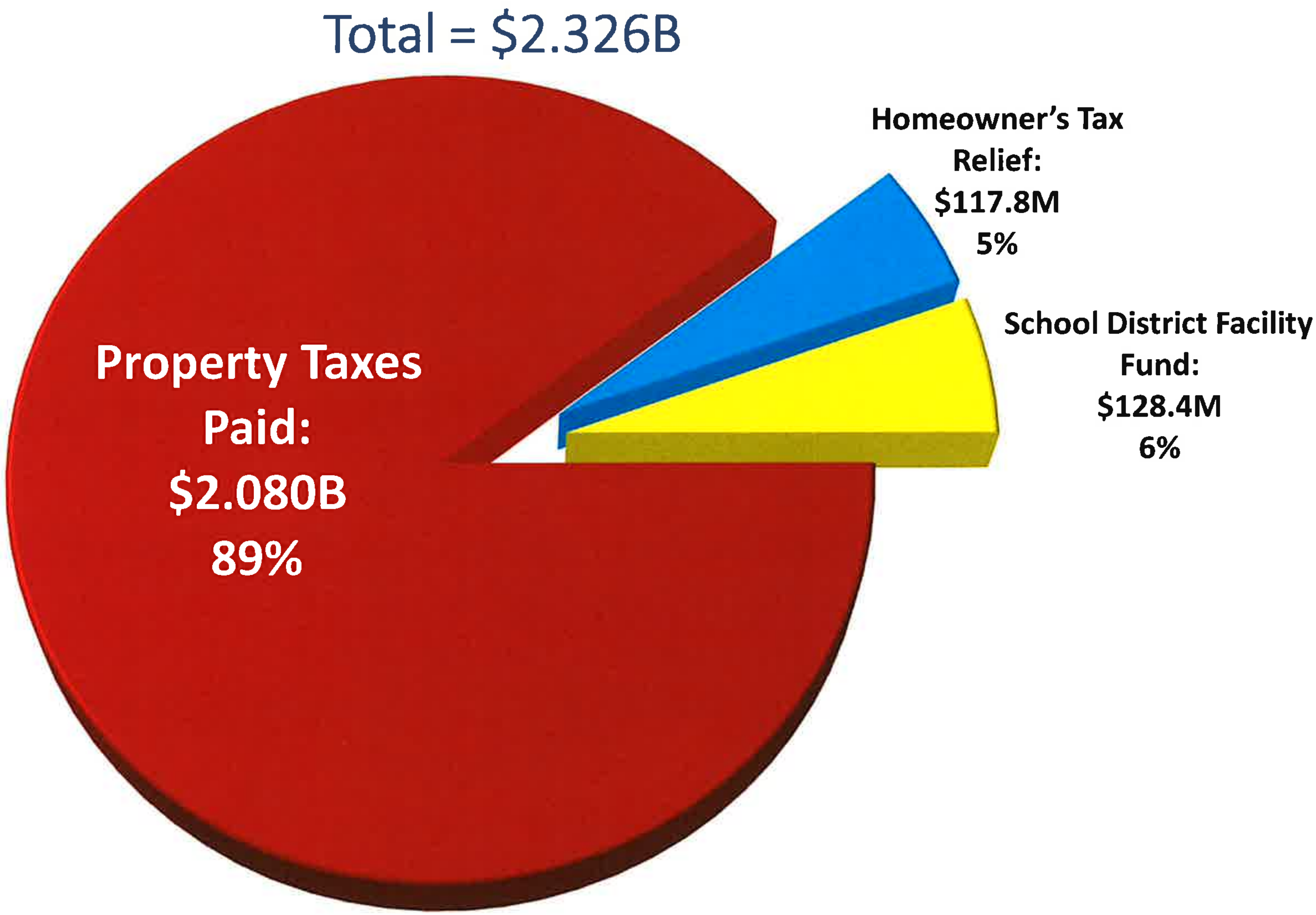
Category	HB 292 Amount of tax relief ($ Millions)	HB 521 Amount of tax relief ($ Millions)
School District Facilities Funds	97.7	128.4*
Homeowner Tax Relief	191.8	117.8
Additional Tax Relief	24.6	0
Total	**314.1**	**246.2**

2023 Property Taxes & Tax Relief

Total = $2.260B



2024 Property Taxes & Tax Relief



Circuit Breaker

- Up to $1,500 credit for eligible homeowners
  - Over age 65, disabled, widows and widowers
  - Income up to **$37,810** for **2025** program
  - Home value up to greater of 200% of county median or $400,000
- $1,500 for 100% service-connected disabled veterans
  - No income test
- Must apply annually with county assessor by **April 15th**
- 2023 claims
  - **25,371** approved (includes disabled vets. qualifiers)
  - **$ 952** tax relief per claim average
  - **$ 24.18 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.
- <u>**Not**</u> subject to repayment

Property Tax Deferral

- **2006**
- Requires equity in the property.
- $60,170 income limit to qualify for 2025
- 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 6% for 2024
- 2024
  - 27 households applied
  - 11 households approved
  - $ 18,344 in total benefits paid in 2024