

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 283

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO REVENUE AND TAXATION; AMENDING SECTION 63-301A, IDAHO CODE, TO
2 ESTABLISH PROVISIONS THAT A NEW CONSTRUCTION ROLL SHALL SHOW CERTAIN
3 REDUCTIONS IN TAXABLE MARKET VALUE WITH EXCEPTIONS; AMENDING SECTION
4 63-802, IDAHO CODE, TO REVISE A CODE REFERENCE, TO ESTABLISH PROVISIONS
5 REGARDING A CERTAIN AMOUNT THAT SHALL BE SUBTRACTED FROM THE DOLLAR
6 AMOUNT OF PROPERTY TAXES CERTIFIED FOR AN ANNUAL BUDGET, TO PROVIDE FOR
7 A BUDGET ADJUSTMENT WHEN PROPERTY BECOMES TAX EXEMPT DURING OR BEFORE
8 THE PRECEDING TAX YEAR AND TO PROVIDE THE PROCEDURE FOR THE BUDGET AD-
9 JUSTMENT; AMENDING SECTION 63-803, IDAHO CODE, TO REVISE THE DEFINITION
10 OF "TAXABLE VALUE"; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE AP-
11 PPLICATION AND PROVIDING EFFECTIVE DATES.
12

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

14 SECTION 1. That Section 63-301A, Idaho Code, be, and the same is hereby
15 amended to read as follows:

16 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare
17 a new construction roll, which shall be in addition to the property roll,
18 which new construction roll shall show:

19 (a) The name of the taxpayer;

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

22 (c) A description of the land and its change in use, suitably detailed
23 to meet the needs of the individual county;

24 (d) The amount of taxable market value added to the property on the cur-
25 rent year's property roll that is directly the result of new construc-
26 tion or a change in use of the land or both;

27 (e) The amount of taxable market value added as provided in subsection
28 (3) (g) of this section as a result of dissolution of any revenue alloca-
29 tion area;

30 (f) The amount of taxable market value to be deducted to reflect the ad-
31 justments required in paragraphs (f) (i), (f) (ii), (f) (iii) and (f) (iv)
32 of this subsection:

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

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

40 (iii) Any reduction in value, in any one (1) of the immediate five
41 (5) tax years preceding the current tax year, resulting from a
42 change of land use classification;

1 (iv) Any reduction in value resulting from the exemption provided
2 in section 63-602W(4), Idaho Code, in any one (1) of the immediate
3 five (5) tax years preceding the current tax year.

4 (g) (i) Beginning January 1, 2016, any reduction in taxable mar-
5 ket value resulting from property that became exempt pursuant to
6 chapters 6 and 45, title 63, Idaho Code, in the two (2) years im-
7 mediately preceding the current tax year, provided that the amount
8 of the reduction does not exceed the amount originally added to the
9 new construction roll. The reduction shall be separately identi-
10 fied on the new construction roll.

11 (ii) The provisions of paragraph (g) (i) of this subsection shall
12 not apply to sections 63-602G, 63-602L, 63-602W(2), 63-602X,
13 63-602AA and 63-602KK, Idaho Code.

14 (2) As soon as possible, but in any event by no later than the first Mon-
15 day in June, the new construction roll shall be certified to the county audi-
16 tor and a listing showing the amount of value on the new construction roll in
17 each taxing district or unit be forwarded to the state tax commission on or
18 before the fourth Monday in July. Provided however, the value shown in sub-
19 section (3) (f) of this section shall be reported to the appropriate county
20 auditor by the state tax commission by the third Monday in July and the value
21 sent by the county auditor to each taxing district. The value established
22 pursuant to subsection (3) (f) of this section is subject to correction by the
23 state tax commission until the first Monday in September and any such correc-
24 tions shall be sent to the appropriate county auditor, who shall notify any
25 affected taxing districts.

26 (3) The value shown on the new construction roll shall include the tax-
27 able market value increase from:

28 (a) Construction of any new structure that previously did not exist; or

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

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

32 (d) Change of land use classification; or

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

35 (f) The construction of any improvement or installation of any equip-
36 ment used for or in conjunction with the generation of electricity and
37 the addition of any improvement or equipment intended to be so used, ex-
38 cept property that has a value allocated or apportioned pursuant to sec-
39 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-
40 ity, as those terms are defined in section 61-332A, Idaho Code, or that
41 is owned by a public utility, as that term is defined in section 61-332A,
42 Idaho Code, owning any other property that is allocated or apportioned.
43 No replacement equipment or improvements may be included; or

44 (g) Provided such increases do not include increases already reported
45 on the new construction roll, as permitted in paragraphs (j) and (k)
46 of this subsection, increases in value over the base value of property
47 on the base assessment roll within an urban renewal revenue allocation
48 area that has been terminated pursuant to section 50-2909(4), Idaho
49 Code, to the extent that this increment exceeds the incremental value
50 as of December 31, 2006, or, for revenue allocation areas formed after

1 December 31, 2006, the entire increment value. Notwithstanding other
 2 provisions of this section, the new construction roll shall not include
 3 new construction located within an urban renewal district's revenue
 4 allocation area, except as provided in this paragraph; or

5 (h) New construction, in any one (1) of the immediate five (5) tax years
 6 preceding the current tax year, allowable but never included on a new
 7 construction roll, provided however, that, for such property, the value
 8 on the new construction roll shall reflect the taxable value that would
 9 have been included on the new construction roll for the first year in
 10 which the property should have been included.

11 (i) Formerly exempt improvements on state college or state university
 12 owned land for student dining, housing, or other education related pur-
 13 poses approved by the state board of education and board of regents of
 14 the university of Idaho as proper for the operation of such state col-
 15 lege or university provided however, such improvements were never in-
 16 cluded on any previous new construction roll.

17 (j) Increases in base value when due to previously determined incre-
 18 ment value added to the base value as required in sections 50-2903 and
 19 50-2903A, Idaho Code, due to a modification of the urban renewal plan.
 20 In this case, the amount added to the new construction roll will equal
 21 the amount by which the increment value in the year immediately preced-
 22 ing the year in which the base value adjustment described in this sub-
 23 section occurs exceeds the incremental value as of December 31, 2006,
 24 or, for revenue allocation areas formed after December 31, 2006, the en-
 25 tire increment value.

26 (k) Increases in base value when due to previously determined incre-
 27 ment value added to the base value as a result of a de-annexation within
 28 a revenue allocation area as defined in section 50-2903, Idaho Code. In
 29 this case, the amount added to the new construction roll will equal the
 30 amount by which the increment value in the year immediately preceding
 31 the year in which the de-annexation described in this subsection occurs
 32 exceeds the incremental value as of December 31, 2006, or, for revenue
 33 allocation areas formed after December 31, 2006, the entire increment
 34 value within the area subject to the de-annexation.

35 (4) The amount of taxable market value of new construction shall be the
 36 change in net taxable market value that is attributable directly to new con-
 37 struction or a change in use of the land or loss of the exemption provided by
 38 section 63-602W(3) or (4), Idaho Code. It shall not include any change in
 39 value of existing property that is due to external market forces such as gen-
 40 eral or localized inflation, except as provided in subsection (3) (g) of this
 41 section.

42 SECTION 2. That Section 63-802, Idaho Code, be, and the same is hereby
 43 amended to read as follows:

44 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --
 45 EXCEPTIONS. (1) Except as provided in subsections (3), ~~and~~ (4) and (5) of
 46 this section, no taxing district shall certify a budget request for an amount
 47 of property tax revenues to finance an annual budget that exceeds the greater
 48 of paragraphs (a) through (~~j~~k) of this subsection inclusive:

1 (a) The dollar amount of property taxes certified for its annual bud-
2 get for any one (1) of the three (3) tax years preceding the current tax
3 year, whichever is greater, for the past tax year, which amount may be
4 increased by a growth factor of not to exceed three percent (3%) plus
5 the amount of revenue calculated as described in this subsection. Mul-
6 tiple the levy of the previous year, not including any levy described
7 in subsection (4) of this section, or any school district levy reduc-
8 tion resulting from a distribution of state funds pursuant to section
9 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-
10 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the
11 value of annexation during the previous calendar year, as certified by
12 the state tax commission for market values of operating property of pub-
13 lic utilities and by the county assessor, provided however, that the
14 maximum amount computed as described in this paragraph must be adjusted
15 downward as required in subsection (5) of this section;

16 (b) The dollar amount of property taxes certified for its annual budget
17 during the last year in which a levy was made;

18 (c) The dollar amount of the actual budget request, if the taxing dis-
19 trict is newly created except as may be provided in subsection (1) (h) of
20 this section;

21 (d) In the case of school districts, the restriction imposed in section
22 33-802, Idaho Code;

23 (e) In the case of a nonschool district for which less than the maximum
24 allowable increase in the dollar amount of property taxes is certified
25 for annual budget purposes in any one (1) year, such a district may,
26 in any following year, recover the forgone increase by certifying, in
27 addition to any increase otherwise allowed, an amount not to exceed one
28 hundred percent (100%) of the increase originally forgone. Provided
29 however, that prior to budgeting any forgone increase, the district
30 must provide notice of its intent to do so, hold a public hearing, which
31 may be in conjunction with its annual budget hearing, and certify by
32 resolution the amount of forgone increase to be budgeted and the spe-
33 cific purpose for which the forgone increase is being budgeted. Upon
34 adoption of the resolution, the clerk of the district shall file a copy
35 of the resolution with the county clerk and the state tax commission.
36 Said additional amount shall be included in future calculations for
37 increases as allowed;

38 (f) In the case of cities, if the immediately preceding year's levy
39 subject to the limitation provided by this section, is less than 0.004,
40 the city may increase its budget by an amount not to exceed the differ-
41 ence between 0.004 and actual prior year's levy multiplied by the prior
42 year's market value for assessment purposes. The additional amount
43 must be approved by sixty percent (60%) of the voters voting on the ques-
44 tion at an election called for that purpose and held on the date in May or
45 November provided by law, and may be included in the annual budget of the
46 city for purposes of this section;

47 (g) A taxing district may submit to the electors within the district
48 the question of whether the budget from property tax revenues may be
49 increased beyond the amount authorized in this section, but not beyond
50 the levy authorized by statute. The additional amount must be approved

1 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
2 voting on the question at an election called for that purpose and held
3 on the May or November dates provided by section 34-106, Idaho Code.
4 If approved by the required minimum sixty-six and two-thirds percent
5 (66 2/3%) of the voters voting at the election, the new budget amount
6 shall be the base budget for the purposes of this section;

7 (h) When a nonschool district consolidates with another nonschool
8 district or dissolves and a new district performing similar governmen-
9 tal functions as the dissolved district forms with the same boundaries
10 within three (3) years, the maximum amount of a budget of the district
11 from property tax revenues shall not be greater than the sum of the
12 amounts that would have been authorized by this section for the district
13 itself or for the districts that were consolidated or dissolved and in-
14 corporated into a new district;

15 (i) In the instance or case of cooperative service agencies, the re-
16 strictions imposed in sections 33-315 through 33-318, Idaho Code;

17 (j) The amount calculated by multiplying the levy of the previous year,
18 not including any levy described in subsection (4) of this section,
19 or any school district levy reduction resulting from a distribution
20 of state funds pursuant to section 63-3638(11) or (13), Idaho Code,
21 by the value shown on the new construction roll pursuant to section
22 63-301A(1) (g), Idaho Code, shall be subtracted from the maximum amount
23 of property tax revenue to finance an annual budget, as provided in this
24 section, determined for each of the three (3) tax years preceding the
25 current tax year or during the last year in which a levy was made if such
26 a levy was made following the inclusion of the property subject to the
27 reduction pursuant to section 63-301A(1) (g), Idaho Code, on the new
28 construction roll for the taxing district;

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

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

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

47 (4) The amount of property tax revenues to finance an annual budget
48 does not include revenues from nonproperty tax sources, and does not include
49 revenue from levies that are voter approved for bonds, override levies or
50 supplemental levies, plant facilities reserve fund levies, school emergency

1 fund levies or for levies applicable to newly annexed property or for levies
 2 applicable to new construction as evidenced by the value of property subject
 3 to the occupancy tax pursuant to section 63-317, Idaho Code, for the preced-
 4 ing tax year.

5 (5) Except if a taxing district's maximum property tax budget subject
 6 to the limitations in subsection (1) (a) of this section is required to be
 7 adjusted as provided in subsection (1) (j) of this section, each taxing dis-
 8 trict must adjust downward the maximum amount of property tax revenue that
 9 may be certified for a taxing district's annual budget as computed under
 10 subsection (1) (a) of this section. This downward adjustment is to be deter-
 11 mined by multiplying the levy of the previous year, not including any levy
 12 described in subsection (4) of this section, or any school district levy
 13 reduction resulting from a distribution of state funds pursuant to section
 14 63-3638(11) or (13), Idaho Code, by the taxable value in the immediate prior
 15 year of any property that has become exempt prior to August 1 of the current
 16 year by reason of qualifying for the exemption under section 63-602A, Idaho
 17 Code, but limited to property for which ownership has transferred to the
 18 state of Idaho. If the property is not yet eligible for the exemption so
 19 described as of August 1 of the current year, the adjustment to the maximum
 20 amount of property tax revenue that may be certified by a taxing district
 21 shall occur in the year following the first year in which the exemption is
 22 granted.

23 SECTION 3. That Section 63-803, Idaho Code, be, and the same is hereby
 24 amended to read as follows:

25 63-803. CERTIFICATION OF BUDGETS IN DOLLARS. (1) Whenever any taxing
 26 district is required by law to certify to any county treasurer, county audi-
 27 tor, county assessor, county commissioners or to any other county officer,
 28 any property tax levy, upon property located within said district, such cer-
 29 tification shall, notwithstanding any other provision of the law applicable
 30 to any such district, be made at the time and in the manner hereinafter pro-
 31 vided.

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

37 (3) Using the taxable value of the district, the council, trustees,
 38 board or other governing body of any taxing district shall certify the total
 39 amount required from a property tax upon property within the district to
 40 raise the amount of money fixed by their budget as previously prepared or
 41 approved. The amount of money so determined shall be certified in dollars
 42 to the appropriate county commissioners. Any taxing unit, except regional
 43 airport authorities, located in more than one (1) county shall divide its
 44 dollar budget for certification to the separate counties by multiplying the
 45 amount of such budget by a fraction, the numerator of which shall be the total
 46 taxable value of all property in such taxing unit within the county to which
 47 such certification is to be made, and the denominator of which shall be the
 48 total taxable value of property in such taxing unit in all such counties.
 49 Budget certification to the participating counties of regional airport

1 authorities shall be made in the manner prescribed in section 21-807(10),
2 Idaho Code. Taxable value shall be certified by the county auditor of each
3 affected county to such taxing unit and such certification shall be used in
4 this formula. Except as provided in section 33-805, Idaho Code, relating to
5 school emergency fund levies, the certification to the county commissioners
6 required in this section shall be made not later than the Thursday prior
7 to the second Monday in September, unless, upon application therefor, the
8 county commissioners grant an extension of not more than seven (7) working
9 days. After receipt of this certification, the county commissioners shall
10 make a tax levy as a percent of taxable value of all property in the taxing
11 district which, when applied to the tax rolls, will meet the budget require-
12 ments certified by such taxing districts.

13 (4) Except as provided in subsection (1)(a) through (e) of section
14 50-2908, Idaho Code, for the purpose of this section, "taxable value" shall
15 mean the portion of the equalized assessed value, less any exemptions, and
16 the value that exceeds the value of the base assessment roll for the portion
17 of any taxing district within a revenue allocation area of an urban renewal
18 district, located within each taxing district which certifies a budget to be
19 raised from a property tax levy. When the county auditor is notified of rev-
20 enues sufficient to cover expenses as provided in section 50-2903(5), Idaho
21 Code, taxable value shall also include the value that exceeds the value of
22 the base assessment roll for the portion of any taxing district within a rev-
23 enue allocation area. For each taxing district, taxable value shall include
24 the value from the property and operating property rolls for the current
25 year and subsequent and missed property rolls for the prior year or the best
26 estimate of the subsequent and missed property rolls for the current year.
27 Taxable value, as used in this section, will exclude any value included on
28 the current year's property roll for property that qualifies for the ex-
29 emption under section 63-602A, Idaho Code, provided the ownership of such
30 property has transferred to the state of Idaho and provided such transfer is
31 no later than August 1 of the current year.

32 SECTION 4. An emergency existing therefor, which emergency is hereby
33 declared to exist, Section 1 of this act shall be in full force and effect on
34 and after passage and approval, and retroactively to January 1, 2017. Sec-
35 tions 2 and 3 of this act shall be in full force and effect on and after July 1,
36 2017.