

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 585, As Amended

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO COUNTIES AND PROPERTY TAX LEVIES; AMENDING CHAPTER 13, TITLE
2 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-1305A, IDAHO CODE,
3 TO ESTABLISH PROVISIONS PROVIDING THAT CERTAIN TAXING DISTRICTS MAY
4 CERTIFY A BUDGET REQUEST IN EXCESS OF CERTAIN LIMITATIONS FOR THE PUR-
5 POSE OF PAYING A FINAL JUDGMENT, TO PROVIDE FOR CERTAIN CONDITIONS, TO
6 ESTABLISH PROVISIONS RELATING TO THE APPLICATION OF LAW AND THE METHOD
7 OF PAYMENT, TO PROVIDE FOR RULES AND TO ESTABLISH PROVISIONS RELATING TO
8 A LIMITATION; AMENDING SECTION 50-2908, IDAHO CODE, TO ESTABLISH PRO-
9 VISIONS RELATING TO LEVIES FOR PAYMENT OF CERTAIN JUDGMENTS, TO PROVIDE
10 CORRECT CODE REFERENCES AND TO MAKE A TECHNICAL CORRECTION; AMENDING
11 SECTION 63-802, IDAHO CODE, TO REVISE A CODE REFERENCE AND TO PROVIDE
12 THAT THE AMOUNT OF PROPERTY TAX REVENUES TO FINANCE AN ANNUAL BUDGET
13 DOES NOT INCLUDE REVENUE FROM LEVIES TO SATISFY CERTAIN JUDGMENTS AND
14 REVENUE FROM CERTAIN OTHER LEVIES; AMENDING SECTION 63-803, IDAHO CODE,
15 TO REVISE A CODE REFERENCE; AMENDING SECTION 63-811, IDAHO CODE, TO RE-
16 VISE A CODE REFERENCE; AMENDING SECTION 31-1901, IDAHO CODE, TO PROVIDE
17 THAT THE COUNTY MAY ALSO ISSUE BONDS FOR THE PURPOSE OF PAYING A CERTAIN
18 JUDGMENT; PROVIDING SEVERABILITY; DECLARING AN EMERGENCY AND PROVIDING
19 RETROACTIVE APPLICATION.
20

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

22 SECTION 1. That Chapter 13, Title 63, Idaho Code, be, and the same is
23 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
24 ignated as Section 63-1305A, Idaho Code, and to read as follows:

25 63-1305A. PAYMENT OF JUDGMENT BY ORDER OF COURT. (1) Notwithstanding
26 the provisions of section 6-928, Idaho Code, and except as provided for in
27 section 63-1305, Idaho Code, a nonschool taxing district may certify a bud-
28 get request for an amount of property tax revenues to finance an annual bud-
29 get in excess of the limitations imposed by section 63-802, Idaho Code, for
30 the purpose of paying a final judgment entered by a court of law, including
31 interest, costs and award of attorney's fees, if any, provided that:

32 (a) The taxing district first budgets the maximum amount of property
33 tax permitted pursuant to section 63-802, Idaho Code, including any
34 available forgone amount; and

35 (b) All surplus funds available to the taxing district are used to pay
36 the outstanding judgment; and

37 (c) The judgment was entered after December 1, 2010; and

38 (d) The judgment amount, including interest and award of attorney's
39 fees, if any, exceeds one-third (1/3) of the property tax revenues used
40 to finance the taxing district's highest annual budget in the preceding
41 three (3) years; and

1 (e) The amount in excess of the limitations imposed by section 63-802,
 2 Idaho Code, authorized by this section does not increase the budget that
 3 would otherwise be applicable by more than the amount raised by a levy
 4 rate of one-tenths of one percent (0.1%).

5 (2) The provisions of subsection (1) of this section pertain regardless
 6 of whether the judgment is paid in cash, redeemable warrants, the proceeds
 7 of bonded indebtedness permitted as an ordinary and necessary expense or any
 8 combination of these methods of payment.

9 (3) The state tax commission may promulgate rules necessary to adminis-
 10 ter the provisions of this section.

11 (4) The levy permitted pursuant to subsection (1) of this section may be
 12 levied only until the judgment is paid in full.

13 SECTION 2. That Section 50-2908, Idaho Code, be, and the same is hereby
 14 amended to read as follows:

15 50-2908. DETERMINATION OF TAX LEVIES -- CREATION OF SPECIAL FUND. (1)
 16 For purposes of calculating the rate at which taxes shall be levied by or
 17 for each taxing district in which a revenue allocation area is located, the
 18 county commissioners shall, with respect to the taxable property located in
 19 such revenue allocation area, use the equalized assessed value of such tax-
 20 able property as shown on the base assessment roll rather than on the current
 21 equalized assessed valuation of such taxable property, except the current
 22 equalized assessed valuation shall be used for calculating the tax rate for:

23 (a) Levies for refunds and credits pursuant to section 63-1305, Idaho
 24 Code, and any judgment pursuant to section 33-802(1), Idaho Code, cer-
 25 tified after December 31, 2007;

26 (b) Levies for payment of judgments pursuant to section 63-1305A, Idaho
 27 Code;

28 (c) Levies permitted pursuant to section 63-802(3), Idaho Code, certi-
 29 fied after December 31, 2007;

30 (ed) Levies for voter approved general obligation bonds of any taxing
 31 district and plant facility reserve fund levies passed after December
 32 31, 2007;

33 (~~de~~) Levies set forth in paragraphs (1) (a) through (ed) of this subsec-
 34 tion, first certified prior to December 31, 2007, when the property af-
 35 fected by said levies is included within the boundaries of a revenue al-
 36 location area by a change in the boundaries of either the revenue allo-
 37 cation area or any taxing district after December 31, 2007; and

38 (ef) School levies for supplemental maintenance and operation pursuant
 39 to section 33-802(3) and (4), Idaho Code, approved after December 31,
 40 2007.

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

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

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

4 (ii) A portion of the taxes levied by the taxing district or on its
 5 behalf on the taxable property located within the revenue allo-
 6 cation area, which portion is the amount produced by applying the
 7 taxing district's tax rate determined under subsection (1) of this
 8 section to the equalized assessed valuation, as shown on the base
 9 assessment roll, of the taxable property located within the rev-
 10 enue allocation area; and

11 (iii) All taxes levied by the taxing district to satisfy obliga-
 12 tions specified in subsection (1) (a) through (ef) of this section.

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

16 (3) Upon enactment of an ordinance adopting a revenue allocation fi-
 17 nancing provision as part of an urban renewal plan, the urban renewal agency
 18 shall create a special fund or funds to be used for the purposes enumerated
 19 in this chapter. The revenues allocated to the urban renewal agency pursuant
 20 to this chapter, shall be paid to the agency by the treasurer of the county
 21 in which the revenue allocation district is located and shall be deposited by
 22 the agency into one (1) or more of such special funds. The agency may, in ad-
 23 dition, deposit into such special fund or funds such other income, proceeds,
 24 revenues and funds it may receive from sources other than the revenues allo-
 25 cated to it under subsection (2) (b) of this section.

26 (4) For the purposes of section 63-803, Idaho Code, during the period
 27 when revenue allocation under this chapter is in effect, and solely with re-
 28 spect to any taxing district in which a revenue allocation area is located,
 29 the county commissioners shall, in fixing any tax levy other than the levy
 30 specified in subsection (1) (a) through (ef) of this section, take into con-
 31 sideration the equalized assessed valuation of the taxable property situ-
 32 ated in the revenue allocation area as shown in the base assessment roll,
 33 rather than the current equalized assessed value of such taxable property.

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

39 SECTION 3. That Section 63-802, Idaho Code, be, and the same is hereby
 40 amended to read as follows:

41 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES
 42 -- EXCEPTIONS. (1) Except as provided in subsections (3) and (4) of this
 43 section, no taxing district shall certify a budget request for an amount of
 44 property tax revenues to finance an annual budget that exceeds the greater of
 45 paragraphs (a) through (i) of this subsection inclusive:

46 (a) The dollar amount of property taxes certified for its annual bud-
 47 get for any one (1) of the three (3) tax years preceding the current tax
 48 year, whichever is greater, for the past tax year, which amount may be
 49 increased by a growth factor of not to exceed three percent (3%) plus

1 the amount of revenue calculated as described in this subsection. Mul-
2 tiple the levy of the previous year, not including any levy described
3 in subsection (4) of this section, or any school district levy reduc-
4 tion resulting from a distribution of state funds pursuant to section
5 63-3638 (11), Idaho Code, by the value shown on the new construction roll
6 compiled pursuant to section 63-301A, Idaho Code; and by the value of
7 annexation during the previous calendar year, as certified by the state
8 tax commission for market values of operating property of public utili-
9 ties and by the county assessor;

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

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

15 (d) In the case of school districts, the restriction imposed in section
16 33-802, Idaho Code;

17 (e) In the case of a nonschool district for which less than the maximum
18 allowable increase in the dollar amount of property taxes is certified
19 for annual budget purposes in any one (1) year, such a district may, in
20 any following year, recover the foregone increase by certifying, in ad-
21 dition to any increase otherwise allowed, an amount not to exceed one
22 hundred percent (100%) of the increase originally foregone. Said addi-
23 tional amount shall be included in future calculations for increases as
24 allowed;

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

34 (g) A taxing district may submit to the electors within the district
35 the question of whether the budget from property tax revenues may be
36 increased beyond the amount authorized in this section, but not beyond
37 the levy authorized by statute. The additional amount must be approved
38 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
39 voting on the question at an election called for that purpose and held
40 on the May or November dates provided by section 34-106, Idaho Code.
41 If approved by the required minimum sixty-six and two-thirds percent
42 (66 2/3%) of the voters voting at the election, the new budget amount
43 shall be the base budget for the purposes of this section;

44 (h) When a nonschool district consolidates with another nonschool
45 district or dissolves and a new district performing similar governmen-
46 tal functions as the dissolved district forms with the same boundaries
47 within three (3) years, the maximum amount of a budget of the district
48 from property tax revenues shall not be greater than the sum of the
49 amounts that would have been authorized by this section for the district

1 itself or for the districts that were consolidated or dissolved and in-
2 corporated into a new district;

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

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

13 (3) No board of county commissioners shall set a levy, nor shall the
14 state tax commission approve a levy for annual budget purposes which exceeds
15 the limitation imposed in subsection (1) of this section, unless authority
16 to exceed such limitation has been approved by a majority of the taxing dis-
17 trict's electors voting on the question at an election called for that pur-
18 pose and held pursuant to section 34-106, Idaho Code, provided however, that
19 such voter approval shall be for a period of not to exceed two (2) years.

20 (4) The amount of property tax revenues to finance an annual budget does
21 not include revenues from nonproperty tax sources, and does not include rev-
22 enue from levies to satisfy judgments pursuant to section 63-1305A, Idaho
23 Code, and revenue from levies that are voter approved for bonds, override
24 levies or supplemental levies, plant facilities reserve fund levies, school
25 emergency fund levies or for levies applicable to newly annexed property or
26 for levies applicable to new construction as evidenced by the value of prop-
27 erty subject to the occupancy tax pursuant to section 63-317, Idaho Code, for
28 the preceding tax year.

29 SECTION 4. That Section 63-803, Idaho Code, be, and the same is hereby
30 amended to read as follows:

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

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

43 (3) Using the taxable value of the district, the council, trustees,
44 board or other governing body of any taxing district shall certify the total
45 amount required from a property tax upon property within the district to
46 raise the amount of money fixed by their budget as previously prepared or
47 approved. The amount of money so determined shall be certified in dollars
48 to the appropriate county commissioners. Any taxing unit, except regional
49 airport authorities, located in more than one (1) county shall divide its

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

19 (4) Except as provided in subsection (1)(a) through (ef) of section
20 50-2908, Idaho Code, for the purpose of this section, "taxable value" shall
21 mean the portion of the equalized assessed value, less any exemptions, ex-
22 cept the exemption for personal property in section 63-602KK, Idaho Code,
23 and the value that exceeds the value of the base assessment roll for the
24 portion of any taxing district within a revenue allocation area of an ur-
25 ban renewal district, located within each taxing district which certifies
26 a budget to be raised from a property tax levy. When the county auditor is
27 notified of revenues sufficient to cover expenses as provided in section
28 50-2903(5), Idaho Code, taxable value shall also include the value that
29 exceeds the value of the base assessment roll for the portion of any taxing
30 district within a revenue allocation area. For each taxing district, tax-
31 able value shall include the value from the property and operating property
32 rolls for the current year and subsequent and missed property rolls for the
33 prior year or the best estimate of the subsequent and missed property rolls
34 for the current year.

35 SECTION 5. That Section 63-811, Idaho Code, be, and the same is hereby
36 amended to read as follows:

37 63-811. COMPUTATION OF PROPERTY TAXES -- DUTY OF COUNTY AUDITOR. (1)
38 The county auditor must cause to be computed the amount of the local property
39 taxes levied on the total of the taxable value as entered on the property and
40 operating property rolls, and must deliver the property and operating prop-
41 erty rolls to the tax collector on or before the first Monday of November.

42 (2) The county auditor must cause to be computed the amount of the local
43 property taxes levied on the total of the taxable value as entered on the sub-
44 sequent property roll, and must deliver the subsequent property roll to the
45 tax collector as soon as possible, without delay, after the first Monday of
46 December.

47 (3) The county auditor must cause to be computed the amount of the state
48 property tax and the amount of the local property taxes levied on the total
49 taxable value as entered on the missed property roll, and must deliver the

1 missed property roll to the tax collector as soon as possible, without delay,
2 after the first Monday of March of the year following the year in which the
3 assessment was entered on the missed property roll.

4 (4) Except as provided in subsection (1)(a) through (ef) of section
5 50-2908, Idaho Code, for the purpose of this section, "taxable value" shall
6 mean the portion of the equalized assessed value, less any exemptions and
7 the value that exceeds the value of the base assessment roll for the portion
8 of any taxing district within a revenue allocation area of an urban renewal
9 district, located within each taxing district which certifies a budget to be
10 raised from a property tax levy.

11 (5) The county auditor, at the time of delivery to the county tax col-
12 lector of the property roll, subsequent property roll, missed property roll
13 or operating property roll with all property taxes computed, must subscribe
14 an affidavit to such roll that he has to the best of his knowledge and ability
15 computed the proper amount of property taxes due, and recorded such orders of
16 the board of equalization as have been made and has made no other changes.

17 (6) Failure of the auditor to make the affidavit shall not affect the
18 validity of any entry on the roll. The making of such affidavit, however, is
19 declared to be a duty pertaining to the office of the county auditor. In ev-
20 ery case where the said affidavit is omitted from the real property assess-
21 ment roll, completed and delivered as aforesaid, the board of county commis-
22 sioners must require the county auditor to make the same, and upon refusal or
23 neglect of such county auditor to make and subscribe to such affidavit forth-
24 with, the chairman of the said board must immediately file in the district
25 court in the county, an information in writing, verified by his oath, charg-
26 ing such county auditor with refusal or neglect to perform the official du-
27 ties pertaining to his office, and thereupon he must be proceeded against as
28 in such cases provided by law.

29 SECTION 6. That Section 31-1901, Idaho Code, be, and the same is hereby
30 amended to read as follows:

31 31-1901. COMMISSIONERS MAY ISSUE FUNDING AND REFUNDING BONDS. The
32 board of county commissioners of any county in this state may issue nego-
33 tiable coupon bonds of their county for the purpose of paying, redeeming,
34 funding or refunding the outstanding indebtedness of the county, whether
35 the indebtedness exists as a warrant indebtedness or bonded indebtedness.
36 The county may also issue bonds for the purpose of paying a judgment meeting
37 the criteria of section 63-1305A, Idaho Code. All such bonds shall be in
38 the form and shall be issued, sold or exchanged and redeemed in accordance
39 with the provisions of chapter 2 of title 57, known as the "Municipal Bond
40 Law" of the state of Idaho, except where different provision is made herein.
41 Provided, that the authority to fund warrant indebtedness shall extend only
42 to the funding of warrant indebtedness existing as of the second Monday in
43 January, 1933, and providing further that all taxes and other revenues which
44 but for the funding of warrants would have been lawfully applicable to the
45 redemption of the warrants so funded shall, as and when collected, be appor-
46 tioned to and placed in the sinking fund for the payment of the interest and
47 retirement of the principal of such bonds. Bonds issued for the purpose of
48 funding warrants shall bear interest payable semiannually as the board of
49 county commissioners may determine.

1 SECTION 7. SEVERABILITY. The provisions of this act are hereby declared
2 to be severable and if any provision of this act or the application of such
3 provision to any person or circumstance is declared invalid for any reason,
4 such declaration shall not affect the validity of the remaining portions of
5 this act.

6 SECTION 8. An emergency existing therefor, which emergency is hereby
7 declared to exist, this act shall be in full force and effect on and after its
8 passage and approval, and retroactively to January 1, 2012.