

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 645

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO PROPERTY TAXATION; AMENDING SECTION 63-301A, IDAHO CODE, TO REVISE WHAT MAY BE PLACED ON THE NEW CONSTRUCTION ROLL AND TO PROVIDE FOR CORRECTIONS IN THE ROLL; AMENDING SECTION 63-802, IDAHO CODE, TO REVISE HOW THE THREE PERCENT INCREASE IN PROPERTY TAX BUDGETS IS CALCULATED; AMENDING SECTION 63-802, IDAHO CODE, AS AMENDED BY SECTION 142, CHAPTER 341, LAWS OF 2009, TO REVISE HOW THE THREE PERCENT INCREASE IN PROPERTY TAX BUDGETS IS CALCULATED; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.

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

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

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

(a) The name of the taxpayer;

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

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

(d) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction or a change in use of the land or both;

(e) The amount of taxable market value added as provided in subsection (3)(g) of this section as a result of dissolution of any revenue allocation area;

(f) The amount of taxable market value to be deducted to reflect the adjustments required in paragraphs (f)(i) and (f)(ii) of this subsection:

(i) Any board of tax appeals or court ordered value change, if property has a taxable value lower than that shown on any previous new construction roll;

(ii) Any value change resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;

(iii) Any value change resulting from a change of land use classification.

(2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit be forwarded to the state tax commission on or before the fourth Monday in July. Provided however, the value shown

1 in subsection (3) (f) of this section shall be reported to the appropriate
2 county auditor by the state tax commission by the third Monday in July and
3 the value sent by the county auditor to each taxing district. The value
4 established pursuant to subsection (3) (f) of this section is subject to
5 correction by the state tax commission until the first Monday in September
6 and any such corrections shall be sent to the appropriate county auditor, who
7 shall notify any affected taxing districts.

8 (3) The value shown on the new construction roll may include the taxable
9 market value increase from:

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

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

12 (c) Installation of new or used manufactured housing that did not
13 previously exist within the county; or

14 (d) Change of land use classification; or

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

17 (f) The construction of any improvement or installation of any
18 equipment used for or in conjunction with the generation of electricity
19 and the addition of any improvement or equipment intended to be so used,
20 except property that has a value allocated or apportioned pursuant
21 to section 63-405, Idaho Code, or that is owned by a cooperative or
22 municipality, as those terms are defined in section 61-332A, Idaho
23 Code, or that is owned by a public utility, as that term is defined
24 in section 61-332A, Idaho Code, owning any other property that is
25 allocated or apportioned. No replacement equipment or improvements may
26 be included; or

27 (g) Increases in value over the base value of property on the base
28 assessment roll within an urban renewal revenue allocation area that
29 has been terminated pursuant to section 50-2909(4), Idaho Code, to
30 the extent that this increment exceeds the incremental value as of
31 December 31, 2006, or, for revenue allocation areas formed after
32 December 31, 2006, the entire increment value. Notwithstanding other
33 provisions of this section, the new construction roll shall not include
34 new construction located within an urban renewal district's revenue
35 allocation area, except as provided in this subsection (3) (g); or

36 (h) New construction previously allowable but never included on a new
37 construction roll, provided however, that, for such property, the value
38 on the new construction roll shall reflect the taxable value that would
39 have been included on the new construction roll for the first year in
40 which the property should have been included.

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

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

1 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES
 2 -- EXCEPTIONS. (1) Except as provided in subsection (3) of this section ~~for~~
 3 ~~tax year 1995, and each year thereafter~~, no taxing district shall certify a
 4 budget request for an amount of property tax revenues to finance an annual
 5 budget that exceeds the greater of paragraphs (a) through (i) of this
 6 subsection inclusive:

7 (a) The dollar amount of property taxes certified for its annual budget
 8 for any one (1) of the three (3) tax years preceding the current tax
 9 year, whichever is greater, for the past tax year, which amount may
 10 be increased by a growth factor of not to exceed three percent (3%)
 11 plus the amount of revenue ~~that would have been generated by applying~~
 12 calculated as described in this subsection. Multiply the levy of the
 13 previous year, not including any levy described in subsection (4) of
 14 this section, or any school district levy reduction resulting from a
 15 distribution of state funds pursuant to section 63-3638(10), Idaho
 16 Code, ~~to any increase in market value subject to taxation resulting~~
 17 ~~from new construction or change of land use classification as evidenced~~
 18 by the value shown on the new construction roll compiled pursuant to
 19 section 63-301A, Idaho Code; and by the value of annexation during
 20 the previous calendar year, as certified by the state tax commission
 21 for market values of operating property of public utilities and by the
 22 county assessor; ~~or~~

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

25 (c) The dollar amount of the actual budget request, if the taxing
 26 district is newly created except as may be provided in subsection (1) (h)
 27 of this section; ~~or~~

28 (d) In the case of school districts, the restriction imposed in section
 29 33-802, Idaho Code; ~~or~~

30 (e) In the case of a nonschool district for which less than the maximum
 31 allowable increase in the dollar amount of property taxes is certified
 32 for annual budget purposes in any one (1) year, such a district may,
 33 in any following year, recover the foregone increase by certifying,
 34 in addition to any increase otherwise allowed, an amount not to exceed
 35 one hundred percent (100%) of the increase originally foregone.
 36 Said additional amount shall be included in future calculations for
 37 increases as allowed; ~~or~~

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
 40 0.004, the city may increase its budget by an amount not to exceed the
 41 difference between 0.004 and actual prior year's levy multiplied by
 42 the prior year's market value for assessment purposes. The additional
 43 amount must be approved by sixty percent (60%) of the voters voting on
 44 the question at an election called for that purpose and held on the date
 45 in May or November provided by law, and may be included in the annual
 46 budget of the city for purposes of this section; ~~or~~

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; ~~or~~

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

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

17 (2) In the case of fire districts, during the year immediately
 18 following the election of a public utility or public utilities to consent
 19 to be provided fire protection pursuant to section 31-1425, Idaho Code, the
 20 maximum amount of property tax revenues permitted in subsection (1) of this
 21 section may be increased by an amount equal to the current year's taxable
 22 value of the consenting public utility or public utilities multiplied by
 23 that portion of the prior year's levy subject to the limitation provided by
 24 subsection (1) of this section.

25 (3) No board of county commissioners shall set a levy, nor shall the
 26 state tax commission approve a levy for annual budget purposes which exceeds
 27 the limitation imposed in subsection (1) of this section, unless authority
 28 to exceed such limitation has been approved by a majority of the taxing
 29 district's electors voting on the question at an election called for that
 30 purpose and held pursuant to section 34-106, Idaho Code, provided however,
 31 that such voter approval shall be for a period of not to exceed two (2) years.

32 (4) The amount of property tax revenues to finance an annual budget
 33 does not include revenues from nonproperty tax sources, and does not include
 34 revenue from levies that are voter approved for bonds, override levies or
 35 supplemental levies, plant facilities reserve fund levies, school emergency
 36 fund levies or for levies applicable to newly annexed property or for
 37 levies applicable to new construction as evidenced by the value of property
 38 subject to the occupancy tax pursuant to section 63-317, Idaho Code, for the
 39 preceding tax year.

40 SECTION 3. That Section 63-802, Idaho Code, as amended by Section 142,
 41 Chapter 341, Laws of 2009, be, and the same is hereby amended to read as
 42 follows:

43 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES
 44 -- EXCEPTIONS. (1) Except as provided in subsection (3) of this section ~~for~~
 45 ~~tax year 1995, and each year thereafter~~, no taxing district shall certify a
 46 budget request for an amount of property tax revenues to finance an annual
 47 budget that exceeds the greater of paragraphs (a) through (i) of this
 48 subsection inclusive:

1 (a) The dollar amount of property taxes certified for its annual budget
2 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
4 be increased by a growth factor of not to exceed three percent (3%)
5 plus the amount of revenue ~~that would have been generated by applying~~
6 calculated as described in this subsection. Multiply the levy of the
7 previous year, not including any levy described in subsection (4) of
8 this section, or any school district levy reduction resulting from a
9 distribution of state funds pursuant to section 63-3638(11), Idaho
10 Code, ~~to any increase in market value subject to taxation resulting~~
11 ~~from new construction or change of land use classification as evidenced~~
12 by the value shown on the new construction roll compiled pursuant to
13 section 63-301A, Idaho Code; and by the value of annexation during
14 the previous calendar year, as certified by the state tax commission
15 for market values of operating property of public utilities and by the
16 county assessor; ~~or~~

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

19 (c) The dollar amount of the actual budget request, if the taxing
20 district is newly created except as may be provided in subsection (1) (h)
21 of this section; ~~or~~

22 (d) In the case of school districts, the restriction imposed in section
23 33-802, Idaho Code; ~~or~~

24 (e) In the case of a nonschool district for which less than the maximum
25 allowable increase in the dollar amount of property taxes is certified
26 for annual budget purposes in any one (1) year, such a district may,
27 in any following year, recover the foregone increase by certifying,
28 in addition to any increase otherwise allowed, an amount not to exceed
29 one hundred percent (100%) of the increase originally foregone.
30 Said additional amount shall be included in future calculations for
31 increases as allowed; ~~or~~

32 (f) In the case of cities, if the immediately preceding year's levy
33 subject to the limitation provided by this section, is less than
34 0.004, the city may increase its budget by an amount not to exceed the
35 difference between 0.004 and actual prior year's levy multiplied by
36 the prior year's market value for assessment purposes. The additional
37 amount must be approved by sixty percent (60%) of the voters voting on
38 the question at an election called for that purpose and held on the date
39 in May or November provided by law, and may be included in the annual
40 budget of the city for purposes of this section; ~~or~~

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

1 (66 2/3%) of the voters voting at the election, the new budget amount
2 shall be the base budget for the purposes of this section; ~~or~~

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

11 (i) In the instance or case of cooperative service agencies, the
12 restrictions imposed in sections 33-315 through 33-318, Idaho Code.

13 (2) In the case of fire districts, during the year immediately
14 following the election of a public utility or public utilities to consent
15 to be provided fire protection pursuant to section 31-1425, Idaho Code, the
16 maximum amount of property tax revenues permitted in subsection (1) of this
17 section may be increased by an amount equal to the current year's taxable
18 value of the consenting public utility or public utilities multiplied by
19 that portion of the prior year's levy subject to the limitation provided by
20 subsection (1) of this section.

21 (3) No board of county commissioners shall set a levy, nor shall the
22 state tax commission approve a levy for annual budget purposes which exceeds
23 the limitation imposed in subsection (1) of this section, unless authority
24 to exceed such limitation has been approved by a majority of the taxing
25 district's electors voting on the question at an election called for that
26 purpose and held pursuant to section 34-106, Idaho Code, provided however,
27 that such voter approval shall be for a period of not to exceed two (2) years.

28 (4) The amount of property tax revenues to finance an annual budget
29 does not include revenues from nonproperty tax sources, and does not include
30 revenue from levies that are voter approved for bonds, override levies or
31 supplemental levies, plant facilities reserve fund levies, school emergency
32 fund levies or for levies applicable to newly annexed property or for
33 levies applicable to new construction as evidenced by the value of property
34 subject to the occupancy tax pursuant to section 63-317, Idaho Code, for the
35 preceding tax year.

36 SECTION 4. An emergency existing therefor, which emergency is hereby
37 declared to exist, Sections 1 and 2 of this act shall be in full force and
38 effect on and after passage and approval, and retroactively to January 1,
39 2010. Section 3 of this act shall be in full force and effect on and after
40 January 1, 2011.