

A wide banner image showing a scenic view of Idaho mountains under a blue sky with white clouds. The foreground features a dense forest of evergreen trees.

# Idaho State Tax Commission

## 2025 Budget and Levy Training General Session

Benefit the people of Idaho with courteous customer service and education by providing fair, efficient, and effective revenue and tax administration.



State Tax Commission

Great people. Helping you. Serving Idaho.

# Today's Instructors

- Alan Dornfest: Property Tax Policy Bureau Chief
  - Phone – (208) 334-7742
  - Email – [alan.dornfest@tax.idaho.gov](mailto:alan.dornfest@tax.idaho.gov)
- Ben Seloske: Principal Research Analyst
  - Phone – (208) 334-7541
  - Email – [ben.seloske@tax.idaho.gov](mailto:ben.seloske@tax.idaho.gov)
- Tax Commission Web Page: [www.tax.idaho.gov](http://www.tax.idaho.gov)

# Agenda

- Property Tax Overview
  - Roles/Responsibilities
  - Key Terms & Concepts
- 1<sup>st</sup> Break (10-15 mins)
- 2024-2025 Legislative Changes
- Max Property Tax Budget Calculations
- Forgone Amounts
- 2<sup>nd</sup> Break (10-15 mins)
- Required Forms
- L-2 Examples & Demo

# What Year Are We Talking About?

- Throughout this presentation, when we refer to a calendar year, we are referring to the year in which your property tax budget is being certified.



# State Tax Commission Roles

1. Review and approve levy rates and property tax portion of budget to ensure limits not exceeded (10-27-2025)
2. Determine and apportion operating property values\*
  - Preliminary values in July
  - State Board of Equalization finalizes by 4<sup>th</sup> Monday in August
  - Final values in September (9-2-2025)
3. Provide technical support & assistance; develops administrative rules
4. Map boundaries of each taxing district and urban renewal revenue allocation areas
5. Distribute sales tax revenue sharing and property tax replacement dollars
6. Calculate gross earnings tax and notify counties of amounts for solar, wind, geothermal, electrical and natural gas co-ops
7. Maintain registry of urban renewal plans
8. Certify homeowner tax relief amounts by the 3rd Monday of September

\*Flood Control, Watershed, Herd, Levee, Infrastructure, and most Fire districts do not receive operating property values

# STC's Limitations

- Focus is on revenue, not expenditures
  - State Tax Commission (STC) does **NOT** oversee or govern expenditures
  - Expenditure questions go to:
    - Associations of like districts
      - County (Idaho Association of Counties)
      - City (Association of Idaho Cities)
      - Highway Districts (Idaho Association of Highway Districts)
      - Fire Districts
    - Independent auditors
    - Legal advisors
  - Carry over authority varies
- Assume compliance with budget hearing and other publication requirements (until challenged)



# County's Roles

- **County Assessor:**
  1. Provides locally assessed property value information to county clerk
  2. Develops new construction roll
- **County Clerk:**
  1. Provides value & tax information to Taxing Districts
  2. Provides information to County Commissioners
  3. Provides information to STC
  4. Distributes tax receipts and other revenue to districts
- **County Treasurer:**
  1. Prepares tax notices & collects tax
  2. Notifies county clerk of amounts to be distributed
- **County Commissioners:**
  1. Set levy rate
  2. Approve property tax portion of budget
  3. Submit levy & approved budget to STC (9-15-2025 or 9-22-2025 with extension)



# Taxing District Budget & Levy Responsibilities

1. Notify each county clerk of budget hearing date and location
  - Written notification required (I.C. §63-802A – due April 30 each year)
2. Comply with central registry requirements (State Controller's Office; SCO)
3. Provide required advertisements for budget hearing (if required), dates, location, times and publication of proposed budget
4. If forgone amount is to be used in budget (recovered), must have a public hearing and define, by resolution, how much and for what purpose (with L-2)
5. To accrue/reserve additional forgone, need resolution specifying amount by end of the year
6. Certify budget to county commissioners
  - Sign your L-2 form before submitting it to the county
  - Due to county by 9-4-2025
  - Request a 7-working day extension from the county  
– new due date 9-15-2025

# Property Tax Budget Hearing Notification

## I.C. §63-802A. NOTICE OF BUDGET HEARING.

1. Not later than April 30 of each year, each taxing district shall set and notify\* the county clerk of the date and location set for the budget hearing of the district. If no budget hearing is required by law, the county clerk shall be so notified.
2. ...a taxing district that fails to comply with subsection (1) of this section shall be prohibited from including in its budget any increase otherwise permitted by either subsection (1)(a) or (1)(e) of section 63-802, Idaho Code.
3. If a taxing district wishes to change the time and location of such budget hearing as stated on the assessment notice, it shall publish such change of time and location in advance of such hearing as provided by law.

**(Prohibits property tax budget increases from 3%, new construction, annexation, recaptured forgone, and generating additional forgone)**

**\*Written notification required (Rule 805.01).**

Tax Commission's web address for rules: <http://adminrules.idaho.gov/rules/current/35/350103.pdf>

# Property Tax Budget Hearing Notification

- Include date, time, & location of budget hearing
- Shows both expenditures AND revenues
  - Specifically shows revenues from property taxes
- Levied amount on L-2 cannot exceed the published revenue from property taxes

## Good Examples of Budget Hearing Publications

**NOTICE OF PUBLIC HEARING  
BUDGET FOR FISCAL YEAR 2022-2023  
RAFT RIVER HIGHWAY DISTRICT  
CASSIA COUNTY, IDAHO**

Notice is hereby given that a budget hearing will be held at the regular meeting of the Raft River Highway District on the 10th day of August, 2022, at 4:30 p.m., in Malta, Idaho, at the District Office, 320 North Main Street. A copy of the Raft River Highway District Budget for the 2022-2023 year may be inspected at the above-named office prior to the hearing.

**ESTIMATED EXPENDITURES:**

Administration	50,500.00
Capital Improvements	25,000.00
Commissioners Salaries	7,800.00
Engineering/Professional Fees	35,000.00
Insurance	27,241.00
Road Maintenance & Construction	965,000.00
City Tax Allocations	5,200.00
Equipment Purchases	260,365.22
Supplies & Repairs	88,000.00
Gas, Oil & Diesel	100,000.00
<b>TOTAL ESTIMATED EXPENDITURES</b>	<b>\$1,564,106.22</b>

**ESTIMATED REVENUE:**

Property Tax Levies	339,288.72
Property Tax Replacement	25,991.00
Federal Forest	39,000.00
Sales Tax	106,678.00
Gross Earnings	60,000.00
Miscellaneous	3,000.00
Malta City Agreement	2,000.00
Highway Users Revenue	809,148.50
Equipment Rollover	179,000.00
<b>TOTAL ESTIMATED REVENUE</b>	<b>\$1,564,106.22</b>

Citizens are invited to attend the budget hearing concerning the entire budget. A copy of the proposed budget in detail is available at the Raft River Highway District office at 320 North Main Street, in the city of Malta, Idaho for inspection during the following hours: 9:00 a.m. to 1:00 p.m. Monday through Thursday.

At the hearing, the Board of Commissioners of the Raft River Highway District will explain the budget and hear any objections thereto.

Dated this 25<sup>th</sup> day of July 2022

# Good Examples of Budget Hearing Publications

**CITY OF BONNERS FERRY**  
**FY 2024-2025 BUDGET HEARING**

A public hearing, pursuant to Idaho code 50-1002, will be held for consideration of the proposed budget for the fiscal year starting October 1, 2024, and ending September 30, 2025. **The hearing will be held at City Hall, 7232 Main Street, Bonners Ferry Idaho at 6:00 pm on September 3, 2024.** All interested persons are invited to appear and show cause, if any, why such a budget should or should not be adopted. Copies of the proposed city budget in detail are available at City Hall during regular office hours (8:00 am - 5:00 pm M-F). City hall is accessible to persons with disabilities. Anyone desiring accommodation for disabilities related to the budget documents or the hearing, please contact City Hall, 208-267-3105 at least 48 hours prior to the public hearing. The following budget has been tentatively approved by the Council.

PROPOSED EXPENDITURES			
	FY 2023	FY 2024	FY 2025
	Actuals	Budgeted	Proposed
<b>General Fund:</b>			
General Government	\$ 212,286	\$ 365,755	\$ 376,466
Police Department and Police Grants	\$ 653,843	\$ 911,294	\$ 973,881
PROPOSED REVENUES			
	FY 2023	FY 2024	FY 2025
	Actuals	Budget	Proposed
<b>Property Tax</b>			
GF Property Tax Levy	\$ 692,240	\$ 723,323	\$ 736,000
GF Property Tax Replacement	\$ 19,802	\$ 19,802	\$ 19,355
Judgement Refund I.C. 63-1305			\$ 1,728
<b>Other Revenue Sources</b>			
1% Non Property Tax Fund	\$ 127,222	\$ 820,000	\$ 851,100
State and Local Share	\$ 462,478	\$ 578,735	\$ 625,000

# Bad Examples of Budget Hearing Publications

**██████████ RURAL FIRE DISTRICT ██████████ PROPOSED 2023 BUDGET**  
The following is the proposed 2023 budget for the ██████████ Rural Fire District ██████████:

**Anticipated Expenditures:**

Fire Calls	\$92,100
Wages for Station Duties	\$72,600
Payroll Taxes	\$13,000
Fuel	\$20,000
Repairs	\$24,000
Supplies	\$15,000
Utilities	\$18,000
Insurance	\$24,000
Fire School	\$300
SIRCOMM	\$4,000
Medical	\$3,000
Commissioner Expenses	\$3,500
Equipment & Facilities	\$30,500
New Equipment	\$32,000
New Fire Apparatus	\$180,000
	\$532,000

A public hearing will be held Tuesday, August 9, 2022 at 6:00 p.m. at the ██████████ Rural Fire Station, ██████████, Idaho.  
/s/ ██████████, Secretary  
PUB; 7/28/22 & 8/4/22

# Bad Examples of Budget Hearing Publications

BUDGET FOR FISCAL YEAR 2022-2023	
2022-2023 Budget	
████████ Cemetery District	
Proposed Expenditures	
Wages/Personnel.Benefits	\$ 2,750.00
Utilities	\$ 1,300.00
Repairs-Maint-Equip/Grounds	\$ 15,000.00
Prof Services-Legal	\$ 300.00
Fuel	\$ 2,000.00
Insurance	\$ 550.00
Office Supplies/Software	\$ 250.00
Other Business Expenses	\$ 1,000.00
<b>Total Budget</b>	<b>\$ 23,150.00</b>

Taxing districts and code sites that require a public budget hearing and/or publication of budgets (available on [STC website](#))

Public Budget Hearing Requirements			
District	Code	Required?	Budget Publish Required?
County	31-1605	Y	31-1604
City	50-1002	Y	50-1002
School	33-801	Y	33-801
Ambulance	N/A	?	N/A
Auditorium	N/A	N	N/A
Cemetery	27-125	Only if proposed budget in excess of \$3,500	27-126
Pest Control	N/A	?	N/A
Fire	31-1422	Y	31-1422
Flood Control	42-3113	May be addressed at required monthly meetings.	N/A
Highway	40-1325	Y	40-1326
Hospital	39-1333	Public hearing required if M&O levy exceeds 0.04%.	No
Community Infrastructure	50-3114	Y	50-3114
Community College	N/A	N	N/A
Library	33-2725	Y	33-2725
Abatement	N/A	?	N/A
Port	70-1703	Y	70-1704
Recreation	31-4329	Y	31-4330
Sewer & Water	42-3228	Y	42-3229

# Local Governing Entities Central Registry

SCO contact: (208) 334-3100 – [registry@sco.idaho.gov](mailto:registry@sco.idaho.gov)

- Requires local entities, including all taxing and special districts **except school districts**, to register with the state registry. This includes urban renewal districts and entities that charge fees.
- Account information to be updated annually by December 1<sup>st</sup> (prior year information)
  - If unable to meet this deadline, contact SCO
  - SCO notifies counties and STC of noncompliant entities
- Penalties for noncompliance (I.C. §67-1076):
  - Frozen property tax
  - Withheld sales tax
  - Counties may charge fees
- As of April 2025, over \$1 million waiting to be released to 109 special purpose taxing districts out of compliance with SCO



## Property Tax Principles



# Basic Property Tax

- Total budget minus non-property tax revenue equals property tax (P-tax) budget
  - Not affected by tax relief (HB292 / HB521)
- Levy rate computed by dividing the P-tax budget by the net taxable value of district
  - 9 decimal places

$$\frac{\$100,000 \text{ P-Tax}}{\$ 100,000,000 \text{ Net Taxable Value}} = 0.001$$



# Effects of Market Value Changes on Levies

- Assuming the budget remains constant: the higher the taxable market value, the lower the levy rate becomes
  - (disregards urban renewal effects)

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



# Budget vs. Levy Limit

- Idaho law provides limits for both P-tax budgets and levy rates
  - The stricter of the two limitations applies
- Levy limit cannot be exceeded without express statutory authority
- Scenario:
  - A taxing district's statutory M&O levy limit is 0.0004. Its maximum, non-exempt property tax potential budget is \$55,000 and its total net taxable market value is \$125 million.



**Budget NOT Allowed**  
**Because levy limit exceeded**

$$\frac{\$55,000}{\$125,000,000} = 0.00044$$

**Budget Allowed**  
**Because levy limit not exceeded**

$$\frac{\$50,000}{\$125,000,000} = 0.0004$$

**Rollback = \$5,000**



# Adding New Funds

- County and City have multiple funds to choose from:
  - Assume that a county has a maximum property tax budget of \$200,000 and it wants to add a museum fund
  - The county can add funds as they need (except ambulance)
  - However, cannot exceed their maximum P-tax budget of \$200,000 (need to reallocate how funds are distributed)
  - The statutory levy limit of .0003 for museums doesn't allow a county to exceed its maximum allowable budget

Fund	Budget	Fund	Budget
M&O	100,000	M&O	100,000
Tort	50,000	Tort	50,000
Parks	50,000	Parks	50,000
		Museums	?????



# Property Tax Budget Increases

- Highest non-exempt P-tax budget of the prior 3 years increased by 3%
  - Including P-tax replacement money except solar tax revenue
- New construction increases
- Annexation increases
- Expiring Urban Renewal increases (not capped)
- **Minus** P-tax replacement monies
- **Plus** forgone recovered into current year's budget
  - if any, resolution required



These budget increases cannot exceed 8%



# Non-School Funds Exempt from 3% Annual Increase Cap (I.C. §63-802)

Fund	Description
Temporary Override	All taxing districts have authority. 2-year maximum duration; requires simple majority to pass. <b><u>Total of fund and override levy rate can't exceed the fund's levy limit.</u></b>
Permanent Override	All taxing districts have authority. Most need a 2/3 majority to pass. Qualifying cities have additional version that requires only 60% voter approval to pass. <b><u>Total of fund and override levy rate can't exceed the fund's levy limit.</u></b>
Bond	Refer to authorizing statute for specific requirement, but all require 2/3 majority voter approval.
Plant Facilities	Available to Library and Community Colleges as well as schools. See I.C. §33-804 for details.
★ Judgment Funds	All taxing districts – based on judgments under §63-1305



Voter Approved Fund Tracker Attach to L-2 Form If Applicable				
District Name:				
Fund Name	Date of Election (If current year, attach copy of Ballot)	1st Calendar Year Levied	Term of Initiative	Annual Amount Authorized by Voters
Override Funds Available to All Districts				
2 Yr Override I.C. §63-802				
Permanent Override I.C. §63-802				
Plant Facilities Funds for Library, and Community College districts				
Plant Facilities (Maximum of 10 yrs)				
If voters approved an increase in the annual amount but did not change the term enter the amount of increase here:				

### Voter-Approved Fund Tracker

Each voter-approved fund should be included on this page of the L-2 Excel spreadsheet

District Bond Initiative (Voter Approved Bonds)							
Date of Election (If current year attach copy of Ballot)	1st Calendar Year Levied	Term of Initiative	Amount Authorized by Voters	Prior Year P-Tax \$	Current Year P-Tax \$	% Change (+/- 20% Explan- ation Required)	"YES" = Explanation Required
Current Year's Total Bond Fund (Reported on L-2 Col. 6):					\$	-	

Explanation (If Required):

Attach to your L-2 form and return to your County Clerk.

# Property Tax Replacements

- Money that is added in for determining the highest of the last 3 years
  - 3% growth includes replacement monies (not solar)
- Agricultural Equipment Replacement (quarterly)
  - Unchanged amount since 2006
- Personal Property Reimbursement (semi-annual)
  - Constant amounts from 2013 – 2021
  - New personal property replacements paid in 2022 due to increased maximum exemption
    - Re-calculated for 2025 to adjust for city/hwy re-distribution
- Recovered/Recaptured amounts (7/1/24 – 6/30/25)
  - Recovered Homeowner's Exemptions
  - Recaptured QIE

# Solar Farm Tax

- NOT added in for determining the highest of last 3 years
  - 3% growth does NOT include solar farm tax
- Solar farm tax revenue tied to the highest property tax budget of the last 3 years is added after all growth calculations
- Revenue received in the current year (7/1/24 – 6/30/25) is subtracted to determine the maximum budget authority
- If applicable, will be included on the Recovered/Recaptured Property Tax and Refund List



## Budget & Levy Workshops - General Session Quiz #1



QUIZ?

<https://forms.office.com/g/cXH2zEMz3c>

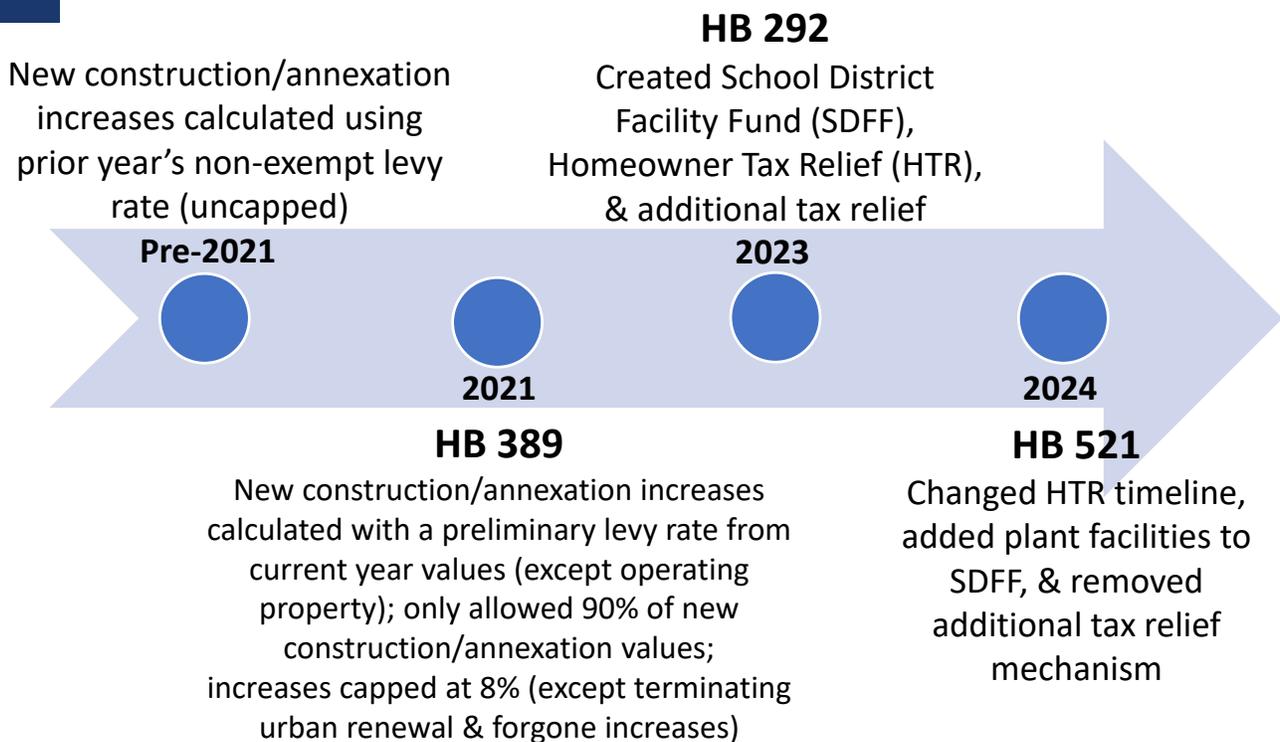




# Legislative Changes



## Idaho Property Tax Policy Timeline



# Previous Legislative Changes

- HB 521 (2024)
  - Removed August elections for schools
  - School District Facilities Funds (SDFF) must be used to reduce levies for plant facilities funds (after bonds & temp supplementals)
  - Homeowner Tax Relief (HTR) is appropriated to counties in Sept. using current year's values and prior year's eligible levy rates

# 2025 Legislation

## HB 208 (effective July 1, 2025)

- Fire district consolidations no longer treated as annexations
- Fire district consolidations not subject to 8% budget increase limit
- Budgets added together and then annual increases allowed (3%, etc.)
- When fire districts annex new property (including entire cities), the 8% budget increase limit still applies
- Does not affect timing of annexations/consolidations
  - Map changes occurring after Jan 1<sup>st</sup> are recognized for levy purposes the following year

# 2025 Legislation

HB 329 (effective Jan 1, 2026)

- Rate-regulated electric & gas companies no longer valued by STC or pay property tax (beginning 2026)
- Pay kilowatt-hour & thermal energy taxes instead
- STC will calculate proportions of these taxes to pay to districts based on 2025 property taxes
  - Including urban renewal areas
  - Proportions only updated for dissolutions (annually)
  - Subtracted annually from property tax like replacements (not solar)
  - Taxing districts or RAAs created after 1/1/2025 will NOT receive these tax distributions
  - First distribution – Aug 2027

# 2025 Legislation

HB 436 (effective Jan 1, 2025)

- Fire & Ambulance districts can opt-out of existing Urban Renewal Revenue Allocation Areas to receive new construction immediately (80% of increment)
  - Restrictions on opt-outs if URA has debt / contracts
- Fire & ambulance districts excluded from new Urban Renewal Revenue Allocation Areas
  - “New RAA” = created or modified after July 1, 2025
  - Will NOT generate revenue for new RAAs
  - These districts would collect tax as if the new RAA did not exist
  - Could opt-in to UR via resolution

# 2025 Legislation

HB 436 (effective Jan 1, 2025)

- RAAs existing before 7/1/2025:
  - Critical date = 4<sup>th</sup> Monday of July (resolution received by county & STC)
  - Opt-out resolutions received prior to this date get the additional budget capacity in the same year
  - Opt-out resolutions received after this date get the additional budget capacity in the next year
- New RAAs created / modified after 7/1/2025:
  - No additional budget capacity for fire / ambulance districts



## Calculating the Maximum Non-Exempt Property Tax Budget

# Calculating Maximum Non-Exempt Property Tax Budget

- Highest non-exempt P-tax budget of the prior 3 years (including applicable P-tax replacement money) increased by 3%
- New construction roll (90% of ordinary NC value) multiplied by the preliminary levy rate to generate budget increase from NC
- 90% of the annexation value multiplied by the annexation preliminary levy rate to generate budget increase from annexations
  - The above budget increases cannot exceed 8%
- 80% of increment from expired Urban Renewal multiplied by the NC preliminary levy rate to generate budget increase from Urban Renewal (not subject to 8% cap)
- Add any solar farm tax received from the highest budget of the last 3 years (doesn't get 3% increase)
  - Affects Ada, Elmore, Owyhee, & Power Counties (and their joint districts in other counties)
- **Minus** P-tax replacement revenue received, revenue received from Solar Farm tax, (from July 1, 2024 through June 30, 2025)
- **Plus** forgone recovered into current year's budget (if any; resolution required)
- Results in maximum non-exempt P-tax that can be levied

## Example: Computing 3% Increase

Year	2022	2023	2024
Total levied non-exempt p-tax budget	124,389	130,678	136,218
Agricultural Equipment Replacement Money	28	28	28
Personal Property Replacement Money	1,318	1,568	1,568
*Recovered Homeowner's Exemption	0	110	0
Total Property Tax Replacement monies	1,346	1,456	1,596
Total levied non-exempt property tax budget plus property tax replacements	125,735	132,384	137,814

$\begin{array}{r} \$ 137,814 \\ \times 0.03 \\ \hline \$ 4,134 \end{array}$	$\begin{array}{r} \$ 137,814 \\ + 4,134 \\ \hline \$ 141,948 \end{array}$	$\begin{array}{r} \$137,814 \\ \times 1.03 \\ \hline \$141,948 \end{array}$
	(total plus 3% increase)	

\* = Total received by district between July 1<sup>st</sup> thru June 30<sup>th</sup> each year.

# Preliminary Levy Rates

- Provide budget increases for taxing districts
  - Designed to estimate the district's levy rate and provide increases for new construction & annexation at that rate
- Multiplied by 90% of new construction & annexation values
  - Increases from new construction & annexations subject to 8% cap
  - If district is taking 3% annual budget increase, then increases from new construction & annexation limited to 5%
- Multiplied by 80% of terminating urban renewal increment values
  - Increases from terminating urban renewal allowed to exceed 8% cap

# Preliminary Levy Rates

For new construction:

- Highest of the last 3 years' non-exempt budgets
  - Including replacements except solar farm tax
- Add 3% (or less)
- Divide that sum by 2025 locally assessed net taxable value plus prior year's operating property value

Base growth →  $1,000,000 \times 3\% = \underline{30,000}$

Then,

2025 net taxable + 2024 operating property →  $400,000,000 + 470,000$

Divide those figures →  $1,030,000 / 400,470,000$

New construction preliminary levy rate → .002571978

## Preliminary Levy Rates (Cont'd)

For new construction:

- Multiply the preliminary levy rate by the new construction value to determine budget increase allowed
- New construction value is required to be reduced to 90% value by the assessor
- Example:
  - NC preliminary levy rate = 0.002571978
  - NC roll value = \$19,440,000
  - NC budget increase =  $0.002571978 \times \$19,440,000 = \$49,999$
  - If budget was \$1,000,000, then increase <5% and no cap issues

## Preliminary Levy Rates (Cont'd)

New construction example:

- Highest of the last 3 years including replacements = \$900,000
  - Plus 3% growth = \$927,000
- 2025 locally assessed net taxable value = \$200,000,000
- 2024 operating property value = \$25,000,000
- 2025 new construction value = \$8,000,000
  - Already reduced to 90%
  - Do NOT include expiring urban renewal with new construction as it is not subject to the same limit
- Preliminary levy rate = 0.004120000
- Preliminary levy rate X new construction = \$32,960
- Cap on new construction ( $8\% - 3\% = 5\% \times 900,000$ ) = \$45,000

## Preliminary Levy Rates (Cont'd)

- For annexations:
  - Highest of the last 3 years (including replacements) + 3%
  - Locally assessed annexed value divided by locally assessed net taxable value = locally assessed portion of value related to annexation
  - Multiply that by prior year's operating property
    - Estimates operating property value for annexed area
  - Divide the highest of the last 3 years and 3% growth by:
    - 2025 locally assessed net taxable value, plus
    - prior year's operating property value, plus
    - annexed operating property value

## Preliminary Levy Rates (Cont'd)

- For annexations:
  - Multiply the annexation preliminary levy rate by 90% of the value of the annexed area
  - This determines budget growth from the annexation
  - Subject to 8% cap on budget growth (combined with 3% & new construction allowable increases)
    - High new construction growth may cause annexation budget growth to be capped

# Preliminary Levy Rates (Cont'd)

## Annexation example:

- Highest of the last 3 years including replacements = \$900,000
  - plus 3% growth = \$927,000
- 2024 operating property value = \$25,000,000
- 2025 locally assessed net taxable value = \$200,000,000
- 2025 new construction value = \$8,000,000
- 2025 locally assessed annexation value = \$3,000,000
- NC Preliminary levy rate = 0.004120000
- NC Preliminary levy rate X new construction = \$32,960
- Annexed operating property value =  $\left(\frac{3,000,000}{200,000,000} \times 25,000,000\right) = \$375,000$
- Annex. Preliminary levy rate =  $\frac{927,000}{375,000+200,000,000+25,000,000} = 0.004113145$
- Annex. Preliminary levy rate X 90% annexation  
=  $0.004113145 \times 0.9 \times 3,000,000 = \$11,105$
- Sum of NC & annexation budget growth = \$44,065
- Cap on NC & annexations (8% - 3% = 5% X \$900,000) = \$45,000

# Preliminary Levy Rates

2025 L-2 Worksheet			
District Name: Sample District		District Type:	
<b>Allowable Base Budget Calculation:</b>			
Highest of the Last 3 years Non-Exempt P-Tax Budget + P-Tax Replacements (from the 'Maximum Budget & Forgone Amounts Worksheet' and highlighted in the table above)	(1)	\$	753,404
Selected Base Budget Growth Entered on the Dashboard = 3% (cannot exceed 3% of line 1)	(2)	\$	22,602
<b>New Construction, Annexation, &amp; Expiring Urban Renewal Allowable Budget Increases Calculation:</b>			
<b>2024 Value of District's Operating Property from Each Applicable County:</b>		<b>Value</b>	
Ada	(3a)	\$	131,500,955
	(3b)		
	(3c)		
	(3d)		
Total 2024 Operating Property Value (total of lines 3a thru 3d):	(3)	\$	131,500,955
<b>2025 District's Net Taxable Value &amp; Estimated Sub-roll from Each Applicable County:</b>		<b>Value</b>	
Ada	(4a)	\$	123,456,789
	(4b)	\$	-
	(4c)	\$	-
	(4d)	\$	-
Total 2025 Net Taxable Value & Estimated Sub-roll (total of lines 4a thru 4d):	(4)	\$	123,456,789
<b>Preliminary Levy Rate for New Construction:</b>			
2025 New Construction Preliminary Levy Rate ((line 1 + line 2) / (line 3 + line 4)) = (\$776,006 / \$254,957,744)	(5)		0.003043665
<b>2025 Value of District's New Construction Roll from Each Applicable County:</b>		<b>Value</b>	
Ada	(6a)	\$	123,456
	(6b)	\$	-
	(6c)	\$	-
	(6d)	\$	-
Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 6a thru 6d)	(6)	\$	123,456
New Construction Roll Allowable Budget Increase (multiply line 5 by line 6)	(7)	\$	376

# Forgone Amounts

- Amount of a *previously allowable increase* in non-exempt property tax portion of budget that was NOT taken\*
- Example:
  - After certifying in 2024, the highest non-exempt property tax budget of the last 3 years was \$100,000
    - Including replacements but not solar farm tax
  - No new construction, annexation, or replacements
  - $\$100,000 \times 3\% = \$3,000 = \$103,000$  max for 2025
  - District certifies \$102,000 in 2025
  - Forgone amount available to reserve = \$1,000

\*Does not take into consideration levy rate limits

# Forgone Amounts (Cont'd)

- Example #2 (reduced budget):
  - After certifying in 2024, the highest non-exempt property tax budget of last 3 years was \$100,000
  - No new construction, annexation, or replacements
  - $\$100,000 \times 3\% = \$3,000 = \$103,000$  max for 2025
  - District certifies **\$90,000** in 2025
  - Forgone amount available to reserve = \$3,000
    - NOT \$13,000

# Forgone Amounts (Cont'd)

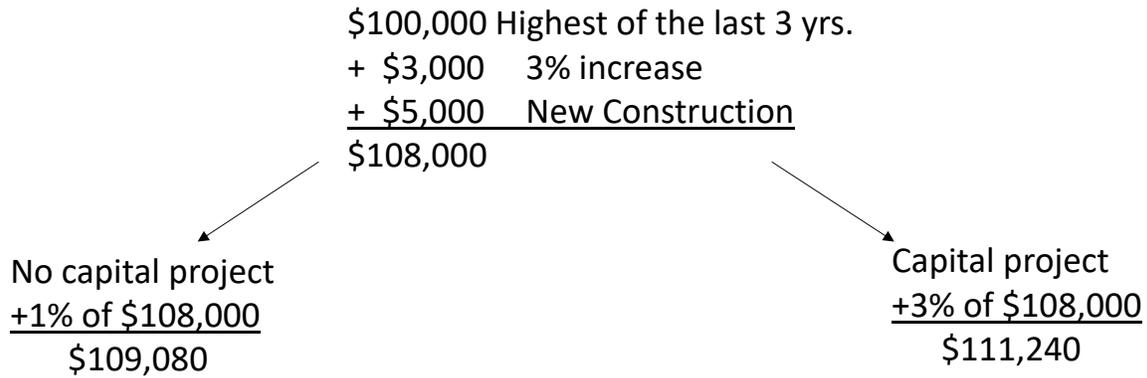
- Never expires
- Requires a resolution to reserve additional and/or recover
  - Resolution to recover due with L-2 form (must list specific purpose)
  - Resolution to reserve due by year-end
- Can be recovered with limitations:
  - Extra 1% increase for general purposes
    - Adds to future budget capacity
  - 3% temporary increase for “capital projects”
    - Tracked separately and not added into base property tax budget
    - Does NOT add to ongoing budget capacity
- Forgone recovered into the budget is not subject to the 8% cap
  - Could increase 4% in addition to the 8% (plus expiring U/R)

# Capital Projects

- Defined in I.C. §63-802:
  - “The construction, expansion, renovation, or replacement of public facilities, including the acquisition of land and other site improvements;
  - The construction, expansion, or reconstruction of public works improvements, including roads, bridges, water systems, sewer systems, and broadband systems; and
  - The purchase of equipment with a useful life of ten (10) years or more.”

# Forgone Amounts (Cont'd)

- Example #3:
  - Expanding budget capacity by recovering forgone amounts
  - \$5,000 forgone balance



For M&O and capital projects = up to 4%  
 $\$108,000 \times 1.04 = \$112,320$



# Forgone Amounts (Cont'd)

- A resolution is required to reserve forgone for future years

**LIBRARY DISTRICT #1**

**RESOLUTION 1-2020**

Statute requires the resolution specify the dollar amount of property taxes being reserved.

WHEREAS, Library District #1 intends to reserve its current year's forgone amount in the amount of \$500 and,

WHEREAS, the Library District #1 has met the notice and hearing requirements in Section 63-802, Idaho Code on reserve the current year's forgone amount,

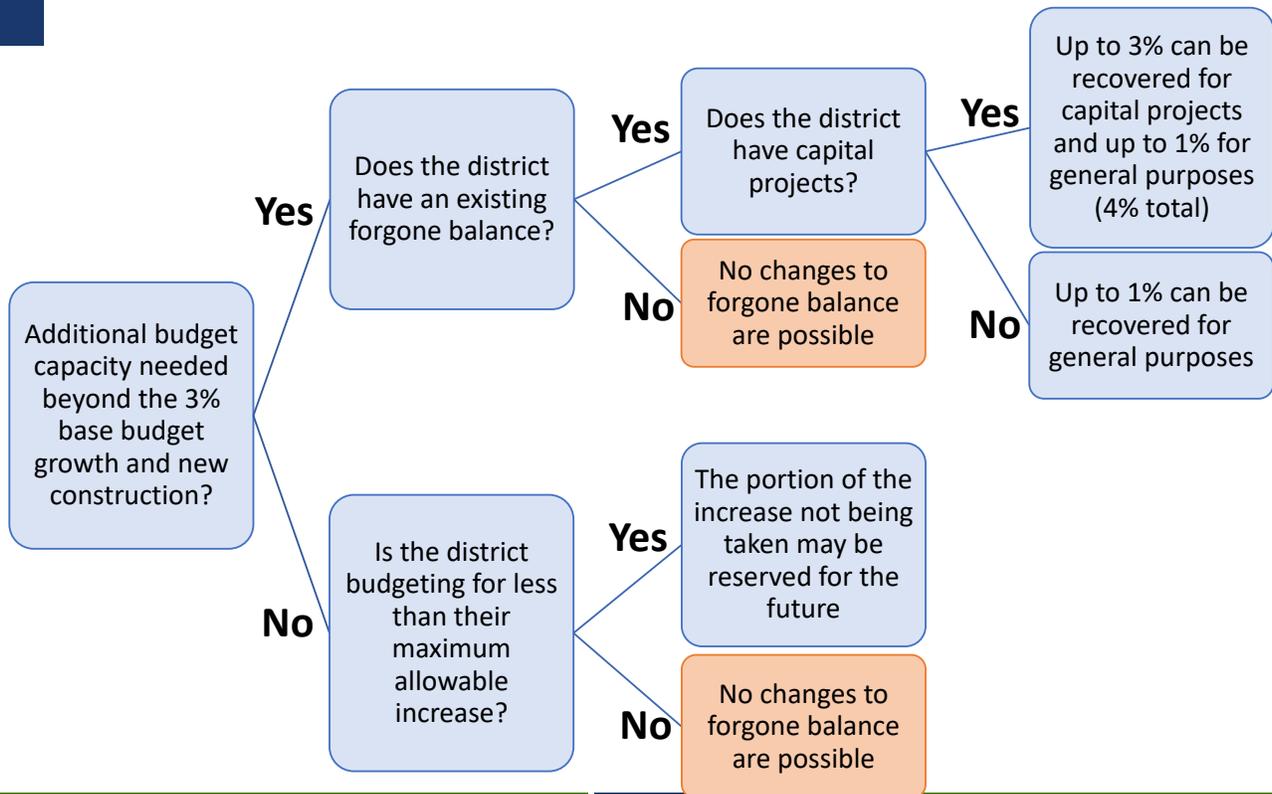
NOW THEREFORE BE IT RESOLVED, by the majority vote taken by the Board of Library District #1 Trustees on August 5, 2020, that the above stated amount is to be included in its total forgone amount for use at a future date.

DATED this 5<sup>th</sup> day of August 2020

Required to hold annual budget hearing	Not required to hold annual budget hearing.
Public hearing requirement to reserve forgone may be in conjunction with annual budget hearing.	Must hold a public hearing in order to adopt resolution to reserve current year's forgone amount.



# Forgone: A Decision Tree



## Budget & Levy Workshops - General Session Quiz #2



QUIZ?

<https://forms.office.com/g/TLLqG6SaDv>

# When is all this information available?

- Information available from the county clerk:
  - I.C. §63-802 property tax information is currently available and is on the STC's website. Look for the "Maximum Budget & Forgone Amounts Worksheet"
    - <https://tax.idaho.gov/governance/reports-and-statistics/>
  - New construction roll value – 4<sup>th</sup> Monday in July
  - Taxable value – 1<sup>st</sup> Monday in August
    - Locally assessed current year, estimated sub roll, & prior year operating property
  - Annexation values –
    - Real & personal (locally assessed) – 1<sup>st</sup> Monday in August
    - Operating property (assessed by STC) – 1<sup>st</sup> Monday in Sept.



## List of Property Tax Related Forms

- 2025 Dollar Certification of Budget Request to Board of County Commissioners L-2 ("L-2" for short)
- L-2 Worksheet (must be attached to the L-2 form)
- Voter-Approved Fund Tracker (if applicable)
- L-2 forms at this web address:
  - <https://tax.idaho.gov/taxes/property/property-tax-forms-guides-by-category/?property-tax-category=budget-and-levy>
- Maximum Budget and Forgone Amount Worksheet
  - [PowerBI report](#)
- Recovered/Recaptured Property Tax & Refund List





# State Tax Commission's Website:

[tax.idaho.gov](http://tax.idaho.gov)

**IDAHO STATE TAX COMMISSION**

Taxes ▾ Resource Center ▾ Forms and Guides ▾ Governance ▾ About Us ▾ Contact Us ▾

**FORMS**

- General Forms
- Tax Professional Forms
- Individual Income Tax Forms
- Business Income Tax Forms
- Withholding Forms
- Sales and Use Tax Forms
- Travel & Convention Tax Forms
- Beer Tax Forms
- Wine Tax Forms
- Cigarette Tax Forms
- Tobacco Tax Forms
- Fuels Taxes and Fees Forms
- IFTA Licenses Forms
- Property Tax Forms
- Property Homeowners Forms

**GUIDES**

- General Guides
- Individual Income Tax Guides
- Business Income Tax Guides
- Withholding Guides
- Sales and Use Tax Guides
- Property Tax Forms & Guides**
- Property Homeowners Guides
- Property Appraisers Guides
- Counties Guides
- IFTA Licenses Guides
- Guides for Certain Individuals
- Guides for Certain Groups
- Guides for Certain Businesses
- Guides for Tax Professionals

**MOST-REQUESTED FORMS**

- Request for Copies of Idaho Tax Returns
- Power of Attorney
- Public Records Request
- Sales Tax Resale or Exemption Certificate
- Employee's Idaho Military Spouse Withholding Exemption Certificate
- Estimated Payment of Individual Income Tax



State Tax Commission

62

Great people. Helping you. Serving Idaho.

# State Tax Commission's Website:

[tax.idaho.gov](http://tax.idaho.gov)

**IDAHO STATE TAX COMMISSION**

Taxes ▾ Resource Center ▾ Forms and Guides ▾ Governance ▾ About Us ▾ Contact Us ▾

Home / Taxes / Property / Property Tax Forms & Guides by Category

**Property Tax Forms & Guides**

Please select a property tax category.

**Forms**

25 entries per page

Form ID	Form Name
	2024 L-2 - County with Road & T
	2024 L-2 - General

**Forms and Guides**

- Homeowners
- GIS
- Counties
- Education
- Appraisers
- Operating Property
- Policy
- Related links
- Forms and Guides**
- Contact Property Tax

**Budget & Levy**

- Certification of levy rates L-1
- Deferral Or Reduction
- GIS
- Homeowners
- Operating Property
- Policy
- Timber & Forestland



State Tax Commission

63

Great people. Helping you. Serving Idaho.

EPR00110\_06-03-2025

# State Tax Commission's Website:

[tax.idaho.gov](http://tax.idaho.gov)



The screenshot shows the website header with the Idaho State Tax Commission logo and navigation menu. The main content area is titled 'Reports and Statistics' and includes a sidebar with links to 'About Us', 'Open Meetings', 'Rules', 'Reports and Statistics', 'Policy Documents', 'Decisions', and 'Statutes'. The main text describes the commission's reporting process and lists 'Multi-tax Reports' under the 'Property Tax – Budget & Levy' section. A red arrow labeled 'SCROLL' points down to the 'Property Tax – Budget & Levy' section, which contains three links: 'September Values Dashboard', 'December (year-end) Values Dashboard', and 'Maximum Budget & Forgone Amounts for 2025'.

## L-2 Forms

- On the web page, there will be 2 types of L-2 Excel workbooks:
  - General
    - Spreadsheet adapts to the selected district type
    - Some values are auto-filled when a district is selected (e.g., prior year operating property), so be certain that you have the correct district!
  - County with County Road & Bridge (NOT county-wide)
    - Sufficiently different to warrant a different form

# Rule 803

- L-2 submitted to each county must be signed
  - Please submit the Excel doc with the signed version
  - County must have the signed version, STC will receive the Excel spreadsheet for efficient review
- Unless otherwise provided for in Idaho Code, budget requests for the property tax funded portions of the budget cannot exceed the amount published in the notice of budget hearing, if a budget hearing notice is required
- Subtract all replacement monies on the L-2 worksheet



## Let's Look at the L-2 Workbook Together





## 2025 L-2 DASHBOARD

User Type: Taxing District Rep or County Clerk	Taxing District Rep
Select County From Drop Down Menu:	Power
Select District Type From Drop Down Menu:	City
Select District Name From Drop Down Menu:	City of Pocatello
Name of County or Counties This District Resides In:	
County Name:	Power
Multi-County District:	YES Bannock
More than two counties:	NO

<b>Percent Base Budget Growth Requested (max 3%)</b>		3.00%
Total 2025 Net Taxable Value + Estimated Sub-roll: (not including Operating Property)	Power	\$ 10,562,791
	Bannock	\$ 5,037,962,648
Enter 2025 New Construction value: (reported by County Assessor at 90%)	Power	\$ -
	Bannock	\$ 43,361,134
Does this district have annexation value for 2025?		Yes
Enter the value of the annexed area: (reported by County Assessor at 100%)	Power	\$ 5,678,910
	Bannock	\$ -
Does this district have expiring Urban Renewal?		No
Was this city annexed into a fire district this year?		No

<b>"Recovered/Recaptured Property Tax and Refund List" form data</b>	
Did this district receive Solar Farm Tax? (Column 1 of "Recovered/Recaptured Property Tax and Refund List")	No
Did this district receive income from recovered homeowner's exemptions? (Column 2 of the "Recovered/Recaptured Property Tax and Refund List")	No
Does the "Recovered/Recaptured Property Tax and Refund List" form have any amounts in column 3 for this district? (Recaptured QJE)	No
Does the "Recovered/Recaptured Property Tax and Refund List" form have any amounts in column 4 for this district? (Other reductions)	No

### Recovery of Forgone Amounts:

District's Existing Forgone Balance:	\$ 5,423,464
Will the district use its forgone balance to increase this year's budget?	Yes
Max Forgone Allowed to Recover for Maintenance & Operations (up to 1%):	\$ 356,990
Enter Amount of Forgone to be Recovered for Maintenance & Operations:	\$ 350,000
Max Forgone Allowed to Recover for Capital Projects (up to 3%):	\$ 1,070,971
Enter Amount of Forgone to be Recovered for Capital Projects:	\$ 1,050,000
Please complete and submit a resolution to recover forgone	

### Non-Exempt Budget Increase Calculation Summary

This section summarizes the allowable increases from the highest non-exempt property tax budget of the last 3 years (including replacements but not solar farm tax) (see 'L-2 worksheet' tab for calculation detail)		
Base budget increase selected (up to 3% selected above)	3.00%	\$ 1,030,063
New construction budget increase	0.87%	\$ 298,371
Annexation budget increase	0.10%	\$ 35,169
Effect of 8% cap on new construction & annexation increases	0.00%	\$ -
Other reductions to levying authority	0.00%	\$ -
Budget reduction if city annexed into fire district	0.00%	\$ -
Extra increase to the maximum budget from forgone amounts (Maintenance & Operations)	0.98%	\$ 350,000
Extra increase to the maximum budget from forgone amounts (Capital Projects)	2.94%	\$ 1,050,000
<b>Total non-exempt budget increase</b>	<b>8.05%</b>	<b>\$ 2,763,603</b>

# NEW!



Previous Three Years' Property Tax Budget Data			
District Name: Example			
Amounts from 'Maximum Budget & Forgone Amounts Worksheet':	2022	2023	2024
Non-exempt property tax levy amount	\$ 31,988,263	\$ 32,512,581	\$ 33,882,583
Agricultural Equipment Replacement Money (+)	\$ 1,884	\$ 1,884	\$ 1,884
2013 Personal Property Replacement Money (+)	\$ 351,527	\$ 351,527	\$ 351,527
2022 Personal Property Replacement Money (+)	\$ -	\$ 99,431	\$ 99,431
Recovered Homeowner's Exemptions (+)	\$ -	\$ -	\$ -
Other Reductions (+)	\$ -	\$ -	\$ -
Solar Farm Tax Revenue (not added until line 22 after all growth calculations)	\$ -	\$ -	\$ -
Forgone Recovered for Capital Projects (-)	\$ -	\$ -	\$ -
<b>TOTAL Non-Exempt Property Tax Budget (including replacements but not including solar farm tax revenue or forgone amounts recovered for capital projects):</b>	<b>\$ 32,341,674</b>	<b>\$ 32,965,423</b>	<b>\$ 34,335,425</b>

2025 L-2 Worksheet		
District Name: Example		District Type: City
<b>Allowable Base Budget Calculation:</b>		
Highest of the Last 3 years Non-Exempt P-Tax Budget + P-Tax Replacements (from the 'Maximum Budget & Forgone Amounts Worksheet' and highlighted in the table above)	(1)	\$ 34,335,425
Selected Base Budget Growth Entered on the Dashboard = 3% (cannot exceed 3% of line 1)	(2)	\$ 1,030,063



2025 L-2 Worksheet		
District Name: Example		District Type: City
<b>Allowable Base Budget Calculation:</b>		
Highest of the Last 3 years Non-Exempt P-Tax Budget + P-Tax Replacements (from the 'Maximum Budget & Forgone Amounts Worksheet' and highlighted in the table above)	(1)	\$ 34,335,425
Selected Base Budget Growth Entered on the Dashboard = 3% (cannot exceed 3% of line 1)	(2)	\$ 1,030,063
<b>New Construction, Annexation, &amp; Expiring Urban Renewal Allowable Budget Increases Calculation:</b>		
<b>2024 Value of District's Operating Property from Each Applicable County:</b>		
Power	(3a)	\$ 360,128
Bannock	(3b)	\$ 90,647,349
	(3c)	
	(3d)	
Total 2024 Operating Property Value (total of lines 3a thru 3d):	(3)	\$ 91,007,477
<b>2025 District's Net Taxable Value &amp; Estimated Sub-roll from Each Applicable County:</b>		
Power	(4a)	\$ 10,562,791
Bannock	(4b)	\$ 5,037,962,648
	(4c)	\$ -
	(4d)	\$ -
Total 2025 Net Taxable Value & Estimated Sub-roll (total of lines 4a thru 4d):	(4)	\$ 5,048,525,439
<b>Preliminary Levy Rate for New Construction:</b>		
2025 New Construction Preliminary Levy Rate ((line 1 + line 2) / (line 3 + line 4)) = (\$35,365,488 / \$5,139,532,916)	(5)	0.006881070
<b>2025 Value of District's New Construction Roll from Each Applicable County:</b>		
Power	(6a)	\$ -
Bannock	(6b)	\$ 43,361,134
	(6c)	\$ -
	(6d)	\$ -
Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 6a thru 6d)	(6)	\$ 43,361,134
New Construction Roll Allowable Budget Increase (multiply line 5 by line 6)	(7)	\$ 298,371
<b>2025 Value of District's Annexed Property:</b>		
2025 Full Taxable Value of Annexation from Property Assessed by County	(8)	\$ -
90% of Annexation Value Assessed by County	(9)	\$ -
Estimated Value of Annexed Operating Property (line 8 divided by line 4, then multiplied by line 3)	(10)	\$ -
2025 annexation preliminary levy rate ((line 1 + line 2)/(line 3 + line 4 + line 10))	(11)	0.006881070
Annexation allowable budget increase (multiply line 9 by line 11)	(12)	\$ -



<b>2025 Expiring Urban Renewal:</b>			
Total expiring Urban Renewal value	(13)		
80% of expiring Urban Renewal value	(14)		
Expiring Urban Renewal budget increase (line 5 multiplied by line 14)		(15)	\$ -
<b>8% Cap on Allowable Non-Exempt Budget Increases (Except Expiring Urban Renewal):</b>			
Total uncapped budget growth potential (Add lines 1+2+7+12+15)	(16)	\$ 35,663,859	
Total capped growth (max 8%) (line 1 X 1.08 + line 15)	(17)	\$ 37,082,259	
Non-exempt budget after growth calculations and 8% cap (lesser of lines 16 and 17)	(18)	\$ 35,663,859	
<b>Previously Forgone Increases &amp; Previous Solar Farm Tax:</b>			
Total accrued forgone balance (from the 'Maximum Budget and Forgone Amount Worksheet')	(19)	\$ 5,423,464	
Forgone amount to be recovered in this year's budget for Maintenance & Operations (up to 1% of line 19).	(20)	\$ -	
Forgone amount to be recovered in this year's budget for Capital Projects (up to 3% of line 19).	(21)	\$ -	
Solar Farm Tax received in the highest budget of the last 3 years (added in after all growth calculations)	(22)	\$ -	
Maximum non-exempt property tax budget before subtractions (line 18 plus lines 20 thru 22)	(23)	\$ 35,663,859	
<b>Property Tax Replacements:</b>			
Yearly amount of the agricultural equipment replacement money	(24)	\$ 1,884	
Yearly amount of the 2013 personal property replacement money	(25)	\$ 351,527	
Yearly amount of the 2022 personal property replacement money	(26)	\$ 101,671	
Recovered Homeowner's Exemption property tax	(27)		
Recaptured QIE	(28)		
Total Property Tax Replacements (Add lines 24 thru 28)	(29)	\$ 455,082	
<b>Other Subtractions from Levying Authority:</b>			
Other reductions reported in column 4 of the Recovered/Recaptured Property Tax list	(30)		
Solar Farm Tax received in the current year (7/1/24 - 6/30/25)	(31)		
Total additional revenues to be subtracted from levying authority (Add lines 30 & 31):	(32)	\$ -	
<b>Fire District Annexation (Cities Only):</b>			
If annexed by a fire district, the amount spent on fire services in the prior year is to be subtracted here	(33)	\$ -	
<b>For School Districts Only:</b>			
	(34)		
	(35)		
<b>Maximum Allowable Non-Exempt Property Tax That Can Be Levied (Including Forgone Amount):</b>			
Maximum non-exempt property tax budget including forgone amount (lines 23 - 29 - 32 - 33)	(36)	\$ 35,208,777	



2025 Dollar Certification of Budget Request to Board of County Commissioners L-2 (the "L-2 Worksheet" and applicable "Voter Approved Fund Tracker" and budget publication must be attached)					
District Name: Example					
Fund Name	Total Approved Budget*	Cash Forward Balance	Other revenue NOT shown in Column 5	Property Tax Replacements and Other Subtractions (Line 29 + Line 32 of 'L-2 Worksheet')	Balance to be levied Col. 2 minus (Cols. 3+4+5)
1	2	3	4	5	6
M&O	\$565,745			\$3,147	\$562,598
<b>NON-LEVIED FUNDS (must net zero)</b>					
Column Subtotal:	\$565,745			\$3,147	\$562,598
<b>Maximum Allowable Non-Exempt Property Tax Amount to be Levied:</b>					<b>\$563,998</b>
<b>Exempt Funds</b> (Bonds, Overrides, & Judgment Funds)					
63-1305 Judgments	\$12,345				\$12,345
Column Subtotal:	\$12,345				\$12,345
<b>Column Total:</b>	<b>\$578,090</b>			<b>\$3,147</b>	<b>\$574,943</b>
<b>Expected Totals (for balancing purposes, values from 'L-2 Worksheet')</b>				<b>\$3,147</b>	
I, the undersigned, attest that a public hearing was held and a resolution was adopted to:				<b>Max Reserved Forgone:</b>	\$1,400
RESERVE the current year's forgone amount, OR				<b>Reserved Forgone:</b>	
RECOVER forgone amounts (line 20 + line 21 of the 'L-2 Worksheet')				<b>Recovered Forgone:</b>	
I have attached the adopted and signed resolution indicating the amount of forgone to be reserved or recovered.				<b>Initials:</b>	



**Exempt Funds**  
(Bonds, Overrides, & Judgment Funds)

63-1305 Judgments	\$12,345				\$12,345
Column Subtotal:	\$12,345				\$12,345
<b>Column Total:</b>	<b>\$578,090</b>			<b>\$3,147</b>	<b>\$574,943</b>

**Expected Totals (for balancing purposes, values from 'L-2 Worksheet')** **\$3,147**

I, the undersigned, attest that a public hearing was held and a resolution was adopted to:  
 RESERVE the current year's forgone amount, OR  
 RECOVER forgone amounts (line 20 + line 21 of the 'L-2 Worksheet')

**Max Reserved Forgone:** \$1,400  
**Reserved Forgone:**  
**Recovered Forgone:**  
**Initials:**

I have attached the adopted and signed resolution indicating the amount of forgone to be reserved or recovered.

I certify that the amounts shown above accurately reflect the budget being certified in accordance with the provisions of I.C. §63-803. To the best of my knowledge, this district has established and adopted this budget in accordance with all provisions of Idaho Law.

<b>Printed Name</b>	<b>Signature of District Representative</b>	<b>Title</b>	<b>Date</b>
<b>Contact Name and Mailing Address</b>		<b>Email Address</b>	
<b>Phone Number (###) ###-### EXT ###</b>		<b>Fax Number (###) ###-###</b>	

\*Do not include revenue allocated to urban renewal agencies

# What to Submit?

- 2025 Dollar Certification of Budget Request to Board of County Commissioners L-2 (Signed)
- Budget hearing publication
- Voter-approved fund tracker
- If new voter-approved fund:
  - Canvass of votes
  - Ballot language
- Also submit:
  - Excel L-2 file (greatly expedites review & approval)

QUIZ?

Budget & Levy Workshops -  
General Session Quiz #3



<https://forms.office.com/g/XezrdG4Tgv>



# Q & A

What questions do you have for us?



# Appendix

-  ➤ Terminology
-  ➤ School District Exempt Fund List
-  ➤ 2025 Taxing District Calendar
-  ➤ Max Statutory Levy Rates
-  ➤ At Max Levy Issues
-  ➤ Fee Increases
-  ➤ What is New Construction?
-  ➤ Effects of consolidation or boundary changes on bonds
-  ➤ Computation of Forgone Amounts
-  ➤ 3-Year Budget Trap
-  ➤ Special Situations
-  ➤ Elections & Dates
-  ➤ Overriding the 3% Budget Cap
-  ➤ Plant Facilities Fund Notes
-  ➤ Fire/Ambulance District Exemptions
-  ➤ City/Highway Split
-  ➤ District Formations/Alterations

# Terminology

- **Net taxable market value** – total value of property within the boundaries of a taxing district, less exemptions
- **Budget** – for the purposes of this presentation, unless otherwise indicated, budget refers to the property tax portion of the budget
  - **Non-exempt funds** (subject to 3% cap) – refers to those funds not specifically exempted from the provisions of I.C. §63-802
  - **Exempt funds** (not subject to 3%) – bonds, overrides/supplemental (temporary & permanent), I.C. §63-1305 Judgments, and Library or Community College Plant Facilities
- **Levy Rate** – refers to a rate that is determined by dividing the district's individual fund(s) p-tax budget by the district's net taxable market value
  - Sometimes includes urban renewal increment (e.g., new voter-approved levies)

# Terminology

- **Approved non-exempt property tax budget** – non-exempt property tax dollars as approved by the STC including agricultural equipment & other p-tax replacement/recovery monies
- **Property tax replacement** – the sum of the agricultural equipment replacement & personal property replacement
- **Recovered/Recaptured Property Tax and Refund List** – amount of revenue distributed for Solar Farm Tax, Recovered H/E, QIE, PP, 1305C refund/recapture, and U/R penalties. Information provided by each county
- **Non-exempt property tax to be levied** – certified property tax budget minus Property Tax Replacement and Recovered/Recaptured Property Tax and Refund List funds, including I.C.§63-1305C recoveries

# Terminology

- **Locally assessed property** –
  - Real & personal property
  - Assessed by each county
- **Centrally assessed property** –
  - Operating property – utilities & railroads
  - Assessed by the State Tax Commission

# School District Funds Exempt From 3% Annual Increase Cap (I.C. §63-802)

Fund	Statute
Temporary Supplemental	I.C. §33-802(3)
Permanent Supplemental	I.C. §33-802(5)
Emergency	I.C. §33-805\63-805
Judgment	I.C. §33-802(1)
Tuition: Eligible Schools #92, 383, and 394	I.C. §33-1408
Cooperative Service Agency (COSA)	I.C. §33-317(2): 2/3 voter approval 10 yr. limit.
State Authorized Plant Facilities	I.C. §33-909 (levied by county in area of school district)
Plant Facilities	I.C. §33-804: 10 year limit.
Safe Schools Plant Facilities	I.C. §33-804A: 20 year limit.
COSA Plant Facilities	I.C. §33-317A
Budget Stabilization: Eligible Schools # 61, 92, 394, and 421	I.C. §33-802(2): Each has set maximum property tax budget.
Judgment	Refunds related to value appeals (ex. Board of Tax Appeals) See I.C. §63-1305 for details.

# 2025 Taxing District Calendar

Date	Idaho Code or Rule	Description
3/24/2025	63-1312(1)	County auditor notifies each district, other than school districts, of the prior year's total taxable value within such district.
4/30/2025	63-802A	Each taxing district will notify each appropriate county clerk of the date and location of its budget hearing.
5/27/2025	Rule 805.03	County clerk to submit list of districts failing to notify regarding budget hearings as per 63-802A.
6/2/2025	50-2903A	URAs with an RAA formed after 7/1/2016 must attest to the STC if a modification of their plan has occurred or that no modification has occurred.
7/21/2025	27-120, 40-802, and 39-1332	County auditor shall provide to each highway, hospital, and cemetery district a statement showing the aggregate market value for assessment purposes of all property in the district. For highway district only: in addition, shall provide the same information for each city in the highway district.
7/28/2025	Rule 802.08	County auditor shall report to each taxing district the value of new construction and annexation.
8/4/2025	63-1312(2)	County auditor shall notify the STC and each taxing unit of the taxable valuation of all taxable property within that district from the current year's property roll, previous year operating property roll, and the prior year's actual or current year's estimated subsequent and missed property rolls.
8/4/2025	Rule 803.06.b	County auditor shall notify each taxing district or unit of the total property tax replacement monies and identify the type of replacement money (thru June 30).
8/4/2025	Rule 803.06.d	County auditor shall notify each taxing unit of the gross earnings tax on solar farms billed for the current year (thru June 30).
No later than September 1	50-2913(3)(b)	STC shall notify appropriate board of county commissioners and city council of any urban renewal agency that failed to register its plans with the STC registry.
RAA = Revenue Allocation Area		SCO = State Controller's Office
STC = State Tax Commission		URA = Urban Renewal Agency

# 2025 Taxing District Calendar

Date	Idaho Code or Rule	Description
9/2/2025	63-410(1)	STC will certify operating property values to each county auditor.
9/4/2025	63-803(3)	Taxing districts certify their property tax budgets (in whole dollars) to each county unless an extension of not more than 7 working days is granted by the county commissioners. For school emergency fund, the due date is before the 2 <sup>nd</sup> Monday of September.
9/4/2025	Rule 810.01	STC will notify county clerks of the amounts distributed to each school district from the School District Facilities Fund. Levied amounts for each school district will be required to be reduced by these amounts.
9/8/2025	63-724(5)(b)	County Auditor shall certify the completed homeowner property tax relief roll to the STC.
9/15/2025	63-808(1)	Clerk of the board must prepare 4 certified copies of the record of levies and deliver one copy to the assessor, tax collector, state tax commission, and clerk's office.
9/15/2025	63-803(3)	Due date for taxing districts to certify their property tax budgets if granted an extension by the county commissioners.
9/15/2025	63-724(6)	STC shall certify to the county auditor and tax collector the amounts to be paid by the State to the counties for homeowner's property tax relief.
9/22/2025	63-808(2)	If an extension is granted by the county commissioners, due date for the clerk of the board to prepare 4 certified copies of the record of the levies and deliver one copy to the assessor, tax collector, state tax commission, and clerk's office.
10/27/2025	63-809(1)	Deadline for STC to approve budget and levies.
12/1/2025	67-1076	Before December 1 <sup>st</sup> , local governing entities must update registration information on the SCO's central registry. The STC and the county clerk of each county shall provide a list of all taxing districts & URAs within the state and county to the SCO.
12/1/2025	50-2913(2)	URAs shall submit their plans to the STC central registry.
12/31/2025	63-802(1)(f)	Resolutions to reserve forgone amounts must be completed and submitted to the STC.
1/15/2026	67-1076(7)(b)	SCO notifies county commissioners and STC of every entity failing to provide required information.
Prior to 2/15/2026	63-810(1)(b)	Last day of discovery of an erroneous levy due to clerical, mathematical, or electronic error. If discovered after this date, no correction is allowed.
RAA = Revenue Allocation Area		SCO = State Controller's Office
STC = State Tax Commission		URA = Urban Renewal Agency

## Max Statutory Levy Rates

### MAXIMUM STATUTORY LEVY RATES

This sheet is intended as an aid to help find maximum statutory limits of funds for all taxing districts. Where there is no specific decimal amount, refer to code section to insure correct application of law. (Revised: 5/11/22)

TAXING AUTHORITY	IDAHO CODE	MAX RATE
COUNTY		
Airport.....	21-404	.0004
For building and maintenance.		
Ambulance Service.....	31-3901	.0002 (No new funds after - 7/1/20)
Appraisal Program .....	63-314	.0004
Armory Construction .....	46-722	.0002
May jointly levy w/city. Total levy cannot exceed max levy.		
Bond Redemption .....	63-805, 31-1903	See Code
Building Construction .....	31-1008	.0006
Requires that a special election be held to create this fund and must pass with a 2/3 majority.		
Current Expense .....	63-805	.0026
Or a levy sufficient to raise \$250,000 whichever is greater.		
If there exists a Justice Fund, the maximum levy rate is 0.002 or a levy sufficient to raise \$250,000 whichever is greater.		
Justice .....	63-805	.002
Or a levy sufficient to raise \$250,000 whichever is greater.		
District Court.....	31-867	.0004

Currently available on the STC's website here:

[https://tax.idaho.gov/wp-content/uploads/pubs/EPB00092/EPB00092\\_05-11-2022.pdf](https://tax.idaho.gov/wp-content/uploads/pubs/EPB00092/EPB00092_05-11-2022.pdf)

# At Maximum Levy Rate?

- All districts have the availability to levy for comprehensive liability plan; it is called a Tort fund and it has no levy rate limit
  - It is part of your 3% property tax budget limit.
- Some districts have multiple property tax funds available (for example cities)

# Fee Increase Per Idaho Code §63-1311A

- Increase in excess of 5% of:
  - The last fee collected (individual not cumulative total), or
  - A decision to impose a new fee otherwise payable from property tax (see I.C. §63-1311)
- Requires notifying the public by:
  - Newspaper as defined by Idaho Code §60-106, or
  - 3 public meetings held in 3 different locations within the district's boundary, or
  - Single mailing notice to all district's residents

# By the way, what is “New Construction?”

- A method of increasing budget levy authority for:
  - New taxable improvements
  - New mobile homes moved into county
- Does NOT give additional budget authority for:
  - Existing property that increases in value
  - Exempt improvements that become taxable (with exceptions)
  - Otherwise-qualifying value increases within urban renewal RAAs
  - Change of land use

## New Construction

### I.C. §63-301A & §63-802 & Rule 802

- Includes 90% of taxable property first on tax roll in the current year:
  - New structures and newly occupied residences
  - Additions/alterations to existing non-residential structures
  - Installation of new/used manufactured housing that did not previously exist within the county
  - Newly taxable as a result of loss of inventory exemption (63-602W)
  - Improvements/installation of equipment used in conjunction with generation of electricity (not associated with apportioned property)
  - Prior eligible new construction identified and reported to county assessor (5-year limit to look back)

# Consolidation/Boundary Changes & Bonds

Territory Withdrawn From District	
Fire District: (I.C. §31-1437)	<u>Shall</u> continue to be subject to taxation for the payment of the principal of and interest on any indebtedness.
Cities: (I.C. §50-225)	Such alteration <u>shall not</u> relieve any territory excluded from the limits of a city from its liability on account of any outstanding bonded or other indebtedness of such city.
Consolidation of District	
Library: (I.C. §33-2710(4))	Existing bonded debt of any district or districts <u>shall not</u> become the obligation of the consolidated library district. The debt shall remain an obligation of the property which incurred the indebtedness.
Hospital: (I.C. §39-1356)	Existing bonded debt of any district or districts <u>shall not</u> become the obligation of the consolidated hospital district.
School: (I.C. §33-311)	The debt shall remain an obligation of the property which incurred the indebtedness.

# Computation of Forgone Amounts

- If recovering forgone amounts:
  - L-2 worksheet: line 19 minus lines 20 & 21 = next year's forgone balance
  - Assumes the district uses all the budget capacity requested
- If reserving forgone amounts:
  - L-2 worksheet: sum of 3% (line 2), new construction (line 7), annexation (line 12), and urban renewal budget increases (line 15)
    - May be capped at 8%, except for UR
  - If levying less than the max allowable (line 36), then these increases may be reserved for the future

Note: line #s different for special "County w/R&B" form

# 3-year Budget Trap

In the example below, what is the highest budget of the last 3 years (including p-tax replacements and substitute funds) and what year did it occur?

2022	2023	2024
\$ 629,405	\$ 547,139	\$ 581,165

Answer: **\$629,405 in 2022**

Assuming this district levies \$545,000 in 2025, what will be the highest budget of the last 3 years and what year did it occur?

Answer is: **\$581,165 in 2024**

# Special Situations

- **Newly created districts** – those formed during 2024 or first eligible to levy property taxes in 2025. No district is eligible to levy in year of formation (I.C. §63-807). Property tax budget may equal statutory maximum levy rate multiplied by 2025 net taxable value.
- **Districts which did not levy during 2022, 2023, and 2024** – limited to the total non-exempt dollar amount of the district's last property tax budget, excluding any available forgone amount, provided this amount does not result in a levy which exceeds a statutory levy rate.
- **Districts never levying property tax, exempt or non-exempt** – those formed before 2025 that have never levied any property taxes. Property tax budget may equal statutory maximum levy rate multiplied by 2025 net taxable value.

# Elections & Dates

- Election Consolidation (I.C. §34-106)
  - Most elections are handled by the county clerk. Provide ballot language as soon as you can, however, final ballot wording needs to be submitted to the county(ies) no later than the 10<sup>th</sup> Friday prior to the election day (HB 278 in 2025).

District Election Dates
3 <sup>rd</sup> Tuesday in May
Tuesday following the 1 <sup>st</sup> Monday in November

If joint, involve all county clerks.

# Overriding the 3% Budget Cap

- Available to all types of taxing districts
  - Two (2) year override –
    - Simple majority to pass
    - Temporary – expires in 2 years
    - Not allowed a 3% increase
  - Permanent override –
    - 2/3<sup>rd</sup> majority to pass (60% for qualifying cities)
    - Resets the non-exempt portion of a taxing district's property tax budget
    - Included in following year's 3% calculation
  - Both are fund-specific
  - Cannot exceed fund's levy limit (except highway district)
  - Schools have similar provisions for supplemental

# Overriding the 3% Budget Cap

Estimating the maximum amount of an override:

- A district's combined fund and override levy cannot exceed the fund's levy limit
- Below is one way to estimate the maximum p-tax amount of the override
- This example is based on a fire district wishing to use an override for its general fund (M&O; max levy rate = 0.0024)
- The district's maximum non-exempt p-tax budget (less replacements) is \$748,603

# Overriding the 3% Budget Cap

## Computation of Estimated Override

Net taxable market value from December Value Worksheet.	\$ 485,560,701
M&O fund's maximum levy rate limit.	0.0024
Net taxable market value times maximum levy rate.	\$ 1,165,346
Maximum M&O property tax budget. (w/o Override \$)	\$ 748,603
*Estimated annual amount of the override.	\$ 416,743

- This example is based on a fire district wishing to use an override for its general fund (M&O; max levy rate = 0.0024)
- The district's maximum non-exempt p-tax budget (less replacements) is \$748,603

**\*Exact amount cannot be determined until September 2025 when values for setting levies are known**

# Overriding the 3% Budget Cap

Reporting overrides on the L-2 form:

- An override is fund-specific, usually overrides the M&O or general fund. The combined override and M&O fund levy rates can't exceed the maximum levy rate of the M&O fund. In this example the maximum levy rate is 0.0024.
- Assumption: The 2025 net taxable market value is \$495,600,000. The levy rate for the M&O is 0.001510498 and the permanent override levy is 0.000840886 which totals 0.002351384. The total is less than the M&O maximum levy rate.

# Overriding the 3% Budget Cap

Reporting overrides on the L-2 form:

- This example reflects a permanent override
- To compute future increases, next year's highest of the last 3 year's non-exempt p-tax budget would be \$4,427, 576

2025 Dollar Certification of Budget Request to Board of County Commissioners L-2 (the "L-2 Worksheet" and applicable "Voter Approved Fund Tracker" and budget publication must be attached)					
District Name: Example Fire District					
Fund Name	Total Approved Budget*	Cash Forward Balance	Other revenue NOT shown in Column 5	Property Tax Replacements and Other Subtractions (Line 29 + Line 32 of 'L-2 Worksheet')	Balance to be levied Col. 2 minus (Cols. 3+4+5)
1	2	3	4	5	6
M&O	\$4,331,847	\$300,000	\$1,120	\$18,151	\$4,012,576
<b>NON-LEVIED FUNDS (must net zero)</b>					
Column Subtotal:	\$4,331,847	\$300,000	\$1,120	\$18,151	\$4,012,576
<b>Maximum Allowable Non-Exempt Property Tax Amount to be Levied:</b>					<b>\$4,012,576</b>
Exempt Funds (Bonds, Overrides, & Judgment Funds)					
Permanent Override	\$415,000				\$415,000
Column Subtotal:	\$415,000				\$415,000
<b>Column Total:</b>	<b>\$4,746,847</b>	<b>\$300,000</b>	<b>\$1,120</b>	<b>\$18,151</b>	<b>\$4,427,576</b>
<b>Expected Totals (for balancing purposes, values from 'L-2 Worksheet')</b>				<b>\$18,151</b>	

# Override Cautions

- Advise against including levy rates as part of ballot question
  - If voters approve the rate on the ballot and the values drop, the voter-approved levy rate would NOT generate the amount of money the district expected
  - In a permanent override, the binding effect of the rate could prevent future budget increases or even raising the same amount
  - Levy rate may be used as part of an example for demonstrating effects on taxpayers
- Use as much statutory language as possible (I.C. §63-802)
  - Consider terms such as “exceed” or “override” rather than “serial” (not found in law)
  - Don’t use “Advisory” vote if you mean to implement override

# Ballot Language

- STC is offering to review taxing district property tax-related ballot measure’s language before ballots are printed
- Bonds only – I.C. §34-913 outlines information that is to be on the official statement and the ballot for bonds
- Non-bond issues – (I.C. §34-914) Shall include in the ballot question or in a brief statement on the ballot but separate from the ballot question substantially as follows:
  - Purpose which the levy shall be used; date of election; and dollar amount estimated to be collected each year from the levy;
  - Estimated average annual cost to taxpayer in the form of “A tax of \$ per \$100,000 of taxable assessed value, per year, based on current conditions; and
  - The length of time reflected in months or years in which the proposed levy will be assessed
  - If replacing existing levy of same type, may include additional statement about the end of the previous levy and the proposed change in cost per \$100,000 of taxable assessed value

# Plant Facilities Fund Notes

- School, Library, and Community Colleges are the only taxing districts with authority to have this type of fund
- Various election majorities required
  - From 55% to 2/3
- Refer to I.C. §33-804 for details

# Fire & Ambulance District's Discretionary Exemptions

- Fire – I.C. §31-1425(2)
- Ambulance – I.C. §31-3908A
- The Board of County Commissioners, upon application, may, by an ordinance enacted no later than the 2<sup>nd</sup> Monday in July, exempt all or a portion of the unimproved real property within the district from taxation, and may exempt all or a portion of the taxable personal property within the district from taxation. Note: Formation ballot language can make this option moot
- Any ordinance must provide that each category of property is treated uniformly
- Notice of intent to adopt an ordinance which exempts unimproved real property shall be provided to property owners of record in same manner as required in I.C. §67-6511(2)(b) (zoning district boundary change)
- Documentation required if option is used

# Rule 808 – Documentation by Taxing Districts

- If an Ambulance or Fire district elects the property categories to be taxed, documentation of such election must be provided to **each** county clerk
- No documentation required if taxable categories limited by statute (i.e., Flood Control cannot levy on personal property)
- County clerk must provide documentation to STC by the 1<sup>st</sup> Monday of August each year



## Fire District Exemptions I.C. §31-1425(1)

### Utility Agreements:

- All public utilities shall be exempt from taxation by fire districts
- The board of fire protection commissioners may enter into an agreement with a public utility for the purpose of affording protection provided by the fire district to all, or such portion, of the property of the public utility as may be agreed upon. Any such agreement must be signed by both the fire district and the public utility.
- Copies of any agreement must be filed with the county clerk and the State Tax Commission. Considered in effect until cancelled by either party
- NUGs: Non-utility generators (e.g., small Hydros, and Anaerobic Digestors) pay property taxes to fire districts. No agreement required.



# Fire District Budgets w/Utility Agreements (I.C.§63-802(2))

- A one-time budget increase is allowed
- The same utility property cannot be double-counted if an agreement lapses and is replaced with a new agreement

Example:

2025 value of consenting utility	\$ 5,000,000
<u>Fire district's 2024 non-exempt levy rate</u>	<u>X 0.0018</u>
Additional budget allowance	\$ 9,000
(built into base for future 3% increases)	

# Highway/City Fund Sharing

- I.C.§40-801(1)(a) states that any levy made shall be proportionately apportioned (50% of this fund's levy applied to taxable property within cities in the districts) to all cities within the highway district boundary
  - On the L-2, show the entire amounts: DO NOT deduct the amount anticipated for the cities
- No other property tax fund is shared with the cities
- If the highway district certifies a levy as "M&O" or "General" it is assumed to be I.C. §40-801(1)(a) levy and revenue is split with the cities in the district

# Example of City/Highway I.C. §40-801(1)(a) Split Computation

## Computation of City/Highway M&O Split

Enter the Highway District's Net Taxable Value Below:

201,609,913

Enter the Highway District's 40-801 (1)(a) levy rate:

0.001478221

= \$298,024 Total P-Tax levied

Enter City Name below:	Enter the Net Taxable Value for the City	Estimated Hwy M&O Split For Each City
City A	33,665,425	24,882.47
City B	20,225,223	14,948.67
City C	13,686,965	10,116.18
		0.00
		0.00
		0.00
		0.00
<b>Total to cities:</b>	<b>67,577,613</b>	<b>49,947.32</b>

- This example multiplies the §40-801(1)(a) fund's levy rate by the city's net taxable value and divides the result by 2
- This is the estimated amount that will be distributed to the city from the total property tax collection of the fund
- Note: The highway district should certify \$298,024 for its property tax budget.
  - It will receive \$49,947 less

## District Formation/Alterations

- General document requirements:
  - An ordinance, order, or resolution must:
    - Be recorded with the county clerk, filed with the county assessor, and signed by the appropriate authoritative official
    - Include a legal description describing the boundary of the formation/alteration
    - Include a legible map that matches the legal description and clearly identifies the boundary of the formation/alteration
    - Provide current contact information for the taxing district
  - Important dates & deadlines:
    - A hard copy must be filed with the STC within 30 days of the effective date of formation/alteration, but no later than January 10<sup>th</sup> of the effective year
    - The ordinance, order, or resolution must be signed by December 31<sup>st</sup> to be reflected in the changes for the next effective year

Send hard copies to: Idaho State Tax Commission, Attn: GIS Dept, P.O. Box 36, Boise, ID 83722-0410

Email: [gis@tax.idaho.gov](mailto:gis@tax.idaho.gov) Phone: 208-334-7718

For more information, please visit the link "How to Submit an Annexation" on the ISTC GIS/Cartography website: <https://tax.idaho.gov/gis/>

Reference: I.C. §63-215, Idaho Administrative Rule 35.01.03 Section 225

## Election to Create a New Taxing District

- I.C.§63-802C
- County clerk where proposed taxing district is to be shall:
  - Mail notice of election to all residences/residents who are eligible to vote
  - Notice to be mailed not less than 14 days prior to day of election
    - Shall state with specificity purpose of election
    - Date of election
    - Polling places
    - Time the polls will be open
    - Aggregate amount of taxes that will be raised in the proposed district and the increase that will occur per \$100,000 of taxable value of property, above any exemptions, of residential property, commercial property, industrial property, land actively devoted to agriculture and operating property
  - County clerk may bill the proposed taxing district for replacement of costs of administering this section
- Compliance with this section shall satisfy any notice or publication requirement as may be provided by law

## Changing Name of Taxing District

- I.C.§67-2321
  - Governing body of a taxing district must follow publication and hearing rules
  - Certified copy of the resolution must be filed with the STC and with the county recorder of each county in which the jurisdiction is situated