PROPERTY TAX RULES COMMITTEE
AGENDA

The Committee convenes on Thursday, May 21, 2015, at 9:00 a.m. at:

Idaho State Tax Commission
Room 1CR5 / Plaza IV / 800 Park Ave / Boise, Idaho

Welcome & Introductions
Approval of Minutes – April 14 Meeting
Report on Status of Temporary Rules
Rules Status Report

Rules Discussion (Property Tax Rules)

Rule 315(NR) – Use of Ratio Study to Equalize Boise School District
Rule 626(NR) – Property Exempt from Taxation – Certain Personal Property
Rule 803 – Budget Certification – Dollar Certification Form (L-2)

Misc. Matters for Discussion

Community infrastructure districts – Levy in year of formation.

Set Next meeting date:

Meeting adjourned

For more information, please contact the Committee Chair, or the Rules Coordinator at sherry.briscoe@tax.idaho.gov or at 208.334.7544. All agendas and rules related documents are posted on our website under the appropriate committee.
Minutes from the March 31, 2015 meeting were approved.

Alan reviewed the 2015 Legislative Session Property Tax – House and Senate Bill Tracking Report.

<table>
<thead>
<tr>
<th>Bill #</th>
<th>Sponsor</th>
<th>Status</th>
<th>comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>HB 0027</td>
<td>Tax Commission</td>
<td>Law</td>
<td>No rule making needed</td>
</tr>
<tr>
<td>HB 0028</td>
<td>Tax Commission</td>
<td>Law</td>
<td>Requires some rule changes and a Temp Rule</td>
</tr>
<tr>
<td>HB 0029a</td>
<td>Tax Commission</td>
<td>Law</td>
<td>Requires some rule changes and a Temp Rule</td>
</tr>
<tr>
<td>HB 0076</td>
<td>Rep Kauffman</td>
<td>Law</td>
<td>Requires some rule changes</td>
</tr>
<tr>
<td>HB 0156</td>
<td>Rep Kauffman</td>
<td>Law</td>
<td>Glenna will check on her questions</td>
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<tr>
<td>HB 0208</td>
<td>Sen Burgoyne</td>
<td>Law</td>
<td>No rule making needed</td>
</tr>
<tr>
<td>HB 0212</td>
<td>Tim Hurst</td>
<td>Law</td>
<td>No rule making needed, but it will be discussed at the Budget &amp; Levy workshops</td>
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</table>

**STATUS REPORT:** Rick presented a brief status report on the rules

- **006** Adopt by reference – updates standard reference manuals and guides: Effective date Jan 1, not negotiated. Tabled until June.
- **312** Partial Year Assessment of Real and Personal Property: Tabled indefinitely
- **626** Property Exempt from Taxation – Certain Personal Property: Temp & proposed negotiated rule
- **627** Property Exempt from Taxation – Ownership Clarification
- **632** Property Exempt From Taxation – Oil or Gas Related
- **645** Land Actively Devoted to Agriculture Defined
- **802** Budget Certification Relating to New Construction: Not negotiated
- **803** Budget Certification – Dollar Certification Form (L-2): Temp & proposed
- **804** Tax Levy – Certification – Urban Renewal Districts: Temp & proposed
OLD BUSINESS:

Rule 626: PROPERTY EXEMPT FROM TAXATION – CERTAIN PERSONAL PROPERTY. Negotiated rule, conforming it to HB29, sub. 3.b. Alan will rewrite and bring to the May meeting.

Rule 627: PROPERTY EXEMPT FROM TAXATION – OWNERSHIP CLARIFICATION. Approved to publish with corrections, delete the cross reference, changes conform to law and are non-substantive. Not negotiated.

Rule 645: LAND ACTIVELY DEVOTED TO AGRICULTURE DEFINED. Approved to publish with corrections. Sharon did not discuss this with the other assessors. Statute 63-602 has an April 15 deadline for this same exemption, discussed moving the date in the rule to April 15, instead of March 15. Not negotiated.

Rule 802: BUDGET CERTIFICATION RELATING TO NEW CONSTRUCTION AND ANNEXATION. Approved to be published with corrections, to be consistent with statutory changes. Not negotiated.

Rule 803: BUDGET CERTIFICATION – DOLLAR CERTIFICATION FORM (L-2). Will be discussed at the Budget and Levy workshops. Alan will take another look at this and check for consistency regarding 63-602KK7. Both temporary and permanent rule, conforms with HB 28 and 29. Not negotiated. Will be discussed at the May meeting.

Rule 804: TAX LEVY – CERTIFICATION – URBAN RENEWAL DISTRICTS. Needs a temporary and permanent non-negotiated rule for school emergency fund levies, conforms to statute. The temporary and permanent rule will be identical. Approved to be published with corrections.

MISC. MATTERS FOR DISCUSSION:

- **Rule 315** – Rick will check with Nancy at the Boise School District if they have a drop dead date beyond which they can’t adjust their budget for the year. Rick found a statutory reference that deals with dissolving urban renewal districts, where the revenue allocation areas, with a proviso that it only applies to charter school districts with M & O levies. Bob, Brad & Chris will review Rule 315 to see if they have any issues on the increment value as it pertains to Ada County. This will be a negotiated rule.

- **Community infrastructure Districts** – The issue is if they can levy in the year they form. Bob will check what Ada County’s ability is, and how late can it go to form a new tax code area.

Next Meeting Date: Thursday, May 21, 2015, 9:00 a.m. in 1CR5

Alan Dornfest
Chairman

Sherry Briscoe
Rules Coordinator
<table>
<thead>
<tr>
<th>Rule #</th>
<th>Date PARF Approved By Agency</th>
<th>Date DFM Sent (ISTC Number)</th>
<th>Date Approved By DFM</th>
<th>Rule Status</th>
<th>Date of Draft</th>
<th>Comments</th>
<th>Date Sent For Publication</th>
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<tbody>
<tr>
<td>006</td>
<td></td>
<td></td>
<td></td>
<td>Tabled until the June Meeting; Draft 2 includes a Jan. 1, 2016 effective date</td>
<td>Draft 2, Mar 19, 2015</td>
<td>Adopt by reference – updates standard reference manuals and guides</td>
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<tr>
<td>315(NR)</td>
<td></td>
<td></td>
<td></td>
<td>On today’s agenda</td>
<td>Draft 1, April 10, 2015</td>
<td>Raa dissolution, increment value and the Boise School District; Nancy Landon has been contacted</td>
<td></td>
</tr>
<tr>
<td>626(NR)</td>
<td>5/14/15</td>
<td></td>
<td></td>
<td>On today’s agenda; HB 29 clarifications</td>
<td>Draft 1a, April 14, 2015</td>
<td>No location report necessary for PP, Small railcar process outlined</td>
<td></td>
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<tr>
<td>627</td>
<td>Approved by committee April 14, 2015</td>
<td></td>
<td></td>
<td>Tabled until the June Meeting</td>
<td>Draft 1a, April 14, 2015</td>
<td>HB 29 Change taxpayer to person</td>
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<tr>
<td>632</td>
<td></td>
<td></td>
<td></td>
<td>Approved by committee April 14, 2015</td>
<td>Draft 1a, April 14, 2015</td>
<td>Conforms rule to law (SB 1213, 2014) 63-602 by deleting application requirement</td>
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<tr>
<td>645</td>
<td>Approved by committee April 14, 2015</td>
<td></td>
<td></td>
<td>Approved by committee April 14, 2015</td>
<td>Draft 1a, April 14, 2015</td>
<td>Change due date to conform with application due date</td>
<td></td>
</tr>
<tr>
<td>802</td>
<td>Approved by committee April 14, 2015</td>
<td></td>
<td></td>
<td>Approved by committee April 14, 2015</td>
<td>Draft 2a, April 14, 2015</td>
<td>New Construction reported to counties by tax commission</td>
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<tr>
<td>803</td>
<td>5/14/15</td>
<td></td>
<td></td>
<td>On Today’s agenda</td>
<td>Draft 4, April 16, 2015</td>
<td>HB 28 – Adds back Pers. Prop. exemption amount when computing hypothetical levy to be applied to new construction.</td>
<td></td>
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<tr>
<td>804</td>
<td>5/14/15</td>
<td></td>
<td></td>
<td>Approved by committee April 14, 2015</td>
<td>Draft 1, April 14, 2015</td>
<td>HB76 – no funds for urban renewal from levy for School Emergency Fund levy</td>
<td></td>
</tr>
</tbody>
</table>

**Discussion Issues**
<table>
<thead>
<tr>
<th>Issue</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community infrastructure districts may levy in the year of formation?</td>
<td>Open - On April 14 agenda for discussion</td>
</tr>
</tbody>
</table>
315. USE OF RATIO STUDY TO EQUALIZE BOISE SCHOOL DISTRICT (RULE 315).
Sections 63-315, 33-802(6) Idaho Code.

01. Procedures for Boise School District Ratio Studies. The ratio study conducted by the State Tax Commission to comply with the requirements of Section 63-315, Idaho Code, shall be conducted in accordance with the “Standard on Ratio Studies” referenced in Rule 006 of these rules. The following specific procedures will be used.

a. Information on property sales, which meet the requirements of arm’s length and market value sales, will be obtained and assembled into samples representing various primary categories, described in Subsections 130.02 through 130.06 of these rules, and secondary categories, described in Rules 510, 511, and 512 of these rules, within designations defined in Subsection 315.02 of this rule in the Boise School District. Except when sales or appraisals must be added or deleted to improve representativeness, sales used will be those occurring within the Boise School District between October 1 of the year preceding the year for which adjusted market value is to be computed and September 30 of the year for which adjusted market value is to be computed. Each sale price is to be adjusted for time and compared to market value for assessment purposes for the year for which adjusted market value is to be computed. The State Tax Commission may use sales from extended time periods and may add appraisals when data is lacking. The State Tax Commission may delete sales when necessary to improve representativeness.

b. A ratio will be determined for each sale by dividing the market value for assessment purposes of the property by the adjusted sale price or appraised value.

c. A statistical analysis is to be conducted for the sales and any appraisals in each property designation described in Subsection 315.02 of this rule in the Boise School District and appropriate measures of central tendency, uniformity, reliability, and normality computed.

d. With the exception of any property designations with extended time frames or added appraisals, if fewer than five (5) sales and appraisals are available, no adjustment to the taxable value of the designation will be made.

e. If there are five (5) or more sales and appraisals and it is determined with reasonable statistical certainty that the property designation is not already at market value for assessment purposes, an adjusted market value will be computed for the Boise School District by dividing the taxable value for the year for which adjusted market value is to be determined by the appropriate ratio derived from the ratio study. The appropriate ratio to be used shall be the weighted mean ratio calculated from the sample for each designation, unless it can be clearly demonstrated that this statistic has been distorted by nonrepresentative ratios. In this case the median may be substituted.

f. Within the Boise School District, adjusted market value or taxable value for each primary and each applicable secondary category of real, personal and operating property will be
summed to produce the total adjusted market value for the Boise School District. The Boise School District taxable value will then be divided by this adjusted market value to produce the overall ratio of assessment in the Boise School District. Statewide totals are to be calculated by compiling county totals. (4-2-08)

g. Urban renewal increment values will not be included in the taxable value or the adjusted market value for the Boise School District. Upon receipt of an urban renewal agency’s resolution recommending the adoption of an ordinance for termination of a revenue allocation area by December 31 of a given year, the increment value in the immediate prior year will be included in the taxable value and the adjusted market value for the Boise School District. If the resolution is received prior to the first Monday in April, the actual value for the immediate prior year shall be adjusted by adding the increment value. If any ratio study based adjustments are warranted, as provided in this rule, they shall be applied to the actual value including the increment value. If the resolution is received on or after the first Monday in April, a corrected certification of value shall be provided as soon as practical. (4-2-08)

h. “Reasonable statistical certainty,” that the property designation in question is not at market value for assessment purposes, is required. Such certainty is tested using ninety percent (90%) confidence intervals about the weighted mean or median ratios. If the appropriate confidence interval includes ninety-five percent (95%) or one hundred five percent (105%), there is not “reasonable statistical certainty” that the property designation is not at market value for assessment purposes. (3-30-01)

i. Primary and secondary categories subject to adjustment following the procedure outlined in this rule and ratio study designations from which measures of central tendency used for adjustments will be derived are:

<table>
<thead>
<tr>
<th>Secondary Categories</th>
<th>Primary Categories</th>
<th>Ratio Study Designations</th>
</tr>
</thead>
<tbody>
<tr>
<td>12, 15, 18, or 20</td>
<td>Vacant Residential Land</td>
<td>Residential</td>
</tr>
<tr>
<td>10, 12, 15, 18, 20, 26, 31, 34, 37, 40, 41, 46, 47, 48, or 50</td>
<td>Improved Residential Property</td>
<td>Residential</td>
</tr>
<tr>
<td>47, 49, or 65</td>
<td>Manufactured Home on Leased Land</td>
<td>Residential</td>
</tr>
<tr>
<td>11, 13, 14, 16, 17, 21, or 22</td>
<td>Vacant Commercial or Industrial Land</td>
<td>Commercial</td>
</tr>
<tr>
<td>11, 13, 14, 16, 17, 21, 22, 27, 33, 35, 36, 38, 39, 42, 43, or 51</td>
<td>Improved Commercial or Industrial Property</td>
<td>Commercial</td>
</tr>
</tbody>
</table>
j. For all secondary categories, described in Rule 510, 511, or 512 of these rules but not contained in the list in Paragraph 315.01.i. of this rule, adjusted market value will equal taxable value.

k. “Appraisal” or “appraised value” refers to any State Tax Commission provided independently conducted property appraisal.

02. Use of Property Designations. In computing the ratio for the Boise School District, the State Tax Commission will designate property as residential or commercial and shall assign appropriate primary categories, described in Subsections 130.02 through 130.06 of these rules, and secondary categories, described in Rules 510, 511, and 512 of these rules, to these designations as shown in Paragraph 315.01.i. of this rule. For the Boise School District, adjusted market value shall be computed by dividing the appropriate ratio ascertained for each of these designations into the sum of the taxable values for each primary and secondary category assigned to a designation. Except as provided in Subsection 315.06 of this rule, for the taxable value in any secondary category to be included in said sum, at least one (1) observation (sale or appraisal) from that secondary category must be present in the ratio study. If the ratio for any given designation in the Boise School District indicates that the market value for assessment purposes cannot be determined with reasonable statistical certainty to differ from statutorily required market value, the taxable value shown on the Boise School District abstract(s) required pursuant to Subsection 315.04 of this rule for each of the secondary categories included in that designation shall be the adjusted market value for said designation for said school district.

03. Assessor to Identify Boise School Districts. Each county assessor will identify for the State Tax Commission which sales submitted for the ratio study are located within the Boise School District.

04. Abstracts of Value for the Boise School District. Each applicable county auditor shall provide to the State Tax Commission abstracts of the taxable value of all property within the portion of the Boise School District in that county. These abstracts shall be submitted in the same manner and at the same time as provided for county abstracts of value.

05. Urban Renewal Increment and Exemptions to be Subtracted. The taxable value of each primary or secondary category within the Boise School District shall not include the value that exceeds the value on the base assessment roll in any urban renewal district pursuant to Chapter 29, Title 50, Idaho Code, and shall not include the value of any property exempt from property tax.

06. Exception from Requirement for at Least One Observation for Use of Secondary Category in Adjusted Value Determination. Properties identified as secondary categories 10 and 31 rarely sell separately from farms and therefore do not appear in any ratio study. However, the level of assessment typically is similar to that of other rural residential property, including property in secondary categories 12, 15, 34, and 37. For any ratio study where
there is an adjustment to be made to the assessed values in the residential designation, such adjustment shall be applied to any assessed value in secondary category 10, provided there is at least one (1) observation (sale) of property identified in either secondary category 12 or 15. Such adjustment shall also be applied to any assessed value in secondary category 31, provided there is at least one (1) observation (sale) of property identified in either secondary category 34 or 37.

07. **Certification of Values.** The values required to be certified to the county clerk by the first Monday in April each year under Section 63-315, Idaho Code, shall be published on the State Tax Commission’s web site or provided in an alternate format on request by the first Monday in April each year to satisfy this required certification. (3-30-07)

08. **Cross References.** The primary categories are described in Subsections 130.02 through 130.06 of these Rules, and the secondary categories are described in Rules 510, 511, and 512 of these rules. The requirement to add increment value following dissolution of an urban renewal revenue allocation area is found in Section 33-802(6), Idaho Code. (3-30-07)
626. PROPERTY EXEMPT FROM TAXATION -- CERTAIN PERSONAL PROPERTY (RULE 626).

01. Locally Assessed Property - Application Required.
   a. The taxpayer must file one (1) or more of the lists of taxable personal property as required by Section 63-302, Section 63-313, or Section 63-602Y, Idaho Code if the total market value of the property to be listed is greater than one hundred thousand dollars ($100,000). The filing of said list(s) shall constitute the filing of an application for exemption. For purposes of reporting personal property, the value is to be based on market value, not book value.
   b. Taxpayers establishing initial eligibility for the exemption provided in Section 63-602KK(2), Idaho Code, may in lieu of a list, file only an application attesting to ownership of otherwise taxable personal property having a cost of one hundred thousand dollars ($100,000) or less. In providing such cost, newly acquired personal property items acquired at a price of three thousand dollars ($3,000) or less, that are exempt pursuant to Section 63-602KK(1), Idaho Code, shall not be included. The application must be filed no later than April 15th of the first year for which the exemption is claimed.

02. Locally Assessed Property - Taxpayers’ Election of Property Location.
   a. Multiple Locations Within County. In cases where the taxpayer has personal property located in multiple places within the county, the taxpayer may elect the location of the property to which the exemption will apply by filing the “Idaho Personal Property Exemption Location Application Form” available from the state tax commission (Commission) for this purpose. To make the election for property required to otherwise be listed as provided in Section 63-302, Idaho Code, the form must be filed with the county assessor by April 15. For taxpayers with personal property required to be listed as provided in Sections 63-602Y and 63-313, Idaho Code, any application specifying the location of the property to which the exemption provided for in Section 63-602KK(2) will apply, must be filed by the dates specified for filing the lists required by these Sections. Should the taxpayer not make an election as to where to apply the exemption, the county shall have discretion regarding the property to which the exemption shall apply. However, to the extent possible and assuming the assessor is not aware of any changes in eligibility, the exemption will be first applied to the same property to which it applied in the immediate prior year.
   b. Multiple locations in different counties. The one hundred thousand dollar ($100,000) limit on the exemption applies to a taxpayer’s otherwise taxable personal property within any county. If the taxpayer owns qualifying personal property in more than one county, the limit is one hundred thousand dollars ($100,000) in market value per county.

03. Centrally Assessed Property - Application Required.
a. Except for private railcar fleets, the taxpayer may file a list of personal property located in Idaho with the operator’s statement filed pursuant to Rule 404 of these rules. The filing of such a list shall constitute the filing of an application for this exemption. Except as provided in Subsections 626.03.b. and c. of this rule, for such personal property to be considered for the exemption, the operator’s statement must include:

   i. A description of the personal property located in Idaho, including any tax code area in which the personal property subject to assessment as situs property is located.

   ii. Cost and depreciated cost of the personal property located in Idaho.

   iii. The county in which the personal property is located, if the taxpayer wishes to receive the exemption on property located in more than one county.

b. For private railcar fleets subject to assessment by the Commission, the filing of the annual operator’s statement shall constitute application for this exemption. Idaho taxable value shall be reduced by subtracting the lesser of the Idaho taxable value before the exemption or the product of one hundred thousand dollars ($100,000) times the number of counties in Idaho in which the fleet operates. The Commission shall, after using apportionment procedures described in Rule 413 of these rules to apportion the market value of these fleets, allow an exemption of up to one hundred thousand dollars ($100,000) to be applied to the apportioned market value within each county within which the railcar fleet operates. Provided that the remaining taxable value is five hundred thousand dollars ($500,000) or greater, this value is to be further apportioned to each taxing district and urban renewal revenue allocation area in accordance with procedures described in Rule 415 of these rules.

c. After subtraction of the personal property exemption calculated as provided in Subsection 626.03.b of this rule, for private railcar fleets subject to assessment by the Commission, and having an Idaho taxable market value of less than five hundred thousand dollars ($500,000), neither the final amount of the exemption nor the taxable value of the fleet shall be subject to apportionment and the remaining taxable value shall be taxed as provided in Rule 415 of these rules.

d. When operating property companies have locally assessed property, any exemption pursuant to Section 63-602KK(2), Idaho Code must be applied to the locally assessed property first. In this case, the county assessor must notify the Commission of the value of the exemption granted. If such exemption is entered on the property roll, such notification must be made by the first fourth Monday in August July. After notice by the Commission of the amount of exemption granted to the centrally assessed property, the assessor may make adjustments to assessed values to be entered on any subsequent or missed property rolls to ensure that the exemption does not exceed $100,000 (one hundred thousand dollars) ($100,000) for any taxpayer. The Commission will then reduce the amount of the exemption otherwise to be granted to the centrally assessed operating property of the company by the exemption value reported by the assessor. This reduction will be made before determining the company’s Idaho taxable value. No additional exemption pursuant to section 63-602KK(2) will be granted for any locally assessed property of operating property companies.
04. **Centrally Assessed Property – Taxpayers’ Election of Property Location.**

Except for private rail car fleets having an Idaho taxable value of five hundred thousand dollars ($500,000) or greater, to which the procedures in Subsection 626.03.b. of this rule shall apply, the taxpayer owning personal property located in multiple counties may indicate the county in which the property is located. Should the taxpayer not make an election as to where to apply the exemption, the exemption shall be limited to one hundred thousand dollars ($100,000) applied to the Idaho value of the taxpayer prior to apportionment. (3-20-14)(1-1-15)

054. **Valuation Assessment Notice.**

The valuation assessment notice required by Section 63-308, Idaho Code, must show the taxable market value before granting the exemption provided in Section 63-602KK(2), Idaho Code, the exempt market value pursuant to the exemption provided in Section 63-602KK(2), Idaho Code, and the net taxable market value of the personal property. After the year of initial eligibility, if the net taxable market value is zero, no valuation assessment notice is required. (4-11-15)

065. **Correction of Personal Property Tax Replacement Amounts.**

If, subsequent to finalization of the amount of replacement money to be paid to any county, an amount paid on behalf of any taxpayer is disapproved by the county, the county shall so notify the Commission, which shall adjust the payment to the county. The county may begin proceedings to recover any remaining excessive amounts paid on behalf of any taxpayer, pursuant to the recovery procedures found in Section 63-602KK(7), Idaho Code. (4-11-15)

076. **Limitation on Eligibility for the Exemption.**

a. Except for taxpayers claiming and receiving the exemption provided for in Section 63-4502, Idaho Code, taxpayers receiving the personal property exemption provided in Section 63-602KK, Idaho Code, may be eligible for, and are not precluded from, other applicable exemptions. (3-20-14)

b. Personal property exempt in accordance with statutes other than Section 63-602KK, Idaho Code, shall not be included in determining when the one hundred thousand dollar ($100,000) limit provided in Section 63-602KK(2) is reached. (3-20-14)

c. Taxpayers with requirements to annually apply for, or list personal property for, which other statutorily provided personal property exemptions are sought, must continue to comply with the requirements of these statutes. (3-20-14)

d. Improvements, as defined or described in Sections 63-201 and 63-309, Idaho Code, shall not be eligible for the exemption provided in Section 63-602KK. Improvements shall be deemed to include mobile and manufactured homes and float homes, regardless of whether such property is considered personal property. Leasehold real properties and other leasehold improvements that are structures or buildings shall be considered improvements, and therefore ineligible for the exemption. Structures, such as cell towers, are improvements and therefore are not personal property eligible for the exemption. (3-20-14)
**087. Special Rules for the Exemption Provided in Section 63-602KK(1), Idaho Code.**

a. Newly acquired items of personal property, exempt as provided in Section 63-602KK(1), are not to be reported on any list otherwise required pursuant to Sections 63-302, 63-602Y, and 63-313, Idaho Code.

b. The exemption provided in Section 63-602KK(1), Idaho Code, is in addition to the one hundred thousand dollar ($100,000) per taxpayer, per county exemption provided in Section 63-602KK(2), Idaho Code.

c. No application for the exemption provided in Section 63-602KK(1), Idaho Code, is necessary.

d. The requirement in Section 63-602KK(6) requiring the assessor to provide the application by no later than March 1, applies only to taxpayers who have an obligation to file any application.

**098. Limitation on Replacement Money.**

a. In addition to replacement money reductions due to corrections as provided in section 06 of this rule, there may be changes and reductions as follow:

i. If a taxing district dissolves, the state will make no payment of the amount previously certified for that district, and when an urban renewal district revenue allocation area dissolves and is no longer receiving any allocation of property tax revenues, the state will discontinue payment of amounts previously certified for that revenue allocation area, beginning with the next scheduled distribution.

ii. If taxing districts or revenue allocation areas within urban renewal districts are consolidated, the amounts of replacement money attributed to each original district or revenue allocation area shall be summed and, in the future, distributed to the consolidated taxing or urban renewal district.

iii. No urban renewal district shall receive replacement money based on exempt personal property within any revenue allocation area (RAA) established on or after January 1, 2013, or within any area added to an existing RAA on or after January 1, 2013.

iv. Any payment made to the Idaho Department of Education, as provided in Subsection 626.109 of this rule shall be discontinued if the state authorized plant facilities levy is not certified in any year. Certification in subsequent years shall not cause any resumption of this payment.

b. There shall be no adjustment to replacement money if personal property not
receiving the exemption found in Section 63-602KK(2), Idaho Code, receives this exemption in the future. (4-11-15)

109. Special Provision For Replacement Money For State Authorized Plant Facilities Levy. The amount of replacement money calculated based on any 2013 state authorized plant facilities levy shall be remitted directly to the Idaho Department of Education for deposit to the Public School Cooperative Fund. (4-11-15)

110. Special Provision For Exempt Personal Property Within Urban Renewal Revenue Allocation Areas (RAAs). When personal property subject to the exemption in Section 63-602KK(2), Idaho Code, is within an RAA, any adjustment shall first be to the increment value, and there shall be no adjustment to the base value of the RAA unless the remaining taxable market value of the parcel is less than the most current base value of the parcel. In that case, the base value shall be reduced. The amount to be subtracted is to be determined on a parcel by parcel basis in accordance with procedures found in Rule 804 of these rules. (3-20-14)

121. No Reporting of Exempt Value. Beginning in 2014, taxing district values submitted to the Commission as required in section 63-510, Idaho Code, shall not include or indicate the otherwise taxable value exempt pursuant to section 63-602KK(2), Idaho Code. (4-11-15)

132. Cross Reference. For information on transient personal property, see Rule 313 of these rules. For information on the definition of personal property, see Rule 205 of these rules. For information on the definition of a taxpayer, see Rule 627 of these rules. For the purpose of this rule, “taxpayer” shall be the claimant of the exemption pursuant to section 63-602KK(2), Idaho Code, and shall be a person, as that term is defined in section 63-201, Idaho Code. (4-11-15)
803. BUDGET CERTIFICATION -- DOLLAR CERTIFICATION FORM (L-2 FORM) (RULE 803). Sections 63-602G(5), 63-802, 63-803, 63-3029B(4), and 63-3638(11) and(13), Idaho, Code.

01. Definitions. (4-5-00)

a. “Dollar Certification Form” (L-2 Form). The Dollar Certification Form (L-2 Form) is the form used to submit to the State Tax Commission the budget request from each Board of County Commissioners for each taxing district. This form shall be presumed a true and correct representation of the budget previously prepared and approved by a taxing district. The budget will be presumed adopted in accordance with pertinent statutory provisions unless clear and convincing documentary evidence establishes that a budget results in an unauthorized levy and action as provided in Section 63-809, Idaho Code. (4-6-05)

b. “Prior Year’s Market Value for Assessment Purposes.” Prior year’s market value for assessment purposes shall mean the value used to calculate levies during the immediate prior year. This value shall be used for calculating the permanent budget increase permitted for cities, pursuant to Section 63-802(1)(f), Idaho Code. (4-2-08)

c. “Annual Budget.” For the purpose of calculating dollar amount increases permitted pursuant to Section 63-802(1), Idaho Code, the annual budget shall include any amount approved as a result of an election held pursuant to Sections 63-802(1)(f) or 63-802(1)(g), Idaho Code, provided that said amount is certified on the L-2 Form as part of the budget request. If the amount certified does not include the entire amount approved as a result of the election held pursuant to Sections 63-802(1)(f) or 63-802(1)(g), Idaho Code, then the amount not used shall be added to the foregone increase amount determined for the taxing district. See the following example.

<table>
<thead>
<tr>
<th>CERTIFIED PROPERTY TAX BUDGET LIBRARY DISTRICT*</th>
<th>FY 1999</th>
<th>FY 2000</th>
<th>FY 2001</th>
<th>FY 2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Budget</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,700</td>
<td>$11,621</td>
</tr>
<tr>
<td>3% Increase</td>
<td>0</td>
<td>$300</td>
<td>$321</td>
<td>$349</td>
</tr>
<tr>
<td>Subtotal</td>
<td>$10,000</td>
<td>$10,300</td>
<td>$11,021</td>
<td>$11,970</td>
</tr>
<tr>
<td>1999 Election Amount</td>
<td>0</td>
<td>$400 of $1,000</td>
<td>$600 of $1,000</td>
<td>0</td>
</tr>
<tr>
<td>Certified Budget</td>
<td>$10,000</td>
<td>$10,700</td>
<td>$11,621</td>
<td>$11,970</td>
</tr>
</tbody>
</table>

*The Library District with zero dollars ($0) in value for new construction and/or annexation approves an additional budget amount of one thousand dollars ($1,000) in 1999, but only certifies four hundred dollars ($400) for the year 2000. Note the example does not account for any foregone amount resulting from the district's decision to not increase its budget by three percent (3%) in 1997, 1998 or 1999. (4-6-05)

d. “Property Tax Funded Budget.” Property tax funded budget means that portion of any taxing district’s budget certified to the Board of County Commissioners, approved by the State Tax Commission, and subject to the limitations of Section 63-802, Idaho Code. (3-20-04)
e. “Recovered/Recaptured Property Substitute Funds Tax List.” Recovered/recaptured property tax substitute funds list means the report sent by the county auditor to the appropriate taxing district(s)/unit(s) by the first Monday in August and to the State Tax Commission with the L-2 Forms, listing the amount of revenue distributed to each appropriate taxing district/unit as recovery of property tax or other payments during the twelve (12) month period ending June 30 each year under the following sections:

   i. Section 63-602G(5), Idaho Code; and
   ii. Section 63-3029B(4), Idaho Code; and
   iii. Section 31-808(11), Idaho Code, and
   iv. Section 63-602KK(7), Idaho Code, for personal property exempted after 2013 for which no replacement money was paid.  

f. “Taxing District/Unit.” Taxing district/unit means any governmental entity with authority to levy property taxes as defined in Section 63-201, Idaho Code, and those noncountywide governmental entities without authority to levy property taxes but on whose behalf such taxes are levied or allocated by an authorized entity such as the county or city for such entities as county road and bridge funds or urban renewal agencies, respectively.  

02. Budget Certification

The required budget certification shall be made to each Board of County Commissioners representing each county in which the district is located by submitting the completed and signed L-2 Form prescribed by the State Tax Commission. Unless otherwise provided for in Idaho Code, budget requests for the property tax funded portions of the budget shall not exceed the amount published in the notice of budget hearing if a budget hearing notice is required in Idaho Code for the district. The levy approved by the State Tax Commission shall not exceed the levy computed using the amount shown in the notice of budget hearing.  

03. Budget Certification Requested Documents

Using the completed L-2 Form, each board of county commissioners shall submit to the State Tax Commission a budget request for each taxing district in the county that certifies a budget request to finance the property tax funded portion of its annual budget. The board of county commissioners shall only submit documentation specifically requested by the State Tax Commission.  

04. L-2 Form Contents

Each taxing district or unit completing an L-2 Form shall include the following information on or with this form.

a. “Department or Fund.” Identify the department or fund for which the taxing district is requesting a budget for the current tax year.  

b. “Total Approved Budget.” List the dollar amount of the total budget for each department or fund identified. The amounts must include all money that a taxing district has a
potential to spend at the time the budget is set, regardless of whether funds are to be raised from property tax.  

   c. “Cash Forward Balance.” List any money retained, but intended to be fund the approved budget being certified on the L-2 form

   d. “Other Revenue not Shown in Column 5.” List the revenue included in the total approved budget to be derived from sources other than property tax or money brought forward from a prior year. For example, sales tax revenue is included.

   e. “Property Tax Replacement.” Report the following:

      i. The amount of money received annually under Sections 63-3638(11), Idaho Code, as replacement revenue for the agricultural equipment exemption under Section 63-602EE, Idaho Code;

      ii. The amount of money received as recovery of property tax exemption under Section 63-602G(5), Idaho Code, and listed on the “Recovered/recaptured property tax substitute funds list”;

      iii. The amount of money received as recapture of the property tax benefit under Section 63-3029B(4), Idaho Code, and listed on the “Recovered/recaptured property tax substitute funds list”;

      iv. The amount of money transferred from the interest-bearing trust to the county indigent fund under Section 31-808(11), Idaho Code;

      v. The appropriate amount of money listed on the statement and distributed to the county and each appropriate city under Section 63-2603, Idaho Code, as county property tax relief and detention facility debt retirement; and

      vi. The amount of money received annually under Section 63-3638(13), for the personal property exemption under 63-602KK(2), Idaho Code.

      vii. The amount of money received annually under Section 63-602KK(7), Idaho Code, for personal property exempted after 2013, for which no replacement money was paid, and listed on the “Recovered/recaptured property tax substitute funds list”.

   f. “Balance to be Levied.” Report the amount of money included in the total approved budget to be derived from property tax.

   g. Other Information. Provide the following additional information.

      i. The name of the taxing district or unit;
ii. The date of voter approval (if required by statute) and effective period for any new or increased fund which is exempt from the budget limitations in Section 63-802, Idaho Code; (4-5-00)

iii. The signature, date signed, printed name, address, and phone number of an authorized representative of the taxing district; and (5-3-03)

iv. For a hospital district which has held a public hearing, a signature certifying such action. (4-5-00)

h. Attached Information. Other information submitted to the county auditor with the L-2 Form. (4-6-05)

i. For all taxing districts, L-2 worksheet. (3-20-04)

ii. For newly formed recreation or auditorium districts, a copy of the petition forming the district showing any levy restrictions imposed by that petition. (3-20-04)

iii. For any new ballot measures (bonds, overrides, permanent overrides, supplemental maintenance and operations funds, and plant facility funds), notice of election and election results. (3-20-04)

iv. Voter approved fund tracker. (3-20-04)

v. For fire districts, a copy of any new agreements with utility companies providing for payment of property taxes by that utility company to that fire district. (3-20-04)

vi. For any city with city funded library operations and services at the time of consolidation with any library district, each such city must submit a certification to the Board of County Commissioners and the Board of the Library District reporting the dedicated portion of that city’s property tax funded library fund budget and separately reporting any portion of its property tax funded general fund budget used to fund library operations or services at the time of the election for consolidation with the library district. (3-20-04)

vii. For any library district consolidating with any city that had any portion of its property tax funded budget(s) dedicated to library operations or services at the time of the election for consolidation, each such library district must submit to the Board of County Commissioners a copy of the certification from that city reporting the information provided for in Subparagraph 803.04.h.vi.of this rule. (4-6-05)

05. Special Provisions for Fire Districts Levying Against Operating Property. To prevent double counting of public utility property values, for any year following the first year in which any fire district increases its budget using the provision of Section 63-802(2), Idaho Code, such fire district shall not be permitted further increases under this provision unless the following conditions are met:

(3-30-01)
a. The fire district and public utility have entered into a new agreement of consent to provide fire protection to the public utility; and (3-30-01)

b. Said new agreement succeeds the original agreement; and (3-30-01)

c. In the first year in which levies are certified following the new agreement, the difference between the current year's taxable value of the consenting public utility and public utility value used in previous budget calculations made pursuant to this section is used in place of the current year's taxable value of the consenting public utility. (3-30-01)

06. Special Provisions for Property Tax Replacement. Property tax replacement monies must be reported on the L-2 Form and separately identified on accompanying worksheets. Except as provided in Paragraph 803.06.f of this rule, for all taxing districts, these monies must be subtracted from the “balance to be levied”. The reduced balance shall be used to compute levies, but the maximum amount permitted pursuant to Section 63-802, Idaho Code, shall be based on the sum of these property tax replacement monies, excluding monies received pursuant to Section 31-808(11), Idaho Code, and the amount actually levied. (4-11-15)

a. The State Tax Commission shall, by the fourth Monday of July, notify each county clerk if the amount of property tax replacement money, pursuant to Sections 63-3638(11) and (13), Idaho Code, to be paid to a taxing district changes from the amount paid in the preceding year. By the first Monday of May, the State Tax Commission shall further notify each school district and each county clerk of any changes in the amount of property tax replacement money to be received by that school district pursuant to Sections 63-3638(11) and (13), Idaho Code. (4-11-15)

b. By no later than the first Monday of August of each year, each county clerk shall notify each appropriate taxing district or unit of the total amount of property tax replacement monies that will be received, and shall further identify the type of replacement money as described in Subsection 04(e) of this rule. For charter school districts subject to the provisions of Paragraph (06)(f) of this rule, the amount to be subtracted shall be reported. (4-11-15)

c. Except as provided in Paragraph 803.06.d. of this rule, the subtraction required in Subsection 803.06 of this rule may be from any fund(s) subject to the limitations of Section 63-802, Idaho Code. For school districts this subtraction must be first from funds subject to the limitations of Section 63-802, Idaho Code, then from other property tax funded budgets. (5-8-09)

d. For counties receiving monies described in Section 31-808(11), Idaho Code, the amount of money transferred from the interest-bearing trust to the county indigent fund shall be subtracted from the maximum amount of property tax revenue permitted pursuant to Section 63-802, Idaho Code. (5-8-09)

e. Levy limits shall be tested against the amount actually levied. (3-15-02)
f. For charter school districts with a levy in 2013 for maintenance and operations, as provided in Section 33-802(6), Idaho Code, a portion of the property tax replacement money received for property subject to the exemption in Section 63-602KK, Idaho Code, is not required to be subtracted in determining the “balance to be levied.” Said portion shall be the amount calculated by applying the 2013 levy rate for the maintenance and operations levy amount, as authorized in the district’s charter, to the 2013 exempt value of personal property used to compute replacement money provided to the school district. (4-11-15)

g. For recovered personal property exemptions, as provided in Section 63-602KK(7), Idaho Code, for personal property exempted in 2013 for which replacement money was paid, recovered amounts shall be distributed to the State Tax Commission. Once received, the amount of future payments to the affected taxing districts shall be reduced by the amount received.  

07. Special Provisions for Library Districts Consolidating with Any City’s Existing Library Operations or Services. For any library district consolidating with any city’s existing library operations or services, the amount of the dedicated property tax funded general fund and library fund budgets certified by the city under Subparagraph 803.04.h.vi., of this rule shall be added to that library district’s property tax funded budget in effect at the time of the election for consolidation. This total shall be used as this district’s property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code. (4-6-05)

08. Special Provisions for Cities with Existing Library Operations or Services Consolidating with Any Library District. For any city with existing library operations or services at the time of consolidation with any library district, the amount of the dedicated property tax funded library fund budget included in the certification by the city under Subparagraph 803.04.h.vi., of this rule shall be subtracted from that city’s total property tax funded budget in effect at the time of the election for the consolidation. This difference shall be used as this city’s property tax funded budget for the most recent year of the three (3) years preceding the current tax year for the purpose of deciding the property tax funded budget that may be increased as provided by Section 63-802, Idaho Code. (4-6-05)

09. Special Provisions for Calculating Total Levy Rate for Taxing Districts or Units with Multiple Funds. Whenever the “Calculated Levy Rate” column of the L-2 Form indicates that a levy rate has been calculated for more than one (1) fund for any taxing district or unit, the “Column Total” entry must be the sum of the levy rates calculated for each fund. Prior to this summation, the levy rates to be summed must be rounded or truncated at the ninth decimal place. No additional rounding is permitted for the column total. (4-6-05)

10. Special Provisions for School Districts’ Tort Funds - Hypothetical New Construction Levy. To calculate the new construction portion of the allowed annual increase in a school district’s tort fund under Section 63- 802(1), Idaho Code, calculate a Hypothetical New Construction Levy. To calculate this levy, sum the school district’s tort fund for the prior year, and the agricultural equipment and personal property replacement revenue subtracted from that
tort fund, then divide this sum by the school district's taxable value used to determine the tort fund's levy for the prior year. For the current year, the allowed tort fund increase for new construction is this Hypothetical New Construction Levy times the current year's new construction roll value for the school district.

11. Special Provisions for Interim Abatement Districts. When an interim abatement district transitions into a formally defined abatement district under Section 39-2812, Idaho Code, the formally defined abatement district shall not be considered a new taxing district as defined in Paragraph 803.01.g. of this rule for the purposes of Section 63-802, Idaho Code. For the formally defined abatement district, the annual budget subject to the limitations of Section 63-802, Idaho Code, shall be the amount of property tax revenue approved for the interim abatement district. (4-02-08)

12. Special Provisions for Levies for Payment of Judgments by Order of Court. The levy permitted pursuant to Section 63-1305A, Idaho Code, requires that the taxing district first budgets the maximum amount of property tax permitted pursuant to Section 63-802, Idaho Code, including any foregone amount. This requirement shall be deemed to have been met if, despite additional budget allowed pursuant to Section 63-802, Idaho Code, every fund used by the taxing district levies at the maximum levy rate provided by law, or, if no maximum levy rate is provided, the fund levies the maximum permitted budget amount. To the extent necessary to enable all previously accrued foregone amounts to be levied, the taxing district may need to use additional funds within which it is permitted to levy property taxes before levying as permitted pursuant to Section 63-1305A, Idaho Code. (4-4-13)

13. Cross Reference for School Districts with Tuition Funds. School district tuition fund levies are exempt from the limitations of Section 63-802, Idaho Code. See Section 33-1408, Idaho Code. (4-11-15)