# Glossary of property tax terms

**Board of Tax Appeals –** An independent body that provides taxpayers a means to protest tax assessments previously appealed to the county Board of Equalization. The Board of Tax Appeals isn't under the Idaho State Tax Commission's supervision or control.

**Budget Cap –** The most a taxing district's property tax budget can increase in a year. By law, property tax budgets can increase by no more than 8% above the highest property tax budget of the previous three years. The 8% doesn't include foregone or voter-approved funds.

**Centrally Assessed Property –** Utility properties and railroads that the Tax Commission assesses.

**Circuit Breaker –** A program to reduce property taxes for qualified Idaho homeowners. These homeowners must have a net income of $32,230 or less and be one or more of these: 65 years or older, a former POW or hostage, a motherless or fatherless child under 18, blind, or widowed.

**County Board of Equalization –** A county's Board of Commissioners, sitting as the county Board of Equalization, hears assessment appeals that taxpayers file. It also equalizes county-assessed values.

**Disclosure Laws –** In the U.S., 41 states plus the District of Columbia have laws that require disclosing the sales price of a property when it sells. Idaho's laws are silent on disclosure, so Idaho is a nondisclosure state. That means no one has to disclose the sales price of a property to the assessor. This makes accurate and fair property assessment for taxing purposes difficult.

**Exempt Funds –** Additional property taxes that voters approved that can legally exceed the 8% budget cap in the law. Exempt funds include bonds, plant facilities, voter-approved overrides and school supplemental levies, and school emergency funds.

**Forgone –** Is reserved budget capacity. Taxing districts can increase their budgets for the coming year by less than the 8% budget cap. Then they can bank the difference as foregone for future use.

**Homeowner's Exemption –** A property tax exemption for owner-occupied homes used as the primary residence. It covers the home and up to one acre of land. Its amount is 50% of the qualifying property's value or $125,000, whichever is less. Also called the Homestead Exemption in Idaho laws.

**Locally Assessed Property –** Real and personal property that county assessors assess. Includes residential, commercial, industrial, and agricultural properties.

**Market Value –** The most probable price a property should bring in a competitive and open market under all conditions for a fair sale. The title must pass from seller to buyer under these conditions:

- The buyer and seller are typically motivated.
- Both parties are well informed or well advised and acting in what they consider their best interest.
- There's a reasonable time for exposure in the open market.
- Payment is in U.S. dollars cash or comparable financial arrangements.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions that anyone associated with the sale grants.

**Net Taxable Value –** Total market value minus any exemptions that apply.

**New Construction Roll –** A document county assessors prepare that itemizes 90% of the amount of taxable market value added to property on the current year's property roll that's the direct result of new construction. This value is multiplied by a preliminary levy rate to calculate how much the taxing district might be able to increase its budget.

**Other Residential –** Residential single-family units up to fourplexes that owners don't occupy.

**Primary Residential –** An owner-occupied residential property where the owner lives most of the time (primary dwelling unit).

**Property Roll –** An inventory the county keeps of all taxable property in its county.

**Property Tax Budget –** The portion of a taxing district's total annual budget minus all other revenue sources. Property taxes fund this part of the district's budget.

**Property Tax Levy Rate –** A rate determined by dividing the district's property tax budget by the net taxable assessed value of the district. This rate is applied to each property's taxable value to get the property taxes it owes.

**Ratio Study –** A statistical study comparing assessed values and sale prices. The Tax Commission uses this study to determine counties' compliance with legal guidelines regarding level of assessment.

**Revenue Allocation Area (RAA) –** A portion of an urban renewal area where the equalized assessed valuation is likely to increase due to an urban renewal project or market inflation. Newly constructed improvements and increased market inflation on existing improvements make up the "increment" value within the RAA boundaries. Property taxes paid on increment value go directly to the urban renewal agency rather than the underlying taxing districts.

**Tax Code Area –** A geographic area in which all properties pay property taxes to the same set of taxing districts.

**Tax Increment Financing (TIF) –** A public financing method that uses property taxes to subsidize redevelopment, infrastructure, and other community-improvement projects, public or private. The TIF creates funding for the projects by borrowing against the future increase in property tax revenues. TIF districts are usually established for a period of 20 to 25 years. During that time, the TIF receives some incremental property tax revenues. Also called Urban Renewal Revenue Allocation Areas.

**Taxing District –** Any entity or unit with legal authority to levy a property tax. Examples include counties, cities, school districts, fire districts, local highway districts, cemeteries, libraries, sewer districts, and others.

**Urban Renewal –** See Tax Increment Financing (TIF).