

**Property Tax Budget Limitations and 1% Initiatives
1978 – present**

Year	Act or Statute	Description
1978	1% Initiative	Would have limited property taxes to 1% of market value; set assessed value to December, 1978 market value; limited assessed value increases to 2% per year (market value and assessment increase limits implemented in 1979 (effective for 1980) and repealed effective 1982; 1% limit superseded by alternate budget caps – never implemented)
1979	HB 166, established 63-923 and 63-2220; modified by HB 308– 63-923 and 63-2220	Taxing district operating budgets (property tax portion) limited to 1978 amounts;
1980	HB 795, 63-923 and 63-2220 modified	Operating budgets frozen in 1980, except eligible for 4% increase provided cumulative levy below 1%.
1981	HB 389, 63-923 and 63-2220 modified; 33-802 amended	School M&O exempted from budget limitation (similar to current multiplier system). For other districts, freeze and 4% cap eliminated; 5% annual increase allowed; additional allowance equal to ½ the increase in value (from any source and including homeowner’s exemption values) multiplied by the levy rate.
1983	HB 306, 63-2220 amended	Growth factor increased from ½ to 80% of value increase.
1986	HB 754, 63-2220 amended	Growth factor increased to 105% - districts could multiply levy rate by 1.05 and apply result to current taxable value. Homeowner’s exemption values no longer included.
1988	HB 448, HB 541, 63-2220 amended	Highway districts that didn’t levy during preceding year could levy ¼ of maximum levy rate. 5% growth factor could be applied to highest budget of most recent previous three years.
1989	HB 123, 63-2220 amended	2/3 of foregone amount could be recaptured, provided that no increase in budget was taken during one year.

Year	Act or Statute	Description
1991	HB 366, 63-2220 repealed; 63-2224 – 63-2226 enacted (effective 1992)	“Truth in Taxation” statutes enacted, requiring special ads informing public about any tax rate increases increase not calculated using newly annexed property or voter approved levies
1992	HB 504, amended 63-2224 - 2226	Truth in taxation ads required if budget (excluding voter approved and increases related to annexation) increase greater than 5%
1992	1% Initiative on ballot – fails at general election	
1993	HB 455, amended 63-2225	Permits direct notification of taxpayers in lieu of truth in taxation ads
1994	1% Initiative proposed, but does not receive enough signatures to be placed on ballot	
1995	HB 156 – repealed 63-2224 – 2226; enacted 63-2220A	Eliminated truth in taxation. Capped annual budget increase at 3% (excluding voter approved and school M&O), with allowance for annexation and new construction based on occupancy tax roll or value of building permits. Districts not using all of 3% increase could accrue foregone balances.
1996	Enacted 63-2220B; amended 63-2220A	Set up new construction roll and redefined new construction to actual taxable value.
1997	Recodification of title 63; 63-2220B became 63-301A and 63-2220A became 63-802	Operating property added to annexation value for budget increase purposes.
1998	Amended 63-301A and amended 63-802	Residential property not previously on new construction roll and previously exempt as inventory can be added to new construction value when first taxable. Cities with levies below 0.004 could elect to raise budget enough to move levy to 0.004 with 60% voter approval.

Year	Act or Statute	Description
1999	Enacted 63-802A and amended 63-802 and 31-1420	Required reporting of budget hearing dates and locations for each taxing district. COSA levies exempt from 3% cap. Library districts permitted to permanently override budget increase cap with 2/3 vote. Fire districts permitted to have permanent override with 2/3 vote.
2000	Amended 63-802 and amended 63-802A	Allows fire districts to gain budget authority when they have agreements with otherwise exempt operating property companies. Taxing districts failing to provide notice of budget hearings not eligible for 3% increase.
2001	Amended 63-3638	Provides replacement for tax previously paid by now exempt agricultural equipment. Distributed quarterly beginning October, 2001. Replacement amounts subtracted from amount to be levied from property tax; then added back to compute base for following years 3% increase.
2002	Amended 63-301A	New construction not previously included, but within revenue allocation area (urban renewal district) can be used for budget calculations upon dissolution of revenue allocation area. Value of non-apportioned equipment and improvements for electricity generation included on new construction roll.
2005	Amended 63-802	All taxing districts now eligible for permanent override of budget increase limit with 2/3 voter approval. Cities with low levies still have a 60% voter approval provision. Taxing districts dissolving and reforming within three years have budgets based on original district and cannot use new district provision to increase to levy limit.

2006	Amended 33-802	Eliminated school M&O levies except for Boise School District. Established budget stabilization funds to be levies by four other school districts.
2020	All newer provisions combined and shown if still in effect; many amendments to 63-301A and 63-802	<ol style="list-style-type: none"> 1. Urban renewal: <ol style="list-style-type: none"> a. Beginning 2007, increment value not allowed on new construction roll until dissolution of revenue allocation area. Then 2006 increment value subtracted and remainder included. b. Most voter approved funds, school emergency funds, and judgment levies property taxes on increment go to taxing districts; levies set including increment 2. Forgone amounts <ol style="list-style-type: none"> a. Resolution to accrue b. Resolution to use 3. Penalties: <ol style="list-style-type: none"> a. Frozen property taxes for districts failing to provide financial information to Legislative Services Office 4. New Construction Roll <ol style="list-style-type: none"> a. Subtractions for appeals, category changes that lower values b. Adjustments allowed for de-annexation from urban renewal RAAs. 5. Solar farm taxes in lieu of property tax subtracted from maximum budget capacity 6. Personal property replacement monies provided beginning 2013 (frozen)

2022	Additional amendments in 2021 and 2022 to IC 63-802 and 63-602KK and 63-301A	<ol style="list-style-type: none"> 1. New construction budget capacity modified: <ol style="list-style-type: none"> a. Based on 90% of added net value b. Based on 80% of increment value from dissolving urban renewal revenue allocation area c. Calculated by applying preliminary levy rate instead of prior year's levy rate d. Change of land use only allowed in 2022 if accompanied by completed structure; Beginning 2023 no change of land use component allowed 2. Annexation budget capacity modified: <ol style="list-style-type: none"> a. Based on 90% of added net value b. Calculated by applying separate preliminary levy rate 3. Overall property tax budget increase limited to 8% plus forgone 4. Forgone use limited to additional 1% and / or 3% depending on nature of use 5. Additional replacement money provided for increase in personal property exemption from \$100,000 to \$250,000 6. Financial reporting transferred to State Controller's Office (SCO)
------	--	--

Alan Dornfest
State Tax Commission
February 2, 2006
Updated Sept. 28, 2022