

A wide banner image showing a scenic view of the Idaho mountains. In the foreground, there are green evergreen trees. Behind them are rolling hills and then rugged, rocky mountain peaks under a bright blue sky with scattered white clouds. The text "Idaho State Tax Commission" is overlaid in white.

Idaho State Tax Commission

2023 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

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Today's Instructors

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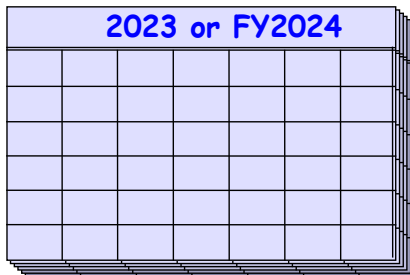
Agenda

- Property Tax Overview
 - Roles/Responsibilities
 - Key Terms & Concepts
- 1st Break (10-15 mins)
- Forgone Amounts
- 2023 Legislative Changes
- Max Property Tax Budget Calculations
- 2nd 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.



Now which year am I supposed to use?



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State Tax Commission Roles

1. Review and approve levy rates and property tax portion of budget to ensure limits not exceeded (10-23-2023)
2. Determine and apportion operating property values*
 - Preliminary values in July
 - State Board of Equalization finalizes by 4th Monday in August
 - Final values in September (9-5-2023)
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. **NEW:** Certify tax relief amounts by the 1st Monday of November



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



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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. Prepare tax notices & collect tax
 2. Notify 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 (9-18-2023 or 9-25-2023 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
6. Certify budget to county commissioners
 - Sign your L-2 form before submitting it to the county
 - Due to county by 9-7-2023
 - Request a 7-working day extension from the county – new due date 9-18-2023



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 BUDGET HEARING: ALBION FIRE PROTECTION DISTRICT

NOTICE IS HEREBY GIVEN that a budget hearing will be held on the **18th day of August 2022 at 7:00 p.m.** at the Albion Firehouse, 105 East Market St., Albion, ID 83311.

The budget is for October 1, 2022 to September 30, 2023:

| | 2021-2022 | 2022-2023 |
|------------------------------------|--------------------------|---------------------------|
| ANTICIPATED REVENUE: | <u>App Budget</u> | <u>Prop Budget</u> |
| Tax Roll Levy | \$ 26,965.00 | \$ 28,114.00 |
| Property Tax Replacement | <u>\$ 683.00</u> | <u>\$ 683.00</u> |
| Total Anticipated Income: | \$27,648.00 | \$ 28,797.00 |
| ANTICIPATED EXPENSES: | | |
| AFPD Proposed Operational Funds | \$24,798.00 | \$ 25,947.00 |
| Insurance | <u>\$ 2,850.00</u> | <u>\$ 2,850.00</u> |
| Total Anticipated Expenses: | \$27,648.00 | \$ 28,797.00 |

The proposed budget was approved at the Commissioners Special Workshop Board Meeting at 7:44 p.m., on August 1, 2022. The Board of Commissioners will present and discuss the proposed budget and hear any objection's thereto. Dated the 3rd day of August, 2022.



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 |
| TOTAL ESTIMATED EXPENDITURES | \$1,564,106.22 |

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 |
| TOTAL ESTIMATED REVENUE | \$1,564,106.22 |

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 25th day of July 2022



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Bad Examples of Budget Hearing Publications

Cemetery Maintenance District

2023 Budget

| | |
|-------------------------|--------------------|
| Maintenance | \$24,617.00 |
| • Water | |
| • Grounds Maintenance | |
| • Professional Services | |

| | |
|------------------|------------------|
| Utilities | \$2317.00 |
| • [REDACTED] | |
| • Idaho Power | |

| | |
|------------------------------|-----------------|
| Insurance (Liability) | \$206.00 |
|------------------------------|-----------------|

| | |
|-----------------|-----------------|
| Supplies | \$360.00 |
|-----------------|-----------------|

| | |
|----------------------|-----------------|
| Miscellaneous | \$206.00 |
|----------------------|-----------------|

\$27,706.00



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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 |
| | <hr/> |
| | \$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 |
| Total Budget | \$ 23,150.00 |



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 | Y | 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 | Y | 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 | Y | 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

- 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 1st (prior year information)
- Entities requiring audit (expenditures exceeding \$150,000) must upload the audit within 9 months of fiscal year-end date
 - If unable to meet this deadline, contact SCO
 - Sept 1st & 30th 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





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)
- 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. <u>Total of fund and override levy rate can't exceed the fund's levy limit.</u> |
| 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. <u>Total of fund and override levy rate can't exceed the fund's levy limit.</u> |
| 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 |



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| 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% Explanation 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.



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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
 - Unchanged amount since 2006
- Personal Property Reimbursement
 - Constant amounts from 2013 – 2021
 - New personal property replacements paid in 2022 due to increased maximum exemption (also constant)
 - Transient personal property now exempt without replacements
- Recovered/Recaptured amounts (7/1/22 – 6/30/23)
 - Recovered Homeowner's Exemptions
 - Recaptured QIE



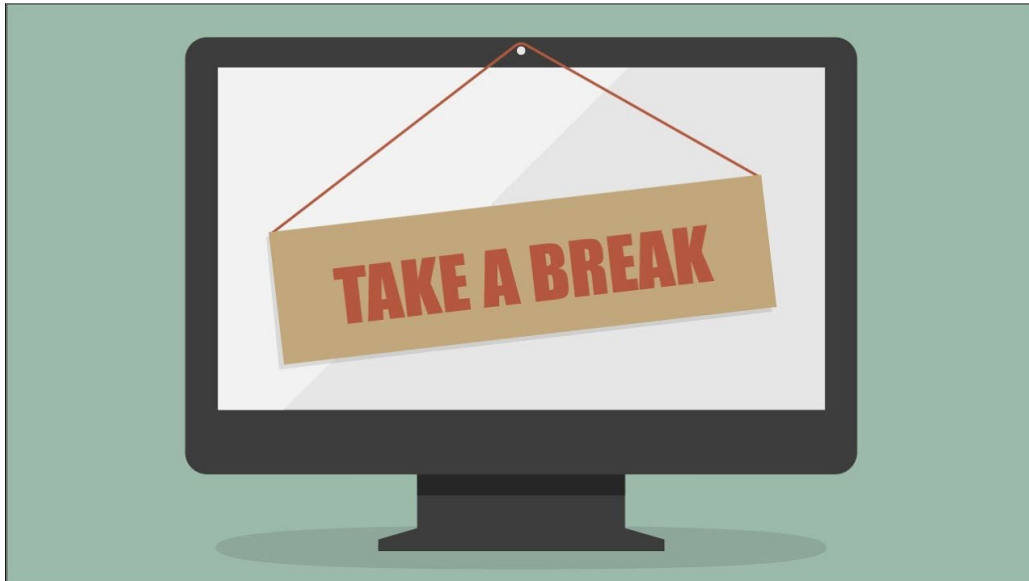
Solar Farm Tax

- NOT added in for determining the highest of last 3 years
 - 3% growth does not include solar farm tax
- Prior year (7/1/21 – 6/30/22) revenue received is added after the 3% growth calculation
- Current year (7/1/22 – 6/30/23) revenue received is subtracted to determine the maximum budget authority



Break

Time for a 10-minute break



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Forgone Amounts

- Amount of a *previously allowable increase* in non-exempt property tax portion of budget that was NOT taken*
- Example:
 - After certifying in 2022, the highest non-exempt property tax budget of 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 2023
 - District certifies \$102,000 in 2023
 - Forgone amount available to reserve = \$1,000

*Does not take into consideration levy rate limits



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Forgone Amounts (Cont'd)

- Example #2 (reduced budget):
 - After certifying in 2022, 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 2023
 - District certifies **\$90,000** in 2023
 - 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
 - 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)



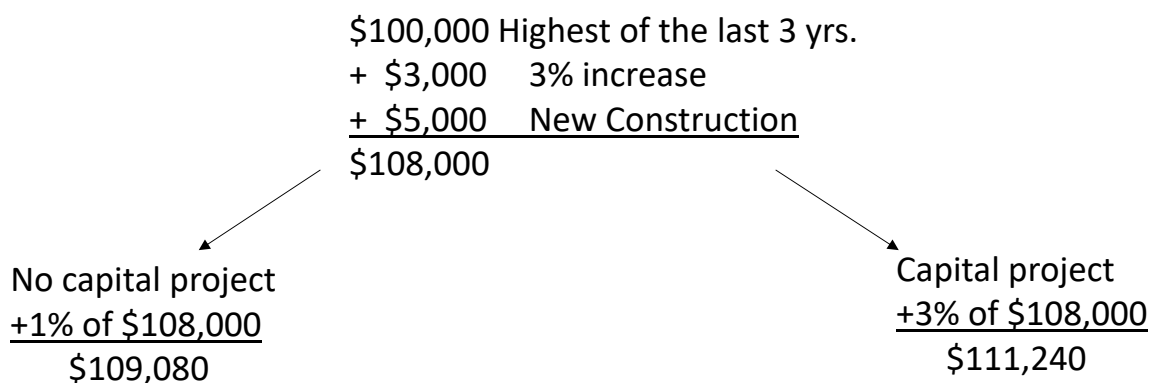
Capital Projects

- 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 a dollar amount or 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 5th 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. |



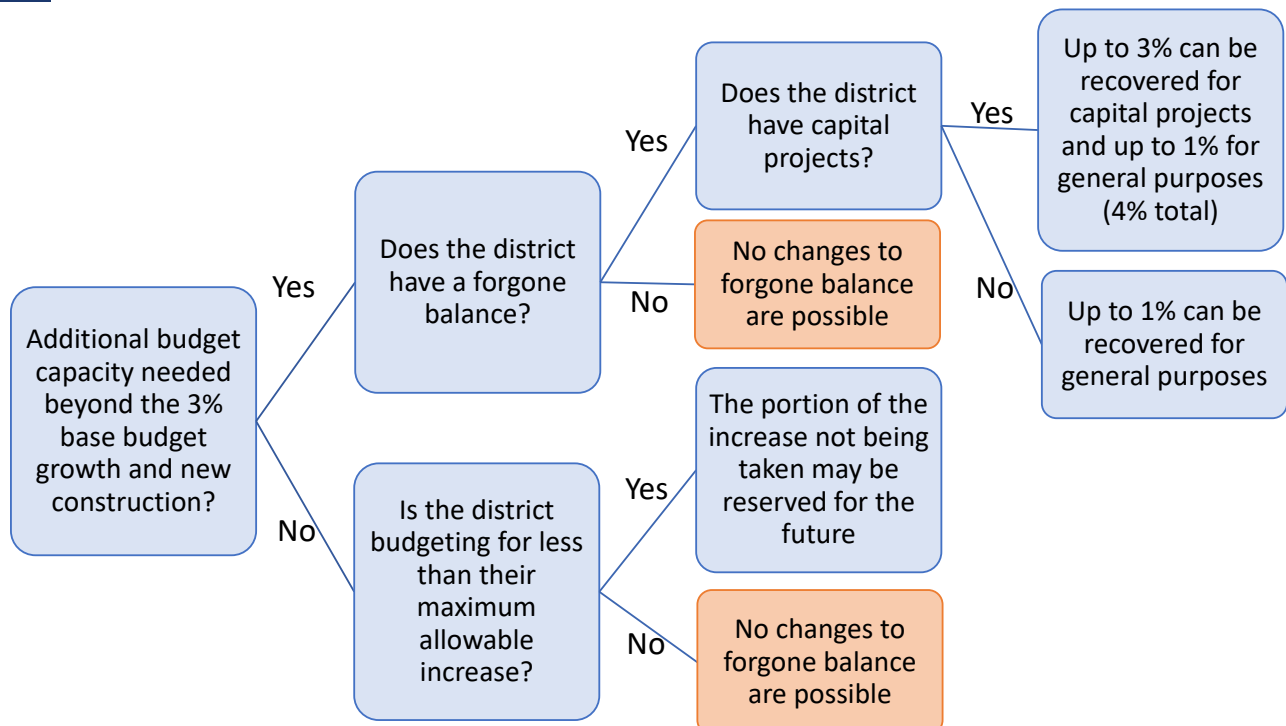
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Forgone Amounts (Cont'd)



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Legislative Changes



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2023 Legislation

- HB 22aa – Sales Tax
 - City/County govts refusing to enforce any Idaho felony will have sales and use tax distributions withheld
 - Distributions listed in I.C. §63-3638
 - 180 days from the withholding to repeal/rescind the official directive or funds will be returned to the state's general fund
 - Attorney General to notify STC of relevant districts
 - Effective immediately



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2023 Legislation

- HB 50 – Sales Tax
 - Requires sales tax distributions to special purpose taxing districts be used only “for the purposes for which the special purpose taxing districts were formed”
 - Effective July 1, 2023



2023 Legislation

- HB 99 – Sales Tax
 - Specifies when to update the property tax figures for the sales tax distribution for special purpose taxing districts
 - The annual update will be done for the quarter ending December 31st to prevent errors related to updating property tax budgets & forgone amounts in October
 - Sales tax distributions in October of each year will now be based on property tax amounts certified in the previous year
 - Effective Jan 1, 2023



2023 Legislation

- **HB 51 & HB 135 – Assessment Notices**
 - Requires the Tax Commission to prepare a standard valuation assessment notice form to be used by all counties
 - Must now include:
 - Market value for previous two years
 - Property taxes for previous two years
 - % change in tax for each taxing district for those two years
 - Date of each taxing district's budget hearing
 - Telephone number for each taxing district
 - Effective January 1, 2024



2023 Legislation (Cont'd)

- **HB 286a – Bond elections**
 - Applies information requirements for bond ballot language to communications to 20+ voters or media for public viewing about proposed bond
 - Must include:
 - Anticipated interest rate & max interest rate
 - Total amount to be repaid including principal & interest
 - Estimated average annual cost to taxpayer per \$100,000 of taxable assessed value
 - Length of time
 - Total existing indebtedness including interest accrued for district
 - Effective July 1, 2023



2023 Legislation (Cont'd)

- HB 292 – Property Tax Relief
 - School Facilities Fund reduces levying amounts for school districts
 - Homeowner Property Tax Relief Account will provide reductions to property tax bills for homeowners via payments from the Tax Commission to each county in December/June
 - Additional property tax relief provided to all taxpayers based on taxes paid as a percentage of all property taxes paid in Idaho
 - Additional tax bill reduction and payments to each county from the Tax Commission in December/June
 - Beginning tax year 2023



2023 Legislation (Cont'd)

- HB 380 – Property Tax Relief
 - Increases allocation for special purpose taxing districts in FY2024
 - One-time appropriation of \$2 million for sales tax distributions only to special purpose taxing districts



Previous Legislative Changes

- HB 673
 - Disqualifies land change of use from new construction roll
 - Reduces new construction budget increases
 - Tax year 2023



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%
- Add any solar farm tax received from the immediate prior year (doesn't get 3% increase)
 - Affects Ada, Elmore, Owyhee, & Power Counties (and their joint districts in other counties)
- 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)
- **Minus** P-tax replacement revenue received, revenue received from Solar Farm tax, (from July 1, 2022 through June 30, 2023)
- **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 | 2020 | 2021 | 2022 |
|--|---------|---------|---------|
| 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 | 1,318 | 1,568 |
| *Recovered Homeowner's Exemption | 110 | 0 | 0 |
| Total Property Tax Replacement monies | 1,456 | 1,346 | 1,596 |
| Total levied non-exempt property tax budget plus property tax replacements | 125,845 | 132,024 | 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 \text{ (total plus 3\% increase)} \end{array} $ | $ \begin{array}{r} \$137,814 \\ \times 1.03 \\ \hline \$141,948 \end{array} $ |
|--|--|--|

* = Total received by district between July 1st thru June 30th each year.



Preliminary Levy Rates

- Provide budget increases for taxing districts
- Multiplied by any applicable new construction, annexation, or terminating urban renewal 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%
- Increases from terminating urban renewal allowed to exceed 8% cap



Preliminary Levy Rates

| 2023 L-2 Worksheet | | | |
|--|------|-------------------|---------|
| District Name: | | Form Type: School | |
| Allowable Base Budget Calculation Plus Solar: | | | |
| Highest Non-Exempt P-Tax Budget + P-Tax Replacement (from the 'Maximum Budget and Forgone Amount Worksheet') | (1) | \$253,576 | |
| Up to 3% Base Budget Growth (multiply line 1 by up to 3%) | (2) | \$7,607 | |
| Enter the total amount you received for Solar Farm Tax from the immediate prior year (7/1/21 - 6/30/22) | (3) | | |
| New Construction, Annexation, & Expiring Urban Renewal Allowable Budget Increases Calculation: | | | |
| 2022 Value of District's Operating Property from Each Applicable County: | | Value | |
| Canyon | (4a) | \$5,067,896 | |
| Ada | (4b) | \$101,818,690 | |
| | (4c) | | |
| | (4d) | | |
| Total 2022 Operating Property Value (total of lines 4a thru 4d): | (4) | \$106,886,586 | |
| 2023 District's Net Taxable Value & Estimated Sub-roll from Each Applicable County: | | Value | |
| Canyon | (5a) | \$123,456,789 | |
| Ada | (5b) | | |
| | (5c) | | |
| | (5d) | | |
| Total 2023 Net Taxable Value & Estimated Sub-roll (total of lines 5a thru 5d): | (5) | \$123,456,789 | |
| Preliminary Levy Rate for New Construction: | | | |
| 2023 New Construction Preliminary Levy Rate ((line 1 + line 2)/(line 4 + line 5)) | (6) | 0.001133887 | |
| 2023 Value of District's New Construction Roll from Each Applicable County: | | Value | |
| Canyon | (7a) | \$5,678,910 | |
| Ada | (7b) | | |
| | (7c) | | |
| | (7d) | | |
| Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 7a thru 7d) | (7) | \$5,678,910 | |
| New Construction Roll Allowable Budget Increase (multiply line 6 by line 7) | (8) | | \$6,439 |



Preliminary Levy Rates

For new construction:

- Highest of the last 3 years (including replacements)
- Add 3%
- Divide that sum by 2023 locally assessed net taxable value plus prior year's operating property value

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

Then,

2023 net taxable + 2022 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 = \$19,437,691
 - NC budget increase = $0.002571978 \times \$19,437,691 = \$49,993$
 - 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 = \$800,000
 - Plus 3% growth = \$824,000
- 2023 locally assessed net taxable value = \$20,000,000
- 2022 operating property value = \$2,500,000
- 2023 new construction value = \$950,000
 - 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 = 0.036622222
- Preliminary levy rate X new construction = \$34,791
- Cap on new construction ($8\% - 3\% = 5\% \times 800,000$) = \$40,000



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:
 - 2023 locally assessed net taxable value, plus
 - prior year's operating property value, plus
 - Locally assessed annexation value, plus
 - estimate of 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:

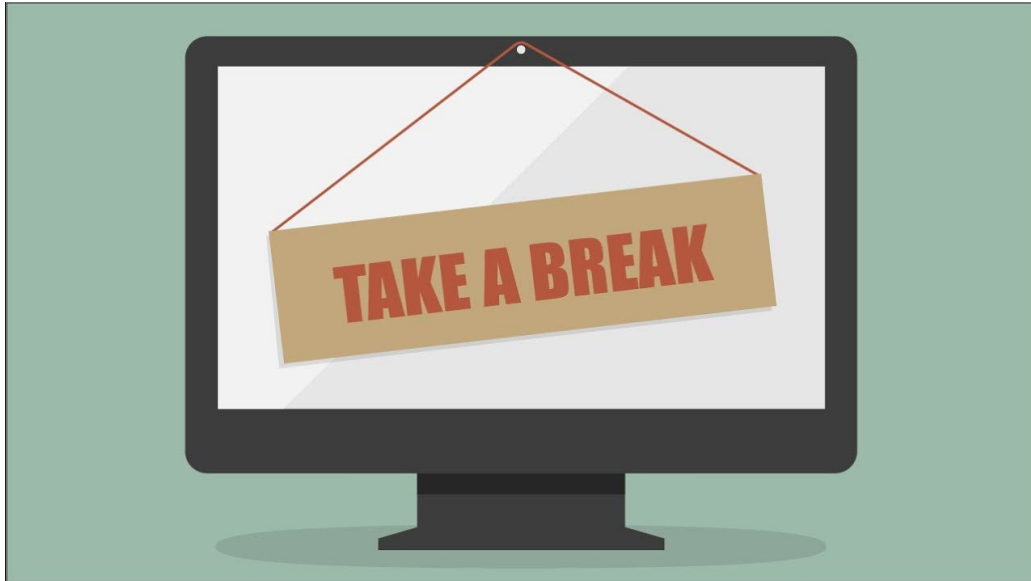
- Highest of the last 3 years (including replacements) plus 3% growth = \$824,000
- 2023 locally assessed net taxable value = \$20,000,000
- 2022 operating property value = \$2,500,000
- 2023 new construction value = \$950,000
- 2023 annexation value = \$225,000
- NC Preliminary levy rate = 0.036622222
- **Annex. Preliminary levy rate = 0.036214806**
- NC Preliminary levy rate X new construction = \$34,791
- Annex. Preliminary levy rate X 90% annexation = \$7,333
- Sum of NC & annexation budget growth = \$42,124
- Cap on NC & annexations (8% - 3% = 5% X \$800,000) = \$40,000
- In this example, 8% cap would limit budget increase (only \$40,000 allowed)

$$\frac{824,000}{\left(\frac{225,000}{20,000,000} \times 2,500,000\right) + 225,000 + 20,000,000 + 2,500,000}$$



Break

Time for a 10-minute break



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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 and Forgone Amount Worksheet"
 - <https://tax.idaho.gov/taxes/property/property-tax-forms-guides-by-category/>
 - New construction roll value – 4th Monday in July
 - Taxable value – 1st Monday in August
 - Locally assessed current year, estimated sub roll, & prior year operating property
 - Annexation values –
 - Real & personal (locally assessed) – 1st Monday in August
 - Operating property (assessed by STC) – 1st Monday in Sept.



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List of Property Tax Related Forms

- 2023 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)
- Capital Projects Tracker (if applicable)
- Maximum Budget and Forgone Amount Worksheet
- All L-2 related forms at this web address:
 - <https://tax.idaho.gov/taxes/property/property-tax-forms-guides-by-category/?property-tax-category=budget-and-levy>



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Individual

Individual Income Tax
Doing Taxes for Free
Filing Taxes
Pay Options
Where's My Refund?
Identity Verification
Income Tax Forms
Property Tax (Homes)

Business

Getting Tax Permits
Business Income Tax
Filing Income Taxes
Withholding
Sales and Use Taxes
Building Contractors
Income Tax Forms
Classes

Governance & Research

Property Tax Oversight
Open Meetings
Laws
Rules
Decisions
Policy Documents
Reports and Statistics



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FORMS BY TAX TYPE

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

GUIDES BY TAX TYPE

- Individual Income Tax Guides
- Withholding Guides
- Travel and Convention Guides
- Property Tax Forms & Guides
- Property Homeowners Guides
- Property Appraisers Guides
- Counties Guides (Property Tax)
- Business Income Tax Guides
- Sales/Use Tax Guides
- IFTA Licenses Guides
- E-File 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

Tax Rebates **TAP** **TAP Help**



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

Property Tax Forms & Guides

Please select a property tax category.

Show 25 entries

| Form ID | Form Name | | |
|---------|---|------------|--|
| | 2022 L-2 - County with Road & Bridge | | |
| | 2022 L-2 - General | 2022 | |
| | Affidavit Regarding Limited Partnership, Limited Liability Company, or Corporation - form | 01-07-2021 | |

Budget & Levy

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



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GENERAL

- Open Meetings
- Reports & Statistics**

AGENCY GUIDANCE

- Agency Guidance Documents
- Decisions
- Policy Documents

LAWS & RULES

- Statutes
- Rules
- Conformity to Federal Internal Revenue Code (IRC)

Individual

- Individual Income Tax
- Doing Taxes for Free
- Filing Taxes
- Pay Options
- Where's My Refund?
- Identity Verification
- Income Tax Forms
- Property Tax (Homes)

Business

- Getting Tax Permits
- Business Income Tax
- Filing Income Taxes
- Withholding
- Sales and Use Taxes
- Building Contractors
- Income Tax Forms
- Classes

Governance & Research

- Property Tax Oversight
- Open Meetings
- LaWS
- Rules
- Decisions
- Policy Documents
- Reports and Statistics**

<https://tax.idaho.gov/governance/reports-and-statistics/>



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Home / Governance / **Reports and Statistics**

Reports and Statistics

The Idaho State Tax Commission collects data and prepares reports on a range of topics. Many of these reports are available to the public. Let us know if you have difficulty accessing any of these documents.

Multi-tax Reports

- Annual Report
- Comparative Statement
- Idaho's Tax Gap
- Tax Burden Study

Deductions and Credits

- FY2019 General Fund Revenue Book (GFRB)
- FY2019 GFRB – Revision of certain pages
- FY2019 Income Tax
- FY2019 Sales Tax

On This Page

- Multi-tax Reports
- Deductions and Credits
- Income Tax
- Product Taxes
- Sales and Use Taxes
- Travel & Convention Tax
- Property Tax – Policy
- Property Tax – Appraisal
- Property Tax – Budget & Levy**
- Property Tax – Personal Property
- Property Tax – Reduction (PTR)



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L-2 Forms

- On the web page, there will be 2 types of L-2 Excel workbooks:
 - General
 - Spreadsheet adapts to the selected district/form 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!
 - Selecting “Ambulance” as the form type and “Ada County” as the district name will NOT fill values for Ada County Ambulance
 - Scroll through the list of districts until you find the correct one (e.g., “Ada County Ambulance”), then verify the auto-filled values on the L-2 Worksheet
 - 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 needs a version that can be quickly/easily reviewed (Excel is preferred)
- 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
- The levy approved by the STC cannot exceed the levy computed using the amount shown in the notice of budget hearing
- Subtract all replacement monies on the L-2 worksheet





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Instructions & Notes

Enter values or select text in the fields that are this color:

Fields that turn red are above their cap or conflict with another field:

Incorrect values

If prompted: click "Enable Editing" or "Enable Content" on Excel Workbook

2023 L-2 DASHBOARD

| | |
|--|-------------------|
| User Type: Local District or County Official? | Local District |
| Select District/Form Type From Drop Down Menu: | City |
| Select County From Drop Down Menu: | Power |
| 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 | |

| | | |
|--|---------|------|
| Percent Base Budget Growth Requested (max 3%) | | 3.0% |
| Total 2023 Net Taxable Value + Estimated Sub-roll: (not including Operating Property) | Power | |
| | Bannock | |
| | | |
| Enter 2023 New Construction value: (reported by County Assessor at 90%) | Power | |
| | Bannock | |
| | | |
| Did this district have an annexation in 2023? | | |
| | | |
| | | |
| | | |
| | | |
| | | |

Instructions

1. Dashboard

2. L-2 Worksheet

3. L-2 Dollar Certification

4. Levy Rate Calculation

5. Voter Tracker



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2023 L-2 DASHBOARD

| | |
|--|---------------------|
| User Type: Local District or County Official? | County Official |
| Select District/Form Type From Drop Down Menu: | City |
| Select County From Drop Down Menu: | Ada |
| Select District Name from Drop Down Menu: | City of Garden City |
| Name of County or Counties This District Resides In: | |
| County Name: | Ada |
| Multi-County District: NO | |

| | | |
|--|-----|------|
| Percent Base Budget Growth Requested (max 3%) | | 3.0% |
| Total 2023 Net Taxable Value + Estimated Sub-roll: (not including Operating Property) | Ada | |
| | | |
| Enter 2023 New Construction value: (reported by County Assessor at 90%) | Ada | |
| | | |
| Did this district have an annexation in 2023? | | |
| | | |
| | | |
| | | |
| | | |

| | |
|---|--|
| "Recovered/Recaptured Property Tax and Refund List" form data | |
| | |
| | |
| | |
| | |
| | |

| | |
|--------------------------------------|------------|
| Recovery of Forgone Amounts: | |
| District's Existing Forgone Balance: | \$ 156,580 |
| | |
| | |
| | |



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2023 L-2 Worksheet

District Name: _____

Form Type: City

Allowable Base Budget Calculation Plus Solar:

| | | |
|--|-----|-------------|
| Highest Non-Exempt P-Tax Budget + P-Tax Replacement (from the 'Maximum Budget and Forgone Amount Worksheet') | (1) | \$4,963,787 |
| Up to 3% Base Budget Growth (multiply line 1 by up to 3%) | (2) | \$148,914 |
| Enter the total amount you received for Solar Farm Tax from the immediate prior year (7/1/21 - 6/30/22) | (3) | |

New Construction, Annexation, & Expiring Urban Renewal Allowable Budget Increases Calculation:

| | | | | |
|---|------|---------------|------|-----------|
| 2022 Value of District's Operating Property from Each Applicable County: | | Value | | |
| Ada | (4a) | \$13,514,703 | | |
| | (4b) | | | |
| | (4c) | | | |
| | (4d) | | | |
| Total 2022 Operating Property Value (total of lines 4a thru 4d): | (4) | \$13,514,703 | | |
| 2023 District's Net Taxable Value & Estimated Sub-roll from Each Applicable County: | | Value | | |
| Ada | (5a) | \$123,456,789 | | |
| | (5b) | | | |
| | (5c) | | | |
| | (5d) | | | |
| Total 2023 Net Taxable Value & Estimated Sub-roll (total of lines 5a thru 5d): | (5) | \$123,456,789 | | |
| Preliminary Levy Rate for New Construction: | | | | |
| 2023 New Construction Preliminary Levy Rate ((line 1 + line 2)/(line 4 + line 5)) | (6) | 0.037326750 | | |
| 2023 Value of District's New Construction Roll from Each Applicable County: | | Value | | |
| Ada | (7a) | \$5,678,904 | | |
| | (7b) | | | |
| | (7c) | | | |
| | (7d) | | | |
| Total New Construction Roll (NOT including expiring Urban Renewal) (total of lines 7a thru 7d) | (7) | \$5,678,904 | | |
| New Construction Roll Allowable Budget Increase (multiply line 6 by line 7) | | | (8) | \$211,975 |
| 2023 Value of District's Annexed Property: | | | | |
| 2023 Full Taxable Value of Annexation from Property Assessed by County | (9) | | | |
| 90% of Annexation Value Assessed by County | (10) | | | |
| Estimated Value of Annexed Operating Property (line 9 divided by line 5, then multiplied by line 4) | (11) | | | |
| 2023 annexation preliminary levy rate ((line 1 + line 2)/(line 4 + line 5 + line 11)) | (12) | 0.037326750 | | |
| Annexation allowable budget increase (multiply line 10 by line 12) | | | (13) | |



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**2023 Expiring Urban Renewal:**

| | | | | |
|---|------|--|------|--|
| Total expiring Urban Renewal value | (14) | | | |
| 80% of expiring Urban Renewal value | (15) | | | |
| Expiring Urban Renewal budget increase (line 6 multiplied by line 15) | | | (16) | |

Total Non-Exempt Allowable Budget (before P-tax Replacement and P-tax Substitute Funds deductions):

| | | | | |
|--|------|-------------|-----------|--|
| Total uncapped budget growth potential (Add lines 1+2+3+8+13+16) | (17) | \$5,324,676 | | |
| Total capped growth (max 8%) (line 1 X 1.08 + line 3 + line 16) | (18) | \$5,360,890 | | |
| Total non-exempt budget allowed (lesser of lines 17 and 18) | (19) | \$ | 5,324,676 | |

Property Tax Replacements:

| | | | | |
|---|------|----------|--|--|
| Enter yearly amount of the agricultural equipment replacement money | (20) | \$32 | | |
| Enter yearly amount of the 2013 personal property replacement money | (21) | \$54,448 | | |
| Enter yearly amount of the 2022 personal property replacement money | (22) | \$7,019 | | |

Information below is reported in indicated columns of the 'Recovered/Recaptured Property Tax and Refund List':

| | | | | |
|--|------|--|----------|--|
| Enter the Solar Farm Tax reported in column 1 (7/1/22 - 6/30/23) | (23) | | | |
| Enter the recovered Homeowner's Exemption property tax reported in column 2 | (24) | | | |
| Enter the total amount reported in columns 3 and 4 of the Recovered/Recaptured Property Tax list | (25) | | | |
| Total of lines 20 thru 25 (Col. 5 of L-2 must equal this amount) | (26) | | \$61,499 | |

Fire District Annexation (Cities Only):

| | | | | |
|--|------|--|--|--|
| If annexed by a fire district, enter the amount spent on fire services in the prior year | (27) | | | |
|--|------|--|--|--|

Forgone Amount Section:

| | | | | |
|---|------|-----------|--|--|
| Enter the total forgone amount reported on the 'Maximum Budget and Forgone Amount Worksheet' | (28) | \$156,580 | | |
| Enter the forgone amount to be recovered in your budget. This amount can't exceed what is reported on the attached resolution | (29) | | | |

Tort Fund Less Property Tax Replacement (Schools Only):

| | | | | |
|----------------|------|--|--|--|
| Not Applicable | (30) | | | |
| Not Applicable | (31) | | | |

Maximum Allowable Non-Exempt Property Tax That Can Be Levied (Including Forgone Amount):

| | | | | |
|---|------|--|-------------|--|
| Maximum non-exempt property tax budget including forgone amount (lines 19-26-27+29) | (32) | | \$5,263,177 | |
|---|------|--|-------------|--|



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2023 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:

| Fund Name | Total Approved Budget* | Cash Forward Balance | Other revenue NOT shown in Column 5 | Property Tax Replacement (Line 26 of 'L-2 Worksheet') | Balance to be levied Col. 2 minus (Cols. 3+4+5) |
|---|------------------------|----------------------|-------------------------------------|---|---|
| 1 | 2 | 3 | 4 | 5 | 6 |
| M&O | \$6,195,000 | \$800,000 | \$72,904 | \$61,499 | \$5,260,597 |
| | | | | | |
| | | | | | |
| | | | | | |
| NON-LEVIED FUNDS (must net zero) | | | | | |
| Column Subtotal: | \$6,195,000 | \$800,000 | \$72,904 | \$61,499 | \$5,260,597 |
| Maximum Allowable Non-Exempt Property Tax Amount to be Levied: | | | | | \$5,263,177 |

Exempt Funds

(Bonds, Overrides, Judgment Funds, & Plant Facilities)

| | | | | | |
|--|-------------|-----------|----------|----------|-------------|
| | | | | | |
| | | | | | |
| Column Subtotal: | | | | | |
| Column Total: | \$6,195,000 | \$800,000 | \$72,904 | \$61,499 | \$5,260,597 |
| Expected Totals (for balancing purposes, values from "L-2 Worksheet") | | | | \$61,499 | |

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 29 of the 'L-2 Worksheet')

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

I have attached the Capital Project Worksheet for additional forgone (if applicable).

Max Reserved Forgone: \$2,580

Reserved Forgone:

Recovered Forgone:

Initials:



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| | | | | | |
|---|---|--------------|---------------------------------|--|--|
| Column Subtotal: | | | | | |
| Column Total: | | | | | |
| Expected Totals (for balancing purposes, values from 'L-2 Worksheet') | | | | | |
| I, the undersigned, attest that a public hearing was held and a resolution was adopted to: | | | Max Reserved Forgone: | | |
| RESERVE the current year's forgone amount, OR | | | Reserved Forgone: | | |
| RECOVER forgone amounts (line 29 of the 'L-2 Worksheet') | | | Recovered Forgone: | | |
| I have attached the adopted and signed resolution indicating the amount of forgone to be reserved or recovered. | | | | | |
| I have attached the Capital Project Worksheet for additional forgone (if applicable). | | | Initials: | | |
| 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. | | | | | |
| Printed Name | Signature of District Representative | Title | Date | | |
| | | | | | |
| Contact Name and Mailing Address | | | Email Address | | |
| | | | | | |
| Phone Number (###) ###-### EXT ### | | | Fax Number (###) ###-### | | |
| | | | | | |

*Do not include revenue allocated to urban renewal agencies



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What to Submit?

- 2023 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
- Capital projects worksheet (if applicable)
- Also submit:
 - Excel L-2 file containing all completed documents for review
 - Greatly expedites review & approval




















Q & A

What questions do you have for us?



Appendix

-  ➤ Terminology
-  ➤ School District Exempt Fund List
-  ➤ 2023 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. |



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2023 Taxing District Calendar

| Date | Idaho Code or Rule | Description |
|---|-----------------------------|--|
| 3/27/2023 | 63-1312(1) | County auditor notifies each district, other than school districts, of the prior year's total taxable value within such district. |
| 5/1/2023 | 63-802A | Each taxing district will notify each appropriate county clerk of the date and location of its budget hearing. |
| 5/22/2023 | Rule 805.03 | County clerk to submit list of districts failing to notify regarding budget hearings as per 63-802A. |
| 6/5/2023 | 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. |
| 7/17/2023 | 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. |
| 7/24/2023 | Rule 802.08 | County auditor shall report to each taxing district the value of new construction and annexation. |
| 8/7/2023 | 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. |
| 8/7/2023 | 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). |
| 8/7/2023 | 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). |
| RAA = Revenue Allocation Area STC = State Tax Commission | | SCO = State Controller's Office URA = Urban Renewal Agency |



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2023 Taxing District Calendar

| Date | Idaho Code or Rule | Description |
|--|--------------------|--|
| 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. |
| 9/5/2023 | Rule 805.04 | STC will provide a list of taxing districts that are noncompliant with SCO's central registry to county clerk(s). |
| 9/5/2023 | 63-410(1) | STC will certify operating property values to each county auditor. |
| 9/7/2023 | 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 nd Monday of September. |
| 9/18/2023 | 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. |
| 9/18/2023 | 63-803(3) | Due date for taxing districts to certify their property tax budgets if granted an extension by the county commissioners. |
| 9/25/2023 | 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. |
| 10/23/2023 | 63-809(1) | Deadline for STC to approve budget and levies. |
| 12/1/2023 | 67-1076 | Before December 1 st , 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. |
| 12/1/2023 | 50-2913(2) | URAs shall submit their plans to the STC central registry. |
| 12/31/2023 | 63-802(1)(f) | Resolutions to reserve forgone amounts must be completed and submitted to the STC. |
| 1/15/2024 | 67-1076(7)(b) | SCO notifies county commissioners and STC of every entity failing to provide required information. |
| Prior to 2/15/2024 | 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 STC = State Tax Commission SCO = State Controller's Office URA = Urban Renewal Agency | | |



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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



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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 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
- 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 28 minus line 29 = 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 8), annexation (line 13), and urban renewal budget increases (line 16)
 - May be capped at 8%, except for UR
 - If levying less than the max allowable (line 32), then these increases may be reserved for the future



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?

| 2020 | 2021 | 2022 |
|------------|------------|------------|
| \$ 629,405 | \$ 547,139 | \$ 581,165 |

Answer: **\$629,405 in 2020**

Assuming this district levies \$545,000 in 2023, what will be the highest budget of the last 3 years and what year did it occur?

Answer is: **\$581,165 in 2022**



Special Situations

- **Newly created districts** – those formed during 2022 or first eligible to levy property taxes in 2023. 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 2023 net taxable value.
- **Districts which did not levy during 2020, 2021, and 2022** – 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 2023 that have never levied any property taxes. Property tax budget may equal statutory maximum levy rate multiplied by 2023 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 60 days on even number years and 50 days on odd number years before election.

District Election Dates

3rd Tuesday in May

Tuesday following the 1st Monday in November

School Districts Additional Dates

Last Tuesday in August

If joint, involve all county clerks.



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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 –
 - 2/3rd 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



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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 2023 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 2023 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 \$4,229,417

| 2023 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 Replacement (Line 26 of 'L-2 Worksheet') | Balance to be levied Col. 2 minus (Cols. 3+4+5) |
| 1 | 2 | 3 | 4 | 5 | 6 |
| M&O | \$4,092,102 | \$200,000 | | \$79,428 | \$3,812,674 |
| NON-LEVIED FUNDS (must net zero) | | | | | |
| Column Subtotal: | \$4,092,102 | \$200,000 | | \$79,428 | \$3,812,674 |
| Maximum Allowable Non-Exempt Property Tax Amount to be Levied: | | | | | \$3,812,674 |
| Exempt Funds (Bonds, Overrides, Judgment Funds, & Plant Facilities) | | | | | |
| Permanent Override | \$416,743 | | | | \$416,743 |
| Column Subtotal: | \$416,743 | | | | \$416,743 |
| Column Total: | \$4,508,845 | \$200,000 | | \$79,428 | \$4,229,417 |
| Expected Totals (for balancing purposes, values from 'L-2 Worksheet') | | | | \$79,428 | |



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. §34-439 outlines information that is to be on the official statement and the ballot for bonds
- Non-bond issues – (I.C. §34-439A) 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;
 - **HB-103 (2019)** – 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





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 2nd 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 1st 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:

| | |
|---|--------------|
| 2023 value of consenting utility | \$ 5,000,000 |
| Fire district's 2022 non-exempt levy rate | X 0.0018 |
| 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 |
| Total to cities: | 67,577,613 | 49,947.32 |

- 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



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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 10th of the effective year
 - The ordinance, order, or resolution must be signed by December 31st 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 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



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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

