

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 592

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO REVENUE AND TAXATION; AMENDING SECTION 63-301A, IDAHO CODE, TO ESTABLISH PROVISIONS THAT A NEW CONSTRUCTION ROLL SHALL SHOW CERTAIN REDUCTIONS IN TAXABLE MARKET VALUE AND TO PROVIDE FOR EXCEPTIONS; AND AMENDING SECTION 63-802, IDAHO CODE, TO REVISE A CODE REFERENCE AND TO ESTABLISH PROVISIONS RELATING TO A CERTAIN AMOUNT THAT SHALL BE SUBTRACTED FROM THE DOLLAR AMOUNT OF PROPERTY TAXES CERTIFIED FOR AN ANNUAL BUDGET.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-301A, Idaho Code, be, and the same is hereby amended to read as follows:

63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare a new construction roll, which shall be in addition to the property roll, which new construction roll shall show:

- (a) The name of the taxpayer;
- (b) The description of the new construction, suitably detailed to meet the requirements of the individual county;
- (c) A description of the land and its change in use, suitably detailed to meet the needs of the individual county;
- (d) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction or a change in use of the land or both;
- (e) The amount of taxable market value added as provided in subsection (3) (g) of this section as a result of dissolution of any revenue allocation area;
- (f) The amount of taxable market value to be deducted to reflect the adjustments required in paragraphs (f) (i), (f) (ii) and (f) (iii) of this subsection:
  - (i) Any board of tax appeals or court ordered value change, if property has a taxable value lower than that shown on any new construction roll in any one (1) of the immediate five (5) tax years preceding the current tax year;
  - (ii) Any reduction in value resulting from correction of value improperly included on any previous new construction roll as a result of double or otherwise erroneous assessment;
  - (iii) Any reduction in value, in any one (1) of the immediate five (5) tax years preceding the current tax year, resulting from a change of land use classification.
- (g) (i) Beginning January 1, 2011, any reduction in taxable market value resulting from property that became exempt pursuant to chapters 6 and 45, title 63, Idaho Code, in the five (5) years immediately preceding the current tax year. Such a reduction shall

be applied to the taxable market value but shall not be shown on the new construction roll in a cumulative manner in each succeeding year.

(ii) The provisions of paragraph (g) (i) of this subsection shall not apply to sections 63-602G, 63-602L, 63-602X, 63-602W(2), 63-602AA and 63-602KK, Idaho Code.

(iii) The provisions of paragraph (g) (i) of this subsection shall not apply to that portion of taxable property that is increment value as defined in section 50-2903, Idaho Code.

(2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit be forwarded to the state tax commission on or before the fourth Monday in July. Provided however, the value shown in subsection (3) (f) of this section shall be reported to the appropriate county auditor by the state tax commission by the third Monday in July and the value sent by the county auditor to each taxing district. The value established pursuant to subsection (3) (f) of this section is subject to correction by the state tax commission until the first Monday in September and any such corrections shall be sent to the appropriate county auditor, who shall notify any affected taxing districts.

(3) The value shown on the new construction roll shall include the taxable market value increase from:

- (a) Construction of any new structure that previously did not exist; or
- (b) Additions or alterations to existing nonresidential structures; or
- (c) Installation of new or used manufactured housing that did not previously exist within the county; or
- (d) Change of land use classification; or
- (e) Property newly taxable as a result of loss of the exemption provided by section 63-602W, Idaho Code; or
- (f) The construction of any improvement or installation of any equipment used for or in conjunction with the generation of electricity and the addition of any improvement or equipment intended to be so used, except property that has a value allocated or apportioned pursuant to section 63-405, Idaho Code, or that is owned by a cooperative or municipality, as those terms are defined in section 61-332A, Idaho Code, or that is owned by a public utility, as that term is defined in section 61-332A, Idaho Code, owning any other property that is allocated or apportioned. No replacement equipment or improvements may be included; or
- (g) Increases in value over the base value of property on the base assessment roll within an urban renewal revenue allocation area that has been terminated pursuant to section 50-2909(4), Idaho Code, to the extent that this increment exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value. Notwithstanding other provisions of this section, the new construction roll shall not include new construction located within an urban renewal district's revenue allocation area, except as provided in this subsection (3) (g); or
- (h) New construction, in any one (1) of the immediate five (5) tax years preceding the current tax year, allowable but never included on a new

1 construction roll, provided however, that, for such property, the value  
 2 on the new construction roll shall reflect the taxable value that would  
 3 have been included on the new construction roll for the first year in  
 4 which the property should have been included.

5 (i) Formerly exempt improvements on state college or state university  
 6 owned land for student dining, housing, or other education related pur-  
 7 poses approved by the state board of education and board of regents of  
 8 the university of Idaho as proper for the operation of such state col-  
 9 lege or university provided however, such improvements were never in-  
 10 cluded on any previous new construction roll.

11 (4) The amount of taxable market value of new construction shall be the  
 12 change in net taxable market value that is attributable directly to new con-  
 13 struction or a change in use of the land or loss of the exemption provided  
 14 by section 63-602W(3), Idaho Code. It shall not include any change in value  
 15 of existing property that is due to external market forces such as general  
 16 or localized inflation, except as provided in subsection (3) (g) of this sec-  
 17 tion.

18 SECTION 2. That Section 63-802, Idaho Code, be, and the same is hereby  
 19 amended to read as follows:

20 63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES --  
 21 EXCEPTIONS. (1) Except as provided in subsection (3) of this section, no tax-  
 22 ing district shall certify a budget request for an amount of property tax  
 23 revenues to finance an annual budget that exceeds the greater of paragraphs  
 24 (a) through (i) of this subsection inclusive:

25 (a) The dollar amount of property taxes certified for its annual bud-  
 26 get for any one (1) of the three (3) tax years preceding the current tax  
 27 year, whichever is greater, for the past tax year, which amount may be  
 28 increased by a growth factor of not to exceed three percent (3%) plus  
 29 the amount of revenue calculated as described in this subsection. Mul-  
 30 tiply the levy of the previous year, not including any levy described  
 31 in subsection (4) of this section, or any school district levy reduc-  
 32 tion resulting from a distribution of state funds pursuant to section  
 33 63-3638(11), Idaho Code, by the value shown on the new construction roll  
 34 compiled pursuant to section 63-301A(1) (a) through (f), Idaho Code; and  
 35 by the value of annexation during the previous calendar year, as certi-  
 36 fied by the state tax commission for market values of operating property  
 37 of public utilities and by the county assessor;

38 (b) The dollar amount of property taxes certified for its annual budget  
 39 during the last year in which a levy was made;

40 (c) The dollar amount of the actual budget request, if the taxing dis-  
 41 trict is newly created except as may be provided in subsection (1) (h) of  
 42 this section;

43 (d) In the case of school districts, the restriction imposed in section  
 44 33-802, Idaho Code;

45 (e) In the case of a nonschool district for which less than the maximum  
 46 allowable increase in the dollar amount of property taxes is certified  
 47 for annual budget purposes in any one (1) year, such a district may, in  
 48 any following year, recover the foregone increase by certifying, in ad-  
 49 dition to any increase otherwise allowed, an amount not to exceed one

1 hundred percent (100%) of the increase originally foregone. Said addi-  
 2 tional amount shall be included in future calculations for increases as  
 3 allowed;

4 (f) In the case of cities, if the immediately preceding year's levy  
 5 subject to the limitation provided by this section, is less than 0.004,  
 6 the city may increase its budget by an amount not to exceed the differ-  
 7 ence between 0.004 and actual prior year's levy multiplied by the prior  
 8 year's market value for assessment purposes. The additional amount  
 9 must be approved by sixty percent (60%) of the voters voting on the ques-  
 10 tion at an election called for that purpose and held on the date in May or  
 11 November provided by law, and may be included in the annual budget of the  
 12 city for purposes of this section;

13 (g) A taxing district may submit to the electors within the district  
 14 the question of whether the budget from property tax revenues may be  
 15 increased beyond the amount authorized in this section, but not beyond  
 16 the levy authorized by statute. The additional amount must be approved  
 17 by sixty-six and two-thirds percent (66 2/3%) or more of the voters  
 18 voting on the question at an election called for that purpose and held  
 19 on the May or November dates provided by section 34-106, Idaho Code.  
 20 If approved by the required minimum sixty-six and two-thirds percent  
 21 (66 2/3%) of the voters voting at the election, the new budget amount  
 22 shall be the base budget for the purposes of this section;

23 (h) When a nonschool district consolidates with another nonschool  
 24 district or dissolves and a new district performing similar governmen-  
 25 tal functions as the dissolved district forms with the same boundaries  
 26 within three (3) years, the maximum amount of a budget of the district  
 27 from property tax revenues shall not be greater than the sum of the  
 28 amounts that would have been authorized by this section for the district  
 29 itself or for the districts that were consolidated or dissolved and in-  
 30 corporated into a new district;

31 (i) In the instance or case of cooperative service agencies, the re-  
 32 strictions imposed in sections 33-315 through 33-318, Idaho Code.

33 (j) The amount calculated by multiplying the levy of the previous year,  
 34 not including any levy described in subsection (4) of this section, or  
 35 any school district levy reduction resulting from a distribution of  
 36 state funds pursuant to section 63-3638(11), Idaho Code, by the value  
 37 shown on the new construction roll pursuant to section 63-301A(1)(g),  
 38 Idaho Code, shall be subtracted from the dollar amount of property taxes  
 39 certified for the annual budget in each of the three (3) tax years pre-  
 40 ceding the current tax year or during the last year in which a levy was  
 41 made. The new budget amount shall be the base budget for the purposes of  
 42 this section.

43 (2) In the case of fire districts, during the year immediately follow-  
 44 ing the election of a public utility or public utilities to consent to be pro-  
 45 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum  
 46 amount of property tax revenues permitted in subsection (1) of this section  
 47 may be increased by an amount equal to the current year's taxable value of the  
 48 consenting public utility or public utilities multiplied by that portion of  
 49 the prior year's levy subject to the limitation provided by subsection (1) of  
 50 this section.

1           (3) No board of county commissioners shall set a levy, nor shall the  
2 state tax commission approve a levy for annual budget purposes which exceeds  
3 the limitation imposed in subsection (1) of this section, unless authority  
4 to exceed such limitation has been approved by a majority of the taxing dis-  
5 trict's electors voting on the question at an election called for that pur-  
6 pose and held pursuant to section 34-106, Idaho Code, provided however, that  
7 such voter approval shall be for a period of not to exceed two (2) years.

8           (4) The amount of property tax revenues to finance an annual budget  
9 does not include revenues from nonproperty tax sources, and does not include  
10 revenue from levies that are voter approved for bonds, override levies or  
11 supplemental levies, plant facilities reserve fund levies, school emergency  
12 fund levies or for levies applicable to newly annexed property or for levies  
13 applicable to new construction as evidenced by the value of property subject  
14 to the occupancy tax pursuant to section 63-317, Idaho Code, for the preced-  
15 ing tax year.