

Bill Text

]]]] LEGISLATURE OF THE STATE OF IDAHO]]]]
Fifty-ninth Legislature Second Regular Session - 2008

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 579

BY REVENUE AND TAXATION COMMITTEE

1 AN ACT
2 RELATING TO LIMITATION OF PROPERTY TAXES; AMENDING CHAPTER 8, TITLE 63, IDAHO
3 CODE, BY THE ADDITION OF A NEW SECTION 63-802B, IDAHO CODE, TO PROVIDE A
4 MECHANISM FOR THE VOTERS OF CERTAIN TAXING DISTRICTS TO REDUCE THE PROP-
5 ERTY TAX PORTION OF THE TAXING DISTRICT'S BUDGET FOR THE FOLLOWING FISCAL
6 YEAR WITH EXCEPTIONS, TO DEFINE TERMS AND TO PROVIDE PROCEDURES; AMENDING
7 SECTION 63-802, IDAHO CODE, TO PROVIDE A RESTRICTION IMPOSED BY A STATUTE
8 FOR INDIGENT ASSISTANCE, TO PROVIDE FOR A LIMIT ON AN INCREASE IN THE
9 EVENT A TAXING DISTRICT'S PROPERTY TAX PORTION OF ITS BUDGET IS ESTAB-
10 LISHED PURSUANT TO A PROPERTY TAX REDUCTION ELECTION AND TO LIMIT FOREGONE
11 INCREASES; PROVIDING SEVERABILITY; DECLARING AN EMERGENCY AND PROVIDING
12 RETROACTIVE APPLICATION.

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

14 SECTION 1. That Chapter 8, Title 63, Idaho Code, be, and the same is
15 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
16 ignated as Section 63-802B, Idaho Code, and to read as follows:

17 63-802B. TAXPAYER PROPERTY TAX RELIEF. (1) Property tax is a local tax
18 best controlled by registered voters in any given taxing district; such dis-
19 trict generally having been established at the request of the voters, or by
20 legislative action to comply with provisions of the state's constitution. It
21 is therefore legislative intent that taxpayers have proper authority to resist
22 excessive property taxes and, to this end, taxpayers in any given taxing dis-
23 trict may initiate local option property tax relief in the form of a budget
24 limitation on the property tax portion of the district's budget. This section
25 shall only apply to those taxing districts subject to the provisions of sec-
26 tion 63-802, Idaho Code, and whose property tax portion of its budget equals
27 or exceeds two hundred fifty thousand dollars (\$250,000) annually.

28 (2) For the purpose of this section, the term "property tax portion of
29 the district's budget" does not include revenues from nonproperty tax sources
30 nor amounts or levies that have been voter approved for bonds, override
31 levies, supplemental levies, levies applicable to newly annexed property,
32 school districts or levies for newly created taxing districts.

33 (3) After a district has adopted a budget for the forthcoming fiscal
34 year, electors who are registered to vote in the taxing district may initiate
35 a budget limitation election that places a budget limitation on the property
36 tax portion of the district's budget. The limit shall be the amount estab-
37 lished by the election in the district, which amount shall be effective for
38 the district's next fiscal year following the election. In the event of multi-
39 ple petitions, the petition first certified by the taxing district clerk shall
40 be the question for election. An election may be held pursuant to section
41 63-802, Idaho Code, for an override of the budget limitation. The budget limi-
42 tation of this section shall be automatically terminated in the event a dis-
43 trict subject to the limitation shall consolidate or combine with another dis-

1 trict. The newly formed district shall be subject to all of the provisions of
2 this section as a newly created taxing district.

3 (4) Registered voters may initiate any budget limitation election by sub-
4 mitting a petition that has been signed by residents of the district to the
5 governing board of the district equal to or exceeding ten percent (10%) of the
6 number of voters voting at the last election of the taxing district. The peti-
7 tion shall be in substantially the following form:

8 BUDGET LIMITATION PETITION

9 To the (name of the taxing district):

10 We, the undersigned agree that the property tax portion of the
11 district's budget, as most recently adopted by the district governing
12 board, is excessive in its demand for increased property tax and
13 request that the following question be placed on the ballot, to wit:

14 "Shall the property tax portion of the district's budget be
15 limited to(insert dollar amount)....?".

16 (5) Upon receiving a signed petition, the governing board clerk of the
17 district shall review the petition and determine whether the signatures
18 thereon are valid. Upon a determination that sufficient signatures for passage
19 are valid, the governing board may give notice and hold a public hearing
20 within thirty (30) days to explain the currently adopted budget and future
21 expectations and needs. Notice of such hearing shall be prominently adver-
22 tised, to include the place, hour and day of the hearing. After the hearing,
23 or if no hearing is held, the district shall conduct an election at the first
24 available election date. The election shall meet the requirements of section
25 34-106, Idaho Code. Notice of the election shall be posted at least ten (10)
26 days prior to the date of the election in at least one (1) conspicuous place
27 in the district, such place to be determined by the governing board. At least
28 ten (10) days before the election, a copy of such notice shall also be pub-
29 lished in a daily or weekly newspaper published within the district, in at
30 least one (1) issue thereof. If there is no newspaper within the district, the
31 governing board shall advertise as specified above in a newspaper of general
32 circulation within the district. The place, hour and day of such election
33 shall be specified in the notice. Within seven (7) days after the election,
34 the governing board shall canvass the ballots and certify the results to the
35 county clerk and the state tax commission.

36 (6) If a budget limitation election is held, the question for election
37 shall be:

38 "Shall the property tax portion of the district's budget be lim-
39 ited to(insert dollar amount)....?".

40 For this election:

41 (a) The term "property tax portion of the district's budget" does not
42 include revenues from nonproperty tax sources and does not include revenue
43 from levies that are voter approved for bonds, override levies, supplemen-
44 tal levies, or for levies applicable to newly annexed property, or for
45 levies for newly created taxing districts; and

46 (b) Budget limitation elections may be initiated either by the number of
47 residents of the district equal to or exceeding ten percent (10%) of the
48 number of voters voting at the last election of the taxing district or the
49 district's governing board. No more than one (1) budget limitation elec-
50 tion may be held in any one (1) year.

51 (7) If sixty-six and two-thirds percent (66 2/3%) or more of the persons
52 voting at the budget limitation election vote in favor of the question, the
53 property tax portion of the district's budget shall be limited to the amount
54 established by the registered voters in the district provided an override

election pursuant to section 63-802, Idaho Code, is not held and passed in the interim.

(8) The cost of publication, hearing or election required in this section shall be paid from any district fund which is not prohibited by statute from being used for this purpose.

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

63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES -- EXCEPTIONS. (1) Except as provided in subsection (3) of this section for tax year 1995, and each year thereafter, no taxing district shall certify a budget request for an amount of property tax revenues to finance an annual budget that exceeds the greater of:

(a) The dollar amount of property taxes certified for its annual budget for any one (1) of the three (3) tax years preceding the current tax year, whichever is greater, which amount may be increased by a growth factor of not to exceed three percent (3%) plus the amount of revenue that would have been generated by applying the levy of the previous year, not including any levy described in subsection (4) of this section, or any school district levy reduction resulting from a distribution of state funds pursuant to section 63-3638(10), Idaho Code, to any increase in market value subject to taxation resulting from new construction or change of land use classification as evidenced by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code; and by the value of annexation during the previous calendar year, as certified by the state tax commission for market values of operating property of public utilities and by the county assessor; or

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

(c) The dollar amount of the actual budget request, if the taxing district is newly created except as may be provided in subsection (1)(h) of this section; or

(d) In the case of school districts, the restriction imposed in section 33-802, Idaho Code, in the case of counties for indigent assistance, the restriction imposed in section 31-863, Idaho Code; or

(e) In the case of a nonschool district for which less than the maximum allowable increase in the dollar amount of property taxes is certified for annual budget purposes in any one (1) year, such a district may, in any following year, recover the foregone increase by certifying, in addition to any increase otherwise allowed, an amount not to exceed one hundred percent (100%) of the increase originally foregone. Said additional amount shall be included in future calculations for increases as allowed; or

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

(g) A taxing district may submit to the electors within the district the question of whether the budget from property tax revenues may be increased

beyond the amount authorized in this section, but not beyond the levy authorized by statute. The additional amount must be approved by sixty-six and two-thirds percent (66 2/3%) or more of the voters voting on the question at an election called for that purpose and held on the May or November dates provided by section 34-106, Idaho Code. If approved by the required minimum sixty-six and two-thirds percent (66 2/3%) of the voters voting at the election, the new budget amount shall be the base budget for the purposes of this section; or

(h) When a nonschool district consolidates with another nonschool district or dissolves and a new district performing similar governmental functions as the dissolved district forms with the same boundaries within three (3) years, the maximum amount of a budget of the district from property tax revenues shall not be greater than the sum of the amounts that would have been authorized by this section for the district itself or for the districts that were consolidated or dissolved and incorporated into a new district; or

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

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

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

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

(5) In the event an election is held pursuant to section 63-802B, Idaho Code, and the property tax portion of a taxing district's budget is reduced pursuant to that election, the amount of the property tax portion of the district's budget that has been reduced pursuant to election shall be the amount that may be increased by a growth factor of not to exceed three percent (3%) plus the amount of revenue that would have been generated by applying the levy of the previous year, not including any levy described in subsection (4) of this section, to any increase in market value subject to taxation resulting from new construction or change of land use classification as evidenced by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code; and by the value of annexation during the previous calendar year, as certified by the state tax commission for market values of operating property of public utilities and by the county assessor. In the year of the initial reduction, the taxing district shall not be eligible to recover the fore-

1 gone increase pursuant to subsection (1)(e) of this section.

2 SECTION 3. SEVERABILITY. The provisions of this act are hereby declared
3 to be severable and if any provision of this act or the application of such
4 provision to any person or circumstance is declared invalid for any reason,
5 such declaration shall not affect the validity of the remaining portions of
6 this act.

7 SECTION 4. An emergency existing therefor, which emergency is hereby
8 declared to exist, this act shall be in full force and effect on and after its
9 passage and approval, and retroactively to January 1, 2008.