

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 83

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 AN ADDITIONAL EXCEPTION; AND AMENDING SECTION 63-802, IDAHO CODE, TO REVISE A CODE REFERENCE AND TO ESTABLISH PROVISIONS REGARDING A CERTAIN AMOUNT THAT SHALL BE SUBTRACTED FROM THE DOLLAR AMOUNT OF PROPERTY TAXES CERTIFIED FOR AN ANNUAL BUDGET; DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING EFFECTIVE DATES.

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), (f) (iii) and (f) (iv) 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;

(iv) Any reduction in value resulting from the exemption provided in section 63-602W(4), Idaho Code, in any one (1) of the immediate five (5) tax years preceding the current tax year.

(g) (i) Beginning January 1, 2016, 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, provided that the amount of the reduction does not exceed the amount originally added to the new construction roll. The reduction shall be separately identified on the new construction roll.

(ii) The provisions of paragraph (g) (i) of this subsection shall not apply to sections 63-602G, 63-602L, 63-602W(2), 63-602X, 63-602AA and 63-602KK, 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(3) or (4), 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) Provided such increases do not include increases already reported on the new construction roll, as permitted in paragraphs (j) and (k) of this subsection, 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 paragraph; 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 construction roll, provided however, that, for such property, the value on the new construction roll shall reflect the taxable value that would have been included on the new construction roll for the first year in which the property should have been included.

(i) Formerly exempt improvements on state college or state university owned land for student dining, housing, or other education related purposes approved by the state board of education and board of regents of the university of Idaho as proper for the operation of such state college or university provided however, such improvements were never included on any previous new construction roll.

(j) Increases in base value when due to previously determined increment value added to the base value as required in sections 50-2903 and 50-2903A, Idaho Code, due to a modification of the urban renewal plan. In this case, the amount added to the new construction roll will equal the amount by which the increment value in the year immediately preceding the year in which the base value adjustment described in this subsection occurs exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value.

(k) Increases in base value when due to previously determined increment value added to the base value as a result of a de-annexation within a revenue allocation area as defined in section 50-2903, Idaho Code. In this case, the amount added to the new construction roll will equal the amount by which the increment value in the year immediately preceding the year in which the de-annexation described in this subsection occurs exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value within the area subject to the de-annexation.

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

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 subsections (3) and (4) of this section, 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 paragraphs (a) through (j) of this subsection inclusive:

(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, for the past tax year, which amount may be

1 increased by a growth factor of not to exceed three percent (3%) plus
2 the amount of revenue calculated as described in this subsection. Mul-
3 tiply the levy of the previous year, not including any levy described
4 in subsection (4) of this section, or any school district levy reduc-
5 tion resulting from a distribution of state funds pursuant to section
6 63-3638(11) or (13), Idaho Code, by the value shown on the new construc-
7 tion roll compiled pursuant to section 63-301A, Idaho Code; and by the
8 value of annexation during the previous calendar year, as certified by
9 the state tax commission for market values of operating property of pub-
10 lic utilities and by the county assessor;

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

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

16 (d) In the case of school districts, the restriction imposed in section
17 33-802, Idaho Code;

18 (e) In the case of a nonschool district for which less than the maximum
19 allowable increase in the dollar amount of property taxes is certified
20 for annual budget purposes in any one (1) year, such a district may,
21 in any following year, recover the forgone increase by certifying, in
22 addition to any increase otherwise allowed, an amount not to exceed one
23 hundred percent (100%) of the increase originally forgone. Provided
24 however, that prior to budgeting any forgone increase, the district
25 must provide notice of its intent to do so, hold a public hearing, which
26 may be in conjunction with its annual budget hearing, and certify by
27 resolution the amount of forgone increase to be budgeted and the spe-
28 cific purpose for which the forgone increase is being budgeted. Upon
29 adoption of the resolution, the clerk of the district shall file a copy
30 of the resolution with the county clerk and the state tax commission.
31 Said additional amount shall be included in future calculations for
32 increases as allowed;

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

42 (g) A taxing district may submit to the electors within the district
43 the question of whether the budget from property tax revenues may be
44 increased beyond the amount authorized in this section, but not beyond
45 the levy authorized by statute. The additional amount must be approved
46 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
47 voting on the question at an election called for that purpose and held
48 on the May or November dates provided by section 34-106, Idaho Code.
49 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;

(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;

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

(j) The amount calculated by multiplying 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(11), Idaho Code, by the value shown on the new construction roll pursuant to section 63-301A(1)(g), Idaho Code, shall be subtracted from the maximum amount of property tax revenue to finance an annual budget, as provided in this section, determined for each of the three (3) tax years preceding the current tax year or during the last year in which a levy was made if such a levy was made following the inclusion of the property subject to the reduction pursuant to section 63-301A(1)(g), Idaho Code, on the new construction roll for the taxing district;

(k) The amount of money received in the twelve (12) months immediately preceding June 30 of the current tax year as a result of distributions of the tax provided in section 63-3502B(2), 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.

1 SECTION 3. An emergency existing therefor, which emergency is hereby
2 declared to exist, Section 1 of this act shall be in full force and effect
3 on and after its passage and approval, and retroactively to January 1, 2017.
4 Section 2 of this act shall be in full force and effect on and after July 1,
5 2017.