

Idaho's Property Tax System

A Public Relations Guide

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Introduction:

Under normal circumstances counties operate under a strict specific set of statutes, rules, ordinances and guidelines that attempt to assure that the county operates in an efficient and professional manner when dealing with taxes.

However, it is apparent that neither the public nor the media in general have a clear understanding of how the property tax is developed, assessed and administered. This confusion and lack of understanding leads to frustration on the part of citizens and county officials alike. Such frustration damages the credibility of local officials and creates unnecessary inquiry by state officials based on misperceptions about the fairness or equity of the administration of the tax.

The purpose of this plan is to assist local officials in the management and decisions in the development of a public relations process designed to teach the public and media about the property tax process. It is designed to provide a clear and simple understanding of the assessment of property tax and valuations thereby reducing the level of frustration and confusion. It will also help people in understanding the numerous options available to them in times of hardship. Repetition of message and the constant flow of information are key to a successful public relations program.

The document should be continually reviewed, revised and rewritten as necessary.

Table of Contents:

Communicating to Selected Audiences	Page 3
Media	Page 4
Initial Preparation	Page 6
Timeline for Messages	Page 8
Conclusion	Page 14
Appendix of Informational Pieces	Page 15
How Taxes Are Determined	Page 15
Informational Brochure	Page 16
2002 Property Tax Comparison Charts	Page 20
Citizen's Guide to Property Tax	Page 22
Neighborhood Letter	Page 26
FAQs from Tax Commission	Page 27

Public Information Teams:

Obviously counties are going to vary widely in terms of available resources and personnel with varying degrees of experience. This plan is conceptual in nature. However, it is most likely that execution of the plan would be best managed by the County Treasurer and Assessor working together.

In general the public information team of a county should include the following participants or their representatives:

- County Public relations officer or professional
- County Assessor
- County Treasurer
- One County Commissioner
- One representative from each city preferably an elected official
- One representative from school districts preferably an elected official

Communicating to the selected audience:

When considering communications, it is important that team members take the necessary time to consider all obvious, as well as not so obvious, potential audiences. Audiences will vary dramatically in the type of information they need as well as how they should be approached. Certainly the team needs to consider how to communicate information to the general public, but when the general public may be the Chamber of Commerce, their interests will be very different from a room full of disgruntled citizens. It is imperative that all information being released be factual and timely. Even the appearance that information is being withheld could be devastating, depending upon the nature of the crisis. The team members must ensure quick and effective communications.

Once each audience within the general public has been addressed and the communications process has taken place, it is extremely important that quality follow-up is done. The team at this point must ask if each of their messages was received and understood. It will do no good to deliver a message, which is either not heard or misinterpreted. The best plan will fall apart at this point.

Media:

The media is the most important link to the general public. Once the team has met to assess the situation and formulate a statement, a

designated representative will contact media. It is very important to maintain positive and open lines of communication with the media.

Media officials are as busy as county officials in trying to meet deadlines and cover the news of the day. It must be understood that the media should be in constant contact with those who are in charge of explaining the property tax process with media representatives. One contact is insufficient for the development of sound media relationships. If a county is serious about changing the perceptions of the property tax system, time must be committed toward this effort.

The audiences within the general public that should be contacted for additional and regular education and updates on the system:

- Local Members of the Idaho Legislature
- Chamber of Commerce
- Board of REALTORS®
- Local Construction Industry Chapters
- The media - TV, Radio, Print
- Neighborhood Associations
- Downtown Associations
- Special interest groups
- Civic clubs
- High School Classes



Questions to be asked by the team:

Who needs to know this information? Not every aspect of the property tax system is important to every audience.

1. Who is responsible for communicating to those specific audiences?
2. Does each team member who is responsible for communicating to a particular audience have all of the facts and fully understand the situation for which the audience has gathered?
3. What exactly do we want to communicate to each particular audience?
4. What are the best avenues for communicating the message to the audiences?
5. What is the timeline for communicating to each audience?
6. How do we make the message simple and clear?
7. What written materials will be needed?
8. How do we communicate that the valuation and the budget makes the tax bill?



Initial Preparation:

As was stated earlier, it is important that the team produce a clear plan of action for the development of a public relations plan. The plan should be the blueprint for the county officials to use when attempting to provide citizens with an understanding of the property tax process.

Here is a sample agenda for the purpose of the public relations meeting by the team:

Agenda:

1. Welcome participants with introductions.
2. Review why the team has assembled—presumably to develop and implement a plan to improve the understanding of the property tax process.
3. Consideration of previous actions—it is believed that most counties have made efforts to improve the understanding of the system. These efforts, while helpful, have been mostly uncoordinated and sporadic thereby diminishing the effectiveness of the communications.
4. Development of a list of affected audiences and community resources as information outlets to the public. A list of potential targeted audiences is contained in the “Media” section of this document. A list of potential vehicles for communication is important as well. A list of possible outlets is listed below:
 - a) Television
 - b) Radio
 - c) Newspaper
 - d) Word of mouth
 - e) Local publications
 - f) Local REALTOR® Publications
 - g) Press conference
 - h) Electronic outlets
5. Development of a message: Again it is important to tailor the message to the specific audience. Homeowners probably do not care about the valuation process on commercial property, but they DO care about the option of using the Circuit Breaker or exemptions. How would you tailor a message that provides a clear understanding of how and WHEN the budget process begins for a

city? How do you capture their attention to this process? What questions do the media need to know to ask a citizen who is upset about the increased valuation of their property?

6. Who is responsible for communicating the various messages? Who is responsible for making the contacts with the various target audiences?

7. **Timeline:** The property tax system is on a strict timeline for various actions throughout a calendar year. Contacts and messages will need to change based on that process. What is the best timeline for communicating the various messages to the audiences? **See suggested Timeline starting on page 9.**

Timeline:

There are a number of deadlines set by law that should be considered. The message that is to be delivered to the different audiences should change based on the time of year and the pending deadline within the annual process. SEE PAGES 9-13.

- **DATES/STATUTES**

JANUARY 1 – FEBRUARY	§ 63-206
§ 63-205	
§ 63-907	
§ 63-501(1)	
§ 63-706	

ACTION

Lien date. Market value as of date. Tax Collector makes delinquency entry on roll which constitutes “sale” to county. Starting in January through the 4th Monday in June, the county commissioners of each county shall convene as a Board of Equalization for the purpose of equalizing the assessments of property on the property roll. Property Tax Reduction (circuit breaker) application is open between January 1 until April 15.

MESSAGE

Consumers and neighborhoods should be made aware of the personal exemptions. Businesses and Organizations should hear about taxable personal property, urban renewal and tax increment financing (TIF). The media should be interested in providing information on personal exemptions.

• **DATES/STATUTES**

MARCH 15 § 63-302 (1), Rule 626.01.a
 § 63-604 Rule 645
 § 63-602CC

ACTION

A list of all taxable personal property, submitted by the property owner or agent, due to the assessor. For five acres or less, owner must verify income of \$1,000 or more and meet the qualifications in the Property Tax Rule 645.3.c. Before a “Post consumer or Postindustrial Waste” exemption or personal property exemption as provided in § 63-602KK, can be granted, a list of personal property with an aggregate market value greater than \$100,000 and as described in § 63-302(1) is submitted by the property owner or agent to the County Assessor.

MESSAGE

Consumers, neighborhoods, businesses, organizations and the media should be made aware of the budget process and how the resources are collected and expended.

• **DATES/STATUTES**

FOURTH MONDAY IN MARCH § 63-1312 (1)

ACTION

County Auditor notifies taxing districts and the State Tax

Commission notifies the State Board of Education and State Department of Education of total assessed valuation for the preceding year.

MESSAGE

Continue the discussion on budgets with more information on personal exemptions, TIF's and Urban Renewal.

• **DATES/STATUTES**

APRIL 15 § 63-602G (2)(c)
§ 63-706

ACTION

Homeowner's exemption application deadline. Property Tax Reduction (circuit breaker) filing deadline.

MESSAGE

Consumers, neighborhoods and the media should hear about assessed values on homes and the appeals process.

• **DATES/STATUTES**

FIRST MONDAY IN JUNE § 63-308(1)
§ 63-301A(2)

ACTION

Assessor sends assessment (valuation) notice to the taxpayer which includes information regarding taxing district budget hearing dates. Preliminary New Construction Roll is due to the County Auditor.

MESSAGE

Consumers, neighborhoods, businesses, organizations and the media should hear about the budget setting process and all the sources of revenue that come in including the property tax.

• **DATES/STATUTES**

JUNE 20 § 63-903(1)

ACTION

Second half of property tax collection (prior year) delinquent if not paid by 20th.

MESSAGE

Consumers, neighborhoods, businesses, organizations and the media should hear about the budget setting process and all the sources of revenue that come in including the property tax.

• **DATES/STATUTES**

FOURTH MONDAY IN JUNE § 63-301(1)

§ 63-602X

§ 63-310

§ 63-501A

§ 63-501

§ 63-707 (2)

ACTION

Assessor completes assessment of real and personal property on the property roll. Application for casualty loss exemption must be filed with the county. Assessor certifies the property roll and all claims for exemption to the Clerk of the Board of County Commissioners.

Deadline for taxpayer to file an appeal of property value to Board of Equalization. Board of County Commissioners meets as the Board of Equalization to equalize the property roll. Assessor certifies property tax reduction (circuit breaker) roll to the county auditor and the State Tax Commission.

MESSAGE

Consumers, neighborhoods, businesses, organizations and the media should hear about the budget setting process and all the sources of revenue that come in including the property tax.

• **DATES/STATUTES**

THIRD MONDAY IN AUGUST § 31-1604

ACTION

Clerk publishes tentative county budget in the newspaper.

MESSAGE

Consumers, neighborhoods, and the media should once again cover personal exemptions. They should discuss how escrow works with property taxes. Should also talk about new construction and the occupancy tax.

• **DATES/STATUTES**

FIRST TUESDAY IN SEPTEMBER § 31-1604

ACTION

Board of County Commissioners adopts final county budget at the public hearing.

• **DATES/STATUTES**

THURSDAY PRIOR TO SECOND MONDAY IN SEPTEMBER

§ 63-803(3)

ACTION

Taxing districts certify budgets to County Commissioners with limited exceptions. Certification may be extended by 7 working days. The County Commissioners shall make a tax levy as a percent of taxable value of all property in each taxing district.

MESSAGE

Consumers, neighborhoods, and the media should once again cover personal exemptions. They should discuss how escrow works with property taxes. Should also talk about new construction and the occupancy tax.

Businesses and organizations should hear about the basics of exemptions and TIF's and Urban Renewal.

• **DATES/STATUTES**

SECOND MONDAY IN OCTOBER § 63-707(6)

ACTION

The State Tax Commission notifies the county auditor of any Property Tax Relief (PTR) claim disapprovals or changes.

MESSAGE

Consumers, neighborhoods, businesses, organizations and the media should be made aware of the budget process and how the resources are collected and expended.

• **DATES/STATUTES**

FOURTH MONDAY IN OCTOBER § 63-707(3)

§ 63-809(1)

ACTION

Auditor completes and submits the property tax reduction roll (circuit breaker) to the State Tax Commission. The State Tax Commission shall notify the County Commissioners of the approval of all levies and notify County Commissioners and taxing districts if it appears that a property tax budget or levy has exceeded any limitation provided by law.

MESSAGE

Consumers, neighborhoods, and the media should once again cover personal exemptions. They should discuss how escrow works with

property taxes. Should also talk about new construction and the occupancy tax.

Businesses and organizations should hear about the basics of exemptions and TIF's and Urban Renewal.

- **DATES/STATUTES**
FIRST DAY IN NOVEMBER § 63-313(1)

ACTION

Transient personal property declaration filing deadline.

MESSAGE

For all audiences there should be a focus on all the other revenue sources that local government uses including fees, grants and revenue sharing.

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- **DATES/STATUTES**
FOURTH MONDAY IN NOVEMBER § 63-311(1)
§ 63-308(5)
§ 63-902(1)
§ 63-501(2)
§ 63-501A
§ 63-810
§ 63-411
§ 63-902

ACTION

Assessor assesses any property not assessed by the 4th Monday in June and delivers the completed subsequent roll to the County Clerk. Assessor mails valuation notice to the taxpayer for the property on the subsequent property roll. Tax Collector mails a tax notice to every taxpayer. Board of County Commissioners meets as Board of Equalization to equalize the subsequent rolls. Taxpayer may file an appeal of assessment on the Subsequent Roll. Critical date for the correction of erroneous levies. Tax notices mailed to the car companies under 500,000 of assessed value. Taxes are due on December 20.

MESSAGE

For all audiences there should be strong reminders to pay your tax bill and the importance of the January 1st date. If you are in business on January 1st then you get a bill for the full year. The message

should try to eliminate some confusion between the bill for the previous year and the liability for the next year for property taxes.

• **DATES/STATUTES**

DECEMBER 20

§ 63-903(1)

ACTION

Current year of the property tax due.

MESSAGE

For all audiences there should be strong reminders to pay your tax bill and the importance of the January 1st date. If you are in business on January 1st then you get a bill for the full year. The message should try to eliminate some confusion between the bill for the previous year and the liability for the next year for property taxes.

Conclusion:

Once a county has a plan in place the hard work begins. Implementation of a communication plan takes time and resources. It requires constant follow up and coordination with an adherence to the message. If a message becomes clouded the effectiveness is lost. Success is usually not immediate, but with a firm commitment to raising the level of understanding by citizens the community will be more informed and perhaps less objectionable about the property tax system. It cannot be reiterated enough to state that repetition and a constant flow of information to a successful public relations campaign.

Examples of Informational Pieces: **How Are Property Taxes Determined?**

- Each property is appraised to find its market value.
- All individual property values within a taxing district (school, city, etc.) are summed.
- Homeowners (and other) exemptions are subtracted.
- The tax district determines its budget, subtracting other revenue sources.

Taxing District Levy Example

$$\frac{\text{Budget}}{\text{Value}} = \text{Levy} \quad \frac{\$101,869,389}{\$12,518,406,774} = .008137568$$

YOUR PROPERTY TAXES HOW ARE THEY CALCULATED?

1. Levies for taxing districts serving your property are added together:

a) County	.002743664
b) School	.005137568
c) City	.005811937
d) Special Districts (highway, cemetery, etc.)	<u>.001004090</u>
	0.014697259

2. The total of these levies is multiplied by your taxable value to determine your tax:

$$\text{Levy} = .014697259 = 1.4697259\%$$

House Value:	\$120,000.00
Lot Value:	<u>40,000.00</u>
Total Value:	\$160,000.00
Minus Homeowners Exemption: (<u>80,000.00</u>)	

TOTAL TAXABLE VALUE: \$80,000.00
\$80,000 X 1.4697259% = \$ 1,175.78 tax

Effective tax levy $\$1,175.78 / \$160,000 = .7348\%$

Property Tax Information - FAQs

WHEN are property taxes due? Primary roll property taxes are due on or before **December 20th** of each year. The taxpayer can opt to pay in full or in two equal installments. If paying in two installments, the first half must be paid by December 20th, then the second half is not delinquent if paid by June 20th of the following year. *(If the 20th falls on a weekend, the due date is extended to the first business day following the 20th.)*

Subsequent billings may be mailed in the event of a correction or late addition to the tax roll. If a structure is completed midyear or a personal property declaration is not received when due, a subsequent billing may result. *Sub-roll billings on new construction, late additions and corrections to the roll are due on either **February 20th** or **March 20th** as indicated on your billing.*

HOW and WHERE do I pay my taxes? If you PAY BY MAIL, make sure your envelope is U.S. postmarked on or before the due date. If mailing close to the deadline, we strongly suggest that you have your envelope postmarked at the postal counter rather than dropping it in the box, to be sure it is properly dated. Only payments with a U.S. Postal Service postmark on or before the due date will be accepted as current. You can also PAY IN PERSON at the office of your County Treasurer.

What if my payment is late? A late charge equal to 2% of any unpaid portion of the first half of the tax is added upon close of business on the due date. **Interest accrues daily, at 1% per month**, beginning January 1st on any delinquent tax. When any portion of a **manufactured home** or **personal property tax becomes delinquent**, a Warrant of Distraint is issued to the County Sheriff for collection. **Full** payment of all tax, late charge, warrant fees and interest is required to release the warrant.

Can I make partial payments or prepay taxes for the upcoming year? Partial payments toward real property delinquent taxes are accepted (**any amount, anytime**) and are applied to the oldest tax, costs, interest and late charge in the proportion each bears to the total amount due. **Partial payments of at least \$25 can be applied toward current year or future taxes** on all property types. Any remaining balance due at the time of billing may be paid according to the standard schedules and regulations for property tax collection. *Once any part of a personal property or manufactured home tax becomes delinquent, the unpaid portion of the entire tax shall immediately become due and payable upon demand of the county tax collector.*

Why did I receive TWO bills when I only have one property?

- If a new home was completed midyear and assessed after the primary roll is closed at the end of April, you may receive a “Subsequent Occupancy” bill in January (Due 2/20) ~~of~~ or February (Due 3/20) in addition to the “Real Property” billing issued in November, which represents tax on the land. When the home is complete and occupied, the home value is prorated and taxes billed on a “Subsequent Occupancy” taxroll.
- If you own a business, you may receive a real property tax bill for the land and buildings and a separate business personal tax property tax bill on furniture, fixtures and equipment used in your business.
- If you own a manufactured home and the land it is located on, you may receive separate bills for the home and the land.

Will I be sent any OTHER NOTICES? If you pay half of your tax by December 20th, and your lender does not request the bill, a **second half reminder notice** may be mailed out in May. *Failure to receive a bill does not excuse the taxpayer from paying taxes, late charge and interest accrual, if any.*

How can I get HELP with my taxes? Property tax relief is available through the Homeowner’s Exemption, Property Tax Reduction Program and Hardship Exemption. You must apply for Homeowner’s Exemptions and/or Property Tax Reduction benefits with the Assessor’s office **before April 15th to be eligible for the benefit.**

- The **Homeowner’s Exemption** reduces the taxable value of your *primary residence* by the lesser of one-half or \$83,920 ~~92,040~~ for 2014 and \$89,580 for 2015 ~~2014~~. You only need to apply for the Homeowner’s Exemption the first year you own and occupy a home. You are still eligible for the Homeowners Exemption if you move in and occupy your home after April 15. It must be your primary dwelling and your taxes will be prorated for the number of months you lived in the home.
- The Property Tax Reduction Program is an *income-based benefit* for individuals 65+, disabled or widowed at any age, blind, fatherless or motherless children under 18 years of age, former prisoner of war/hostage, veteran with a 10%+ service-connected disability or a veteran receiving a VA pension for a non-service connected disability. The maximum income qualifications for the 2014 Property Tax Reduction Program is ~~\$28,000~~ 29,100 (total household income less out-of-pocket medical expenses). If you qualify, the amount granted is a minimum of \$150 and a maximum of \$1,320 (or actual property tax amount, whichever is less) payable toward taxes on your primary residences and up to one acre of land. Taxpayers must apply annually for this benefit.

- **Hardship Exemptions** (63-711) for prior year taxes, are considered on a case-by-case basis and granted at the discretion of the County Commissioners at public hearing, based upon the financial status of the applicant and other related circumstances. The property owner can apply at any time of the year at the Commissioners' Office.
- **Exceptional Exemptions** (63-602AA) for current year taxes (to be billed at the end of the current calendar year), are granted on a case-by-case basis, at the end of the Board of Equalization at public hearing, based upon the financial status of the applicant and other related circumstances. Applications must be received in the Commissioners' Office no later than the 4th Monday in June.

Where does my tax money go? Please refer to your tax bill for a full listing of the other taxing districts receiving revenue from your property taxes. *If you have questions regarding the services a taxing district provides, please contact them directly.*

How do I challenge the amount of my tax if it seems TOO HIGH?

You may appeal the taxable value of your property only during the month after you receive your assessment notice in May. If you do not appeal the current year assessed value in May or June, you must wait until the next year. If you feel that the property taxes of a taxing district are too high or have questions regarding the district function, call the district directly. You can have input regarding the annual property taxes of a taxing district by attending the annual budget hearing.

What is the Notice I received from the Assessor and how does it related to taxes?

Assessment notices are issued to inform you of the value of the property. Pay close attention to the assessment notice, as the value listed will be used in calculating your tax bill. Instructions for the appeal of the value are on the back of the assessment notice. *Appeals must be filed no later than the 4th Monday in June. Be sure that if you are entitled to the Homeowners Exemption, it is listed on your Assessment Notice.*

HOW are property taxes calculated?

Taxing authorities such as counties, cities, school districts, fire districts, etc. set operating budgets, which in turn determine tax rates. Each year the taxing districts estimate the amount of revenue they will require to meet the budget. Public hearings are held to present the budget proposal and to hear public input. Upon completion of the hearings, the district budget is finalized and sent to the Board of County Commissioners. The Commissioners review the budgets for compliance with Idaho Code and then submit them to the State Tax Commission for review.

The County Assessor estimates the total value of all taxable property in each district. The County Auditor calculates a tax rate by dividing the amount of property tax revenue budgeted for a district by the total taxable value within that district. For

example: A Taxing District submits a Property Tax Budget Request of \$42 million. The Assessor calculates the value for property in the area receiving services provided by that taxing district at \$13.5 billion. The Auditor divides the budget request by the property value to determine the tax rate for that taxing district:

$$(\text{Budget Request}) \$42,000,000 / (\text{Property Value}) 13.2 \text{ billion} = .003181818 \text{ (Tax Rate)}$$

This same process is repeated for each taxing district, using the district budget request and the estimated value of property in the area serviced by that district. Tax rates for all districts are calculated and available by the end of October each year.

The geographical areas in each County having a common group of taxing districts receiving revenue from property taxes are assigned a Code Area number. The tax rates for each of the individual taxing districts within the code area are totaled. This total is the levy or tax rate which will be multiplied by the taxable value (assessed value minus exemptions) to determine the amount of tax to be charged.

If a property carries a total taxable property value of \$100,000 and the total levy for the area in which the property is located is .0146972 the property taxes are figured as follows:

$$(\text{Taxable Value}) \$100,000 \times (\text{Total Levy}) .0146972 = \$1,469.73$$

Idaho Code provides for the collection of unpaid balance owed to certain agencies, through certification of the balances due to the property tax roll. If you have questions regarding an amount certified to your property tax bill, please contact the certifying agency listed on your bill.

What are MY responsibilities as a property owner and taxpayer?

- Be aware of the important dates and deadlines for payments, applications, property tax relief and assessment appeals.
- It is particularly important that you be aware of your property tax due dates. Tax bills are mailed on each parcel. However, failure to receive a bill does not excuse the taxpayer from paying the taxes, late charges and interest accrual, if any.
- When mailing your tax payment, be sure the envelope is U.S. postmarked on or before the due date.
- Be sure to notify the Assessor’s Office whenever your mailing address changes.
- If you will be traveling or out of the country at the time taxes are due, contact our office for an “estimated tax amount” so that you can prepay or make other arrangements to pay by the due date.

- Proof of payment of property taxes is the responsibility of the taxpayer [I.C. 63-1306(2)]. Be sure to keep accurate records, receipts and cancelled checks documenting your payment.
- Check your assessment notice for budget and hearing dates of the various taxing districts. Consider attending.

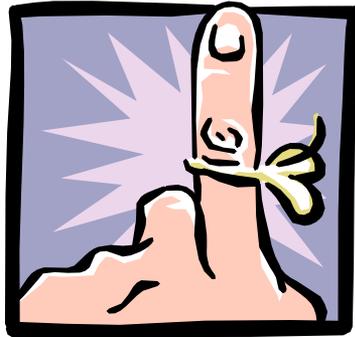
IMPORTANT DEADLINES:

December 20 - Due date for first one-half tax payments without a late charge and interest on the first half.

April 15 - Last day to apply for current year Homeowner's Exemption or Circuit Breaker Benefits.

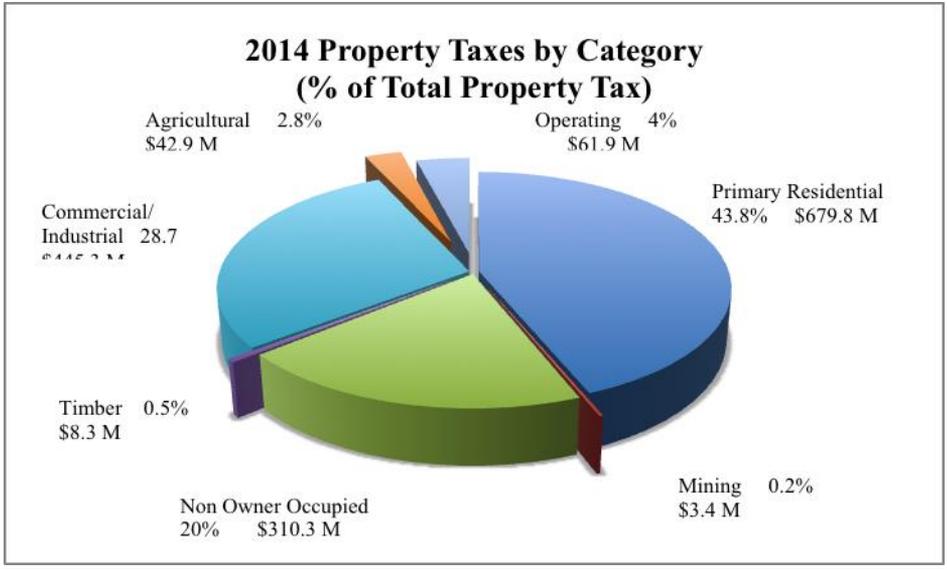
Fourth Monday in June – Deadline for appeal of your current year Assessment Values.

June 20 - Last day to pay prior year second one-half tax payments without a late charge and interest, calculated on January 1.



IDAHO STATEWIDE COMPARISON OF LOCAL PROPERTY TAX COLLECTIONS BY PROPERTY CATEGORY (\$ in Millions)

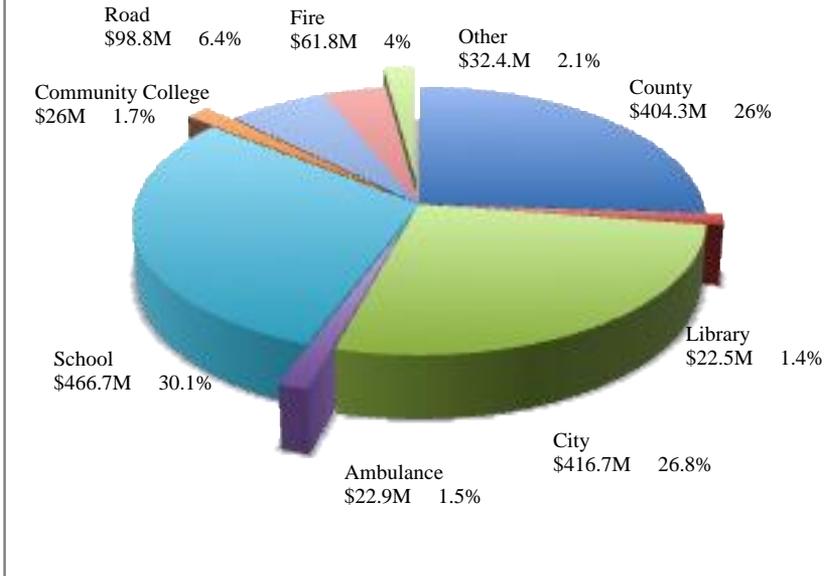
Property Category	2014	% Change	2013
Residential			
Primary Residential	\$679.8	6.9%	\$635.8
Non Owner-Occupied	310.3	7.0%	290.0
Total	990.1	6.9%	925.8
Commercial/Industrial	445.3	-0.3%	446.6
Agricultural	42.9	5.9%	40.5
Timber	8.3	3.8%	8.0
Mining	3.4	9.7%	3.1
Operating	61.9	0.6%	61.6
TOTAL	\$1,551.9	4.5%	\$1,485.6



**IDAHO STATEWIDE LOCAL
PROPERTY TAXES
BY TAXING DISTRICT
(\$ in Millions)**

Taxing District	2014	% Change	2013
County	\$404.3	4.0%	\$388.6
City	\$416.7	4.8%	\$397.8
School	\$466.7	4.4%	\$447.2
Roads/Highways	\$ 98.8	4.1%	\$ 94.5
Community College	\$ 26.0	3.3%	\$ 25.1
Fire	\$ 61.8	5.9%	\$ 58.4
Library	\$ 22.5	5.5%	\$ 21.3
Ambulance	\$ 22.9	1.9%	\$ 22.4
All Others	\$ 32.4	9.4%	\$ 30.4
Total Tax	\$1,552.1	4.3%	\$1,485.7

2014 Property Tax by District



A citizen's guide to property assessment:

How is my property assessed, why is my property's value increasing, and what can I do about it?

Many citizens have questions about how their property is assessed and what they can do if they dispute the assessment. We at the county assessor's office think it's important you understand why and how assessors and their staff do their jobs, and we'd like to clear up a few misconceptions.

The duty of the assessor's office is simply to keep the assessed value of your property as close as possible to the actual market value.

Also, older neighborhoods need extra care in valuations. In modern subdivisions, all the homes are pretty much the same size, the same age and in the same condition, which makes our job a lot easier. But the same things that

make an older neighborhood so attractive and charming (the diversity of home styles, ages and appearances, and small commercial center in the neighborhood) also make its homes harder to assess, and this makes your feedback all the more crucial.

If you call our office to discuss your valuation, please read the following beforehand; it will likely answer some questions you have:

Why is my home assessed, and how?

Property taxes are a principal source of income for cities and counties and special-purpose governments like fire, schools, library, cemetery and other districts. Each of these local governments applies a tax rate to the value of your property. For example, let's say your city levies \$1.50 for every \$1,000 of taxable value; if your house has \$100,000 of taxable value, you would owe the city \$150 a year in property tax.

The county treasurer sends you a bill and collects the tax, then distributes it to the local governments. At the assessor's office, our job is to make sure homes and businesses are valued correctly. Under Idaho law, our assessed value must be the same as the actual market value of that property.

To make the process as fair and consistent as possible, we use three methods to value homes:

1. Annual updates. Every year, the county updates your home's value based on the price of similar homes in the neighborhood (this is called trending).
2. Five-year updates. These are more detailed than the annual updates. Once every five years, a deputy assessor walks by your property to determine if there have been any obvious additions, improvements or anything else that would affect your home's value, such as the condition of surrounding homes.
3. Citizen feedback. Citizen comment is important to us. Since we aren't in the habit of looking in people's homes uninvited, there are lots of things we do not know that could influence a home's value. We want the property owner to let us know if they think our valuations are too high (or too low, but not many people complain about that!). You may also ask us to visit your home and do a more detailed assessment. We may discover our assessment was too high, too low, or about right. You can appeal any decision we make to the Board of Equalization.

Why is my assessment going up so much?

Many things can affect the value of your home and some of them are under your control and some are not. Things you can control are the appearance and the size of your home. Things you can not control are the location and the value of surrounding homes and the general neighborhood. If a neighborhood falls into decline, its property values will decrease. But sometimes, older neighborhoods become desirable once again and are “gentrified.” While this sort of neighborhood revitalization is good, it can cause values to rise steeply in just a few years.

Also, physical appraisals are the most accurate appraisal method. The current process requires the counties to re-appraise all property at least once in each 5 year cycle. In the intervening years the counties are required to do an adjustment to ensure that all properties are at current market value.

How does my assessment affect my tax liability?

Other factors affect your tax bill, such as the addition or retirement of school bonds, local improvement districts and special levies. Ultimately, however, the free market determines your property’s value. When supply is limited and demand increases, values go up, just like any other commodity.

If my home’s assessed value increases 15 percent, does that mean my taxes will increase 15 percent? Don’t local governments have a 3 percent cap on their annual budget growth? If so, how can my taxes go up more than 3 percent?

The effect of value increases on your property tax depends upon the rate of increase in your property value compared to the rate of increase or change in value of all other properties. If your value increases more rapidly than that of all other properties then your taxes will increase more rapidly. In any event, the increase in value **does not** lead to increased budgets or revenues for taxing districts.

While no one wants to pay more in taxes, there are some good things about the value of your property increasing. For most people their home is their single most valuable possession and greater value represents greater equity. So, if you sell your home, it will be worth more, even if you did little or nothing to increase its value. (In fact, increasing homes values is one of the greatest reasons we feel good about the economy.) If you need a mortgage

loan, or you need to use your home to help with retirement, you will have more equity to draw on.

(Also in this pamphlet are instructions for finding out your assessed valuation and how you can help if you think our assessment is inaccurate. Also, you'll find information on how the elderly and people with disabilities can take advantage of the Circuit Breaker program.)

SAMPLE

April 15, 2010

Mike Smith
000 Main
Boise, Idaho

Dear Taxpayer:

In Idaho, the Assessor's duty is to keep the assessed value of all property as close as possible to the actual market value. During the course of this year's re-inspection, the appraised values of a number of properties required significant increases over the typical amount for your area. The reasons for this increase vary: some parcels required their site values to be equalized – bringing them in conformity with prevailing market values; others' values required updating to reflect remodeling or other improvements made to the parcel. Your parcel has been identified as a parcel requiring such an adjustment since the last inspection.

This year we want to inform you about this adjustment ahead of time, before all other County property taxpayers receive their official assessment notices in May.

Below is an "advance assessment notice" with your property's assessed value on it – the same information that will be provided on your official assessment notice. To ensure our valuation is accurate, please review the values below. If you have any questions, or concerns regarding this valuation, or would like to request a more detailed inspection or appraisal, please call your appraiser John Doe at 287-7000.

Thank you for your time and cooperation. We look forward to hearing from you and addressing this matter.

Very truly yours,

County Assessor

<u>Parcel Number:</u>	R1126000030	
<u>Market Value:</u>	2009 Assessed Value	\$162,900
	2010 Assessed Value	\$158,000
	Percent Change	-3.1%

Property Tax Frequently Asked Questions

What Property is taxed?

Counties collect property taxes levied by themselves and taxing districts to provide local services. The state is responsible for overseeing property tax procedures to ensure they comply with state laws, but none of the money goes to the state. Property taxes apply to homes (including manufactured homes), farms, businesses, industry, warehouses, offices, and most privately owned real estate, as well as personal property such as machinery and equipment, and office furniture and equipment. Taxpayers must pay at least half of their property taxes by Dec. 20 and the other half by June 20. However, partial payments in increments of no less than \$25.00 may be arranged with the county treasurer. Contact the county assessor for specific information about valuation and the county treasurer about payments.

What is the property tax rate in Idaho?

The property tax rates applied to a property's assessed value vary by location and change each year.

The statewide average property tax rate for 2013 and 2014 are as follows:

2014 Average Urban Rate	1.582%
2014 Average Rural Rate	1.032%
2013 Average Urban Rate	1.646%
2013 Average Rural Rate	1.070%

I bought my home after the April 15 filing deadline. Can I apply for a homeowner's exemption or property tax reduction benefit for this year?

A home must be owner occupied before April 15th to be eligible for the homeowner's exemption or property tax reduction benefit. You can apply for the homeowner's exemption but will not be eligible to receive the exemption until next year.

You cannot apply for the property tax reduction benefit until next year and must meet the remaining eligibility requirements before you will be eligible for this benefit.

I applied for a property tax reduction benefit last year. Do I have to apply again this year when nothing has changed?

Yes. An application for property tax reduction benefit (unlike an application for the homeowner's exemption) must be made annually between Jan. 1 and April 15.

When I was applying for a property tax reduction benefit, I was told I would need to include nontaxable income. Why do I have to include it on my property tax reduction application?

The property tax reduction law defines income as the total income from all sources of the applicant (and spouse, if married) minus allowable expenses such as medical expenses.

I qualified for a property tax reduction benefit of \$600.00. Will I owe any property taxes?

If the total property taxes owed are less than \$600.00, you will not owe property taxes but may owe other fees or special taxes. If the total property taxes owed exceed \$600.00, you will owe the difference between the property taxes owed and the \$600.00 plus any other fees or special taxes.

I didn't know about this program and I have been eligible for several years. Can I apply for the property tax reduction benefit for prior years?

No. You can only apply for and receive the property tax reduction benefit for the current year.

How is property assessed in Idaho?

Each year all taxable property must be assessed at 100% of current market value less statutory exemptions. The county assessor must estimate how much a buyer would pay for the property on January 1. To do this the assessor generally uses the sales prices from properties in the county to develop guidelines for the assessment of each property. The assessor considers the features that influence what a buyer would pay for property. Some of these features are size, location, quality, age, and condition.

Why does the property assessment show a value for improvements when I haven't made any changes to the property?

For property tax assessment purposes, the term improvement refers to any buildings, paving, or other structures that add value to the land, regardless of when they were constructed. Improvement does not refer to remodeling, renovating, or upgrading.

Am I required to pay property taxes on personal property?

All non-exempt property, including personal property, is subject to property taxation. Household goods are an example of personal property and are exempt and do not need to be reported to the county. Contact your county assessor for specific exemptions and the form to declare your personal property.

What if I disagree with (or want to appeal) the assessed value for my property?

Your county assessor maintains a file of information about your property. If you have questions about the assessment, contact your county assessor.

Contact your county clerk to file an appeal with the board of equalization. (The board of county commissioners meets as the board of equalization.) Most appeals must be filed by the fourth Monday in June. For most assessments, the board of equalization meets to hear appeals between the fourth Monday in June and the second Monday in July.

If you disagree with a decision from the board of equalization, you may appeal that decision within 30 days to the state board of tax appeals or to the district court. Your county clerk has information for filing such an appeal.

Doesn't the law limit the amount property value can increase from one year to the next?

No. The law requires current market value as of January 1 each year. This may mean a large or a small decrease or increase in value from the previous year. The market value of all properties in your neighborhood may have increased or decreased from the previous year or the assessor may have discovered better information resulting in the decrease or increase in the estimated value of your property.

How are my property taxes determined?

Each taxing district sets a budget. The portion of the budget to be raised from property tax is divided by the total taxable value of that district. That determines the levy rate for that district. Property usually receives services from more than one district so the levy rates for all districts are totaled to determine the tax rate to apply to each property. In 2014, the average tax rate in Idaho is 1.349% of taxable value. So, given a home, the example would be as follows:

Example:

100% of House Market Value	= \$120,000
100% of Lot Market Value	= \$40,000
Less Homeowner's Exemption	= <\$80,000>
(50% of \$160,000, assuming eligibility.)	
Total Taxable Value	= \$80,000

$\$80,000 \times .01349 = \$1,079$ (Total property taxes owned to all taxing districts where the property is located.)

How Do Property Taxes Increase?

Idaho law allows taxing districts to raise property taxes four primary ways: 1) take a 3% budget increase 2) add an amount equal to new construction and annexation value within the taxing entity boundary times the previous year's tax rate 3) add any unused taxing authority from past years (foregone amount) and 4) voters approving bonds, capital project levies and other override levies.

Special rules apply to the Boise and Lewiston School Districts.

Doesn't the law limit the amount property taxes can increase from one year to the next?

The law does not limit the increase in the property taxes on an individual property but does limit the amount taxing districts (local governmental units) can increase the generally non-voter approved revenue to be received from property taxes (as stated above). If the rate of increase in property tax revenue is less than the rate of increase in total taxable value of all property within the taxing district, the property tax rate will decrease. However, property taxes may increase on individual properties if the rate of change in value of that specific property exceeds the rate of change in value of all properties.

Are different types of property taxed at different rates?

All property types are assessed at 100% of current market value less statutory exemptions. Generally, property types within the boundaries of the same taxing district have the same property tax rate. If the property tax rate is different, with a few exceptions, the property is within the boundaries of a different taxing district.

Is any tax relief available to homeowners?

Yes, two different types of tax relief are available to homeowners. The first is the homeowner's exemption. Each owner-occupied primary residence (house or manufactured home) is eligible for a homeowner's exemption. However, you must own and occupy the home prior to April 15, and you must submit an application to your county assessor's office by April 15. Once you qualify for this exemption, you do not have to reapply unless you move. *This exempts the lesser of 50% of the value of the home including up to one acre of land or \$89,520 for 2015. This is adjusted annually by the Federal House Pricing Index for Idaho (HPI). It is located at the following website: www.tax.idaho.gov click on Property Tax, Homeowners.*

The second is the property tax reduction benefit. However, fewer homeowners qualify for this tax relief because in addition to having to own and occupy the home as your primary residence, you must meet income requirements and must be either age 65 or older, a widow(er), blind, former POW, fatherless or motherless minor, or a qualifying disabled person. Unlike the homeowner's exemption, you must file an application with the county assessor between Jan. 1 and April 15 each year even when you haven't moved.

What is an occupancy tax?

If you buy and occupy property after January 1 that has not previously been occupied, you are required to pay the occupancy tax. The amount of the occupancy tax is the value of the building(s) prorated for the part of the year after first occupancy multiplied by the property tax rate.

NOTES: