

Property Tax Budgeting

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Executive Director

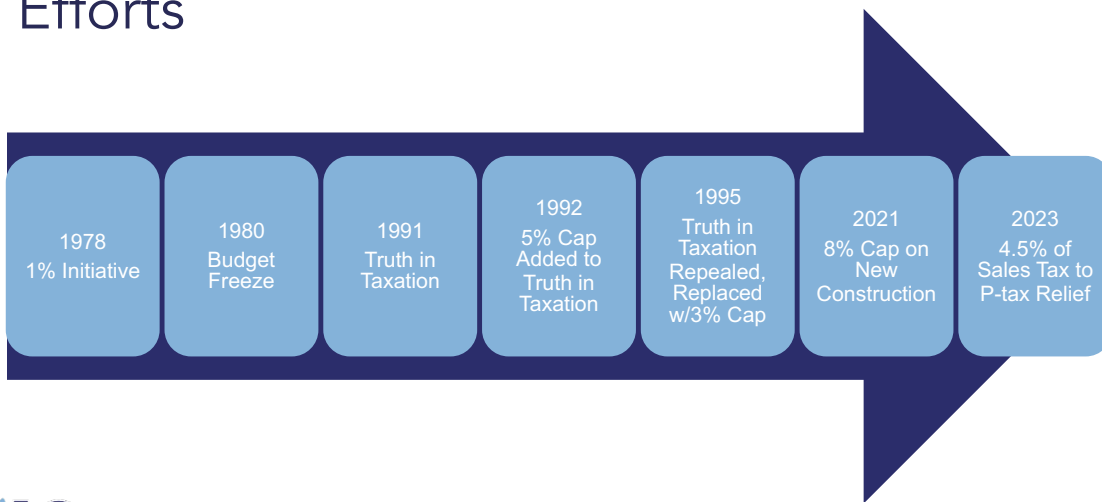
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1

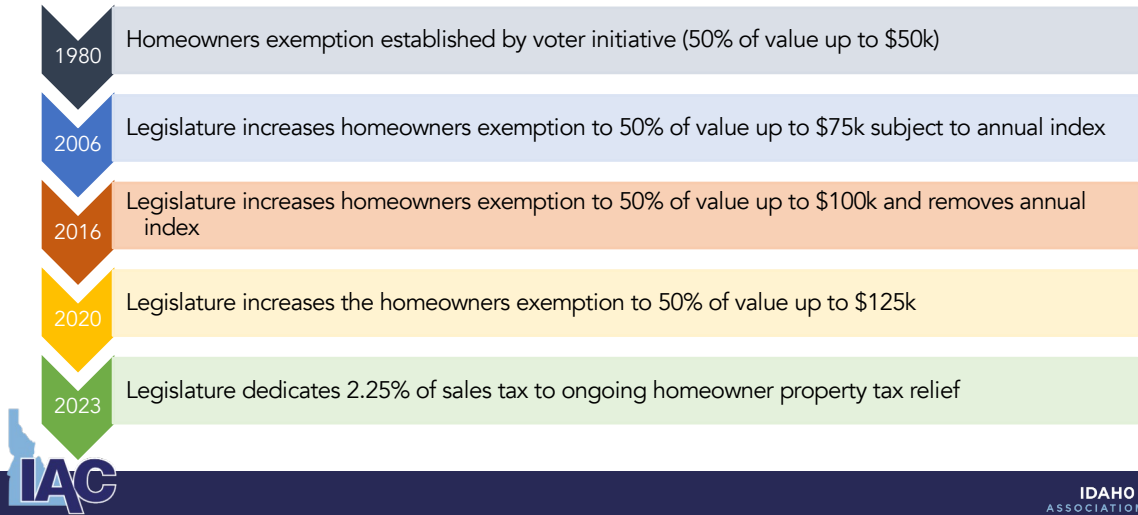
Major Legislative Property Tax Reform Efforts



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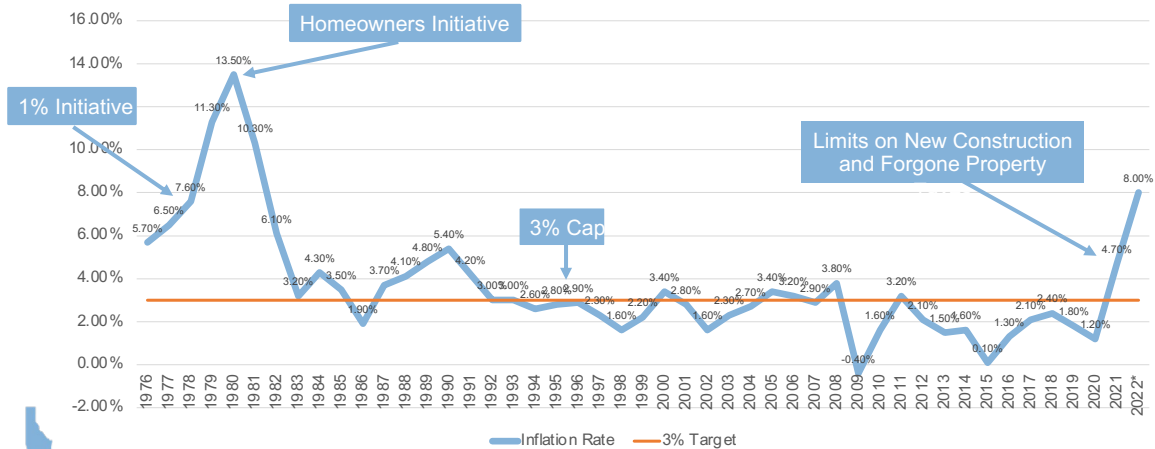
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History of the Homeowners Exemption



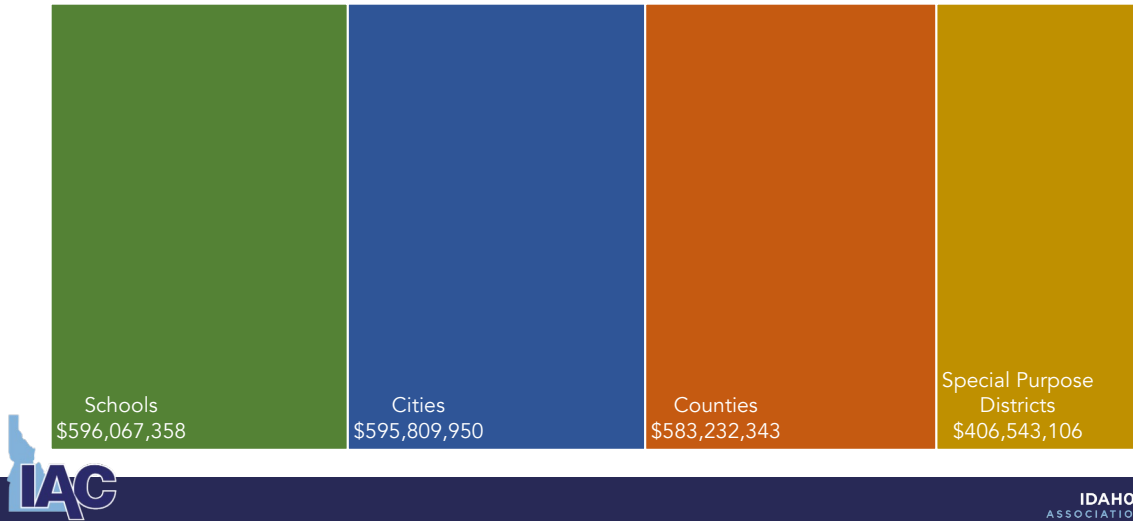
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Annual Inflation (CPI), 1976-2022



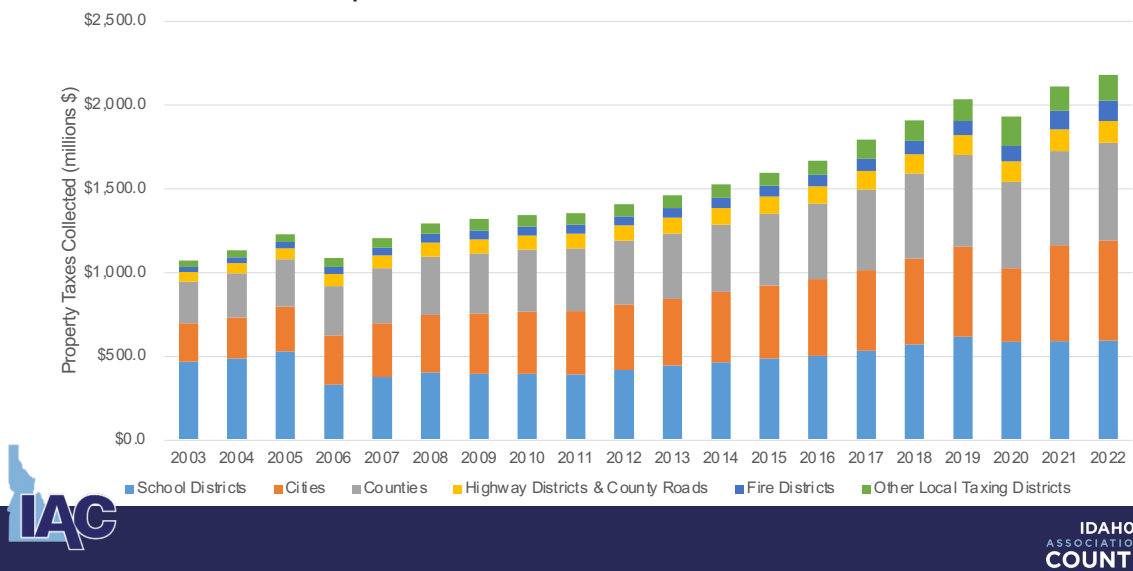
4

Allocation of Property Taxes (2022)

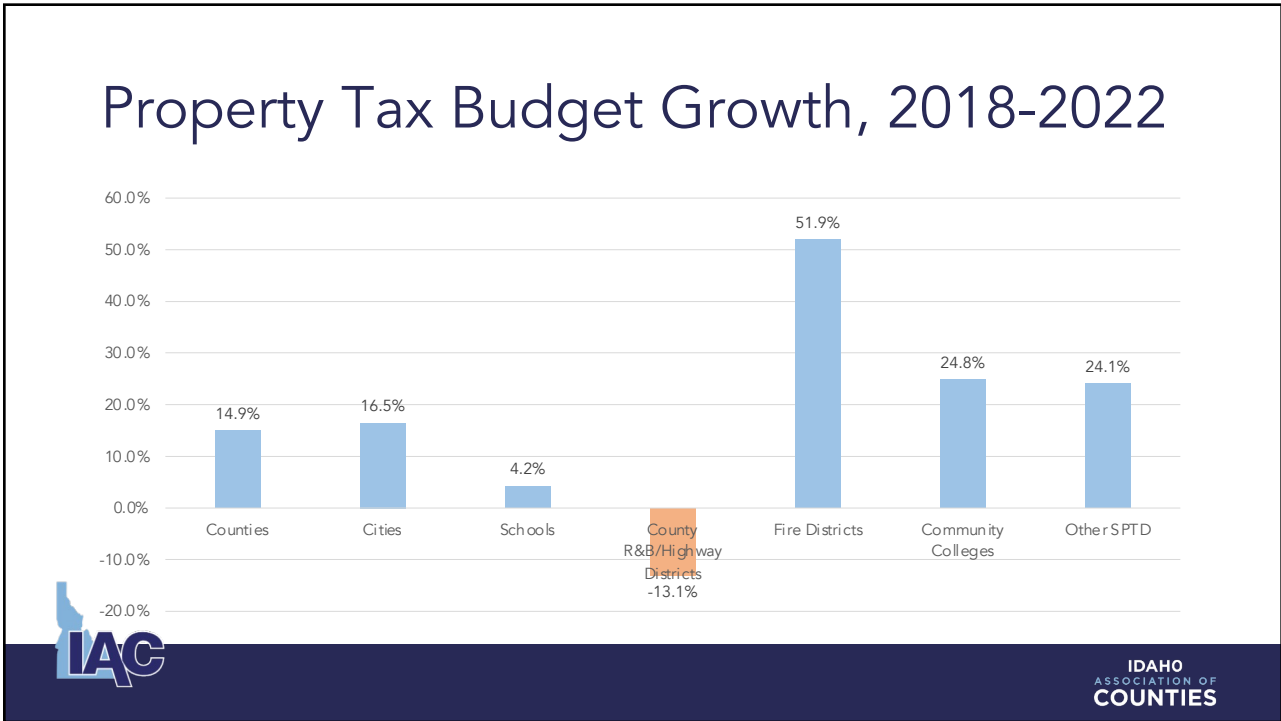


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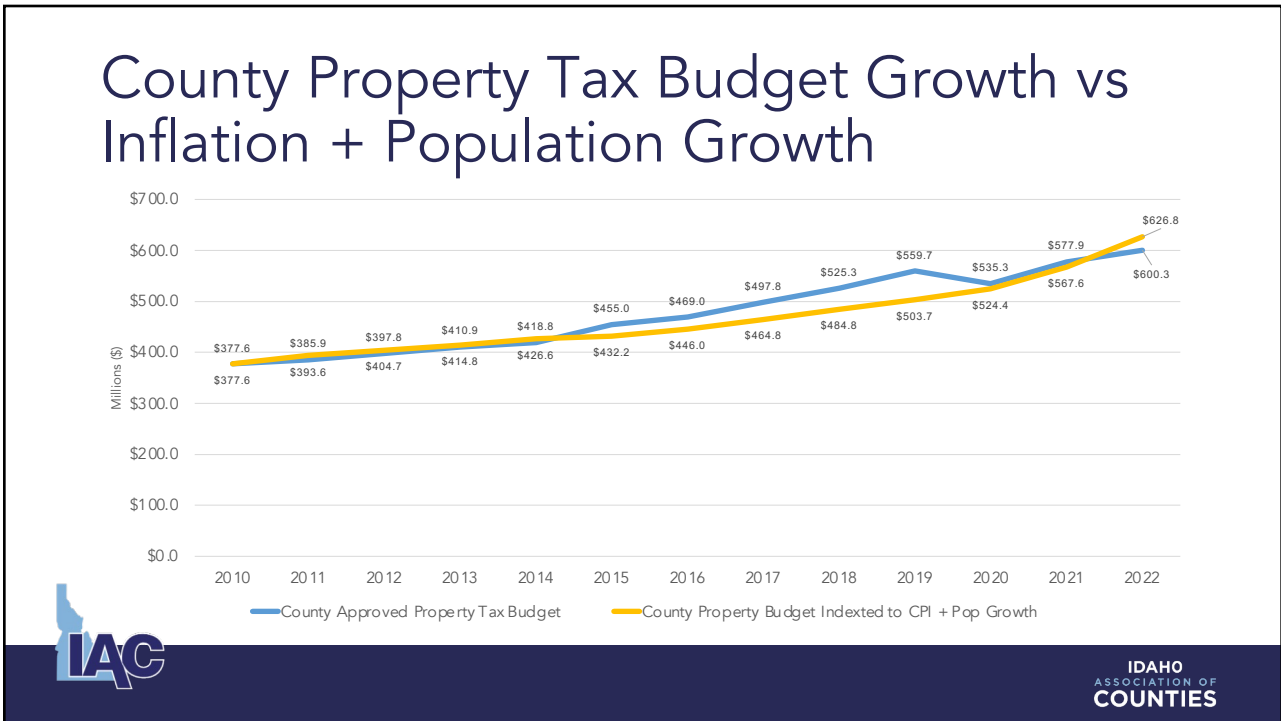
Statewide Property Taxes Collected (2003-2022)



6



7



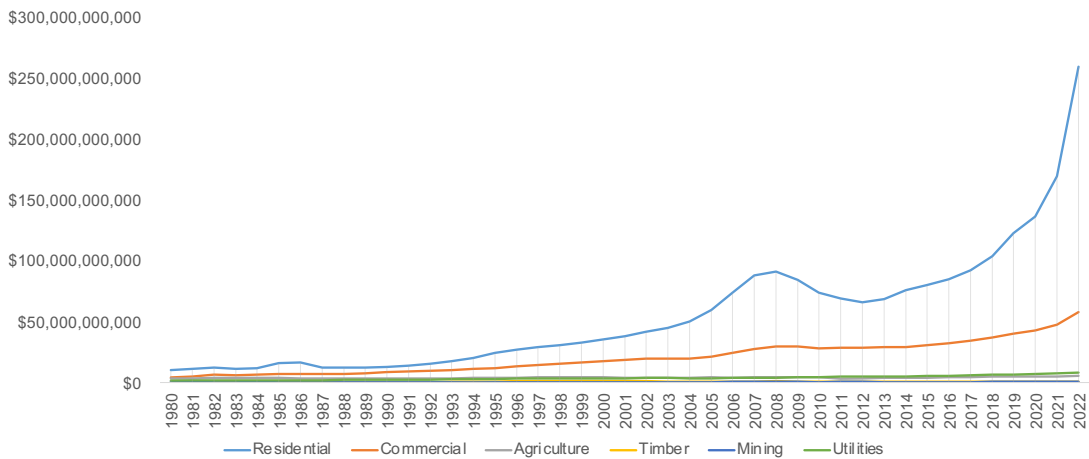
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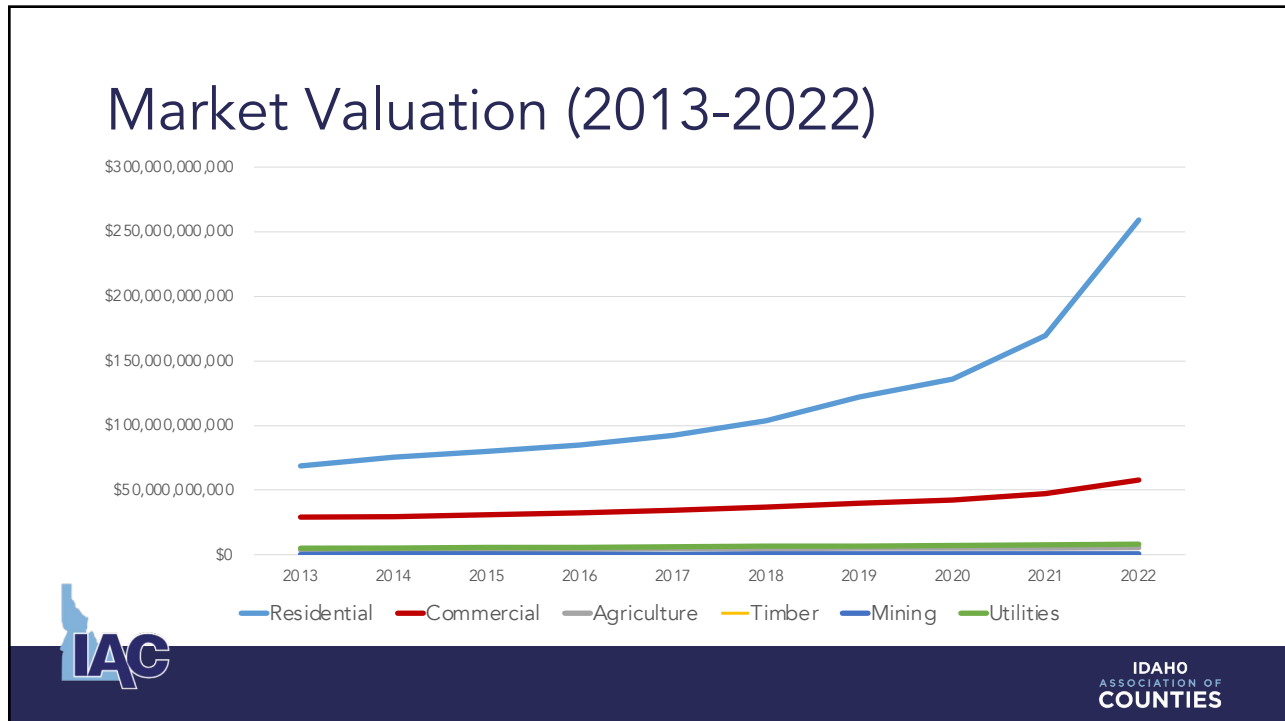
Assessment Process

- Taxes to be uniform
- Market value state
- Annual ratio studies
- Alternative methodologies are used for some classes of property (indexes, cost approach, income approach, sales approach, etc.)

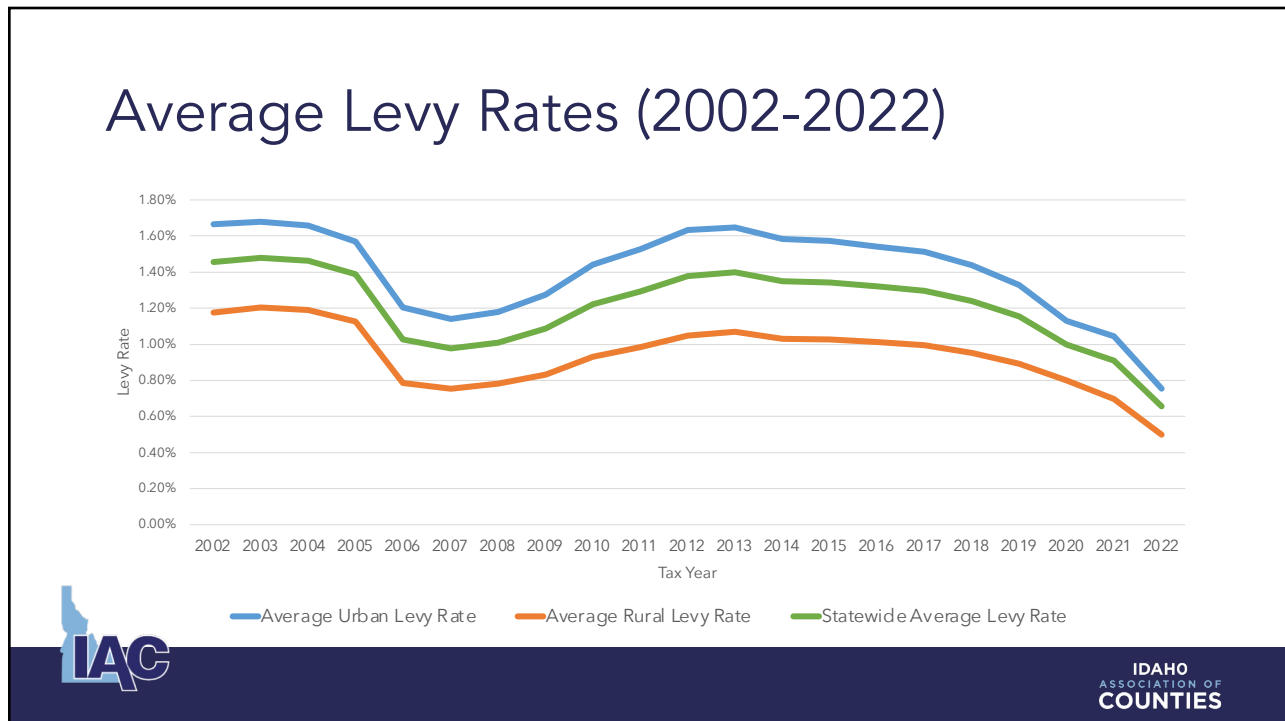


Taxable Market Valuation (1980-2022)



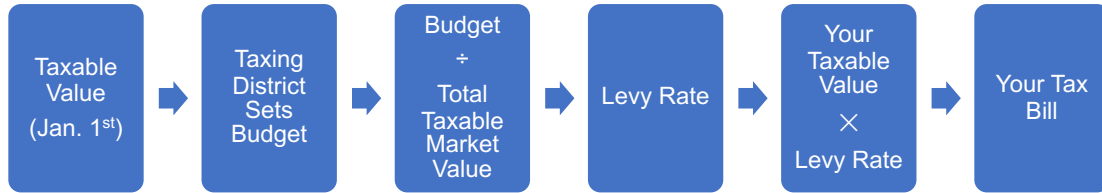


11



12

How Your Tax Bill is Calculated



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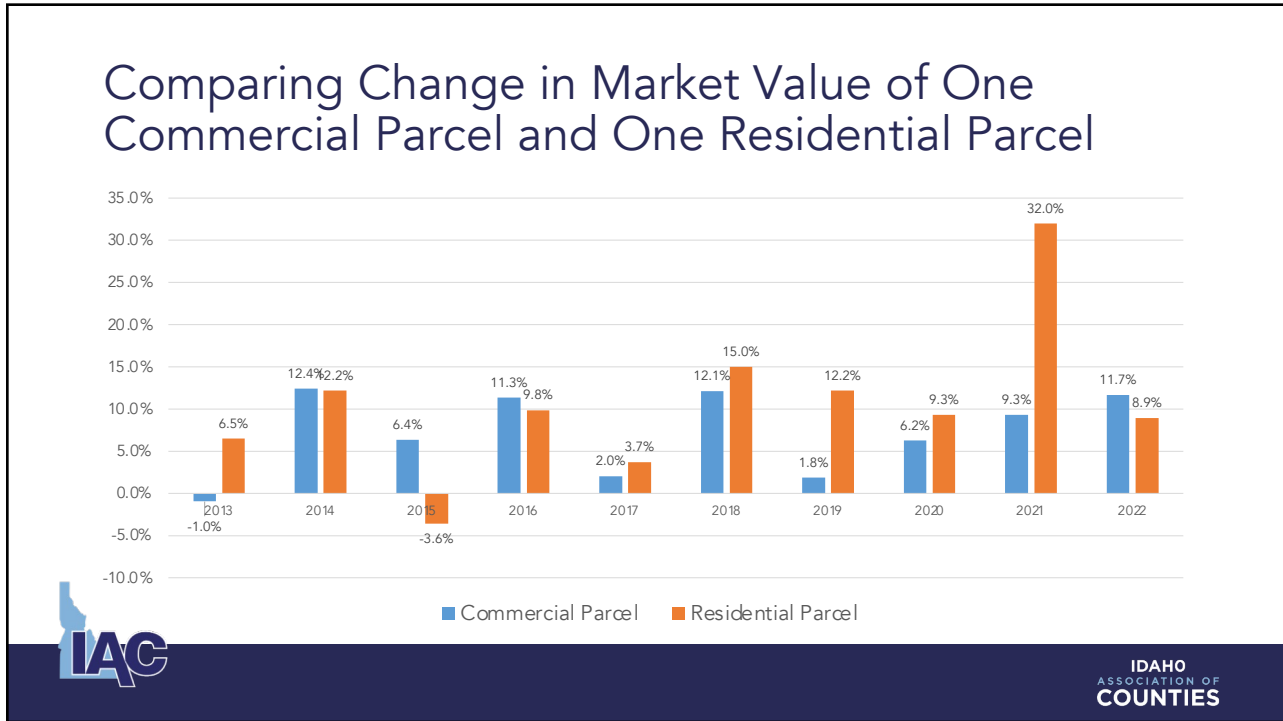
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The image displays four documents related to property taxation. At the top left is a large spreadsheet with yellow highlights. To its right is a smaller spreadsheet. Further right is a 2022 assessment form. At the bottom center is a 2022 property tax bill. A blue bracket groups all four documents together.

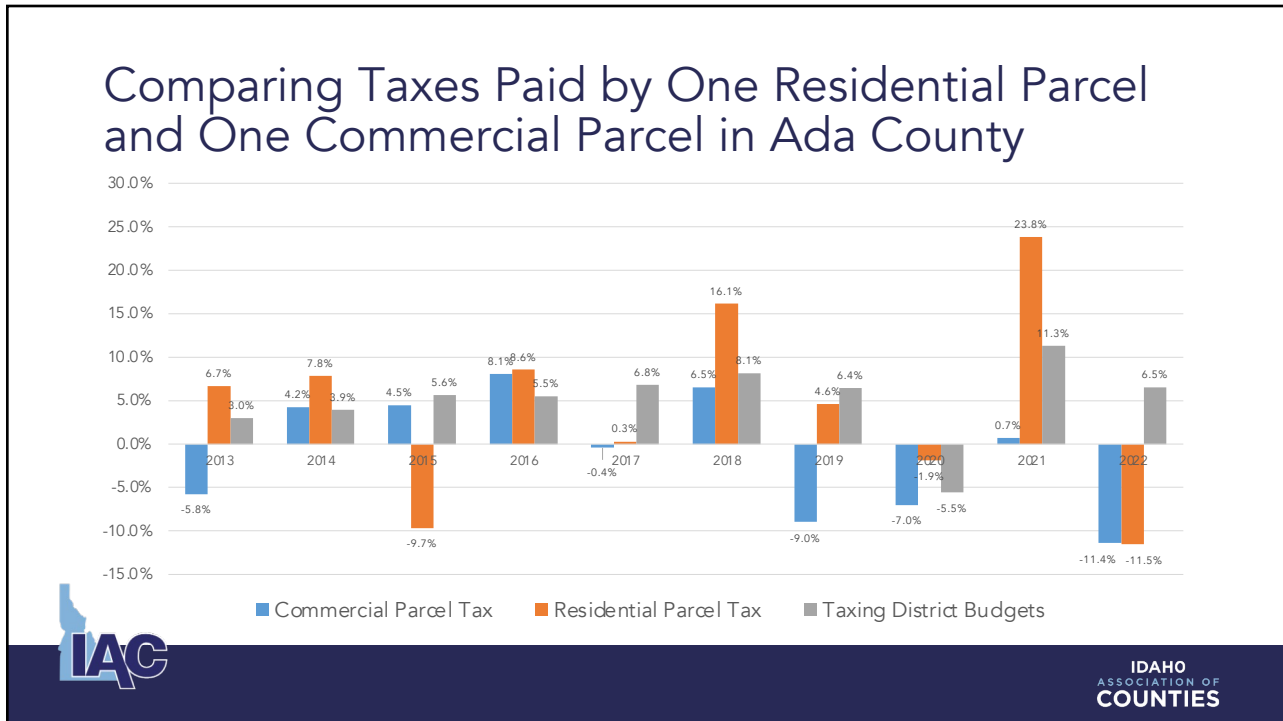


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15



16

How Do You Determine Property Tax Budget Capacity?

- Highest property tax budget from previous three years
- Increased by 3%
- Plus new construction
- Plus previously forgone property taxes
- Equals property tax budget capacity



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Need to Know

- 3% Property Tax Budget Cap
- 8% Property Tax Budget Cap
- Preliminary Levy Rate
- New Construction
- Forgone
 - 1% base property tax budget increase
 - 3% onetime property tax budget increase for capital projects



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Step 1: Review Previous Approved Property Tax Budgets

- Tax Year 2020 = \$100
- Tax Year 2021 = \$96
- Tax Year 2023 = \$99



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Step 2: Calculate 3%

Highest 3 Yr Budget × .03 = Base Budget Increase



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Step 3: Calculate Preliminary Levy Rate

$$\frac{\textit{Anticipated Base Budget}}{\textit{Current Year Locally Assessed Market Value} + \textit{Prior Year Centrally Assessed Market Value}} = \textit{Preliminary Levy Rate}$$



Step 4: Calculate New Construction

$$(\textit{NC Market Value} \times 0.9) \times \textit{Preliminary Levy Rate} = \textit{NC Budget Capacity}$$



NOTE: 3% + New Construction \leq 8%

- Your property tax budget cannot increase by more than 8% from the sum of 3% growth and available new construction
- NOTE: new construction from an expiring urban renewal district is exempt from the 8% cap



Step 5: Calculate Expiring Urban Renewal New Construction

(Expiring URD Tax Increment Value \times 0.8)

\times Preliminary Levy Rate

= NC Budget Capacity



Step 6: Calculate Forgone

$$\text{Budget} \times .01 = \text{Forgone Increase}$$



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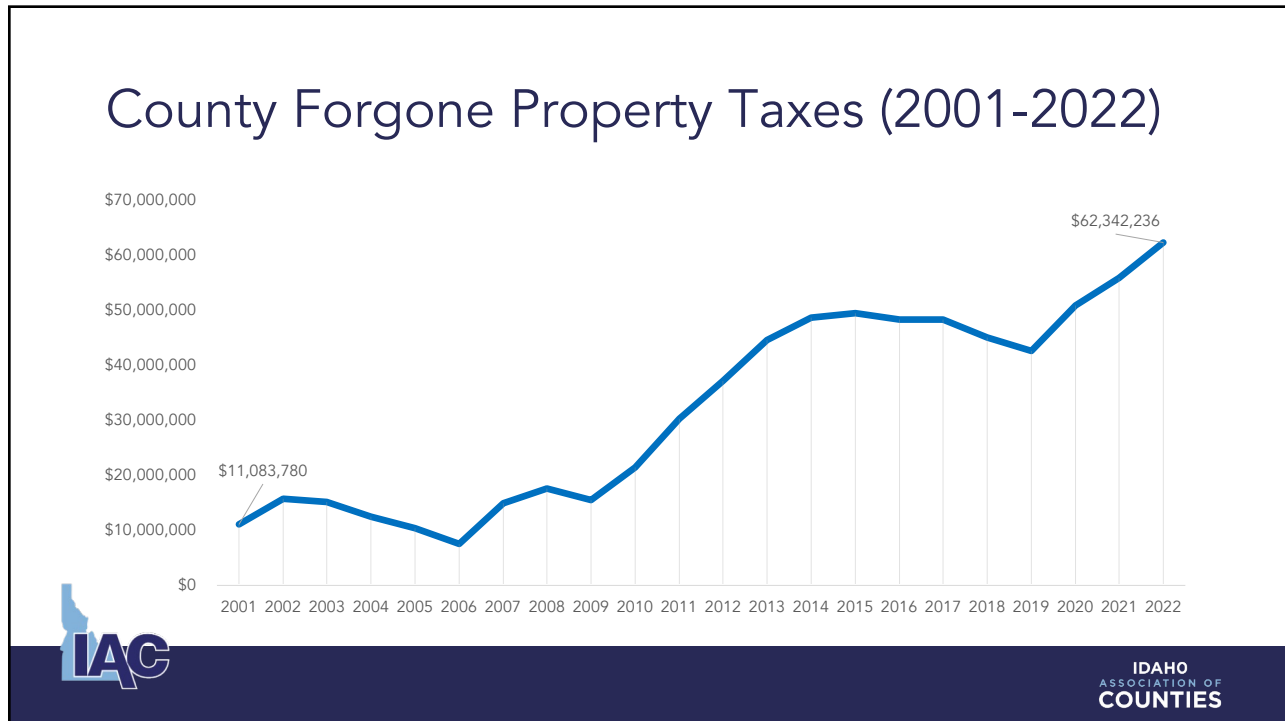
Forgone Property Taxes

- Property taxes that are not levied may be reserved for future budget purposes
- A taxing district may not increase its base property tax budget by more than 1% per year from previously forgone property taxes
- A taxing district may increase its budget by an additional 3% from previously forgone property taxes for capital projects
 - One time budget authority not included in base budget



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26



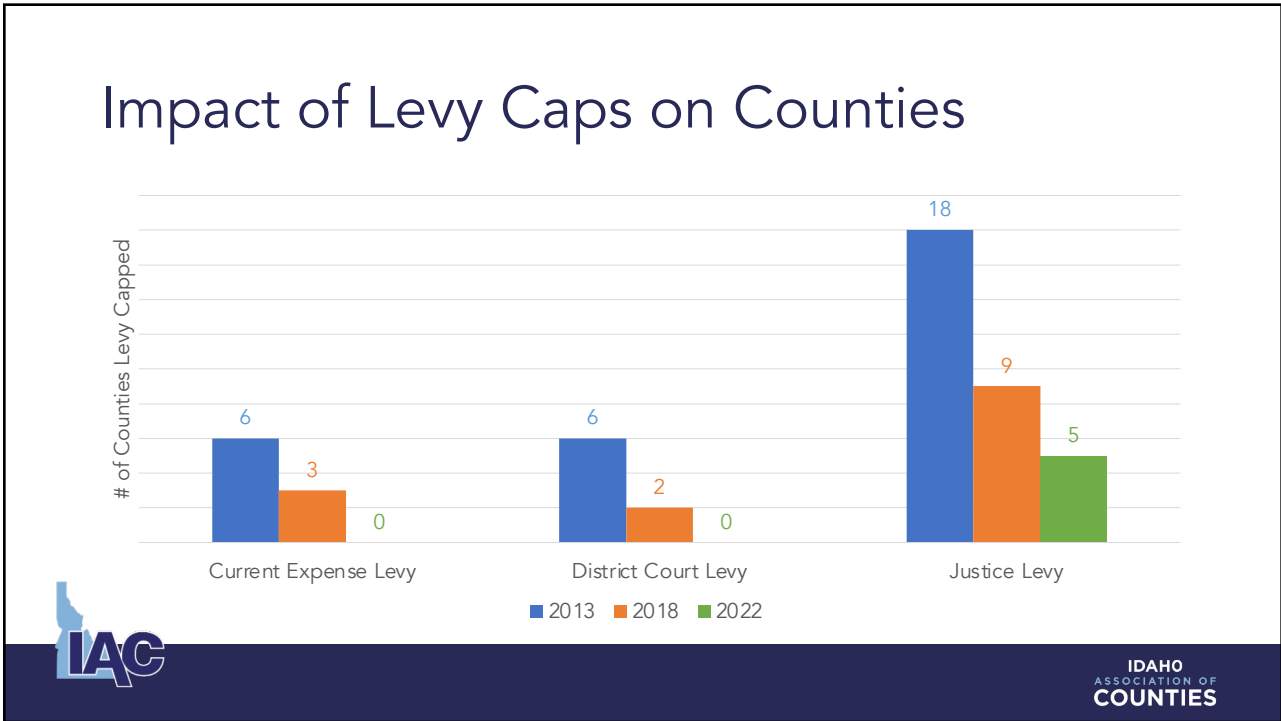
27

Step 7: Sum It All Up to Determine Budget Cap

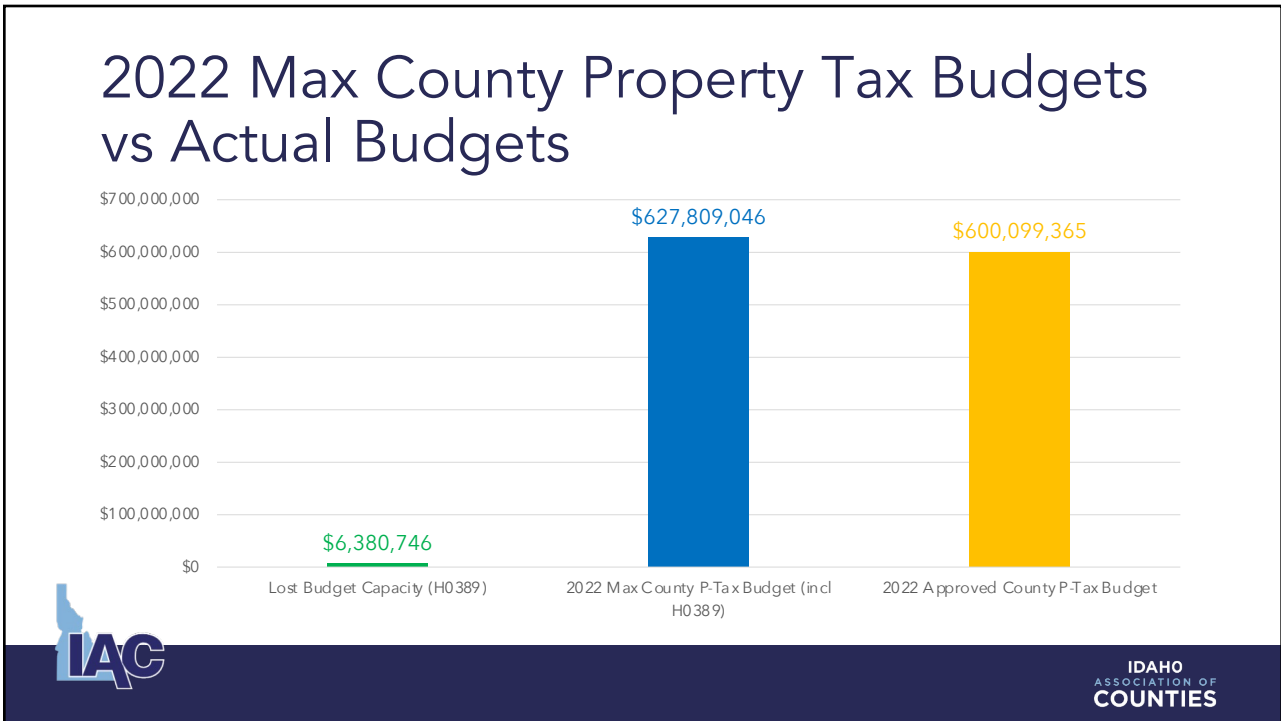
	Prior Year Budget (highest from previous 3 years)
+	3% Base Budget Growth
+	New Const. Budget Capacity
+	New Const. Budget Capacity from Expiring URD (if available)
+	1% Forgone (if available)
	Maximum Property Tax Budget Capacity

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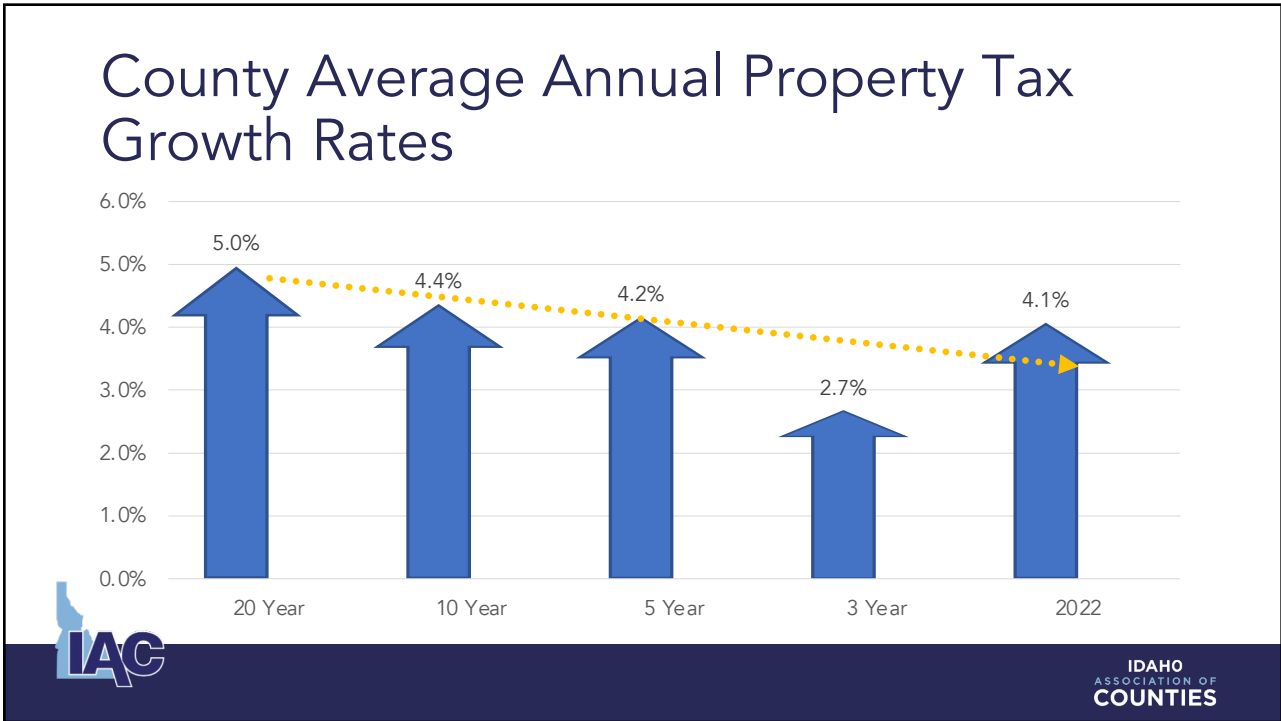
28



29



30



31

Sources

Idaho State Controller: <https://localtransparency.idaho.gov>
Idaho State Tax Commission: <https://tax.idaho.gov/governance/reports-and-statistics/>

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32