**2024 Resolution No.\_\_\_\_\_\_\_\_**

**Title:** 3% Property Tax Cap

**Sponsor:** Wayne A Schenk, Minidoka County Commissioner

**Statutes Affected:** Further research to be completed.

**County Offices Affected:** All Idaho County Offices

**Counties Affected:** All 44 counties (especially helpful for smaller counties)

**Explain Issue/Problem:**

The restraint of the 3% cap on county budgets to respond to multiple years of inflation greater than the cap percentage.

**Background & Data:**

The up to 3% cap was passed by the legislature in 1996 to address property tax relief. Using the cost-of-living adjustment (COLAs) for Social Security for the 25 years (1996 to 2020) as a reference for inflation, the COLAs have been under 3% 20 of those years and over 3% 5 times. From a low of 0% in 2009,2010, and 2015 to a high of 5.8% in 2008. The years that it was over were 2000 3.5%, 2005 4.1%, 2006 3.3%, 2008 5.8% and 2011 3.6%. The COLA for 2021 was 5.9% and 2022 was 8.7%.

**Proposed Policy:**

Change the ridge inflexible hard cap of 3% to a formula that would account for inflation. The formula could be as simple as the greater of the last COLA or 3%. Another modifies option is to recognize the Feds goal of 2% inflation and say the greater of 3% of the last COLA minus 2%.

**Arguments & Entities in Support:**

Counties, funding mandated serveries to account for inflation.

**Arguments & Entities Against:**

Taxpayers, Legislature, Executive branch, Idaho Taxpayers Association, etc. Has the potential to be a tax increase.

**Feasibility:**

Common sense would say that it could be passed on the merit of everyone recognizing the effects of inflation on a budget.  Reality is it would take multiple years of education for passage.

**Other Stakeholders Affected & Nature of Impact:**

**Fiscal Impact:** Status quo will result in counties having to cut services and/or employees.