

Idaho Property Taxes - Principles and Policies

Alan S. Dornfest, AAS, FIAAO
Property Tax Policy Bureau Chief
Property Tax Division
Idaho State Tax Commission
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Objectives

- Understand property tax
 - How is property assessed?
 - What types of property are there?
 - Who pays how much?
 - Who spends property tax?
 - How are property taxes determined?
 - How do we relieve property tax?
 - What are the recent trends?
 - How does this tax fit in Idaho's fiscal picture?
- Understand tax burden



Idaho Property Tax Essentials

- Current, annually determined, market value base (*certain exceptions, such as farmland use value and timberland formula-based value*) - \$393.3 Billion in 2025 (+ 8.5%)
- Budget based: $\text{Budget } \$ \div \text{Taxable Value} = \text{Levy Rate}$
 - Uniform rate for all classes of property (*minor exceptions*)
 - Independently determined rates for each of about 1,000 taxing districts
- Except with voter approval, annual increase in property tax budgets (\$) limited to 3% plus 90% new construction and annexation; 8% overall + 1% / 3% for previously forgone increases
 - **No** additional budget due to increased value of existing property.

Property Tax Essentials

(cont.)

- Tax is levied on most real and business personal property
- Tax is generated and used locally:
 - \$ 2.286 Billion (2025) for local units of government
 - Remainder after state paid school tax relief of \$215.2 million
 - \$112.8 million of remainder paid by state to homeowners
 - \$ 82.8 Million (2025) to urban renewal agencies
- Many varieties of tax relief are available
 - Exemptions partial and full
 - Circuit Breaker (state pays part, sometimes all, of the property tax)
 - Legislative tax relief –
 - \$328 million in tax relief (up from \$246.2 million in 2024)

The Personal Property Tax

- Personal property taxes in Idaho were between \$77* and \$100* million out of \$2.286 billion in total property taxes in 2025 (3.4% - 4.4% statewide, but much higher in some counties).
- In addition to furniture, machinery, and equipment, the above figure for personal property tax includes rail cars and certain other portions of operating property.
- Amounts shown reflect partial (\$250,000 value) exemption – state replaces \$20.2 million

*Includes \$10.5 million tax on personal property paid to urban renewal agencies

Assessment of Property – System of Valuation

- “All real, personal and operating property subject to property taxation must be assessed annually....”
(IC 63-205)
 - County assesses real and personal property
 - STC assesses operating property - (utilities and railroads)
- “Taxable property shall be appraised or indexed annually to reflect current market value.” (IC 63-314)
 - Appraisal includes field inspection (required at least every 5 years).
 - Property not appraised in given year must be indexed to current market value.
 - Current market value this year is the value of the property as of January 1, 2026.

Basic Property Tax

- Total budget minus non-property tax revenue equals property tax (P-tax) budget
- Levy rate computed by dividing the P-tax budget by the net taxable value of district

$$\frac{\$100,000 \text{ P-Tax}}{\$ 100,000,000 \text{ Net Taxable Value}} = 0.001$$

Effects of Market Value Changes on Levies

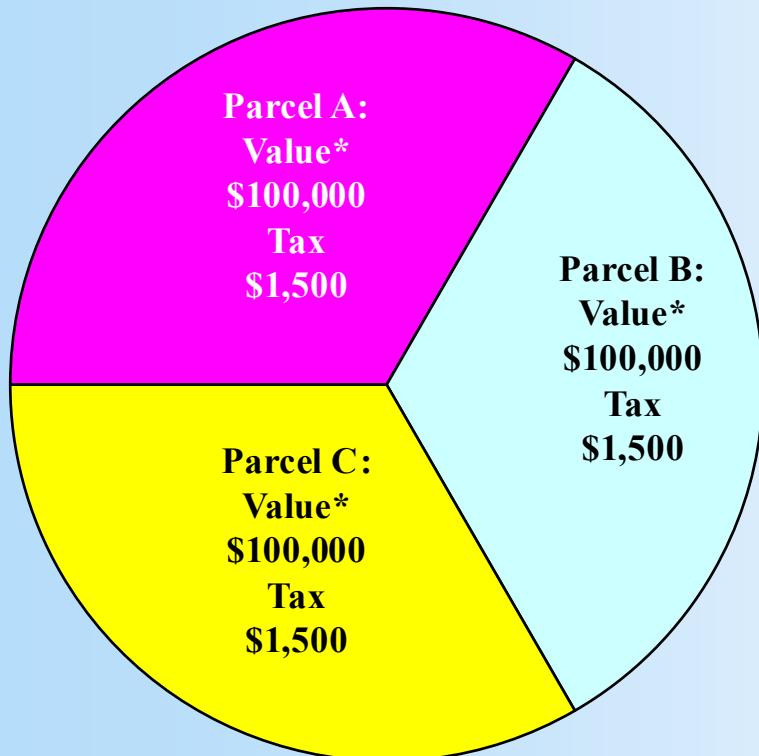
- Assuming that the budget remains constant: the higher the taxable market value, the lower the levy rate

P-Tax Budget	Taxable Value	Levy Rate
55,000	137,500,000	0.0004
55,000	140,000,000	0.000392857
55,000	175,000,000	0.000314286

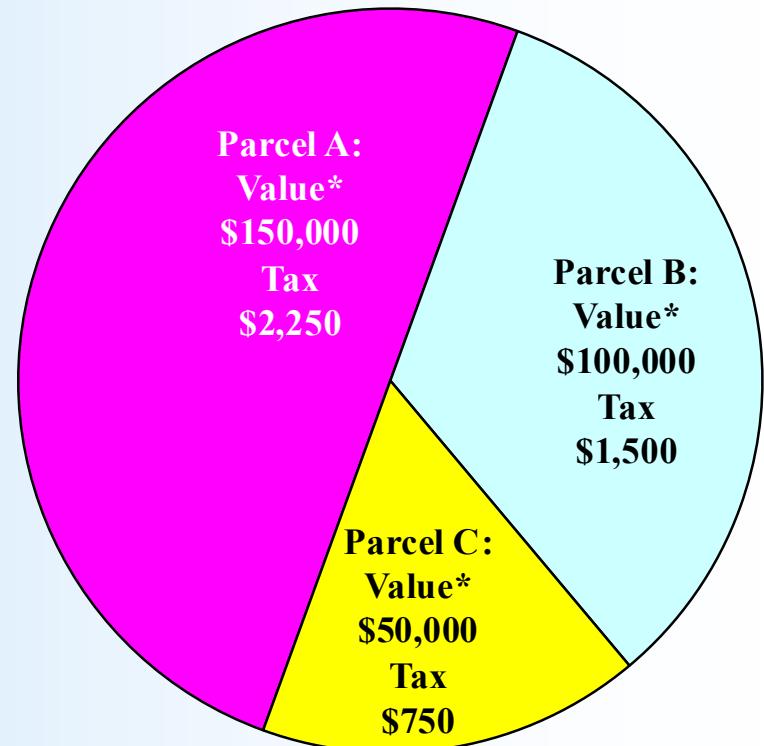
Explaining the Effect of Assessed Value Changes on Budget Driven Systems

Budget constant at \$4,500; total taxable value constant at \$300,000

2024 Value* and Tax



2025 Value* and Tax



* = Value is net taxable after homeowner's exemption.

Tax Shifting Between Categories

(Hypothetical Example)

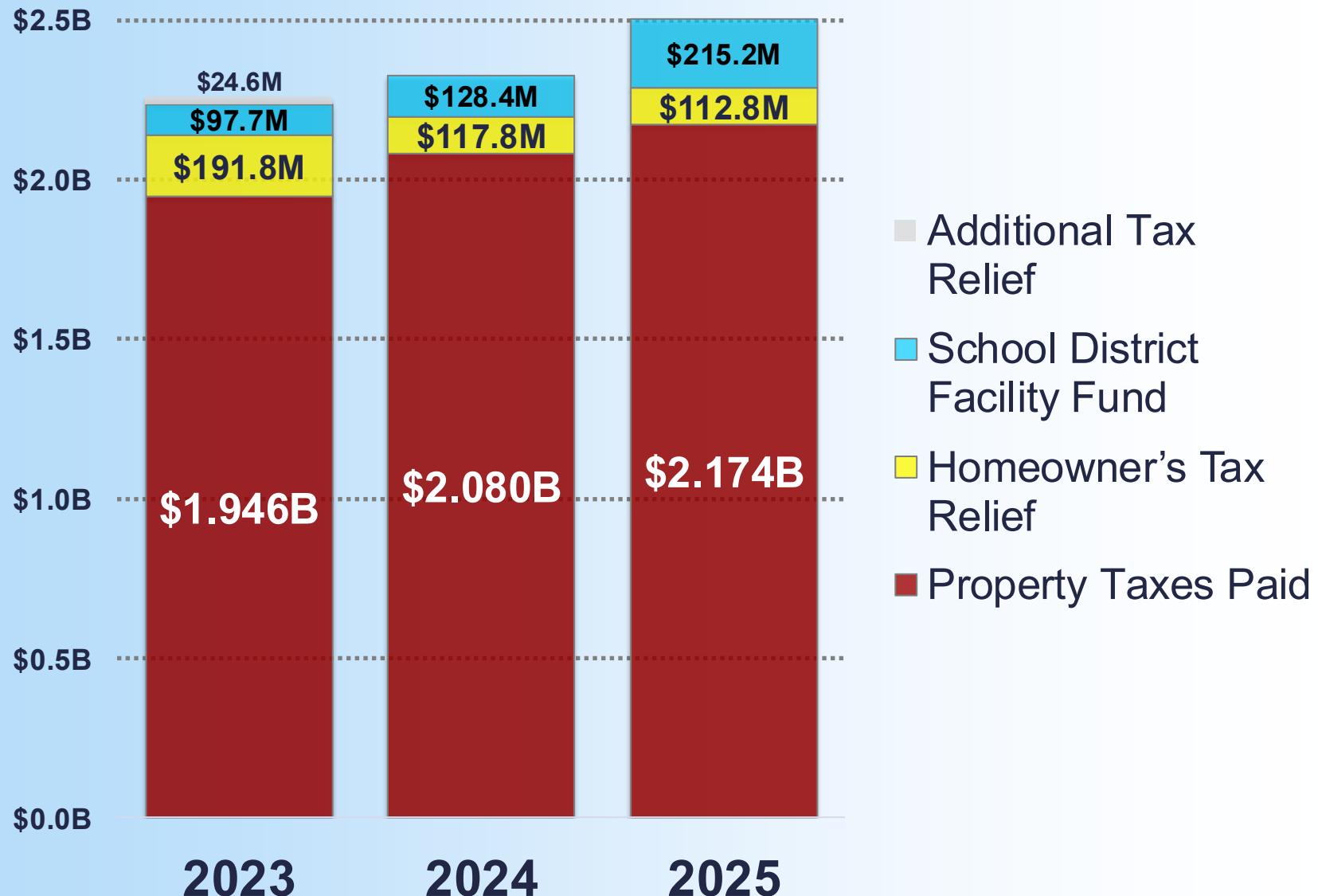
Type of Property	Year 1 Taxes (\$million)	Year 2 Taxes (\$million)	% change in Value	% change in Taxes
Residential	10.0	10.7	+ 25.0	+ 7.4
Commercial	10.0	9.5	+ 10.0	- 5.5
Farmland	2.0	1.8	+ 5.0	- 9.8
Total	22.0	22.0	+ 16.0	± 0.0

Given: Yr. 1 tax rate = 1%; no budget increase in Yr. 2 – levy rate 0.86%

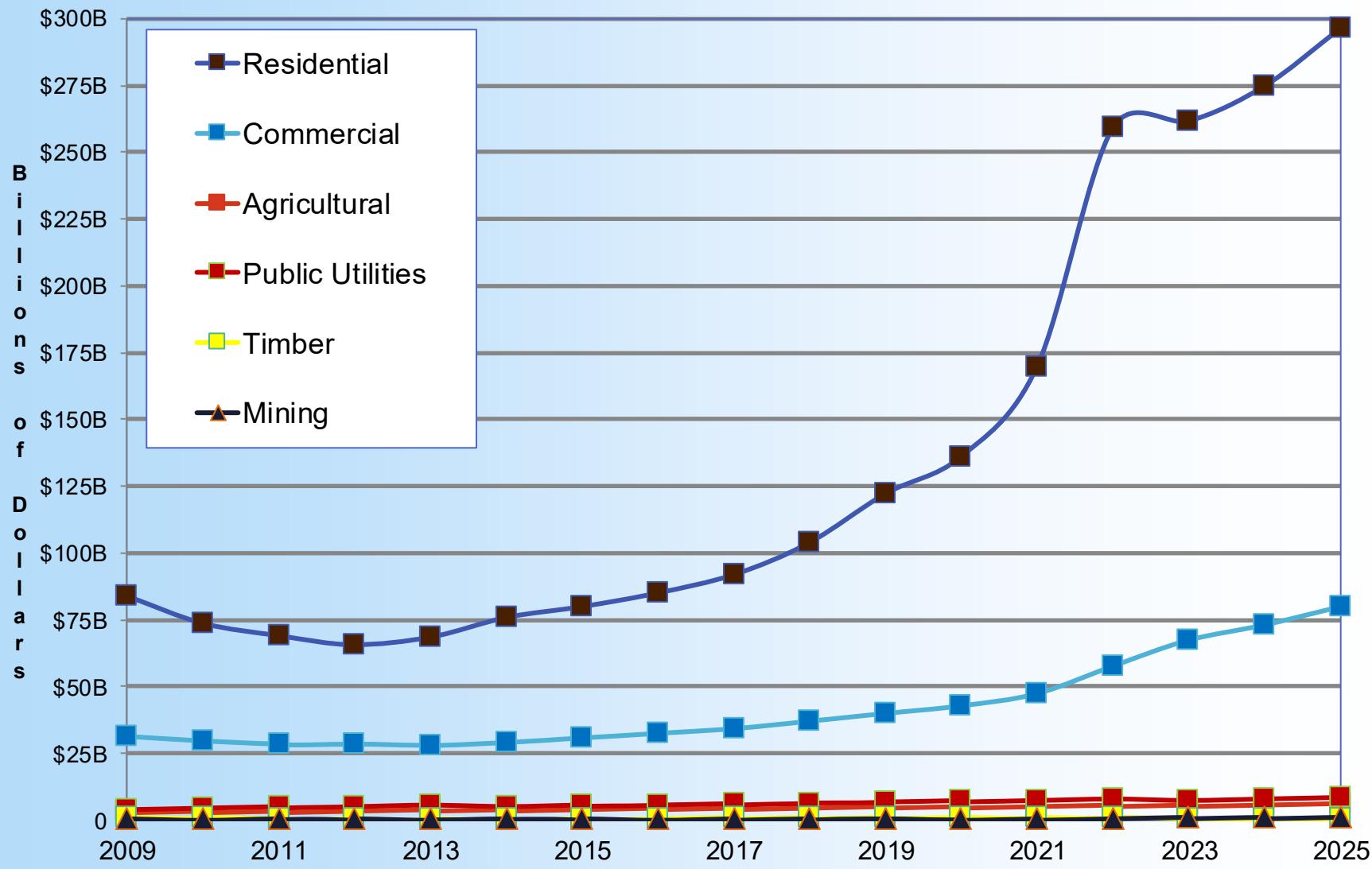
Initial value proportions: Res: 45.5%; Commercial: 45.5%; Farmland: 9%

Value increases: Res: 25%; Commercial: 10%; Farmland: 5%

Property Tax & Tax Relief Over Time



15 Year Chart of Taxable Value Changes by Major Property Category



Residential v. Primary Residential (owner-occupied homes)

- Subset of residential class as a whole (shown for 2025 on previous slide)
 - “Residential” includes rental properties up to 4plexes (larger multi-unit dwellings considered commercial)
 - Entire residential class =
 - 75.6% of all taxable value
 - 72.8% of all property tax (not accounting for tax relief)
 - 71.3% of all property tax (accounting for tax relief)
- Through 2025, primary residential (owner-occupied):
 - Has the largest separate share of property value – 45.4% in 2025
 - Pays the largest separate share of property tax
 - 47.1% in 2025 (not accounting for tax relief)
 - 44.3% in 2025 (accounting for tax relief)

Primary Residential

Value Changes v. Tax Changes



- Average Rate of Change of Value on Existing Primary Residential

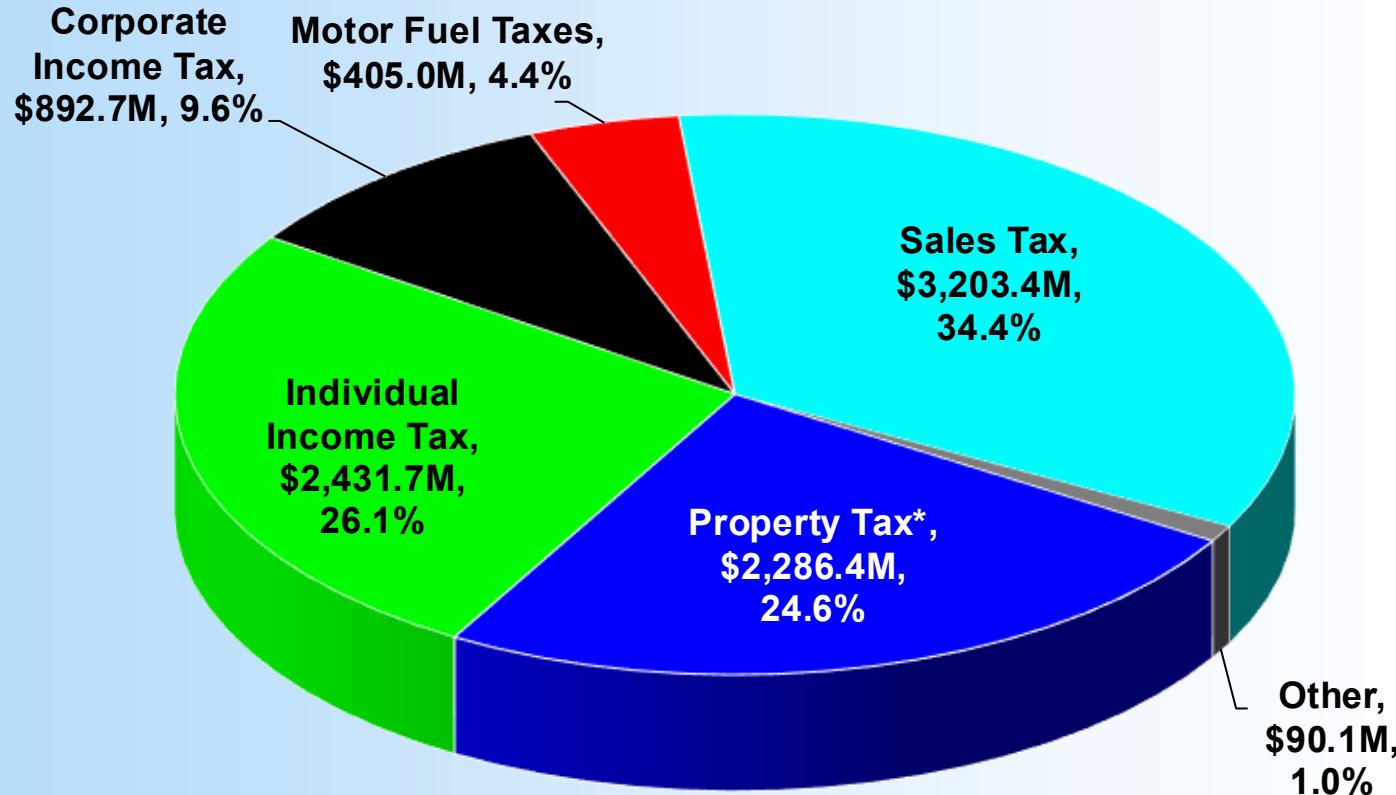
New Construction v. Changes in Existing Property Values & Taxes: 2024 – 2025

<u>Category of Property</u>	<u>Overall Percent change in Value (24 – 25)</u>	<u>Existing Property Value % Change (24 – 25)</u>	<u>Existing Property Tax % Change (24 – 25)</u>
Primary Residential (eligible for homeowner's exemption)	+ 6.8%	+ 5.3%	+ 1.9%
Other Residential	+ 10.1%	+ 8.7%	+ 4.9%
Commercial and industrial	+ 9.8%	+ 8.1%	+ 3.5%

The Property Tax as a Part of State and Local Government Finance

- How do state and local governments get funding for services?
- Who pays property tax?
- Which governments spend property tax?

Idaho Fiscal Year 2025 Revenue State and Local Tax Revenue



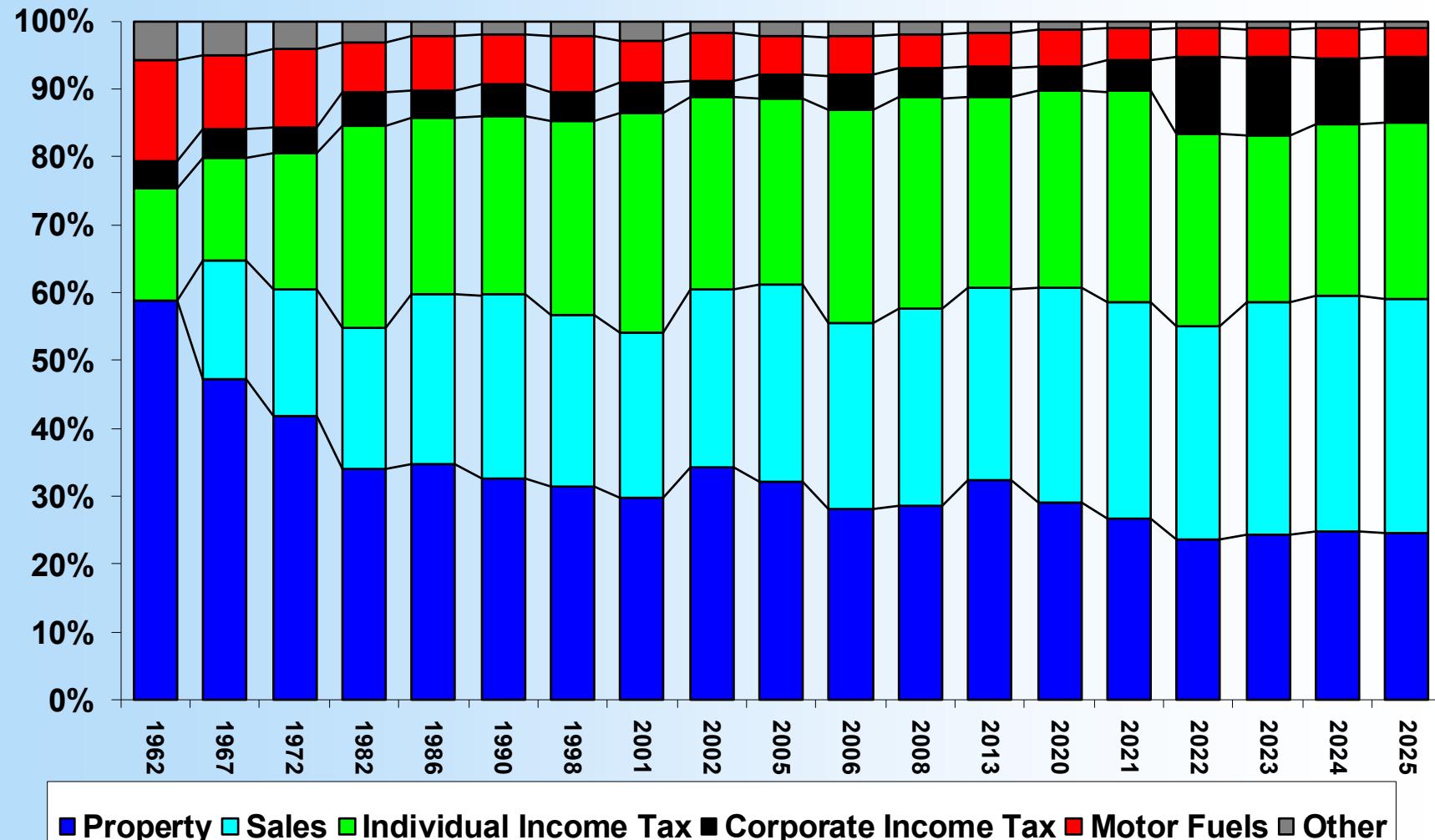
Where the Money Came From

*Property Tax is Calendar 2025, based on levied amounts
after School District Facility Fund levy reductions

TAXES COLLECTED IN IDAHO

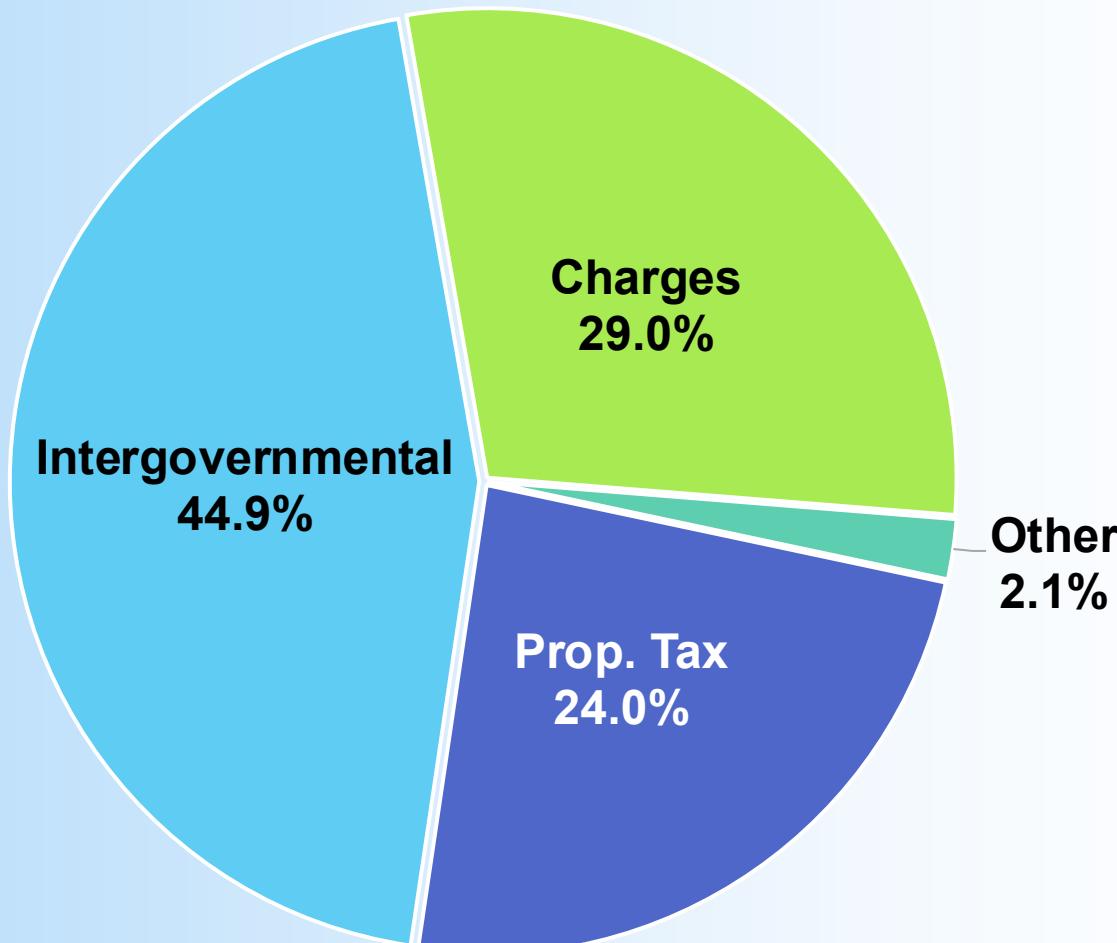
PROPORTION OF STATE & LOCAL TAX REVENUE

PROPERTY TAX IS CALENDAR YEAR levied; OTHERS ARE FISCAL YEAR



Idaho Local Government Finances – FY 2023

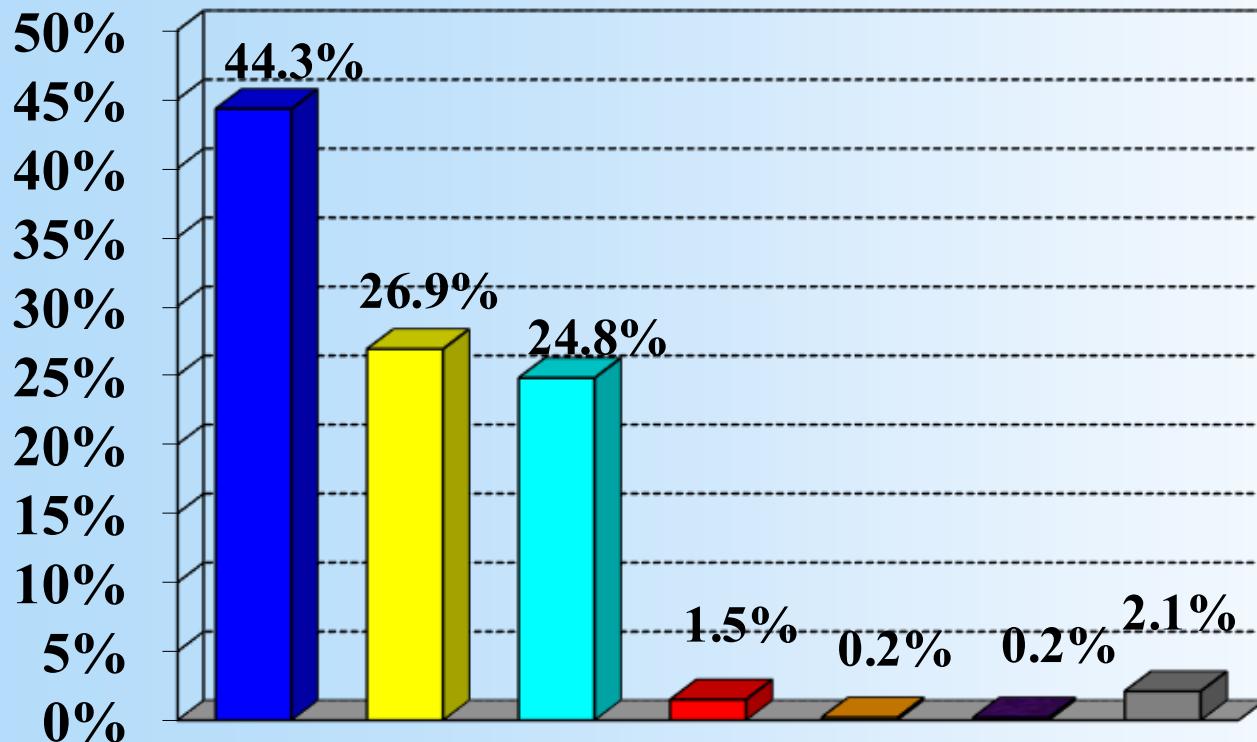
Local Government General Revenue



Property Tax Myths v. Facts

Topic	Myth	Fact
Who pays?	It's all a tax on homes	Primary residences pay 44.3% of tax (2025 <i>after tax relief</i>)
Who spends?	It's all schools (<i>conversely, schools = \$0</i>)	Schools = 17.7% (as of 2025 – <i>reflecting school tax relief</i>)
How significant is property tax revenue?	It's the only source of revenue for local governments	Overall in FY 2023 it represented 24.0% of local government general revenue; 92.1% of tax revenue
What happens when existing property value increases?	Higher taxable value = more revenue for govt.	Total property tax revenue unchanged, burden shifts

So, who pays the property tax?



Distribution shown is statewide in Idaho for 2025 (accounting for tax relief)

- Owner occupied residential
- Commercial / Industrial
- Timber
- Operating (Utilities)

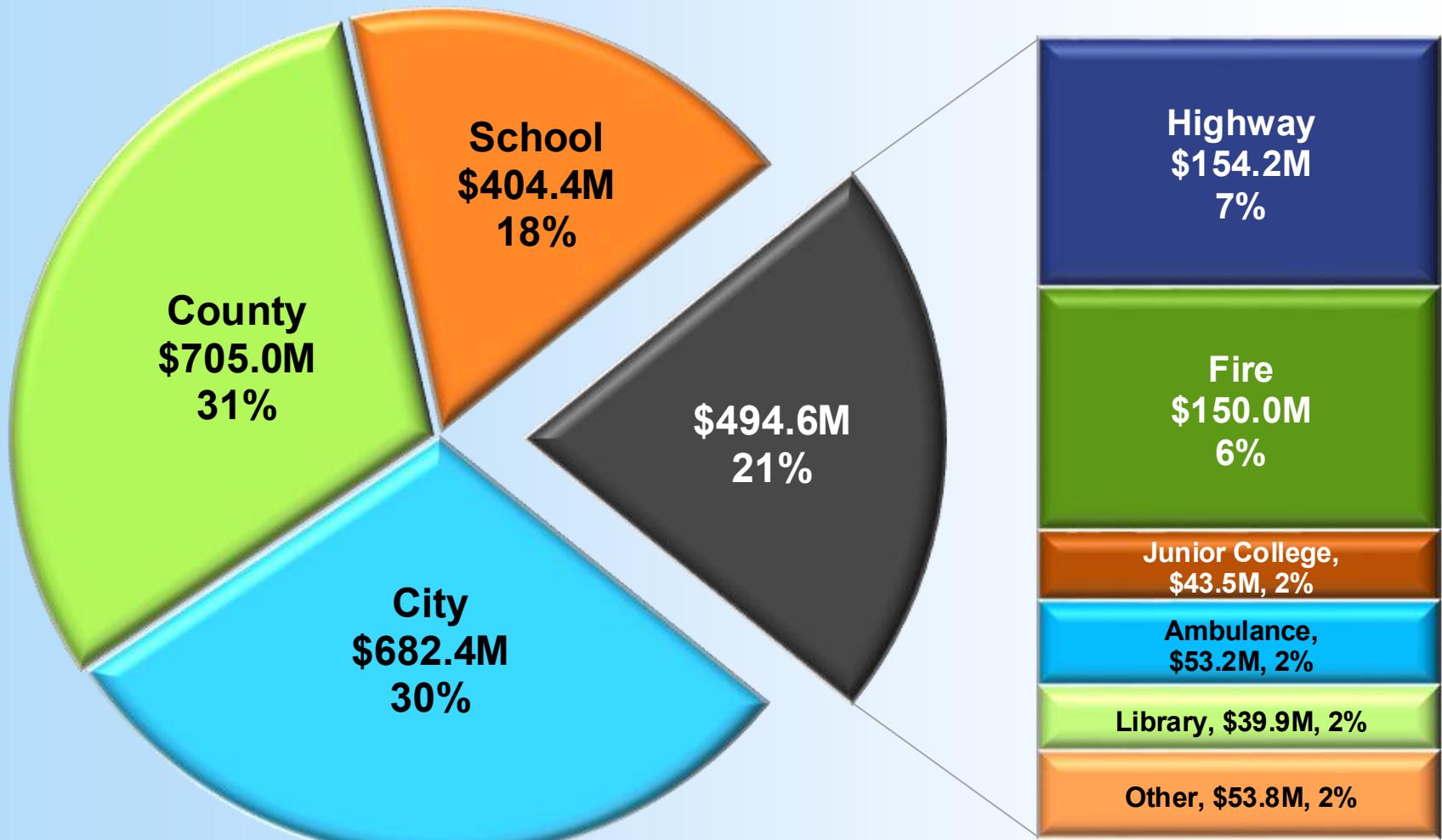
- Non-owner occupied residential
- Agricultural
- Mining

Types and Numbers of Taxing Districts

There are 1,106
taxing districts
and 981 levied
property tax in
2025.

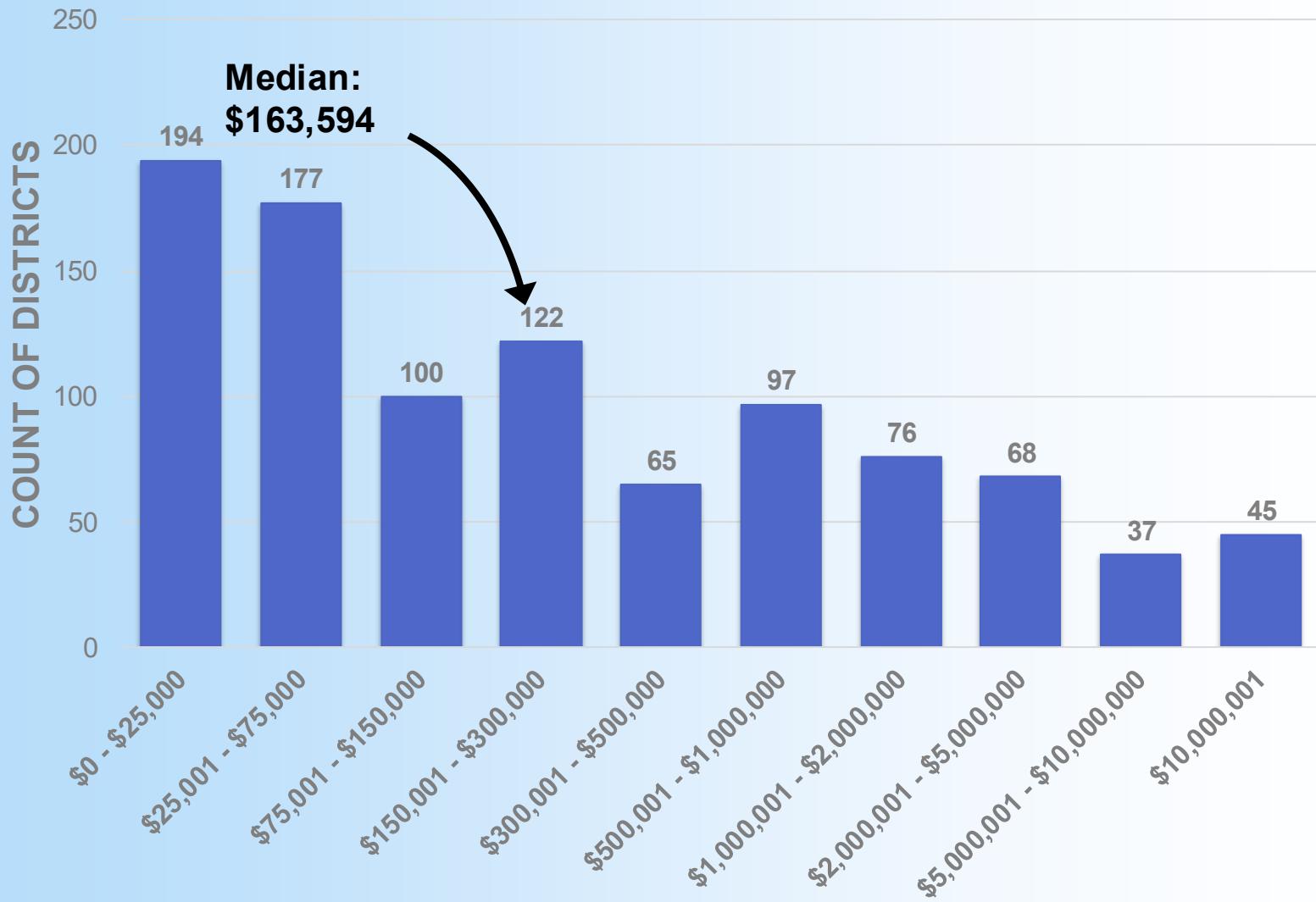
Total Taxing Districts That Levy for Years 2024 - 2025				
11/19/2025				
District Name	2024 Number of Districts	2024 Districts Levyng	2025 Number of Districts	2025 Districts Levyng
Ambulance	30	29	30	29
Auditorium	3	2	3	2
Cemetery	183	181	183	182
Cities	200	191	198	191
Community Colleges	4	4	4	4
Counties	44	44	44	44
Fire	161	158	161	160
Flood Control	15	12	15	13
Highway-County Road & Bridge	97	76	96	75
Hospital	15	14	15	14
Infrastructure	3	3	3	3
Levee	1	-	1	-
Library	59	59	59	58
Abatement (Mosquito)	22	22	22	21
Pest Control	5	5	5	5
Port	1	1	1	1
Recreation	38	33	39	33
School	115	115	115	115
Sewer	28	8	25	8
Sewer & Water	55	16	54	16
Water	27	5	26	5
Watershed Improvements	8	2	8	2
Totals:	1,114	980	1,106	981

2025 Property Tax Use



School amounts reduced by School District Facility Funds;
HTR amounts not subtracted

Actively Levying Taxing Districts in 2025 by Size of Property Tax Budget

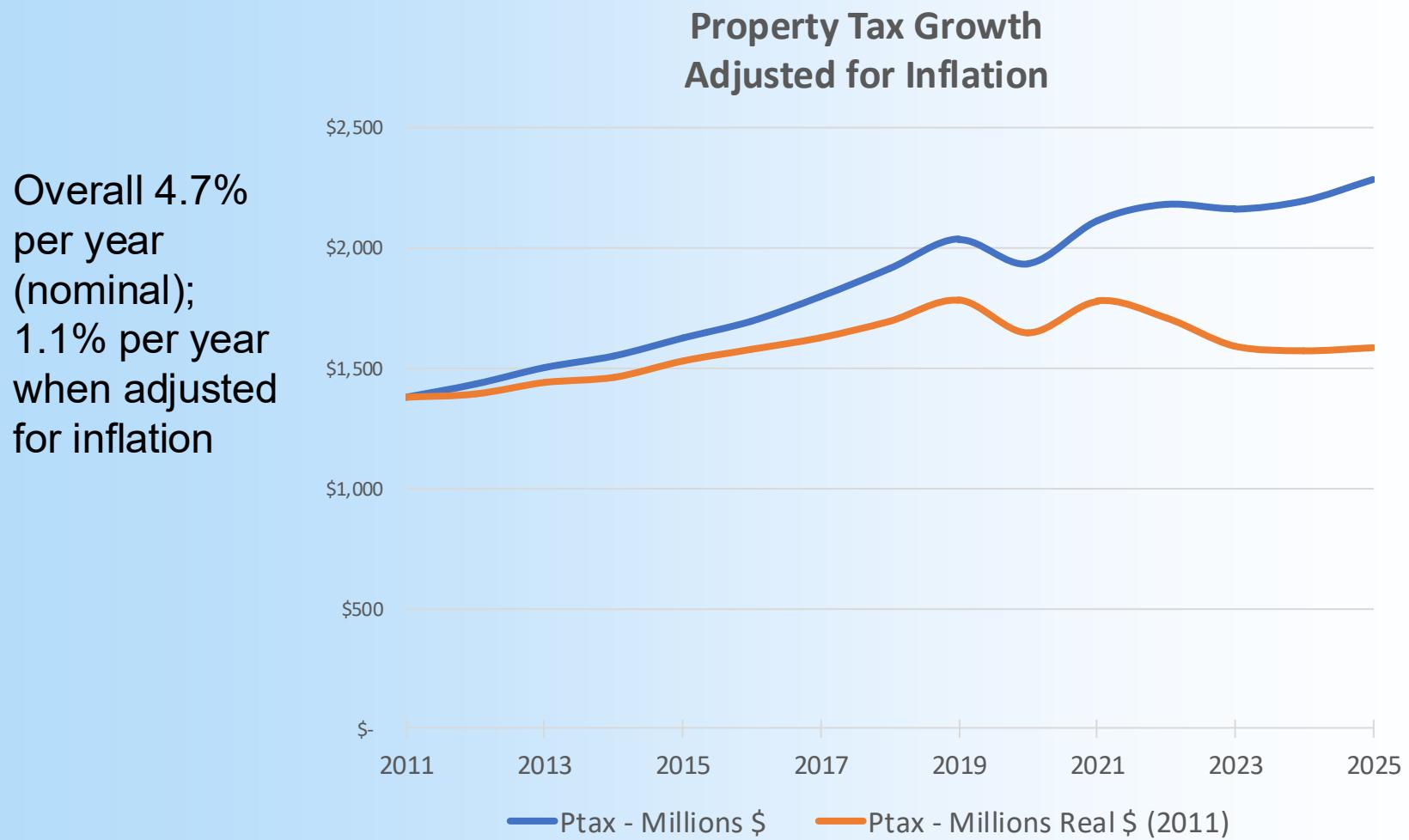


How has Property Tax use changed?

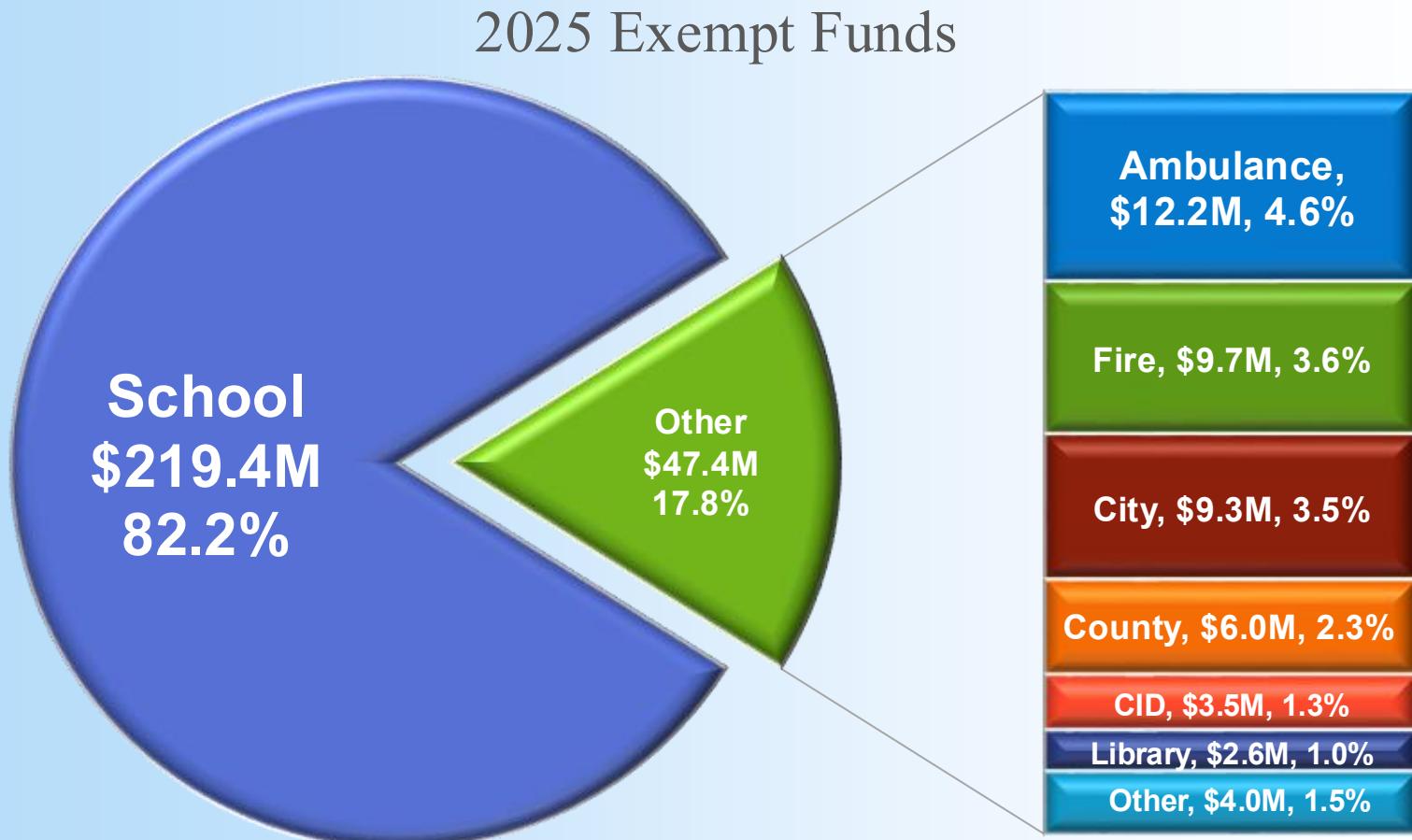
District Category	2024	2025	% Change
Ambulance	\$ 38,969,308	\$ 53,186,754	36.5%
Auditorium	\$ 20,972	\$ 22,228	6.0%
Cemetery	\$ 8,885,596	\$ 9,359,764	5.3%
City	\$ 663,635,279	\$ 705,015,268	6.2%
Community Infra.	\$ 2,942,852	\$ 3,531,347	20.0%
County	\$ 646,508,834	\$ 682,355,670	5.5%
Extermination	\$ 1,299,622	\$ 1,348,141	3.7%
Fire	\$ 134,487,855	\$ 149,979,245	11.5%
Flood Control	\$ 1,024,530	\$ 1,074,826	4.9%
Hospital	\$ 11,220,021	\$ 11,788,435	5.1%
Junior College	\$ 41,895,112	\$ 43,536,999	3.9%
Library	\$ 38,426,814	\$ 39,941,160	3.9%
Mosquito Abatement	\$ 11,067,460	\$ 11,001,089	-0.6%
Port	\$ 405,000	\$ 400,000	-1.2%
Recreation	\$ 7,921,358	\$ 10,153,369	28.2%
Roads & Highways	\$ 145,154,004	\$ 154,184,491	6.2%
School	\$ 439,394,238	\$ 404,419,063	-8.0%
Sewer & Water	\$ 3,903,195	\$ 4,068,960	4.2%
Sewer, incl. rec. sewer	\$ 605,788	\$ 614,628	1.5%
Water	\$ 245,301	\$ 256,074	4.4%
Watershed	\$ 137,095	\$ 142,015	3.6%
Total	\$ 2,198,150,234	\$ 2,286,379,526	4.0%

Accounts for school tax relief but not the Homeowner's Tax Relief

Overall Property Tax Growth – Total Levied and Adjusted for Inflation



Schools are the Predominant Users of Exempt Funds (bonds, overrides, etc.)



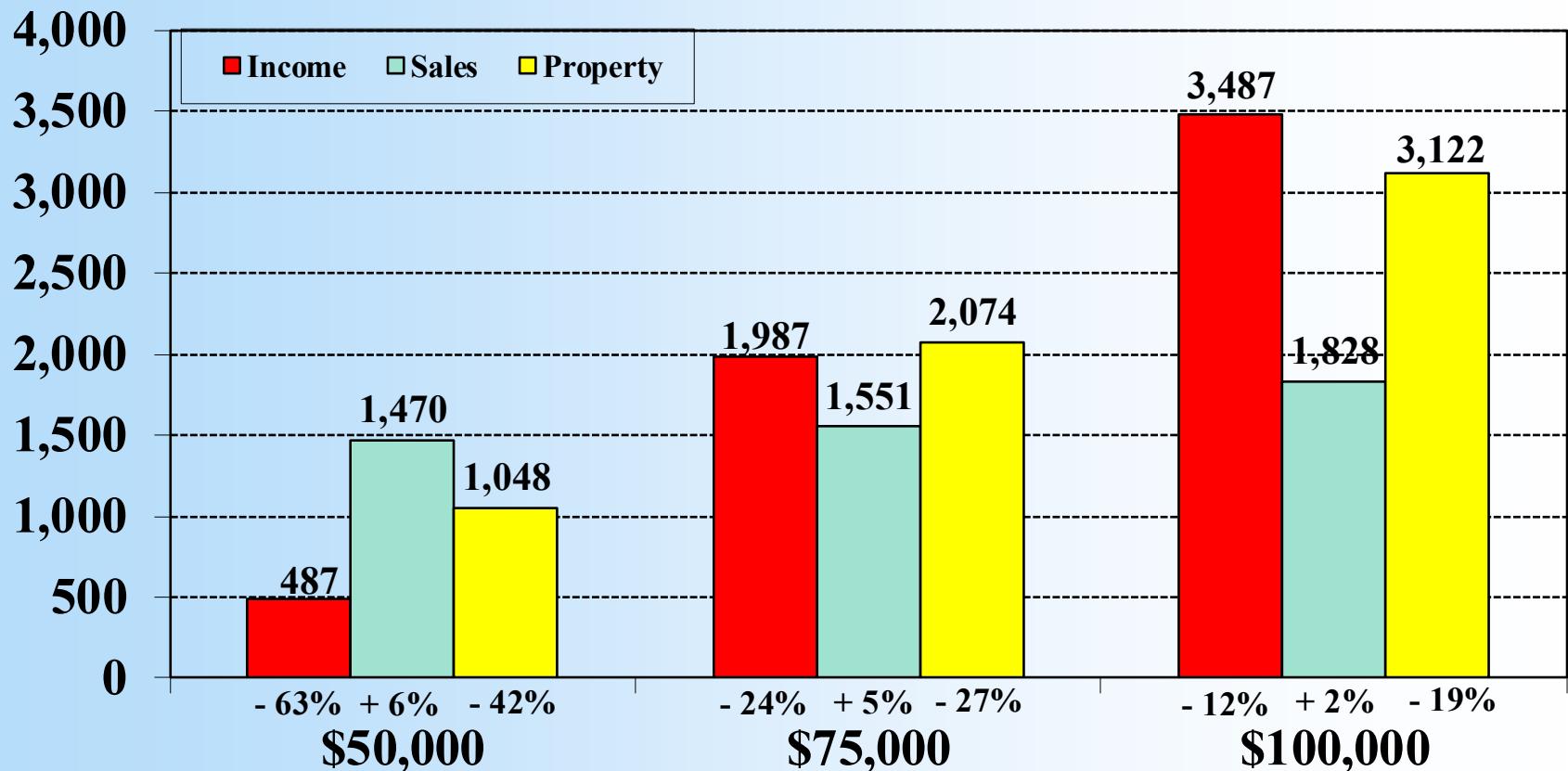
School funds shown do not include Boise M&O and Budget Stabilization funds.
School amounts are after SDFF levy reductions

Measuring General Property Tax Burden in Idaho

- Comparisons between states and localities
- Comparisons over income ranges
- Comparisons with other Idaho taxes

Estimated 2022 Taxes

Per Family of three - various incomes



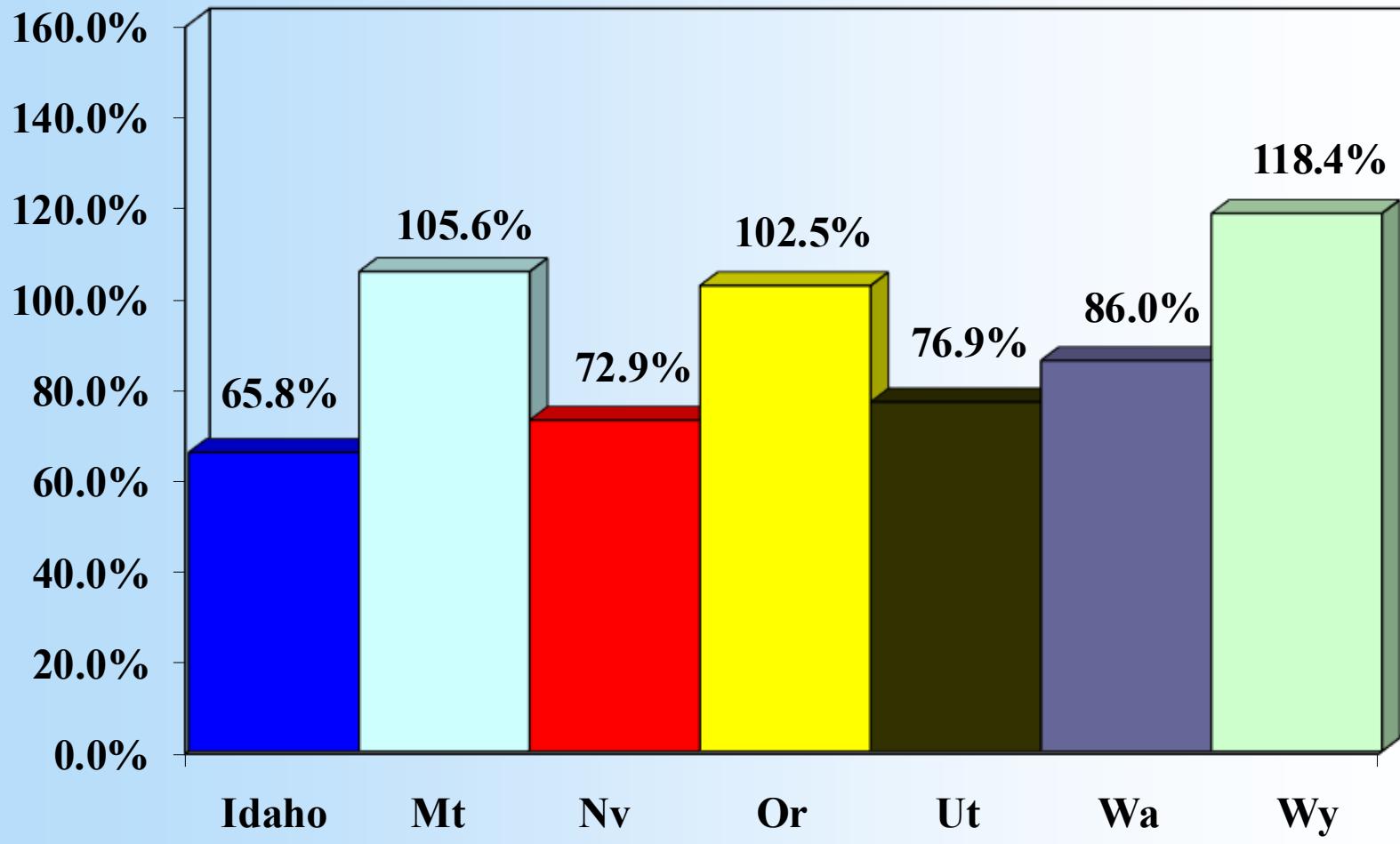
Estimates for Boise, based on
District of Columbia study of largest city
in each state.

\$ Income

Percentages show Boise compared to U.S. average of 51 cities.

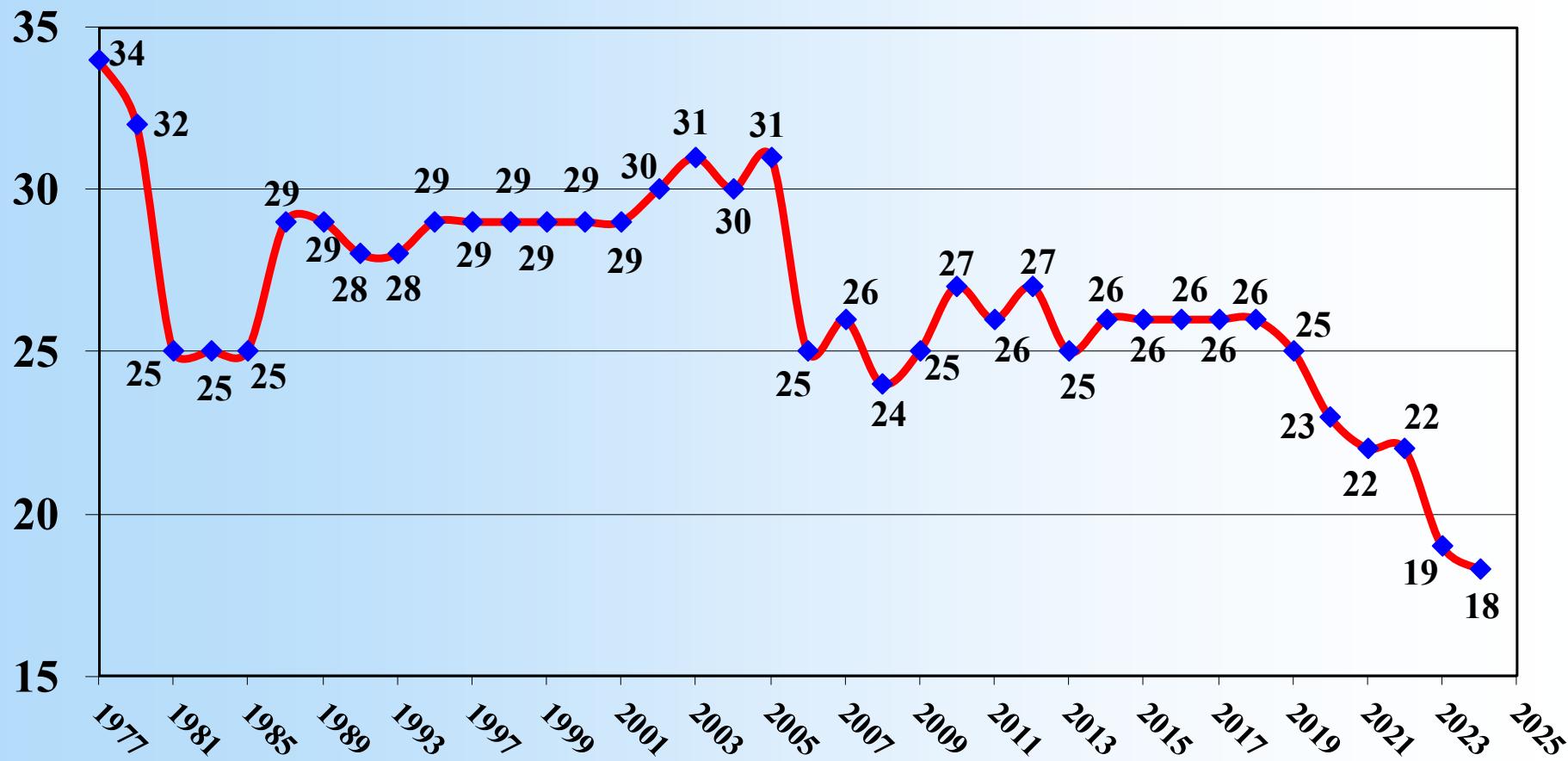
FY 2023 Property Tax Burden

Idaho vs. Neighbor States



Based on taxes per \$ of income.

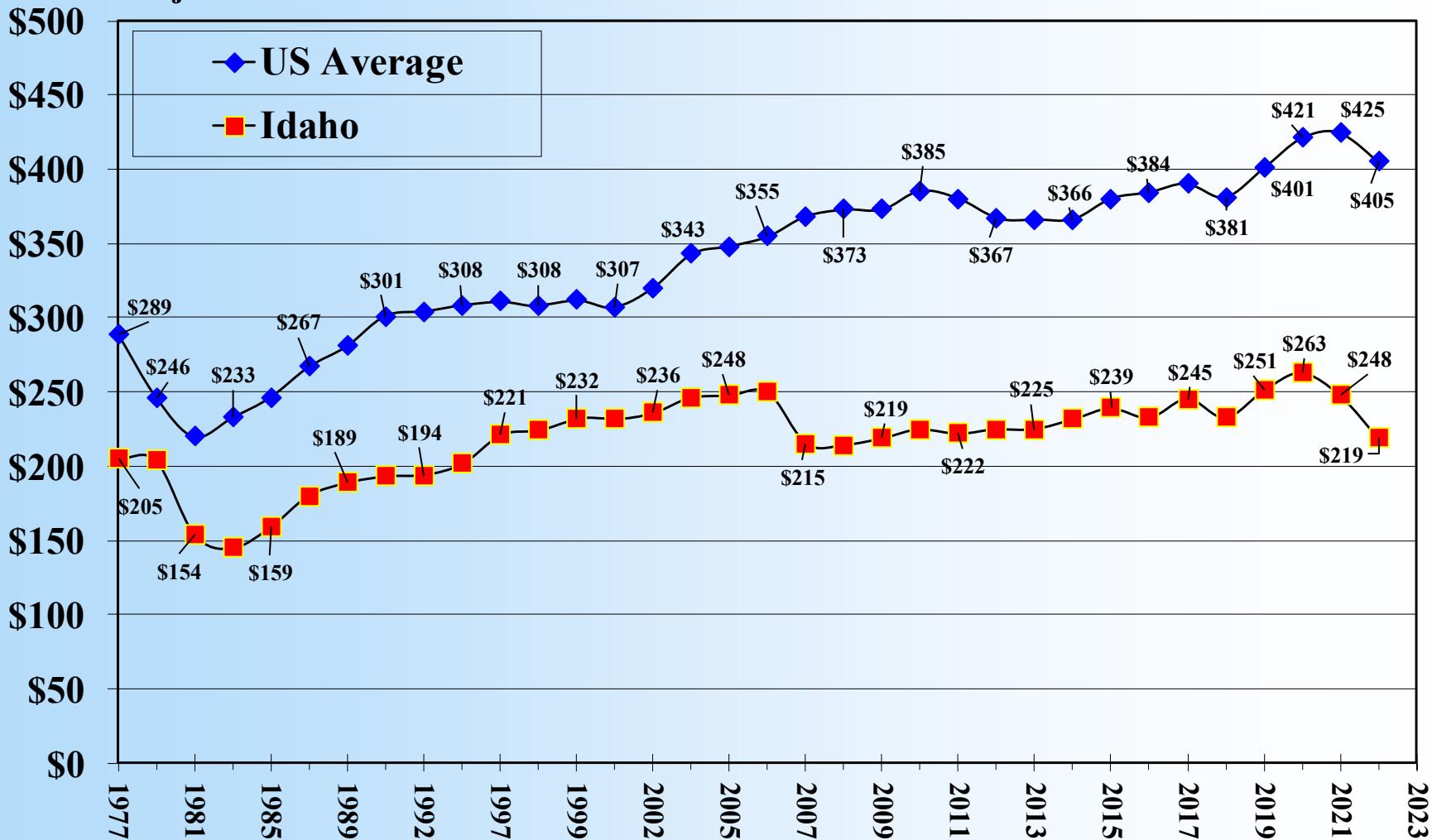
Idaho Property Tax per \$1,000 Personal Income



Per Capita Property Taxes

Idaho vs U.S.

Adjusted for Inflation



Based on U.S. Census Information
Amounts adjusted to January 1977

Boise Homeowner Property Tax

1980 vs. 2024



1980:

Value (average sale): \$ 45,587
Tax: \$ 484



2024:

Value (average assessed): \$ 557,370
Tax: (Ada average urban rate) \$ 2,906



2024: Value adjusted for inflation to 1/1980 \$ 140,608

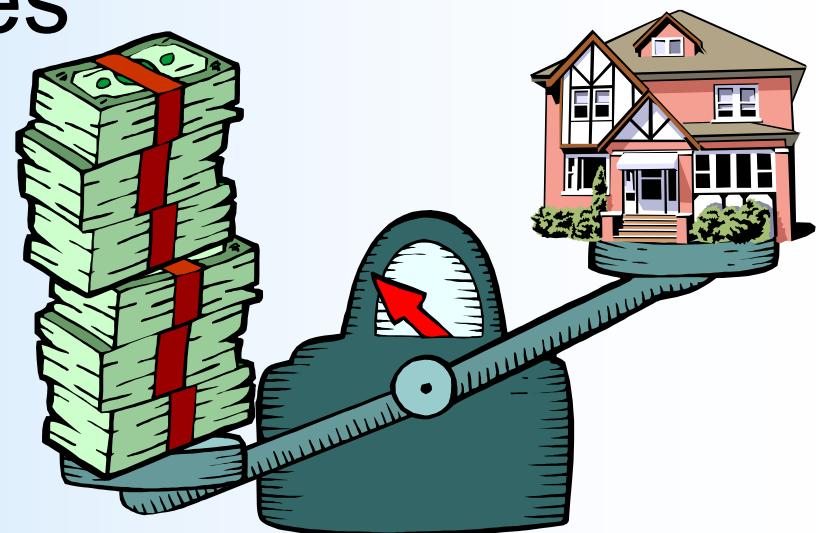
Tax adjusted for inflation: \$ 733

Constant dollar annual increase: 0.9%

2024 values based on 2023-24 sales. Tax based on levied amount before homeowner tax relief but after school facilities tax relief.

Limits on Property Tax

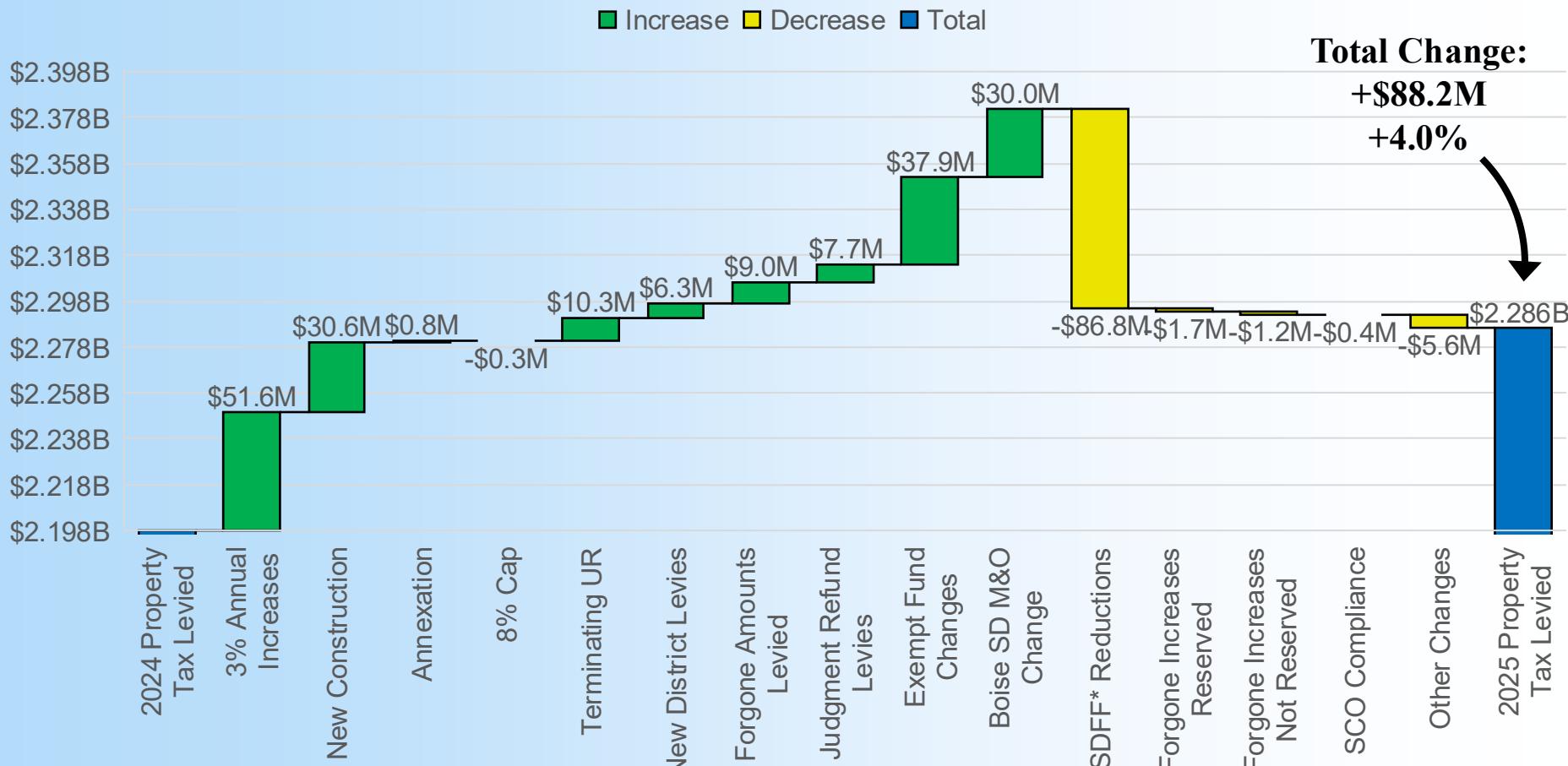
- Budgets (\$)
- Levies (rates)
- Exemptions
- Tax relief measures



How do Property Tax Budget Limits Work?

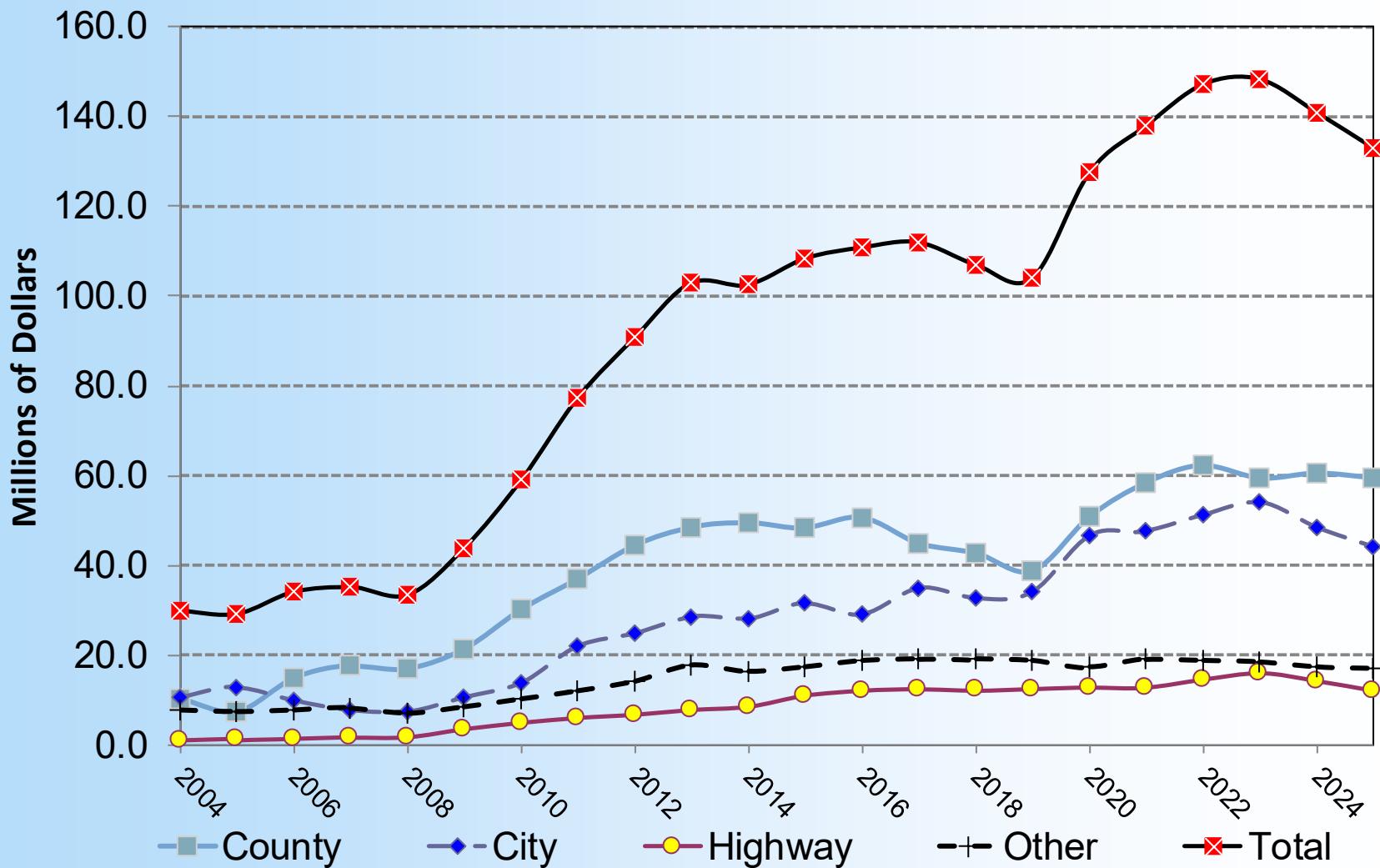
- Apply only to property taxes used for non-exempt funds (mostly general operations)
- Permit increases in property tax \$:
 - Up to 3% over highest of last three years
 - Plus 90% of new construction value X prelim levy rate
 - Plus 90% of annexation value X 2nd prelim levy rate
 - The sum of the above items cannot exceed an 8% increase
 - Plus 80% of urban renewal increment increase from 2006 for dissolving urban renewal areas X prelim levy rate
 - Plus some previously accrued forgone amount
 - may increase budget up to 1%,
 - plus 3% for capital projects, or
 - Allowed only if result does not create levy rate that exceeds statutory limit

2024 – 2025 Property Tax Change Components



*SDFF = School District Facility Funds

Forgone Amounts



* Current year's forgone amounts can be reserved until 12/31/2025

Altering the Burden of Property Taxes – Exemptions, Incentives, and Property Tax Relief

- Exemptions –
 - Grant relief to particular type of taxpayer based on ownership (government, religious foundation, etc.) or use (non-profit educational, agricultural equipment, etc.)
 - May be funded if state replaces revenue
 - Otherwise, taxes shift to non-exempt property through higher levy rates



Common Business Property

Tax Incentives

- \$250,000 personal property exemption
 - Up from \$100K in 2013 – 2021 (changed in 2022)
 - Replacement \$ from state for increase –
 - \$3.8 million per year for increase from \$100,000 (2022)
- IC 63-602NN – investment exemption (unlimited \$, but 5 years maximum duration; no replacement – excludes existing property)
- Urban Renewal – increment value growth generates revenue for specific projects in certain areas based on most underlying tax levies

Tax Increment Financing

an economic incentive involving property tax

- Permits allocation of property taxes to urban renewal agency (URA) in specified areas known as Revenue Allocation Areas (RAAs)
- Often used to help provide infrastructure:
 - Parking garages
 - Sewer and water lines
 - Street improvements
- Properties within these areas still pay taxes at prevailing rate, but money is not passed on to local taxing districts
 - URAs do not derive revenue from most voter approved levies and certain judgments against taxing districts.

Use in Idaho – active RAAs

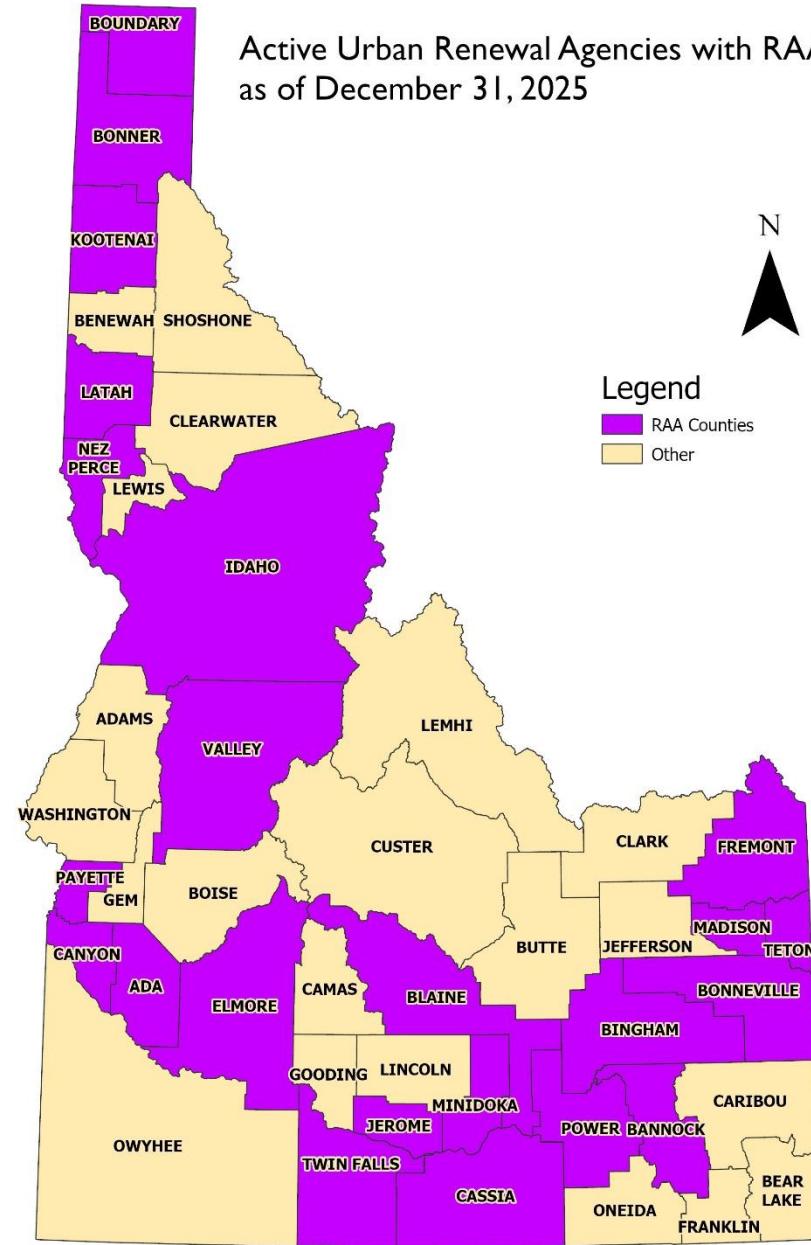
- 23 counties
- \$12.9 billion in taxable value of increment (2025)
- \$82.8 million tax allocation to the UR (2025)
- \$393.5 billion net taxable value statewide (2025, excluding increment)
- 101 separate RAAs in 2025

Active Urban Renewal Agencies with RAA's in Idaho as of December 31, 2025



Legend

- RAA Counties (purple)
- Other (yellow)



Overall Effects of Urban Renewal

- Taxpayers

- Neutral effect on tax rates – **if**
 - Property values in RAA area would not have increased without urban renewal, and
 - New construction within RAA would not have occurred without urban renewal
- Increased tax rates – **if**
 - Property values in RAA area would have increased without urban renewal, or
 - New construction within RAA would have occurred without urban renewal

Property Tax Relief Measures

- State or local funds dedicated to reducing property tax
 - May be related to taxpayer circumstances – ie: circuit breaker property tax relief for lower income, elderly, and disabled.
 - May be indirectly related – distribution of state sales tax to replace property tax on agricultural equipment based on amount of property tax charged in yr. 2000 + 6%.
 - May relate to taxes or fees paid – solar farms pay 3.5% tax on gross solar farm earnings – the amount reduces maximum property tax allowed for local districts receiving this money

Property Tax Reduction Program (Circuit Breaker)

- Up to \$1,500 credit for eligible homeowners:
 - Over age 65, disabled, widows and widowers
 - For 2025 program, income up to \$37,810 and home values up to greater of 200% of county median or \$400,000 (2026 income limit is \$39,130)
- And – up to additional \$1,500 for 100% disabled veterans (no income test)
- Must annually apply with county assessor by April 15th.
- 2024 claims (includes 100% SCD VA program)
 - 23,957 approved
 - \$ 17.86 Million paid by state to counties and taxing districts
- 2025 - \$24.5 Million paid by state
- State-funded, so **no** loss of revenue to any taxing district.
- Not an exemption, so no property tax shifted to other property taxpayers.
- Not subject to repayment!

Property Tax Deferral

- Since 2006, Taxpayers receiving circuit breaker benefits can opt to defer any property taxes not paid by that program
- Requires equity in the property
- Deferral can last as long as the taxpayers continue to live in the home.
- State will pay taxes, which are to be paid back (plus interest but no penalty) after sale, etc.
 - For 2024-2026, interest is 6% (interest rate became a variable rate with 2023 HB 289)
- 2025 claimants
 - 20 households applied in 2025
 - 11 approved
 - Total benefits paid in 2025: \$21,451
- Claimants who otherwise qualify for circuit breaker except for high value property could apply for deferral with income up to \$60,170 for 2025. In 2026, the limit is \$61,674

It may be worth remembering...

I don't know what to do or where to turn in this taxation matter. Somewhere there must be a book that tells all about it, where I could go to straighten it out in my mind. But I don't know where the book is, and maybe I couldn't read it if I found it.

Warren G. Harding