

Idaho Property Taxes - Principles and Policies

Alan S. Dornfest, AAS, FIAAO
Property Tax Policy Bureau Chief
Property Tax Division
Idaho State Tax Commission
January 26, 2026



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

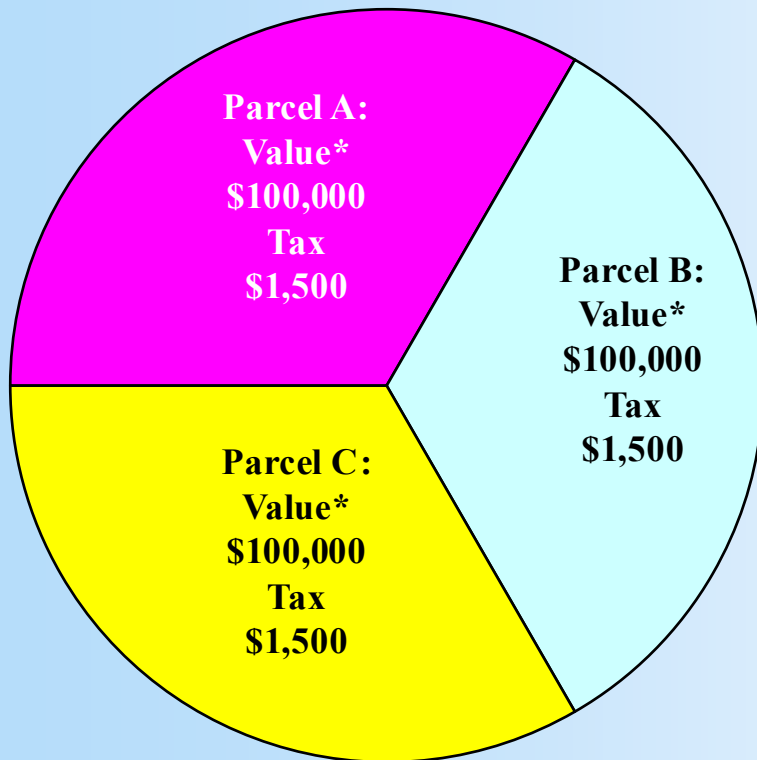
- Assuming that the budget remains constant: the higher the taxable market value, the lower the levy rate

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

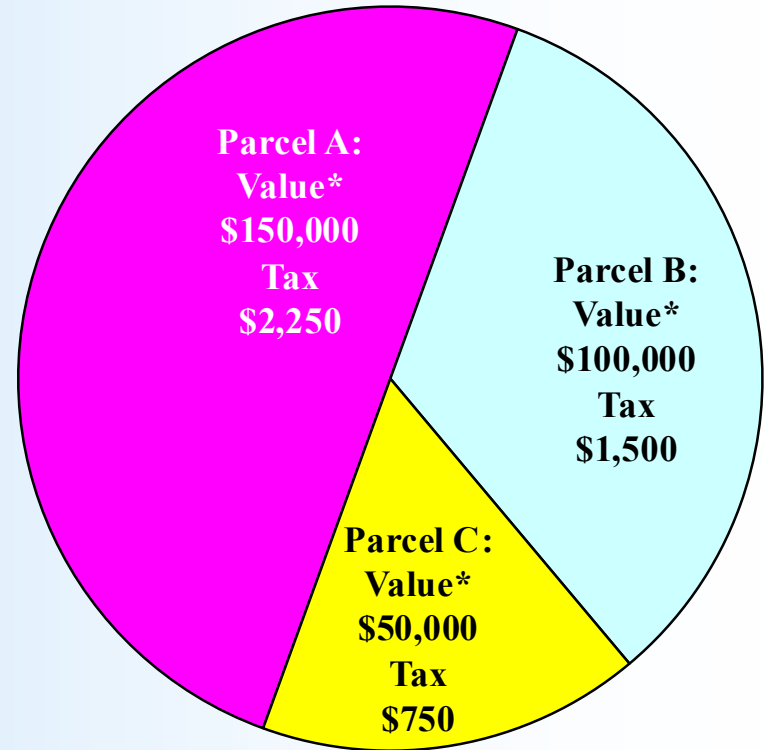
Explaining the Effect of Assessed Value Changes on Budget Driven Systems

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)

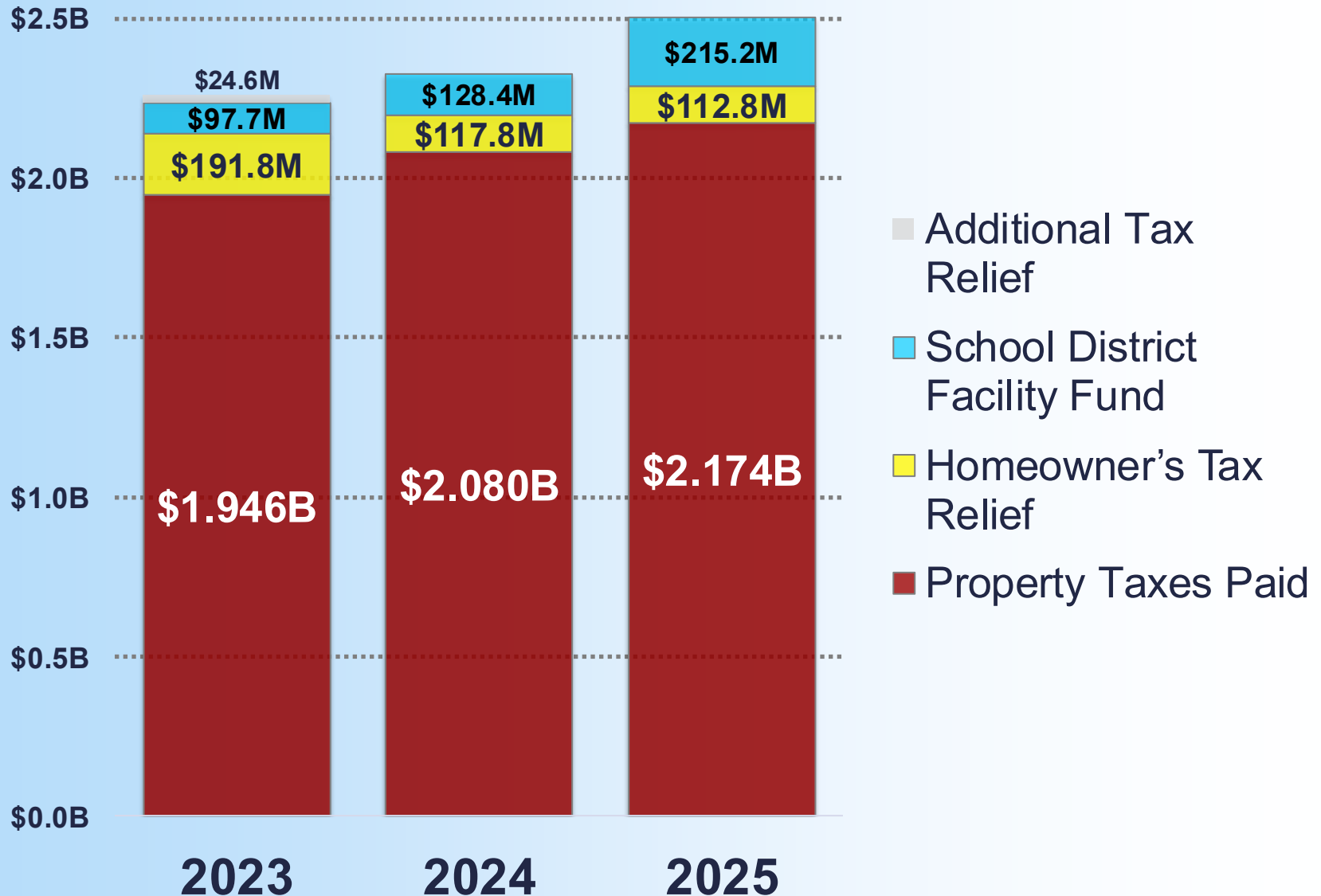
Type of Property	Year 1 Taxes (\$million)	Year 2 Taxes (\$million)	% change in Value	% change in Taxes
Residential	10.0	10.7	+ 25.0	+ 7.4
Commercial	10.0	9.5	+ 10.0	- 5.5
Farmland	2.0	1.8	+ 5.0	- 9.8
Total	22.0	22.0	+ 16.0	± 0.0

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

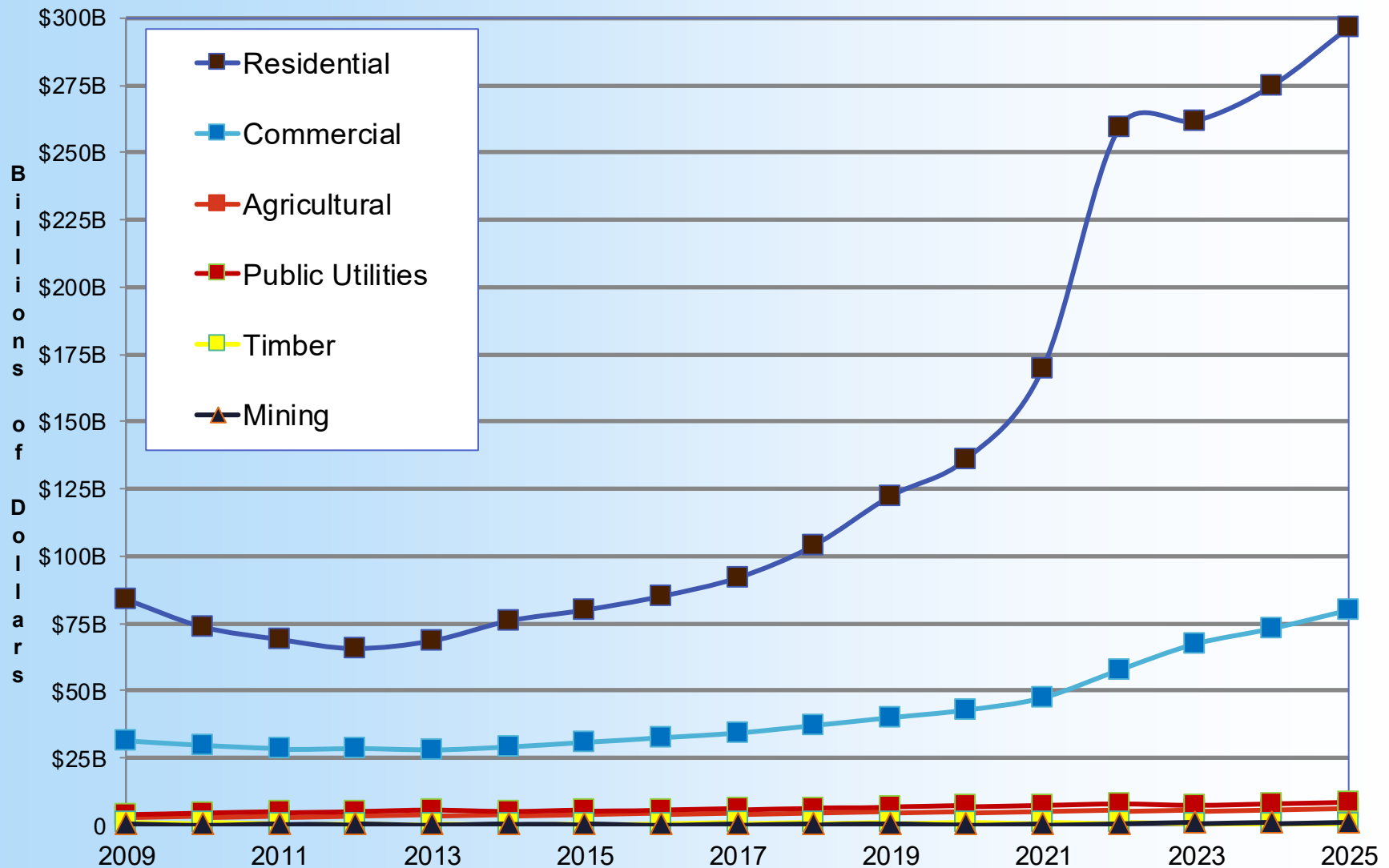
Initial value proportions: Res: 45.5%; Commercial: 45.5%; Farmland: 9%

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

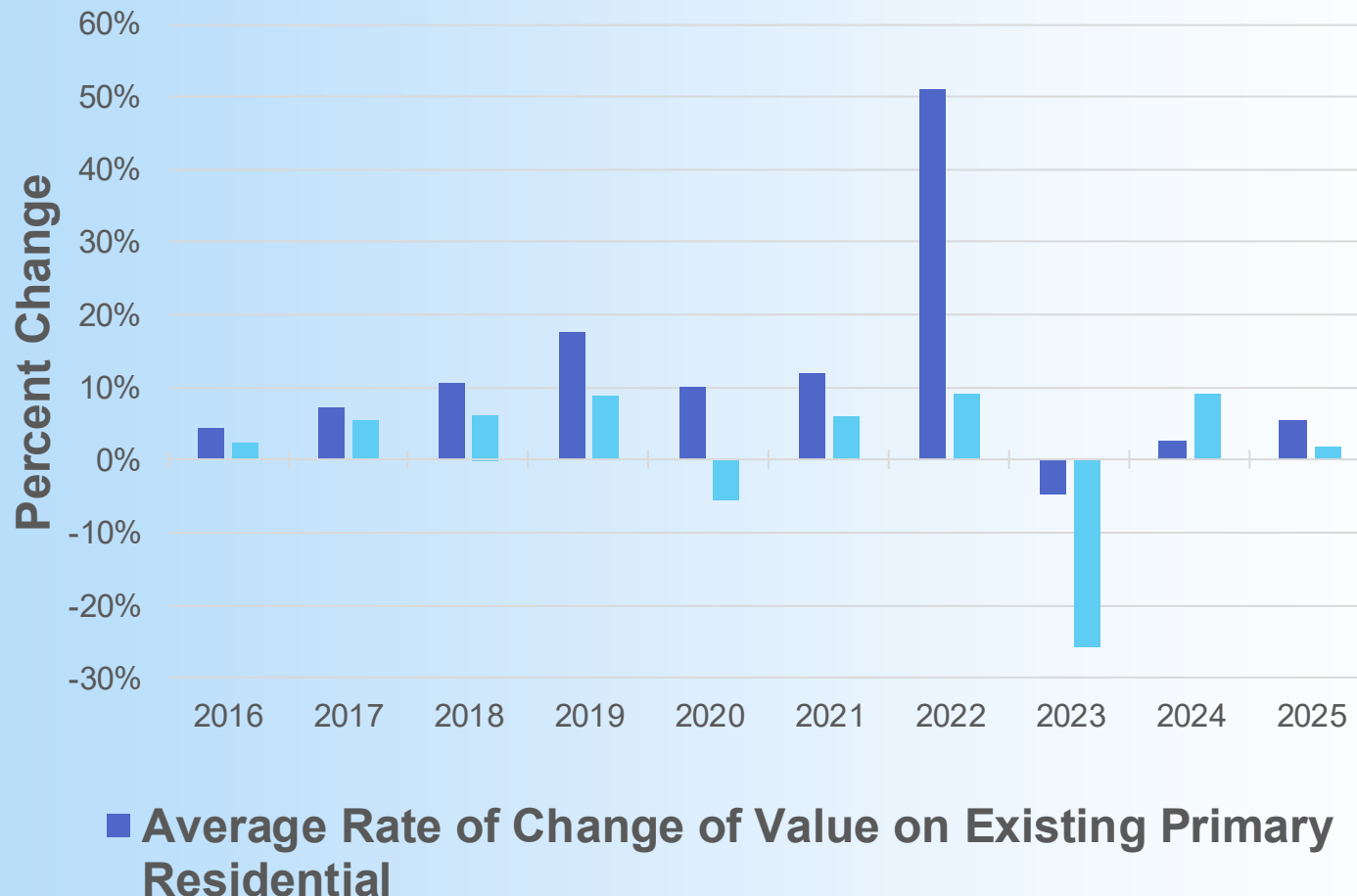


Residential v. Primary Residential (owner-occupied homes)

- 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



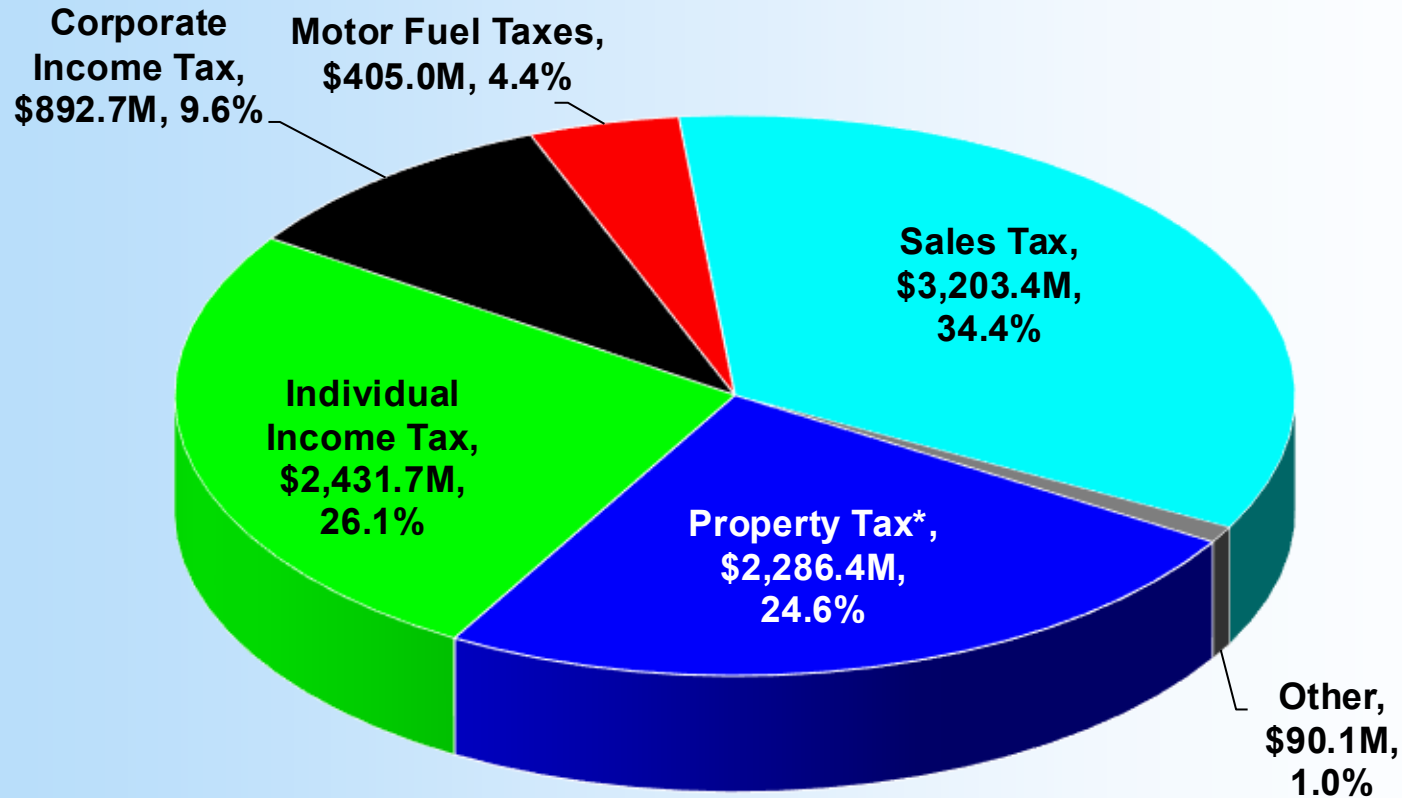
New Construction v. Changes in Existing Property Values & Taxes: 2024 – 2025

<u>Category of Property</u>	<u>Overall Percent change in Value</u> <u>(24 – 25)</u>	<u>Existing Property Value % Change</u> <u>(24 – 25)</u>	<u>Existing Property Tax % Change</u> <u>(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



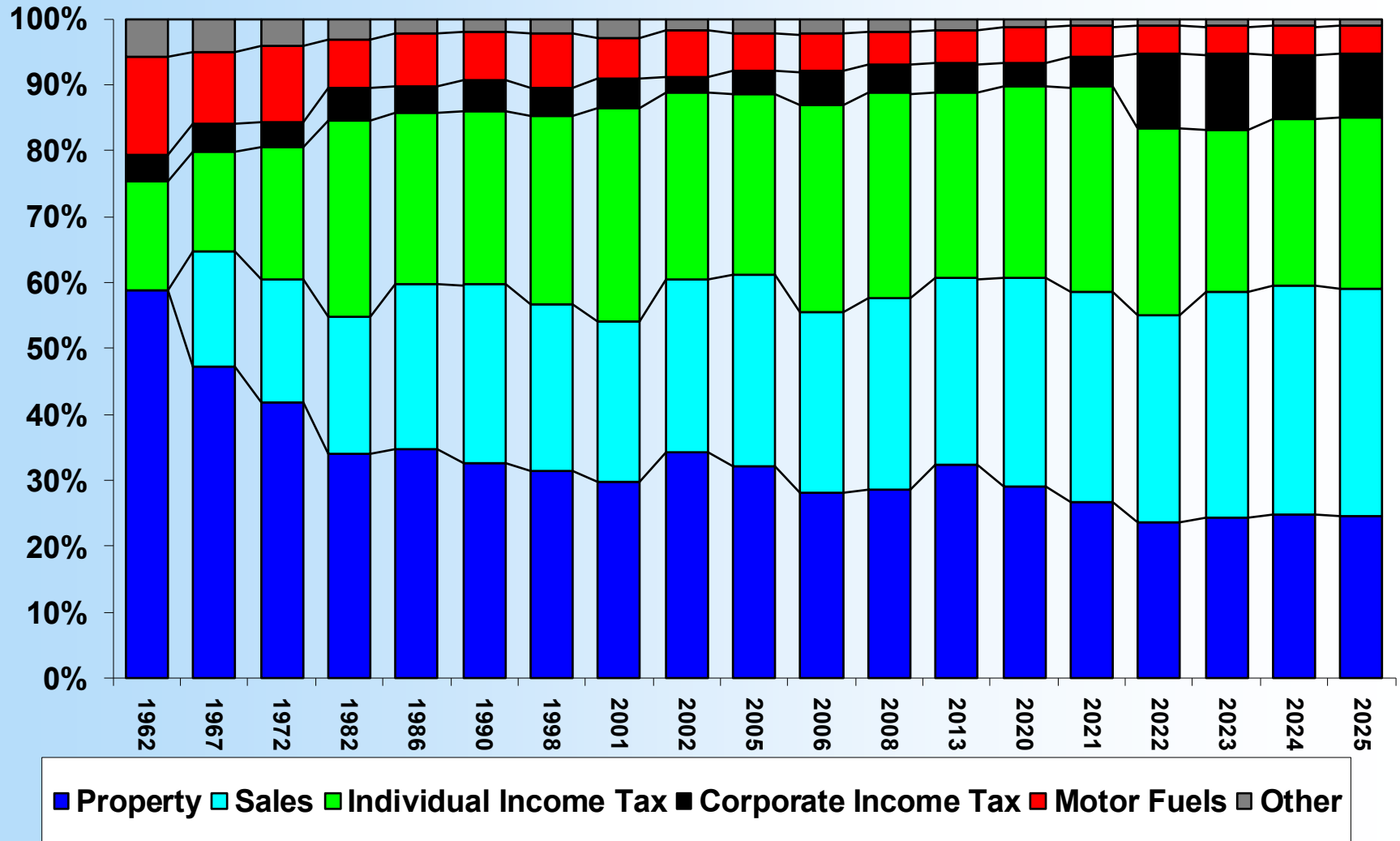
Where the Money Came From

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

TAXES COLLECTED IN IDAHO

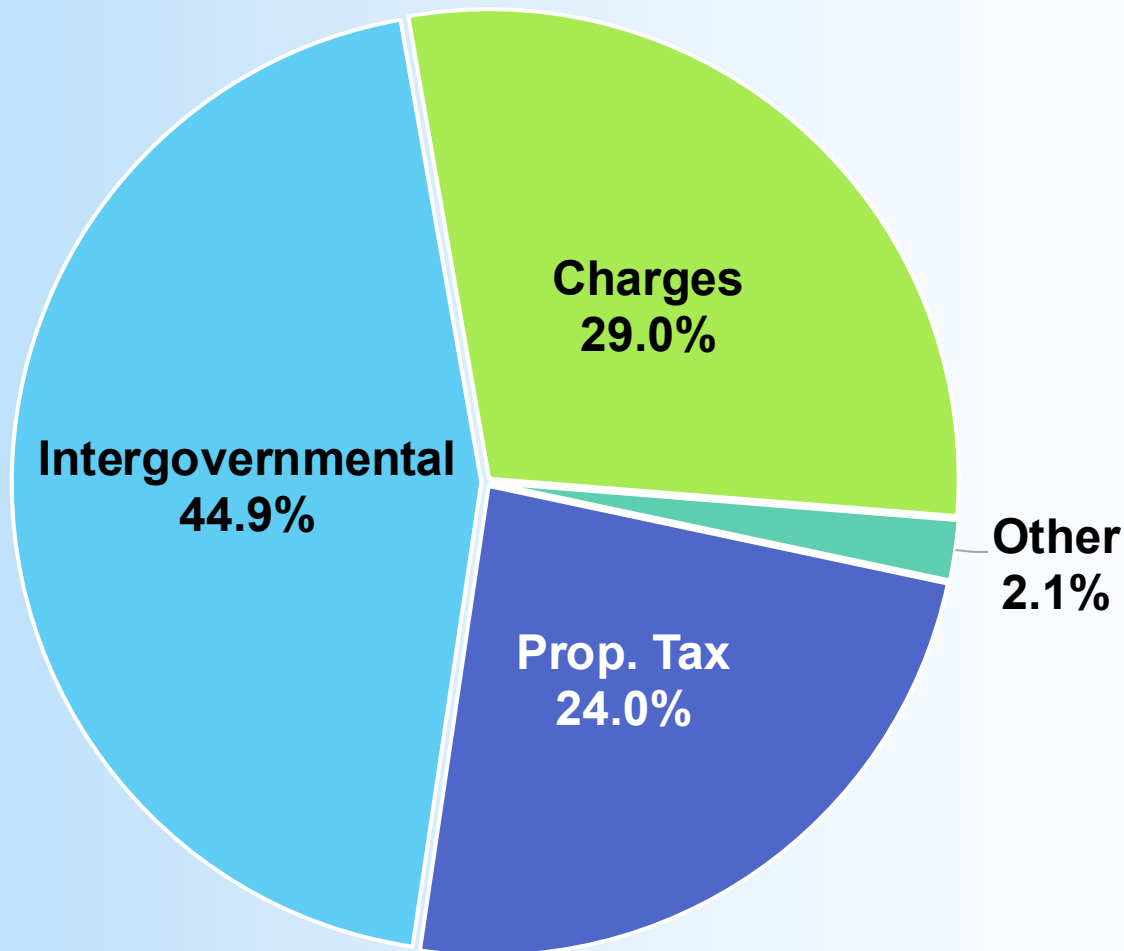
PROPORTION OF STATE & LOCAL TAX REVENUE

PROPERTY TAX IS CALENDAR YEAR levied; OTHERS ARE FISCAL YEAR



Idaho Local Government Finances – FY 2023

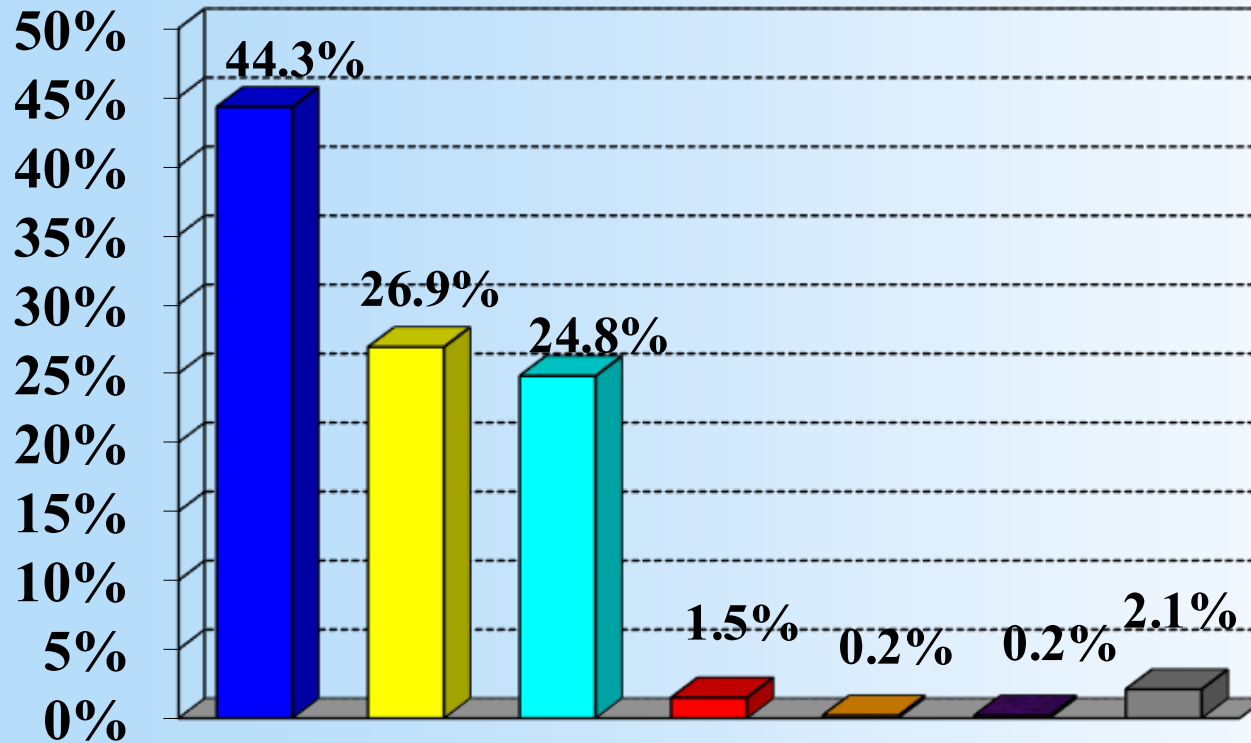
Local Government General Revenue



Property Tax Myths v. Facts

Topic	Myth	Fact
Who pays?	It's all a tax on homes	Primary residences pay 44.3% of tax (<i>2025 after tax relief</i>)
Who spends?	It's all schools (<i>conversely, schools = \$0</i>)	Schools = 17.7% (<i>as of 2025 – 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)

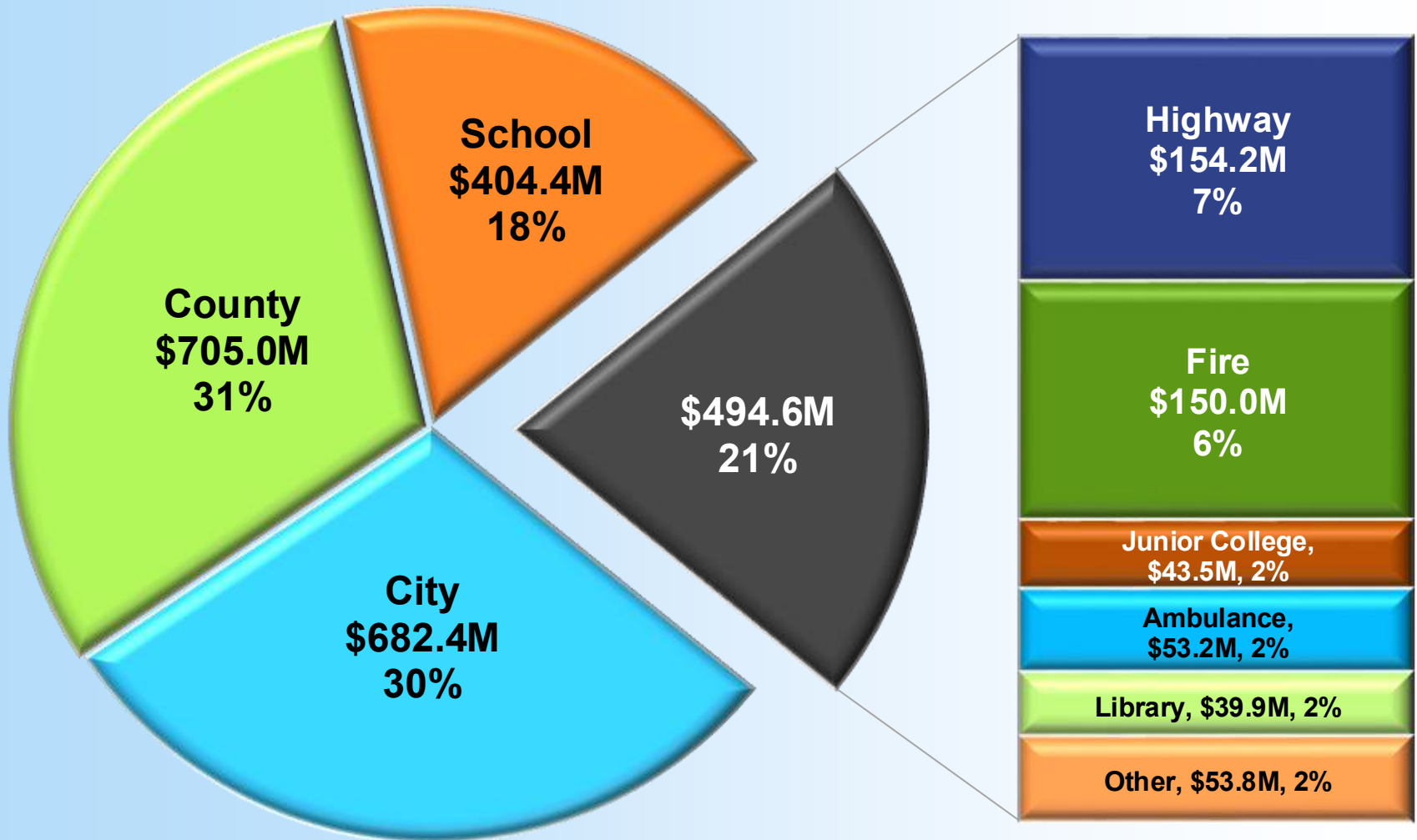
■ Non-owner occupied residential
■ Agricultural
■ Mining

Types and Numbers of Taxing Districts

Total Taxing Districts That Levy for Years 2024 - 2025				
11/19/2025				
District Name	2024 Number of Districts	2024 Districts Levying	2025 Number of Districts	2025 Districts Levying
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

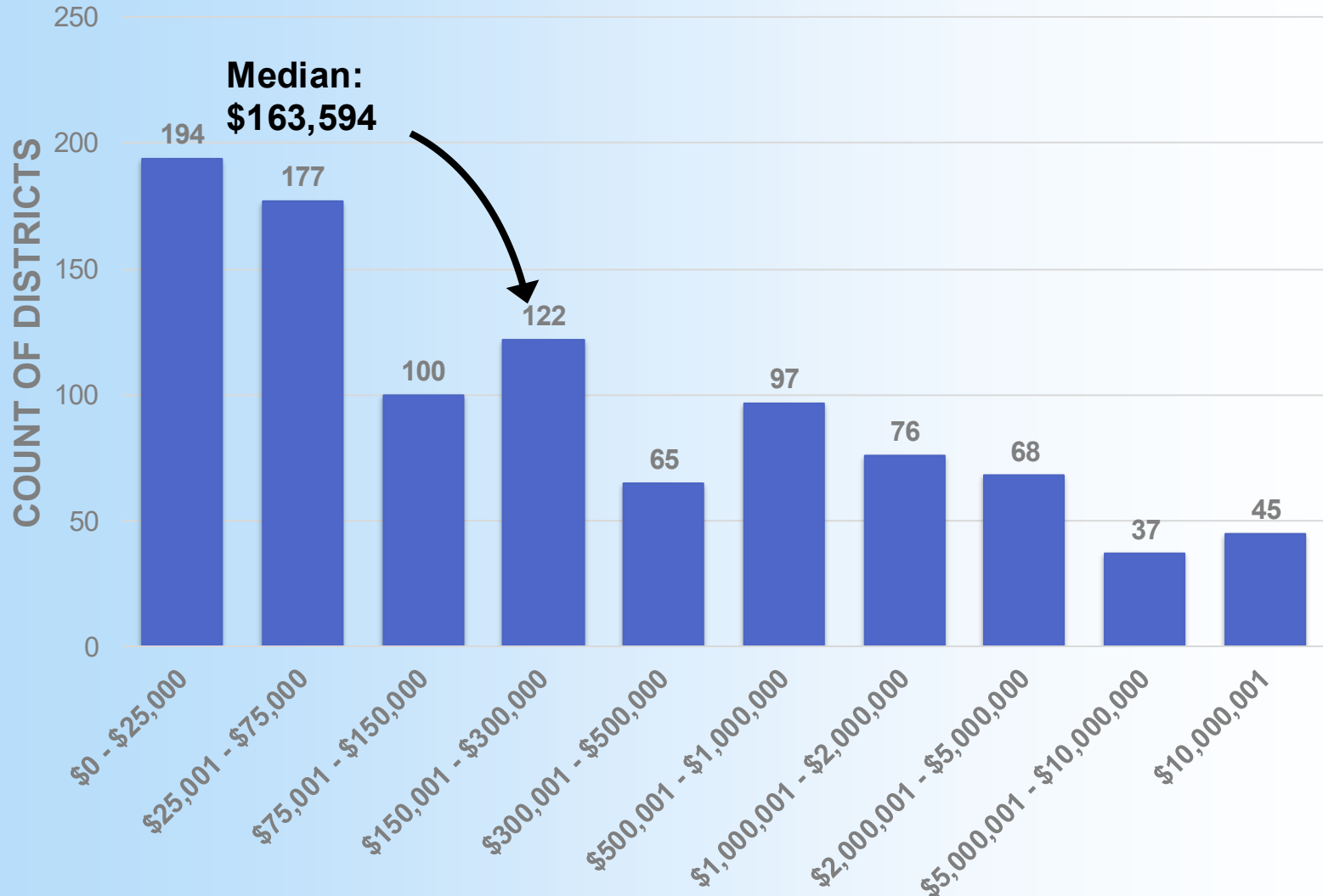
There are 1,106 taxing districts and 981 levied property tax in 2025.

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?

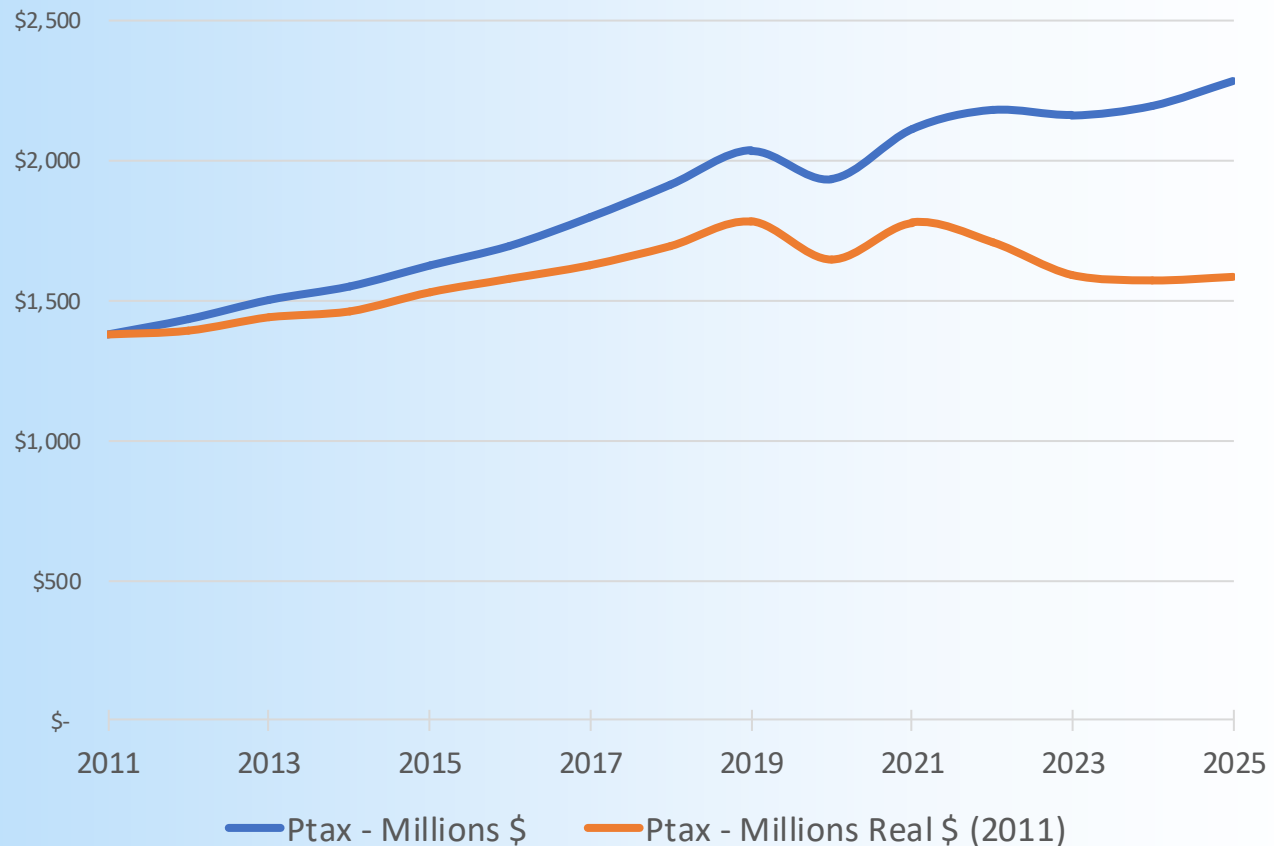
District Category	2024	2025	% Change
Ambulance	\$ 38,969,308	\$ 53,186,754	36.5%
Auditorium	\$ 20,972	\$ 22,228	6.0%
Cemetery	\$ 8,885,596	\$ 9,359,764	5.3%
City	\$ 663,635,279	\$ 705,015,268	6.2%
Community Infra.	\$ 2,942,852	\$ 3,531,347	20.0%
County	\$ 646,508,834	\$ 682,355,670	5.5%
Extermination	\$ 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

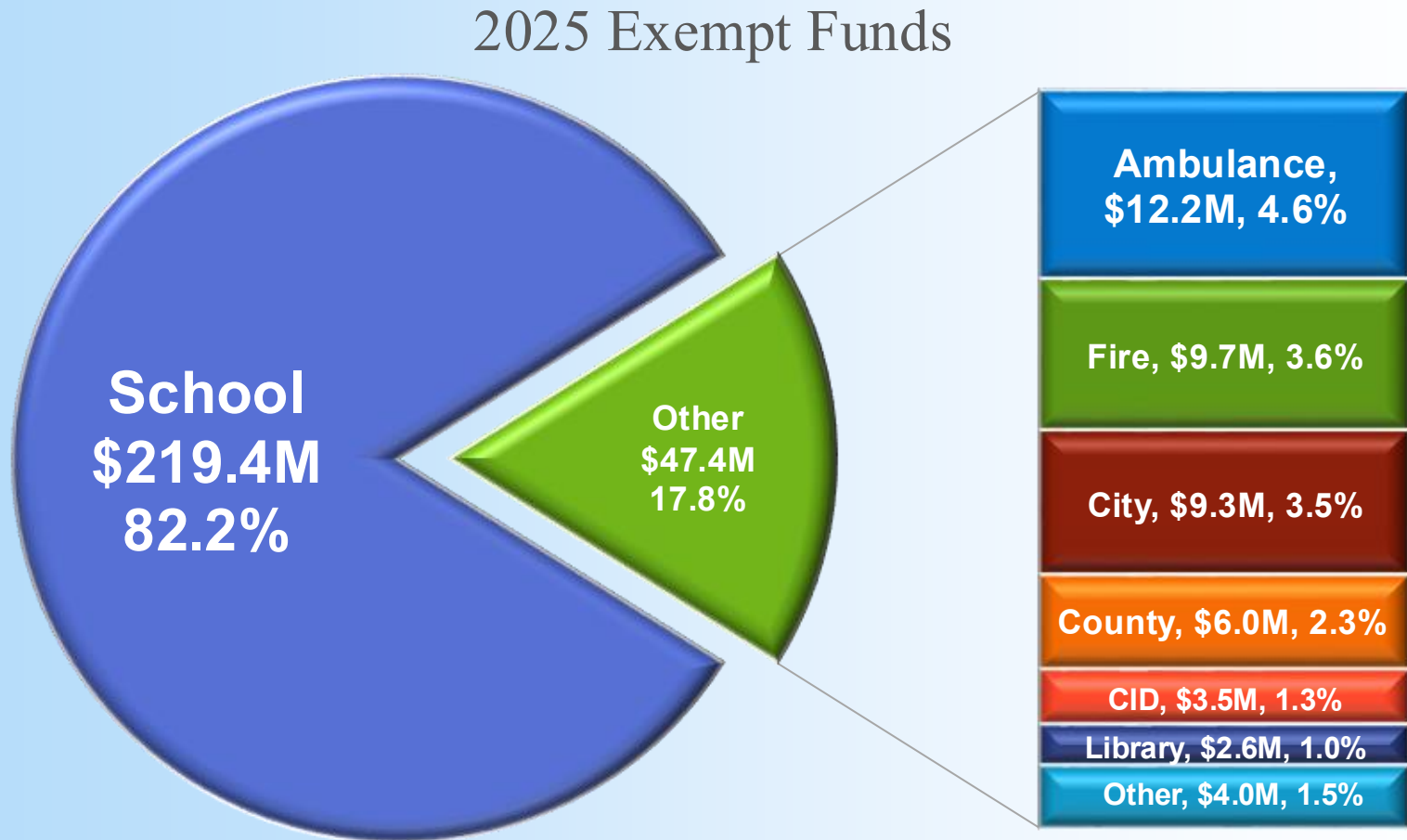
Overall Property Tax Growth – Total Levied and Adjusted for Inflation

Property Tax Growth
Adjusted for Inflation

Overall 4.7%
per year
(nominal);
1.1% per year
when adjusted
for inflation



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



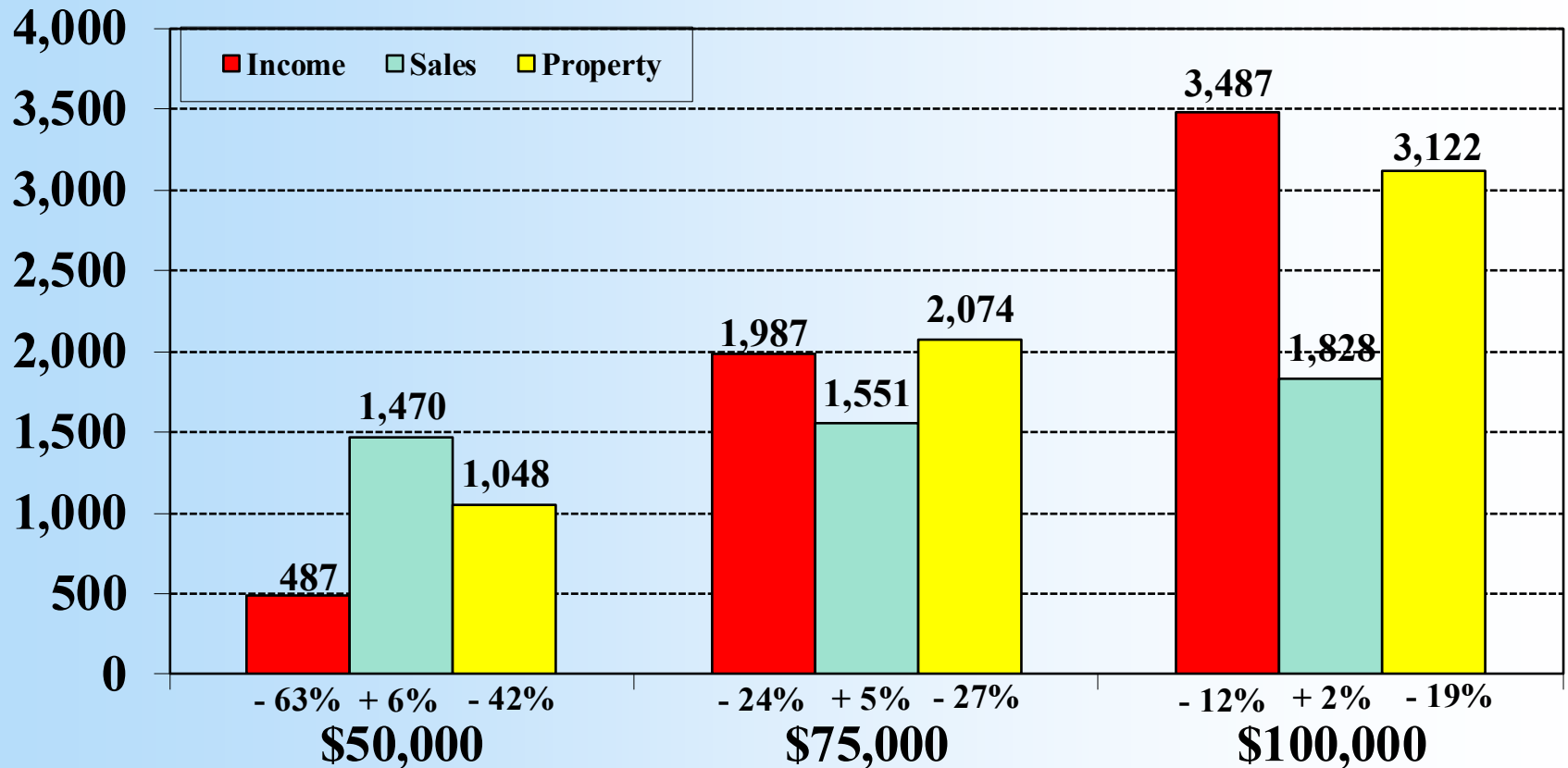
School funds shown do not include Boise M&O and Budget Stabilization funds.
School amounts are after SDFP levy reductions

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

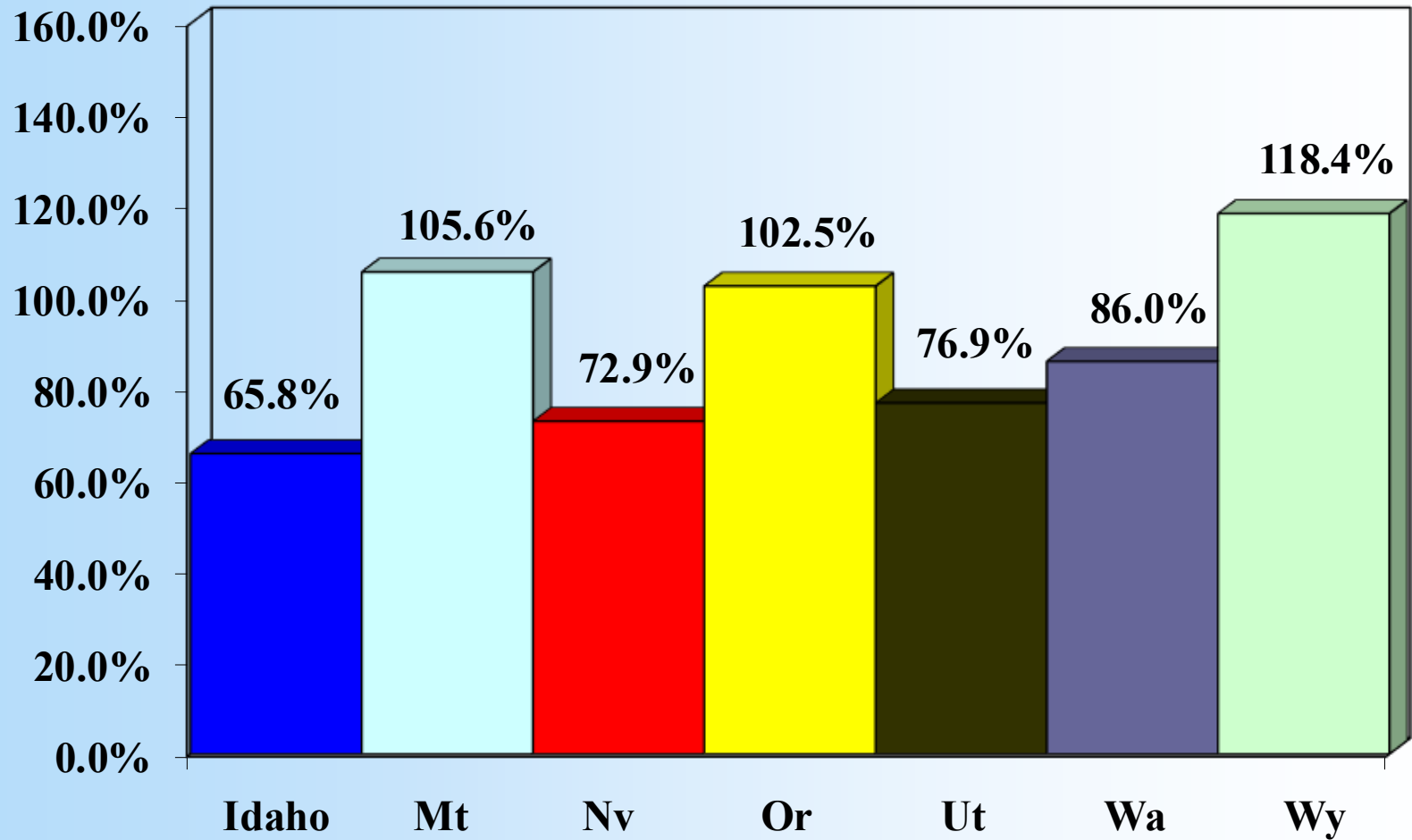


Estimates for Boise, based on
District of Columbia study of largest city
in each state.

\$ Income

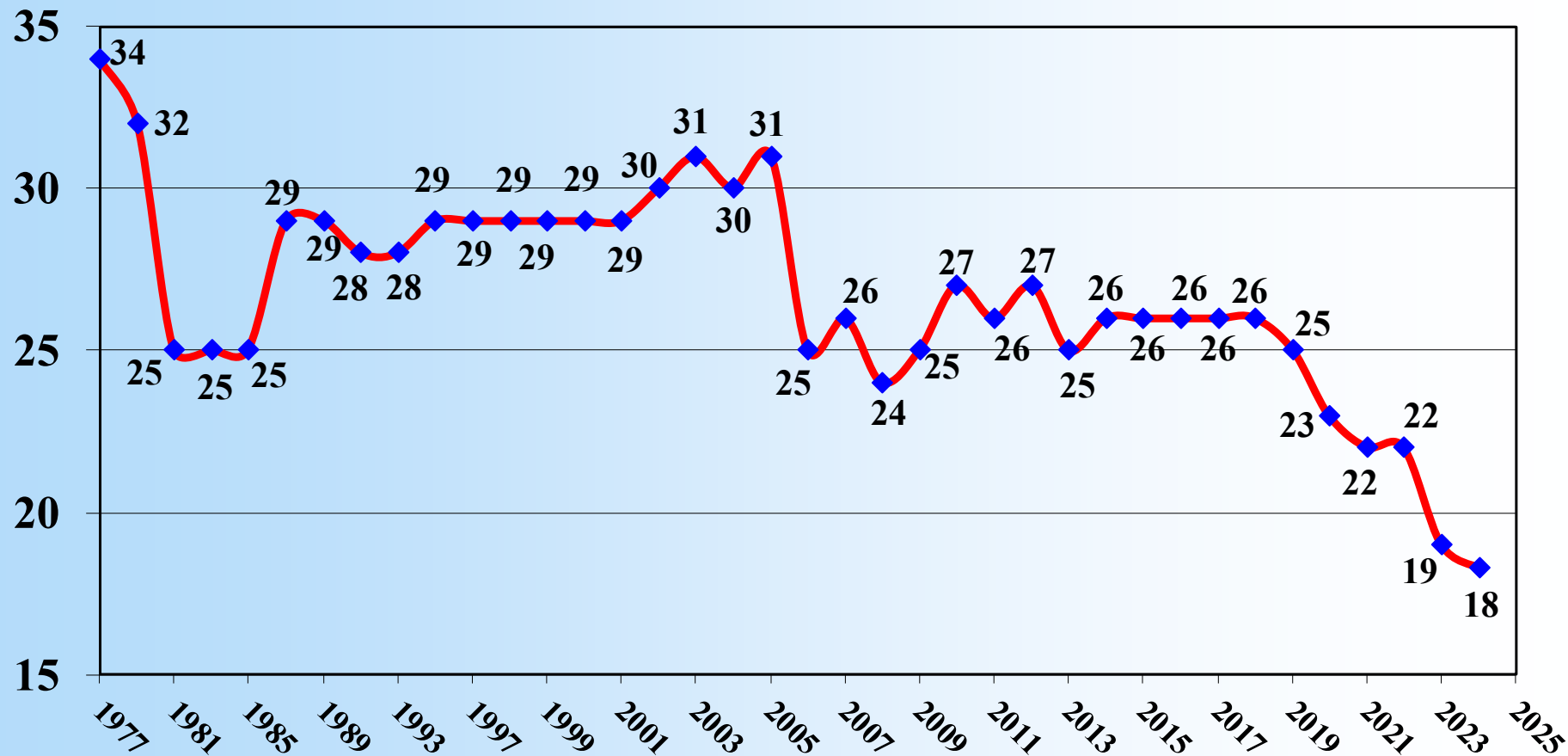
Percentages show Boise compared to U.S. average of 51 cities.

FY 2023 Property Tax Burden Idaho vs. Neighbor States



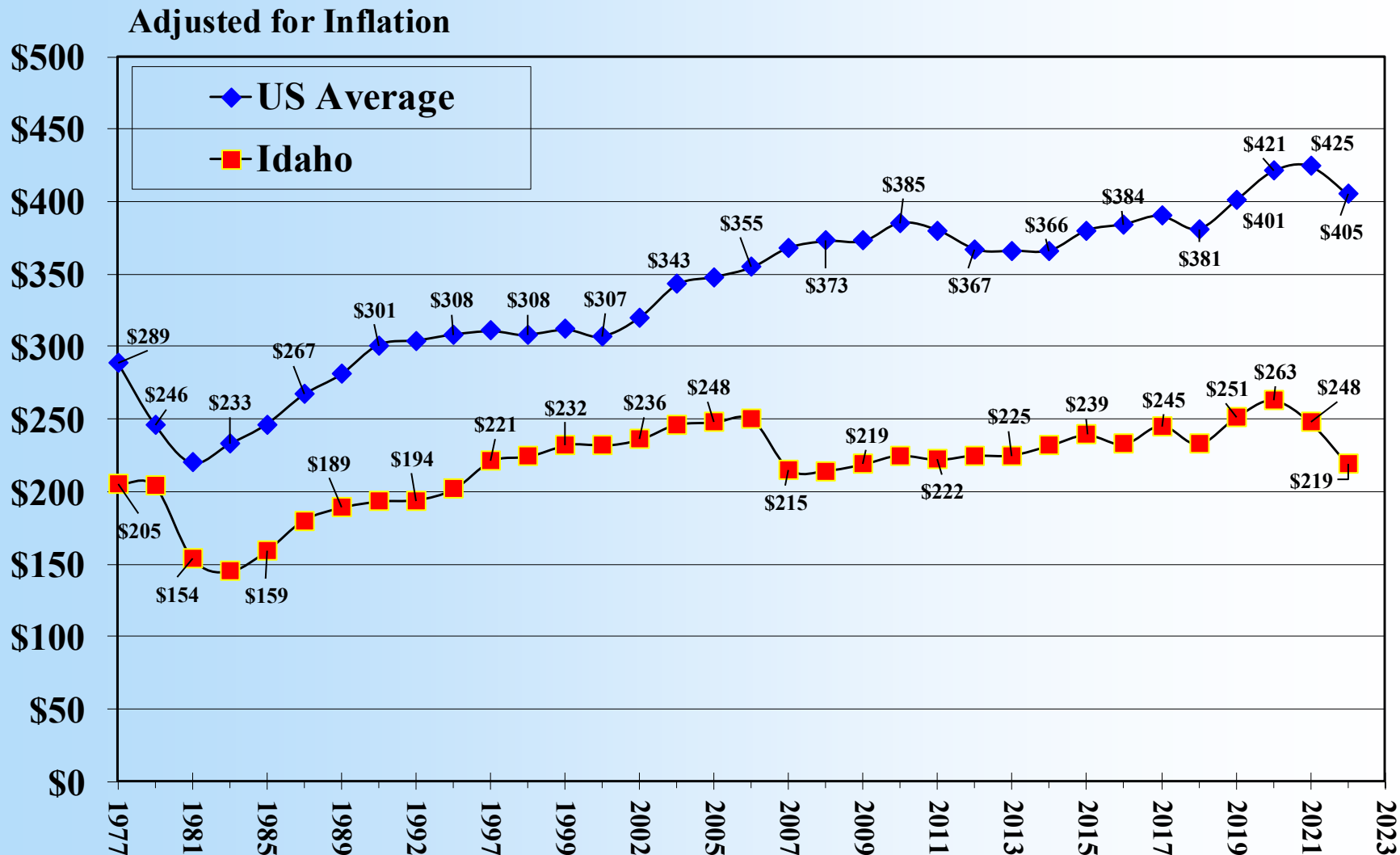
Based on taxes per \$ of income.

Idaho Property Tax per \$1,000 Personal Income



Per Capita Property Taxes

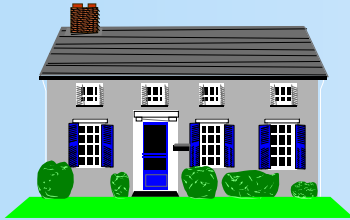
Idaho vs U.S.



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

Boise Homeowner Property Tax

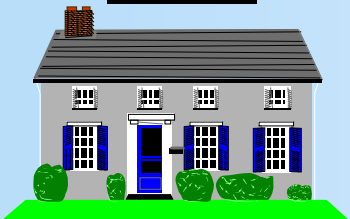
1980 vs. 2024



1980: Value (average sale): \$ 45,587
Tax: \$ 484



2024: Value (average assessed): \$ 557,370
Tax: (Ada average urban rate) \$ 2,906



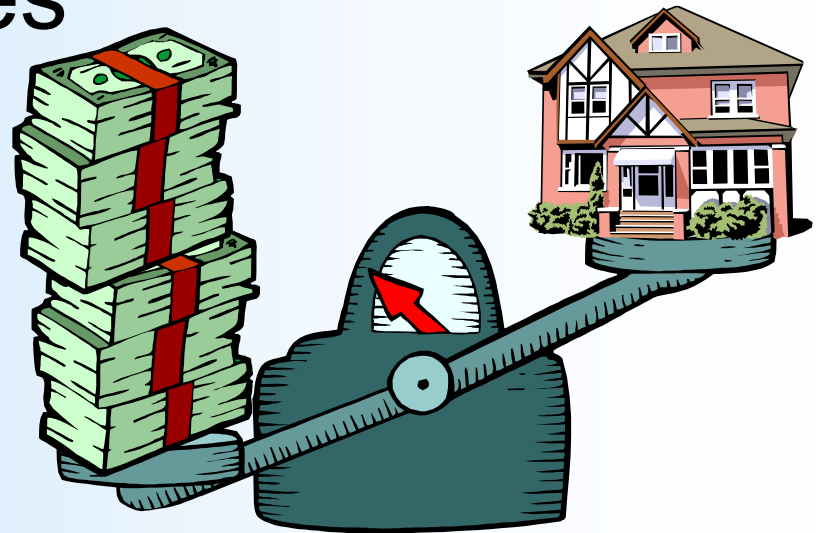
2024: Value adjusted for inflation to 1/1980 \$ 140,608
Tax adjusted for inflation: \$ 733

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

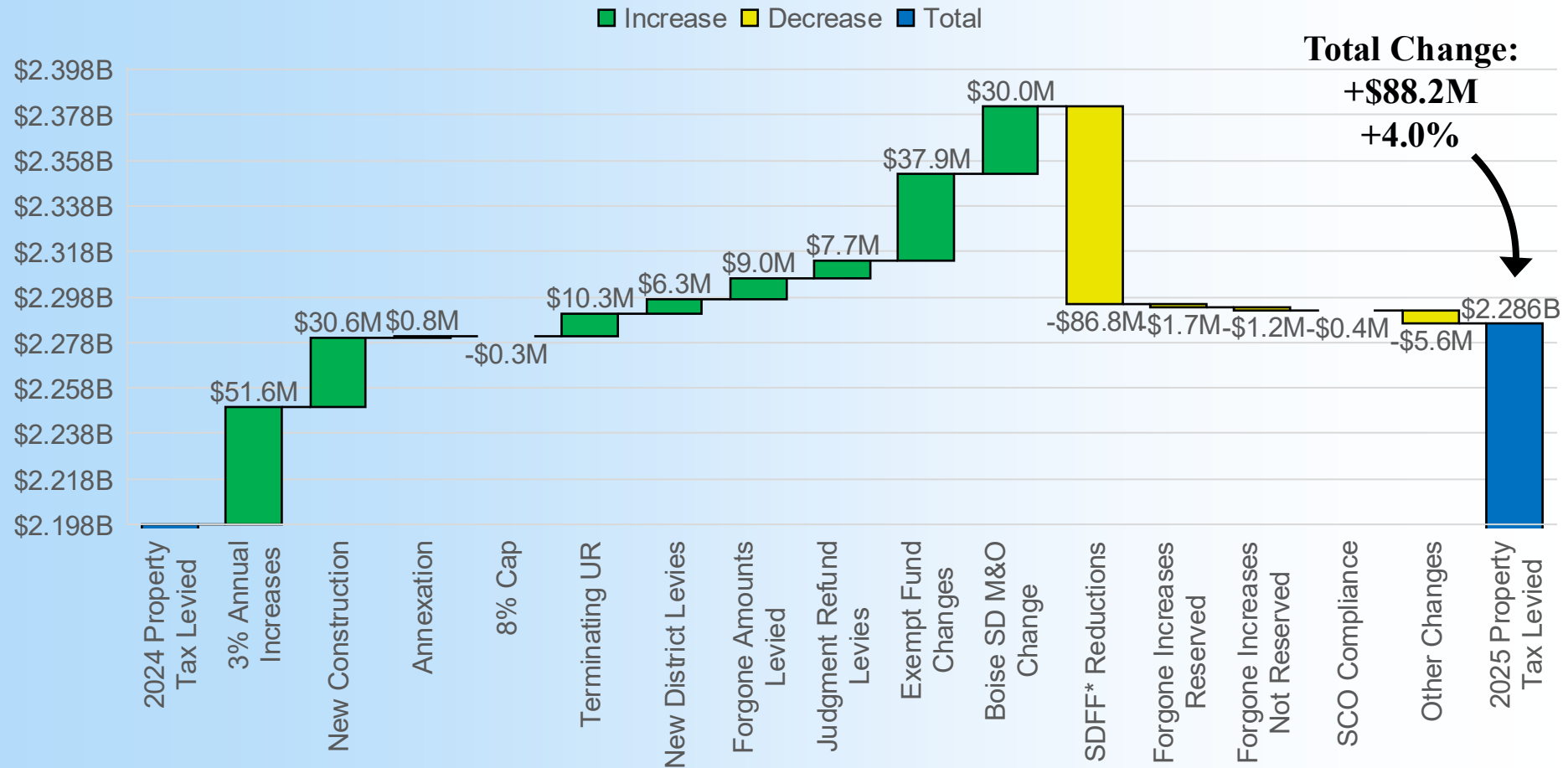


How do Property Tax Budget Limits Work?

- 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

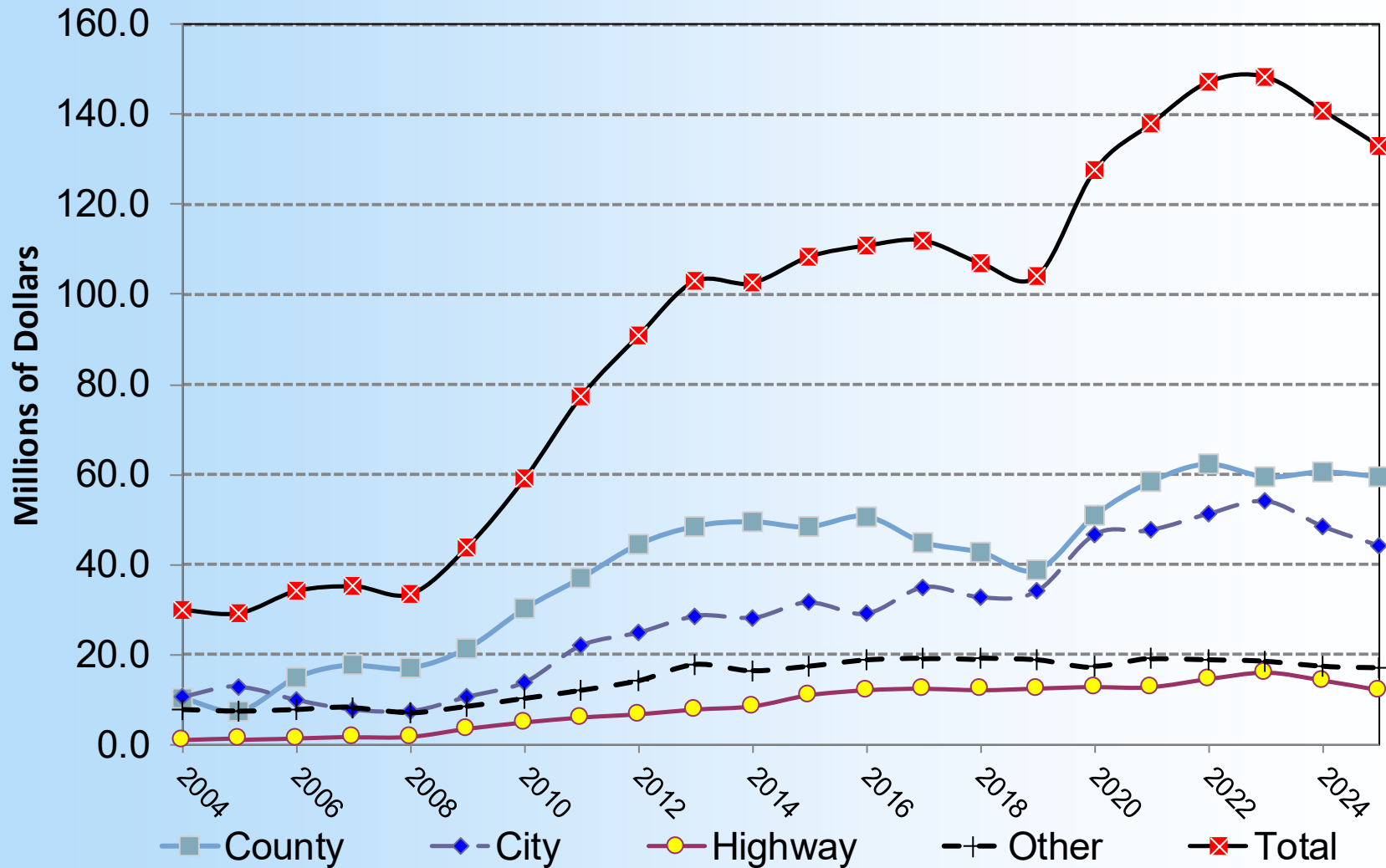
 - Plus 80% of urban renewal increment increase from 2006 for dissolving urban renewal areas X prelim levy rate
 - Plus some previously accrued forgone amount
 - may increase budget up to 1%,
 - plus 3% for capital projects, or
 - Allowed only if result does not create levy rate that exceeds statutory limit

2024 – 2025 Property Tax Change Components



*SDFFF = School District Facility Funds

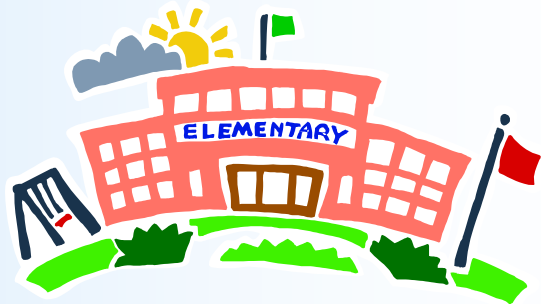
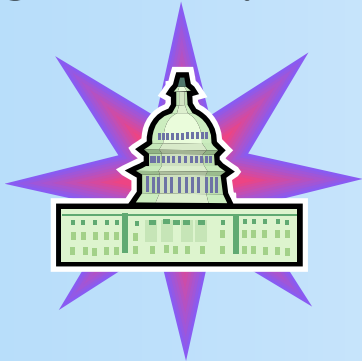
Forgone Amounts



* 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

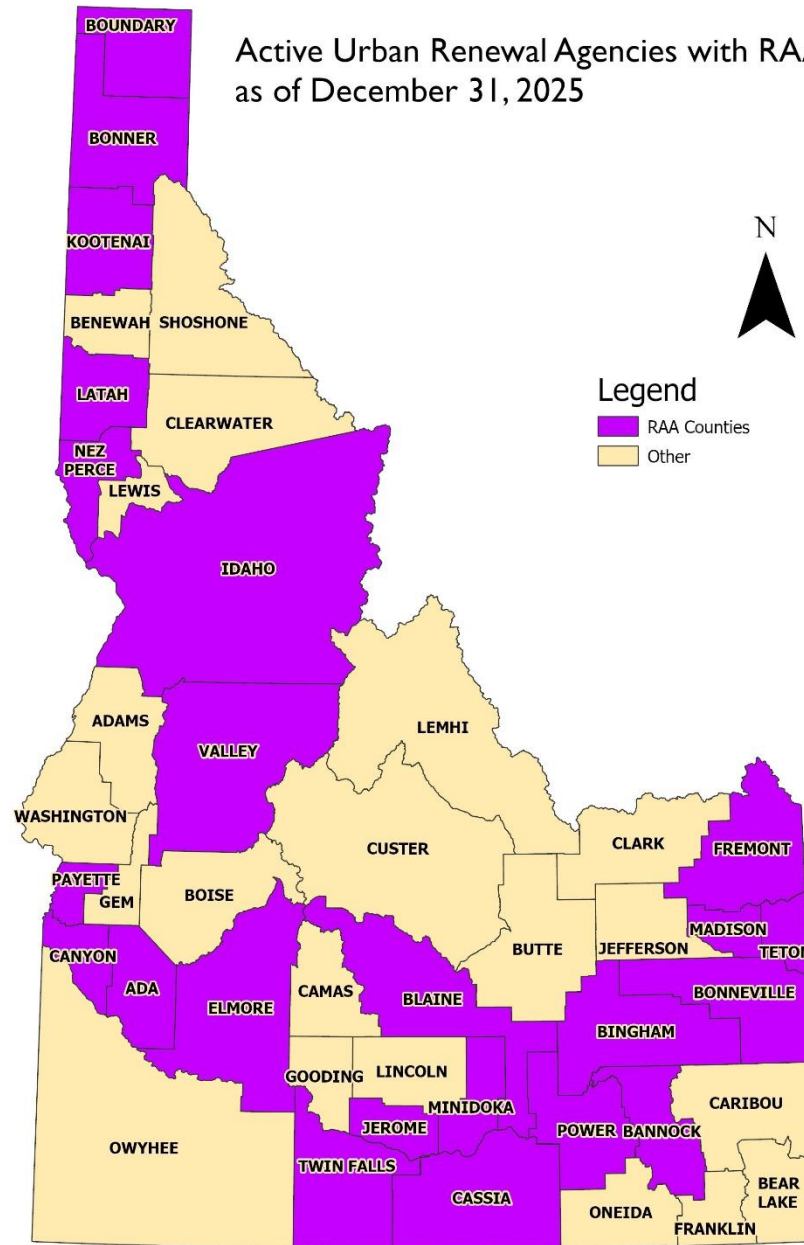
an economic incentive involving property tax

- 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



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