

History of Property Tax Reform in Idaho

A chronological reference timeline of Idaho property tax law, from territorial days through 2026.

1969

First cap on local property tax budget growth

8%

Current annual property tax budget growth

15+

Distinct budget cap formulas since 1969

TERRITORIAL DAYS (Pre-1890)

Territorial Days

During Idaho's territorial days, property taxes as we know today did not exist. Counties (and the territorial government) were largely funded through a patchwork of transactional taxes, licenses, and fees, including a poll tax on all males living in Idaho (50% to territorial government, 50% to county), a license tax on various professionals and people, a receipt tax on mines (40% territorial / 60% county), and a receipt tax on toll roads, bridges, and ferries.

BUILDING THE LEVY SYSTEM (1900s–1930s)

1895-96

County current expense property tax levy established. Receipt tax on tolls, bridges, and ferries repealed.

1901

Counties authorized to levy a property tax to pay for roads.

1905

Counties granted bonding authority to build roads.

1909

Formal county road systems organized, with counties authorized to levy property taxes for M&O and debt repayment.

1915

Counties authorized to levy property taxes to pay for bridges.

1916

Maximum levy rate limits set for county current expense, road, bridge, and school levies.

1917

Board of county commissioners required to levy a minimum property tax for schools.

1919	Levy rate limit for county bridge levy increased.
1923	Gasoline tax established, county property tax levy rate limits adjusted.
1931	Property Tax Relief Act established a state income tax to be used to reduce state property tax levies.
1935	Post-prohibition, Idaho legalized the sale of alcohol; establishing the state liquor division, creating the state liquor fund, and distributing net revenues to various entities, including counties.
1943	County road levy and county bridge levy combined into a single county road and bridge levy, including adjusting the newly combined levy rate.
1957	H0138 — County revaluation program and property tax levy established.
Various Years	Approximately every four years during the 1950s and 1960s, the legislature frequently increased the county current expense levy rate cap.

THE UNIFORMITY PROBLEM (1960s)

1965	H0220 — Eliminated the state property tax. H0222 — Enacted a 3% state sales tax. S0246 — Defined uniformity in assessment as 20% of market value for real and personal property, and 40% of market value for operating property.
1967	H0243 — Exempted business inventory from property taxation. Lost property tax revenues replaced with a new sales tax revenue-sharing distribution, phased in over four years (5% of sales tax distributed in year one, 10% in year two, 15% in year three, 20% in year four and each year thereafter). H0403 — Repealed S0246 in compliance with <i>Idaho Telephone Co. v. Baird</i>, establishing that all property valuation must be uniform and that it is unconstitutional to assess real and personal property at 20% of market value and operating property at 40%. H0403 also established a study committee to study how local governments should be funded. The study committee developed the policies that would become the basis for H0304 (1969).
1969	H0304 — Enacted the recommendations of the 1967 study committee, extended the uniformity in assessment deadline from January 1, 1977 to January 1, 1982, and capped local government property tax budget growth at 4% per year. The cap could be exceeded with 60% voter approval or by petitioning the Tax Commission showing changed conditions or circumstances to justify the additional revenue with a right to appeal a denial to district court.

TO CAP OR NOT TO CAP (1970s–1990s)

1971	H0034 — Repealed the 4% cap on local taxing district property tax budget growth.
1974	H0619 — Property Tax Reduction (PTR) program established for the elderly, widowed, fatherless under 18, veterans, and blind.
1978	Voters enacted a 1% initiative, limiting overall property taxes to 1% of taxable value. H0373 established the resort city hotel and liquor tax for property tax relief.
1979	H0166 — Property tax budgets and taxable values frozen at 1978 levels. Taxable values indexed annually by no more than 2% beginning in 1980.
1980	H0748 — Exempted the lower of \$10,000 or 20% of improved residential value from taxation. H0795 — For 1980 only, allowed taxing district budgets to increase by up to 4% of the highest 1977–79 budget, unless the sum of all district budgets exceeded 1% of assessed taxable value. H0697 — exempted speculative value of agricultural land from taxation. S1380 — established a \$1.50 administrative fee for vehicle registrations. H0680 — authorized counties and taxing districts to collect fees for services otherwise funded by property taxes.
1981	H0389 — Annual growth in taxing district property tax budgets capped at the greater of 5% of the highest approved budget in 1978–80, or the highest amount levied in 1978–80 plus the current levy rate multiplied by 50% of growth in taxable market value. H0389 also repealed the 2% cap on taxable value increases. H0357 — Established base and excess revenue sharing, providing additional sales tax revenue sharing to local taxing districts to offset limits on property tax budget growth.
1983	H0274 — Implemented the homestead exemption which was enacted by voter initiative. Under the exemption, 50% of a homestead's value up to \$50,000 was exempt from property taxation. H0306 — Increased the cap on maximum property tax budget growth to the greater of 5% of the highest budget levied in 1978–80, or that amount plus the current levy rate multiplied by 80% of growth in taxable market value.
1986	H0343 — Capped annual property tax budget growth at the lesser of 105% of current year property taxes or the maximum statutory levy rate.
1988	H0541 — Taxing districts allowed to use the higher of the prior three approved property tax budgets to calculate 5% annual property tax growth allowance.
1990	H0848 — Established the county justice fund, the justice fund property tax levy (capped at 0.20%), and reduced the county current expense fund levy cap to 0.20% for counties levying a justice fund tax. A \$5.00 district court surcharge fee was also established on all criminal cases and infractions, payable to the county justice fund.

1991	H0366 — The Legislature enacted “truth in taxation” and repealed local government property tax budget caps.
1992	H504 — Idaho’s truth in taxation law amended to require public notice for property tax budget increases greater than 5%.
1995	H0156 — Truth in taxation repealed and replaced with an annual base property tax budget growth capped at 3%. In addition to the 3% cap, taxing districts were granted additional property tax budget capacity from new construction or annexation and by incorporating previously forgone property taxes into future base budgets. The school M&O levy cap was also reduced from 0.4% to 0.3%, with property tax replacement for the resulting lost revenue.

EXEMPT & REPLACE (2001–2016)

2001	H0378 — Exempted agricultural equipment and machinery from property tax with lost revenue replaced through a new sales tax distribution to taxing districts at 106% of exempted property taxes.
2006	H0001 — Legislature met in special session and increased the state sales tax from 5% to 6%. With the sales tax increase, school M&O property tax levies were repealed and replaced through an annual general fund appropriation to school districts by way of a funding formula. H0421 — The homestead exemption increased to 50% of homestead taxable value, up to \$75,000, and was indexed annually for inflation.
2013	H0315 — Exempted the first \$100,000 of business personal property value from taxation with lost revenue replaced by a new sales tax property tax replacement distribution.
2016	H0431 — The homestead exemption index declined. In response, the Legislature increased the exemption to \$100,000 but removed the inflationary index.

Alternative Taxes for Operating Property (2007–2016)

2007	H0189 — A gross receipts tax of 3% was established for producers of wind energy in lieu of property tax.
2008	H0529 — The 3% gross receipts tax in lieu of property taxes was broadened to include producers of geothermal energy.
2016	H0431 — A gross receipts tax of 3.5% was established for producers of solar energy in lieu of property tax with proceeds used to reduce taxing district property tax budgets.
2025	H0329 — Exempted property of rate regulated electric and gas utilities were exempted from property tax. In lieu of a property tax, rate regulated utilities paid either a kilowatt hour tax on kilowatt hours sold or a therm tax on therm units sold.

THE CURRENT FRAMEWORK (2021–2026)

2021	H0389 — Additional property tax budget caps are enacted, establishing an overall property tax budget growth limit of 8% (including new construction). The amount of new construction included in the 8% cap limited to 90% of new construction roll value (except for expiring urban renewal increment value which was limited to 80%). Forgone property taxes can still be added to base property tax budgets; however, the increase attributed to forgone property taxes cannot exceed 1% of a taxing district's property tax budget. On a one-time basis, taxing districts can also budget up to 3% of their property tax budget from previously forgone property taxes for capital projects. The homestead exemption also increased to \$125,000, the business personal property tax exemption increased to \$250,000 (with lost property tax revenue replaced through an additional sales tax distribution), transient business personal property exempted from taxation (no replacement funding provided). Circuit breaker eligibility was also adjusted, including a cap tied to county median home value.
2022	H0673 — Change in land use prohibited from being included in the new construction roll.
2023	H0292 — Established the Homeowner Tax Relief (HTR) and School District Facilities Fund (SDFF) programs, with 2.25% of annual sales tax collections dedicated to homeowner property tax relief and 2.25% dedicated to the SDFF to buy down voter-approved school bonds and supplemental levies. Additionally, surplus state revenues up to \$150 million a year were dedicated to property tax relief (though it sunset after three years).
2024	H0521 — Created the School District Modernization Fund (SDMF) and increased payments to the SDFF by dedicating \$125 million in sales tax revenue annually to SDMF for school district facilities and increasing the annual sales tax distribution to SDFF from 2.25% to 3.25% and dedicating 20% of the state tax relief fund (online sales tax from out-of-state retailers) and 5% of net lottery fund income to the SDFF.
2025	H0304 — Dedicated an additional \$100 million annually from the tax relief fund for property tax relief: \$50 million to HTR and \$50 million to SDFF.
2026	H0959 — Increased the overall property tax budget cap for fire districts and ambulance service districts from 8% to 15%, and established a voter initiative process through which voters can roll back the budget of a fire or ambulance service district.

SOURCES

Idaho Session Laws, various chapters, 1947–2026 (see Idaho Code Titles 31, 33, and 63). Full list of session laws cited available upon request.

Idaho State Tax Commission. (2022, October 18). *History of Property Tax in Idaho*. tax.idaho.gov/wp-content/uploads/pubs/EPB00106/EPB00106_10-18-2022.pdf