

LEGISLATURE OF THE STATE OF IDAHO
Sixty-eighth Legislature First Regular Session - 2025

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 436

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO URBAN RENEWAL; AMENDING SECTION 50-2006, IDAHO CODE, TO REVISE A PROVISION REGARDING THE DISSOLUTION OF AN URBAN RENEWAL AGENCY; AMENDING SECTION 50-2903, IDAHO CODE, TO REVISE A DEFINITION, TO ADD A TERM, AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 50-2903A, IDAHO CODE, TO REVISE A PROVISION REGARDING THE EFFECT OF AN ORDINANCE MODIFYING AN URBAN RENEWAL PLAN; AMENDING SECTION 50-2904, IDAHO CODE, TO REVISE A PROVISION REGARDING THE EXTENSION OF A REVENUE ALLOCATION AREA FINANCING PROVISION; AMENDING SECTION 50-2906, IDAHO CODE, TO REVISE PROVISIONS REGARDING A PUBLIC HEARING AND ORDINANCE FOR A PROPOSED REVENUE ALLOCATION AREA; AMENDING SECTION 50-2907, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 50-2908, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE ALLOCATION OF PROPERTY TAXES BETWEEN AN URBAN RENEWAL AGENCY AND A TAXING DISTRICT; AMENDING CHAPTER 29, TITLE 50, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 50-2914, IDAHO CODE, TO PROVIDE FOR THE TERMINATION OF AN URBAN RENEWAL PLAN AND REVENUE ALLOCATION FINANCING PROVISION; AMENDING SECTION 63-301A, IDAHO CODE, TO ESTABLISH A PROVISION REGARDING THE NEW CONSTRUCTION ROLL AND TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 50-2905, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 50-2905A, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 63-602KK, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; AMENDING SECTION 63-802, IDAHO CODE, TO REVISE A PROVISION REGARDING CERTAIN LIMITATIONS ON BUDGET REQUESTS OF TAXING DISTRICTS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 50-2006, Idaho Code, be, and the same is hereby amended to read as follows:

50-2006. URBAN RENEWAL AGENCY -- AUTHORIZATION -- DISSOLUTION.

(1) (a) There is hereby created in each municipality an independent public body corporate and politic to be known as the "urban renewal agency" that was created by resolution as provided in section 50-2005, Idaho Code, before July 1, 2011, for the municipality; provided, that such agency shall not transact any business or exercise its powers hereunder until or unless the local governing body has made the findings prescribed in section 50-2005, Idaho Code.

(b) An urban renewal agency created after July 1, 2011, shall not transact any business or exercise its powers provided for in this chapter until a majority of qualified electors, voting in a citywide or countywide election, depending on the municipality in which such agency is created, vote to authorize such agency to transact business and exercise its powers provided for in this chapter. If prior to July 1, 2011,

1 the local governing body has made the findings prescribed in paragraph
2 (a) of this subsection, then such agency shall transact business and
3 shall exercise its powers hereunder and is not subject to the require-
4 ments of this paragraph.

5 (2) Upon satisfaction of the requirements under subsection (1) of this
6 section, the urban renewal agency is authorized to transact the business and
7 exercise the powers hereunder by a board of commissioners to be established
8 as follows:

9 (a) Unless provided otherwise in this section, the mayor, by and with
10 the advice and consent of the local governing body, shall appoint a
11 board of commissioners of the urban renewal agency, which shall consist
12 of not less than three (3) commissioners nor more than nine (9) commis-
13 sioners. In the order of appointment, the mayor shall designate the
14 number of commissioners to be appointed, and the term of each, provided
15 that the original term of office of no more than two (2) commissioners
16 shall expire in the same year. The commissioners shall serve for terms
17 not to exceed five (5) years, from the date of appointment, except that
18 all vacancies shall be filled for the unexpired term.

19 (b) For inefficiency or neglect of duty or misconduct in office, a com-
20 missioner may be removed by a majority vote of the local governing body
21 only after a hearing and after he shall have been given a copy of the
22 charges at least ten (10) days prior to such hearing and have had an op-
23 portunity to be heard in person or by counsel. Any commission position
24 that becomes vacant at a time other than the expiration of a term shall
25 be filled by the mayor or chair of the board of county commissioners, if
26 that is the local governing body, by and with the advice and consent of
27 the local governing body, including the mayor, if applicable, and shall
28 be filled for the unexpired term.

29 (c) By enactment of an ordinance, the local governing body may appoint
30 and designate, from among its members, members of the board of commis-
31 sioners of the urban renewal agency, provided that such representation
32 shall be less than a majority of the board of commissioners of the urban
33 renewal agency of the members of the local governing body on and after
34 July 1, 2017, in which case all the rights, powers, duties, privileges,
35 and immunities vested by the urban renewal law of 1965, and as amended,
36 in an appointed board of commissioners, shall be vested in the local
37 governing body, which shall, in all respects when acting as an urban re-
38 newal agency, be acting as an arm of state government, entirely separate
39 and distinct from the municipality, to achieve, perform, and accomplish
40 the public purposes prescribed and provided by said urban renewal law of
41 1965, and as amended.

42 (d) By enactment of an ordinance, the local governing body may termi-
43 nate the appointed board of commissioners and thereby appoint and des-
44 ignate itself as the board of commissioners of the urban renewal agency
45 for not more than one (1) calendar year.

46 (e) By enactment of an ordinance, the local governing body may provide
47 that the board of commissioners of the urban renewal agency shall be
48 elected at an election held for such purpose on one (1) of the November
49 dates provided in section 34-106, Idaho Code, and the ordinance may pro-
50 vide term limits for the commissioners. In this case, all the rights,

1 powers, duties, privileges, and immunities vested by the urban renewal
2 law of 1965, and as amended, in an appointed board of commissioners,
3 shall be vested in the elected board of commissioners of the urban
4 renewal agency, which shall, in all respects when acting as an urban re-
5 newal agency, be acting as an arm of state government, entirely separate
6 and distinct from the municipality, to achieve, perform, and accomplish
7 the public purposes prescribed and provided by said urban renewal law
8 of 1965, and as amended. The provisions of chapter 66, title 67, Idaho
9 Code, shall apply to elected commissioners, and the county election law
10 shall apply to the person running for commissioner as if the person were
11 running for county commissioner. In the event of a vacancy in an elected
12 commissioner position, the replacement shall be appointed by the mayor
13 or chair of the board of county commissioners, if that is the local gov-
14 erning body, by and with the advice and consent of the local governing
15 body, and shall be filled for the unexpired term.

16 (3) In all instances, a member of the board of commissioners of the ur-
17 ban renewal agency must be a resident of the county where the urban renewal
18 agency is located or is doing business.

19 (4) A commissioner shall receive no compensation for his services but
20 shall be entitled to the necessary expenses, including travel expenses, in-
21 curred in the discharge of his duties. Each commissioner shall hold office
22 until his successor has been appointed and has qualified. A certificate of
23 the appointment or reappointment of any commissioner shall be filed with the
24 clerk of the municipality and such certificate shall be conclusive evidence
25 of the due and proper appointment of such commissioner.

26 (5) (a) The powers of an urban renewal agency shall be exercised by the
27 commissioners thereof. A majority of the commissioners shall consti-
28 tute a quorum for the purpose of conducting business and exercising the
29 powers of the agency and for all other purposes. Action may be taken by
30 the agency upon a vote of a majority of the commissioners present, un-
31 less in any case the bylaws shall require a larger number.

32 (b) The commissioners shall elect the chairman, cochairman, or vice
33 chairman for a term of one (1) year from among their members. An agency
34 may employ an executive director, technical experts, and such other
35 agents and employees, permanent and temporary, as it may require, and
36 determine their qualifications, duties, and compensation. For such
37 legal service as it may require, an agency may employ or retain its own
38 counsel and legal staff.

39 (c) An agency authorized to transact business and exercise powers un-
40 der this chapter shall file, with the local governing body, on or be-
41 fore March 31 of each year a report of its activities for the preced-
42 ing calendar year, which report shall include the financial data and au-
43 dit reports required under sections 67-1075 and 67-1076, Idaho Code.
44 The agency shall be required to hold a public meeting to report these
45 findings and take comments from the public. At the time of filing the
46 report, the agency shall publish in a newspaper of general circulation
47 in the community a notice to the effect that such report has been filed
48 with the municipality and the state controller and that the report is
49 available for inspection during business hours in the office of the city

clerk or county recorder, in the office of the agency, and at all times on the website of the state controller.

(d) An urban renewal agency shall have the same fiscal year as a municipality and shall be subject to the same audit requirements as a municipality. An urban renewal agency shall be required to prepare and file with its local governing body an annual financial report and shall prepare, approve, and adopt an annual budget for filing with the local governing body, for informational purposes. A budget means an annual estimate of revenues and expenses for the following fiscal year of the agency.

(6) An urban renewal agency shall comply with the public records law pursuant to chapter 1, title 74, Idaho Code, open meetings law pursuant to chapter 2, title 74, Idaho Code, the ethics in government law pursuant to chapter 4, title 74, Idaho Code, and the competitive bidding provisions of chapter 28, title 67, Idaho Code.

(7) A local governing body that has created an urban renewal agency may dissolve the urban renewal agency by the enactment of an ordinance as provided in this subsection. Before such local governing body may dissolve an urban renewal agency, it shall adopt a resolution of intent to dissolve the urban renewal agency, which resolution shall be transmitted to the urban renewal agency. Upon the adoption of the resolution of intent to dissolve, the urban renewal agency shall no longer have any authority to initiate any new urban renewal projects or to take on any additional financial obligations other than such obligations as are necessary to wind down its affairs. The local governing body and the board of commissioners of the urban renewal agency shall then participate in a joint meeting to discuss dissolution. If following the joint meeting the local governing body of an authorized municipality makes a finding that there no longer exists a need for the urban renewal agency in the municipality, the local governing body shall provide, by ordinance, for a dissolution of the agency. The ordinance shall be effective upon publication. The ordinance shall be recorded in the real property records of the county in which the agency operated. The local governing body shall transmit a copy of the recorded dissolution ordinance to the urban renewal agency, the county clerk, and the state tax commission within ten (10) business days of the recording date. Upon dissolution of the urban renewal agency, title to all property of the urban renewal agency shall revert to the municipality.

SECTION 2. That Section 50-2903, Idaho Code, be, and the same is hereby amended to read as follows:

50-2903. DEFINITIONS. The following terms used in this chapter shall have the following meanings, unless the context otherwise requires:

(1) "Act" or "this act" means this revenue allocation act.

(2) "Agency" or "urban renewal agency" means a public body created pursuant to section 50-2006, Idaho Code.

(3) "Authorized municipality" or "municipality" means any county or incorporated city that has established an urban renewal agency or by ordinance has identified and created a competitively disadvantaged border community.

1 (4) Except as provided in section 50-2903A, Idaho Code, "base assess-
2 ment roll" means the equalized assessment rolls, for all classes of taxable
3 property, on January 1 of the year in which the local governing body of an
4 authorized municipality passes an ordinance adopting or modifying an urban
5 renewal plan containing a revenue allocation financing provision, except
6 that the base assessment roll shall be adjusted as follows: the equalized
7 assessment valuation of the taxable property in a revenue allocation area
8 as shown upon the base assessment roll shall be reduced by the amount by
9 which the equalized assessed valuation as shown on the base assessment roll
10 exceeds the current equalized assessed valuation of any taxable property
11 located in the revenue allocation area and by the equalized assessed val-
12 uation of taxable property in such revenue allocation area that becomes
13 exempt from taxation subsequent to the date of the base assessment roll.
14 The equalized assessed valuation of the taxable property in a revenue allo-
15 cation area as shown on the base assessment roll shall be increased by the
16 equalized assessed valuation, as of the date of the base assessment roll, of
17 taxable property in such revenue allocation area that becomes taxable after
18 the date of the base assessment roll. Any increase in valuation due to prop-
19 erty owned, leased, or used in the operation of a business entity that makes
20 capital investments in one (1) or more data centers, as defined in section
21 63-3622VV(2)(f), Idaho Code, after July 1, 2020, in amounts of at least two
22 hundred fifty million dollars (\$250,000,000) in the aggregate within the
23 first five (5) years after commencement of construction, that creates and
24 maintains at least thirty (30) new jobs at the data center within two (2)
25 calendar years after the commencement of operations, and that is located in
26 a revenue allocation area for which no bonds have been issued pursuant to
27 section 50-2909, Idaho Code, as of March 16, 2023, shall be added to the base
28 assessment roll in the current tax year. An urban renewal plan containing
29 a revenue allocation financing provision adopted or modified prior to July
30 1, 2016, is not subject to section 50-2903A, Idaho Code. For plans adopted
31 or modified prior to July 1, 2016, and for subsequent modifications of those
32 urban renewal plans, the value of the base assessment roll of property within
33 the revenue allocation area shall be determined as if the modification had
34 not occurred.

35 (5) "Budget" means an annual estimate of revenues and expenses for the
36 following fiscal year of the agency. An agency shall, by September 1 of each
37 calendar year, adopt and publish, as described in section 50-1002, Idaho
38 Code, a budget for the next fiscal year. An agency may amend its adopted
39 budget using the same procedures as used for adoption of the budget. For
40 the fiscal year that immediately predates the termination date for an urban
41 renewal plan involving a revenue allocation area or will include the termi-
42 nation date, the agency shall adopt and publish a budget specifically for the
43 projected revenues and expenses of the plan and make a determination as to
44 whether the revenue allocation area can be terminated before the January 1
45 of the termination year pursuant to the terms of section 50-2909(4), Idaho
46 Code. In the event that the agency determines that current tax year revenues
47 are sufficient to cover all estimated expenses for the current year and all
48 future years, by September 1 the agency shall adopt a resolution advising and
49 notifying the local governing body, the county auditor, and the state tax
50 commission and recommending the adoption of an ordinance for termination of

the revenue allocation area by December 31 of the current year and declaring a surplus to be distributed as described in section 50-2909, Idaho Code, should a surplus be determined to exist. The agency shall cause the ordinance to be filed with the office of the county recorder and the Idaho state tax commission as provided in section 63-215, Idaho Code. Upon notification of revenues sufficient to cover expenses as provided herein, the increment value of that revenue allocation area shall be included in the net taxable value of the appropriate taxing districts when calculating the subsequent property tax levies pursuant to section 63-803, Idaho Code. The increment value shall also be included in subsequent notification of taxable value for each taxing district pursuant to section 63-1312, Idaho Code, and subsequent certification of actual and adjusted market values for each school district pursuant to section 63-315, Idaho Code.

(6) "Clerk" means the clerk of the municipality.

(7) "Competitively disadvantaged border community area" means a parcel of land consisting of at least forty (40) acres that is situated within the jurisdiction of a county or an incorporated city and within twenty-five (25) miles of a state or international border, which the governing body of such county or incorporated city has determined by ordinance is disadvantaged in its ability to attract business, private investment, or commercial development as a result of a competitive advantage in the adjacent state or nation resulting from inequities or disparities in comparative sales taxes, income taxes, property taxes, population or unique geographic features.

(8) "Deteriorated area" means:

(a) Any area, including a slum area, in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions that endanger life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime, and is detrimental to the public health, safety, morals or welfare.

(b) Any area which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions that endanger life or property by fire and other causes, or any combination of such factors, results in economic underdevelopment of the area, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

(c) Any area which is predominately open and which because of obsolete platting, diversity of ownership, deterioration of structures or improvements, or otherwise, results in economic underdevelopment of the area or substantially impairs or arrests the sound growth of a municipi-

1 pality. The provisions of section 50-2008(d), Idaho Code, shall apply
2 to open areas.

3 (d) Any area which the local governing body certifies is in need of
4 redevelopment or rehabilitation as a result of a flood, storm, earth-
5 quake, or other natural disaster or catastrophe respecting which the
6 governor of the state has certified the need for disaster assistance
7 under any federal law.

8 (e) Any area which by reason of its proximity to the border of an ad-
9 jacent state is competitively disadvantaged in its ability to attract
10 private investment, business or commercial development which would
11 promote the purposes of this chapter.

12 (f) Deteriorated area does not mean not developed beyond agricultural,
13 or any agricultural operation as defined in section 22-4502(1), Idaho
14 Code, or any forest land as defined in section 63-1701(4), Idaho Code,
15 unless the owner of the agricultural operation or the forest landowner
16 of the forest land gives written consent to be included in the deterio-
17 rated area, except for an agricultural operation or forest land that has
18 not been used for three (3) consecutive years.

19 (9) "Facilities" means land, rights in land, buildings, structures,
20 machinery, landscaping, extension of utility services, approaches, road-
21 ways and parking, handling and storage areas, and similar auxiliary and re-
22 lated facilities.

23 (10) "Increment value" means the total value calculated by summing the
24 differences between the current equalized value of each taxable property in
25 the revenue allocation area and that property's current base value on the
26 base assessment roll, provided such difference is a positive value.

27 (11) "Local governing body" means the city council or board of county
28 commissioners of a municipality.

29 (12) "Manufacturing project" means a manufacturing or industrial
30 project and ancillary uses that manufactures, processes, or fabricates tan-
31 gible personal property as defined in section 63-3616, Idaho Code.

32 ~~(12)~~ (13) "Plan" or "urban renewal plan" means a plan, as it exists or
33 may from time to time be amended, prepared and approved pursuant to sections
34 50-2008 and 50-2905, Idaho Code, and any method or methods of financing such
35 plan, which methods may include revenue allocation financing provisions.

36 ~~(13)~~ (14) "Project" or "urban renewal project" or "competitively disad-
37 vantaged border areas" may include undertakings and activities of a munici-
38 pality in an urban renewal area for the elimination of deteriorated or dete-
39 riorating areas and for the prevention of the development or spread of slums
40 and blight and may involve slum clearance and redevelopment in an urban re-
41 newal area, or rehabilitation or conservation in an urban renewal area, or
42 any combination or part thereof in accordance with an urban renewal plan.
43 Such undertakings and activities may include:

44 (a) Acquisition of a deteriorated area or a deteriorating area or por-
45 tion thereof;

46 (b) Demolition and removal of buildings and improvement;

47 (c) Installation, construction, or reconstruction of streets, utili-
48 ties, parks, playgrounds, open space, off-street parking facilities,
49 public facilities, public recreation and entertainment facilities or
50 buildings and other improvements necessary for carrying out, in the ur-

ban renewal area or competitively disadvantaged border community area, the urban renewal objectives of this act in accordance with the urban renewal plan or the competitively disadvantaged border community area ordinance.

(d) Disposition of any property acquired in the urban renewal area or the competitively disadvantaged border community area, ~~(including sale, initial leasing, or retention by the agency itself),~~ or the municipality creating the competitively disadvantaged border community area at its fair value for uses in accordance with the urban renewal plan except for disposition of property to another public body;

(e) Carrying out plans for a program of voluntary or compulsory repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan;

(f) Acquisition of real property in the urban renewal area or the competitively disadvantaged border community area that, under the urban renewal plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitation of the structures for guidance purposes, and resale of the property;

(g) Acquisition of any other real property in the urban renewal area or competitively disadvantaged border community area where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or otherwise to remove or to prevent the spread of blight or deterioration, or to provide land for needed public facilities or where necessary to accomplish the purposes for which a competitively disadvantaged border community area was created by ordinance;

(h) Lending or investing federal funds; and

(i) Construction of foundations, platforms and other like structural forms.

~~(14)~~ (15) "Project costs" includes, but is not limited to:

(a) Capital costs, including the actual costs of the construction of public works or improvements, facilities, buildings, structures, and permanent fixtures; the demolition, alteration, remodeling, repair or reconstruction of existing buildings, structures, and permanent fixtures; the acquisition of equipment; and the clearing and grading of land;

(b) Financing costs, including interest during construction and capitalized debt service or repair and replacement or other appropriate reserves;

(c) Real property assembly costs, meaning any deficit incurred from the sale or lease by a municipality of real or personal property within a revenue allocation district;

(d) Professional service costs, including those costs incurred for architectural, planning, engineering, and legal advice and services;

(e) Direct administrative costs, including reasonable charges for the time spent by city or county employees in connection with the implementation of a project plan;

(f) Relocation costs; and

(g) Other costs incidental to any of the foregoing costs.

~~(15)~~ (16) "Revenue allocation area" means that portion of an urban renewal area or competitively disadvantaged border community area where the equalized assessed valuation, ~~as shown by the taxable property assessment rolls~~, of which the local governing body has determined, on and as a part of an urban renewal plan, is likely to increase as a result of the initiation of an urban renewal project or competitively disadvantaged border community area. The base assessment roll or rolls of revenue allocation area or areas shall not exceed at any time ten percent (10%) of the current assessed valuation of all taxable property within the municipality.

~~(16)~~ (17) "State" means the state of Idaho.

~~(17)~~ (18) "Tax" or "taxes" means all property tax levies upon taxable property.

~~(18)~~ (19) "Taxable property" means taxable real property, personal property, operating property, or any other tangible or intangible property included on the equalized assessment rolls.

~~(19)~~ (20) "Taxing district" means a taxing district as defined in section 63-201, Idaho Code, as that section now exists or may hereafter be amended.

~~(20)~~ (21) "Termination date" means a specific date no later than twenty (20) years from the effective date of an urban renewal plan or as described in section 50-2904, Idaho Code, on which date the plan shall terminate. Every urban renewal plan shall have a termination date that can be modified or extended subject to the twenty (20) year maximum limitation, except as provided in section 50-2904(5), Idaho Code. Provided however, the duration of a revenue allocation financing provision may be extended as provided in section 50-2904, Idaho Code.

SECTION 3. That Section 50-2903A, Idaho Code, be, and the same is hereby amended to read as follows:

50-2903A. EFFECT OF ORDINANCE TO MODIFY URBAN RENEWAL PLAN -- EXCEPTION.

(1)(a) On and after July 1, 2016, except as provided in subsection (2) of this section, when an urban renewal plan containing a revenue allocation financing provision is modified through an ordinance of the authorized municipality, the base value for the year immediately following the year in which the modification occurred shall include the current year's equalized assessed value of the taxable property in a revenue allocation area. The urban renewal agency shall be required annually to attest to having or not having modified any of its plans. If no modification has occurred, the urban renewal agency shall attest that fact on an affidavit provided by the state tax commission before the first Monday in June of each year. Modification shall not be deemed to have occurred when:

(i) There is a plan amendment to make technical or ministerial changes to a plan that does not involve an increase in the use of revenues allocated to the agency pursuant to section 50-2908, Idaho Code; or

(ii) There is a plan amendment to accommodate an increase in the revenue allocation area boundary as permitted in section 50-2033, Idaho Code; or

(iii) There is a plan amendment to accommodate a de-annexation in the revenue allocation area boundary; or

(iv) There is a plan amendment to support growth or development of an existing a commercial, manufacturing, or industrial project in an existing revenue allocation area, subject to the provisions of section 50-2905A, Idaho Code.

(b) Notice of any plan modification shall state the nature of the modification and shall be provided to the state tax commission, the county clerk and the county assessor by the first Monday in June of the years following the modification.

(c) Once a modification is deemed to have occurred, the base assessment value shall be reset pursuant to this subsection.

(2) When the urban renewal agency certifies to the county clerk and state tax commission that there is outstanding indebtedness, the base value for the year immediately following the year in which the modification occurred shall be computed and adjusted irrespective of the modification to the plan, but in compliance with all other requirements for adjustment as provided in section 50-2903(4), Idaho Code. To be allowed this exception no later than the first Monday in June each year, beginning the year immediately following the year in which the modification occurred, the urban renewal agency must certify:

(a) That the indebtedness could not be repaid by the agency prior to the termination of the revenue allocation area without the allocation of property tax revenues as provided in section 50-2908, Idaho Code; and

(b) The estimated total budget to be used for paying indebtedness during each year until termination of the revenue allocation area, the amount of nonproperty tax revenue to be used by the agency to pay indebtedness each year, and the estimated amount of revenue to be allocated to the agency for the modified revenue allocation area pursuant to section 50-2908, Idaho Code, to be used for paying indebtedness. For purposes of this section "indebtedness" shall mean any bonds, including refunding bonds, notes, interim certificates, certificates of indebtedness, debentures or other obligations, together with all expenses necessary to comply with all covenants related to the indebtedness.

(3) To the extent the amount of revenue allocated to the modified revenue allocation area pursuant to section 50-2908, Idaho Code, exceeds the amount necessary to pay indebtedness certified in subsection (2)(b) of this section, the excess shall be distributed by the county clerk to each taxing district or unit in the same manner as property taxes, except that each taxing district or unit shall be notified of the amount of any distribution of excess urban renewal allocations included in any distribution. For purposes of the limitation provided by section 63-802, Idaho Code, moneys received by any taxing district or unit pursuant to this subsection shall be treated as property tax revenue.

(4) Within thirty (30) days from the time the state tax commission receives information that an urban renewal plan for a revenue allocation area has been modified, the state tax commission shall notify the urban renewal agency and the county clerk of such receipt and the determination regarding any limits on the maximum amount of property tax revenue that will be allocated to the urban renewal agency from the current year's property taxes.

1 SECTION 4. That Section 50-2904, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 50-2904. AUTHORITY TO CREATE REVENUE ALLOCATION AREA. An authorized
4 municipality is hereby authorized and empowered to adopt, at any time, a
5 revenue allocation financing provision, as described in this chapter, as
6 part of an urban renewal plan or competitively disadvantaged border com-
7 munity area ordinance. A revenue allocation financing provision may be
8 adopted either at the time of the original adoption of an urban renewal plan
9 or the creation by ordinance of a competitively disadvantaged border com-
10 munity area or thereafter as a modification of an urban renewal plan or the
11 ordinance creating the competitively disadvantaged border community area.
12 Urban renewal plans existing prior to the effective date of this section may
13 be modified to include a revenue allocation financing provision. Except
14 as provided in subsections (1), (2), (3), and (4), and (5) of this section,
15 no revenue allocation provision of an urban renewal plan or competitively
16 disadvantaged border community area ordinance, including all amendments
17 thereto, shall have a duration exceeding twenty (20) years from the date
18 the ordinance is approved by the municipality; and provided further, no
19 additions to the land area of an existing revenue allocation area shall be
20 interpreted to or shall cause an extension of the date of the twenty (20)
21 year limit that was originally established for the revenue allocation area.
22 Notwithstanding these limitations, the duration of the revenue allocation
23 financing provision may be extended if:

24 (1) The maturity date of any bonds issued to provide funds for a spe-
25 cific project in the revenue allocation area and payable from the revenue al-
26 location financing provision exceeds the duration of the revenue allocation
27 financing provision, provided such bond maturity is not greater than twenty
28 (20) years; or

29 (2) The urban renewal agency determines that it is necessary to refi-
30 nance outstanding bonds payable from the revenue allocation financing pro-
31 vision to a maturity exceeding the twenty (20) year duration of the revenue
32 allocation financing provision in order to avoid a default on the bonds; or

33 (3) The local governing body has adopted an urban renewal plan or com-
34 petitively disadvantaged border community area ordinance or an amendment to
35 an urban renewal plan or competitively disadvantaged border community area
36 ordinance prior to July 1, 2000, in which is defined the duration of the plan
37 beyond a period of twenty (20) years, in which case the revenue allocation
38 provision shall have a duration as described in such urban renewal plan or
39 competitively disadvantaged border community area ordinance or may be ex-
40 tended as set forth in subsection (2) of this section; ~~and or~~

41 (4) The local governing body has adopted an urban renewal plan or com-
42 petitively disadvantaged border community area ordinance or an amendment to
43 an urban renewal plan or competitively disadvantaged border community area
44 ordinance after July 1, 2000, and prior to July 1, 2011, in which is defined
45 the duration of the plan beyond a period of twenty (20) years in which case
46 the revenue allocation provision shall have a duration as described in such
47 urban renewal plan or competitively disadvantaged border community area
48 ordinance. The duration of the revenue allocation financing provision set
49 forth in this subsection may be extended if the maturity date of any bonds

1 issued to provide funds for a specific project in the revenue allocation
2 area and payable from the revenue allocation financing provision exceeds the
3 duration of the revenue allocation financing provision, provided such bond
4 maturity is not greater than thirty (30) years or may be extended as set forth
5 in subsection (2) of this section; or

6 (5) There is a plan amendment of an existing revenue allocation area to
7 support growth or development of a manufacturing project where the revenue
8 allocation area includes only parcels that are owned or controlled by the
9 project owner and its affiliates, in which case the revenue allocation area
10 financing provision may be extended for up to twenty (20) years during which
11 the agency will continue to receive revenue allocation proceeds under sec-
12 tion 50-2908, Idaho Code, until termination pursuant to the new termination
13 date as approved in the plan amendment. For the purposes of this subsection
14 "controlled by" means that the project owner or its affiliates have entered
15 into a binding contract leasing a parcel that will extend for the duration of
16 the proposed extension of the revenue allocation area financing provision.

17 ~~(5)~~ (6) During the extension set forth in subsections (1), (2), (3),
18 and (4) of this section, any revenue allocation area revenues exceeding the
19 amount necessary to repay the bonds during the period exceeding the maximum
20 year maturity of the revenue allocation financing provision shall be re-
21 turned to the taxing districts in the revenue allocation area on a pro rata
22 basis.

23 SECTION 5. That Section 50-2906, Idaho Code, be, and the same is hereby
24 amended to read as follows:

25 50-2906. PUBLIC HEARING AND ORDINANCE REQUIRED -- SPECIAL RULES FOR
26 CERTAIN TAXING DISTRICTS. (1) To adopt a new urban renewal plan or create
27 a competitively disadvantaged border community area containing a revenue
28 allocation financing provision, the local governing body of an authorized
29 municipality must enact an ordinance in accordance with chapter 9, title 50,
30 Idaho Code, and section 50-2008, Idaho Code. To modify an existing urban
31 renewal plan, to add or change a revenue allocation, an authorized municipi-
32 lity must enact an ordinance in accordance with chapter 9, title 50, Idaho
33 Code, and conduct a public hearing as provided in section 50-2008(c), Idaho
34 Code. No urban renewal project, plan, competitively disadvantaged border
35 community area or modification thereto, or revenue allocation financial
36 provision shall be held ineffective for failure to comply with the require-
37 ments of this section if compliance with the section is substantial and in
38 good faith and administrative authority of both the local governing body
39 and urban renewal agency does not extend beyond the municipal boundary of
40 the authorized municipality. Urban renewal plans and revenue allocation
41 financing provisions may be held ineffective if an urban renewal area or rev-
42 enue allocation area extends outside the municipal boundary of an authorized
43 municipality and a transfer of powers ordinance has not been adopted by the
44 cooperating county.

45 (2) A revenue allocation financing provision adopted in accordance
46 with this chapter shall be effective retroactively to January 1 of the year
47 in which the local governing body of the authorized municipality enacts such
48 ordinance.

1 (3) (a) The Prior to taking action on an ordinance to adopt a revenue al-
 2 location financing provision, the local governing body of an authorized
 3 municipality shall prepare a notice stating: ~~(a) that~~

4 (i) That an urban renewal plan or modification thereto or a com-
 5 petitively disadvantaged border community area has been proposed
 6 and is being considered for adoption, and that such plan or modi-
 7 fication thereto or proposal to create a competitively disadvan-
 8 taged border community area contains a revenue allocation financ-
 9 ing provision that will cause property taxes resulting from any
 10 increases in equalized assessed valuation in excess of the equal-
 11 ized assessed valuation as shown on the base assessment roll to be
 12 allocated to the agency for urban renewal and competitively disad-
 13 vantaged border community area purposes; and ~~(b) that~~

14 (ii) That an agreement on the administration of a revenue alloca-
 15 tion financing provision extending beyond the municipal boundary
 16 of the authorized municipality has been negotiated with the coop-
 17 erating county having extraterritorial power and that the agree-
 18 ment has been formalized by a transfer of power ordinance adopted
 19 by that county; and ~~(c) that~~

20 (iii) That a public hearing on such plan or modification will be
 21 held by the local governing body pursuant to section 50-2008(c),
 22 Idaho Code.

23 (b) The notice shall also state the time, date, and place of the hear-
 24 ing. At least thirty (30) days but not more than sixty (60) days prior
 25 to the date set for final reading of the ordinance, the local governing
 26 body shall publish the notice in a newspaper of general circulation and
 27 transmit the notice, together with a copy of the plan and recommenda-
 28 tion of the urban renewal agency or the municipality which by ordinance
 29 created the competitively disadvantaged border community area, to the
 30 governing body of each taxing district which levies taxes upon any tax-
 31 able property in the revenue allocation area and which would be affected
 32 by the revenue allocation financing provision of the urban renewal plan
 33 proposed to be approved by the local governing body.

34 (4) No fire protection district or ambulance service district shall be
 35 subject to the financing provisions of an urban renewal revenue allocation
 36 area, or any modification thereof, created or modified after July 1, 2025,
 37 unless the local governing body of the authorized municipality proposing to
 38 create or modify such financing provision requests such district to consent
 39 to be subject to the financing provision and the district receiving such
 40 request consents. To request such a district to consent, the local governing
 41 body of an authorized municipality shall send a request to the district at
 42 the same time it sends notice to taxing districts of its intent to create or
 43 modify an urban renewal plan that includes a revenue allocation financing
 44 provision pursuant to subsection (3) of this section. If the governing board
 45 of the district receiving a request to consent agrees with the request, it
 46 shall adopt a resolution providing that such district shall be subject to
 47 the financing provisions of the proposed urban renewal area plan or proposed
 48 urban renewal area plan modification that was identified in the request, and
 49 shall thereafter be subject to such financing provision. The consenting
 50 district shall, within ten (10) business days, file a copy of the resolution

1 with the local governing body of the authorized municipality. Upon receipt
 2 of the district's resolution consenting to be subject to the financing pro-
 3 vision, the governing body of the municipality shall transmit a copy of such
 4 resolution to the county clerk and the state tax commission within ten (10)
 5 business days.

6 (5)(a) Any fire protection district or ambulance service district may
 7 withdraw from being subject to an urban renewal revenue allocation fi-
 8 nancing provision under an urban renewal plan established by local gov-
 9 erning body ordinance prior to July 1, 2025, if the urban renewal plan
 10 establishing the revenue allocation financing provision does not have
 11 any outstanding bonds, contractual obligations, or other indebtedness
 12 being funded by such revenue allocation financing provision greater
 13 than the amount of the revenue allocation proceeds that was attribut-
 14 able to the fire protection district or ambulance service district as of
 15 December 31 of the immediate prior tax year.

16 (b) Any fire protection district or ambulance service district that
 17 seeks to withdraw shall:

18 (i) By May 1 of the withdrawal year request an accounting from
 19 the county showing the amount of revenue allocation proceeds that
 20 was attributable to the fire protection district or ambulance ser-
 21 vice district as of December 31 of the immediate prior tax year. A
 22 copy of the accounting shall be simultaneously transmitted by the
 23 county to the requesting district and the agency within fifteen
 24 (15) days of receipt of the request from the district; and

25 (ii) By June 1 of the withdrawal year adopt a resolution express-
 26 ing an intent to withdraw and transmit the same to the urban re-
 27 newal agency that governs the urban renewal plan and revenue al-
 28 location financing provision that the district seeks to withdraw
 29 from.

30 (c) The agency shall schedule a special meeting within ten (10) busi-
 31 ness days of receipt of the fire protection district's or ambulance ser-
 32 vice district's resolution approving the withdrawal and the accounting
 33 from the county to accept the request to withdraw by agency resolution,
 34 or to deny the request to withdraw in writing due to the existence of
 35 outstanding bonds, contractual obligations, or other indebtedness be-
 36 ing funded by the district's revenue allocation proceeds, and setting
 37 forth specific information about the indebtedness.

38 (d) If the withdrawal is accepted, the urban renewal agency shall
 39 transmit a copy of the district resolution and the agency resolution to
 40 the county clerk, the county recorder, and the state tax commission no
 41 later than the fourth Monday of July. If the resolutions are received
 42 by the state tax commission and the county by the fourth Monday of July,
 43 then the levy rate for the next fiscal year will be calculated pursuant
 44 to section 50-2908(1)(g), Idaho Code, and any budget increases as set
 45 forth in sections 63-802 and 63-301A, Idaho Code. If the resolutions
 46 are transmitted to the county clerk, the county recorder, and the state
 47 tax commission after the fourth Monday of July, then the effect of the
 48 withdrawal will be the following tax year.

49 SECTION 6. That Section 50-2907, Idaho Code, be, and the same is hereby
 50 amended to read as follows:

1 50-2907. TRANSMITTAL OF REVENUE ALLOCATION AREA DESCRIPTION AND OTHER
 2 DOCUMENTS TO TAXING AGENCIES. (1) After the effective date of an ordinance
 3 enacted by the local governing body of an authorized municipality, the clerk
 4 of the authorized municipality shall transmit, to the county auditor and tax
 5 assessor of the county in which the revenue allocation area is located, to
 6 the affected taxing districts, and to the state tax commission, a copy of the
 7 ordinance enacted, a copy of the legal description of the boundaries of the
 8 revenue allocation area, and a map indicating the boundaries of the revenue
 9 allocation area.

10 (2) For revenue allocation areas extending beyond the corporate munic-
 11 ipal boundary of the authorized municipality, the copy of the ordinance en-
 12 acted by the authorized municipality shall include, as an attachment, a copy
 13 of the transfer of powers ordinance adopted by the cooperating county under
 14 section 50-2906~~(3)(b)~~ (3)(a)(ii), Idaho Code.

15 (3) Such documents shall be transmitted within the time required by
 16 section 63-215, Idaho Code.

17 SECTION 7. That Section 50-2908, Idaho Code, be, and the same is hereby
 18 amended to read as follows:

19 50-2908. DETERMINATION OF TAX LEVIES -- CREATION OF SPECIAL FUND. (1)
 20 For purposes of calculating the rate at which taxes shall be levied by or
 21 for each taxing district in which a revenue allocation area is located, the
 22 county commissioners shall, with respect to the taxable property located in
 23 such revenue allocation area, use the equalized assessed value of such tax-
 24 able property as shown on the base assessment roll rather than on the current
 25 equalized assessed valuation of such taxable property, except the current
 26 equalized assessed valuation shall be used for calculating the tax rate for:

27 (a) Levies for refunds and credits pursuant to section 63-1305, Idaho
 28 Code, and any judgment pursuant to section 33-802(1), Idaho Code, cer-
 29 tified after December 31, 2007;

30 (b) Levies permitted pursuant to section 63-802(3), Idaho Code, certi-
 31 fied after December 31, 2007;

32 (c) Levies for voter-approved general obligation bonds of any taxing
 33 district and plant facility reserve fund levies passed after December
 34 31, 2007;

35 (d) Levies for payment of obligations that have been judicially con-
 36 firmed pursuant to chapter 13, title 7, Idaho Code, and that meet the
 37 criteria of sections 63-1315 and 63-1316, Idaho Code;

38 (e) Levies set forth in paragraphs (a) through (d) of this subsection,
 39 first certified prior to December 31, 2007, when the property affected
 40 by said levies is included within the boundaries of a revenue allocation
 41 area by a change in the boundaries of either the revenue allocation area
 42 or any taxing district after December 31, 2007; and

43 (f) School levies for supplemental maintenance and operation pursuant
 44 to section 33-802(3) and (4), Idaho Code, approved after December 31,
 45 2007, and for emergency funds pursuant to section 33-805, Idaho Code,
 46 approved after July 1, 2015; and

47 (g) Levies of fire protection districts pursuant to chapter 14, title
 48 31, Idaho Code, and ambulance services districts pursuant to chapter
 49 39, title 31, Idaho Code, that are exempt from being subject to a revenue

1 allocation financing provision pursuant to section 50-2906(4), Idaho
 2 Code, or that withdraw from being subject to a revenue allocation fi-
 3 nancing provision pursuant to section 50-2906(5), Idaho Code.

4 (2) With respect to each such taxing district, the tax rate calculated
 5 under subsection (1) of this section shall be applied to the current equal-
 6 ized assessed valuation of all taxable property in the taxing district, in-
 7 cluding the taxable property in the revenue allocation area. The tax rev-
 8 enues thereby produced shall be allocated as follows:

9 (a) To the taxing district shall be allocated and shall be paid by the
 10 county treasurer:

11 (i) All taxes levied by the taxing district or on its behalf on
 12 taxable property located within the taxing district but outside
 13 the revenue allocation area;

14 (ii) Except as otherwise provided in subparagraph (iv) of this
 15 paragraph, a portion of the taxes levied by the taxing district or
 16 on its behalf on the taxable property located within the revenue
 17 allocation area, which portion is the amount produced by applying
 18 the taxing district's tax rate determined under subsection (1) of
 19 this section to the equalized assessed valuation, as shown on the
 20 base assessment roll, of the taxable property located within the
 21 revenue allocation area;

22 (iii) All taxes levied by the taxing district to satisfy obliga-
 23 tions specified in subsection (1) of this section; and

24 (iv) In the case of a revenue allocation area first formed or ex-
 25 panded to include the property on or after July 1, 2020, all taxes
 26 levied by any highway district, unless the local governing body
 27 that created the revenue allocation area has responsibility for
 28 the maintenance of roads or highways. In the case of property lo-
 29 cated within a revenue allocation area prior to July 1, 2020, or
 30 property located within a revenue allocation area created by a lo-
 31 cal governing body that has responsibility for the maintenance of
 32 roads or highways, the allocation of taxes shall be governed by
 33 subparagraph (ii) of this paragraph. In any case, the highway dis-
 34 trict and the urban renewal agency may enter into an agreement for
 35 a different allocation. A copy of any such agreement shall be sub-
 36 mitted to the state tax commission and to the county clerk by the
 37 highway district as soon as practicable after the parties have en-
 38 tered into the contract and by no later than September 1 of the year
 39 in which the agreement takes effect.

40 (b) To the urban renewal agency shall be allocated the balance, if any,
 41 of the taxes levied on the taxable property located within the revenue
 42 allocation area.

43 (3) Upon enactment of an ordinance adopting a revenue allocation fi-
 44 nancing provision as part of an urban renewal plan, the urban renewal agency
 45 shall create a special fund or funds to be used for the purposes enumerated
 46 in this chapter. The revenues allocated to the urban renewal agency pursuant
 47 to this chapter shall be paid to the agency by the treasurer of the county in
 48 which the revenue allocation district is located and shall be deposited by
 49 the agency into one (1) or more of such special funds. The agency may, in ad-
 50 dition, deposit into such special fund or funds such other income, proceeds,

1 revenues and funds it may receive from sources other than the revenues allo-
2 cated to it under subsection (2) (b) of this section.

3 (4) For the purposes of section 63-803, Idaho Code, during the period
4 when revenue allocation under this chapter is in effect, and solely with
5 respect to any taxing district in which a revenue allocation area is located,
6 the county commissioners shall, in fixing any tax levy other than a levy
7 specified in subsection (1) of this section, take into consideration the
8 equalized assessed valuation of the taxable property situated in the revenue
9 allocation area as shown in the base assessment roll, rather than the current
10 equalized assessed value of such taxable property.

11 (5) For all other purposes, including, without limitation, for pur-
12 poses of sections 33-802, 33-1002 and 63-1313, Idaho Code, reference in the
13 Idaho Code to the term "market value for assessment purposes" (or any other
14 such similar term) shall mean market value for assessment purposes as de-
15 fined in section 63-208, Idaho Code.

16 SECTION 8. That Chapter 29, Title 50, Idaho Code, be, and the same is
17 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
18 ignated as Section 50-2914, Idaho Code, and to read as follows:

19 50-2914. TERMINATION OF AN URBAN RENEWAL PLAN AND REVENUE ALLOCATION
20 FINANCING PROVISION. (1) An urban renewal agency may terminate an urban
21 renewal plan containing a revenue allocation financing provision on or
22 before the termination date in accordance with the provisions of sections
23 50-2903(5) and 50-2909(4), Idaho Code. The urban renewal agency shall con-
24 sider its ability to receive revenue in the year following the termination
25 date when determining the timing of termination and the termination date.

26 (2) The local governing body of the municipality may initiate termina-
27 tion of an urban renewal plan containing a revenue allocation financing pro-
28 vision before the termination date as follows:

29 (a) The local governing body may adopt a resolution that directs the
30 urban renewal agency to provide a termination plan for the termination
31 of a specified urban renewal plan containing a revenue allocation fi-
32 nancing provision to the local governing body within sixty (60) days of
33 the agency's receipt of the local governing body's resolution, or such
34 longer period as may be agreed to by the local governing body. Upon the
35 adoption of the resolution, the urban renewal agency governing the ur-
36 ban renewal plan identified in the resolution shall no longer have the
37 authority to enter into any financial obligations secured by the fund-
38 ing from any urban renewal financing provision of any urban renewal plan
39 specified in the resolution, other than such obligations as are neces-
40 sary to facilitate the termination of the urban renewal plan.

41 (b) The termination plan submitted by the urban renewal agency shall
42 include a detailed summary of all agency obligations under such urban
43 renewal plan and anticipated future obligations to implement the plan
44 through the duration of the plan, including information on the use of
45 revenues collected to fund specific projects and any capital improve-
46 ment project plans. The termination plan shall also include a proposed
47 termination timeline.

48 (c) The local governing body may then enact an ordinance terminating
49 the urban renewal plan and any revenue allocation financing provisions

1 included in such plan. The ordinance shall be recorded in the real prop-
 2 erty records of the county in which the agency operated. The local gov-
 3 erning body shall transmit a copy of the recorded termination ordinance
 4 to the county clerk, any affected taxing districts, and the state tax
 5 commission within ten (10) business days of the recording date.

6 SECTION 9. That Section 63-301A, Idaho Code, be, and the same is hereby
 7 amended to read as follows:

8 63-301A. NEW CONSTRUCTION ROLL. (1) The county assessor shall prepare
 9 a new construction roll, which shall be in addition to the property roll,
 10 which new construction roll shall show:

- 11 (a) The name of the taxpayer;
- 12 (b) The description of the new construction, suitably detailed to meet
- 13 the requirements of the individual county;
- 14 (c) The amount of taxable market value added to the property on the cur-
- 15 rent year's property roll that is directly the result of new construc-
- 16 tion;
- 17 (d) The amount of taxable market value added as provided in subsection
- 18 (3)(f) of this section as a result of dissolution of any revenue alloca-
- 19 tion area; and
- 20 (e) The amount of taxable market value to be deducted to reflect the ad-
- 21 justments required in this paragraph:

- 22 (i) Any board of tax appeals or court-ordered value change, if
- 23 property has a taxable value lower than that shown on any new con-
- 24 struction roll in any one (1) of the immediate five (5) tax years
- 25 preceding the current tax year;
- 26 (ii) Any reduction in value resulting from correction of value im-
- 27 properly included on any previous new construction roll as a re-
- 28 sult of double or otherwise erroneous assessment;
- 29 (iii) Any reduction in value resulting from the exemption provided
- 30 in section 63-602W(4), Idaho Code, in any one (1) of the immediate
- 31 five (5) tax years preceding the current tax year; and
- 32 (iv) Any voluntary reduction in value reflecting a portion of
- 33 certain homestead exemptions as provided in section 63-602G(10),
- 34 Idaho Code.

35 (2) As soon as possible, but in any event by no later than the first Mon-
 36 day in June, the new construction roll shall be certified to the county audi-
 37 tor and a listing showing the amount of value on the new construction roll in
 38 each taxing district or unit shall be forwarded to the state tax commission
 39 on or before the fourth Monday in July. Provided however, the value shown
 40 in subsection (3)(e) of this section shall be reported to the appropriate
 41 county auditor by the state tax commission by the third Monday in July and the
 42 value sent by the county auditor to each taxing district. The value estab-
 43 lished pursuant to subsection (3)(e) of this section is subject to correc-
 44 tion by the state tax commission until the first Monday in September, and any
 45 such corrections shall be sent to the appropriate county auditor, who shall
 46 notify any affected taxing districts.

47 (3) Except as otherwise provided in this subsection, the value shown on
 48 the new construction roll shall include ninety percent (90%) of the taxable
 49 market value increase from:

1 (a) Construction of any new structure that previously did not exist,
2 once it is completed and taxable;
3 (b) Additions or alterations to existing nonresidential structures;
4 (c) Installation of new or used manufactured housing that did not pre-
5 viously exist within the county;
6 (d) Property newly taxable as a result of loss of the exemption provided
7 by section 63-602W(3) or (4), Idaho Code;
8 (e) The construction of any improvement or installation of any equip-
9 ment used for or in conjunction with the generation of electricity and
10 the addition of any improvement or equipment intended to be so used, ex-
11 cept property that has a value allocated or apportioned pursuant to sec-
12 tion 63-405, Idaho Code, or that is owned by a cooperative or municipal-
13 ity as those terms are defined in section 61-332A, Idaho Code, or that
14 is owned by a public utility as that term is defined in section 61-332A,
15 Idaho Code, owning any other property that is allocated or apportioned.
16 No replacement equipment or improvements may be included;
17 (f) Provided such increases do not include increases already reported
18 on the new construction roll as permitted in paragraphs (i) and (j) of
19 this subsection, increases in value over the base value of property on
20 the base assessment roll within an urban renewal revenue allocation
21 area that has been terminated pursuant to section ~~50-2909(4)~~ 50-2914,
22 Idaho Code, to the extent that this increment exceeds the incremental
23 value as of December 31, 2006, or, for revenue allocation areas formed
24 after December 31, 2006, eighty percent (80%) of the increment value.
25 Notwithstanding other provisions of this section, the new construction
26 roll shall not include new construction located within an urban renewal
27 district's revenue allocation area, except as provided in this para-
28 graph or paragraph (k) of this subsection;
29 (g) New construction, in any one (1) of the immediate five (5) tax years
30 preceding the current tax year, allowable but never included on a new
31 construction roll, provided however, that for such property the value
32 on the new construction roll shall reflect the taxable value that would
33 have been included on the new construction roll for the first year in
34 which the property should have been included;
35 (h) Formerly exempt improvements on state college-owned or state uni-
36 versity-owned land for student dining, housing, or other education-re-
37 lated purposes approved by the state board of education and board of
38 regents of the university of Idaho as proper for the operation of such
39 state college or university, provided such improvements were never in-
40 cluded on any previous new construction roll;
41 (i) Increases in base value when due to previously determined incre-
42 ment value added to the base value as required in sections 50-2903 and
43 50-2903A, Idaho Code, due to a modification of the urban renewal plan.
44 In this case, the amount added to the new construction roll will equal
45 eighty percent (80%) of the amount by which the increment value in the
46 year immediately preceding the year in which the base value adjustment
47 described in this subsection occurs exceeds the incremental value as of
48 December 31, 2006, or, for revenue allocation areas formed after Decem-
49 ber 31, 2006, the entire increment value; and

(j) Increases in base value when due to previously determined increment value added to the base value as a result of a de-annexation within a revenue allocation area as defined in section 50-2903, Idaho Code. In this case, the amount added to the new construction roll will equal eighty percent (80%) of the amount by which the increment value in the year immediately preceding the year in which the de-annexation described in this subsection occurs exceeds the incremental value as of December 31, 2006, or, for revenue allocation areas formed after December 31, 2006, the entire increment value within the area subject to the de-annexation.

(k) In the case of a fire protection district or ambulance service district that encompasses all or part of any urban renewal revenue allocation area that such district withdrew from pursuant to section 50-2906(5), Idaho Code, eighty percent (80%) of the increment value may be included on the new construction roll for the year in which the district withdrew from such urban renewal revenue allocation area. Each year thereafter, ninety percent (90%) of the taxable value of otherwise qualifying new construction shall be included in the new construction roll for such fire protection district or ambulance service district, even if such new construction would not otherwise qualify because it was located within a revenue allocation area.

(4) The amount of taxable market value of new construction shall be the change in net taxable market value that is attributable directly to the new construction or loss of the exemption provided by section 63-602W(3) or (4), Idaho Code. It shall not include any change in value of existing property that is due to external market forces such as general or localized inflation, except as provided in subsection (3)(f) of this section.

(5) The amount of taxable market value of new construction shall not include any new construction of property that has been granted a provisional property tax exemption, pursuant to section 63-1305C, Idaho Code. A property owner may apply to the board of county commissioners, if an application is required pursuant to section 63-602, Idaho Code, for an exemption from property tax at the time the initial building permits are applied for or at the time construction of the property has begun, whichever is earlier, or at any time thereafter.

(6) The amount of taxable market value of new construction shall not include any new construction of property for which an exemption from sales and use tax has been granted pursuant to section 63-3622VV, Idaho Code.

SECTION 10. That Section 50-2905, Idaho Code, be, and the same is hereby amended to read as follows:

50-2905. RECOMMENDATION OF URBAN RENEWAL AGENCY. In order to implement the provisions of this chapter, the urban renewal agency of the municipality shall prepare and adopt a plan for each revenue allocation area and submit the plan and recommendation for approval thereof to the local governing body. The plan shall include with specificity:

(1) A statement describing the total assessed valuation of the base assessment roll of the revenue allocation area and the total assessed valuation of all taxable property within the municipality;

1 (2) A statement listing the kind, number, and location of all proposed
2 public works or improvements within the revenue allocation area;

3 (3) An economic feasibility study;

4 (4) A detailed list of estimated project costs;

5 (5) A fiscal impact statement showing the impact of the revenue allo-
6 cation area, both until and after the bonds are repaid, upon all taxing dis-
7 tricts levying taxes upon property on the revenue allocation area;

8 (6) A description of the methods of financing all estimated project
9 costs and the time when related costs or monetary obligations are to be in-
10 curred;

11 (7) A termination date for the plan and the revenue allocation area as
12 provided for in section ~~50-2903(20)~~ 50-2903(21), Idaho Code. In determining
13 the termination date, the plan shall recognize that the agency shall receive
14 allocation of revenues in the calendar year following the last year of the
15 revenue allocation provision described in the urban renewal plan;

16 (8) A description of the disposition or retention of any assets of the
17 agency upon the termination date. Provided however, nothing herein shall
18 prevent the agency from retaining assets or revenues generated from such as-
19 sets as long as the agency shall have resources other than revenue allocation
20 funds to operate and manage such assets; and

21 (9) Any changes to an urban renewal plan as provided in subsections (2)
22 and (6) of this section shall be noticed and shall be completed in an open
23 public meeting.

24 SECTION 11. That Section 50-2905A, Idaho Code, be, and the same is
25 hereby amended to read as follows:

26 50-2905A. ELECTION NECESSARY FOR EXPENDITURES ON CERTAIN
27 PROJECTS. (1) Notwithstanding any other provision of this chapter, on and
28 after the effective date of this act, it shall be unlawful for an urban
29 renewal agency to expend revenue collected under this chapter on project
30 costs when either the amount of revenue collected under this chapter, or the
31 amount of revenue collected under this chapter plus any other public funds,
32 not including federal funds or federal funds administered by a public body,
33 contributes to fifty-one percent (51%) or more of the total project cost and
34 the project is for construction of a municipal building or a multipurpose
35 sports stadium complex, or the remodel of such a building or complex, with a
36 total project cost exceeding one million dollars (\$1,000,000) unless such
37 construction project is first approved in an election by sixty percent (60%)
38 of the participating qualified electors residing within the borders of the
39 qualified municipality. An election pursuant to this section shall be in
40 accordance with the provisions of chapter 1, title 34, Idaho Code. The total
41 project cost described in this subsection shall not include the cost of any
42 infrastructure or belowground improvements including, but not limited to,
43 water, sewer, storm drainage, electrical, natural gas, telecommunication,
44 or other similar systems and lines, streets, roads, curbs, gutters, side-
45 walks, walkways, parking facilities, or unoccupied auxiliary structures.
46 This section shall not be construed to require an election regarding bonds
47 issued prior to the effective date of this act.

48 (2) For purposes of this section, the following terms shall have the
49 following meanings:

(a) "Multipurpose sports stadium complex" means a place or venue for indoor or outdoor sports, concerts, or other events that contains a field or other playing surface or area either partly or completely surrounded by a tiered structure designed to allow spectators to stand or sit and view the event;

(b) "Municipal building" means only an administrative building, city hall, library, courthouse, public safety or law enforcement buildings, other judicial buildings, fire stations, jails, and detention facilities that are not subject to property taxation whether they are, or are intended to be, owned or operated by or leased to a public body for the public's benefit;

(c) "Project costs" shall have the same meaning as provided in section ~~50-2903(14)~~ 50-2903(15), Idaho Code;

(d) "Public body" shall have the same meaning as provided in section 50-2018(3), Idaho Code;

(e) "Public funds" shall mean the funds collected or received by a public body but shall not include grants or donations from private entities or individuals to the public body.

SECTION 12. That Section 63-602KK, Idaho Code, be, and the same is hereby amended to read as follows:

63-602KK. PROPERTY EXEMPT FROM TAXATION -- CERTAIN PERSONAL PROPERTY.

(1)(a) An item of taxable personal property purchased on or after January 1, 2013, shall be exempt from property taxation if the item of taxable personal property has an acquisition price of three thousand dollars (\$3,000) or less.

(b) For purposes of this section, the term "acquisition cost" means all costs required to put an item of taxable personal property into service and includes:

(i) The purchase price of a new or used item;

(ii) The cost of freight and shipping;

(iii) The cost of installation, engineering, erection or assembly; and

(iv) Sales and use taxes.

(c) For purposes of this subsection, an "item of taxable personal property" means equipment, machinery, furniture or other personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable personal property is not an individual component part of a piece of equipment, machinery, furniture or other personal property as a whole. An item of taxable personal property does not include an improvement to real property, a part that will become an improvement, or anything defined as a fixture.

(2)(a) On and after January 1, 2015, except as provided in subsection (8) of this section, each person's personal property, located in the county, and not otherwise exempt, shall be exempt to the extent of one hundred thousand dollars (\$100,000).

(b) On and after January 1, 2022, except as provided in subsection (8) of this section, each person's personal property, located in the

1 county, and not otherwise exempt, shall be exempt to the extent of an
2 additional amount of one hundred fifty thousand dollars (\$150,000).
3 The combined exemption under this paragraph and paragraph (a) of this
4 subsection shall not exceed a total amount of two hundred fifty thousand
5 dollars (\$250,000).

6 (c) For the purposes of this section, a person includes two (2) or more
7 people using the property in a common enterprise who are within a rela-
8 tionship described in section 267 of the Internal Revenue Code, as de-
9 fined in section 63-3004, Idaho Code.

10 (d) On and after January 1, 2022, any locally assessed personal prop-
11 erty is exempt from taxation if it is:

12 (i) Self-propelled, self-powered, or pull-type equipment and ma-
13 chinery;

14 (ii) Primarily employed for the use of construction, logging, or
15 mining of salable minerals as defined in section 47-701A, Idaho
16 Code; and

17 (iii) Designed to travel to various job sites.

18 (3) (a) No later than the third Monday of November 2013, the county clerk
19 of each county shall certify to the state tax commission the amount of
20 exemption from property taxes under subsection (2) (a) of this section
21 in that county for that year. No later than the third Monday of Novem-
22 ber 2022, the county clerk of each county shall certify to the state tax
23 commission the amount of exemption from property taxes under subsection
24 (2) (b) of this section in that county for that year. The certification
25 shall identify the property receiving tax reductions, the value of the
26 property, the property's location, the amount of the tax levy applica-
27 ble to personal property in the location, and the tax before and after
28 the exemption allowed in subsection (2) of this section. The certifi-
29 cation shall be in the form prescribed by the state tax commission and
30 shall include such additional information as the commission may require
31 by rule as needed to implement the purpose of this section. The certi-
32 fication shall be reviewed and, if necessary, corrected by the state tax
33 commission.

34 (b) Except as provided in subsection (7) of this section, a taxing
35 district created prior to January 1, 2013, shall be eligible for reim-
36 bursement for the exemptions granted under subsection (2) (a) and (b) of
37 this section. A taxing district created on and after January 1, 2013,
38 and prior to January 1, 2022, shall be eligible for reimbursement of
39 property taxes exempted only under subsection (2) (b) of this section.
40 A taxing district created on or after January 1, 2022, shall not be
41 eligible for reimbursement of any property taxes exempted under this
42 section. The amount of annual replacement of property tax on personal
43 property exempted pursuant to subsection (2) of this section shall be
44 the amount approved by the state tax commission pursuant to paragraph
45 (a) of this subsection.

46 (4) (a) Subject to the limitations of this section, the state tax com-
47 mission shall reimburse from the amount appropriated for personal
48 property tax replacement in section 63-3638, Idaho Code, the county
49 treasurer of each county for the reduction on the certifications pro-
50 vided in subsection (3) of this section. The county treasurer shall

1 reimburse from the amount received to each taxing district within the
2 county an amount in proportion to the amount of reduction shown on the
3 certifications in subsection (3) of this section as corrected. The
4 amount that would otherwise be attributable to tax revenues derived
5 from tax levies on personal property exempted by this section within
6 an existing revenue allocation area as defined in section ~~50-2903(15)~~
7 50-2903(16), Idaho Code, shall be paid directly by the county treasurer
8 to such public body or agency entitled thereto, equal to the amounts
9 that would have been distributed in accordance with the formula for such
10 distribution set forth in section 50-2908, Idaho Code.

11 (b) The state tax commission shall pay one-half (1/2) of the reimburse-
12 ment provided in this section no later than December 20 of each year, and
13 the second one-half (1/2) shall be paid by no later than June 20 of the
14 following year. The money received by the county tax collector under
15 the provisions of this section may be considered by counties and other
16 taxing districts and budgeted against at the same time, and in the same
17 manner, and in the same year as revenues from taxation. The total amount
18 paid to the county treasurers shall not exceed the amount certified to
19 the state tax commission under subsection (3) of this section.

20 (c) For purposes of the limitation provided by section 63-802, Idaho
21 Code, moneys received from distributions pursuant to section 63-3638,
22 Idaho Code, as property tax replacement for the taxable value of prop-
23 erty exempt from taxation pursuant to this section shall be treated as
24 property tax revenues.

25 (5) (a) Nothing contained in this section shall affect the taxation of
26 forest lands or forest products pursuant to chapter 17, title 63, Idaho
27 Code, or the taxation of the net profits of mines pursuant to chapter 28,
28 title 63, Idaho Code.

29 (b) The exemption from personal property tax provided for in subsec-
30 tion (2) of this section shall not apply to motor vehicles, recreational
31 vehicles, aircraft and boats that are not registered with the state of
32 Idaho and for which required registration fees have not been paid.

33 (6) (a) The application for the exemption provided for in subsection (2)
34 of this section shall be in the form prescribed by the state tax com-
35 mission and shall include such information as the state tax commission
36 may require by rule as needed to implement the purpose of this section
37 including, but not limited to, a list of each item of personal property,
38 the purchase date of each item of personal property, the unit cost of
39 each item of personal property if more than the exemption allowed in
40 subsection (1) of this section, and the total cost of the items of per-
41 sonal property.

42 (b) The application for this exemption, if the county is capable of so
43 providing, may be transmitted by the county assessor electronically,
44 as that term is defined in section 63-115, Idaho Code, when requested
45 by the taxpayer, or mailed by the county assessor to the taxpayer, or
46 his agent or representative at the taxpayer's last known post office
47 address, no later than March 1 of each year. The transmission or mail-
48 ing of the application shall also include the taxpayer's application
49 for the exemption allowed by this section for the last year in which the
50 taxpayer filed an application.

1 (c) A taxpayer need only make application for the exemption in this sec-
2 tion once as long as all of the following conditions are met:

3 (i) The taxpayer has received the exemption during the previous
4 year as a result of him making a valid application as defined in
5 this section.

6 (ii) The amount of the exemption allowed by this section is more
7 than the taxable value of personal property owned by the taxpayer.

8 (iii) The taxpayer has not made purchases of personal property,
9 excluding items of taxable personal property exempted pursuant to
10 subsection (1) of this section, that would cause the taxable value
11 of the personal property owned by the taxpayer to exceed the maxi-
12 mum amount allowed as an exemption by this section.

13 (d) Knowingly failing to report changes in the taxable value of per-
14 sonal property that exceed the amount of the exemption allowed pursuant
15 to this section shall subject the taxpayer to a fine not in excess of ten
16 thousand dollars (\$10,000) in addition to other penalties set forth in
17 this chapter.

18 (7) Recovery of property tax exemptions allowed by this section but im-
19 properly claimed:

20 (a) Upon discovery of evidence, facts or circumstances indicating any
21 exemption allowed by this section was improperly claimed, the county
22 assessor shall decide whether the exemption claimed should have been
23 allowed and, if not, notify the board of county commissioners, at which
24 time the board may waive a recovery of the property tax and notify such
25 taxpayer in writing.

26 (b) The assessment and collection of the recovery of property tax must
27 begin within the seven (7) year period beginning on the date the assess-
28 ment notice reflecting the improperly claimed exemption was required to
29 be mailed to the taxpayer.

30 (c) The taxpayer may appeal to the board of tax appeals the decision by
31 the board of county commissioners to assess the recovery of property tax
32 within thirty (30) days of the date the county assessor sent the notice
33 to the taxpayer pursuant to this section.

34 (d) For purposes of calculating the tax, the amount of the recovered
35 property tax shall be for each year the exemption allowed by this sec-
36 tion was improperly claimed or approved, up to a maximum of seven (7)
37 years. The amount of the recovery of property tax shall be calculated
38 using the product of the amount of exempted value for each year multi-
39 plied by the levy for that year plus costs, late charges and interest for
40 each year at the rates equal to those provided for delinquent property
41 taxes during that year. In cases of fraud, the fine set forth in subsec-
42 tion (6) (d) of this section shall be assessed for each tax year.

43 (e) Any recovery of property tax shall be due and payable no later than
44 the date provided for property taxes in section 63-903, Idaho Code, and
45 if not timely paid, late charges and interest, beginning the first day
46 of January in the year following the year the county assessor sent the
47 notice to the taxpayer pursuant to this section, shall be calculated at
48 the current rate provided for property taxes.

49 (f) Recovered property taxes shall be billed, collected and dis-
50 tributed in the same manner as property taxes. If the recovery is

for property tax for which the state provided replacement money, the amounts recovered shall be reported and remitted to the state tax commission, which shall reimburse the general fund. The state tax commission will then notify each affected taxing district or unit of its proportionate share of the recovered property tax, which amount shall be deducted from future payments to be made pursuant to subsection (3) of this section.

(g) Thirty (30) days after the taxpayer is notified, as provided in paragraph (a) of this subsection, the assessor shall record a notice of intent to attach a lien. Upon the payment in full of such recovered property taxes prior to the attachment of the lien as provided in paragraph (h) of this subsection, or upon the successful appeal by the taxpayer, the county assessor shall record a rescission of the intent to attach a lien within seven (7) business days of receiving such payment or within seven (7) business days of the county commissioners' decision granting the appeal.

(h) Any unpaid recovered property taxes shall become a lien upon the taxpayer's personal property in the same manner as provided for property taxes in section 63-206, Idaho Code, except such lien shall attach as of the first day of January in the year following the year the county treasurer sent the notice to the taxpayer pursuant to this section.

(i) For purposes of the limitation provided by section 63-802, Idaho Code, moneys received pursuant to this subsection as recovery of property tax shall be treated as property tax revenue.

(8) For operating property with values apportioned to more than one (1) county, the personal property exemption shall be subtracted from the Idaho allocated value prior to apportionment and, for private railcar companies, prior to determining whether their values are to be apportioned. Notwithstanding amounts calculated as provided in subsection (1) of this section, the amount of the exemption otherwise provided in subsection (2) of this section shall be calculated as follows:

(a) Take the lesser amount of:

(i) The number of counties in which a company has operating property multiplied by two hundred fifty thousand dollars (\$250,000); or

(ii) The total statewide value of eligible personal property reported by the company.

(b) Reduce the amount calculated in paragraph (a) of this subsection by the value of any nonoperating personal property granted the exemption otherwise found in subsection (2) of this section, as reported by county assessors.

SECTION 13. That Section 63-802, Idaho Code, be, and the same is hereby amended to read as follows:

63-802. LIMITATION ON BUDGET REQUESTS -- LIMITATION ON TAX CHARGES -- EXCEPTIONS. (1) Except as otherwise provided in this section, no taxing district shall certify a budget request for an amount of property tax revenues to finance an annual budget that exceeds the maximum sum permitted under this section:

(a) (i) The highest dollar amount of property taxes certified for its annual budget for any one (1) of the three (3) tax years preceding the current tax year, which amount may be increased by a growth factor of not to exceed three percent (3%) plus the amount of revenue calculated as described in this subsection. The taxing district shall determine what portion of the three percent (3%) increase permitted under this subparagraph that it requires and then calculate a preliminary levy rate based on the percent chosen. In calculating the preliminary levy rate, the most current taxable market value shall be used, except that for taxable market values of centrally assessed operating property, the prior year's valuation may be used instead of the current year's taxable market values. The preliminary levy rate shall be multiplied by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code, and by ninety percent (90%) of the value of annexation during the previous calendar year, as certified by the state tax commission for taxable market values of operating property of public utilities and by the county assessor; except for a fire protection district annexing property prior to July 1, 2021, pursuant to section 31-1429, Idaho Code, the new levy rate shall be multiplied by one hundred percent (100%) of the value of any such property annexed prior to July 1, 2021.

(ii) The total budget increase calculated under this paragraph must not exceed eight percent (8%), except that any increase in the amount of property tax revenue to finance an annual budget added as a result of the termination, deannexation, ~~or~~ plan modification of, or the withdrawal of certain taxing districts from, a revenue allocation area of an urban renewal district pursuant to section 63-301A(3)(g), (j), ~~or (k),~~ (3)(f), (i), (j), or (k), Idaho Code, or section 50-2908(1)(g), Idaho Code, shall not be subject to such limitation.

(iii) Following the first year in which a fire protection district has annexed city property pursuant to section 31-1429, Idaho Code, the city shall subtract an amount equal to the moneys spent on fire protection services during the last full year the city provided fire protection services to its residents from its budget limitation under this section.

(b) If the taxing district has not imposed a levy for three (3) or more years, the highest dollar amount of property taxes certified for its annual budget for the purpose of paragraph (a) (i) of this subsection shall be the dollar amount of property taxes certified for its annual budget during the last year in which a levy was made.

(c) The dollar amount of the actual budget request may be substituted for the amount in paragraph (a) of this subsection if the taxing district is newly created, except as may be provided in paragraph (i) of this subsection.

(d) This section does not apply to school district levies imposed in section 33-802, Idaho Code.

(e) (i) In the case of a nonschool district for which less than the maximum allowable increase in the dollar amount of property taxes

is certified for annual budget purposes in any one (1) year, such a district may, in any following year, recover the forgone increase by certifying, in addition to any increase otherwise allowed, any or all of the increase originally forgone. Provided however, that prior to budgeting any forgone increase, the district must provide notice of its intent to do so, hold a public hearing that may be in conjunction with its annual budget hearing, and certify by resolution the amount of forgone increase to be budgeted and the specific purpose for which the forgone increase is being budgeted. Upon adoption of the resolution, the clerk of the district shall file a copy of the resolution with the county clerk and the state tax commission. Said additional amount shall be included in future calculations for increases as allowed, except as provided in subparagraph (iii) of this paragraph.

(ii) If the forgone increase is budgeted for the purpose of maintenance and operations, the rate of recovering the reserved forgone moneys may increase the taxing district's budget by no more than one percent (1%) per year.

(iii) If the forgone increase is budgeted for a capital project or projects, the rate of recovering the reserved forgone moneys may not exceed three percent (3%) of the taxing district's budget for the year in which the forgone increase is budgeted. Forgone moneys budgeted for a capital project must be deducted from the taxing district's forgone balance in the year in which it is budgeted. Upon completion of such a capital project, the taxing district shall certify such completion to the state tax commission and county clerk. If, upon certification, the state tax commission finds that the taxing district included forgone moneys for a capital project in calculating the increase permitted under paragraph (a) of this subsection, the state tax commission shall direct the taxing district to reduce its property tax budget for any year in which the forgone moneys were used to calculate a budget increase, in an amount equal to the forgone moneys budgeted plus any increases attributed to the forgone moneys improperly included in the taxing district's property tax budget. For the purpose of this paragraph, a capital project includes:

1. The construction, expansion, renovation, or replacement of public facilities, including the acquisition of land and other site improvements;
2. The construction, expansion, or reconstruction of public works improvements, including roads, bridges, water systems, sewer systems, and broadband systems; and
3. The purchase of equipment with a useful life of ten (10) years or more.

(f) If a taxing district elects to budget less than the maximum allowable increase in the dollar amount of property taxes, the taxing district may reserve the right to recover all or any portion of that year's forgone increase in a subsequent year by adoption of a resolution specifying the dollar amount of property taxes being reserved. Otherwise, that year's forgone increase may not be recovered under paragraph (e) of

1 this subsection. The district must provide notice of its intent to do so
2 and hold a public hearing that may be in conjunction with its annual bud-
3 get hearing, if applicable. The resolution to reserve the right to re-
4 cover the forgone increase for that year shall be adopted at the annual
5 budget hearing of the taxing district if the district has a budget hear-
6 ing requirement.

7 (g) In the case of cities, if the immediately preceding year's levy sub-
8 ject to the limitation provided by this section is less than 0.004, the
9 city may increase its budget by an amount not to exceed the difference
10 between 0.004 and the actual prior year's levy multiplied by the prior
11 year's market value for assessment purposes. The additional amount
12 must be approved by sixty percent (60%) of the voters voting on the ques-
13 tion at an election called for that purpose and held on the date in May or
14 November provided by law and may be included in the annual budget of the
15 city for purposes of this section.

16 (h) A taxing district may submit to the electors within the district
17 the question of whether the budget from property tax revenues may be
18 increased beyond the amount authorized in this section, but not beyond
19 the levy authorized by statute. The additional amount must be approved
20 by sixty-six and two-thirds percent (66 2/3%) or more of the voters
21 voting on the question at an election called for that purpose and held
22 on the May or November dates provided by section 34-106, Idaho Code.
23 If approved by the required minimum sixty-six and two-thirds percent
24 (66 2/3%) of the voters voting at the election, the new budget amount
25 shall be the base budget for the purposes of this section.

26 (i) When a nonschool district consolidates with another nonschool
27 district or dissolves and a new district performing similar governmen-
28 tal functions as the dissolved district forms with the same boundaries
29 within three (3) years, the maximum amount of a budget of the district
30 from property tax revenues shall not be greater than the sum of the
31 amounts that would have been authorized by this section for the district
32 itself or for the districts that were consolidated or dissolved and in-
33 corporated into a new district.

34 (j) This section does not apply to cooperative service agency levies
35 imposed in sections 33-317 and 33-317A, Idaho Code.

36 (k) The amount of money received in the twelve (12) months immediately
37 preceding June 30 of the current tax year as a result of distributions of
38 the tax provided in section 63-3502B(2), Idaho Code.

39 (2) In the case of fire districts, during the year immediately follow-
40 ing the election of a public utility or public utilities to consent to be pro-
41 vided fire protection pursuant to section 31-1425, Idaho Code, the maximum
42 amount of property tax revenues permitted in subsection (1) of this section
43 may be increased by an amount equal to the current year's taxable value of the
44 consenting public utility or public utilities multiplied by that portion of
45 the prior year's levy subject to the limitation provided by subsection (1) of
46 this section.

47 (3) No board of county commissioners shall set a levy, nor shall the
48 state tax commission approve a levy for annual budget purposes, which ex-
49 ceeds the limitation imposed in subsection (1) of this section unless au-
50 thority to exceed such limitation has been approved by a majority of the tax-

1 ing district's electors voting on the question at an election called for that
2 purpose and held pursuant to section 34-106, Idaho Code, provided however,
3 that such voter approval shall be for a period of not to exceed two (2) years.

4 (4) The amount of property tax revenues to finance an annual budget does
5 not include revenues from nonproperty tax sources and does not include rev-
6 enue from levies for the payment of judicially confirmed obligations pur-
7 suant to sections 63-1315 and 63-1316, Idaho Code, and revenue from levies
8 that are voter-approved for bonds, override levies or supplemental levies,
9 plant facilities reserve fund levies, school emergency fund levies, or for
10 levies applicable to newly annexed property or for levies applicable to new
11 construction as evidenced by the value of property subject to the occupancy
12 tax pursuant to section 63-317, Idaho Code, for the preceding tax year. The
13 amount of property tax revenues to finance an annual budget does not include
14 any property taxes that were collected and refunded on property that is ex-
15 empt from taxation, pursuant to section 63-1305C, Idaho Code.

16 (5) The amount of property tax revenues to finance an annual budget
17 shall include moneys received as recovery of property tax for a revoked pro-
18 visional property tax exemption under section 63-1305C, Idaho Code.

19 (6) For tax year 2023, before calculating the amount required in sub-
20 section (1)(a)(i) of this section, the board of county commissioners shall
21 reduce the approved property tax levy portion of its budget for the immedi-
22 ate prior three (3) years in an amount equal to the amount levied for indigent
23 public defense. The reduced budget amount shall be the base budget for the
24 purpose of subsection (1)(a)(i) of this section.

25 SECTION 14. An emergency existing therefor, which emergency is hereby
26 declared to exist, this act shall be in full force and effect on and after its
27 passage and approval, and retroactively to January 1, 2025.