

BOISE CITY—IDAHO CODE: CITY BUDGET & FINANCIAL LAW

The following are selected provisions of the Idaho Code related to the requirements for municipal budgeting. Paragraphs in italics are simplified interpretations provided by the Boise City Budget Office.

I. FISCAL YEAR

50-1001 - Fiscal Year. The fiscal year of each city shall commence on the first day of October.

All Idaho cities follow the same fiscal year, beginning October 1 and ending September 30. The State fiscal year begins on July 1 and ends June 30.

II. BUDGETING

50-1002 - Annual Budget. The City Council of each city shall, prior to passing the annual appropriation ordinance, prepare a budget, estimating the probable amount of money necessary for all purposes for which an appropriation is to be made, including interest and principal due on the bonded debt and sinking fund, itemizing and classifying the proposed expenditures by department, fund or service, as nearly as may be practicable, and specifying any fund balances accumulated under section 50-1005A, Idaho Code. To support such proposed expenditure, the Council shall prepare an estimate of the total revenue anticipated during the ensuing fiscal year and for which a budget is being prepared, classifying such receipts by source as nearly as may be possible and practicable, said estimate to include any surplus as not subject to the provisions of sections 50-1004 and 50-1005A, Idaho Code, nor shall said estimated revenue include funds accumulated under section 50-236, Idaho Code. The proposed budget for the ensuing fiscal year shall list expenditures and revenues during each of the two (2) previous fiscal years by fund and/or department. Following tentative approval of the revenues and expenditures estimated by the Council, the same shall be entered at length in the journal of the proceedings. Prior to certifying to the County Commissioners, a notice of time and place of public hearing on the budget, which notice shall include the proposed expenditure and revenues by fund and/or department including the two (2) previous fiscal years, and a statement of the estimated revenue from property taxes and the total amount from sources other than property taxes of the city for the ensuing year, shall be published twice at least seven (7) days apart in the official newspaper. At said hearing any interested person may appear and show cause, if he has any, why such proposed budget should or should not be adopted.

The State Code requires cities to prepare budgets comprised of written expenditure and revenue 'estimates' (to include prior year actual amount, e.g. FY 2003, current year adopted amounts, e.g. FY 2004 and proposed budget amounts, e.g. FY 2005 and to make them available to the public. A public hearing on the proposed budget must be held, with adequate notice in the newspaper, prior to adoption of the final budget. Boise uses a two-year budget format, a six-year financial plan and a six-year Capital Improvement Plan. To comply with State Code, the City adopts each year of the two-year budget as a separate annual budget. However, budget preparation is completed once every two-years for the biennium.

50-1003 - Annual Appropriations Bill. – Amending Appropriation Ordinance - Special Appropriation Upon Petition or Election. The City Council of each city shall, prior to the commencement of each fiscal year, pass an ordinance to be termed the annual appropriation ordinance, which in no event shall be greater than the amount of the proposed budget, in which the

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corporate authorities may appropriate such sum or sums of money as may be deemed necessary to defray all necessary expenses and liabilities of such corporation, not exceeding in the aggregate the amount of tax authorized to be levied during that year in addition to all other anticipated revenues. Provided, the amount appropriated from property tax revenues shall not exceed the amount of property tax revenue advertised pursuant to section 50-1002, Idaho Code.

Such ordinance shall specify the object and purposes for which such appropriations are made and the amount appropriated for each object or purpose. Said ordinance shall be filed with the Office of the Secretary of State.

The City Council of any city may, by the same procedure as used in adopting the original appropriation ordinance at any time during the current fiscal year, amend the appropriation ordinance to a greater amount than that adopted, if after the adoption of the appropriation ordinance, additional revenue will accrue to the city during the current fiscal year as a result of increase in state or federal grants or allocations, or as a result of an increase in an enterprise fund or facilities and services which are entirely or predominantly self-supporting by user charges. A city whose property tax certification is made for the current fiscal year may amend its budget and appropriation ordinance, pursuant to the notice and hearing requirements of section 50-1002, Idaho Code, prior to certification to the county commissioners.

No further appropriation, except as herein provided, shall be made at any other time within such a fiscal year unless the proposition to make each appropriation has been first sanctioned by a majority of the legal voters of such city, either by petition signed by them equal in number to a majority of the number who voted at the last general city election, or approved at a special election duly called therefore, and all appropriations shall end with the fiscal year for which they are made.

The City must adopt the budget by ordinance of the City Council. The adopted budget may not exceed, in total amount, the amount published in the notice of public hearing for the annual budget. Boise adopts "contingent appropriations" which are unfunded budget amounts in order to provide for "rebudgeted" project budgets which are carried forward from the prior year. The contingent appropriations also provide the budgetary authority to implement unanticipated grants, donations and unforeseen projects or services. In all cases, the City Council must approve and activate any uses of the contingent appropriations.

The City may amend the budget if it projects that greater amounts of revenue may be obtained than estimated in the original budget. The process to amend is similar to that for developing and adopting the original budget.

Since FY 97, Boise City certifies' property taxes for the 'ensuing' fiscal year (beginning the next October 1st).

63-802 – Limitation on Budget Requests – Limitation on Tax Charges – Exceptions.

- (1) Except as provided in subsection (2) of this section for tax year 1995, and each year thereafter, no taxing district shall certify a budget request for an amount of property tax revenues to finance an annual budget that exceeds the greater of:
 - (a) The 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, whichever is greater, which amount may be increased by a growth factor of not to exceed three percent (3%) plus the amount

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of revenue that would have been generated by applying the levy of the previous year, not including any levy described in subsection (3) of this section, to any increase in market value subject to taxation resulting from new construction or change of land use classification as evidenced by the value shown on the new construction roll compiled pursuant to section 63-301A, Idaho Code; and by the value of annexation during the previous calendar year, as certified by the State Tax Commission for market values of operating property of public utilities and by the County Assessor; or

- (b) The dollar amount of property taxes certified for its annual budget during the last year in which a levy was made; or
 - (c) The dollar amount of the actual budget request, if the taxing district is newly created; or
 - (d) In the case of school districts, the restriction imposed in section 33-820, Idaho Code; or
 - (e) In the case of a non-school district for which less than the maximum allowable increase in the dollar amount of property taxes is certified any following year, recover the foregone increase by certifying, in addition to any increase otherwise allowed, an amount not to exceed one hundred percent (100%) of the increase originally foregone. Said additional amount shall be included in future calculations for increases as allowed; or
 - (f) In the case of cities, if immediately preceding year's levy subject to the limitation provided by this section, is less than 0.0004, the city may increase its budget by an amount not to exceed the difference between 0.004 and the actual prior year's levy multiplied by the prior year's market value for assessment purposes. The additional amount must be approved by sixty percent (60%) of the voters voting on the question at an election called for that purpose and held on the date in May or November, provided by law, and may be included in the annual budget of the city for purposes of this section; or
 - (g) A library district may submit to the electors within the district the question of whether the budget from property tax revenues may be increased beyond the amount authorized in this section, but not beyond the levy authorized in section 33-2724, Idaho Code. The additional amount must be approved by sixty-six and two-thirds percent (66 2/3%) or more of the voters voting on the question at an election called for that purpose and held on May or November dates provided by section 34-106, Idaho Code. If approved by the required minimum sixty-six and two thirds percent (66 2/3%) of the voters at the election, the new budget amount shall be the base budget for the purposes of this section; or
 - (h) In the instance or case of cooperative service agencies, the restrictions imposed in sections 33-315 through 33-318, Idaho Code.
- (2) No Board of County Commissioners shall set a levy, nor shall the State Tax Commission approve a levy for annual budget purposes which exceeds the limitation imposed in subsection (1) of this section, unless authority to exceed such limitation has been approved by a majority of the taxing district's electors voting on the question at an election called for that purpose and held pursuant to section 34-106, Idaho Code, provided however, that such voter approval shall be for a period of not to exceed two (2) years.
- (3) The amount of property tax revenues to finance an annual budget does not include revenues from non-property tax sources, and does not include revenue from levies that are voter approved for bonds, override levies or supplemental levies, plant facilities reserve fund levies or for levies applicable to newly annexed property or for levies applicable to new construction as evidenced by the value of property subject to the occupancy tax pursuant to section 63-317, Idaho Code for the preceding tax year.

This Code section describes the formula limitations for property tax levies by cities and other taxing districts. It limits property tax increases by cities and many other taxing districts to no

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more than 103% of the prior year total levy plus an growth amount related to new construction and annexation. The growth amount is calculated based upon the "new construction roll" prepared by the County Assessor and upon the valuation of annexations during the prior year.

63-802A – Notice of Budget Hearing – Not later than April 30 of each year, each taxing district shall set and notify the County Clerk of the date and location set for the budget hearing of the district. If no budget hearing will be held, the County Clerk will be so notified.

63-803 – Certification of Budgets in Dollars.

- (1) Whenever any taxing district is required by law to certify to any county treasurer, county auditor, county assessor, county commissioners or to any other county officer, any property tax levy, upon property located within said district, such certification shall, notwithstanding any other provision of the law applicable to any such district, be made at the time and in the manner hereinafter provided.
- (2) The County Auditor shall inform each of the taxing districts within his county of the taxable value of that district as soon as such value is known to the auditor, whether the value comes from the appraisal and assessment of real and personal property, or from allocation of the taxable value of operating property, or from other sources.
- (3) Using the taxable value of the district, the council, trustees, board or other governing body of any taxing district shall certify the total amount required from a property tax upon property within the district to raise the amount of money fixed by their budget as previously prepared or approved. The amount of money so determined shall be certified in dollars to the appropriate county commissioners. Any taxing unit, except regional airport authorities, located in more than one (1) county shall divide its dollar budget for certification to the separate counties by multiplying the amount of such budget by a fraction, the numerator of which shall be the total taxable value of all property in such taxing unit within the county to which such certification is to be made, and the denominator of which shall be the total taxable value of property in such taxing unit in all such counties. Budget certification to the participating counties of regional airport authorities shall be made in the manner prescribed in section 21-807(10), Idaho Code. Taxable value shall be certified by the county auditor of each affected county to such taxing unit and such certification shall be used in this formula. Except as provided in section 33-805, Idaho Code, relating to school emergency fund levies, the certification to the county commissioners required in this section shall be made not later than the Thursday prior to the second Monday in September, unless, upon application therefore, the county commissioners grant an extension of not more than seven (7) working days. After receipt of this certification, the county commissioners shall make a tax levy as a percent of taxable value of all property in the taxing district, which when applied to the tax rolls, will meet the budget requirements certified by such taxing districts.
- (4) For the purpose of this section, 'taxable value' shall mean the portion of the equalized assessed value, less any exemptions and the value that exceeds the value of the base assessment roll for the portion of any taxing district within a revenue allocation area of an urban renewal district, located within each taxing district which certifies a budget to be raised from a property tax levy. For each taxing district, taxable value shall include the value from the property and operating property rolls for the current year and subsequent and missed property rolls for the prior year or the best estimate of the subsequent and missed property rolls for the current year.

The County certifies taxable values to the taxing districts (including cities) to assist in preparing budgets. Taxing districts must then certify budget requests in total dollar amounts to the County.

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The County calculates tax rates based upon the values and the certified budgets.

63-804 – Filing Copy of Budget. The Council, Trustees, Board or other governing body of any taxing district, defined by sections 63-621, Idaho Code, shall at the time of certifying the total amount required from a property tax upon property within the district to raise the amount of money fixed by their budget as previously prepared or approved and as provided for in section 63-803 Idaho Code, file with the appropriate board of county commissioners a certified copy of their budget as previously prepared, approved and adopted.

The Council is required to file a copy of their approved and adopted budget with the County. The required budget submission takes the form of a standard schedule that is certified by the Mayor.

III. PROPERTY TAXES

50-1007 - Certification and Collection of City Taxes. The council of each city not later than the second Monday in September, as provided in section 63-803(3) Idaho Code, shall certify to the county commissioners, the total amount required from a property tax upon property within the city to raise the amount of money fixed by their budget as previously approved which shall include all special taxes assessed as provided by law. The amount which may be certified, assessed and collected shall not exceed the maximum levy provided by section 50-235 Idaho Code, to defray its general expenses for either the ensuing fiscal year, together with special taxes authorized under the provisions of this act, and such tax as may be authorized by law to be levied for the payment of outstanding bonds and debts.

The State Code provides a way for cities to certify and collect property tax within the city limits. The property tax certification may not exceed the amount identified in the public hearing notice for the annual budget.

63-301A – New Construction Roll.

- (1) The county assessor shall prepare a new construction roll, which shall be in addition to the property roll, which new construction roll shall show
 - (a) The name of the taxpayer;
 - (b) The description of the new construction, suitably detailed to meet the requirements of the individual county;
 - (c) A description of the land and its change in use, suitably detailed to meet the needs of the individual county;
 - (d) The amount of taxable market value added to the property on the current year's property roll that is directly the result of new construction or a change in use of the land or both.
- (2) As soon as possible, but in any event by no later than the first Monday in June, the new construction roll shall be certified to the county auditor and a listing showing the amount of value on the new construction roll in each taxing district or unit be forwarded to the state tax commission.
- (3) The value shown on the new construction roll may include the value increase from
 - (a) Construction of any new structure that previously did not exist; or
 - (b) Additions or alterations to existing nonresidential structures; or
 - (c) Installation of new or used manufactured housing that did not previously exist within the county; or
 - (d) Change of land use classification; or

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- (e) Property newly taxable as a result of loss of the exemption provided by section 63-602W, Idaho Code.
- (4) The amount of taxable market value of new construction shall be the change in net taxable market value that is attributable directly to new construction or a change in use of the land or loss of the exemption provided by section 63-602W(3), 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.

The new construction roll was established in 1996 to serve as a basis of calculation of the growth formula in the property tax limitation law (63-802). The County Assessor creates the roll by identifying qualifying additions to values in the prior year assessment process.

63-310 - Completion and Delivery of Assessment Roll. The assessor must certify the completion of the property roll on or before the fourth Monday of June in each year, and must, on or before that date, deliver the completed property roll, together with all claims for exemptions from assessment or taxation to the Clerk of the Board. The property roll and claims for exemptions must remain in the Office of the Clerk until the second Monday of July for the inspection of all persons interested.

63-509 – Delivery of Rolls to the County Auditor – Abstracts of Rolls.

- (1) On or before the second Monday of July the board of equalization must deliver the property rolls, with all changes, corrections and additions and exemptions from taxation entered therein, to the county auditor. It shall be the duty of the county auditor to cause to be prepared the roll for delivery to the county tax collector on or before the first Monday of November. It shall be the duty of the county auditor to cause to be prepared a total of the amount and value of each category of property and prepare an abstract of all property entered upon the roll in the manner and form required by the State Tax Commission. Such forms must show, but need not be limited to, the market value for assessment purposes of all property by categories, and the exemption from taxation allowed by categories. Any abstracts needed by and prepared for the State Tax Commission must be delivered by certified mail to the State Tax Commission by the fourth Monday in July. The value of exemptions will be shown and identified for exemptions granted pursuant to chapters 20 and 29, title 50, Idaho Code, for the value in excess of the equalized assessment valuation as shown on the base assessment roll in any revenue allocation area, and sections 63-302K, 63-602P, 63-602AA, 63-602X, 63-603BB and 603-602CC, Idaho Code, as well as the net taxable value for each of the categories. The abstracts shall be prepared and duly verified and must show a correct classification of all the property in accordance with the classification of such property upon the property roll, and all matters and things required to be shown upon the abstracts must be entered.
- (2) The subsequent property roll shall be delivered to the county auditor as soon as possible after the first Monday in December. The county auditor shall deliver the subsequent property roll to the county tax collector without delay.
- (3) The missed property roll shall be delivered to the County Auditor as soon as possible, but no later than the first Monday in March of the succeeding year. The County Auditor shall deliver the missed property roll to the County Tax Collector without delay.
- (4) The County Auditor must cause to be prepared abstracts of the combined subsequent and missed property rolls as prescribed in subsection (1) and submit the abstracts by certified mail to the State Tax Commission on or before the first Monday in March of the succeeding year.

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Projection of property tax limits is a crucial function in Boise City budgeting because of the significance of property tax in the General Fund revenue portfolio. The County produces valuation data upon which the projections are made.

63-1312 – Municipal Property Taxes – Notification of Valuation.

- (1) Prior to the fourth Monday of March, of the current year, the County Auditor must notify every taxing district or authority and the State Board of Education of the total taxable valuation of all taxable property situated within such districts for the preceding calendar year for the purpose of assisting such governing authorities in their determination of the tax rates to be levied for the current year and other informational purposes.
- (2) Prior to the first Monday in August, the Auditor of each county in the state shall notify the State Tax Commission and the clerk of each taxing unit in his county of the taxable valuation of all taxable property situated within that taxing district from the property roll for the current year, from the operating property roll for the previous year, from the prior year's actual or current year's estimated subsequent property roll and missed property roll, and the amount of value subject to occupancy tax notwithstanding exemptions authorized in Chapter 6, Title 63, Idaho Code, for the previous year.
- (3) The Auditor shall furnish the valuation from the current operating property roll upon receipt from the State Tax Commission.

63-3029B. INCOME TAX CREDIT FOR CAPITAL INVESTMENT.

- (1) At the election of the taxpayer there shall be allowed, subject to the applicable limitations provided herein as a credit against the income tax imposed by chapter 30, title 63, Idaho Code, an amount equal to the sum of:
 - (a) The tax credit carryovers; and
 - (b) The tax credit for the taxable year.
- (2) The maximum allowable amount of the credit for the current taxable year shall be three percent (3%) of the amount of qualified investments made during the taxable year.
- (3) As used in this section "qualified investment" means certain depreciable property which:
 - (a) (i) Is eligible for the federal investment tax credit, as defined in sections 46(c) and 48 of the Internal Revenue Code subject to the limitations provided for certain regulated companies in section 46(f) of the Internal Revenue Code and is not a motor vehicle under eight thousand (8,000) pounds gross weight; or
 - (ii) Is qualified broadband equipment as defined in section 63-3029I, Idaho Code; and
 - (b) Is acquired, constructed, reconstructed, erected or placed into service after December 31, 1981; and
 - (c) Has a situs in Idaho.
- (4) (a) For qualified investments placed in service in taxable years beginning in 2003 and thereafter, the taxpayer may elect, in lieu of the credit provided by this section, a two (2) year exemption from all taxes on personal property on the qualified investment. The exemption from personal property tax shall apply to the year the election is filed as provided in this section and the immediately following year. The election provided by this paragraph is available only to a taxpayer whose Idaho taxable income in the second preceding taxable year in which the investment is placed in service is negative.
 - (b) The election shall be made in the form prescribed by the state tax commission and shall include a specific description and location of all qualified investments placed into service and located in the jurisdiction of the assessing authority, a designation of the specific assets for which the exemption is claimed, and such other information as the state tax commission may

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require. The election must be made by including the election form with the listing of personal property required by section 63-302, Idaho Code, or, in the case of operating property assessed under chapter 4, title 63, Idaho Code, with the operator's statement required by section 63-404, Idaho Code, for the calendar year immediately following the taxable year in which the property was placed in service. Once made the election is irrevocable. If no election is made, the election is not otherwise available. A copy of the election form must also be attached to the original income tax return due for the taxable year in which the claim was made.

- (c) The state tax commission and the various county assessors are authorized to exchange information as necessary to properly coordinate the exemption provided in this subsection.
- (d) In the event that an investment in regard to which the election under this section was made is determined by the state tax commission to not be a qualified investment or ceases to qualify during the recapture period, the taxpayer shall be subject to a penalty equal to the amount of the claimed investment times the average urban property tax levy of the state as determined by the state tax commission times two (2).
- (5) Notwithstanding the provisions of subsections (1) and (2) of this section, the amount of the credit allowed shall not exceed fifty percent (50%) of the tax liability of the taxpayer. The tax liability of the taxpayer shall be the tax after deducting the credit allowed by section 63-3029, Idaho Code.
- (6) If the sum of credit carryovers from the credit allowed by subsection (2) of this section and the amount of credit for the taxable year from the credit allowed by subsection (2) of this section exceed the limitation imposed by subsection (5) of this section for the current taxable year, the excess attributable to the current taxable year's credit shall be an investment credit carryover to the fourteen (14) succeeding taxable years. In the case of a group of corporations filing a combined report under section 63-3027, Idaho Code, or sections 63-3027B through 63-3027E, Idaho Code, credit earned by one (1) member of the group but not used by that member may be used by another member of the group, subject to the provisions of subsection (5) of this section, instead of carried over. The entire amount of unused credit shall be carried forward to the earliest of the succeeding years, wherein the oldest available unused credit shall be used first, so long as the qualified investment property for which the unused credit was granted still maintains Idaho situs. For a combined group of corporations, credit carried forward may be claimed by any member of the group unless the member who earned the credit is no longer included in the combined group.
- (7) Any recapture of the credit allowed by subsection (2) of this section on property disposed of or ceasing to qualify, prior to the close of the recapture period, shall be determined according to the applicable recapture provisions of the Internal Revenue Code. In the case of a unitary group of corporations, the increase in tax due to the recapture of investment tax credit must be reported by the member of the group who earned the credit regardless of which member claimed the credit against tax.
- (8) For the purpose of determining whether property placed in service is a "qualified investment" as defined in subsection (3) of this section, the provisions of section 49 of the Internal Revenue Code shall be disregarded.
- (9) For purposes of this section, property has a situs in Idaho during a taxable year if it is used in Idaho at any time during the taxable year. Property not used in Idaho during a taxable year does not have a situs in Idaho in the taxable year during which the property is not used in Idaho or in any subsequent taxable year. No credit or carryover of credit is permitted under this section if the credit or carryover relates to property that does not have a situs in Idaho during the taxable year for which the credit or carryover is claimed. The Idaho situs of property must be established by records maintained by the taxpayer which are created reasonably contemporaneously with the

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use of the property.

- (10) In the case of property used both in and outside Idaho, the taxpayer, electing to claim the credit provided in this section, must elect to compute the qualified investment in property with a situs in Idaho for all such investments first qualifying during that year in one (1), but only one (1), of the following ways:
- (a) The amount of each qualified investment in a specific asset shall be separately computed based on the percentage of the actual use of the property in Idaho by using a measure of the use, such as total miles or total machine hours, that most accurately reflects the beneficial use during the taxable year in which it is first acquired, constructed, reconstructed, erected or placed into service; provided, that the asset is placed in service more than ninety (90) days before the end of the taxable year. In the case of assets acquired, constructed, reconstructed, erected or placed into service within ninety (90) days prior to the end of the taxable year in which the investment first qualifies, the measure of the use of that asset within Idaho for that year shall be based upon the percentage of use in Idaho during the first ninety (90) days of use of the asset;
 - (b) The investment in qualified property used both inside and outside Idaho during the taxable year in which it is first acquired, constructed, reconstructed, erected or placed into service shall be multiplied by the percent of the investment that would be included in the numerator of the Idaho property factor determined pursuant to section 63-3027, Idaho Code, for the same year.
- (11) Only for the purposes of subsections (3)(a) and (8) of this section, references to sections of the "Internal Revenue Code" mean the sections referred to as they existed in the Internal Revenue Code of 1986 prior to November 5, 1990.

Passed in 2003, this law allows companies eligible for income tax credits on qualified personal property investments to receive an exemption of personal property taxes for the qualified investment in lieu of receiving the income tax credit. The result will be a shift of property tax liability equal to the amount of the exemption to other property taxpayers. Depending on the magnitude of the income tax credits, the impact on individual property tax owners should be diminutive. Boise City should not see a decrease in revenues because other property taxpayers will absorb the property tax liability.

IV. DEBT

50-1019 - Purposes for Which Bonds May Be Issued – Limitation on Amount. *Every city incorporated under the laws of the territory of Idaho or of (e state of Idaho shall have power and authority to issue city coupon bonds not to exceed in aggregate at any time, ten percent (10%) of the assessed full cash valuation (two percent (2%) of the market value for assessment purposes) of the real and personal property in said city, according to the assessment of the preceding year, for any or all of the purposes specified (in subsections 1 through 10 of this section) as follows:*

- (1) *To provide for construction, laying out, grading, curbing, draining, sidewalking or otherwise improving streets within or contiguous to, or within one (1) mile of the exterior limits of such city.*
- (2) *To provide for the funding, refunding, purchase and redemption of the outstanding indebtedness, bonds may be issued under this section for such purposes, without submission of the question of issuance of such bonds to the electors of the city, when same can be done to the profit and benefit of such city without incurring any additional liability.*

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- (3) *To provide for the establishment of hospitals and cemeteries, either within or without the corporate limits of such city.*
- (4) *To provide for the purchase, improvement and equipment of lands and buildings thereon, for public parks, monuments, recreation facilities and zoos, either within or without the corporate limits of such city.*
- (5) To provide for the purchase, erection, construction and furnishing of city public libraries.
- (6) To provide for the establishment of a fire department by the purchase of building sites, buildings and suitable equipment and apparatus necessary to provide fire protection.
- (7) To provide for the purchase, acquisition, improvement and equipment of aviation facilities either wholly or partly within or without the corporate limits of such city, or wholly or partly within or without the state of Idaho.
- (8) To provide for flood control by acquisition and purchase of right-of-way and to establish, alter, enlarge, improve, reconstruct and change the channels of watercourses or any stream, river or body of water within or without the corporate limits of the city.
- (9) To provide for the acquisition, construction, remodeling, improvement or otherwise, of buildings for public use, together with all necessary appurtenant facilities and equipment, including all necessary land for building sites, either within or without the corporate limits of such city.
- (10) To provide for the purchase, acquisition, erection and construction of off-street parking sites, structures, buildings, facilities and appurtenances.
- (11) To provide for the purchase, acquisition, improvement and equipment of transit systems.

All bonds of any municipality which were issued, sold and delivered to the purchasers thereof prior to April 12, 1967, for the purpose of providing for the building, laying, construction, equipment, extension, enlargement, alteration, improvement or maintenance of storm sewers or sanitary sewerage systems, shall be excluded when determining the aggregate amount of bonds of any city issued hereunder which are outstanding for the purpose of computing the debt limitation provided for in the first paragraph of this section.

The State Code limits debt to two percent of net market value. (The Bond Council suggests that for conservative purposes the net market value be used for assessment). Sections 1 through 10 specify the types of activities cities may issue debt for.

Section 11 was added as an additional appropriate use but the first paragraph of the section was not revised.

Idaho State Constitution, Article 8, Section 3: Limitations on County and Municipal Indebtedness. No county, city, board of education or school district, or other subdivision of the state, shall incur any indebtedness, or liability, in any manner, or for any purpose, exceeding in that year, the income and revenue provided for it for such a year, without the assent of two thirds of the qualified electors thereof voting at an election to be held for that purpose, nor unless, before or at the time of incurring such indebtedness, provisions shall be made for the collection of an annual tax sufficient to pay the interest on such an indebtedness as it falls due, and also to constitute a sinking fund for the payment of the principal within thirty years from the time of contracting the same. Any indebtedness or liability incurred contrary to this provision shall be void: Provided that this section shall not be construed to apply to the ordinary and necessary expenses authorized by the general laws of the state and provided further that any city may own, purchase, construct, extend or equip, within and without the corporate limits of such city, off-street parking facilities, and, for the purpose of paying the cost thereof may, without regard to any limitation herein imposed, with the assent of two-thirds of the qualified electors voting at an election to be held for that purpose, issue revenue

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bonds therefore, the principal and interest of which to be paid solely from revenue derived from rates and charges for the use of, and the service rendered by, such facilities as may be prescribed by law, and provided further, that any city or other political subdivision of the state may own, purchase, construct, extend or equip within and without the corporate limits of such city or political subdivision, water system, sewage collection systems, water treatment plants, sewage treatment plants, and may rehabilitate existing electrical generating facilities, and for the purpose of paying the cost thereof, may, without regard to any limitation herein imposed, with the assent of a majority of the qualified electors voting at an election to be held for that purpose, issue bonds therefore, the principal and interest of which to be paid solely from revenue derived from rates and charges for the use of, and the service rendered by such systems, plants and facilities, as may be prescribed by law.

Cities may incur debt with the approval of a two-thirds vote of the people, except for 1) debt related to expenses which are "ordinary and necessary" in the course of city business or 2) debt related to specified construction or rehabilitation that will be supported by revenues from the facility's use. The "ordinary and necessary" exclusion, combined with validation by a court, is the provision under which lease purchase and other similar debt are issued.

V. FUND BALANCES

50-1005A - Accumulation of Fund Balances. Cities may accumulate fund balances at the end of a fiscal year and carry over such fund balances into the ensuing fiscal year sufficient to achieve or maintain city operations on a cash basis. A fund balance is the excess of assets of a fund over its liabilities and reserves.

Cities may build up a fund balance of savings from prior years to cover emergency needs or for other prudent reasons. Boise's modest fund balance helps reduce the costs to borrow funds to cover cash flow needs until the property taxes are received. Without a fund balance, the costs to provide needed cash flow would be increased.

VI. FEES FOR SERVICES

63-1311 – Fees for Services.

- (1) Notwithstanding any other provision of law, the governing board of any taxing district may impose and cause to be collected fees for those services provided by that district which would otherwise be funded by property tax revenues. The fees collected pursuant to this section shall be reasonably related to, but shall not exceed, the actual cost of the service being rendered.
- (2) No charge, other than property taxes shall be included on a tax notice unless the taxing district placing such a charge has received approval by the Board of County Commissioners to place such a charge on the tax notice and meets the criteria set forth in section 63-902, Idaho Code.

63-1311A – Advertisement of and Hearing on Fee Increases – No taxing district may make a decision approving a fee increase that exceeds one hundred five per cent (105%) of the amount of the fee last collected or a decision imposing a new fee, unless it first holds a hearing upon such proposed fee increase or fee imposition at a regular or special meeting of the district's governing body and after it gives public notice of such hearing in the manner provided in this section. Any taxing district that is required to hold a hearing and give public notice of the hearing as provided in this section, and which fails to do so, shall have the validity of all or a portion of the fee increase that it collects be voidable. The taxing district shall give public notice of its intent to make a decision on a

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proposed fee increase, that exceeds one hundred five percent (105%) of the amount of fees last collected prior to such decision, or decision to impose a new fee by giving public notice either by advertising in at least one (1) newspaper as defined in section 60-106, Idaho Code, or by holding three (3) public meetings in three (3) different locations in the district or by a single mailing notice to all district residents, providing that the same information is given and providing the meeting shall be held not less than seven (7) days after the mailing of the notice. An advertisement used to satisfy the requirements of this section shall be run once each week for the two (2) weeks preceding the week during which the hearing required by this section will be held. The advertisement shall state that the taxing district will meet on a certain day, time and place fixed in the advertisement, for the purpose of hearing public comments regarding any proposed fee increases beyond the limits prescribed by this section, or imposition of a new fee and to explain the reasons for such action.

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