

Maximum Levy Rates for Maintenance and Operations

Please Be Advised: *Property tax law tends to change from year to year. The following explanation is intended to give a broad overview of the law, not to acquaint you fully with the intricacies of the statutes. Whenever working with property taxes, it is important for the working group to consult current statutes and to seek help from local or state tax officials. The Idaho Commission for Libraries does not provide tax advice or legal advice.*

The maximum property levy that can be set for a library district's **maintenance and operations** is established by state law. [See Idaho Code section [33-2724](#).] All library districts have a **maximum levy rate** of .0006 (six hundredths of a percent or 0.06%) of the market value for assessment purposes. During the first three years of levying for maintenance and operations, the district may also levy an additional .0002 (two hundredths of a percent or 0.02%) of the market value for assessment purposes, if it operates during its first year of operation using a **tax anticipation loan**. [See I.C. § [33-2724](#) and The Planning Phase for more details about tax anticipation loans.] In addition to this tax, a district may also make special levies. All taxing districts are allowed to levy an amount necessary to pay for a **comprehensive liability plan** [See I.C. § [6-927](#).] Library districts may also make special voter-approved levies for **bonds** [I.C. § [33-2728](#)] and for **plant facilities** [I.C. § [33-2729](#)].

In addition to the levy limit established for the library district's maintenance and operation, the legislature frequently establishes annual caps on levies or budgets for taxing districts. Idaho's legislature has established a **3% cap on annual increases** in the budget amounts for maintenance and operation and comprehensive liability insurance that could be raised by property taxes [I.C. § [63-802](#)]. Additional increases may be allowed based on **new construction** within the district and amounts that could have been levied in previous years but which the district did not levy. (These are called "**forgone increases**" in the law. These restrictions on additional taxation will be in force after the district's initial levy has been certified. *In other words, after your district's first annual levy is in effect, this statutory budget cap will restrict increases.* Your county clerk or assessor can tell you the additional amount available above the 3%, if any, for new construction and forgone increases. Levies for bond payments and plant facilities funds were exempted from the property tax budget cap.

The 3% cap may be **increased for two years by a majority vote of the district’s voters**. The property tax budget base can be **raised permanently by a vote of 66 2/3% or more** made at either a May or November election [I.C. § [63-802\(g\)](#)].

How does this cap affect districting projects? It affects the maximum amount that can be raised by means of the new or expanded district’s property tax budget. Here is how to figure the maximum amount that can be levied.

A newly created district can set its first levy for up to the maximum of .0006 (or .0008 if it will be requesting a tax anticipation loan for first-year operations). A special levy may also be collected for comprehensive liability insurance premiums [I.C. § [6-927](#)].

If a district annexes property during one calendar year, an amount can be added to the allowed property tax budget for the fiscal year following the year that the annexation is added to the tax rolls. Elections may be held on the third Tuesday in May and on the Tuesday following the first Monday in November of each year [I.C. § [34-106](#)]. The following chart shows when funding will become available:

ELECTION IN	ADDED TO TAX ROLLS	1ST LEVY	FIRST PAYMENT	TOTAL MONTHS FROM ELECTION
MAY	The following January (8 months later)	2 nd October	2 nd January	20 months
NOVEMBER	The following January (2 months later)	1 st October	2 nd January	14 months



The amount of levy allowed for a district enlarged by annexation is determined using the following method:

- \$ Step One: The highest non-exempt property tax budget (in dollars) for the three previous years collected by the original district is increased by 3%.
- \$ Step Two: An amount for new construction and forgone increases, if any, is added.
- \$ Step Three: An amount that would have been generated by the previous year's levy times the assessed value for market purposes of the territory annexed is added.
- \$ Step Four: The resulting dollar figures from Steps One, Two, and Three are added together. This gives the maximum non-exempt property tax budget (in dollars) which the enlarged district can levy.

As this is a complicated procedure, it would be wise to work with your [county](#) tax officials and the [Idaho State Tax Commission](#) as you determine your maximum allowable non-exempt property tax budget.

When a district library combines with an existing city library, the base property tax budget amounts of the district library and the city library for the previous fiscal year are examined. If the city has made a special levy for library services, the amount raised by this levy plus the amount raised by the district levy is used as the base levy budget amount. If the city has not made a special levy for library services, the city's portion is figured from its latest certified budget, minus fines, fees, and other identifiable non-tax sources and any grants made directly to the library board [I.C. § [33-2710\(2\)](#)]. The combined budget figures become the base property tax budget for the enlarged district that now includes the city. This amount is increased by 3% plus any adjustments made for new construction and forgone increases from the original district but not from the city. This amount is then divided by the market value for assessment purposes of the enlarged district (the original district plus the city) to yield a levy rate. If the non-exempt property tax rate exceeds .0006, it must be decreased to that amount [I.C § [33-2710](#)].

When two district libraries consolidate, the base property tax budget amount is determined by adding the property tax budget amounts of the consolidating districts together. This amount may then be increased by 3% plus any adjustments made for new construction and forgone increases in the consolidated service area. This amount is then divided by the market value for assessment purposes of the consolidated district to yield a maximum levy rate. The levy for

maintenance and operation may not exceed .0006 of the market value for assessment purposes [I.C. § [33-2710](#)].

Where to Get Answers to Your Levy Questions

Property tax law is fairly complex. You will need to seek help with finding your maximum allowable levy rates. These resources are there to help:

- [The Idaho State Tax Commission](#);
- [Your county clerk](#);
- [Your county assessor](#).