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PROPERTY ASSESSMENTS 101

Understanding the property tax system is for some as foreign as, say, calculus. The science is used regu-

larly in the real world, but the concept is hard to understand. It's an involved process that doesn't get a lot of attention until the Assessor mails out assessment notices, or when the Treasurer mails out the property tax bills.

Many hands go into property taxes. Ada County is just one of about 46 tax districts that need your property tax dollars to fund their budgets. In a nutshell, these taxing districts' budgets determine your property taxes.

A taxing district is anything from a school district or Ada County Highway District to the city or county itself. Where you live determines which districts can tax your property (if you live in Meridian, the City of Boise can't charge you property taxes to fund its budget.)

These taxing districts are legally bound to keep their budgets within a certain limit—each is capped at a 3 percent annual increase. Districts may also collect revenue from all new growth that wasn't taxed last year. If a new home was built next door to you in February of 2008, that house wasn't on the property roll for 2007, but it still will be assessed and charged property taxes using the 2007 levy rate. That's called "New Growth."

So what is the levy rate and why is it important? When the budgets are set and approved, Ada County and the Idaho State Tax Commission add up all the districts' budget requests and divide a taxing district's budget by the county's entire assessed property value. That sets the levy rate. Last year, Ada County's portion of your property taxes was your assessed value multiplied by the levy rate (0.0022). Add up all the levy rates for the districts that tax your property and voila, you've calculated your tax bill!

There are basically two ways of determining property tax dollars. Explained above is the "Budget System," mean-

ing BUDGETS are in charge. There's also the "Levy Rate-Driven System," which most people think is used to determine their taxes.

Under the "Rate-Driven System," if values increase, taxes increase and vice versa. But under a "Budget System," regardless of values, the levies will be set to attain the dollar amount needed to fund a taxing district's budget. Most commonly, if assessed values remain flat, your taxes could still go up, depending on whether the taxing districts take their allowed 3 percent increase. Conversely, if values are up, and the taxing districts' budgets stay flat, your taxes could decrease.

Ada County Assessor Robert McQuade likes the budget-driven property tax system because he says a boom market doesn't mean a windfall to taxing authorities.

"When we have rapidly rising values like we've seen in the last couple years, we know taxing authorities are still spending responsibly because their levies are capped under a budget-driven property tax system."

In a levy-driven system, McQuade said taxing districts would receive "unearned budget increases because of the increase in property values. In a budget-system, taxes are a function of budgets...leaving the budget amount, and subsequently the tax amount, up to policy makers bound to operating with just a small annual increase."

[Click here](#) to see how property taxes differ depending on where you live!

Did you know that your property assessment notices (mailed to you at the end of May) show the value of your house as of January 1, 2008—these notices reflect the market value of LAST YEAR'S sales.

Important Dates To Remember

- **May 1** is when the Ada County Assessor must notify Circuit Breaker applicants when a claim is denied or changed.
- The Assessor mails property assessment notices by Memorial Day, **May 26**.
- **June 20** is the LAST DAY taxpayers can apply for a hardship exemption for property taxes.
- **June 23** is the last day taxpayers can appeal assessed value for any property on the roll. The Board of Equalization convenes to hear appeals and decide exemptions on property.

