

REGULAR COUNCIL

May 14, 2021

Mayor Kling called the meeting to order at 7:30 a.m.

Clerk made note that Councilmembers Rodriguez, Bruner, Mutchie, Haverfield, were present, Councilmember Bower joined late via teams and Councilmember Levi was present late.

Discussion: Following the Governor's signing of HB389, Financial Director Doug Racine will provide a report on the financial impact this bill has on the City of Nampa Budget

Doug Racine gave a presentation impact of Idaho House Bill 389 to the City of Nampa

Finance department presentation

HB389

HB 389 IMPACT REVIEW

Critical Factors:

- General Govt – Public Safety Funding
- Fire District Separation
 - Fire Funding Analysis
- HB 389 Language
 - First Review by Canyon County
 - Second Review by Canyon County
- Path(s) forward



General Government & Public Safety Funding

• General Gov. Levy usage			
Based on Expenses Net of Revenues			
Gen Gov Property Tax Levy	2018-2019	2019-2020	Current year 2020-2021
Property Tax Levy - Gen Gov	32,882,364	34,630,920	36,412,451
Fire Budget (net of revenues)	11,576,723	12,270,127	12,517,669
Police Budget (net of Revenues)	24,983,280	25,003,847	25,075,877
Total Police and Fire	36,560,003	37,273,974	37,593,546
Net Funding Prop Tax Gap	(3,677,639)	(2,643,054)	(1,181,095)

Fire Dept. Property Taxes

Gen Gov Revenues by Source

5/14/2021 7:09

	2020		
	2020	Total %	Gen & Shared
Property Taxes	(34,630,920)	66.5%	77.5%
Shared Revenues	(10,074,385)	19.4%	22.5%
Transfers	(2,023,905)	3.9%	
Allocations - Fire	(1,176,686)	2.3%	
Allocations- Police	(2,134,682)	4.1%	
Misc	(2,013,885)	3.9%	
Total	(52,054,463)	100.0%	100.0%
Total Expenses			\$15,083,657
FEE's Reimbursements			(\$2,813,530)
Fire Net Budget			\$12,270,127
property taxes - Fire			9,505,042
Shared Revenues - Fire			2,765,085
Fire Net Budget			12,270,127

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HB 389 First Reading of Bill

- Prohibits the city from Budgeting for Fire
- Vague language on how to define “money’s spent” for Fire (covered in next slide)
- Limited to **90%** of total New Construction and Annexation
- Limited to **8%** total budget increase
 - Includes the **3%** legislated limit
 - Includes Forgone
 - Includes New construction and Annexations

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HB 389 First Canyon County Review

SECTION.

(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.

If the taxing district has not imposed a levy for three (3) or more

The “Money’s spent” definition could force us to remove **\$4.3 MORE** from our budget than we received in property taxes

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HB 389 second Canyon County Review

SECTION.

(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.

The “Budget Limitation” language allows the County to more accurately define “**Money’s Spent**” as property taxes assigned to the Fire Department

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2021 Property Tax Preliminaries

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New Construction total estimate	\$3,650,988
3% Limit	<u>\$1,310,245</u>
Property tax potential	\$4,961,233
8% CAP	<u>\$3,493,986</u>
Lost property taxes	(\$1,467,247)

90% Cap – current budget	\$3,285,889
Lost new construction	\$ 365,099
8% CAP	<u>\$3,493,986</u>
Current budget under CAP	\$ 208,097

2021 Property Tax Preliminaries

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New Construction – Old legislation	\$3,650,988
New Construction – New legislation (est)	<u>\$2,589,907</u>
<i>(Take a stab at it Legislative guidance)</i>	
Lost New Construction potential	\$(1,061,081)

The Path(s) Forward...

Option (1)

Potential Define the “Take a Stab at it approach” with a levy rate, applied to New Construction and Annexations to reach the 8% limit of \$3.5 million

Option (2)

Leverage a portion of the 3% limit to cover the amounts lost by the Take a Stab at it Levy rate, to reach the 8% limit of \$3.5M

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Future Considerations

The removal of the Fire district from our base will reduce future property tax increases, estimated below:

	<u>2021</u>	<u>2022</u>
Property Tax Base	43,674,828	37,663,773
3% increase	1,310,245	1,129,913
8% Cap	3,493,986	3,013,102
Less Fire Department	(9,505,042)	0
Estimated Total	<u>37,663,773</u>	<u>40,676,874</u>

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Steve Onofrei from the Canyon County Assessor Office gave a report on key dates for canyon county property tax assessments and answered other questions about property tax assessments.

Discussion: Consider temporary suspension/continuance of annexations pending an understanding of the long-term impact of Idaho HB389

Council members had a discussion on what a suspension/continuation of annexations would look like and which areas (Residential, Commercial, Industrial) the pause would affect.

MOVED by Haverfield and **SECONDED** by Bruner to **adjourn** the **meeting** at 9:16 p.m. The Mayor declared the

MOTION CARRIED

Passed this 6th day of July 2021.

MAYOR

ATTEST:

NAMPA CITY CLERK