



Association of Idaho Cities
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The Statewide Effects of 389 on Idaho's Cities *(information by legislative districts will be delivered soon)*

What is 389? HB389 (2021) created a cap on the amount a city could grow their budgets based on new construction, annexation, urban renewal expansion, and reclassification. Because of this cap, growth is not paying for itself, forcing cities to either reduce services or for costs to be absorbed by existing homeowners.

What Do Property Taxes Cover?

In 2025, city budgets spent \$654,558,027 on fire, police, and EMS, while only collecting **\$636,344,375** from property tax.



Hitting the Cap - 157 of Idaho cities could not build a small neighborhood, McDonalds, and grocery store without hitting the cap. **143** cities would be taken over the cap by the development of a 50 household neighborhood and **85** cities would be taken over the cap by only building ten houses!

- The average house in Idaho as of 2025 is valued at **\$507,400**
- An average McDonald's in Idaho is valued at around **\$2,220,532**
- An average grocery store in Idaho is valued at **\$7,875,249**



What's the compromise? Adopt a three-tiered approach: no cap for cities under 10,000, a 15% cap for cities between 10,000 and 30,000, and the existing 8% cap for cities over 30,000. This allows growth to better pay for itself in smaller and mid-sized communities while maintaining current constraints on larger cities.