

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 664

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO SALES TAX; AMENDING SECTION 63-3638, IDAHO CODE, TO REVISE THE  
2 SALES TAX REVENUE DISTRIBUTION FORMULA FOR COUNTIES AND CITIES AND TO  
3 MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 63-316, IDAHO CODE, TO  
4 PROVIDE CORRECT CODE REFERENCES AND TO MAKE A TECHNICAL CORRECTION; AND  
5 PROVIDING AN EFFECTIVE DATE.  
6

7 Be It Enacted by the Legislature of the State of Idaho:

8 SECTION 1. That Section 63-3638, Idaho Code, be, and the same is hereby  
9 amended to read as follows:

10 63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this  
11 chapter, except as may otherwise be required in sections 63-3203 and  
12 63-3709, Idaho Code, and except as provided in subsection (16) of this sec-  
13 tion, shall be distributed by the state tax commission as follows:

14 (1) An amount of money shall be distributed to the state refund account  
15 sufficient to pay current refund claims. All refunds authorized under this  
16 chapter by the state tax commission shall be paid through the state refund  
17 account, and those moneys are continuously appropriated.

18 (2) Five million dollars (\$5,000,000) per year is continuously appro-  
19 priated and shall be distributed to the permanent building fund, provided by  
20 section 57-1108, Idaho Code.

21 (3) Four million eight hundred thousand dollars (\$4,800,000) per year  
22 is continuously appropriated and shall be distributed to the water pollution  
23 control ~~account~~ fund established by section 39-3628, Idaho Code.

24 (4) An amount equal to the sum required to be certified by the chair-  
25 man of the Idaho housing and finance association to the state tax commis-  
26 sion pursuant to section 67-6211, Idaho Code, in each year is continuously  
27 appropriated and shall be paid to any capital reserve fund~~r~~ established by  
28 the Idaho housing and finance association pursuant to section 67-6211, Idaho  
29 Code. Such amounts, if any, as may be appropriated hereunder to the capital  
30 reserve fund of the Idaho housing and finance association shall be repaid for  
31 distribution under the provisions of this section, subject to the provisions  
32 of section 67-6215, Idaho Code, by the Idaho housing and finance associa-  
33 tion, as soon as possible, from any moneys available therefor and in excess  
34 of the amounts which the association determines will keep it self-support-  
35 ing.

36 (5) An amount equal to the sum required by the provisions of sections  
37 63-709 and 63-717, Idaho Code, after allowance for the amount appropriated  
38 by section 63-718(3), Idaho Code, is continuously appropriated and shall be  
39 paid as provided by sections 63-709 and 63-717, Idaho Code.

40 (6) An amount required by the provisions of chapter 53, title 33, Idaho  
41 Code.

1 (7) An amount required by the provisions of chapter 87, title 67, Idaho  
2 Code.

3 (8) For fiscal year 2011~~7~~ and each fiscal year thereafter, four million  
4 one hundred thousand dollars (\$4,100,000), of which two million two hundred  
5 thousand dollars (\$2,200,000) shall be distributed to each of the forty-four  
6 (44) counties in equal amounts~~7~~ and one million nine hundred thousand dol-  
7 lars (\$1,900,000) of which shall be distributed to the forty-four (44) coun-  
8 ties in the proportion that the population of the county bears to the popula-  
9 tion of the state. For fiscal year 2012~~7~~ and for each fiscal year thereafter,  
10 the amount distributed pursuant to this subsection~~7~~ shall be adjusted annu-  
11 ally by the state tax commission in accordance with the consumer price index  
12 for all urban consumers (CPI-U) as published by the U.S. department of la-  
13 bor, bureau of labor statistics, but in no fiscal year shall the total amount  
14 allocated for counties under this subsection~~7~~ be less than four million one  
15 hundred thousand dollars (\$4,100,000). Any increase resulting from the ad-  
16 justment required in this section shall be distributed to each county in the  
17 proportion that the population of the county bears to the population of the  
18 state. Each county shall establish a special election fund to which shall be  
19 deposited all revenues received from the distribution pursuant to this sub-  
20 section. All such revenues shall be used exclusively to defray the costs as-  
21 sociated with conducting elections as required of county clerks by the pro-  
22 visions of section 34-1401, Idaho Code.

23 (9) One dollar (\$1.00) on each application for certificate of title  
24 or initial application for registration of a motor vehicle, snowmobile,  
25 all-terrain vehicle or other vehicle processed by the county assessor or the  
26 Idaho transportation department, excepting those applications in which any  
27 sales or use taxes due have been previously collected by a retailer, shall be  
28 a fee for the services of the assessor of the county or the Idaho transporta-  
29 tion department in collecting such taxes~~7~~ and shall be paid into the current  
30 expense fund of the county or state highway account established in section  
31 40-702, Idaho Code.

32 (10) Eleven and five-tenths percent (11.5%) is continuously appropri-  
33 ated and shall be distributed to the revenue sharing account which is created  
34 in the state treasury, and the moneys in the revenue sharing account will be  
35 paid in installments each calendar quarter by the state tax commission as  
36 follows:

37 ~~(a) Twenty-eight and two-tenths percent (28.2%) shall be paid to the~~  
38 ~~various cities as follows:~~

39 ~~(i) Fifty percent (50%) of such amount shall be paid to the vari-~~  
40 ~~ous cities, and each city shall be entitled to an amount in the pro-~~  
41 ~~portion that the population of that city bears to the population of~~  
42 ~~all cities within the state; and~~

43 ~~(ii) Fifty percent (50%) of such amount shall be paid to the vari-~~  
44 ~~ous cities, and each city shall be entitled to an amount in the pro-~~  
45 ~~portion that the preceding year's market value for assessment pur-~~  
46 ~~poses for that city bears to the preceding year's market value for~~  
47 ~~assessment purposes for all cities within the state.~~

48 ~~(b) Twenty-eight and two-tenths percent (28.2%) shall be paid to the~~  
49 ~~various counties as follows:~~

1           ~~(i) One million three hundred twenty thousand dollars~~  
 2           ~~(\$1,320,000) annually shall be distributed one forty-fourth~~  
 3           ~~(1/44) to each of the various counties; and~~

4           ~~(ii) The balance of such amount shall be paid to the various coun-~~  
 5           ~~ties, and each county shall be entitled to an amount in the propor-~~  
 6           ~~tion that the population of that county bears to the population of~~  
 7           ~~the state;~~

8           ~~(c) Thirty-five and nine-tenths percent (35.9%) of the amount appro-~~  
 9           ~~propriated in this subsection shall be paid to the several counties for~~  
 10           ~~distribution to the cities and counties as follows:~~

11           ~~(i) Each city and county which received a payment under the provi-~~  
 12           ~~sions of section 63-3638 (c), Idaho Code, during the fourth quarter~~  
 13           ~~of calendar year 1999, shall be entitled to a like amount during~~  
 14           ~~succeeding calendar quarters.~~

15           ~~(ii) If the dollar amount of money available under this subsection~~  
 16           ~~(10) (c) in any quarter does not equal the amount paid in the fourth~~  
 17           ~~quarter of calendar year 1999, each city's and county's payment~~  
 18           ~~shall be reduced proportionately.~~

19           ~~(iii) If the dollar amount of money available under this subsec-~~  
 20           ~~tion (10) (c) in any quarter exceeds the amount paid in the fourth~~  
 21           ~~quarter of calendar year 1999, each city and county shall be en-~~  
 22           ~~titled to a proportionately increased payment, but such increase~~  
 23           ~~shall not exceed one hundred five percent (105%) of the total pay-~~  
 24           ~~ment made in the fourth quarter of calendar year 1999.~~

25           ~~(iv) If the dollar amount of money available under this subsection~~  
 26           ~~(10) (c) in any quarter exceeds one hundred five percent (105%) of~~  
 27           ~~the total payment made in the fourth quarter of calendar year 1999,~~  
 28           ~~any amount over and above such one hundred five percent (105%)~~  
 29           ~~shall be paid fifty percent (50%) to the various cities in the pro-~~  
 30           ~~portion that the population of the city bears to the population of~~  
 31           ~~all cities within the state, and fifty percent (50%) to the various~~  
 32           ~~counties in the proportion that the population of a county bears to~~  
 33           ~~the population of the state; and~~

34           ~~(a) Forty-five percent (45%) of the amount appropriated in this subsec-~~  
 35           ~~tion shall be paid to the various cities as follows:~~

36           ~~(i) The revenue sharing amount calculated by the state tax com-~~  
 37           ~~mission for the various cities for each quarter of fiscal year 2018~~  
 38           ~~shall be the base amount for each quarter for each city. Begin-~~  
 39           ~~ning July 1, 2019, the state tax commission shall calculate the per~~  
 40           ~~capita distribution under this section for each city for the pre-~~  
 41           ~~vious fiscal year.~~

42           ~~(ii) If the change in the quarterly revenue sharing account from~~  
 43           ~~the same quarter of the previous fiscal year is zero, then the var-~~  
 44           ~~ious cities shall receive the same amount received for the same~~  
 45           ~~quarter of the previous fiscal year.~~

46           ~~(iii) In the event there is a reduction in the quarterly revenue~~  
 47           ~~sharing account from the same quarter of the previous fiscal year,~~  
 48           ~~the various cities shall first receive a proportional reduction~~  
 49           ~~on any amounts above the base amount for each city and, if nec-~~

1           essary, further reductions shall be based on the population each  
 2           city bears to the population of all cities within the state.

3           (iv) In the event the quarterly revenue sharing account for the  
 4           same quarter of the previous fiscal year is below the base amount,  
 5           and the quarterly revenue sharing account has increased from the  
 6           same quarter of the previous fiscal year, the various cities shall  
 7           first receive a proportional increase, up to the base amount for  
 8           each city. Any remaining moneys shall be distributed to cities  
 9           with a below-average per capita distribution in the proportion  
 10           that the population of that city bears to the population of all  
 11           cities with a below-average per capita distribution within the  
 12           state.

13           (v) In the event the quarterly revenue sharing account for the  
 14           same quarter of the previous fiscal year is more than the base  
 15           amount, and has increased from the previous fiscal year, cities  
 16           that received a per capita distribution that was at or above the  
 17           average per capita distribution shall receive the same distribu-  
 18           tion as the previous fiscal year. Cities with a below-average per  
 19           capita distribution shall receive the same distribution as the  
 20           same quarter for the previous fiscal year plus any growth in the  
 21           revenue sharing account in the proportion that the population of  
 22           that city bears to the population of all cities with a below-aver-  
 23           age per capita distribution within the state.

24           (b) Forty-seven and three-tenths percent (47.3%) of the amount appro-  
 25           priated in this subsection shall be paid to the various counties as fol-  
 26           lows:

27           (i) The revenue sharing amount calculated by the state tax com-  
 28           mission for the various counties for each quarter of fiscal year  
 29           2018 shall be the base amount for each quarter for each county. Be-  
 30           ginning July 1, 2019, the state tax commission shall calculate the  
 31           per capita distribution under this section for each county for the  
 32           previous fiscal year.

33           (ii) If the change in the quarterly revenue sharing account from  
 34           the same quarter of the previous fiscal year is zero, then the var-  
 35           ious counties shall receive the same amount received for the same  
 36           quarter of the previous fiscal year.

37           (iii) In the event there is a reduction in the quarterly revenue  
 38           sharing account from the same quarter of the previous fiscal year,  
 39           the various counties shall first receive a proportional reduction  
 40           on any amounts above the base amount for each county and, if nec-  
 41           essary, further reductions shall be based on the population each  
 42           county bears to the population of all counties within the state.

43           (iv) In the event the quarterly revenue sharing account for the  
 44           same quarter of the previous fiscal year is below the base amount,  
 45           and the quarterly revenue sharing account has increased from  
 46           the same quarter of the previous fiscal year, the various coun-  
 47           ties shall first receive a proportional increase, up to the base  
 48           amount for each county. Any remaining moneys shall be distributed  
 49           to counties with a below-average per capita distribution in the  
 50           proportion that the population of that county bears to the popula-

1 tion of all counties with a below-average per capita distribution  
 2 within the state.

3 (v) In the event the quarterly revenue sharing account for the  
 4 same quarter of the previous fiscal year is more than the base  
 5 amount, and has increased from the previous fiscal year, counties  
 6 that received a per capita distribution that was at or above the  
 7 average per capita distribution shall receive the same distribu-  
 8 tion as the previous fiscal year. Counties with a below-average  
 9 per capita distribution shall receive the same distribution as  
 10 the same quarter for the previous fiscal year plus any growth in  
 11 the revenue sharing account in the proportion that the population  
 12 of that county bears to the population of all counties with a be-  
 13 low-average per capita distribution within the state.

14 (dc) Seven and seven-tenths percent (7.7%) of the amount appropriated  
 15 in this subsection shall be paid to the several counties for distribu-  
 16 tion to special purpose taxing districts as follows:

17 (i) Each such district ~~which that~~ received a payment under the  
 18 provisions of subsection 63-3638(e), Idaho Code, of this section  
 19 as such subsection existed immediately prior to July 1, 2000, dur-  
 20 ing the fourth quarter of calendar year 1999, shall be entitled to  
 21 a like amount during succeeding calendar quarters.

22 (ii) If the dollar amount of money available under this subsec-  
 23 tion ~~(10)(d)~~ in any quarter does not equal the amount paid in the  
 24 fourth quarter of calendar year 1999, each special purpose taxing  
 25 district's payment shall be reduced proportionately.

26 (iii) If the dollar amount of money available under this subsec-  
 27 tion ~~(10)(d)~~ in any quarter exceeds the amount distributed under  
 28 subparagraph (i) of this subsection (10)(d) paragraph, each spe-  
 29 cial purpose taxing district shall be entitled to a share of the  
 30 excess based on the proportion each such district's current prop-  
 31 erty tax budget bears to the sum of the current property tax bud-  
 32 gets of all such districts in the state. The state tax commission  
 33 shall calculate district current property tax budgets to include  
 34 any unrecovered ~~foregone~~ forgone amounts as determined under sec-  
 35 tion 63-802(1)(e), Idaho Code. When a special purpose taxing dis-  
 36 trict is situated in more than one (1) county, the state tax com-  
 37 mission shall determine the portion attributable to the special  
 38 purpose taxing district from each county in which it is situated.

39 (iv) If special purpose taxing districts are consolidated, the  
 40 resulting district is entitled to a base amount equal to the sum of  
 41 the base amounts ~~which were~~ received in the last calendar quarter  
 42 by each district prior to the consolidation.

43 (v) If a special purpose taxing district is dissolved or disin-  
 44 corporated, the state tax commission shall continuously distrib-  
 45 ute to the board of county commissioners an amount equal to the  
 46 last quarter's distribution prior to dissolution or disincorpora-  
 47 tion. The board of county commissioners shall determine any re-  
 48 distribution of moneys so received.

49 (vi) Taxing districts formed after January 1, 2001, are not enti-  
 50 tled to a payment under the provisions of this subsection ~~(10)(d)~~.

1 (vii) For purposes of this subsection ~~(10)(d)~~, a special purpose  
2 taxing district is any taxing district ~~which~~ that is not a city, a  
3 county or a school district.

4 (11) Amounts calculated in accordance with section 2, chapter 356, laws  
5 of 2001, for annual distribution to counties and other taxing districts be-  
6 ginning in October 2001 for replacement of property tax on farm machinery and  
7 equipment exempted pursuant to section 63-602EE, Idaho Code. For nonschool  
8 districts, the state tax commission shall distribute one-fourth (1/4) of  
9 this amount certified quarterly to each county. For school districts, the  
10 state tax commission shall distribute one-fourth (1/4) of the amount certi-  
11 fied quarterly to each school district. For nonschool districts, the county  
12 auditor shall distribute to each district within thirty (30) calendar days  
13 from receipt of moneys from the state tax commission. Moneys received by  
14 each taxing district for replacement shall be utilized in the same manner  
15 and in the same proportions as revenues from property taxation. The moneys  
16 remitted to the county treasurer for replacement of property exempt from  
17 taxation pursuant to section 63-602EE, Idaho Code, may be considered by the  
18 counties and other taxing districts and budgeted at the same time, in the  
19 same manner and in the same year as revenues from taxation on personal prop-  
20 erty which these moneys replace. If taxing districts are consolidated, the  
21 resulting district is entitled to an amount equal to the sum of the amounts  
22 ~~which were~~ received in the last calendar quarter by each district pursuant  
23 to this subsection prior to the consolidation. If a taxing district is  
24 dissolved or disincorporated, the state tax commission shall continuously  
25 distribute to the board of county commissioners an amount equal to the  
26 last quarter's distribution prior to dissolution or disincorporation. The  
27 board of county commissioners shall determine any redistribution of moneys  
28 so received. If a taxing district annexes territory, the distribution of  
29 moneys received pursuant to this subsection shall be unaffected. Taxing  
30 districts formed after January 1, 2001, are not entitled to a payment under  
31 the provisions of this subsection. School districts shall receive an amount  
32 determined by multiplying the sum of the year 2000 school district levy mi-  
33 nus .004 times the market value on December 31, 2000, in the district of the  
34 property exempt from taxation pursuant to section 63-602EE, Idaho Code, pro-  
35 vided that the result of these calculations shall not be less than zero ~~(0)~~.  
36 The result of these school district calculations shall be further increased  
37 by six percent (6%). For purposes of the limitation provided by section  
38 63-802, Idaho Code, moneys received pursuant to this section as property tax  
39 replacement for property exempt from taxation pursuant to section 63-602EE,  
40 Idaho Code, shall be treated as property tax revenues.

41 (12) Amounts necessary to pay refunds as provided in section 63-3641,  
42 Idaho Code, to a developer of a retail complex shall be remitted to the demon-  
43 stration pilot project fund created in section 63-3641, Idaho Code.

44 (13) Amounts calculated in accordance with subsection (4) of section  
45 63-602KK, Idaho Code, for annual distribution to counties and other taxing  
46 districts for replacement of property tax on personal property tax exemp-  
47 tions pursuant to subsection (2) of section 63-602KK, Idaho Code, which  
48 amounts are continuously appropriated unless the legislature enacts a dif-  
49 ferent appropriation for a particular fiscal year. For purposes of the  
50 limitation provided by section 63-802, Idaho Code, moneys received pursuant

1 to this section as property tax replacement for property exempt from taxa-  
2 tion pursuant to section 63-602KK, Idaho Code, shall be treated as property  
3 tax revenues. If taxing districts are consolidated, the resulting district  
4 is entitled to an amount equal to the sum of the amounts that were received in  
5 the last calendar year by each district pursuant to this subsection prior to  
6 the consolidation. If a taxing district or revenue allocation area annexes  
7 territory, the distribution of moneys received pursuant to this subsection  
8 shall be unaffected. Taxing districts and revenue allocation areas formed  
9 after January 1, 2013, are not entitled to a payment under the provisions of  
10 this subsection.

11 (14) Amounts collected from purchasers and paid to the state of Idaho by  
12 retailers that are not engaged in business in this state and which retailer  
13 would not have been required to collect the sales tax, less amounts other-  
14 wise distributed in subsections (1) and (10) of this section, shall be dis-  
15 tributed to the tax relief fund created in section 57-811, Idaho Code. The  
16 state tax commission will determine the amounts to be distributed under this  
17 subsection.

18 (15) Any moneys remaining over and above those necessary to meet and  
19 reserve for payments under other subsections of this section shall be dis-  
20 tributed to the general fund.

21 (16) One percent (1%) shall be distributed to the transportation expan-  
22 sion and congestion mitigation program established in section 40-720, Idaho  
23 Code. The distribution provided for in this subsection must immediately  
24 follow the distribution provided for in subsection (10) of this section.

25 SECTION 2. That Section 63-316, Idaho Code, be, and the same is hereby  
26 amended to read as follows:

27 63-316. ADJUSTMENT OF ASSESSED VALUE -- COMPLETION OF ASSESSMENT  
28 PROGRAM BY STATE TAX COMMISSION -- PAYMENT OF COSTS. (1) Whenever the state  
29 tax commission, after a hearing, determines that any county assessor or the  
30 county commissioners in assessing property in the county subject to taxation  
31 have failed to abide by, adhere to and conform with the laws of the state of  
32 Idaho and the rules of the state tax commission in determining market value  
33 for assessment purposes, the state tax commission shall order the county as-  
34 sessor and county commissioners of such county to make the necessary changes  
35 or corrections in such assessments and if the county assessor and the county  
36 commissioners refuse or neglect to comply with such order, the state tax com-  
37 mission is authorized to and shall forthwith adjust or change the property  
38 roll in such county.

39 (2) In lieu of the hearings and actions permitted in subsection (1)  
40 of this section, the state tax commission shall monitor each county's im-  
41 plementation of the continuing appraisal required in section 63-314, Idaho  
42 Code, and may require each county to file such reports of its progress at  
43 implementation of such continuing appraisals as the commission may find  
44 necessary. In the event that the commission finds that any county is failing  
45 to meet the requirements of section 63-314, Idaho Code, the commission may  
46 order that county's indexing or appraisal or reappraisal programs be con-  
47 ducted under the exclusive and complete control of the state tax commission  
48 and the results of such programs shall be binding upon the county officers  
49 of the county for which ordered. Payments for the actual costs of such

1 programs shall be made from the sales tax distribution created in section  
2 63-3638, Idaho Code, and the amount of such payments shall be withheld from  
3 the payments otherwise made under the provisions of section 63-3638(10) (~~eb~~)  
4 and (10) (~~ec~~), Idaho Code, to the county for which indexing, appraisal or  
5 reappraisal has been ordered, and this subsection shall constitute the nec-  
6 essary appropriation to accomplish such payments, any other provision of law  
7 notwithstanding.

8 SECTION 3. This act shall be in full force and effect on and after July  
9 1, 2019.