

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 154

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO SALES TAX; AMENDING CHAPTER 36, TITLE 63, IDAHO CODE, BY THE AD-
2 DITION OF A NEW SECTION 63-3637, IDAHO CODE, TO DEFINE TERMS; AMENDING
3 SECTION 63-3638, IDAHO CODE, TO REVISE THE SALES TAX REVENUE DISTRIBU-
4 TION FORMULA FOR COUNTIES AND CITIES AND TO MAKE TECHNICAL CORRECTIONS;
5 AND AMENDING SECTION 63-316, IDAHO CODE, TO PROVIDE CORRECT CODE REFER-
6 ENCES AND TO MAKE A TECHNICAL CORRECTION.
7

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

9 SECTION 1. That Chapter 36, Title 63, Idaho Code, be, and the same is
10 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
11 ignated as Section 63-3637, Idaho Code, and to read as follows:

12 63-3637. SALES TAX DISTRIBUTION -- DEFINITIONS. For the purposes of
13 section 63-3638, Idaho Code, the following definitions shall apply:

14 (1) "Per capita distribution" means the amount to be distributed to
15 cities and counties on the basis of their most current population or popula-
16 tion estimates available from the United States census bureau no later than
17 thirty (30) days prior to the next quarterly distribution.

18 (2) "Revenue sharing account" means the account established by the
19 state tax commission for all sales tax revenue to be distributed in any quar-
20 ter pursuant to section 63-3638 (10), Idaho Code.

21 SECTION 2. That Section 63-3638, Idaho Code, be, and the same is hereby
22 amended to read as follows:

23 63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this
24 chapter, except as may otherwise be required in sections 63-3203 and
25 63-3709, Idaho Code, and except as provided in subsection (16) of this sec-
26 tion, shall be distributed by the state tax commission as follows:

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

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

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

37 (4) An amount equal to the sum required to be certified by the chair-
38 man of the Idaho housing and finance association to the state tax commis-
39 sion pursuant to section 67-6211, Idaho Code, in each year is continuously
40 appropriated and shall be paid to any capital reserve fund, established by

1 the Idaho housing and finance association pursuant to section 67-6211, Idaho
2 Code. Such amounts, if any, as may be appropriated hereunder to the capital
3 reserve fund of the Idaho housing and finance association shall be repaid for
4 distribution under the provisions of this section, subject to the provisions
5 of section 67-6215, Idaho Code, by the Idaho housing and finance associa-
6 tion, as soon as possible, from any moneys available therefor and in excess
7 of the amounts ~~which~~ that the association determines will keep it self-sup-
8 porting.

9 (5) An amount equal to the sum required by the provisions of sections
10 63-709 and 63-717, Idaho Code, after allowance for the amount appropriated
11 by section 63-718(3), Idaho Code, is continuously appropriated and shall be
12 paid as provided by sections 63-709 and 63-717, Idaho Code.

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

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

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

37 (9) One dollar (\$1.00) on each application for certificate of title
38 or initial application for registration of a motor vehicle, snowmobile,
39 all-terrain vehicle or other vehicle processed by the county assessor or the
40 Idaho transportation department, excepting those applications in which any
41 sales or use taxes due have been previously collected by a retailer, shall be
42 a fee for the services of the assessor of the county or the Idaho transporta-
43 tion department in collecting such taxes~~7~~ and shall be paid into the current
44 expense fund of the county or state highway account established in section
45 40-702, Idaho Code.

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

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

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

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

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

14 ~~(i) One million three hundred twenty thousand dollars~~
 15 ~~(\$1,320,000) annually shall be distributed one forty-fourth~~
 16 ~~(1/44) to each of the various counties; and~~

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

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

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

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

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

38 ~~(iv) If the dollar amount of money available under this subsection~~
 39 ~~(10) (c) in any quarter exceeds one hundred five percent (105%) of~~
 40 ~~the total payment made in the fourth quarter of calendar year 1999,~~
 41 ~~any amount over and above such one hundred five percent (105%)~~
 42 ~~shall be paid fifty percent (50%) to the various cities in the pro-~~
 43 ~~portion that the population of the city bears to the population of~~
 44 ~~all cities within the state, and fifty percent (50%) to the various~~
 45 ~~counties in the proportion that the population of a county bears to~~
 46 ~~the population of the state; and~~

47 Forty-five percent (45%) of the amount appropriated in this subsection
 48 shall be paid to the various cities as follows:

49 (i) The revenue sharing amount calculated by the state tax com-
 50 mission for the various cities for each quarter of fiscal year 2019

1 shall be the base amount for each quarter for each city. Begin-
2 ning July 1, 2019, the state tax commission shall calculate the per
3 capita distribution under this section for each city for the pre-
4 vious fiscal year.

5 (ii) If the change in the quarterly revenue sharing account from
6 the same quarter of the previous fiscal year is zero (0), then the
7 various cities shall receive the same amount received for the same
8 quarter of the previous fiscal year.

9 (iii) In the event there is a reduction in the quarterly revenue
10 sharing account from the same quarter of the previous fiscal year,
11 the various cities shall first receive a proportional reduction
12 on any amounts above the base amount for each city and, if nec-
13 essary, further reductions shall be based on the population each
14 city bears to the population of all cities within the state.

15 (iv) In the event the quarterly revenue sharing account for the
16 same quarter of the previous fiscal year is below the base amount,
17 and the quarterly revenue sharing account has increased from the
18 same quarter of the previous fiscal year, the various cities shall
19 first receive a proportional increase, up to the base amount for
20 each city. Any remaining moneys shall be distributed to cities
21 with a below-average per capita distribution in the proportion
22 that the population of that city bears to the population of all
23 cities with a below-average per capita distribution within the
24 state.

25 (v) In the event the quarterly revenue sharing account for the
26 same quarter of the previous fiscal year is more than the base
27 amount, and has increased from the previous fiscal year, cities
28 that received a per capita distribution that was at or above the
29 average per capita distribution shall receive the same distribu-
30 tion as the previous fiscal year. Cities with a below-average per
31 capita distribution shall receive the same distribution as the
32 same quarter for the previous fiscal year plus any growth in the
33 revenue sharing account in the proportion that the population of
34 that city bears to the population of all cities with a below-aver-
35 age per capita distribution within the state.

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

39 (i) The revenue sharing amount calculated by the state tax com-
40 mission for the various counties for each quarter of fiscal year
41 2019 shall be the base amount for each quarter for each county. Be-
42 ginning July 1, 2019, the state tax commission shall calculate the
43 per capita distribution under this section for each county for the
44 previous fiscal year.

45 (ii) If the change in the quarterly revenue sharing account from
46 the same quarter of the previous fiscal year is zero (0), then the
47 various counties shall receive the same amount received for the
48 same quarter of the previous fiscal year.

49 (iii) In the event there is a reduction in the quarterly revenue
50 sharing account from the same quarter of the previous fiscal year,

1 the various counties shall first receive a proportional reduction
2 on any amounts above the base amount for each county and, if nec-
3 essary, further reductions shall be based on the population each
4 county bears to the population of all counties within the state.

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

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

26 (d~~c~~) Seven and seven-tenths percent (7.7%) of the amount appropriated
27 in this subsection shall be paid to the several counties for distribu-
28 tion to special purpose taxing districts as follows:

29 (i) Each such district ~~which~~ that received a payment under the
30 provisions of section 63-3638(e), Idaho Code, as such subsection
31 existed immediately prior to July 1, 2000, during the fourth quar-
32 ter of calendar year 1999, shall be entitled to a like amount dur-
33 ing succeeding calendar quarters.

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

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

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

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

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

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

16 (11) Amounts calculated in accordance with section 2, chapter 356, laws
17 of 2001, for annual distribution to counties and other taxing districts be-
18 ginning in October 2001 for replacement of property tax on farm machinery and
19 equipment exempted pursuant to section 63-602EE, Idaho Code. For nonschool
20 districts, the state tax commission shall distribute one-fourth (1/4) of
21 this amount certified quarterly to each county. For school districts, the
22 state tax commission shall distribute one-fourth (1/4) of the amount certi-
23 fied quarterly to each school district. For nonschool districts, the county
24 auditor shall distribute to each district within thirty (30) calendar days
25 from receipt of moneys from the state tax commission. Moneys received by
26 each taxing district for replacement shall be utilized in the same manner
27 and in the same proportions as revenues from property taxation. The moneys
28 remitted to the county treasurer for replacement of property exempt from
29 taxation pursuant to section 63-602EE, Idaho Code, may be considered by the
30 counties and other taxing districts and budgeted at the same time, in the
31 same manner and in the same year as revenues from taxation on personal prop-
32 erty which these moneys replace. If taxing districts are consolidated, the
33 resulting district is entitled to an amount equal to the sum of the amounts
34 ~~which were~~ received in the last calendar quarter by each district pursuant
35 to this subsection prior to the consolidation. If a taxing district is
36 dissolved or disincorporated, the state tax commission shall continuously
37 distribute to the board of county commissioners an amount equal to the
38 last quarter's distribution prior to dissolution or disincorporation. The
39 board of county commissioners shall determine any redistribution of moneys
40 so received. If a taxing district annexes territory, the distribution of
41 moneys received pursuant to this subsection shall be unaffected. Taxing
42 districts formed after January 1, 2001, are not entitled to a payment under
43 the provisions of this subsection. School districts shall receive an amount
44 determined by multiplying the sum of the year 2000 school district levy mi-
45 nus .004 times the market value on December 31, 2000, in the district of the
46 property exempt from taxation pursuant to section 63-602EE, Idaho Code, pro-
47 vided that the result of these calculations shall not be less than zero ~~(0)~~.
48 The result of these school district calculations shall be further increased
49 by six percent (6%). For purposes of the limitation provided by section
50 63-802, Idaho Code, moneys received pursuant to this section as property tax

1 replacement for property exempt from taxation pursuant to section 63-602EE,
2 Idaho Code, shall be treated as property tax revenues.

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

6 (13) Amounts calculated in accordance with subsection (4) of section
7 63-602KK, Idaho Code, for annual distribution to counties and other taxing
8 districts for replacement of property tax on personal property tax exemp-
9 tions pursuant to subsection (2) of section 63-602KK, Idaho Code, which
10 amounts are continuously appropriated unless the legislature enacts a dif-
11 ferent appropriation for a particular fiscal year. For purposes of the
12 limitation provided by section 63-802, Idaho Code, moneys received pursuant
13 to this section as property tax replacement for property exempt from taxa-
14 tion pursuant to section 63-602KK, Idaho Code, shall be treated as property
15 tax revenues. If taxing districts are consolidated, the resulting district
16 is entitled to an amount equal to the sum of the amounts that were received in
17 the last calendar year by each district pursuant to this subsection prior to
18 the consolidation. If a taxing district or revenue allocation area annexes
19 territory, the distribution of moneys received pursuant to this subsection
20 shall be unaffected. Taxing districts and revenue allocation areas formed
21 after January 1, 2013, are not entitled to a payment under the provisions of
22 this subsection.

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

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

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

37 SECTION 3. That Section 63-316, Idaho Code, be, and the same is hereby
38 amended to read as follows:

39 63-316. ADJUSTMENT OF ASSESSED VALUE -- COMPLETION OF ASSESSMENT
40 PROGRAM BY STATE TAX COMMISSION -- PAYMENT OF COSTS. (1) Whenever the state
41 tax commission, after a hearing, determines that any county assessor or the
42 county commissioners in assessing property in the county subject to taxation
43 have failed to abide by, adhere to and conform with the laws of the state of
44 Idaho and the rules of the state tax commission in determining market value
45 for assessment purposes, the state tax commission shall order the county as-
46 sessor and county commissioners of such county to make the necessary changes
47 or corrections in such assessments and if the county assessor and the county
48 commissioners refuse or neglect to comply with such order, the state tax com-

1 mission is authorized to and shall forthwith adjust or change the property
2 roll in such county.

3 (2) In lieu of the hearings and actions permitted in subsection (1)
4 of this section, the state tax commission shall monitor each county's im-
5 plementation of the continuing appraisal required in section 63-314, Idaho
6 Code, and may require each county to file such reports of its progress at
7 implementation of such continuing appraisals as the commission may find
8 necessary. In the event that the commission finds that any county is failing
9 to meet the requirements of section 63-314, Idaho Code, the commission may
10 order that county's indexing or appraisal or reappraisal programs be con-
11 ducted under the exclusive and complete control of the state tax commission
12 and the results of such programs shall be binding upon the county officers
13 of the county for which ordered. Payments for the actual costs of such
14 programs shall be made from the sales tax distribution created in section
15 63-3638, Idaho Code, and the amount of such payments shall be withheld from
16 the payments otherwise made under the provisions of section 63-3638(10) (eb)
17 and (10) (ec), Idaho Code, to the county for which indexing, appraisal or
18 reappraisal has been ordered, and this subsection shall constitute the nec-
19 essary appropriation to accomplish such payments, any other provision of law
20 notwithstanding.