

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 307

BY WAYS AND MEANS COMMITTEE

AN ACT

RELATING TO THE DISTRIBUTION OF SALES TAX REVENUES; AMENDING SECTION 63-3638, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE, TO PROVIDE FOR A DISTRIBUTION TO THE HIGHWAY MAINTENANCE, PRESERVATION AND RESTORATION FUND, TO PROVIDE CERTAIN EFFECTIVE DATES AND TO DEFINE A TERM; AND PROVIDING AN EFFECTIVE DATE.

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

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

63-3638. SALES TAX – DISTRIBUTION. All moneys collected under this chapter, except as may otherwise be required in sections 63-3203 and 63-3709, Idaho Code, shall be distributed by the tax commission as follows:

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

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

(3) Four million eight hundred thousand dollars (\$4,800,000) per year is continuously appropriated and shall be distributed to the water pollution control account established by section 39-360528, Idaho Code.

(4) An amount equal to the sum required to be certified by the chairman of the Idaho housing and finance association to the state tax commission pursuant to section 67-6211, Idaho Code, in each year is continuously appropriated and shall be paid to any capital reserve fund, established by the Idaho housing and finance association pursuant to section 67-6211, Idaho Code. Such amounts, if any, as may be appropriated hereunder to the capital reserve fund of the Idaho housing and finance association shall be repaid for distribution under the provisions of this section, subject to the provisions of section 67-6215, Idaho Code, by the Idaho housing and finance association, as soon as possible, from any moneys available therefor and in excess of the amounts which the association determines will keep it self-supporting.

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

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

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

(8) One dollar (\$1.00) on each application for certificate of title or initial application for registration of a motor vehicle, snowmobile, all-terrain vehicle or other vehicle processed by the county assessor or the Idaho transportation department excepting those applications in

1 which any sales or use taxes due have been previously collected by a retailer, shall be a fee for
2 the services of the assessor of the county or the Idaho transportation department in collecting
3 such taxes, and shall be paid into the current expense fund of the county or state highway
4 account established in section 40-702, Idaho Code.

5 (9) Eleven and five-tenths percent (11.5%) is continuously appropriated and shall be
6 distributed to the revenue sharing account which is created in the state treasury, and the moneys
7 in the revenue sharing account will be paid in installments each calendar quarter by the tax
8 commission as follows:

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

11 (i) Fifty percent (50%) of such amount shall be paid to the various cities, and
12 each city shall be entitled to an amount in the proportion that the population of
13 that city bears to the population of all cities within the state; and

14 (ii) Fifty percent (50%) of such amount shall be paid to the various cities, and
15 each city shall be entitled to an amount in the proportion that the preceding year's
16 market value for assessment purposes for that city bears to the preceding year's
17 market value for assessment purposes for all cities within the state.

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

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

22 (ii) The balance of such amount shall be paid to the various counties, and each
23 county shall be entitled to an amount in the proportion that the population of that
24 county bears to the population of the state;

25 (c) Thirty-five and nine-tenths percent (35.9%) of the amount appropriated in this
26 subsection (9) shall be paid to the several counties for distribution to the cities and
27 counties as follows:

28 (i) Each city and county which received a payment under the provisions of
29 section 63-3638(e), Idaho Code, during the fourth quarter of calendar year 1999,
30 shall be entitled to a like amount during succeeding calendar quarters.

31 (ii) If the dollar amount of money available under this subsection (9)(c) in any
32 quarter does not equal the amount paid in the fourth quarter of calendar year 1999,
33 each city's and county's payment shall be reduced proportionately.

34 (iii) If the dollar amount of money available under this subsection (9)(c) in any
35 quarter exceeds the amount paid in the fourth quarter of calendar year 1999, each
36 city and county shall be entitled to a proportionately increased payment, but such
37 increase shall not exceed one hundred five percent (105%) of the total payment
38 made in the fourth quarter of calendar year 1999.

39 (iv) If the dollar amount of money available under this subsection (9)(c) in any
40 quarter exceeds one hundred five percent (105%) of the total payment made in
41 the fourth quarter of calendar year 1999, any amount over and above such one
42 hundred five percent (105%) shall be paid fifty percent (50%) to the various cities
43 in the proportion that the population of the city bears to the population of all cities
44 within the state, and fifty percent (50%) to the various counties in the proportion
45 that the population of a county bears to the population of the state; and

1 (d) Seven and seven-tenths percent (7.7%) of the amount appropriated in this subsection
2 (9) shall be paid to the several counties for distribution to special purpose taxing districts
3 as follows:

4 (i) Each such district which received a payment under the provisions of section
5 63-3638(e), Idaho Code, during the fourth quarter of calendar year 1999, shall be
6 entitled to a like amount during succeeding calendar quarters.

7 (ii) If the dollar amount of money available under this subsection (9)(d) in any
8 quarter does not equal the amount paid in the fourth quarter of calendar year 1999,
9 each special purpose taxing district's payment shall be reduced proportionately.

10 (iii) If the dollar amount of money available under this subsection (9)(d) in any
11 quarter exceeds the amount distributed under paragraph (i) of this subsection
12 (9)(d), each special purpose taxing district shall be entitled to a share of the excess
13 based on the proportion each such district's current property tax budget bears to
14 the sum of the current property tax budgets of all such districts in the state. The
15 state tax commission shall calculate district current property tax budgets to include
16 any unrecovered foregone amounts as determined under section 63-802(1)(e),
17 Idaho Code. When a special purpose taxing district is situated in more than one
18 (1) county, the tax commission shall determine the portion attributable to the
19 special purpose taxing district from each county in which it is situated.

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

23 (v) If a special purpose taxing district is dissolved or disincorporated, the state
24 tax commission shall continuously distribute to the board of county commissioners
25 an amount equal to the last quarter's distribution prior to dissolution or
26 disincorporation. The board of county commissioners shall determine any
27 redistribution of moneys so received.

28 (vi) Taxing districts formed after January 1, 2001, are not entitled to a payment
29 under the provisions of this subsection (9)(d).

30 (vii) For purposes of this subsection (9)(d), a special purpose taxing district is any
31 taxing district which is not a city, a county or a school district.

32 (10) Amounts calculated in accordance with section 2, chapter 356, laws of 2001,
33 for annual distribution to counties and other taxing districts beginning in October 2001 for
34 replacement of property tax on farm machinery and equipment exempted pursuant to section
35 63-602EE, Idaho Code. For nonschool districts, the state tax commission shall distribute
36 one-fourth (1/4) of this amount certified quarterly to each county. For school districts, the
37 state tax commission shall distribute one-fourth (1/4) of the amount certified quarterly to each
38 school district. For nonschool districts, the county auditor shall distribute to each district within
39 thirty (30) calendar days from receipt of moneys from the tax commission. Moneys received
40 by each taxing district for replacement shall be utilized in the same manner and in the same
41 proportions as revenues from property taxation. The moneys remitted to the county treasurer
42 for replacement of property exempt from taxation pursuant to section 63-602EE, Idaho Code,
43 may be considered by the counties and other taxing districts and budgeted at the same time, in
44 the same manner and in the same year as revenues from taxation on personal property which
45 these moneys replace. If taxing districts are consolidated, the resulting district is entitled to
46 an amount equal to the sum of the amounts which were received in the last calendar quarter

1 by each district pursuant to this subsection prior to the consolidation. If a taxing district is
2 dissolved or disincorporated, the state tax commission shall continuously distribute to the board
3 of county commissioners an amount equal to the last quarter's distribution prior to dissolution
4 or disincorporation. The board of county commissioners shall determine any redistribution of
5 moneys so received. If a taxing district annexes territory, the distribution of moneys received
6 pursuant to this subsection shall be unaffected. Taxing districts formed after January 1, 2001,
7 are not entitled to a payment under the provisions of this subsection. School districts shall
8 receive an amount determined by multiplying the sum of the year 2000 school district levy
9 minus .004 times the market value on December 31, 2000, in the district of the property exempt
10 from taxation pursuant to section 63-602EE, Idaho Code, provided that the result of these
11 calculations shall not be less than zero (0). The result of these school district calculations shall
12 be further increased by six percent (6%). For purposes of the limitation provided by section
13 63-802, Idaho Code, moneys received pursuant to this section as property tax replacement for
14 property exempt from taxation pursuant to section 63-602EE, Idaho Code, shall be treated as
15 property tax revenues.

16 (11) Amounts necessary to pay refunds as provided in subsection (3) of section 63-3641,
17 Idaho Code, to a developer of a retail commercial complex whose stores sell tangible personal
18 property or taxable services subject to the sales and use tax up to an aggregate total of
19 thirty-five million dollars (\$35,000,000) per project shall be remitted to the demonstration pilot
20 project fund created in subsection (3) of section 63-3641, Idaho Code, and shall be specific to
21 and accounted for by each project.

22 (12) Amounts calculated in accordance with subsection (4) of section 63-602KK, Idaho
23 Code, for annual distribution to counties and other taxing districts for replacement of property
24 tax on personal property tax exemptions pursuant to subsection (1) of section 63-602KK, Idaho
25 Code, which amounts are continuously appropriated unless the legislature enacts a different
26 appropriation for a particular fiscal year.

27 (13) Any moneys remaining over and above those necessary to meet and reserve for
28 payments under other subsections of this section shall be distributed to the general fund.

29 (14) (a) From the amount distributed to the general fund as provided for in subsection
30 (13) of this section, an amount equal to thirty million dollars (\$30,000,000) shall be
31 deposited to the highway maintenance, preservation and restoration fund established in
32 section 40-701A, Idaho Code. Provided however, that in the event moneys from the
33 collection of the sales and use tax on the sale of new and used motor vehicles do not
34 equal or exceed thirty million dollars (\$30,000,000), the amount deposited to the highway
35 maintenance, preservation and restoration fund provided for in this subsection shall be
36 reduced by a proportional amount. The deposit to the highway maintenance, preservation
37 and restoration fund provided for in this subsection (14)(a) shall be made in quarterly
38 installments each fiscal year. This subsection (14)(a) shall be in effect from July 1, 2010,
39 through June 30, 2011.

40 (b) From the amount distributed to the general fund as provided for in subsection (13)
41 of this section, an amount equal to sixty million dollars (\$60,000,000) shall be deposited
42 to the highway maintenance, preservation and restoration fund established in section
43 40-701A, Idaho Code. Provided however, that in the event moneys from the collection of
44 the sales and use tax on the sale of new and used motor vehicles do not equal or exceed
45 sixty million dollars (\$60,000,000), the amount deposited to the highway maintenance,
46 preservation and restoration fund provided for in this subsection (14)(b) shall be reduced

1 by a proportional amount. The deposit to the highway maintenance, preservation and
2 restoration fund provided for in this subsection (14)(b) shall be made in quarterly
3 installments each fiscal year. This subsection (14)(b) shall be in effect from July 1, 2011,
4 through June 30, 2012.

5 (c) From the amount distributed to the general fund as provided for in subsection (13) of
6 this section, an amount equal to ninety million dollars (\$90,000,000) shall be deposited
7 to the highway maintenance, preservation and restoration fund established in section
8 40-701A, Idaho Code. Provided however, that in the event moneys from the collection of
9 the sales and use tax on the sale of new and used motor vehicles do not equal or exceed
10 ninety million dollars (\$90,000,000), the amount deposited to the highway maintenance,
11 preservation and restoration fund provided for in this subsection (14)(c) shall be reduced
12 by a proportional amount. The deposit to the highway maintenance, preservation and
13 restoration fund provided for in this subsection (14)(c) shall be made in quarterly
14 installments each fiscal year. This subsection (14)(c) shall be in effect from July 1, 2012,
15 through June 30, 2013.

16 (d) From the amount distributed to the general fund as provided for in subsection (13)
17 of this section, an amount equal to the sales and use tax collected on the sale of new
18 and used motor vehicles shall be deposited to the highway maintenance, preservation
19 and restoration fund established in section 40-701A, Idaho Code. The deposit to the
20 highway maintenance, preservation and restoration fund provided for in this subsection
21 (14)(d) shall be made in quarterly installments each fiscal year. This subsection (14)(d)
22 shall be in effect on and after July 1, 2014.

23 (e) For purposes of this subsection (14), the term "motor vehicle" has the same meaning
24 as that provided for in section 49-123, Idaho Code.

25 SECTION 2. This act shall be in full force and effect on and after July 1, 2010.