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LEGISLATURE OF THE STATE OF IDAHO  
Sixty-third Legislature Second Regular Session - 2016  
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IN THE \_\_\_\_\_

BILL NO. \_\_\_\_\_

BY \_\_\_\_\_

AN ACT

RELATING TO TAXATION OF PERSONAL PROPERTY; AMENDING SECTION 63-602KK, IDAHO CODE, TO INCREASE THE AMOUNT OF THE EXEMPTION FOR PERSONAL PROPERTY; AMENDING SECTION 63-3638, IDAHO CODE, TO REVISE A REFERENCE, DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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

SECTION 1. That Section 63-602KK, Idaho Code, be, and the same is hereby amended to read as follows:

63-602KK. PROPERTY EXEMPT FROM TAXATION -- CERTAIN PERSONAL PROPERTY.

(1) (a) An item of taxable personal property purchased on or after January 1, 2013, shall be exempt from property taxation if the item of taxable personal property has an acquisition price of three thousand dollars (\$3,000) or less.

(b) For purposes of this section, the term "acquisition cost" means all costs required to put an item of taxable personal property into service and includes:

- (i) The purchase price of a new or used item;
- (ii) The cost of freight and shipping;
- (iii) The cost of installation, engineering, erection or assembly; and
- (iv) Sales and use taxes.

(c) For purposes of this subsection, an "item of taxable personal property" means equipment, machinery, furniture or other personal property that is functioning at its highest and best use for the purpose it was designed and constructed and is generally capable of performing that function without being combined with other items of personal property. An item of taxable personal property is not an individual component part of a piece of equipment, machinery, furniture or other personal property as a whole. An item of taxable personal property does not include an improvement to real property, a part that will become an improvement, or anything defined as a fixture.

(2) On and after January 1, 201~~5~~<sup>6</sup>, except as provided in subsection (8) of this section, each person's personal property, located in the county, which is not otherwise exempt, shall be exempt to the extent of ~~one~~ two hundred fifty thousand dollars (~~\$100,000~~ 250,000). For the purposes of this section, a person includes two (2) or more people using the property in a common enterprise who are within a relationship described in section 267 of the Internal Revenue Code, as defined in section 63-3004, Idaho Code.

(3) (a) No later than the third Monday of November 2013, the county clerk of each county shall certify to the state tax commission the amount of exemption from property taxes under subsection (2) of this section, in that county for that year. The certification shall identify

1 the property receiving tax reductions, the value of the property, the  
2 property's location, the amount of the tax levy applicable to personal  
3 property in the location, and the tax before and after the exemption al-  
4 lowed in subsection (2) of this section. The certification shall be in  
5 the form prescribed by the state tax commission and shall include such  
6 additional information as the commission may require by rule as needed  
7 to implement the purpose of this section. The certification shall be  
8 reviewed and, if necessary, corrected by the state tax commission.

9 (b) Except as provided in subsections (7) and (9) of this section, the  
10 year beginning January 1, 2014, and every year thereafter, the amount of  
11 annual replacement of property tax on personal property exempted pur-  
12 suant to subsection (2) of this section shall be the amount approved by  
13 the state tax commission pursuant to paragraph (a) of this subsection.

14 (4) (a) Subject to the limitations of this section, the state tax  
15 commission shall reimburse from the amount appropriated for personal  
16 property tax replacement in section 63-3638, Idaho Code, the county  
17 treasurer of each county for the reduction on the certification pro-  
18 vided in subsection (3) of this section. The county treasurer shall  
19 reimburse from the amount received to each taxing district within the  
20 county an amount in proportion to the amount of reduction shown on the  
21 certification in subsection (3) of this section as corrected. The  
22 amount that would otherwise be attributable to tax revenues derived  
23 from tax levies on personal property exempted by this section within  
24 an existing revenue allocation area as defined in section 50-2903(15),  
25 Idaho Code, shall be paid directly by the county treasurer to such pub-  
26 lic body or agency entitled thereto, equal to the amounts that would  
27 have been distributed in accordance with the formula for such distribu-  
28 tion set forth in section 50-2908, Idaho Code. Taxing districts created  
29 on or after January 1, 2013, shall not be eligible for the reimbursement  
30 provided for in this paragraph.

31 (b) The state tax commission shall pay one-half (1/2) of the reimburse-  
32 ment provided in this section no later than December 20 of each year, and  
33 the second one-half (1/2) shall be paid by no later than June 20 of the  
34 following year. The money received by the county tax collector under  
35 the provisions of this section may be considered by counties and other  
36 taxing districts and budgeted against at the same time, and in the same  
37 manner, and in the same year as revenues from taxation. The total amount  
38 paid to the county treasurers shall not exceed the amount certified to  
39 the state tax commission under subsection (3) of this section.

40 (c) For purposes of the limitation provided by section 63-802, Idaho  
41 Code, moneys received from distributions pursuant to section 63-3638,  
42 Idaho Code, as property tax replacement for the taxable value of prop-  
43 erty exempt from taxation pursuant to this section shall be treated as  
44 property tax revenues.

45 (5) (a) Nothing contained in this section shall affect the taxation of  
46 forest lands or forest products pursuant to chapter 17, title 63, Idaho  
47 Code, or the taxation of the net profits of mines pursuant to chapter 28,  
48 title 63, Idaho Code.

49 (b) The exemption from personal property tax provided for in subsec-  
50 tion (2) of this section shall not apply to motor vehicles, recreational

1 vehicles, aircraft and boats that are not registered with the state of  
2 Idaho and for which required registration fees have not been paid.

3 (6) (a) The application for the exemption provided for in subsection  
4 (2) of this section shall be in the form prescribed by the state tax com-  
5 mission and shall include such information as the state tax commission  
6 may require by rule as needed to implement the purpose of this section  
7 including, but not limited to, a list of each item of personal property,  
8 the purchase date of each item of personal property, the unit cost of  
9 each item of personal property, if more than the exemption allowed in  
10 subsection (1) of this section, and the total cost of the items of per-  
11 sonal property.

12 (b) The application for this exemption, if the county is capable of so  
13 providing, may be transmitted by the county assessor electronically,  
14 as that term is defined in section 63-115, Idaho Code, when requested  
15 by the taxpayer, or mailed by the county assessor to the taxpayer, or  
16 his agent or representative at the taxpayer's last known post office  
17 address, no later than March 1 of each year. The transmission or mail-  
18 ing of the application shall also include the taxpayer's application  
19 for the exemption allowed by this section for the last year in which the  
20 taxpayer filed an application.

21 (c) A taxpayer need only make application for the exemption in this sec-  
22 tion once as long as all of the following conditions are met:

23 (i) The taxpayer has received the exemption during the previous  
24 year as a result of him making a valid application as defined in  
25 this section.

26 (ii) The amount of the exemption allowed by this section is more  
27 than the taxable value of personal property owned by the taxpayer.

28 (iii) The taxpayer has not made purchases of personal property,  
29 excluding items of taxable personal property exempted pursuant to  
30 subsection (1) of this section, that would cause the taxable value  
31 of the personal property owned by the taxpayer to exceed the maxi-  
32 mum amount allowed as an exemption by this section.

33 (d) Knowingly failing to report changes in the taxable value of per-  
34 sonal property that exceed the amount of the exemption allowed pursuant  
35 to this section shall subject the taxpayer to a fine not in excess of ten  
36 thousand dollars (\$10,000) in addition to other penalties set forth in  
37 this chapter.

38 (7) Recovery of property tax exemptions allowed by this section but im-  
39 properly claimed:

40 (a) Upon discovery of evidence, facts or circumstances indicating any  
41 exemption allowed by this section was improperly claimed, the county  
42 assessor shall decide whether the exemption claimed should have been  
43 allowed, and if not, notify the board of county commissioners, at which  
44 time the board may waive a recovery of the property tax and notify such  
45 taxpayer in writing.

46 (b) The assessment and collection of the recovery of property tax must  
47 begin within the seven (7) year period beginning on the date the assess-  
48 ment notice reflecting the improperly claimed exemption was required to  
49 be mailed to the taxpayer.

1 (c) The taxpayer may appeal to the board of tax appeals the decision by  
2 the board of county commissioners to assess the recovery of property tax  
3 within thirty (30) days of the date the county assessor sent the notice  
4 to the taxpayer pursuant to this section.

5 (d) For purposes of calculating the tax, the amount of the recovered  
6 property tax shall be for each year the exemption allowed by this sec-  
7 tion was improperly claimed or approved, up to a maximum of seven (7)  
8 years. The amount of the recovery of property tax shall be calculated  
9 using the product of the amount of exempted value for each year multi-  
10 plied by the levy for that year plus costs, late charges and interest for  
11 each year at the rates equal to those provided for delinquent property  
12 taxes during that year. In cases of fraud, the fine set forth in subsec-  
13 tion (6) (d) of this section shall be assessed for each tax year.

14 (e) Any recovery of property tax shall be due and payable no later than  
15 the date provided for property taxes in section 63-903, Idaho Code, and  
16 if not timely paid, late charges and interest, beginning the first day  
17 of January in the year following the year the county assessor sent the  
18 notice to the taxpayer pursuant to this section, shall be calculated at  
19 the current rate provided for property taxes.

20 (f) Recovered property taxes shall be billed, collected and dis-  
21 tributed in the same manner as property taxes. If the recovery is  
22 for property tax for which the state provided replacement money, the  
23 amounts recovered shall be reported and remitted to the state tax  
24 commission, which shall reimburse the general fund. The state tax com-  
25 mission will then notify each affected taxing district or unit of its  
26 proportionate share of the recovered property tax, which amount shall  
27 be deducted from future payments to be made pursuant to subsection (3)  
28 of this section.

29 (g) Thirty (30) days after the taxpayer is notified, as provided in  
30 paragraph (a) of this subsection, the assessor shall record a notice  
31 of intent to attach a lien. Upon the payment in full of such recov-  
32 ered property taxes prior to the attachment of the lien as provided in  
33 paragraph (h) of this subsection, or upon the successful appeal by the  
34 taxpayer, the county assessor shall record a rescission of the intent to  
35 attach a lien within seven (7) business days of receiving such payment  
36 or within seven (7) business days of the county commissioners' decision  
37 granting the appeal.

38 (h) Any unpaid recovered property taxes shall become a lien upon the  
39 taxpayer's personal property in the same manner as provided for prop-  
40 erty taxes in section 63-206, Idaho Code, except such lien shall attach  
41 as of the first day of January in the year following the year the county  
42 treasurer sent the notice to the taxpayer pursuant to this section.

43 (i) For purposes of the limitation provided by section 63-802, Idaho  
44 Code, moneys received pursuant to this subsection as recovery of prop-  
45 erty tax shall be treated as property tax revenue.

46 (8) For operating property with values apportioned to more than one (1)  
47 county, the personal property exemption shall be subtracted from the Idaho  
48 allocated value prior to apportionment and, for private railcar companies,  
49 prior to determining whether their values are to be apportioned. Notwith-  
50 standing amounts calculated as provided in subsection (1) of this section,

1 the amount of the exemption otherwise provided in subsection (2) of this sec-  
2 tion shall be calculated as follows:

3 (a) Take the lesser amount of:

4 (i) The number of counties in which a company has operating prop-  
5 erty multiplied by ~~one~~ two hundred fifty thousand dollars (~~\$100~~  
6 250,000); or

7 (ii) The total statewide value of eligible personal property re-  
8 ported by the company.

9 (b) Reduce the amount calculated in paragraph (a) of this subsection by  
10 the value of any nonoperating personal property granted the exemption  
11 otherwise found in subsection (2) of this section, as reported by county  
12 assessors.

13 (9) (a) In addition to the certification provided for in subsection  
14 (3), there shall be an additional certification provided for the dif-  
15 ference between the one hundred thousand dollar (\$100,000) exemption  
16 provided for prior to January 1, 2016, and the two hundred fifty thou-  
17 sand dollar (\$250,000) exemption provided for on and after January 1,  
18 2016. Such difference shall be eligible for reimbursement to the county  
19 treasurer as provided for in subsection (10). Taxing districts created  
20 between January 1, 2013 and December 31, 2015 shall be eligible for the  
21 additional exemption provided for in this section. No later than the  
22 third Monday of November 2016, the county clerk of each county shall  
23 certify to the state tax commission the amount of additional exemption  
24 from property taxes under subsection (2) of this section, in that county  
25 for that year. The certification shall identify the property receiving  
26 additional tax reductions, the value of the property, the property's  
27 location, the amount of the tax levy applicable to personal property in  
28 the location, and the tax before and after the additional exemption al-  
29 lowed in subsection (2) of this section. The certification shall be in  
30 the form prescribed by the state tax commission and shall include such  
31 additional information as the commission may require by rule as needed  
32 to implement the purpose of this section. The certification shall be  
33 reviewed and, if necessary, corrected by the state tax commission.

34 (b) Except as provided in subsection (7) of this section, the year be-  
35 ginning January 1, 2016, and every year thereafter, the amount of addi-  
36 tional annual replacement of property tax on personal property exempted  
37 pursuant to subsection (2) of this section shall be the amount approved  
38 by the state tax commission pursuant to paragraph (a) of this subsec-  
39 tion.

40 (10) (a) Subject to the limitations of this section, the state tax com-  
41 mission shall reimburse from the additional amount appropriated for  
42 personal property tax replacement in section 63-3638, Idaho Code, the  
43 county treasurer of each county for the reduction on the certifica-  
44 tion provided in subsection (9) of this section. The county treasurer  
45 shall reimburse from the additional amount received to each taxing  
46 district within the county an amount in proportion to the amount of  
47 reduction shown on the certification in subsection (9) of this sec-  
48 tion as corrected. The amount that would otherwise be attributable to  
49 tax revenues derived from tax levies on personal property exempted by  
50 this section within an existing revenue allocation area as defined in

1 section 50-2903(15), Idaho Code, shall be paid directly by the county  
2 treasurer to such public body or agency entitled thereto, equal to the  
3 amounts that would have been distributed in accordance with the formula  
4 for such distribution set forth in section 50-2908, Idaho Code. Taxing  
5 districts created on or after January 1, 2016, shall not be eligible for  
6 the reimbursement provided for in this paragraph.

7 (b) The state tax commission shall pay one-half (1/2) of the reimburse-  
8 ment provided in this section no later than December 20 of each year, and  
9 the second one-half (1/2) shall be paid by no later than June 20 of the  
10 following year. The money received by the county tax collector under  
11 the provisions of this section may be considered by counties and other  
12 taxing districts and budgeted against at the same time, and in the same  
13 manner, and in the same year as revenues from taxation. The total addi-  
14 tional amount paid to the county treasurers shall not exceed the amount  
15 certified to the state tax commission under subsection (9) of this sec-  
16 tion.

17 (c) For purposes of the limitation provided by section 63-802, Idaho  
18 Code, moneys received from distributions pursuant to section 63-3638,  
19 Idaho Code, as property tax replacement for the taxable value of prop-  
20 erty exempt from taxation pursuant to this section shall be treated as  
21 property tax revenues.

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

24 63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this  
25 chapter, except as may otherwise be required in sections 63-3203 and  
26 63-3709, Idaho Code, shall be distributed by the state tax commission as  
27 follows:

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

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

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

38 (4) An amount equal to the sum required to be certified by the chair-  
39 man of the Idaho housing and finance association to the state tax commis-  
40 sion pursuant to section 67-6211, Idaho Code, in each year is continuously  
41 appropriated and shall be paid to any capital reserve fund, established by  
42 the Idaho housing and finance association pursuant to section 67-6211, Idaho  
43 Code. Such amounts, if any, as may be appropriated hereunder to the capital  
44 reserve fund of the Idaho housing and finance association shall be repaid for  
45 distribution under the provisions of this section, subject to the provisions  
46 of section 67-6215, Idaho Code, by the Idaho housing and finance associa-  
47 tion, as soon as possible, from any moneys available therefor and in excess

1 of the amounts which the association determines will keep it self-support-  
2 ing.

3 (5) An amount equal to the sum required by the provisions of sections  
4 63-709 and 63-717, Idaho Code, after allowance for the amount appropriated  
5 by section 63-718(3), Idaho Code, is continuously appropriated and shall be  
6 paid as provided by sections 63-709 and 63-717, Idaho Code.

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

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

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

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

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

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

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

- 1 (ii) Fifty percent (50%) of such amount shall be paid to the vari-  
2 ous cities, and each city shall be entitled to an amount in the pro-  
3 portion that the preceding year's market value for assessment pur-  
4 poses for that city bears to the preceding year's market value for  
5 assessment purposes for all cities within the state.
- 6 (b) Twenty-eight and two-tenths percent (28.2%) shall be paid to the  
7 various counties as follows:
- 8 (i) One million three hundred twenty thousand dollars  
9 (\$1,320,000) annually shall be distributed one forty-fourth  
10 (1/44) to each of the various counties; and
- 11 (ii) The balance of such amount shall be paid to the various coun-  
12 ties, and each county shall be entitled to an amount in the propor-  
13 tion that the population of that county bears to the population of  
14 the state;
- 15 (c) Thirty-five and nine-tenths percent (35.9%) of the amount appro-  
16 priated in this subsection shall be paid to the several counties for  
17 distribution to the cities and counties as follows:
- 18 (i) Each city and county which received a payment under the provi-  
19 sions of section 63-3638 (e), Idaho Code, during the fourth quarter  
20 of calendar year 1999, shall be entitled to a like amount during  
21 succeeding calendar quarters.
- 22 (ii) If the dollar amount of money available under this subsection  
23 (10) (c) in any quarter does not equal the amount paid in the fourth  
24 quarter of calendar year 1999, each city's and county's payment  
25 shall be reduced proportionately.
- 26 (iii) If the dollar amount of money available under this subsec-  
27 tion (10) (c) in any quarter exceeds the amount paid in the fourth  
28 quarter of calendar year 1999, each city and county shall be en-  
29 titled to a proportionately increased payment, but such increase  
30 shall not exceed one hundred five percent (105%) of the total pay-  
31 ment made in the fourth quarter of calendar year 1999.
- 32 (iv) If the dollar amount of money available under this subsection  
33 (10) (c) in any quarter exceeds one hundred five percent (105%) of  
34 the total payment made in the fourth quarter of calendar year 1999,  
35 any amount over and above such one hundred five percent (105%)  
36 shall be paid fifty percent (50%) to the various cities in the pro-  
37 portion that the population of the city bears to the population of  
38 all cities within the state, and fifty percent (50%) to the various  
39 counties in the proportion that the population of a county bears to  
40 the population of the state; and
- 41 (d) Seven and seven-tenths percent (7.7%) of the amount appropriated in  
42 this subsection shall be paid to the several counties for distribution  
43 to special purpose taxing districts as follows:
- 44 (i) Each such district which received a payment under the provi-  
45 sions of section 63-3638 (e), Idaho Code, during the fourth quarter  
46 of calendar year 1999, shall be entitled to a like amount during  
47 succeeding calendar quarters.
- 48 (ii) If the dollar amount of money available under this subsec-  
49 tion (10) (d) in any quarter does not equal the amount paid in the



1 fourth quarter of calendar year 1999, each special purpose taxing  
2 district's payment shall be reduced proportionately.

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

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

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

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

28 (vii) For purposes of this subsection (10) (d), a special purpose  
29 taxing district is any taxing district which is not a city, a  
30 county or a school district.

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

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

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

21 (13) Amounts calculated in accordance with subsections (4) and (10) of  
22 section 63-602KK, Idaho Code, for annual distribution to counties and other  
23 taxing districts for replacement of property tax on personal property tax  
24 exemptions pursuant to subsection (2) of section 63-602KK, Idaho Code, which  
25 amounts are continuously appropriated unless the legislature enacts a dif-  
26 ferent appropriation for a particular fiscal year. For purposes of the lim-  
27 itation provided by section 63-802, Idaho Code, moneys received pursuant to  
28 this section as property tax replacement for property exempt from taxation  
29 pursuant to section 63-602KK, Idaho Code, shall be treated as property tax  
30 revenues. If taxing districts are consolidated, the resulting district is  
31 entitled to an amount equal to the sum of the amounts that were received in  
32 the last calendar year by each district pursuant to this subsection prior to  
33 the consolidation. If a taxing district or revenue allocation area annexes  
34 territory, the distribution of moneys received pursuant to this subsection  
35 shall be unaffected. ~~Taxing districts and revenue allocation areas formed~~  
36 ~~after January 1, 2013, are not entitled to a payment under the provisions of~~  
37 ~~this subsection.~~

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

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

1           SECTION 3. An emergency existing therefor, which emergency is hereby  
2 declared to exist, this act shall be in full force and effect on and after its  
3 passage and approval, and retroactively to January 1, 2016.

## **STATEMENT OF PURPOSE**

### **DRAFT 3**

This draft legislation increases the personal property tax exemption from \$100,000 to \$250,000

### **FISCAL NOTE**

Exempting \$250,000 of personal property from taxation will result in an additional \$10.5 million reduction to local units of government. This reduction will be offset and replaced by an additional distribution from sales taxes as determined by local units of government and verified by the State Tax Commission. This will result in a distribution of \$10.5 million less from sales tax revenues into the state General Fund.

