

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 408

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 PROVISIONS REGARDING THE DIS-
4 TRIBUTION OF SALES AND USE TAX REVENUE TO CITIES; AND AMENDING SECTION
5 63-316, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE AND TO MAKE A
6 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 pop-
16 ulation estimates available from the United States census bureau no later
17 than thirty (30) days prior to the next quarterly distribution from the rev-
18 enue-sharing account.

19 (2) "Revenue-sharing account" means the account established in the
20 treasury for all sales and use tax revenue to be distributed on a quarterly
21 basis pursuant to section 63-3638(10), Idaho Code.

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, 63-3620F,
26 and 63-3709, Idaho Code, and except as provided in subsection (16) of this
27 section, shall be distributed by the state tax commission as 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 fund 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

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

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 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 and one million nine hundred thousand dol-
21 lars (\$1,900,000) shall be distributed to the forty-four (44) counties in
22 the proportion that the population of the county bears to the population of
23 the state. For fiscal year 2012 and for each fiscal year thereafter, the
24 amount distributed pursuant to this subsection shall be adjusted annually
25 by the state tax commission in accordance with the consumer price index for
26 all urban consumers (CPI-U) as published by the U.S. department of labor,
27 bureau of labor statistics, but in no fiscal year shall the total amount
28 allocated for counties under this subsection 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
33 be deposited all revenues received from the distribution pursuant to this
34 subsection. All such revenues shall be used exclusively to defray the costs
35 associated with conducting elections as required of county clerks by the
36 provisions 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 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 appro-
47 priated and shall be distributed to the revenue-sharing account, which is
48 hereby created in the state treasury, and the moneys in the revenue-sharing
49 account will be paid in installments each calendar quarter by the state tax
50 commission on and after July 1, 2020, as follows:

1 (a) ~~Twenty-eight~~ Forty-five and two-tenths percent (45.2%) shall be
2 paid to the 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 The revenue-sharing amount calcu-~~
7 ~~lated by the state tax commission for the various cities for each~~
8 ~~quarter of fiscal year 2020 shall be the base amount for current~~
9 ~~quarterly revenue distribution amounts. The state tax commission~~
10 ~~shall calculate the per capita distribution for each city result-~~
11 ~~ing from the previous fiscal year's distributions.~~

12 (ii) ~~Fifty percent (50%) of such amount shall be paid to the var-~~
13 ~~ious cities, and each city shall be entitled to an amount in the~~
14 ~~proportion that the preceding year's market value for assessment~~
15 ~~purposes for that city bears to the preceding year's market value~~
16 ~~for assessment purposes for all cities within the state. If there~~
17 ~~is no change in the amount of the revenue-sharing account from the~~
18 ~~same quarter of the previous fiscal year, then the various cities~~
19 ~~shall receive the same amount received for the same quarter of the~~
20 ~~previous fiscal year.~~

21 (iii) If the balance of the revenue-sharing account for the cur-
22 rent quarter is greater than the balance of the revenue-sharing
23 account for the same quarter of the previous fiscal year, then:

24 1. If the distributions made to the cities during the same
25 quarter of the previous fiscal year were below the base
26 amount established in fiscal year 2020, then the various
27 cities shall first receive a proportional increase up to the
28 base amount for each city and up to a one percent (1%) in-
29 crease over such base amount. Any remaining moneys shall be
30 distributed to cities with a below-average per capita dis-
31 tribution in the proportion that the population of that city
32 bears to the population of all cities with below-average per
33 capita distributions within the state.

34 2. If the distributions made to the cities during the same
35 quarter of the previous fiscal year were at or above the
36 base amount established in fiscal year 2020, then the cities
37 shall receive the same distribution they received during the
38 same quarter of the previous fiscal year plus a proportional
39 increase up to one percent (1%). Any remaining moneys shall
40 be distributed to the cities with a below-average per capita
41 distribution in the proportion that the population of that
42 city bears to the population of all cities with a below-aver-
43 age per capita distribution within the state.

44 (iv) If the balance of the revenue-sharing account for the cur-
45 rent quarter is less than the balance of the revenue-sharing ac-
46 count for the same quarter of the previous fiscal year, then the
47 cities shall first receive a proportional reduction down to the
48 base amount established in fiscal year 2020. If further reduc-
49 tions are necessary, the cities shall receive reductions based on

1 the proportion that each city's population bears to the population
 2 of all cities within the state.

3 (b) ~~Twenty-eight~~ Forty-seven and two-tenths one-tenth percent (28.2
 4 47.1%) shall be paid to the various counties as follows:

5 (i) Fifty-nine and eight-tenths percent (59.8%) of the amount to
 6 be distributed under this paragraph (b) of this subsection shall
 7 be distributed as follows:

8 1. 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)~~ 2. The balance of such amount shall be paid to the var-
 12 ious counties, and each county shall be entitled to an amount
 13 in the proportion that the population of that county bears to
 14 the population of the state; and

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 (ii) Forty and two-tenths percent (40.2%) of the amount to be dis-
 19 tributed under this paragraph (b) of this subsection shall be dis-
 20 tributed as follows:

21 ~~(i)~~ 1. Each city and county which that received a payment
 22 under the provisions of section 63-3638(e), Idaho Code, as
 23 that subsection existed immediately prior to July 1, 2000,
 24 during the fourth quarter of calendar year 1999, shall be en-
 25 titled to a like amount during succeeding calendar quarters.

26 ~~(ii)~~ 2. If the dollar amount of money available under this
 27 subsection (10) (eb) (ii) in any quarter does not equal the
 28 amount paid in the fourth quarter of calendar year 1999, each
 29 city's and county's payment shall be reduced proportion-
 30 ately.

31 ~~(iii)~~ 3. If the dollar amount of money available under this
 32 subsection (10) (eb) (ii) in any quarter exceeds the amount
 33 paid in the fourth quarter of calendar year 1999, each city
 34 and county shall be entitled to a proportionately increased
 35 payment, but such increase shall not exceed one hundred five
 36 percent (105%) of the total payment made in the fourth quar-
 37 ter of calendar year 1999.

38 ~~(iv)~~ 4. If the dollar amount of money available under this
 39 subsection (10) (eb) (ii) in any quarter exceeds one hundred
 40 five percent (105%) of the total payment made in the fourth
 41 quarter of calendar year 1999, any amount over and above such
 42 one hundred five percent (105%) shall be paid fifty percent
 43 (50%) to the various cities in the proportion that the pop-
 44 ulation of the city bears to the population of all cities
 45 within the state and fifty percent (50%) to the various coun-
 46 ties in the proportion that the population of the county
 47 bears to the population of the state; and

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

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

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

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

23 (iv) If special purpose taxing districts are consolidated, the
24 resulting district is entitled to a base amount equal to the sum of
25 the base amounts received in the last calendar quarter by each dis-
26 trict prior to the consolidation.

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

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

36 (vii) For purposes of this ~~subsection (10) (d)~~ paragraph (c) of
37 this subsection, a special purpose taxing district is any taxing
38 district that is not a city, a county, or a school district.

39 (11) Amounts calculated in accordance with section 2, chapter 356, laws
40 of 2001, for annual distribution to counties and other taxing districts be-
41 ginning in October 2001 for replacement of property tax on farm machinery and
42 equipment exempted pursuant to section 63-602EE, Idaho Code. For nonschool
43 districts, the state tax commission shall distribute one-fourth (1/4) of
44 this amount certified quarterly to each county. For school districts, the
45 state tax commission shall distribute one-fourth (1/4) of the amount certi-
46 fied quarterly to each school district. For nonschool districts, the county
47 auditor shall distribute to each district within thirty (30) calendar days
48 from receipt of moneys from the state tax commission. Moneys received by
49 each taxing district for replacement shall be utilized in the same manner
50 and in the same proportions as revenues from property taxation. The moneys

1 remitted to the county treasurer for replacement of property exempt from
2 taxation pursuant to section 63-602EE, Idaho Code, may be considered by the
3 counties and other taxing districts and budgeted at the same time, in the
4 same manner and in the same year as revenues from taxation on personal prop-
5 erty which these moneys replace. If taxing districts are consolidated, the
6 resulting district is entitled to an amount equal to the sum of the amounts
7 received in the last calendar quarter by each district pursuant to this
8 subsection prior to the consolidation. If a taxing district is dissolved
9 or disincorporated, the state tax commission shall continuously distribute
10 to the board of county commissioners an amount equal to the last quarter's
11 distribution prior to dissolution or disincorporation. The board of county
12 commissioners shall determine any redistribution of moneys so received. If
13 a taxing district annexes territory, the distribution of moneys received
14 pursuant to this subsection shall be unaffected. Taxing districts formed
15 after January 1, 2001, are not entitled to a payment under the provisions
16 of this subsection. School districts shall receive an amount determined by
17 multiplying the sum of the year 2000 school district levy minus .004 times
18 the market value on December 31, 2000, in the district of the property exempt
19 from taxation pursuant to section 63-602EE, Idaho Code, provided that the
20 result of these calculations shall not be less than zero (0). The result of
21 these school district calculations shall be further increased by six per-
22 cent (6%). For purposes of the limitation provided by section 63-802, Idaho
23 Code, moneys received pursuant to this section as property tax replacement
24 for property exempt from taxation pursuant to section 63-602EE, Idaho Code,
25 shall be treated as property tax revenues.

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

29 (13) Amounts calculated in accordance with subsection (4) of section
30 63-602KK, Idaho Code, for annual distribution to counties and other taxing
31 districts for replacement of property tax on personal property tax exemp-
32 tions pursuant to subsection (2) of section 63-602KK, Idaho Code, which
33 amounts are continuously appropriated unless the legislature enacts a dif-
34 ferent appropriation for a particular fiscal year. For purposes of the
35 limitation provided by section 63-802, Idaho Code, moneys received pursuant
36 to this section as property tax replacement for property exempt from taxa-
37 tion pursuant to section 63-602KK, Idaho Code, shall be treated as property
38 tax revenues. If taxing districts are consolidated, the resulting district
39 is entitled to an amount equal to the sum of the amounts that were received in
40 the last calendar year by each district pursuant to this subsection prior to
41 the consolidation. If a taxing district or revenue allocation area annexes
42 territory, the distribution of moneys received pursuant to this subsection
43 shall be unaffected. Taxing districts and revenue allocation areas formed
44 after January 1, 2013, are not entitled to a payment under the provisions of
45 this subsection.

46 (14) Amounts collected from purchasers and paid to the state of Idaho by
47 retailers that are not engaged in business in this state and which retailer
48 would not have been required to collect the sales tax, less amounts other-
49 wise distributed in subsections (1) and (10) of this section, shall be dis-
50 tributed to the tax relief fund created in section 57-811, Idaho Code. The

1 state tax commission will determine the amounts to be distributed under this
2 subsection.

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

6 (16) One percent (1%), but not less than fifteen million dollars
7 (\$15,000,000), is continuously appropriated and shall be distributed to the
8 transportation expansion and congestion mitigation fund established in sec-
9 tion 40-720, Idaho Code. The distribution provided for in this subsection
10 must immediately follow the distribution provided for in subsection (10) of
11 this section.

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

14 63-316. ADJUSTMENT OF ASSESSED VALUE -- COMPLETION OF ASSESSMENT
15 PROGRAM BY STATE TAX COMMISSION -- PAYMENT OF COSTS. (1) Whenever the state
16 tax commission, after a hearing, determines that any county assessor or the
17 county commissioners in assessing property in the county subject to taxation
18 have failed to abide by, adhere to and conform with the laws of the state of
19 Idaho and the rules of the state tax commission in determining market value
20 for assessment purposes, the state tax commission shall order the county as-
21 sessor and county commissioners of such county to make the necessary changes
22 or corrections in such assessments and if the county assessor and the county
23 commissioners refuse or neglect to comply with such order, the state tax com-
24 mission is authorized to and shall forthwith adjust or change the property
25 roll in such county.

26 (2) In lieu of the hearings and actions permitted in subsection (1)
27 of this section, the state tax commission shall monitor each county's im-
28 plementation of the continuing appraisal required in section 63-314, Idaho
29 Code, and may require each county to file such reports of its progress at
30 implementation of such continuing appraisals as the commission may find
31 necessary. In the event that the commission finds that any county is failing
32 to meet the requirements of section 63-314, Idaho Code, the commission may
33 order that county's indexing or appraisal or reappraisal programs be con-
34 ducted under the exclusive and complete control of the state tax commission
35 and the results of such programs shall be binding upon the county officers
36 of the county for which ordered. Payments for the actual costs of such
37 programs shall be made from the sales tax distribution created in section
38 63-3638, Idaho Code, and the amount of such payments shall be withheld from
39 the payments otherwise made under the provisions of section 63-3638(10) (eb)
40 and (10) (dc), Idaho Code, to the county for which indexing, appraisal or
41 reappraisal has been ordered, and this subsection shall constitute the nec-
42 essary appropriation to accomplish such payments, any other provision of law
43 notwithstanding.