

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 314

BY WAYS AND MEANS COMMITTEE

AN ACT

1 RELATING TO TRANSPORTATION FUNDING; AMENDING SECTION 63-3638, IDAHO CODE,
2 TO REVISE PROVISIONS REGARDING THE DISTRIBUTION OF SALES AND USE TAX
3 REVENUE; AND AMENDING SECTION 40-720, IDAHO CODE, TO ESTABLISH PROVI-
4 SIONS FOR THE USE OF CERTAIN TAX MONEYS FOR STATE AND LOCAL TRANSPORTA-
5 TION FUNDING.
6

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

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

10 63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this
11 chapter, except as may otherwise be required in sections 63-3203, 63-3620F,
12 and 63-3709, Idaho Code, and except as provided in subsection (16) of this
13 section, shall be distributed by the state tax commission as follows:

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

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

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

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

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

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

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

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

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

30 (10) Eleven and five-tenths percent (11.5%) is continuously appro-
31 priated and shall be distributed to the revenue-sharing account, which is
32 hereby created in the state treasury, and the moneys in the revenue-sharing
33 account will be paid in installments each calendar quarter by the state tax
34 commission on and after July 1, 2020, as follows:

35 (a) Forty-five and two-tenths percent (45.2%) shall be paid to the var-
36 ious cities as follows:

37 (i) The revenue-sharing amount calculated by the state tax com-
38 mission for the various cities for each quarter of fiscal year 2020
39 shall be the base amount for current quarterly revenue distribu-
40 tion amounts. The state tax commission shall calculate the per
41 capita distribution for each city resulting from the previous fis-
42 cal year's distributions.

43 (ii) If there is no change in the amount of the revenue-sharing
44 account from the same quarter of the previous fiscal year, then the
45 various cities shall receive the same amount received for the same
46 quarter of the previous fiscal year.

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

1 1. If the distributions made to the cities during the same
 2 quarter of the previous fiscal year were below the base
 3 amount established in fiscal year 2020, then the various
 4 cities shall first receive a proportional increase up to the
 5 base amount for each city and up to a one percent (1%) in-
 6 crease over such base amount. Any remaining moneys shall be
 7 distributed to cities with a below-average per capita dis-
 8 tribution in the proportion that the population of that city
 9 bears to the population of all cities with below-average per
 10 capita distributions within the state.

11 2. If the distributions made to the cities during the same
 12 quarter of the previous fiscal year were at or above the
 13 base amount established in fiscal year 2020, then the cities
 14 shall receive the same distribution they received during the
 15 same quarter of the previous fiscal year plus a proportional
 16 increase up to one percent (1%). Any remaining moneys shall
 17 be distributed to the cities with a below-average per capita
 18 distribution in the proportion that the population of that
 19 city bears to the population of all cities with a below-aver-
 20 age per capita distribution within the state.

21 (iv) If the balance of the revenue-sharing account for the cur-
 22 rent quarter is less than the balance of the revenue-sharing ac-
 23 count for the same quarter of the previous fiscal year, then the
 24 cities shall first receive a proportional reduction down to the
 25 base amount established in fiscal year 2020. If further reduc-
 26 tions are necessary, the cities shall receive reductions based on
 27 the proportion that each city's population bears to the population
 28 of all cities within the state.

29 (b) Forty-seven and one-tenth percent (47.1%) shall be paid to the var-
 30 ious counties as follows:

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

34 1. One million three hundred twenty thousand dollars
 35 (\$1,320,000) annually shall be distributed one forty-fourth
 36 (1/44) to each of the various counties; and

37 2. The balance of such amount shall be paid to the various
 38 counties, and each county shall be entitled to an amount in
 39 the proportion that the population of that county bears to
 40 the population of the state; and

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

44 1. Each county that received a payment under the provisions
 45 of section 63-3638(e), Idaho Code, as that subsection ex-
 46 isted immediately prior to July 1, 2000, during the fourth
 47 quarter of calendar year 1999, shall be entitled to a like
 48 amount during succeeding calendar quarters.

49 2. If the dollar amount of money available under this sub-
 50 section (10) (b) (ii) in any quarter does not equal the amount

1 paid in the fourth quarter of calendar year 1999, each
2 county's payment shall be reduced proportionately.

3 3. If the dollar amount of money available under this sub-
4 subsection (10) (b) (ii) in any quarter exceeds the amount paid
5 in the fourth quarter of calendar year 1999, each county
6 shall be entitled to a proportionately increased payment,
7 but such increase shall not exceed one hundred five percent
8 (105%) of the total payment made in the fourth quarter of
9 calendar year 1999.

10 4. If the dollar amount of money available under this sub-
11 subsection (10) (b) (ii) in any quarter exceeds one hundred five
12 percent (105%) of the total payment made in the fourth quar-
13 ter of calendar year 1999, any amount over and above such
14 one hundred five percent (105%) shall be paid to the various
15 counties in the proportion that the population of the county
16 bears to the population of the state; and

17 (c) Seven and seven-tenths percent (7.7%) of the amount appropriated in
18 this subsection shall be paid to the several counties for distribution
19 to special purpose taxing districts as follows:

20 (i) Each such district that received a payment under the provi-
21 sions of section 63-3638(e), Idaho Code, as such subsection ex-
22 isted immediately prior to July 1, 2000, during the fourth quarter
23 of calendar year 1999, shall be entitled to a like amount during
24 succeeding calendar quarters.

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

29 (iii) If the dollar amount of money available under this subsec-
30 tion (10) (c) in any quarter exceeds the amount distributed under
31 paragraph (c) (i) of this subsection, each special purpose tax-
32 ing district shall be entitled to a share of the excess based on
33 the proportion each such district's current property tax budget
34 bears to the sum of the current property tax budgets of all such
35 districts in the state. The state tax commission shall calculate
36 district current property tax budgets to include any unrecovered
37 forgone amounts as determined under section 63-802(1) (e), Idaho
38 Code. When a special purpose taxing district is situated in more
39 than one (1) county, the state tax commission shall determine the
40 portion attributable to the special purpose taxing district from
41 each county in which it is situated.

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

46 (v) If a special purpose taxing district is dissolved or disin-
47 corporated, the state tax commission shall continuously distrib-
48 ute to the board of county commissioners an amount equal to the
49 last quarter's distribution prior to dissolution or disincorpora-

1 tion. The board of county commissioners shall determine any re-
2 distribution of moneys so received.

3 (vi) Taxing districts formed after January 1, 2001, are not en-
4 titled to a payment under the provisions of this paragraph (c) of
5 this subsection.

6 (vii) For purposes of this paragraph (c) of this subsection, a spe-
7 cial purpose taxing district is any taxing district that is not a
8 city, a county, or a school district.

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

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

49 (13) Amounts calculated in accordance with subsection (4) of section
50 63-602KK, Idaho Code, for annual distribution to counties and other taxing

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

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

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

26 (16) ~~One~~ Four and five-tenths percent (~~±~~4.5%), but not less than
 27 ~~fifteen~~ sixty-seven million dollars (~~\$1567,000,000~~), is continuously ap-
 28 propriated and shall be distributed to the transportation expansion and
 29 congestion mitigation fund established in section 40-720, Idaho Code. The
 30 distribution provided for in this subsection must immediately follow the
 31 distribution provided for in subsection (10) of this section.

32 SECTION 2. That Section 40-720, Idaho Code, be, and the same is hereby
 33 amended to read as follows:

34 40-720. TRANSPORTATION EXPANSION AND CONGESTION MITIGATION PROGRAM
 35 -- FUND ESTABLISHED. (1) The Idaho transportation department shall es-
 36 tablish and maintain a transportation expansion and congestion mitigation
 37 program.

38 (2) The fund established pursuant to this section shall finance
 39 projects that expand the state system to address and mitigate transporta-
 40 tion congestion and shall be available for use by local units of government
 41 as set forth in this section. The state projects shall be evaluated by the
 42 Idaho transportation department and shall be chosen by the Idaho transporta-
 43 tion board based on a policy that may include mitigation of traffic times,
 44 improvement to traffic flow and mitigation of traffic congestion. A local
 45 unit of government shall use its funds for any of the following purposes,
 46 including but not limited to: mitigating traffic times, maintaining and
 47 improving highways and streets, improving traffic flow, constructing new
 48 highways and bridges necessary to expand the local system, mitigating traf-
 49 fic congestion, or maintaining, improving, repairing, or replacing bridges

1 and other such infrastructure, provided that the purpose or purposes comply
2 with United States treasury regulations for tax-exempt bonds.

3 (3) There is hereby established in the state treasury the transporta-
4 tion expansion and congestion mitigation fund, to which shall be deposited:

5 (a) All moneys distributed pursuant to section 63-2520, Idaho Code;

6 (b) All moneys distributed pursuant to section 63-3638, Idaho Code; and

7 (c) Any other appropriated moneys for funding the transportation ex-
8 pansion and congestion mitigation program.

9 (4) Interest earned on the investment of idle moneys in the fund shall
10 be paid to the fund. All moneys in the fund shall be used for the transporta-
11 tion expansion and congestion mitigation program.

12 (5) The Idaho housing and finance association is hereby authorized
13 to issue bonds, secured by otherwise unobligated moneys in the fund es-
14 tablished in subsection (3) of this section, for the purposes of financing
15 state transportation projects approved by the Idaho transportation board
16 and issuing grants by the Idaho transportation department to local units of
17 government for the purposes described in subsection (2) of this section. The
18 Idaho transportation board shall take into consideration the mitigation of
19 traffic congestion from the state campus site located at 11311 West Chinden
20 Boulevard, Boise, as a priority when approving transportation projects.
21 Moneys from the fund established in subsection (3) of this section shall
22 be used to pay any of the principal, interest, and other amounts for state
23 transportation projects approved by the Idaho transportation board, grants
24 received by local units of government, and amounts required for bonds issued
25 pursuant to this subsection in accordance with the provisions of chapter
26 62, title 67, Idaho Code. If such bonds are issued, moneys in the fund shall
27 first be continuously appropriated and used for repayment of said bonds in
28 accordance with subsection (7) of this section.

29 (6) The authority provided in subsection (5) of this section shall be
30 used only to issue bonds on an approved resolution by the Idaho transporta-
31 tion board requesting that the Idaho housing and finance association issue
32 bonds contingent upon:

33 (a) The availability of otherwise unobligated moneys in the fund, es-
34 tablished in subsection (3) of this section, necessary to meet bond ser-
35 vice obligations;

36 (b) The moneys disbursed being used in accordance with United States
37 treasury regulations to ensure tax-exempt status is retained, unless
38 tax-exempt bonds are not available; and

39 (c) The issuance of bonds at prevailing market rates of interest; and

40 (d) Thirty percent (30%) of the net proceeds of all bonds issued
41 pursuant to this section shall be made available to local units of gov-
42 ernment based on allocation percentages described in section 40-709,
43 Idaho Code, in the form of a grant program administered by the Idaho
44 transportation department. Grants to local units of governments shall
45 be calculated on a bond issue by bond issue basis or by estimating total
46 bonds to be issued under the transportation expansion and congestion
47 mitigation fund. Bonds will fund both state transportation projects
48 and local grants in the same bond issue. Requests for grant proposals
49 shall require the applicant of the grant to comply with United States
50 treasury regulations for tax-exempt bonds. Local units of government

1 may pool their apportionment with other local units of government when
2 applying for grants. Noncompliance with United States treasury regu-
3 lations may result in the loss of funds to a local unit of government as
4 determined by the Idaho transportation department.

5 (7) From moneys in the fund established in this section, there are
6 hereby continuously appropriated first such amounts as from time to time
7 shall be certified by the Idaho housing and finance association to the state
8 controller, the state treasurer, and the Idaho transportation board as
9 necessary for payment of principal, interest, and other amounts required
10 for transportation bonds or notes of the Idaho housing and finance associ-
11 ation in accordance with chapter 62, title 67, Idaho Code, that are issued
12 to finance improvements described in this section, which amounts shall not
13 exceed the amount received and transferred from section 63-3638(16), Idaho
14 Code, which amounts shall be transferred to the transportation expansion
15 and congestion mitigation program debt service fund established in section
16 40-721(2), Idaho Code.