

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 664

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO SALES TAX; AMENDING SECTION 63-3638, IDAHO CODE, TO REVISE THE
2 SALES TAX REVENUE DISTRIBUTION FORMULA FOR COUNTIES AND CITIES AND TO
3 MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 63-316, IDAHO CODE, TO
4 PROVIDE CORRECT CODE REFERENCES AND TO MAKE A TECHNICAL CORRECTION; AND
5 PROVIDING AN EFFECTIVE DATE.
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 and
12 63-3709, Idaho Code, and except as provided in subsection (16) of this sec-
13 tion, 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 ~~account~~ 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~~r~~ 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 which the association determines will keep it self-support-
35 ing.

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

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

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

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

23 (9) One dollar (\$1.00) on each application for certificate of title
24 or initial application for registration of a motor vehicle, snowmobile,
25 all-terrain vehicle or other vehicle processed by the county assessor or the
26 Idaho transportation department, excepting those applications in which any
27 sales or use taxes due have been previously collected by a retailer, shall be
28 a fee for the services of the assessor of the county or the Idaho transporta-
29 tion department in collecting such taxes~~7~~ and shall be paid into the current
30 expense fund of the county or state highway account established in section
31 40-702, Idaho Code.

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

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

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

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

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

1 ~~(i) One million three hundred twenty thousand dollars~~
 2 ~~(\$1,320,000) annually shall be distributed one forty-fourth~~
 3 ~~(1/44) to each of the various counties; and~~

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

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

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

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

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

25 ~~(iv) If the dollar amount of money available under this subsection~~
 26 ~~(10) (c) in any quarter exceeds one hundred five percent (105%) of~~
 27 ~~the total payment made in the fourth quarter of calendar year 1999,~~
 28 ~~any amount over and above such one hundred five percent (105%)~~
 29 ~~shall be paid fifty percent (50%) to the various cities in the pro-~~
 30 ~~portion that the population of the city bears to the population of~~
 31 ~~all cities within the state, and fifty percent (50%) to the various~~
 32 ~~counties in the proportion that the population of a county bears to~~
 33 ~~the population of the state; and~~

34 ~~(a) Forty-five percent (45%) of the amount appropriated in this subsec-~~
 35 ~~tion shall be paid to the various cities as follows:~~

36 ~~(i) The revenue sharing amount calculated by the state tax com-~~
 37 ~~mission for the various cities for each quarter of fiscal year 2018~~
 38 ~~shall be the base amount for each quarter for each city. Begin-~~
 39 ~~ning July 1, 2019, the state tax commission shall calculate the per~~
 40 ~~capita distribution under this section for each city for the pre-~~
 41 ~~vious fiscal year.~~

42 ~~(ii) If the change in the quarterly revenue sharing account from~~
 43 ~~the same quarter of the previous fiscal year is zero, then the var-~~
 44 ~~ious cities shall receive the same amount received for the same~~
 45 ~~quarter of the previous fiscal year.~~

46 ~~(iii) In the event there is a reduction in the quarterly revenue~~
 47 ~~sharing account from the same quarter of the previous fiscal year,~~
 48 ~~the various cities shall first receive a proportional reduction~~
 49 ~~on any amounts above the base amount for each city and, if nec-~~

1 essary, further reductions shall be based on the population each
2 city bears to the population of all cities within the state.

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

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

24 (b) Forty-seven and three-tenths percent (47.3%) of the amount appro-
25 propriated in this subsection shall be paid to the various counties as fol-
26 lows:

27 (i) The revenue sharing amount calculated by the state tax com-
28 mission for the various counties for each quarter of fiscal year
29 2018 shall be the base amount for each quarter for each county. Be-
30 ginning July 1, 2019, the state tax commission shall calculate the
31 per capita distribution under this section for each county for the
32 previous fiscal year.

33 (ii) If the change in the quarterly revenue sharing account from
34 the same quarter of the previous fiscal year is zero, then the var-
35 ious counties shall receive the same amount received for the same
36 quarter of the previous fiscal year.

37 (iii) In the event there is a reduction in the quarterly revenue
38 sharing account from the same quarter of the previous fiscal year,
39 the various counties shall first receive a proportional reduction
40 on any amounts above the base amount for each county and, if nec-
41 essary, further reductions shall be based on the population each
42 county bears to the population of all counties within the state.

43 (iv) In the event the quarterly revenue sharing account for the
44 same quarter of the previous fiscal year is below the base amount,
45 and the quarterly revenue sharing account has increased from
46 the same quarter of the previous fiscal year, the various coun-
47 ties shall first receive a proportional increase, up to the base
48 amount for each county. Any remaining moneys shall be distributed
49 to counties with a below-average per capita distribution in the
50 proportion that the population of that county bears to the popula-

1 tion of all counties with a below-average per capita distribution
 2 within the state.

3 (v) In the event the quarterly revenue sharing account for the
 4 same quarter of the previous fiscal year is more than the base
 5 amount, and has increased from the previous fiscal year, counties
 6 that received a per capita distribution that was at or above the
 7 average per capita distribution shall receive the same distribu-
 8 tion as the previous fiscal year. Counties with a below-average
 9 per capita distribution shall receive the same distribution as
 10 the same quarter for the previous fiscal year plus any growth in
 11 the revenue sharing account in the proportion that the population
 12 of that county bears to the population of all counties with a be-
 13 low-average per capita distribution within the state.

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

17 (i) Each such district ~~which that~~ received a payment under the
 18 provisions of subsection 63-3638(e), Idaho Code, of this section
 19 as such subsection existed immediately prior to July 1, 2000, dur-
 20 ing the fourth quarter of calendar year 1999, shall be entitled to
 21 a like amount during succeeding calendar quarters.

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

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

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

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

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

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

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

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

44 (13) Amounts calculated in accordance with subsection (4) of section
45 63-602KK, Idaho Code, for annual distribution to counties and other taxing
46 districts for replacement of property tax on personal property tax exemp-
47 tions pursuant to subsection (2) of section 63-602KK, Idaho Code, which
48 amounts are continuously appropriated unless the legislature enacts a dif-
49 ferent appropriation for a particular fiscal year. For purposes of the
50 limitation provided by section 63-802, Idaho Code, moneys received pursuant

1 to this section as property tax replacement for property exempt from taxa-
2 tion pursuant to section 63-602KK, Idaho Code, shall be treated as property
3 tax revenues. If taxing districts are consolidated, the resulting district
4 is entitled to an amount equal to the sum of the amounts that were received in
5 the last calendar year by each district pursuant to this subsection prior to
6 the consolidation. If a taxing district or revenue allocation area annexes
7 territory, the distribution of moneys received pursuant to this subsection
8 shall be unaffected. Taxing districts and revenue allocation areas formed
9 after January 1, 2013, are not entitled to a payment under the provisions of
10 this subsection.

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

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

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

25 SECTION 2. That Section 63-316, Idaho Code, be, and the same is hereby
26 amended to read as follows:

27 63-316. ADJUSTMENT OF ASSESSED VALUE -- COMPLETION OF ASSESSMENT
28 PROGRAM BY STATE TAX COMMISSION -- PAYMENT OF COSTS. (1) Whenever the state
29 tax commission, after a hearing, determines that any county assessor or the
30 county commissioners in assessing property in the county subject to taxation
31 have failed to abide by, adhere to and conform with the laws of the state of
32 Idaho and the rules of the state tax commission in determining market value
33 for assessment purposes, the state tax commission shall order the county as-
34 sessor and county commissioners of such county to make the necessary changes
35 or corrections in such assessments and if the county assessor and the county
36 commissioners refuse or neglect to comply with such order, the state tax com-
37 mission is authorized to and shall forthwith adjust or change the property
38 roll in such county.

39 (2) In lieu of the hearings and actions permitted in subsection (1)
40 of this section, the state tax commission shall monitor each county's im-
41 plementation of the continuing appraisal required in section 63-314, Idaho
42 Code, and may require each county to file such reports of its progress at
43 implementation of such continuing appraisals as the commission may find
44 necessary. In the event that the commission finds that any county is failing
45 to meet the requirements of section 63-314, Idaho Code, the commission may
46 order that county's indexing or appraisal or reappraisal programs be con-
47 ducted under the exclusive and complete control of the state tax commission
48 and the results of such programs shall be binding upon the county officers
49 of the county for which ordered. Payments for the actual costs of such

1 programs shall be made from the sales tax distribution created in section
2 63-3638, Idaho Code, and the amount of such payments shall be withheld from
3 the payments otherwise made under the provisions of section 63-3638(10) (~~eb~~)
4 and (10) (~~ec~~), Idaho Code, to the county for which indexing, appraisal or
5 reappraisal has been ordered, and this subsection shall constitute the nec-
6 essary appropriation to accomplish such payments, any other provision of law
7 notwithstanding.

8 SECTION 3. This act shall be in full force and effect on and after July
9 1, 2019.