



LEGISLATURE OF THE STATE OF IDAHO



Sixty-seventh Legislature

First Regular Session - 2023

IN THE _____

BILL NO. _____

BY _____

AN ACT

RELATING TO SALES TAX; AMENDING SECTION 63-3638, IDAHO CODE, TO REVISE A PROVISION REGARDING THE DISTRIBUTION OF SALES TAX REVENUE TO CERTAIN SPECIAL PURPOSE TAXING DISTRICTS; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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

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

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

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

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

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

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

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

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

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

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 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) Beginning in fiscal year 2025 and each fiscal year thereafter,
38 four million dollars (\$4,000,000) shall be transferred each quar-
39 ter to the state public defense fund created in section 57-827,
40 Idaho Code.

41 (ii) After the distribution required by subparagraph (i) of this
42 paragraph, the revenue-sharing amount calculated by the state tax
43 commission for the various cities for each quarter of fiscal year
44 2020 shall be the base amount for current quarterly revenue dis-
45 tribution amounts. The state tax commission shall calculate the
46 per capita distribution for each city resulting from the previous
47 fiscal year's distributions.

48 (iii) If there is no change in the amount of the revenue-sharing
49 account from the same quarter of the previous fiscal year, then the

1 various cities shall receive the same amount received for the same
2 quarter of the previous fiscal year.

3 (iv) If the balance of the revenue-sharing account for the current
4 quarter is greater than the balance of the revenue-sharing account
5 for the same quarter of the previous fiscal year, then:

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

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

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

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

36 (i) Beginning in fiscal year 2025, five million dollars
37 (\$5,000,000) shall be transferred each quarter to the state public
38 defense fund created in section 57-827, Idaho Code. The growth
39 percentage distributed pursuant to this subparagraph shall be re-
40 calculated each quarter beginning in fiscal year 2026 and in each
41 fiscal year thereafter through fiscal year 2030. If the growth is
42 positive and is calculated over the same period from the previ-
43 ous fiscal year, a proportional increase in the initial transfer
44 amount of up to five percent (5%) annually shall be transferred to
45 the state public defense fund. After fiscal year 2030, an amount
46 equal to one-fourth (1/4) of the total amount transferred to the
47 state public defense fund in fiscal year 2030 pursuant to this
48 subparagraph shall be transferred quarterly to the state public
49 defense fund;



1 (ii) Following the distribution required by subparagraph (i) of
2 this paragraph, fifty-nine and eight-tenths percent (59.8%) of
3 the amount to be distributed under this paragraph (b) of this sub-
4 section shall be distributed as follows:

5 1. One million three hundred twenty thousand dollars
6 (\$1,320,000) annually shall be distributed one forty-fourth
7 (1/44) to each of the various counties; and

8 2. The balance of such amount shall be paid to the various
9 counties, and each county shall be entitled to an amount in
10 the proportion that the population of that county bears to
11 the population of the state; and

12 (iii) Following the distribution required by subparagraph (i) of
13 this paragraph, forty and two-tenths percent (40.2%) of the amount
14 to be distributed under this paragraph (b) of this subsection
15 shall be distributed as follows:

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

21 2. If the dollar amount of money available under this sub-
22 section (10)(b)(iii) in any quarter does not equal the
23 amount paid in the fourth quarter of calendar year 1999, each
24 county's payment shall be reduced proportionately.

25 3. If the dollar amount of money available under this sub-
26 section (10)(b)(iii) in any quarter exceeds the amount paid
27 in the fourth quarter of calendar year 1999, each county
28 shall be entitled to a proportionately increased payment,
29 but such increase shall not exceed one hundred five percent
30 (105%) of the total payment made in the fourth quarter of
31 calendar year 1999.

32 4. If the dollar amount of money available under this sub-
33 section (10)(b)(iii) in any quarter exceeds one hundred five
34 percent (105%) of the total payment made in the fourth quar-
35 ter of calendar year 1999, any amount over and above such
36 one hundred five percent (105%) shall be paid to the various
37 counties in the proportion that the population of the county
38 bears to the population of the state; and

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

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

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

1 (iii) If the dollar amount of money available under this subsec-
2 tion (10) (c) in any quarter exceeds the amount distributed under
3 paragraph (c) (i) of this subsection, each special purpose taxing
4 district shall be entitled to a share of the excess based on the
5 proportion each such district's current property tax budget bears
6 to the sum of the current property tax budgets of all such dis-
7 tricts in the state. ~~The state tax commission shall calculate dis-~~
8 ~~trict current property tax budgets to include~~ Each year, start-
9 ing with the distribution for the quarter ending December 31, the
10 state tax commission shall calculate this distribution based on
11 the district's current property tax budgets, including any unre-
12 covered forgone amounts as determined under section 63-802 (1) (e),
13 Idaho Code. When a special purpose taxing district is situated in
14 more than one (1) county, the state tax commission shall determine
15 the portion attributable to the special purpose taxing district
16 from each county in which it is situated.

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

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

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

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

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

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

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

23 (13) Amounts calculated in accordance with section 63-602KK(4), Idaho
24 Code, for annual distribution to counties and other taxing districts for
25 replacement of property tax on personal property tax exemptions pursuant
26 to section 63-602KK(2), Idaho Code, which amounts are continuously ap-
27 propriated unless the legislature enacts a different appropriation for a
28 particular fiscal year. For purposes of the limitation provided by section
29 63-802, Idaho Code, moneys received pursuant to this section as property tax
30 replacement for property exempt from taxation pursuant to section 63-602KK,
31 Idaho Code, shall be treated as property tax revenues. If taxing districts
32 are consolidated, the resulting district is entitled to an amount equal to
33 the sum of the amounts that were received in the last calendar year by each
34 district pursuant to this subsection prior to the consolidation. If a taxing
35 district or revenue allocation area annexes territory, the distribution of
36 moneys received pursuant to this subsection shall be unaffected. Taxing
37 districts and revenue allocation areas formed after January 1, 2022, are not
38 entitled to a payment under the provisions of this subsection.

39 (14) For fiscal years 2023 and 2024 only, a sum of thirty-four million
40 dollars (\$34,000,000) shall be distributed each year by the state tax com-
41 mission to the forty-four (44) counties in the proportion that the expen-
42 ditures of each county for indigent defense services during county fiscal
43 year 2021, excluding any state funding or grants, bear to the expenditures
44 of all counties in the state for indigent defense services during county fis-
45 cal year 2021, excluding any state funding or grants. No later than July 1,
46 2022, the state public defense commission shall certify to the state tax com-
47 mission each county's proportionate share of all counties' indigent defense
48 expenses in county fiscal year 2021, excluding any state funding or grants.

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

4 (16) (a) Four and five-tenths percent (4.5%), but not less than eighty
5 million dollars (\$80,000,000), is continuously appropriated and shall
6 be distributed to the transportation expansion and congestion mitiga-
7 tion fund established in section 40-720, Idaho Code.

8 (b) Any portion of the four and five-tenths percent (4.5%) provided for
9 in paragraph (a) of this subsection that exceeds eighty million dollars
10 (\$80,000,000) is continuously appropriated and shall be apportioned
11 to local units of government for local highway projects in the same
12 percentages provided for in section 40-709(1) through (3), Idaho Code.
13 Local units of government may pool funds allocated to them pursuant to
14 this paragraph for local highway projects.

15 (c) The distribution provided for in this subsection must immediately
16 follow the distribution provided for in subsection (10) of this sec-
17 tion.

18 (17) Beginning in fiscal year 2024 and each fiscal year thereafter,
19 three hundred thirty million dollars (\$330,000,000) shall be distributed
20 annually to the public school income fund created in section 33-903, Idaho
21 Code, and eighty million dollars (\$80,000,000) shall be distributed annu-
22 ally to the in-demand careers fund established in section 33-4305, Idaho
23 Code. The state tax commission shall make such transfers in quarterly in-
24 stallments. The distributions required by this subsection must immediately
25 follow the distributions provided for in subsection (16) of this section.

26 SECTION 2. An emergency existing therefor, which emergency is hereby
27 declared to exist, this act shall be in full force and effect on and after its
28 passage and approval, and retroactively to January 1, 2023.