

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 1

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO TAXATION AND THE DISTRIBUTION OF CERTAIN TAX MONEYS; PROVID-
2 ING LEGISLATIVE FINDINGS AND INTENT; AMENDING SECTION 63-3024B, IDAHO
3 CODE, TO REVISE PROVISIONS REGARDING THE IDAHO TAX REBATE FUND; PRO-
4 VIDING FOR A CASH TRANSFER; REPEALING SECTION 63-3024, IDAHO CODE,
5 RELATING TO THE INDIVIDUALS' TAX AND TAX ON ESTATES AND TRUSTS; AMEND-
6 ING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION
7 63-3024, IDAHO CODE, TO ESTABLISH PROVISIONS REGARDING THE INDIVIDU-
8 ALS' TAX AND TAX ON ESTATES AND TRUSTS; REPEALING SECTION 63-3025, IDAHO
9 CODE, RELATING TO THE TAX ON CORPORATE INCOME; AMENDING CHAPTER 30,
10 TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3025, IDAHO
11 CODE, TO ESTABLISH PROVISIONS REGARDING THE TAX ON CORPORATE INCOME;
12 REPEALING SECTION 63-3067, IDAHO CODE, RELATING TO REVENUE RECEIVED AND
13 THE STATE REFUND ACCOUNT; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY
14 THE ADDITION OF A NEW SECTION 63-3067, IDAHO CODE, TO ESTABLISH PROVI-
15 SIONS REGARDING REVENUE RECEIVED AND THE STATE REFUND ACCOUNT; AMENDING
16 SECTION 63-3015, IDAHO CODE, TO REVISE TERMINOLOGY; AMENDING SECTION
17 63-3036B, IDAHO CODE, TO REVISE A PROVISION REGARDING BACKUP WITHHOLD-
18 ING BY PASS-THROUGH ENTITIES; AMENDING SECTION 63-3638, IDAHO CODE, TO
19 REVISE PROVISIONS REGARDING THE DISTRIBUTION OF SALES AND USE TAX REV-
20 ENUE; AMENDING CHAPTER 43, TITLE 33, IDAHO CODE, BY THE ADDITION OF A NEW
21 SECTION 33-4305, IDAHO CODE, TO PROVIDE FOR THE IN-DEMAND CAREERS FUND;
22 PROVIDING FOR AN ADVISORY QUESTION TO BE PLACED ON THE BALLOT BEFORE THE
23 VOTERS; AND DECLARING AN EMERGENCY AND PROVIDING EFFECTIVE DATES.
24

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

26 SECTION 1. LEGISLATIVE FINDINGS AND INTENT. (1) The Legislature finds
27 that inflation is at a 40-year high, putting gas, groceries, and other neces-
28 sities out of reach for many Idahoans.

29 (2) The Legislature further finds that, in stark contrast with the fed-
30 eral government and many of Idaho's sister states, the State of Idaho has
31 maintained a structurally balanced budget, built robust reserves, paid off
32 debt, and held the line on spending. As a result, the State of Idaho has a
33 record surplus, while Washington, D.C., has accumulated a \$30 trillion gross
34 national debt.

35 (3) The Legislature further finds that responsible, prudent budgeting
36 has resulted in the State of Idaho's current record-breaking fiscal posi-
37 tion, which equips the state to take action now to mitigate the harmful im-
38 pacts of inflation.

39 (4) The Legislature further finds that Idaho taxpayers and the educa-
40 tion system are especially imperiled by the consequences of historic infla-
41 tion, and action is needed now. By acting now, the state can return a portion
42 of the surplus to Idaho taxpayers, make the needed investments in education
43 to counter rising costs, and prepare for the likely increase in workforce de-

1 velopment training that occurs during times of economic instability. The
 2 state cannot risk inaction in the face of sustained, intransigent inflation.

3 (5) Therefore, given these findings, the intent of this act is to
 4 quickly respond to historic inflation and the harm it is inflicting on Idaho
 5 taxpayers and on the education system.

6 SECTION 2. That Section 63-3024B, Idaho Code, be, and the same is hereby
 7 amended to read as follows:

8 63-3024B. IDAHO TAX REBATE FUND. (1) There is hereby created in the
 9 state treasury the Idaho tax rebate fund for the purpose of implementing the
 10 provisions of this section.

11 (a) Up to two hundred twenty million dollars (\$220,000,000), less ad-
 12 ministrative costs, shall be distributed by the state tax commission
 13 to pay rebates to individual taxpayers as provided in subsection (2) of
 14 this section, which moneys are continuously appropriated.

15 (b) For rebates authorized under subsection (3) of this section, up to
 16 three hundred fifty million dollars (\$350,000,000), less administra-
 17 tive costs, shall be distributed by the state tax commission to pay re-
 18 bates to individual taxpayers, which moneys are continuously appropri-
 19 ated.

20 (c) For rebates authorized under subsection (4) of this section, up
 21 to five hundred million dollars (\$500,000,000), less administrative
 22 costs, shall be distributed by the state tax commission to pay rebates
 23 to individual taxpayers, which moneys are continuously appropriated.

24 (2) After filing a 2020 Idaho individual income tax return or form 24 on
 25 or before December 31, 2021, any full-year resident taxpayer who also filed
 26 an individual income tax return or a form 24 for 2019 shall receive a onetime,
 27 nontaxable income tax rebate check in an amount approximately equal to nine
 28 percent (9%) of the tax amount, if any, reported on 2019 form 40, line 20,
 29 or for service members on 2019 form 43, line 42, or fifty dollars (\$50.00)
 30 per taxpayer and each dependent, whichever is more. Any unexpended moneys
 31 remaining from the rebate authorized under this subsection shall be added by
 32 the state tax commission to the moneys designated for the rebate authorized
 33 under subsection (3) of this section.

34 (3) After filing a 2021 Idaho individual income tax return or form 24 on
 35 or before December 31, 2022, any full-year resident taxpayer who also filed
 36 ~~an a 2020 individual income tax return or a form 24 for 2020~~ on or before De-
 37 cember 31, 2022, shall receive a onetime, nontaxable income tax rebate check
 38 in an amount approximately equal to twelve percent (12%) of the tax amount,
 39 if any, reported on 2020 form 40, line 20, or for service members on 2020 form
 40 43, line 42, or seventy-five dollars (\$75.00) per taxpayer and each depen-
 41 dent, whichever is more. The state tax commission shall issue such rebates
 42 during the 2022 fiscal year and 2023 fiscal year to the extent possible.

43 (4) ~~For rebates granted under subsection (3) of this section, the state~~
 44 ~~tax commission shall establish a mechanism by which a taxpayer may choose to~~
 45 ~~donate a rebate owed him under this section to be used for one (1) of the fol-~~
 46 ~~lowing purposes: public schools, transportation, or parks and recreation.~~
 47 ~~The state tax commission shall report to the governor and legislature the~~
 48 ~~amount of rebates redirected for these specific purposes by December 31,~~
 49 ~~2022, so that the legislature may appropriate such funds for the intended~~

1 ~~purposes in the 2023 legislative session.~~ In addition to the rebate granted
2 under subsection (3) of this section, after filing a 2021 Idaho individual
3 income tax return or form 24 on or before December 31, 2022, any full-year
4 resident taxpayer who also filed a 2020 individual income tax return or a
5 form 24 on or before December 31, 2022, shall receive a onetime nontaxable
6 income tax rebate check in an amount approximately equal to ten percent (10%)
7 of the tax amount, if any, reported on 2020 form 40, line 20, or for service
8 members on 2020 form 43, line 42, or three hundred dollars (\$300) per in-
9 dividual return or six hundred dollars (\$600) per joint return, whichever
10 is more. The state tax commission shall issue such rebates during the 2023
11 fiscal year to the extent possible.

12 SECTION 3. CASH TRANSFER. There is hereby appropriated and the Office
13 of the State Controller shall transfer \$500,000,000 from the General Fund to
14 the Idaho Tax Rebate Fund established under section 63-3024B, Idaho Code, on
15 September 1, 2022, or as soon thereafter as practicable for the period July
16 1, 2022, through June 30, 2023.

17 SECTION 4. That Section [63-3024](#), Idaho Code, be, and the same is hereby
18 repealed.

19 SECTION 5. That Chapter 30, Title 63, Idaho Code, be, and the same is
20 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
21 ignated as Section 63-3024, Idaho Code, and to read as follows:

22 63-3024. INDIVIDUALS' TAX AND TAX ON ESTATES AND TRUSTS. (1) For each
23 taxable year, a tax measured by Idaho taxable income as defined in this chap-
24 ter is hereby imposed upon every individual, trust, or estate required by
25 this chapter to file a return.

26 (2) (a) The tax imposed upon individuals, trusts, and estates shall be
27 computed at the rate of five and eight-tenths percent (5.8%) of taxable
28 income over two thousand five hundred dollars (\$2,500).

29 (b) For taxpayers filing a joint return pursuant to the provisions of
30 section 63-3031, Idaho Code, the tax imposed shall be computed at the
31 rate of five and eight-tenths percent (5.8%) of taxable income over five
32 thousand dollars (\$5,000). For the purposes of this section, a return
33 of a surviving spouse, as defined in section 2(a) of the Internal Rev-
34 enue Code, and a head of household, as defined in section 2(b) of the In-
35 ternal Revenue Code, shall be treated as a joint return.

36 (3) For taxable year 2000 and each year thereafter, the state tax com-
37 mission shall prescribe a factor that shall be used to compute the Idaho in-
38 come tax thresholds provided in subsection (2) of this section. The factor
39 shall provide an adjustment to the Idaho tax thresholds so that inflation
40 will not result in a tax increase. The Idaho tax thresholds shall be adjusted
41 as follows: multiply the last threshold amount by the percentage (the con-
42 sumer price index for the calendar year immediately preceding the calendar
43 year to which the adjusted threshold amount will apply divided by the con-
44 sumer price index for calendar year 1998). For the purpose of this computa-
45 tion, the consumer price index for any calendar year is the average of the
46 consumer price index as of the close of the twelve (12) month period for the
47 immediately preceding calendar year, without regard to any subsequent ad-

1 justments, as adopted by the state tax commission. This adoption shall be
2 exempt from the provisions of chapter 52, title 67, Idaho Code. The consumer
3 price index shall mean the consumer price index for all U.S. urban consumers
4 published by the United States department of labor. The state tax commission
5 shall annually include the factor as provided in this subsection to multiply
6 against Idaho taxable income using the thresholds in this section to arrive
7 at that year's Idaho taxable income for tax threshold purposes.

8 (4) In the case of a trust that is an electing small business trust as
9 defined in section 1361 of the Internal Revenue Code, the special rules for
10 taxation of such trusts contained in section 641 of the Internal Revenue Code
11 shall apply, except that the individual rate provided in subsection (2) (a)
12 of this section shall apply in computing tax due under this chapter.

13 (5) The state tax commission may promulgate rules defining the condi-
14 tions upon which such returns shall be filed.

15 SECTION 6. That Section [63-3025](#), Idaho Code, be, and the same is hereby
16 repealed.

17 SECTION 7. That Chapter 30, Title 63, Idaho Code, be, and the same is
18 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
19 ignated as Section 63-3025, Idaho Code, and to read as follows:

20 63-3025. TAX ON CORPORATE INCOME. (1) For each taxable year, a tax is
21 hereby imposed on the Idaho taxable income of a corporation, other than an
22 S corporation, that transacts or is authorized to transact business in this
23 state or has income attributable to this state. The tax shall be equal to
24 five and eight-tenths percent (5.8%) of Idaho taxable income.

25 (2) In the case of an S corporation that is required to file a return un-
26 der section 63-3030, Idaho Code, a tax is hereby imposed at the rate provided
27 in subsection (1) of this section upon both:

28 (a) Net recognized built-in gain attributable to this state. The
29 amount of net recognized built-in gain attributable to this state shall
30 be computed in accordance with section 1374 of the Internal Revenue
31 Code subject to the apportionment and allocation provisions of section
32 63-3027, Idaho Code; and

33 (b) Excess net passive income attributable to this state. The amount of
34 excess net passive income attributable to this state shall be computed
35 in accordance with section 1375 of the Internal Revenue Code subject to
36 the apportionment and allocation provisions of section 63-3027, Idaho
37 Code.

38 (3) The tax imposed by subsection (1) or (2) of this section shall not be
39 less than twenty dollars (\$20.00); provided that the twenty-dollar (\$20.00)
40 minimum payment shall not be collected from nonproductive mining corpora-
41 tions.

42 (4) The tax imposed by this section shall not apply to corporations
43 taxed pursuant to the provisions of section 63-3025A, Idaho Code.

44 SECTION 8. That Section [63-3067](#), Idaho Code, be, and the same is hereby
45 repealed.

1 SECTION 9. That Chapter 30, Title 63, Idaho Code, be, and the same is
2 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
3 ignated as Section 63-3067, Idaho Code, and to read as follows:

4 63-3067. REVENUE RECEIVED -- STATE REFUND ACCOUNT. (1) A sum equal to
5 the amount withheld under section 63-3035A, Idaho Code, shall be distributed
6 fifty percent (50%) to the public school income fund to be utilized to facil-
7 itate and provide substance abuse programs in the public school system, and
8 fifty percent (50%) shall be distributed to the counties to be utilized for
9 county juvenile probation services. These funds shall be distributed quar-
10 terly to the counties based upon the percentage the population of the county
11 bears to the population of the state as a whole.

12 (2) Except as may otherwise be provided by law, all moneys received by
13 the state of Idaho under this chapter shall be deposited by the state tax
14 commission, as received by it, with the state treasurer and shall be placed
15 in and become a part of the general fund under the custody of the state trea-
16 surer. Provided, however, that an amount equal to twenty percent (20%) of
17 the amount deposited with the state treasurer shall be placed in the state
18 refund account, which is hereby created for the purpose of repaying overpay-
19 ments and for the purpose of paying any other erroneous receipts illegally
20 assessed or collected, penalties collected without authority, and taxes and
21 licenses unjustly assessed or collected or that are excessive in amount.
22 Whenever necessary for the purpose of making prompt payment of refunds, the
23 board of examiners, upon request from the state tax commission and after
24 review, may authorize the state tax commission to transfer any additional
25 specific amount from income tax collections to the state refund account.
26 There is appropriated out of the state refund account so much thereof as may
27 be necessary for the payment of the refunds provided in this section. Claims
28 for and payment of refunds under the provisions of this section shall be made
29 in the same manner as other claims against the state of Idaho.

30 (3) Any unencumbered balance remaining in the state refund account
31 on June 30 of each and every year in excess of the sum of five million dol-
32 lars (\$5,000,000) shall be transferred to the general fund, and the state
33 controller is hereby authorized and directed on such dates to make such
34 transfers unless the board of examiners, which is hereby authorized to do so,
35 changes the date of transfer or sum to be transferred.

36 SECTION 10. That Section 63-3015, Idaho Code, be, and the same is hereby
37 amended to read as follows:

38 63-3015. ESTATES AND TRUSTS. (1) An estate is treated as a resident
39 estate if the decedent was a resident of Idaho on the date of death.

40 (2) A trust, other than a qualified funeral trust, is treated as a res-
41 ident trust if three (3) or more of the following conditions existed for the
42 entire taxable year:

43 (a) The domicile or residency of the grantor is in Idaho;

44 (b) The trust is governed by Idaho law;

45 (c) The trust has real or tangible personal property located in Idaho;

46 (d) The domicile or residency of the trustee is in Idaho;

47 (e) The administration of the trust takes place in Idaho. Administra-
48 tion of the trust includes conducting trust business, investing trust

1 assets, making administrative decisions, recordkeeping and prepara-
2 tion and filing of tax returns.

3 (3) A trust, other than a qualified funeral trust, is treated as a part-
4 year resident trust each day of the taxable year during which three (3) or
5 more of the conditions specified in subsection (2) of this section existed.

6 (4) A qualified funeral trust is treated as a resident trust if its
7 trustee has elected treatment as a qualified funeral trust pursuant to
8 section 685 of the Internal Revenue Code where, at the time of the initial
9 funding of the trust, the trust is required to be established under the laws
10 of this state or, in the absence of such a requirement, where a funeral home
11 or cemetery located in this state is identified to provide the services or
12 merchandise, or both, under the terms of a preneed contract requiring the
13 establishment of the trust.

14 (5) Qualified funeral trusts having a single trustee may file a single,
15 composite return pursuant to rules of the state tax commission. Each benefi-
16 ciary's interest in a qualified funeral trust included in the composite re-
17 turn under this section shall be taxed as a separate trust for the purposes
18 of application of the ~~rate-schedules~~ tax imposed in section 63-3024, Idaho
19 Code, and determination of the filing requirement in section 63-3030, Idaho
20 Code. The composite return shall not be a return of a person under section
21 63-3082, Idaho Code.

22 (6) If the estate does not qualify as a resident estate, it is treated as
23 a nonresident estate.

24 (7) If the trust does not qualify as a resident or part-year resident
25 trust, it is treated as a nonresident trust.

26 (8) For purposes of determining residency status of a trust, no dis-
27 tinction is made between inter vivos trusts and testamentary trusts or be-
28 tween revocable trusts and irrevocable trusts.

29 SECTION 11. That Section 63-3036B, Idaho Code, be, and the same is
30 hereby amended to read as follows:

31 63-3036B. PASS-THROUGH ENTITIES -- BACKUP WITHHOLDING. (1) A pass-
32 through entity, as defined in section 63-3006C, Idaho Code, that is trans-
33 acting business in Idaho during a taxable year shall withhold tax as pre-
34 scribed in this section.

35 (2) For each nonresident individual who has income described in sub-
36 section (2) of section 63-3022L, Idaho Code, the pass-through entity shall
37 withhold tax on the individual's share of income from the pass-through en-
38 tity required to be included in Idaho taxable income of the individual, at
39 the ~~highest marginal~~ rate applicable for the taxable year under section
40 63-3024, Idaho Code.

41 (3) A pass-through entity is not required to withhold taxes under this
42 section:

43 (a) In regard to an individual who is a resident of Idaho as defined in
44 section 63-3013, Idaho Code; or

45 (b) If the pass-through entity is a publicly traded partnership, as
46 defined in section 7704(b) of the Internal Revenue Code, that is treated
47 as a partnership for purposes of the Internal Revenue Code and that has
48 agreed to file an annual information return reporting the name, ad-
49 dress, taxpayer identification number and other information requested

1 by the state tax commission concerning each unitholder whose distribu-
2 tive share of partnership income from Idaho sources is more than five
3 hundred dollars (\$500); or

4 (c) If withholding is not required pursuant to a rule adopted under this
5 section; or

6 (d) In regard to an individual who is not a resident of Idaho as defined
7 in section 63-3013, Idaho Code, but for whom the pass-through entity has
8 reported and paid the tax relating to said individual on a composite re-
9 turn pursuant to section 63-3022L, Idaho Code. An entity may rely upon
10 information provided by the individual indicating state of residency as
11 prescribed in the rules of the state tax commission.

12 (4) A pass-through entity that is required to withhold tax under this
13 section shall file a withholding return with the state tax commission set-
14 ting forth the amount of income described in subsection (2) of section
15 63-3022L, Idaho Code, the amount of tax withheld under this section and any
16 other information required by the state tax commission. The return shall
17 be filed with the state tax commission on the form and taxes withheld under
18 this section shall be paid to the state tax commission in the time and manner
19 prescribed by rules of the state tax commission. To the extent the state
20 tax commission finds practicable, the rules shall generally conform to the
21 requirements of section 63-3035, Idaho Code.

22 (5) A pass-through entity that is required to withhold tax under the
23 provisions of this section shall furnish a statement to each individual on
24 whose behalf tax is withheld. The statement shall state the amount of tax
25 withheld on behalf of the individual for the taxable year of the pass-through
26 entity. The statement shall be made on a form prescribed by the state tax
27 commission and shall contain any other information required by it.

28 (6) A pass-through entity is liable to this state for amounts of tax re-
29 quired to be withheld and paid under the provisions of this section. A pass-
30 through entity is not liable to an officer, director, or individual owner of
31 an interest in the pass-through entity for amounts required to be withheld
32 under the provisions of this section that were paid to the state tax commis-
33 sion as prescribed in this section. Amounts required to be withheld and paid
34 over to the state tax commission under this section that are not withheld or
35 paid over at the time and in the manner required by the provisions of this
36 section shall be a deficiency in tax as defined in section 63-3044, Idaho
37 Code.

38 (7) For purposes of this section, "individual" shall have the same
39 meaning as in subsection (6) of section 63-3022L, Idaho Code.

40 SECTION 12. That Section 63-3638, Idaho Code, be, and the same is hereby
41 amended to read as follows:

42 63-3638. SALES TAX -- DISTRIBUTION. All moneys collected under this
43 chapter, except as may otherwise be required in sections 63-3203, 63-3620F,
44 and 63-3709, Idaho Code, and except as provided in subsection (16) of this
45 section, shall be distributed by the state tax commission as follows:

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

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

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

7 (4) An amount equal to the sum required to be certified by the chair-
8 man of the Idaho housing and finance association to the state tax commis-
9 sion pursuant to section 67-6211, Idaho Code, in each year is continuously
10 appropriated and shall be paid to any capital reserve fund established by
11 the Idaho housing and finance association pursuant to section 67-6211, Idaho
12 Code. Such amounts, if any, as may be appropriated hereunder to the capital
13 reserve fund of the Idaho housing and finance association shall be repaid for
14 distribution under the provisions of this section, subject to the provisions
15 of section 67-6215, Idaho Code, by the Idaho housing and finance associa-
16 tion, as soon as possible, from any moneys available therefor and in excess
17 of the amounts the association determines will keep it self-supporting.

18 (5) An amount equal to the sum required by the provisions of sections
19 63-709 and 63-717, Idaho Code, after allowance for the amount appropriated
20 by section 63-718(3), Idaho Code, is continuously appropriated and shall be
21 paid as provided by sections 63-709 and 63-717, Idaho Code.

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

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

26 (8) For fiscal year 2011 and each fiscal year thereafter, four million
27 one hundred thousand dollars (\$4,100,000), of which two million two hundred
28 thousand dollars (\$2,200,000) shall be distributed to each of the forty-four
29 (44) counties in equal amounts and one million nine hundred thousand dol-
30 lars (\$1,900,000) shall be distributed to the forty-four (44) counties in
31 the proportion that the population of the county bears to the population of
32 the state. For fiscal year 2012 and for each fiscal year thereafter, the
33 amount distributed pursuant to this subsection shall be adjusted annually
34 by the state tax commission in accordance with the consumer price index for
35 all urban consumers (CPI-U) as published by the U.S. department of labor,
36 bureau of labor statistics, but in no fiscal year shall the total amount
37 allocated for counties under this subsection be less than four million one
38 hundred thousand dollars (\$4,100,000). Any increase resulting from the ad-
39 justment required in this section shall be distributed to each county in the
40 proportion that the population of the county bears to the population of the
41 state. Each county shall establish a special election fund to which shall
42 be deposited all revenues received from the distribution pursuant to this
43 subsection. All such revenues shall be used exclusively to defray the costs
44 associated with conducting elections as required of county clerks by the
45 provisions of section 34-1401, Idaho Code.

46 (9) One dollar (\$1.00) on each application for certificate of title
47 or initial application for registration of a motor vehicle, snowmobile,
48 all-terrain vehicle or other vehicle processed by the county assessor or the
49 Idaho transportation department, excepting those applications in which any
50 sales or use taxes due have been previously collected by a retailer, shall be

1 a fee for the services of the assessor of the county or the Idaho transporta-
2 tion department in collecting such taxes and shall be paid into the current
3 expense fund of the county or state highway account established in section
4 40-702, Idaho Code.

5 (10) Eleven and five-tenths percent (11.5%) is continuously appro-
6 priated and shall be distributed to the revenue-sharing account, which is
7 hereby created in the state treasury, and the moneys in the revenue-sharing
8 account will be paid in installments each calendar quarter by the state tax
9 commission as follows:

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

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

16 (ii) After the distribution required by subparagraph (i) of this
17 paragraph, the revenue-sharing amount calculated by the state tax
18 commission for the various cities for each quarter of fiscal year
19 2020 shall be the base amount for current quarterly revenue dis-
20 tribution amounts. The state tax commission shall calculate the
21 per capita distribution for each city resulting from the previous
22 fiscal year's distributions.

23 (iii) If there is no change in the amount of the revenue-sharing
24 account from the same quarter of the previous fiscal year, then the
25 various cities shall receive the same amount received for the same
26 quarter of the previous fiscal year.

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

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

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

1 (v) If the balance of the revenue-sharing account for the cur-
2 rent quarter is less than the balance of the revenue-sharing ac-
3 count for the same quarter of the previous fiscal year, then the
4 cities shall first receive a proportional reduction down to the
5 base amount established in fiscal year 2020. If further reduc-
6 tions are necessary, the cities shall receive reductions based on
7 the proportion that each city's population bears to the population
8 of all cities within the state.

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

11 (i) Beginning in fiscal year 2025, five million dollars
12 (\$5,000,000) shall be transferred each quarter to the state public
13 defense fund created in section 57-827, Idaho Code. The growth
14 percentage distributed pursuant to this subparagraph shall be re-
15 calculated each quarter beginning in fiscal year 2026 and in each
16 fiscal year thereafter through fiscal year 2030. If the growth is
17 positive and is calculated over the same period from the previ-
18 ous fiscal year, a proportional increase in the initial transfer
19 amount of up to five percent (5%) annually shall be transferred to
20 the state public defense fund. After fiscal year 2030, an amount
21 equal to one-fourth (1/4) of the total amount transferred to the
22 state public defense fund in fiscal year 2030 pursuant to this
23 subparagraph shall be transferred quarterly to the state public
24 defense fund;

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

29 1. One million three hundred twenty thousand dollars
30 (\$1,320,000) annually shall be distributed one forty-fourth
31 (1/44) to each of the various counties; and

32 2. The balance of such amount shall be paid to the various
33 counties, and each county shall be entitled to an amount in
34 the proportion that the population of that county bears to
35 the population of the state; and

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

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

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

49 3. If the dollar amount of money available under this sub-
50 section (10)(b)(iii) in any quarter exceeds the amount paid

1 in the fourth quarter of calendar year 1999, each county
2 shall be entitled to a proportionately increased payment,
3 but such increase shall not exceed one hundred five percent
4 (105%) of the total payment made in the fourth quarter of
5 calendar year 1999.

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

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

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

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

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

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

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

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

1 (vii) For purposes of this paragraph (c) of this subsection, a spe-
2 cial purpose taxing district is any taxing district that is not a
3 city, a 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 received in the last calendar quarter by each district pursuant to this
23 subsection prior to the consolidation. If a taxing district is dissolved
24 or disincorporated, the state tax commission shall continuously distribute
25 to the board of county commissioners an amount equal to the last quarter's
26 distribution prior to dissolution or disincorporation. The board of county
27 commissioners shall determine any redistribution of moneys so received. If
28 a taxing district annexes territory, the distribution of moneys received
29 pursuant to this subsection shall be unaffected. Taxing districts formed
30 after January 1, 2001, are not entitled to a payment under the provisions
31 of this subsection. School districts shall receive an amount determined by
32 multiplying the sum of the year 2000 school district levy minus .004 times
33 the market value on December 31, 2000, in the district of the property exempt
34 from taxation pursuant to section 63-602EE, Idaho Code, provided that the
35 result of these calculations shall not be less than zero (0). The result of
36 these school district calculations shall be further increased by six per-
37 cent (6%). For purposes of the limitation provided by section 63-802, Idaho
38 Code, moneys received pursuant to this section as property tax replacement
39 for property exempt from taxation pursuant to section 63-602EE, Idaho Code,
40 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 section 63-602KK(4), Idaho
45 Code, for annual distribution to counties and other taxing districts for
46 replacement of property tax on personal property tax exemptions pursuant
47 to section 63-602KK(2), Idaho Code, which amounts are continuously ap-
48 propriated unless the legislature enacts a different appropriation for a
49 particular fiscal year. For purposes of the limitation provided by section
50 63-802, Idaho Code, moneys received pursuant to this section as property tax

1 replacement for property exempt from taxation pursuant to section 63-602KK,
2 Idaho Code, shall be treated as property tax revenues. If taxing districts
3 are consolidated, the resulting district is entitled to an amount equal to
4 the sum of the amounts that were received in the last calendar year by each
5 district pursuant to this subsection prior to the consolidation. If a taxing
6 district or revenue allocation area annexes territory, the distribution of
7 moneys received pursuant to this subsection shall be unaffected. Taxing
8 districts and revenue allocation areas formed after January 1, 2022, are not
9 entitled to a payment under the provisions of this subsection.

10 (14) For fiscal years 2023 and 2024 only, a sum of thirty-four million
11 dollars (\$34,000,000) shall be distributed each year by the state tax com-
12 mission to the forty-four (44) counties in the proportion that the expen-
13 ditures of each county for indigent defense services during county fiscal
14 year 2021, excluding any state funding or grants, bear to the expenditures
15 of all counties in the state for indigent defense services during county fis-
16 cal year 2021, excluding any state funding or grants. No later than July 1,
17 2022, the state public defense commission shall certify to the state tax com-
18 mission each county's proportionate share of all counties' indigent defense
19 expenses in county fiscal year 2021, excluding any state funding or grants.

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

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

27 (b) Any portion of the four and five-tenths percent (4.5%) provided for
28 in paragraph (a) of this subsection that exceeds eighty million dollars
29 (\$80,000,000) is continuously appropriated and shall be apportioned
30 to local units of government for local highway projects in the same
31 percentages provided for in section 40-709(1) through (3), Idaho Code.
32 Local units of government may pool funds allocated to them pursuant to
33 this paragraph for local highway projects.

34 (c) The distribution provided for in this subsection must immediately
35 follow the distribution provided for in subsection (10) of this sec-
36 tion.

37 (17) Beginning in fiscal year 2024 and each fiscal year thereafter,
38 three hundred thirty million dollars (\$330,000,000) shall be distributed
39 annually to the public school income fund created in section 33-903, Idaho
40 Code, and eighty million dollars (\$80,000,000) shall be distributed annu-
41 ally to the in-demand careers fund established in section 33-4305, Idaho
42 Code. The state tax commission shall make such transfers in quarterly in-
43 installments. The distributions required by this subsection must immediately
44 follow the distributions provided for in subsection (16) of this section.

45 SECTION 13. That Chapter 43, Title 33, Idaho Code, be, and the same is
46 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
47 ignated as Section 33-4305, Idaho Code, and to read as follows:

48 33-4305. IN-DEMAND CAREERS FUND. (1) There is hereby established in
49 the state treasury the in-demand careers fund.

1 (2) Moneys in the in-demand careers fund are subject to legislative ap-
2 propriation and shall consist of the following:

3 (a) Legislative appropriations;

4 (b) Donations and contributions made to the fund; and

5 (c) Interest earned on idle moneys in the fund.

6 SECTION 14. The Legislature finds and declares that responding to the
7 effects of inflation is of importance to the citizens of the State of Idaho.
8 As a representative body, members of the Legislature desire to be responsive
9 and responsible to these citizens. For this reason, the Legislature here-
10 with submits an advisory question to the electors of Idaho on the 2022 gen-
11 eral election ballot. The results will guide the Legislature as to whether
12 the ongoing elements of this act shall continue.

13 The Secretary of State shall have the question below placed on the 2022
14 general election ballot and shall take necessary steps to have the results on
15 the question tabulated. The question shall be as follows:

16 "Do you approve or disapprove of the State of Idaho using the record
17 budget surplus to refund \$500 million back to hardworking Idaho
18 taxpayers, cut ongoing income taxes by more than \$150 million, and
19 put more money in our classrooms by increasing education and stu-
20 dent funding by a record \$410 million?

21 Your approval of this effort would combat historic inflation by re-
22 turning money to taxpayers, creating a simple flat tax, and mak-
23 ing the single largest investment in public education in Idaho his-
24 tory."

25 The advisory question provided for in this act is hereby declared to be a
26 measure for the purposes of Chapter 66, Title 67, Idaho Code, and the provi-
27 sions of Chapter 66, Title 67, Idaho Code, shall apply thereto. The advisory
28 question shall be included to the extent practicable in the voters' pamphlet
29 as provided in Section 34-1812C, Idaho Code. Notwithstanding any other pro-
30 vision of law, the Secretary of State shall cause this advisory question to
31 be placed on the 2022 Idaho general election ballot immediately following
32 Senate Joint Resolution 102 and preceding all other ballot measures. The
33 ballot shall require each voter to answer the advisory question by selecting
34 "approve" or "disapprove."

35 SECTION 15. An emergency existing therefor, which emergency is hereby
36 declared to exist, Sections 1, 2, 3, 12, 13, and 14 of this act shall be in
37 full force and effect on and after passage and approval. Sections 4 through
38 11 of this act shall be in full force and effect on and after January 3, 2023.