

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 388

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 26, TITLE 63, IDAHO CODE, TO PROVIDE A SHORT TITLE, TO PROVIDE LEGISLATIVE FINDINGS AND INTENT, TO DEFINE TERMS, TO ESTABLISH PROVISIONS REGARDING THE AUTHORITY FOR COUNTY RESIDENTS TO APPROVE AND THE BOARD OF COUNTY COMMISSIONERS TO ADOPT, IMPLEMENT, AND COLLECT A COUNTY TRANSIENT ROOM TAX, TO ESTABLISH PROVISIONS REGARDING CERTAIN GENERAL PROVISIONS, TO ESTABLISH PROVISIONS REGARDING AUTHORIZED USES, TO ESTABLISH PROVISIONS REGARDING THE COUNTY PROPERTY TAX RELIEF FUND, AND TO ESTABLISH PROVISIONS REGARDING THE COLLECTION, ADMINISTRATION, AND DISTRIBUTION OF THE COUNTY TRANSIENT ROOM TAX BY THE STATE TAX COMMISSION; AMENDING SECTION 63-1804, IDAHO CODE, TO REVISE PROVISIONS REGARDING CERTAIN DUTIES OF OWNERS OF SHORT-TERM RENTAL PROPERTIES AND TO MAKE TECHNICAL CORRECTIONS; AND DECLARING AN EMERGENCY AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. That Title 63, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW CHAPTER, to be known and designated as Chapter 26, Title 63, Idaho Code, and to read as follows:

CHAPTER 26

COUNTY PROPERTY TAX RELIEF

63-2601. SHORT TITLE. This chapter shall be known and may be cited as the "County Property Tax Relief Act."

63-2602. LEGISLATIVE FINDINGS. The legislature finds that the increased influx of people traveling to counties for conventions, higher education, recreation, sporting events, and tourism has created a drain on county services that is borne by residential property owners to an inequitable degree. In addition, the close proximity of a large population center to a county has the additional effect of requiring the county to service the needs of persons traveling to the county on a short-term basis, an effect that is also met by residential property owners of a county to an inequitable degree. The legislature finds that it is equitable to shift this tax burden in part from residential property owners in a county to the visitors utilizing county services. The legislature also finds that this objective must be subject to the approval and supervision of the voters of the county both through their elected county commissioners and through direct input at the ballot box.

63-2603. DEFINITIONS. As used in this chapter, unless the context requires otherwise:

1 (1) "Campground" means any privately owned business that rents areas or
2 places used for camping or parking campers, travel trailers, motorhomes, or
3 tents.

4 (2) "County property tax relief fund" means the fund created by a county
5 that assesses a county transient room tax that is dedicated to the reduction
6 of county property tax budgets.

7 (3) "County transient room tax" means a tax levied by the county on a
8 sale by a hotel, motel, short-term rental, vacation rental, or campground.

9 (4) "Hotel" or "motel" means an establishment that provides lodging to
10 members of the public for a fee and includes condominiums, townhouses, or any
11 other establishment that makes a sale as defined in this section.

12 (5) "Sale" means the renting of a place to sleep to an individual by a
13 hotel, motel, short-term rental, vacation rental, or campground for a pe-
14 riod of less than thirty-one (31) continuous days. "Sale" shall not include
15 the renting of a place to sleep to an individual by the Idaho Ronald McDonald
16 House.

17 (6) "Short-term rental" or "vacation rental" means any individually or
18 collectively owned single-family house or dwelling unit; any unit or group
19 of units in a condominium, cooperative, or timeshare; or an owner-occupied
20 residential home that is offered for rent for a fee for thirty (30) days or
21 less.

22 63-2604. AUTHORITY FOR COUNTY RESIDENTS TO APPROVE AND THE BOARD OF
23 COUNTY COMMISSIONERS TO ADOPT, IMPLEMENT, AND COLLECT COUNTY TRANSIENT ROOM
24 TAX. The qualified electors of any county within the state of Idaho shall
25 hereby have the authority to authorize the board of county commissioners of
26 their county to adopt, implement, and collect a county transient room tax
27 not to exceed three percent (3%) of the sales price of any sale within such
28 county. The board of county commissioners of any county shall hereby have
29 the authority to adopt, implement, and collect a county transient room tax
30 as provided in this chapter, if approved by a majority of all votes cast by
31 the qualified electors of the county voting in an election conducted on the
32 first Tuesday following the first Monday in November. No county transient
33 room tax may be presented to county voters for approval or modification for a
34 period of eleven (11) months after an election to approve or disapprove such
35 tax. The question presented to the voters of a county shall state the rate of
36 the county transient room tax, the duration of the tax, and the purpose of the
37 tax.

38 63-2605. GENERAL PROVISIONS. Prior to collecting the tax authorized
39 under this chapter, the board of county commissioners shall adopt an ordi-
40 nance that:

41 (1) States and defines the specific tax to be assessed;

42 (2) States the exact purpose or purposes for which revenues derived
43 from the tax will be used;

44 (3) States and defines the percentage of the tax to be used for property
45 tax relief, provided that such amount shall not be less than fifty percent
46 (50%) of the annual revenue from the tax; and

47 (4) States the duration of the tax.

1 63-2606. AUTHORIZED USES. The board of county commissioners may only
 2 use the tax revenue collected pursuant to this chapter for the following pur-
 3 poses:

4 (1) To pay for property tax relief for the homeowners of the county as
 5 provided in this chapter;

6 (2) To pay for the following public safety services provided by the
 7 county:

8 (a) Law enforcement services;

9 (b) Search and rescue services;

10 (c) Emergency medical services; and

11 (d) Fire protection services; and

12 (3) To pay ambulance service districts and fire protection districts
 13 in the county if such districts provide emergency medical or fire protection
 14 services in the county. Such districts shall be entitled to an apportionment
 15 of the tax revenue as provided in this subsection.

16 (a) The county auditor shall quarterly apportion and distribute no more
 17 than fifty percent (50%) of tax collections to the county and to each am-
 18 bulance service district and fire protection district in the county.

19 (b) Funds shall be apportioned to the county and each ambulance service
 20 district and fire protection district in the county based on the propor-
 21 tion each such district's current nonexempt property tax budget bears
 22 to the sum of the current nonexempt property tax budgets of the county
 23 and all such ambulance service districts and fire protection districts
 24 in the county. Each year, starting with the distribution for the quar-
 25 ter ending December 31, the county auditor shall calculate the distri-
 26 bution pursuant to this subsection based on the county's and each dis-
 27 trict's current nonexempt property tax budgets. When an ambulance ser-
 28 vice district or fire protection district is situated in more than one
 29 (1) county, only the portion attributable to the ambulance service dis-
 30 trict or fire protection district from each county in which it is situ-
 31 ated shall be used in the apportionment of the tax revenue.

32 (c) If ambulance service districts or fire protection districts are
 33 consolidated, the resulting district is entitled to an amount equal
 34 to the sum of the amounts received in the last calendar quarter by each
 35 district prior to the consolidation.

36 (d) If an ambulance service district or fire protection district is
 37 dissolved or disincorporated after the apportionment of funds has been
 38 determined pursuant to this subsection, the county auditor shall dis-
 39 tribute such district's portion of funds to the county until the next
 40 calendar year, at which time the funds shall be reapportioned as pro-
 41 vided for in this subsection.

42 (e) A county, ambulance service district, or fire district shall use
 43 funds received under the provisions of this chapter only for the pur-
 44 poses provided for in this section.

45 63-2607. COUNTY PROPERTY TAX RELIEF FUND. (1) Any county assessing a
 46 tax pursuant to this chapter shall create and establish in the office of the
 47 county treasurer a county property tax relief fund into which shall be placed
 48 a minimum of fifty percent (50%) of any revenues received from the county
 49 transient room tax.

(2) On or before the second Monday in September of each year, the county treasurer shall submit to the board of county commissioners a statement showing the balance in the county property tax relief fund as of September 1 of that year. The balance of the moneys reflected in such statement shall be used to reduce the amount of the property tax portion of the county's budget for that year. For the purposes of the budget limitations provided in section 63-802, Idaho Code, the amount of such revenues that are applied to reduce the county's property tax portion of its budget shall not reduce the amount that a county may increase the property tax portion of its budget and shall be deemed to be included in the amount of property tax revenue certified by the county pursuant to section 63-803, Idaho Code.

(3) The moneys applied to reduce the property tax portion of the county's budget shall be designated as a line item credit against the total of county property taxes on the property tax bill for each property owner paying county property taxes in the year such moneys were applied.

(4) By no later than December 20 of each year, the county treasurer shall transfer an amount equal to the balance in the county property tax relief fund as of September 1 of that year to the county current expense fund for the reduction in the property tax portion of the budget as provided in this section.

63-2608. COLLECTION AND ADMINISTRATION OF COUNTY TRANSIENT ROOM TAX BY STATE TAX COMMISSION -- DISTRIBUTION. (1) Any county that has levied a tax pursuant to this chapter may contract with the state tax commission for the collection and administration of such taxes in like manner and under the definitions, rules, and regulations of the state tax commission for the collection and administration of the state sales tax under chapter 36, title 63, Idaho Code. A county that levies such tax shall have the right to review and audit the records of collection thereof maintained by the commission and the returns of taxpayers relating to such tax. Alternatively, such county shall have authority to administer and collect such tax on its own.

(2) All revenues collected by the state tax commission pursuant to this chapter shall be distributed as follows:

(a) An amount shall be distributed to the state refund account sufficient to pay current refund claims. All refunds authorized by the state tax commission to be paid shall be paid through the state refund account and those moneys are continuously appropriated;

(b) An amount shall be distributed to the state tax commission equal to the fee as may be agreed on between the state tax commission and the county for the actual cost of the collection and administration of the tax. The amount retained by the state tax commission shall not exceed the amount authorized to be expended by appropriation by the legislature; and

(c) All remaining moneys received pursuant to this chapter shall be placed in an account designated by the state controller and remitted monthly to the county levying such tax.

SECTION 2. That Section 63-1804, Idaho Code, be, and the same is hereby amended to read as follows:

1 63-1804. LIMITING TAX DUTIES OF SHORT-TERM RENTAL MARKETPLACES --
 2 COLLECTION OF TAX. (1) A local government may not levy a sales, use, fran-
 3 chise, receipts, or other similar tax or fee on the business of operating a
 4 short-term rental marketplace.

5 (2) A short-term rental marketplace shall register with the state
 6 tax commission for collection, reporting, and payment of sales and use and
 7 travel and convention taxes levied by this state and any applicable local
 8 government taxes administered by the state tax commission on short-term
 9 rentals and vacation rentals due from a lodging operator on any lodging
 10 transaction facilitated by the short-term rental marketplace.

11 (3) A short-term rental marketplace shall collect, report, and pay
 12 taxes imposed on the lodging operator or occupant of a short-term rental or
 13 vacation rental by any local government.

14 (4) Any local government that has levied a tax pursuant to statutory au-
 15 thorization, may contract with the state tax commission for the collection
 16 and administration of such taxes in like manner and under definitions and
 17 rules of the state tax commission for the collection and administration of
 18 the state sales or use tax under chapter 36, title 63, Idaho Code. Alterna-
 19 tively, such local government shall have authority to administer and collect
 20 such tax. All revenues collected on behalf of the local governments by the
 21 state tax commission pursuant to this chapter shall be distributed as fol-
 22 lows: An amount of money shall be distributed to the state refund fund suffi-
 23 cient to pay current refund claims. All refunds authorized by the commission
 24 to be paid shall be paid through the state refund fund and those moneys are
 25 continuously appropriated. The state tax commission may retain an amount of
 26 money equal to such fee as may be agreed ~~upon~~ on between the state tax com-
 27 mission and such local government for the actual cost of the collection and
 28 administration of the tax. The amount retained by the commission shall not
 29 exceed the amount authorized to be expended by appropriation by the legis-
 30 lature. Any unencumbered balance in excess of the actual cost at the end of
 31 each fiscal year shall be distributed as provided in this section. All re-
 32 maining moneys received pursuant to this chapter shall be placed in a fund
 33 designated by the state controller and remitted monthly to the local govern-
 34 ment levying such tax.

35 (5) If the owner of a short-term rental offers a short-term rental or
 36 vacation rental directly to an occupant without the use of a short-term
 37 rental marketplace, such owner shall comply with all of the requirements of
 38 this section.

39 ~~(5)~~ (6) A short-term rental marketplace or owner of a short-term rental
 40 that has not facilitated a lodging transaction in Idaho shall have forty-
 41 five (45) days to comply with this section upon completion of their such mar-
 42 ketplace's or owner's first lodging transaction in Idaho.

43 SECTION 3. An emergency existing therefor, which emergency is hereby
 44 declared to exist, this act shall be in full force and effect on and after
 45 July 1, 2025.