

**SHORT BALLOT TITLE**

Initiative allowing local communities to determine local needs and allowing local elections with sixty percent (60%) approval to impose local revenue enhancements.

**LONG BALLOT TITLE**

AN INITIATIVE RELATING TO LOCAL ELECTIONS FOR REVENUE ENHANCEMENT; AMENDING TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW CHAPTER 46, TITLE 63, IDAHO CODE, TO PROVIDE A SHORT TITLE, TO PROVIDE A PURPOSE, TO DEFINE TERMS, TO PROVIDE FOR LOCAL REVENUE ENHANCEMENT, TO PROVIDE FOR A PLAN, TO PROVIDE FOR ADOPTION OF PLAN, TO PROVIDE FOR AN ELECTION TO AUTHORIZE THE LOCAL REVENUE ENHANCEMENT MEASURE, TO PROVIDE FOR ADMINISTRATION BY THE STATE TAX COMMISSION, TO ESTABLISH A LOCAL REVENUE ENHANCEMENT FUND AND TO PROVIDE DISTRIBUTION OF MONEYS FROM THE FUND, TO PROVIDE COOPERATIVE AGREEMENTS, TO PROVIDE FOR REPEAL OR REAUTHORIZATION OF THE REVENUE ENHANCEMENT, TO PROVIDE FOR LOCAL ACCOUNTABILITY REPORTS, AND TO PROVIDE FOR SEVERABILITY.

1 Be It Enacted by the People of the State of Idaho:

2 SECTION 1. That Title 63, Idaho Code, be, and the same is  
3 hereby amended by the addition thereto of a **NEW CHAPTER**, to be  
4 known and designated as Chapter 46, Title 63, Idaho Code, and to  
5 read as follows:

6 CHAPTER 46

7 LOCAL ELECTIONS FOR LOCAL REVENUE ENHANCEMENT ACT

8 63-4601. SHORT TITLE. This chapter is known and shall be  
9 cited as the "Local Elections for Local Revenue Enhancement  
10 Act."

11 63-4602. PURPOSE. The purpose of this chapter is to allow  
12 local communities to determine local needs through transparent  
13 planning and enable such communities to hold elections seeking  
14 local voter approval for authorization to impose local revenue  
15 enhancements on sales and uses within the local community to  
16 fund such identified local needs.

17 63-4603. DEFINITIONS. As used in this chapter:

- 18 (1) "Board" means the board of county commissioners of a
- 19 county.
- 20 (2) "City" means an incorporated city of this state.
- 21 (3) "Commission" means the state tax commission.
- 22 (4) "Council" means the city council of a city.
- 23 (5) "County" means a county of this state.

1 (6) "Tax" means a local option sales and use tax  
2 authorized under this chapter.

3 63-4604. LOCAL REVENUE ENHANCEMENT. A city or county may  
4 enhance local revenue as provided in this section.

5 (1) The qualified electors of a city or county shall have  
6 the legal authority to authorize the council or board to adopt,  
7 implement and collect a tax upon all taxable sales and use sold,  
8 received or delivered within the city or county, including  
9 cities within the county, which taxable sales or use are subject  
10 to taxation under chapter 36, title 63, Idaho Code, for the  
11 purposes described herein, excepting sales and use taxes upon  
12 public utilities as defined in 61-129, Idaho Code. In accordance  
13 with applicable destination-based sourcing rules adopted by the  
14 state tax commission, the council or board shall have the power  
15 and authority to adopt and collect a tax if approved by not less  
16 than sixty percent (60%) of all votes cast by the qualified  
17 electors of the city or county voting in an election conducted  
18 for that purpose at an election held in any year on the November  
19 election date specified in section 34-106, Idaho Code.

20 (2) The rate of the tax shall not exceed one percent (1%)  
21 of the sales price of an item subject to the tax.

22 (3) The revenues, after the necessary costs of collection  
23 and administration and any refund or credits authorized by law,  
24 generated by a tax under this chapter may be used for any city  
25 or county purpose under a plan approved pursuant to this  
26 chapter.

27 63-4605. PLAN. Prior to seeking authorization from the  
28 qualified electors, a city or county intending to enhance local  
29 revenue through the imposition of such tax shall:

30 (1) Adopt an ordinance, approved by the council or board,  
31 to impose the tax following adoption of a plan and authorization  
32 by not less than sixty percent (60%) of all votes cast by the  
33 qualified electors of the county or city voting to impose the  
34 tax; and

35 (2) Develop a plan that includes, at a minimum, a detailed  
36 explanation of the proposed use of revenues derived from the  
37 tax.

38 63-4606. ADOPTION OF PLAN. (1) Prior to the adoption of a  
39 plan, the city or county shall conduct a public hearing.

40 (2) Notice of the hearing shall be posted at least thirty  
41 (30) days prior to the hearing at a conspicuous place within the  
42 city or county. A copy of the notice shall also be published  
43 pursuant to the provisions of section 40-206, Idaho Code. The  
44 place, hour and date of the hearing shall be specified in the

1 notice, as well as the place where the draft plan may be  
2 examined prior to the hearing. A summary of the plan shall be  
3 published with and as a part of the notice of publication of the  
4 notice of hearing.

5 (3) Nothing in this chapter shall be interpreted to limit  
6 the authority of the city or county to adopt the plan.

7 63-4607. ELECTION TO AUTHORIZE LOCAL REVENUE ENHANCEMENT.

8 (1) In an election, the question presented to the qualified  
9 electors of the city or county shall:

10 (a) Provide a description and general explanation of the  
11 tax to be approved;

12 (b) Provide a detailed summary of the plan adopted by the  
13 council or board following the public hearing;

14 (c) State that the rate of the tax to be assessed shall be  
15 set by the city or county as set forth in the plan, but that the  
16 rate shall be at least one-tenth of one percent (0.10%) but not  
17 more than one percent (1%) of the sales price of an item subject  
18 to taxation;

19 (d) State that the revenues derived from the tax shall be  
20 used only for purposes specified in the plan; and

21 (e) State the estimated term of the tax.

22 (2) Upon voter approval of the tax, the city or county  
23 shall provide by resolution the methods for reporting and  
24 collecting the taxes due. The resolution shall also state the  
25 rate to be assessed, established as follows:

26 (a) The city or county, pursuant to an estimate based  
27 upon the voter authorized plan and anticipated reserve or  
28 other monetary requirements, shall impose a tax of at least one-  
29 tenth of one percent (0.10%) but not more than one percent  
30 (1%) of the sales price of an item subject to taxation.

31 (b) The city or county shall comply with the filing and  
32 recording requirements of section 63-215, Idaho Code, and shall  
33 cause a copy of a resolution, or amendment thereto, to be  
34 forwarded to the state treasurer, the chairman of the state tax  
35 commission and the chairman of the state board of tax appeals.

36 (3) Taxes collected shall constitute revenue of the city  
37 or county available for purposes of implementing the plan. Tax  
38 collection shall commence on a date set forth in the resolution,  
39 but not earlier than the next quarter that commences at least  
40 sixty (60) days after the date of the election.

41 63-4608. COLLECTION AND ADMINISTRATION OF TAX BY THE STATE  
42 TAX COMMISSION -- DISTRIBUTION. (1) A city or county that has  
43 levied a tax pursuant to this chapter shall contract with the  
44 state tax commission for the collection and administration of  
45 the tax in like manner and under definitions and rules of the

1 state tax commission for the collection and administration of  
2 the state sales and use tax under chapter 36, title 63, Idaho  
3 Code. The state tax commission is authorized to adopt additional  
4 rules as may be necessary for efficient and effective tax  
5 collection and administration under this chapter, including,  
6 without limitation, destination-based sourcing rules as are  
7 compatible with chapter 36, title 63, Idaho Code, and use tax  
8 credit rules as are compatible with section 1, article V,  
9 section 63-3701, Idaho Code.

10 (2) The city or county shall contract with the state tax  
11 commission for the collection and administration of such taxes.  
12 Additional services, such as audit, appeals, compliance or legal  
13 representation, may be contracted with the state tax commission  
14 as determined appropriate by the council or board. The costs of  
15 such contracted services shall be paid from the tax receipts  
16 subject to subsection (3)(b) of this section.

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

19 (a) An amount of money shall be distributed to the state  
20 refund fund sufficient to pay current refund claims. All refunds  
21 authorized by the state tax commission to be paid shall be paid  
22 through the state refund fund and those moneys are continuously  
23 appropriated.

24 (b) An amount of money shall be distributed to the state  
25 tax commission equal to the fee as may be agreed upon between  
26 the state tax commission and the city or county for the actual  
27 cost of the collection and administration of the tax. The amount  
28 retained by the state tax commission shall not exceed the amount  
29 authorized to be expended by appropriation by the legislature.  
30 Any unencumbered balance in excess of the actual cost at the end  
31 of the fiscal year shall be distributed as provided in  
32 subsection (3)(c) of this section.

33 (c) All remaining moneys shall be placed in the local  
34 revenue enhancement fund established in section 63-4609, Idaho  
35 Code, and distributed as provided in that section.

36 63-4609. LOCAL REVENUE ENHANCEMENT FUND ESTABLISHED -  
37 DISTRIBUTION OF MONEYS. (1) There is hereby established in the  
38 state treasury a fund known as the local revenue enhancement  
39 fund, to which shall be credited moneys as provided in section  
40 63-4608, Idaho Code.

41 (2) Interest earned on the investment of idle moneys in  
42 the fund shall be paid to the fund.

43 (3) Distributions from the fund shall be made to the  
44 appropriate city or county, upon demand of the city or county,  
45 to be spent, pledged or accumulated for any purpose in  
46 furtherance of the plan.

1 (4) By providing written notice to the state tax  
2 commission, a city or county may request that the commission  
3 transfer a portion of the revenues to designated governmental  
4 entities in implementation of the plan.

5 (5) An audit shall be conducted of the financial affairs  
6 of the fund and of distributions from the fund associated with  
7 the plan as required by section 67-450B, Idaho Code, within  
8 sixty (60) days after the end of the fiscal year of a county.  
9 Any governmental entity that receives moneys from the fund shall  
10 cooperate with the city or county in conducting the annual audit  
11 and provide all financial information associated with the plan.

12 63-4610. COOPERATIVE AGREEMENTS. Cities and counties may  
13 enter into cooperative agreements with the state, other  
14 authorities, counties, cities and highway districts under the  
15 provisions of section 67-2328, Idaho Code, including, without  
16 limitation, cooperative agreements for the distributions from  
17 the fund and to carry out the provisions of this chapter.

18 63-4611. REPEAL OR REAUTHORIZATION. The tax or the rate of  
19 tax in effect may be changed, repealed or extended, but only if  
20 approved by not less than sixty percent (60%) of all votes cast  
21 by the qualified electors voting in a repeal, reauthorization or  
22 rate change election conducted for such purpose. This election  
23 may be held in any year prior to the expiration of the term of  
24 the tax then in effect on the November election date specified  
25 in section 34-106, Idaho Code. A summary of the plan adopted by  
26 the council or board with respect to the extension of the term  
27 of the tax in question shall be included. If the extension of  
28 the term of the tax is reauthorized, a copy of the council or  
29 board resolution authorizing an extension of the term of the tax  
30 shall be provided to the state treasurer, the chairman of the  
31 state tax commission and the chairman of the state board of tax  
32 appeals.

33 63-4612. LOCAL ANNUAL ACCOUNTABILITY REPORTS ON USE OF  
34 REVENUES. In addition to its annual audit and in order to  
35 provide information to the public about how revenues have been  
36 appropriated pursuant to this chapter and in accordance with the  
37 plan set forth in section 63-4605, Idaho Code, at least once  
38 annually the city or county shall issue a document available and  
39 easily accessible to the general public identifying such plan  
40 and describing with particularity those items required for an  
41 election pursuant to section 63-4607, Idaho Code.

42 63-4613. SEVERABILITY. The provisions of this chapter are  
43 hereby declared to be severable and if any provision of this

1 chapter or the application of such provision to any person or  
2 circumstance is declared invalid for any reason, such  
3 declaration shall not affect the validity of the remaining  
4 portions of this chapter.

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