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COUNTY REVENUE SOURCES

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About 5% of the average county's total funding comes from four State of Idaho tax sources. In themselves, the taxes are significant but the portions shared by county and local government are considered minor incomes.

The State of Idaho returns to local government portions of the Idaho inheritance tax, Highway User Fund (motor fuels tax), State Highway Fund and Liquor Control Act Fund. This report summarizes each of these local funding sources.

Idaho Inheritance Taxes

The State of Idaho imposes a tax on money or property that is inherited when someone dies. Beyond that, general awareness of the inheritance tax is relatively sketchy.

For example, if you without warning inherit \$20,000 from your grandfather, how much does the state take in inheritance taxes? What happens if you inherit the same amount from a friend who is no blood relation? What happens to the portion the state collects?

Beneficiaries

Assessment of inheritance taxes is based on the relationship of the beneficiary to the descendant and the amount received. The tax is computed on the appraised market value after exemptions are deducted of the property at the time of death. These are the classes of beneficiaries:

1. Spouses, direct descendants, direct ancestors, male or female line, adopted or mutually acknowledged children or their lineal issue.
2. Brothers or sisters or their descendants, wives or widows of sons or husbands of daughters.
3. Brothers or sisters of parents or their descendants.
4. All others.

Tax Rate

The tax rate itself varies according to the amount of money involved and the beneficiary class.

Value of inheritance in excess of exemption	Class of beneficiary				
		1	2	3	4
First Increment \$1 - \$25,000		2%	4%	6%	8%
Second Increment \$25,001 - \$50,000		4%	6%	9%	14%
Third Increment \$50,001 - \$100,000		6%	8%	12%	20%
Fourth Increment \$100,001 - \$200,000		8%	12%	15%	30%
Fifth Increment \$200,001 - \$500,000		10%	16%	20%	30%
Sixth Increment \$500,001 and over		15%	20%	25%	30%

The County Treasurer collects inheritance taxes; 10% of the total is credited to the current expense fund of the county and the remaining 90% is remitted to the State Treasurer and credited to the state's general fund.

In 1976 the State of Idaho assessed \$3,572,422 in inheritance taxes, \$431,331 of which was retained by the collecting counties. Inheritance taxes comprised only about .12% of county funding in 1976.

Highway Related Revenues

Highway related revenues are another comparatively small source of income for Idaho's counties. Gasoline and highway use taxes are state taxes, used primarily for building and maintaining state highways. However, when surpluses exist in the highway and gasoline related funds, they also become sources of local revenue. Altogether this source of income accounts for approximately 3.86% of the average Idaho county's total funding.

Highway User Fund (Motor Fuels Tax)

Local governments receive money originally generated from highway related sources from two different state funds — the Highway User Fund and the State Highway Fund. The Highway User Fund consists of proceeds from the 9½ cent per gallon motor fuel tax which Idaho residents pay for the privilege of using the state's highways.

The bulk of the Highway User Fund legally becomes part of the State Highway Fund, while smaller portions go into the Waterways Improvement Fund and the Off-Road Motor Vehicle Fund. About one-sixth of the money collected in the fund is allocated to local governments in the following manner: 16.67% of the total, after deductions and refunds, is divided quarterly among the incorporated and specially chartered cities of the state, according to the population proportion each city bears to the total population of all incorporated and specially chartered cities in the state. Distributions are affected by both the availability and price of gasoline.

State Highway Fund

County governments receive a portion of the money in the State Highway Fund for local use. The State Highway Fund includes money from the registration and licensing of motor vehicles, dealers and manufacturers, penalties and forfeitures, donations for construction and improvements and from gasoline taxes through the Highway User Fund.

Counties are reallocated 26%, but never less than \$1 million, in the following ways:

1. 10% of the total sum is divided equally among the counties;

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- 45% is allocated to the counties in the proportion the amount collected from motor vehicle registration in each, during the last year, bears to the total of all such money collected in the state and
- 45% is allocated to the counties in the proportion the number of miles of improved roads in each county system bears to the total number of miles of all such roads in the state.

Money paid to the counties from the State Highway Fund is placed in the county road fund. It is then divided among the highway districts within the county according to the same formula which divided it between counties.

Liquor Revenue

Revenue from the Liquor Control Act Fund contributes in a very small way to funding the average Idaho county (.99% of the total). The largest allocation received from the fund in 1975 was by Ada County which received \$385,875, a relatively miniscule amount when compared with other sources.

The real importance of liquor-related revenue lies in its interaction with other funding sources, particularly property taxes.

License Fees

The State of Idaho maintains a monopoly on sales of all beverages containing more than 14% alcohol, and licenses sales of the rest. The following are the annual state license fees or taxes charged.

Retail Beer License Fee	\$25
Retail Wine License Fee (to go only)	\$100
Retail Wine License Fee (by the Drink)	\$100
Retail Liquor by the Drink License (by population)	\$300 to \$750
Wholesale Dealer of Beer	\$200
Wholesale Dealer of Wine	\$200

An additional tax of 45 cents per gallon on light wines and \$4.65 per barrel (31 gallons) of beer is collected from the importer or distributor. Bottled beer is converted to gallon equivalents.

Liquor Revenue

The Liquor Control Act Fund contains all money derived in the state from alcohol sales, excise taxes, licenses, permits, fees, profits on sales, sales of equipment and supplies and any money accruing from any other provisions of the act.

Provided the fund contains enough money to pay all current expenses of the State Liquor Dispensary and still contains a cash reserve of \$50,000, the surplus is returned to local governments four different ways:

- 50% goes to the various counties in the proportion the population of each bears to the total population of the state.
- 7.5% goes directly to the cities of the state in the proportion their population bears to the total population of all the state's cities.

Table 1. Liquor allocations by county, 1975.

County	Amount	County	Amount
Ada	\$385,875	Gem	59,662
Adams	21,793	Gooding	56,183
Bannock	236,487	Idaho	77,028
Bear Lake	39,509	Jefferson	71,176
Benewah	42,786	Jerome	37,536
Bingham	164,854	Kootenai	108,378
Blaine	41,778	Latah	144,530
Boise	19,068	Lemhi	39,512
Bonner	94,858	Lewis	29,750
Bonneville	284,217	Lincoln	26,164
Boundary	42,997	Madison	83,972
Butte	24,647	Minidoka	94,937
Camas	13,044	Nez Perce	170,497
Canyon	345,680	Oneida	24,044
Caribou	43,120	Owyhee	34,901
Cassia	100,214	Payette	61,367
Clark	12,923	Power	41,888
Clearwater	64,735	Shoshone	90,235
Custer	24,832	Teton	21,691
Elmore	104,392	Twin Falls	122,076
Franklin	47,928	Valley	28,899
Fremont	56,152	Washington	50,183

SOURCE: City-County Data Book. 1977. Boise Center for Urban Research, Association of Idaho Cities and Idaho Association of Counties.

- An additional \$1 million, if available, is distributed to the cities in the same way as the 7.5%.
- The counties also receive one forty-fourth (1/44) of the half of the surplus retained by the state in the first division (#1). This is to be kept in the county current expense fund without further division or redistribution.

The original 50% of the surplus apportioned to the counties (#1) is again divided within each county. Half this amount is credited to the general fund of the county, while half goes to the incorporated and specially chartered cities and villages in the proportion that the population of each bears to the total population of all such cities and villages in the county. However, if a county embraces all or part of a junior college district the split is different. In that case 50% of the funds received must be paid into the junior college district and the remaining amount is split evenly — 25% to the general fund of the county and 25% to specially chartered cities and villages.

Apportionments from the Liquor Control Act Fund are made quarterly. The actual amounts vary depending on the amount of surplus in the fund. At times the fund has no surplus.

Table 1 shows allocations made to counties from the Liquor Control Act Fund in 1975. It does not include the 7.5% or the \$1 million that are apportioned directly to cities.

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