

BOISE, WEDNESDAY, JANUARY 7, 2026, AT 8:45 A.M.

IN THE SUPREME COURT OF THE STATE OF IDAHO

**FLUOR CORPORATION AND
SUBSIDIARIES,**

Plaintiff-Respondent,

v.

IDAHO STATE TAX COMMISSION.

Defendant-Appellant.

Docket No. 52283

Appeal from the District Court of the Fourth Judicial District of the State of Idaho,
Ada County. Peter G. Barton, District Judge.

Baker & McKenzie LLP, *Pro Hac Vice*, Dallas, Texas, and Leroy Law Office, Boise, for Appellant.

Raúl R. Labrador, Idaho Attorney General, Boise, for Respondent.

At issue in this case is whether the district court erred when it determined Idaho Code section 63-3027(u) (2015) violated Article VI, Clause 2 (i.e., the Supremacy Clause) of the U.S. Constitution. Fluor Corporation and Subsidiaries is a contractor for the federal government who contracted with the U.S. Department of Energy to perform services at the Idaho National Engineering Laboratory (“INEL”). On October 15, 2021, the Idaho Tax Commission (“the Commission”) issued a Notice of Deficiency Determined (“NODD”) and found that Fluor had underpaid its income taxes for the years of 2015 through 2018 because Fluor failed to use the “separate accounting” method set out in section 63-3027(u) (2015) to calculate its tax base. Rather, Fluor calculated its tax base using the “formulary apportionment” method.

Fluor appealed to the Commission and argued section 63-3027(u) (2015) violated the Supremacy Clause's intergovernmental tax immunity. Fluor argued that the statute discriminated against the federal government because it only required the federal government's contractors to utilize separate accounting while non-federal contractors at INEL could use formulary apportionment. Fluor asserted that the separate accounting method would result in \$3 million more in tax liability than formulary apportionment would have and therefore, the statute discriminated against the federal government. The Commission upheld its NODD.

Fluor then filed a complaint against the Commission in district court and again challenged section 63-3027(u) (2015) as a facial and as applied violation of the intergovernmental tax immunity doctrine under the Supremacy Clause. Fluor then moved for summary judgment, which the district court granted. In doing so, the district court determined that, as applied to Fluor, section

63-3027(u) (2015) was unconstitutional because it subjected Fluor to higher taxes than a non-federal contractor.

The Commission appeals the district court's decision, arguing that section 63-3027(u) (2015) does not run afoul of the Supremacy Clause because the intergovernmental tax immunity doctrine is only intended to protect the federal government (rather than federal contractors) from discriminatory taxing by states. The Tax Commission asserts that Fluor cannot show that the federal government is harmed by applying the statute to federal contractors such as Fluor.