

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 26, 2017

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Johnson, Vice Chairman Bayer, Senators Hill, Rice, Vick, Patrick, Burgoyne, and Nye

ABSENT/ EXCUSED: Senator Siddoway

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Johnson** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

MINUTES APPROVAL: **Senator Patrick** moved to approve the minutes of January 17, 2017. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Chairman Johnson** welcomed Steve Wallace, Director of the Board of Tax Appeals (Board), to the podium to introduce the appointee. **Mr. Wallace** summarized the responsibilities of Board members and highlighted the appointee's tenure with the Board.

Chairman Johnson welcomed David E. Kinghorn, Chairman of the Board, to the podium. **Mr. Kinghorn** provided a brief history of his professional experience, stating that he was appointed to the Board in 2001, has served as Chairman since 2012, and represents Eastern Idaho.

Senator Hill asked what motivates Mr. Kinghorn to serve and what challenges he faces in this capacity. **Mr. Kinghorn** explained that he enjoys the intricacies of the job and considers it a great honor to serve on the Board. He noted that his greatest challenge is overcoming bias and continuing to educate the public regarding the role of government and rules thereof in this profession.

Senator Burgoyne commented on the nature of bias in this line of work and praised Mr. Kinghorn's recognition of these challenges.

MOTION: **Senator Hill** moved to send the Gubernatorial reappointment of David E. Kinghorn to the Board of Tax Appeals to the floor with a recommendation that he be confirmed by the Senate. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

RS 25028 **Relating to Anticipation of Revenues in the Permanent Building Fund.** **Morgan Howard**, Senate Intern presenting on behalf of Chairman Johnson, introduced **RS 25028**. **Ms. Howard** stated that this legislation amends Idaho Code § 57-1112 by removing reference to code sections that were repealed in 1983.

MOTION: **Senator Rice** moved to print **RS 25028**. **Senator Bayer** seconded the motion.

Senator Patrick sought clarification of the fiscal impact. **Ms. Howard** explained that no fiscal impact will result from the removal of outdated code references; there are no changes to the management of the permanent building fund.

Senator Hill asked why these code references were not addressed subsequent to repeal in 1983. **Ms. Howard** stated that these references were overlooked during that process.

The motion carried by **voice vote**.

S 1017

Relating to Fire Protection Districts. **Ms. Howard** presented **S 1017**. She stated that this legislation removes language regarding the election notification process of fire protection districts, bringing this process into compliance with Idaho Code § 34-602. Statute now requires notification for fire protection district elections 12 and 5 days prior to election; existing language requires notification for 30 days prior to an election.

Chairman Johnson explained that the fiscal note on the Statement of Purpose will be revised to detail why there is no fiscal impact to the General Fund. **Senator Rice** asked for more detail regarding this revision, and **Chairman Johnson** pointed out that although there is no impact to the General Fund, rural fire districts may be impacted financially by changes in the notification process.

MOTION: **Senator Hill** moved to send **S 1017** to the floor with a **do pass** recommendation. **Senator Nye** seconded the motion.

Senator Rice noted that these new notification requirements may have a positive financial impact on fire protection districts.

The motion carried by **voice vote**. Senator Vick was recorded as present and voting.

S 1016

Relating to the Board of Tax Appeals. **Mr. Wallace** presented **S 1016**. This legislation amends Idaho Code § 63-3804 to increase the daily compensation for Board members from \$200 to \$300. **Mr. Wallace** clarified that this legislation is originating in the Senate because it is not a revenue measure. He then described the types of appeals processed by the Board and provided examples of typical workload and expenses. **Mr. Wallace** highlighted the importance of future recruitment and retention of Board members as a driving factor in seeking increased compensation, pointing out that it is often difficult to find qualified candidates.

Senator Burgoyne asked Mr. Wallace to outline how Board members are compensated. **Mr. Wallace** explained that Board members are compensated for all aspects of their work related to the proceedings, including preparation and travel time; they receive a full per-diem rate for Board meetings and hearings.

Senator Vick asked if hourly rates are derived from the daily rate of compensation. **Mr. Wallace** affirmed and indicated that Board members also receive FICA benefits, including Social Security, Medicare, and PERSI.

Senator Burgoyne commented that the rate of pay for Board members is significantly lower than industry standards for the same type of work.

MOTION: **Senator Burgoyne** moved to send **S 1016** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion.

Senator Hill praised the work and skill of the Board and recognized the amount of work they do for a relatively low rate of pay.

Senator Bayer asked for clarification regarding the typical workload of Board members and how daily expenses are managed. **Mr. Wallace** replied that the number of appeals submitted varies year-to-year; subsequently, the number of days worked each year varies, sometimes exceeding 80 work days per year. **Mr. Wallace** delineated Board expenses, pointing out that approximately \$2,000 is budgeted for travel purposes for each Board member.

The motion passed by **voice vote**.

PRESENTATION: **Seth Grigg**, Executive Director of the Association of Idaho Cities (AIC), provided background information on the mission and responsibilities of the AIC, as well as emerging issues affecting Idaho cities, which include economic development and vitality.

Chairman Johnson welcomed Brian Blad, Mayor of Pocatello and President of the AIC, to the podium. **Mayor Blad** highlighted local companies that have experienced recent growth and the subsequent impact of such growth on the economy. He also emphasized the need for career technical educational opportunities through continued funding and expansion.

Senator Vick asked what companies were assisted by Tax Reimbursement Incentives (TRI) awards. **Mayor Blad** listed those companies (see Attachment 1) and provided clarity regarding the employment statistics of Western States Caterpillar.

Senator Hill asked where funding originated for the recreational complex located in Pocatello. **Mayor Blad** explained that the complex was built in conjunction with Bannock County and funding from an endowment fund created to benefit the health of the community.

Chairman Johnson noted that TRI awards require matching funds from the community and asked what those amounts were for the aforementioned local projects. **Mayor Blad** responded that assistance was provided by Bannock County and the City of Pocatello Development Authority.

Chairman Johnson welcomed John Evans, Mayor of Garden City, to the podium. **Mayor Evans** highlighted challenges facing Garden City, which include critical incidents involving law enforcement and the judicial system, noting that legislation is being drafted to address these issues. He reported that storm water management, which is federally mandated, presents budgetary challenges for Garden City. **Mayor Evans** summarized Garden City's urban renewal efforts, stating that Garden City relies on redevelopment to expand and modernize.

ADJOURNED: There being no further business at this time, **Chairman Johnson** adjourned the meeting at 4:14 p.m.

Senator Johnson
Chair

Jennifer Carr
Secretary