

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 26, 2022

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza, Bayer, Ricks, Nye, and Semmelroth

ABSENT/ EXCUSED: None

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 Rice** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 P.M.

MINUTES APPROVAL: **Senator Ricks** made a motion to approve the Minutes of the January 20, 2022 meeting of the Senate Local Government and Taxation Committee. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

RS 29211 **Relating to property tax reduction; amending Section 63-705, Idaho Code, to revise provisions regarding property tax reduction; and declaring an emergency and providing retroactive application.** **Senator Bayer** presented **RS 29211**. **Senator Bayer** explained that this bill would make a change to one item that was a part of HB 389 that the legislature passed last year. She explained that HB 389 set a maximum assessed value of a qualifying residence for the property tax reduction, also known as the circuit breaker, at 125 percent of the median assessed valuation of all homes in the county receiving the homestead exemption. **Senator Bayer** further explained that **RS 29211** would increase the maximum assessed value of a qualifying residence for the property tax reduction to 200 percent of the median assessed valuation of all qualifying homes. She noted that the Tax Commission estimates that this legislation would add 1003 applicants back to the circuit breaker. Of those applicants, approximately 200 were first time applicants and approximately 800 were existing applicants.

MOTION: **Senator Vick** moved to send **RS 29211** to print. **Senator Lakey** seconded the motion. The motion to send **RS 29211** to print carried by **voice vote**.

DOCKET NO. 35-0107-2101 **Kilowatt Hour Tax Administration Rules.** **Cynthia Adrian**, Idaho State Tax Commission Tax Research Specialist, presented **Docket No. 35-0107-2101**. Ms. Adrian stated that these rules removed sections that are in statute or better as part of the Idaho State Tax Commission's website. She further stated that Idaho Power has no objection to these rules.

DISCUSSION: **Senator Vick** asked if most of the deleted rules are in the Idaho Code, if that is why they were able to remove them. **Ms. Adrian** responded that most of the rules are in statute or are on their website. In addition, some of the information, such as the calculation of kilowatt hours, is in forms. **Senator Vick** then asked how we know that the information is on the website and that it won't be changed if that is the only place it is located. **Ms. Adrian** repeated that most of these rules are in the statute. She explained that calculation of kilowatt hours is in statute as well as in a form.

MOTION: **Senator Grow** moved to approve **Docket No. 35-0107-2101**. **Senator Ricks** seconded the motion. The motion to approve **Docket No. 35-0107-2101** carried by **voice vote**.

**DOCKET NO.
35-0201-2101**

Tax Commission Administration and Enforcement Rules. Cynthia Adrian presented **Docket No. 35-0201-2101**. **Ms. Adrian** explained that most of the deleted rules are in the Idaho Code as well as on their website.

DISCUSSION:

Chairman Rice asked what types of rules are covered in this docket. **Ms. Adrian** explained that these rules address disclosures of information, partial payments, electronic transfers, what constitutes a valid tax return, interest rates and other topics. **Chairman Rice** stated that section 35.02.01.327 places restrictions on communications between an appeals officer with employees of the originating division with certain exceptions. He further stated that Idaho Code § 63-3045 (2)(b) states that the Idaho State Tax Commission shall adopt rules governing communications with the originating division. **Chairman Rice** expressed a concern that if section 35.02.01.327.02 is removed that only leaves the exceptions in section 35.02.01.327.03. **Ms. Adrian** responded that she agreed that they missed out on a reference. She suggested that they should probably correct section 35.02.01.328 where it says that if an appeals officer believes the discussion with staff from the originating division is warranted, those communications are restricted by section 35.02.01.327.02 which no longer exists. **Senator Grow** asked what the illegal drug tax was. **Tom Shaner**, Idaho State Tax Commission Research Manager, explained that under the Red Tape Reduction Act a couple of years ago they deleted the drug stamp rules. The statutes and forms remain in effect. They no longer require tax commission staff to accompany police on drug raids and stamp things that were untaxed. **Senator Grow** then asked Ms. Adrian why the fraud penalties were being removed. **Ms. Adrian** explained that those are in statute so a rule was not necessary.

MOTION:

Senator Grow moved to approve **Docket No. 35-0201-2101** with the exception of section 35.02.01.327. **Senator Semmelroth** seconded the motion. The motion to approve **Docket 35-0201-2101** with the exception of section 35.02.01.327 carried by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:25 pm.

Senator Rice
Chair

Meg Lawless
Secretary