

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 16, 2022

TIME: 2:00 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 2:00 pm.

MINUTES APPROVAL: **Senator Vick** moved to approve the minutes of March 9, 2022. **Senator Semmelroth** seconded the motion. The motion passed by **voice vote**.

GUBERNATORIAL APPOINTMENT: **Lee Heinrich**, who had been reappointed to the Board of Tax Appeals (Board) to serve a term that commenced June 30, 2021 and expired June 30, 2024, introduced himself to the Committee. He also introduced Chairman Cindy Pollock and discussed his time on the Board. **Mr. Heinrich** shared about his growing up on a potato farm in Lake Fork. His educational background included a Bachelors of Science in Agricultural Economics from the University of Idaho and attendance at National Judicial College. **Mr. Heinrich** also discussed his work experience which included managing the family farm while his father recuperated from a heart attack and sales and management at Idaho Farm Bureau and Arizona Farm Bureau. Finally, he spoke of love of public service as shown by his time with the legislature and serving on numerous boards.

DISCUSSION: **Senator Ricks** asked how many tax appeals the Board hears in a year. **Mr. Heinrich** responded that in a normal year the Board heard about 500 cases, but last year, due to the pandemic, there were approximately 200 appeals.

Vice Chairman Grow asked what percentage of appeals were denied. **Mr. Heinrich** replied that about 85% of the appeals were tax assessments and of those cases, 25-30% were reversed and 35-40% were modified.

Senator Souza stated that Mr. Heinrich had a rich, diverse background and brought a lot to the Board. She asked how the influx of people to the Valley County recreational area affected tax appeals. **Mr. Heinrich** responded that Valley County had seen an increase in non-resident owned homes. This had resulted in an increased demand for local services. As a result, property taxes had increased.

Chairman Rice thanked Mr. Heinrich and stated that the Committee would vote on his reappointment the following week.

H 635 Having previously taken testimony on **H 635**, no further testimony was taken.

MOTION: **Vice Chairman Grow** moved to send **H 635** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion.

DISCUSSION: **Senators Lakey and Nye** each stated he had a conflict of interest pursuant to Senate Rule 39(H), but intended to vote.

Senator Lakey stated that Idaho Code § 50-222 allowed the annexation of land reasonably necessary to assure the orderly growth of the city. That statute required that the city was able to deliver municipal services in a cost effective manner. He asserted that statute needed to be reconciled with Idaho Code § 67-6526 which addressed areas of city impact. **Senator Lakey** stated that voters did not have the opportunity to vote on areas of impact, but had an opportunity to voice their opinion during the hearing process. He noted that homeowners were opposed to city development and density and that 16 years to develop an area of impact may be too long. **Senator Lakey** felt that more time was needed for the parties to work on a resolution.

SUBSTITUTE MOTION: **Senator Lakey** made a substitute motion to hold **S 635** in committee. **Senator Semmelroth** seconded the motion

The original motion to send **H 635** to the floor with a **do pass** recommendation failed.

The substitute motion to hold **H 635** in committee passed by **voice vote**. **Senator Vick** asked that he be recorded as voting nay.

H 673 **Senator Guthrie** presented **H 673**. He explained that **H 673** changed how a description of land and its change of use were stated on the new construction rolls. It deleted a description of the land and its change of use as additions to the new construction roll. It recognized that a change in land use was not new construction. In addition, **H 673** removed the obligation of taxing districts to deduct any reduction in value that resulted from a change of land use clarification.

TESTIMONY: **Russ Hendricks**, of Farm Bureau, stated support for **H 673** and noted that it didn't affect the amount of taxes collected.

MOTION: **Senator Souza** moved to send **H 673** to the floor with a **do pass** recommendation. **Senator Nye** seconded the motion. The motion passed by **voice vote**. **Senator Guthrie** will carry the bill.

H 715 **Representative Cannon** presented the bill. He explained that **H 715** extended the statute of limitations for making a claim for credit or for a refund of certain overpaid taxes from three years to ten years.

DISCUSSION: **Vice Chairman Grow** noted that the federal statute of limitations for making a claim for credit was seven years and asked why **H 715** wasn't drafted to be consistent with the seven year federal statute of limitations. **Representative Cannon** responded that the ten year statute of limitations was in line with the tradition within the Idaho Tax Commission of going back ten years. **Senator Souza** suggested sending **H 715** to the amending order.

MOTION: **Vice Chairman Grow** moved to send **H 715** to the 14th order. **Senator Souza** seconded the motion. The motion passed by **voice vote**.

ADJOURNMENT: There being no further business at this time, **Chairman Rice** adjourned the meeting at 2:46 pm.

Senator Rice
Chair

Meg Lawless
Secretary