

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Tuesday, March 12, 2019

**TIME:** 2:00 P.M.

**PLACE:** Room WW53

**MEMBERS PRESENT:** Chairman Rice, Vice Chairman Grow, Senators Hill, Anthon, Lakey, Cheatham, Burgoyne, and Nye

**ABSENT/ EXCUSED:** Senator Vick

**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 Local Government and Taxation Committee (Committee) to order at 2:02 p.m.

**MINUTES APPROVAL:** **Senator Nye** moved to approve the Minutes of January 31, 2019. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**. **Senator Burgoyne** requested to be recorded as abstaining as he was absent from the meeting.

**Senator Cheatham** moved to approve the Minutes of February 13, 2019. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**Senator Lakey** moved to approve the Minutes of February 7, 2019. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

**H 184** **Relating to Financial Audits; To Revise Provisions Regarding Expenditure Levels of Local Governmental Entities Subject to Audits**, presented by Representative Mike Moyle, District 14, and Senator Bert Brackett, District 23. **Representative Moyle** detailed how all taxing entities with a budget exceeding \$250,000 are required to do audits annually. Budgets of \$100,000 to \$250,000 are allowed a biennial audit, and those below \$100,000 are exempt from minimum audit. Problems occur when a taxing district might go above or below the \$100,000 threshold. The average cost of an audit is \$10,000, even if the entity had minimal transactions. With a \$100,000 budget, 10 percent is going towards an audit. **H 184** changes the minimum budget required for audit to \$150,000.

**MOTION:** **Senator Lakey** moved to send **H 184** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion.

**DISCUSSION:** **Senator Burgoyne** stated there are too many taxing districts, often too small. Smaller districts do not have the necessary resources to do what government is required to do and **H 184** supports that. **Senator Burgoyne** advised the Committee he would be voting no.

**VOICE VOTE:** The motion to send **H 184** to the floor with a **do pass** recommendation carried by **voice vote**, with **Senator Burgoyne** requesting that he be recorded as voting nay.

**H 201**

**Relating to Nonschool Taxing Districts and Property Tax Levies**, presented by Representative Marc Gibbs, District 32, and Senator Mark Harris, District 32. **Senator Harris** referred to a packet of information regarding **H 201** which included a letter from an ADA Inspector, a letter from the U.S. Attorney, a court order, and a bond schedule (see attachment 1). **Senator Harris** related that Bear Lake County courthouse was built in the late 1880s, and is not able to pass an Americans with Disabilities Act (ADA) inspection. An attorney has threatened a lawsuit regarding non-compliance to the ADA and has been monitoring the progress on a monthly basis. Bear Lake County has held three bond elections over the last five years. The first one received 54 percent, the second one 61 percent, and the most recent election received 66.4 percent. They have been ordered by the court to build a new courthouse, but have not been provided a funding mechanism. **H 201** provides a narrow window that would allow Bear Lake County to exceed their 3 percent budget cap. It could also increase the levy to generate the bond payment.

**Senator Harris** pointed out the parameters of **H 201**. It would only affect counties with a population of less than 7,500 people. They would be required to have held three bond elections in the last five years, and received judicial confirmation after March 1st of 2018 and before December 31, 2019. **H 201** would sunset on December 31, 2019 and the levy would retire when the bond is paid.

**DISCUSSION:**

**Senator Hill** questioned why **H 201** specified only the period through December 31, 2019. **Senator Harris** responded it was intentional to confine **H 201** to the Bear Lake County situation.

**MOTION:**

**Senator Grow** moved to send **H 201** to the floor with a **do pass** recommendation. **Senator Nye** seconded the motion.

**Senator Burgoyne** emphasized that overriding the voter is wrong. The policy should be either to abide by election results, or not hold the election. **Senator Hill** pointed out the situation is subject to court order due to safety issues. **Senator Nye** commented that he was familiar with the courthouse and felt the building to be unsafe. He believed **H 201** to be a worthy endeavor and urged the Committee to pass it.

**VOICE VOTE:**

The motion to send **H 201** to the floor with a **do pass** recommendation carried by **voice vote**, with **Senator Burgoyne** requesting that he be recorded as voting nay.

**H 164**

**Relating to Property Assessment Equalization; To Revise Provisions Regarding the Equalization of an Assessment of a Category of Property.** Presented by Senator Dean Mortimer, District 30, and Seth Grigg, Executive Director, Association of Counties. **Mr. Grigg** disclosed that county assessors are responsible for determining market value of property within a county. County commissioners, sitting as a county board of equalization, fix that value. Idaho law grants the State Tax Commission (Commission) the authority to sit as a board of equalization to equalize categories of property. This ensures uniformity across the state, particularly in joint districts that cross county boundaries. **Mr. Grigg** advised that **H 164** will guarantee notification to counties by April 1 if the Commission feels land is improperly assessed or categorized. They also must provide information or data regarding the assessment. If the Commission fails to do so, they would not be allowed to equalize until the following year. **H 164** also has a provision that if a county changes values after the April 1 deadline, an equalization order can be made. Lastly, there is a provision that would require notice from the county to those owners whose properties are being equalized.

**DISCUSSION:** **Senator Hill** asked for clarification regarding the April 1 deadline. If the Commission misses the date, are they still allowed to make any necessary changes in the future. **Mr. Grigg** responded that was correct, but it must be done by April 1 to go into effect that year. **Senator Burgoyne** questioned if the assessor or board makes an error with no April 1 deadline, does the affected taxpayer have any recourse. **Mr. Grigg** explained the county commissioners meet as a board of equalization through the month of June. The taxpayer has recourse based on the board of equalization's decision. Taxpayers would be made aware and be in agreement with the county equalized values. Then the Commission would equalize and raise the county values, at which point the taxpayer would have no recourse until the following year. **H 164** would allow the county time to work with the Commission to ensure a proper valuation prior to the board of equalization while the taxpayer has recourse.

**TESTIMONY:** **Russ Hendricks**, Director of Governmental Affairs, Idaho Farm Bureau, testified in favor of **H 164**. The timing of notices allows landowners the opportunity to work with their county on individual land packages. The benefit of **H 164** is requiring the Commission to provide the data on why a particular category of land must be changed or equalized from what the county assessor has done.

**Ken Roberts**, Chairman, Idaho State Tax Commission, testified in support of **H 164**, believing it very much in line with improving communication between the Commission and counties. Consistency in methodologies used for developing property values are important. Idaho has 41 counties that have joint school districts. It is a constitutional requirement of the Commission to equalize values across county lines. The Commission is in support of the transparency and notification of **H 164**.

**MOTION:** **Senator Hill** moved to send **H 164** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 2:29 p.m.

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Senator Rice  
Chair

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Machele Hamilton  
Secretary