

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 28, 2020

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Vice Chairman Grow, Senators Hill, Vick, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Chairman Rice and Senator Anthon

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: **Vice Chairman Grow** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

RS 27349C1 **Senator Bair** presented **RS 27349C1**, proposed legislation relating to the local governing entities central registry. In 2014, H 560 was brought forward to create a registry of small governmental agencies. At that time, there was no way to calculate how many there were, or if they were to be audited per statute. During that time there was about a 32 percent audit compliance rate. Today that compliance rate is approximately 88 percent. Originally, the information required from these small agencies was revenues and expenditures, budget, and budget versus actual. Statute requires that agencies with less than \$150,000 worth of expenditures are exempt from audit, but they are still required to register. The information being gathered is large and cumbersome, while all that is necessary to determine an audit is income and expenses. This bill removes language not required for audit.

MOTION: **Senator Nye** moved to send **RS 27349C1** to print. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

HCR 027 **Representative Barb Ehardt** presented **HCR 027**, a concurrent resolution congratulating the city of Idaho Falls and Bonneville County for the preservation of the historic Hotel Bonneville. This legislation is a means for the city of Idaho Falls to celebrate what has long been a centerpiece to the town, and that is now beautifully restored.

MOTION: **Senator Hill** moved to send **HCR 027** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0000-1900 **Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission) presented **Docket No. 35-0000-1900**. **Mr. Shaner** clarified to the Committee that they would begin at the sales tax chapter of the omnibus docket. Most of the editing in that section was adding the statute references to the rule titles. The Committee had no questions for Mr. Shaner on the sales tax portion of the docket.

Kathlynn Ireland, Property Tax Policy Specialist with the Commission, presented the property tax chapter of the docket. **Ms. Ireland** explained to the Committee that the deleted rules were in compliance with the Red Tape Reduction Act. Deletions included written interpretation rules, public record rules, hours, street addresses, and phone numbers. Rules with tabled examples were removed and placed on the website.

DISCUSSION: **Vice Chairman Grow** requested clarification regarding Section 645.02.a, Accepted Assessment Procedures, and questioned consistency across properties. **Ms. Ireland** verified that the Commission has regimented procedures, categorizations, and processes to check the definition of market value of parcels for assessment practices.

Mr. Shaner, Tax Policy Manager with the Commission, then explained to the Committee that the entire Estate and Transfer Tax chapter was being deleted as the law was repealed in 2001. The beer chapter was also deleted, moving any relevant items into the wine chapter.

Senator Hill acknowledged that Governor Little had made reference to cleaning up statutes in the same manner in which rules have been handled. He specified that not just the Commission, but any state agency was hopefully keeping a list of such laws in order to alert the Legislature where to look. **Mr. Shaner** responded affirmatively, indicating that the Commission was working on an RS regarding removing the Estate and Transfer Tax statute. **Vice Chairman Grow** requested a copy of the statute on the Estate and Transfer Tax from Mr. Shaner, to determine if it should be deleted.

Senator Burgoyne wished to clarify to the Committee that there were good reasons for the tax on illegal drugs. It provided a degree of leverage for the State of Idaho with respect to drug trafficking. When people were arrested for drug trafficking, the failure to pay the taxes became the crime. With mandatory minimum sentencing, a jury might be reluctant to convict someone of drug trafficking, but taxes would then form the penalty. As the statute is so dated, the amount should be increased rather than deleting it..

Cynthia Adrian, Income Tax Policy Specialist with the Commission, reported on the minimal and non-substantive changes made to the Tax Commission Administration and Enforcement rules.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0000-1900**. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 3:58 pm.

Senator Rice
Chair

Machele Hamilton
Secretary