

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Thursday, March 14, 2024
- TIME:** 2:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Bernt, Trakel, Rabe, and Just
- ABSENT/ EXCUSED:** Senator Adams
- 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 Ricks** convened the meeting of the Senate Local Government and Taxation Committee (Committee) at 2:02 p.m.
- H 624** **Representative Blanksma** introduced **H 624**, the Commercial Property Assessed Expenditure Act (CPACE). This legislation provided low cost, long-term financing for commercial property owners. It provided commercial investment in the county. It was a voluntary program. There was no government expenditure. It lowered property taxes by bringing in additional commercial property to share the property tax load.
- David Lehman**, representing Tamarack Resort, outlined the bill. **H 624** authorized local governments to establish CPACE programs through a public hearing process. The local government could administer the program itself or contract with a third party to administer it. This legislation set forth criteria for eligibility. The applicant was required to demonstrate that the investment would provide a specific benefit such as improve energy or water efficiency, reduce health concerns such as storm water, or reduce the need for emergency response through installation of fire suppressant.
- The bill set forth an application process and a process for review of the application. All parties, including the local government, the property owner, and additional lien holders, were required to consent, in writing, to the agreement for CPACE financing. A special assessment was recorded in county records. That assessment was treated as a lien against the property and was subordinate to any property tax lien. The assessment was collected at the same time as property taxes by the local government or third party with whom they had contracted. There was no cost to the taxpayer. The local government could charge a fee to cover any costs.
- DISCUSSION:** **Senator Grow** inquired how they intended to make local governments aware of this program. **Mr. Lehman** responded that this bill was printed last year. During that time, they had met with various local governments and stakeholders.
- TESTIMONY:** **Seth Grigg**, Executive Director, Idaho Association of Counties (IAC), stated that IAC's legislative committee had reviewed the bill and had no concerns.
- DISCUSSION:** **Senator Grow** asked Mr. Grigg whether the IAC had any plans to make the counties aware of the CPACE program. **Mr. Grigg** responded that they would include this in their post-legislative session tour in four regions of the State. He further stated that this was a voluntary program.

Vice Chairman Schroeder asked Mr. Lehman to explain the difference between the CPACE program and the Community Infrastructure District (CID). Mr. Lehman deferred to Scott Turlington to respond.

TESTIMONY: **Scott Turlington**, President and CEO of Tamarack Resort, first responded to Senator Grow's question relating to communication about the availability of the CPACE program and stated that the CPACE program was available in 35 states. If the bill passed, he intended to share this with their county commissioners and seek a county wide program.

He explained that CIDs and CPACE were different. Under CPACE the lien was an assessment lien rather than a property tax lien. There was no ad valorem tax and no vote required because there was no public expenditure. With a CID, once a district was created, the property owner could borrow up to seven or eight percent of the property tax value of the property. In that regard, the CPACE program was more similar to a LID. CPACE required no expenditure of public dollars. The assessment liens were subordinate to property tax liens.

Mr. Lehman closed his remarks and stated that this program would facilitate private investment in commercial structures that increased property tax values and broadened the tax base.

MOTION: **Vice Chairman Schroeder** moved to send **H 624** to the floor with a **do pass** recommendation. **Senator Bernt** seconded the motion. The motion carried by **voice vote**.

HCR 33 Rule Approval - House Revenue and Taxation and Senate Local Government and Taxation Committees - States findings of the Legislature and approves pending rules of the State Tax Commission reviewed by the House Revenue and Taxation Committee and the Senate Local Government and Taxation Committee.

Chairman Ricks explained that this was a concurrent resolution to approve the administrative rules of the Idaho State Tax Commission which this Committee and the House Revenue and Taxation Committee both approved in their entirety.

MOTION: **Vice Chairman Schroeder** moved to send **HCR 33** to the floor with a **do pass** recommendation. **Senator Rabe** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: March 5, 2024. **Senator Rabe** moved to approve the Minutes of March 5, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 2:21 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary