

**FINAL REPORT**

**LEGISLATIVE COUNCIL INTERIM COMMITTEE**

**PROPERTY TAX**

**2008**

# **FINAL REPORT**

## **Property Tax Interim Committee HCR 45 (2008)**

### **Members of the Committee:**

**Senator Brad Little, Co-chair  
Senator Tim Corder  
Senator Lee Heinrich  
Senator Jim Hammond  
Senator Jeff Siddoway  
Senator David Langhorst  
Senator Elliot Werk**

**Representative Jim Clark, Co-chair  
Representative Scott Bedke  
Representative Lynn Luker  
Representative Raul Labrador  
Representative Frank Henderson  
Representative Bill Killen  
Representative George Saylor**

**Staff: Eric Milstead, Twyla Melton**

## IN THE HOUSE OF REPRESENTATIVES

## HOUSE CONCURRENT RESOLUTION NO. 45

## BY STATE AFFAIRS COMMITTEE

## A CONCURRENT RESOLUTION

STATING LEGISLATIVE FINDINGS AND AUTHORIZING THE LEGISLATIVE COUNCIL TO APPOINT AN INTERIM COMMITTEE TO UNDERTAKE AND COMPLETE A STUDY OF PROPERTY TAXES AND PROPERTY TAX REVENUE EXPENDITURES.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, rising property taxes are a major concern to residential property owners; and

WHEREAS, it is apparent that short-term or emergency reactions to rising property taxes result in ill-considered, piecemeal and counterproductive measures; and

WHEREAS, the Idaho Legislature has had many measures introduced over the past several years regarding the property tax in an effort to provide relief to payers of the property tax; and

WHEREAS, it is the desire of the Legislature that a property tax structure should encourage economic development, not hinder it; and

WHEREAS, it is reasonable to review expenditures of property tax revenue in order to consider property tax relief for the citizens of this state; and

WHEREAS, a large measure of the operational cost burden of this state's criminal justice, juvenile justice and court systems is borne by property tax revenues, including costs associated with these systems' personnel, operations and facilities; and

WHEREAS, in order to provide property tax relief, it may be appropriate to find an alternative funding mechanism for this state's criminal justice, juvenile justice and court systems; and

WHEREAS, it is the goal of the Legislature to provide reasonable property tax relief to the citizens of this state.

NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Session of the Fifty-ninth Idaho Legislature, the House of Representatives and the Senate concurring therein, that the Legislative Council is authorized to appoint a fourteen member committee to undertake and complete a study of the state's property tax system, including expenditures of property tax revenues, with a goal of determining if such expenditures are reasonably borne by the state's property tax or if such expenditures might more reasonably be borne by other revenue sources. The principal goal of the committee shall be to make recommendations that provide Idahoans with property tax relief, encourage economic development, meet the needs of local units of government and further the improved administration of the state's criminal justice, juvenile justice and court systems. The Legislative Council shall determine the membership from each house appointed to the committee and shall authorize the committee to receive input, advice and assistance from interested and affected parties who are not members of the Legislature.

BE IT FURTHER RESOLVED that nonlegislative members of the committee may be appointed by the cochairs of the committee who are appointed by the Legislative Council. Nonlegislative members of the advisory committee shall not be

1 reimbursed from legislative funds for per diem, mileage or other expenses and  
2 shall not have voting privileges regarding the committee's recommendations or  
3 proposed legislation.

4 BE IT FURTHER RESOLVED that the committee shall report its findings, rec-  
5 ommendations and proposed legislation to the First Regular Session of the  
6 Sixtieth Idaho Legislature.

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# **PROPERTY TAX INTERIM COMMITTEE**

**2008**

## **FINAL REPORT**

### ***Charge***

The Property Tax Interim Committee was formed by the adoption of House Concurrent Resolution No. 45. The resolution authorized the Committee to undertake and complete a study of the state's property tax system, including expenditures of property tax revenues, with a goal of determining if such expenditures are reasonably borne by the state's property tax or if such expenditures might be borne by other revenue sources. The principal goal of the Committee was to make recommendations that provide Idahoans with property tax relief, encourage economic development, meet the needs of local units of government and further the improved administration of the state's criminal justice, juvenile justice and court systems. The Committee was directed to submit a final report to the First Regular Session of the Sixtieth Idaho Legislature.

## ***Meetings and Presenters***

The Committee held meetings on June 30, August 7, September 29 and October 29, 2008, in Boise.

At its June 30 meeting, the Committee heard testimony from Dan Chadwick of the Idaho Association of Counties and Ken Harward of the Association of Idaho Cities. They provided an overview of county and city budgeting. Former Idaho Supreme Court Justice Linda Copple Trout reviewed a 1993 report, "Financing the Trial Courts: Future Directions," which dealt with the issue of moving trial court costs from county budgets to the state budget. The Committee then heard from three county clerks representing Valley, Bingham and Ada counties. The three clerks, Archie Banbury, Sara Staub and Dave Navarro, spoke on county budgeting and expenditures relating to courts, the criminal justice and juvenile justice systems, with an emphasis on the use of property tax revenue for such expenditures.

At its August 7 meeting, the committee heard a review and update from legislative staff on a 1993 House bill that had proposed moving trial court costs from the counties to the state. Patti Tobias, Administrative Director of the Idaho Supreme Court, and Dan Chadwick provided an overview of the state's court system, the criminal justice system and the juvenile justice systems. Ms. Tobias also provided an update on court fines and collections. Sharon Burke of the Idaho Association of Counties provided an update on county levies and their respective rates. The Committee also heard from Dave Navarro, Ada County Clerk regarding a survey that was to be distributed to and collected from the state's county clerks. The survey will capture county expenditures as to the courts, criminal justice, and juvenile justice systems. Survey results will be reported to the Committee at its September 29 meeting.

At its September 29 meeting, the Committee again heard from Dave Navarro, Ada County Clerk, who reported survey results from the state's county clerks reflecting county revenues and expenditures relating to the courts and criminal justice and juvenile justice systems. The survey reflects specific county-by-county expenditures for a number of functions including deputy clerks, law clerks, public defenders and prosecutors. The Committee also heard from Patti Tobias, Administrative Director of the Idaho Supreme Court, who provided an overview of court fines and collections and a priority of payments from those revenues. Ms. Tobias and Dan Chadwick, Executive Director of the Idaho Association of Counties, provided an overview of how other states finance their courts and criminal justice and juvenile justice systems.

At its October 29 meeting, the Committee heard an overview of Idaho Legal Aid Services from Teresa Molitor, Ernesto Sanchez and Jim Cook. Also, Molly Huskey updated the Committee regarding an ongoing study of the state's public defender system. The study will address the system's strengths and weaknesses, ways to

improve the system and provide methods to establish oversight and standards for attorneys, as well as identify areas that need additional study. Ms. Tobias and Mr. Chadwick also provided estimated costs associated with the possible state assumption of financing various functions of the state's courts and criminal and juvenile justice systems, including law clerks, jury staff, court interpreters and public defenders. Mr. Chadwick also discussed how extraordinary criminal case costs are borne by the counties and how those costs can have serious implications for counties and their budgets. The Committee heard reports on estimates of possible property tax relief stemming from the state financing certain court, criminal justice and/or juvenile justice functions instead of those functions being funded with property tax revenues. Ms. Tobias also provided an overview of a possible study related to the collection of court-imposed fines and other related costs.

## **Recommendations**

The Committee made the following recommendations:

- That the Legislature consider that the state provide for the financing of costs associated with county law clerks;
- That the relevant germane committees review the public defender report to be published in March 2009 and that the committees consider uniform standards for determining defendant indigence;
- That the Legislature review the report that the counties provided to the Committee regarding expenditures for the courts and criminal and juvenile justice systems. Among other information, the report includes the following statewide expenditures for the courts and criminal and juvenile justice systems (these expenditures reflect moneys from property tax revenue as well as other revenue sources): the total expenditures for courts, criminal and juvenile justice systems for the year ending September 30, 2007 was reported to be \$120,510,821. Some specific functions and their statewide approximate expenditures include: deputy clerks at \$23.3 million; law clerks at \$2.35 million; trial court administrators staff at \$3.98 million; court interpreters at \$580,000; bailiff/court security at \$5.57 million; prosecutors (including civil and criminal) at \$25.8 million; public defenders at \$16.8 million; juvenile probation at \$17.6 million; and juvenile detention at \$15.2 million. In addition to providing expenditures on a statewide basis, the survey reflects these and more expenditure information by judicial district;
- That the Legislature review the recommendations of the Supreme Court's

Administrative Conference of October, 2008 which provided that the Court is willing to assume responsibility for certain district court personnel to the extent the Legislature provides funding for such personnel;

- That the Legislature review a study authored by the Council of State Governments which will review the state's collection of court fines and other court-ordered obligations and which will provide recommendations for possible improvements in such collections; and
- That legislation be considered by the relevant germane committees regarding dealing with county expenditures associated with extraordinary criminal cases.