

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 31, 2012

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Rep. Rusche

**GUESTS:** Brent Olmstead, Milk Producers of Idaho (MPIIdaho); Commissioner Tom Katsilometes, Dan John, Steve Fiscus, Tax Commission; Bob McQuade, Ada County Assessors

**Chairman Lake** called the meeting to order at 9:04 am.

**MOTION:** **Rep. Collins** made a motion to approve the minutes of the January 25, 2012 meeting. **Motion carried by voice vote.**

**Commissioner Tom Katsilometes**, Tax Commission, as required by Idaho Code under Power and Duties, began the presentation of the Tax Commission Report. The Tax Commission is required to provide fair and equitable service to the counties of Idaho. They oversee the counties operations. There are 1,200 tax districts throughout Idaho. In addition to overseeing collection of operating taxes, the Tax Commission provides training for county elected officials and their employees as well as students. They administer the Property Tax Reduction Program (also known as the Circuit Breaker Program). Mr. Katsilometes believes that, unlike in the past, the relationship between the Tax Commission and the counties is a positive one.

**Steve Fiscus**, Tax Commission, said that the continuing education program is very successful. Newly elected officials and their staff as well as members of the County Board of Equalization receive training, which is provided every other year.

**Mr. Fiscus** stated that all 44 counties met their assessment goals. This resulted in an average 98.5% rate of market value in 2010. In 2009, the rate was 101%. Studies will be started soon to ensure all counties are in compliance for 2012. All counties met their appraisal requirements, which is review of 20% of all properties every year, so that every five years, all properties will have been reviewed. The Tax Commission helps equalize values of each type of property by county. This ensures comparable values of property that sit between two different counties. The Tax Commission certifies county budgets and district levies. One thousand of the 1,200 tax districts levy taxes in their taxing districts. The next five-year appraisal plan begins with the 2013 assessment year and February 6th is due date for the details of the new plan.

**Mr. Fiscus** said that the GIS section (mapping) is working with the Department of Administration and the counties to develop mapping by parcel layer to eliminate overlap of taxes. The Tax Commission has the updated tax analysis information. The Tax Commission Technical Support Department provides technical support to 24 counties. The other 20 counties use different companies for their support. The Tax Commission is developing new software and a modernization of the current software.

In response to Committee questions, **Mr. Fiscus** stated that the reason the assessed tax stays the same after the market value of a property goes down is based on budgets. The value is a component of the tax; the tax rate goes up to meet the budget which is driven by needs of the fire department, schools, etc. The assessed tax also depends on individual property. If there has been a negative impact on business owners due to overassessment for a property, the Assessors office encourages counties to use any info they can find, such as the study of lot sales. If the sales are deemed to be over or under market, an adjustment can be made.

**Mr. Fiscus** responded to further questions by saying that districts set their budgets first by using the rule of real and personal property, then estimating the balance using other rules. Personal property is not included under the new construction rule. Personal property does depreciate over time. As the budget decreases due to personal property depreciation, the budget needs shift to other types of property. The calculations of the budget shifting as personal property devalues is a policy issue. The value of property is a component of the budget, but it does not set the budget. Each Taxing District looks at last years budgets. If improvements are made to a house, the county would multiply that to add the new amount to create the tax. The tax is calculated by a 3% increase of the highest budget for last 3 years, then new construction is added in. This is spelled out in Idaho Code section 63-301A.

**Bob McQuade**, Ada County Assessors, stated that he agreed with **Commissioner Katsilometes** when he discussed the relationship between the Assessor's office and the Tax Commission. In the past, the two have had a toxic relationship, but that has changed for the better. The assessors are constitutional officers. The Tax Commission has been set up to provide oversight, ratio analysis, rules and statutes. They ensure that all 44 counties are following the same policies. There are varying degrees of capabilities in the Assessor's offices throughout the state. To attempt to create more uniformity, the Idaho Association of Counties (IAC) put together a committee in 2010 to evaluate software and find a long term solution for different software problems. Currently, Manitron software is used by four counties. Ada County uses their own software that was developed in-house. Computer Arts modified the Ada County software and many counties use it. The balance of the counties use software developed by the Uniform Assessment Development unit (UAD). The (IAC) Committee recommendation is that Manitron users would receive some support and continue using the software they currently use, Ada County will continue with their software, as will those using the Computer Arts software. The UAD software is out-of-date and needs to be brought up to current technology. All assessors are in agreement.

In response to Committee questions, **Mr. McQuade** replied that he did not know the cost to the state to support Manitron users or to update the UAD System. A study has not been done to determine how much time a business commits on an annual basis to comply with the property declaration requirements, but his personal opinion is that levels of compliance are based on how much commitment a business has in preparing the reports (i.e. summary vs. actuals/detailed or hours vs. days).

**Rep. Harwood** had the attached handout distributed (the Idaho Grocery Credit Refund). In Part B, #3, the word "irrevocable" is bolded. It is his contention that the section is confusing and suggested that Part B, #3 be changed by removing the check mark next to the checkbox as well as highlighting the word donation?

**Dan Johns**, Tax Commission, stated that the word "irrevocable" was bolded on purpose. The checkbox area and highlighting the word "donation" will be suggestions he will take back to redesign the form. In response to Committee questions, Mr. Johns stated that by statute, the grocery tax credit goes up \$10/year until it gets to \$100 + \$25 for those older than 65. It is close to breaking even, but not there yet. Mr. Johns did not have the totals for 2010 contributions to the Cooperative Welfare Fund or filings for those without an income tax refund, but he will provide them to committee members.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:06 am.

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Representative Lake  
Chair

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Janet Failing  
Secretary