

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 23, 2012
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Corder, Vice Chairman Johnson, Senators Hill, McKenzie, and Bilyeu
ABSENT/ EXCUSED: Senators Siddoway, Hammond and Werk

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.

Chairman Corder called the meeting to order at 3:05 pm.

PRESENTATION: Related to Homeowner's Exemption. **Chairman Corder** introduced **Randy Nelson**, President, Associated Taxpayers of Idaho. See attachment #1. **Mr. Nelson** said before 2006, the homeowner's exemption was a maximum of \$50,000, only on the home; that did not include the land. In 2006 the exemption was \$75,000 including the land. For 2012, the exemption will be \$83,974. The \$169.9 million of tax shift goes to: Other Residential, Commercial/Industrial, apartment complexes that are larger than four-plexes, Agriculture/Timber/Mining, and Operating (Utilities).

Senator Bilyeu said as the tax rate increases and other properties pay for the tax shift of \$169.9 million; do the residential homeowners receive part of that shift as a rate increase. **Mr. Nelson** said yes. **Chairman Corder** said the shift is mitigated for the most part. The six-year average using the Consumer Price Index (CPI) and the Housing Price Index (HPI) is the same; however the HPI had more volatile shifts throughout that time period.

Chairman Corder introduced **Steve Fiscus** of the State Tax Commission. See attachment #2. **Mr. Fiscus** said in the future, there will probably be more people capped out of the homeowners' exemption. **Chairman Corder** said in 2011 with the amount of money from homeowners capping out, \$169.9 million was shifted elsewhere; 27% of that was shifted to the homeowners who are eligible for the exemption. **Mr. Fiscus** said there are four steps to calculating homeowners exemptions:

- Calculate the average Idaho House Price Index-All-Transactions of the four most recently available quarters as of September 15.
- Calculate the average Idaho Price House Index-All-Transactions of the four quarters immediately preceding the earliest quarter used in Step 1.
- Divide the Step 1 average by the Step 2 average to determine a factor.
- Multiply the factor determined in Step 3 by the current maximum dollar-value limit on the homeowner's exemption to produce the new dollar-value limit.

PRESENTATION: The Role of Education in Tax Relief. **Chairman Corder** introduced **Robin Nettinga**, Executive Director of the Idaho Education Association. See attachment #3. **Ms. Nettinga** said the number one factor firms consider when making decisions regarding locations at which to expand is the quality of the local workforce. Idaho has continued to grow low-wage, low-skill jobs over the past ten years. A 2011 study of states' business taxes by the accounting firm Ernst and Young found Idaho business taxes are already below the US average. The same study also found that from 2007-2010 the business tax share of the Idaho economy had actually dropped by 7%. A national survey found Idaho to be 40th in the nation in its oversight of its business incentive programs.

RS 21345 To Provide that Delinquencies on Personal Property Taxes shall be First and Prior Perpetual Liens on Specified Property. **Chairman Corder** said this was a new bill in place of S 1315. The consensus of the committee was that the scope of the tax liability in relation to the liens on the personal property needed to be more equitable.

Senator Hill asked for unanimous consent that RS 21345 be sent to the Senate Judiciary and Rules Committee for print. Consent was granted.

HCR 33 Stating Findings of the Legislature and Rejecting a Certain Rule of the State Tax Commission Relating to Income Tax Administrative Rules. **Chairman Corder** said that HCR 33 is related to the rule that was rejected earlier in the session.

Senator McKenzie made a motion to send HCR 33 to the floor with a Do Pass. **Senator Bilyeu** seconded, and the motion carried by Voice Vote. **Chairman Corder** will be the floor sponsor.

MINUTES APPROVAL: **Senator McKenzie** made a motion to approve the minutes of February 9, 2012. **Senator Hill** seconded, and the motion carried by Voice Vote.

Senator Bilyeu made a motion to approve the minutes of February 15, 2012. **Vice Chairman Johnson** seconded, and the motion carried by Voice Vote.

ADJOURNMENT: The meeting was adjourned at 3:45 p.m.

Senator Corder
Chairman

Jo Ann Bujarski
Secretary