

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Wednesday, March 07, 2012

**TIME:** 3:00 P.M.

**PLACE:** Room WW53

**MEMBERS PRESENT:** Chairman Corder, Vice Chairman Johnson, Senators Hill, McKenzie, Hammond, Siddoway, Rice, Werk, and Bilyeu

**ABSENT/  
EXCUSED:**

**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 p.m.

**AMENDMENTS TO S 1357** To Provide that Delinquencies on Personal Property Taxes shall be First and Prior Perpetual Liens on Specified Property. **Chairman Corder** said the issues involved in the original legislation were larger than expected; the amendments have changed everything about the bill except the number.

**Chairman Corder** introduced **Teresa Baker**, Ada County attorney. See attachment #1. **Ms. Baker** said the original S 1357 sought to amend Idaho Code 63-1003. The proper code to be amended was 63-1014, and a process needed to be added for the segregation of a particular piece of property from the entire parcel. There is a minimum dollar value for the property to be segregated and that is \$20,000. This legislation allows for the process of valuing the property that is to be segregated and the taxes that will be collected. This will also allow the tax lien to be kept as priority on the remaining items in the parcel.

**Ms. Baker** said there is one more small change to the bill, and that would be on line 15 to add "and the estimated taxes for the current year" after the word incurred.

**Ms. Baker** said the taxpayers fill out the personal property tax valuation that declares the value of the items in the parcel. If someone holding a Purchase Money Security Interest (PMSI) on a piece of personal property in the parcel needs to repossess that property, they would file a request with the tax assessor. The value of the property would come from the holder of the PMSI.

**Senator Werk** asked if Section B should be changed to make the end of the section more clearly state that the segregated property is being discussed. **Ms. Baker** said that would be a good change. **Senator Werk** said a period on line 14 after personal property and take out the word "and" would work as well.

**Senator Bilyeu** said the owner turns in the value of the personal property; but who determines the value of the amount to be segregated. **Ms. Baker** said the value of the item to be segregated comes from the holder of the PMSI.

**Senator Werk** asked how the county will acquire a good estimate of the piece of property to be segregated. **Ms. Baker** said the taxpayer provides the value on the property declaration, but if the item is to be repossessed or sold, a copy of the PMSI would be used and the item would have to have a market value greater than \$20,000.

**Senator Rice** said on line 15 it states that the estimated tax for the current year would be added, is the tax prorated for the entire year. **Ms. Baker** said according to Idaho Code the property tax lien attaches on January 1.

**Senator McKenzie** said this proposal is a good balance between the interests of the PMSI holder and the counties. On lines 17 and 18 there is a reference to late charges and cost. Is there a limitation on the amount of late charges or cost that must be paid by the PMSI holder. **Ms. Baker** said there are specific meanings for late charges under Idaho statute. A taxpayer is not allowed to go into arrears on personal property taxes as they are on property taxes. Current law states the county has very specific rules they must abide by in relation to the late charges.

**Senator Werk** asked if there is a feedback loop for the valuation of the personal property. Since the owner declares the value of the personal property, how is the correct determination of the value made. Why is an appraisal not required. **Chairman Corder** said the lender would be the appraiser and the value of the property would be established when it is sold. **Ms. Baker** said the counties are not going to wait until the property is sold to establish the value; therefore, it is determined by the PMSI holder.

**Senator Rice** said the amendment addresses only property over \$20,000; does that mean if the value is less than \$20,000, the property cannot be released from the lien. **Ms. Baker** said there could be purchases such as a refrigerator for \$500. Personal property is transitory in nature. When property is moved from county to county, the taxes are due the day the property leaves the first county.

**Chairman Corder** introduced **Donna Peterson**, Payette County Treasurer. See attachment #2. **Ms. Peterson** said the declaration form does not show a unique item if there are duplicates, such as two forklifts. The requirement of the PMSI allows the counties to attempt to tie a value to a unique item.

**Vice Chairman Johnson** asked if an item has a \$40,000 value on the PMSI, but the taxpayer has listed it on the declaration for \$15,000; is there a reconciliation involved. **Chairman Corder** introduced Suzanne Budge, of John Deere. **Ms. Budge** said usually the owner of personal property will value the property higher because they did not finance 100% of the price.

**MINUTES  
APPROVAL:**

**Senator McKenzie** made a motion to approve the minutes of February 21, 2012. **Senator Siddoway** seconded, and the motion carried by Voice Vote.

**Vice Chairman Johnson** made a motion to approve the minutes of February 23, 2012. **Senator Bilyeu** seconded, and the motion carried by Voice Vote.

**Vice Chairman Johnson** made a motion to approve the minutes of February 28, 2012. **Senator Hammond** seconded, and the motion carried by Voice Vote.

**ADJOURNMENT:** The meeting was adjourned at 3:35 p.m.

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Senator Corder  
Chairman

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Jo Ann Bujarski  
Secretary