

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 18, 2013

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

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Wood(35), Representatives Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo, Burgoyne, Erpelding, Meline

**ABSENT/  
EXCUSED:** Rep. Raybould

**GUESTS:** Benjamin Davenport, Associated Taxpayers of Idaho; Helo Hancock, Coeur d'Alene Tribe; Michael Christian, AM Idaho; Derek Santos, DFM; Elizabeth Criner, J.R.Simplot Co.; Bill Roden, Coeur d'Alene Tribe; Russell Westerberg, Kootenai Tribe; Sarah Fuhriman, Roden Law Office; Kerry Ellen Elliott, Idaho Association of Counties.

**MOTION:** **Chairman Collins** called the meeting to order at 9:01 a.m.

**Rep. Dayley** made a motion to approve the minutes of February 15, 2013. **Motion carried by voice vote.**

**Chairman Collins** introduced Page **Jenny Mingus**, who will be working with the committee for the remainder of the 2013 Legislative session.

**UNANIMOUS CONSENT REQUEST:** **Chairman Collins** made a unanimous consent request to **HOLD H 158** in committee. There being no objection, the request was granted.

**H 141:** **Sen. James Rice** presented **H 141** which would provide an exemption from real property taxation on wells drilled for the production of oil, gas or hydrocarbon condensate. Currently, drilled wells are taxed with a severance tax and this legislation makes clear that wells are exempt from personal and real property tax. The property tax exemption will not drive land value one way or the other since a well cannot be separated from the real property. **Sen. Rice** clarified land in Idaho typically includes any mineral rights, which do have a potential impact on the assessed land value. However, simply the fact that land has a hole in the ground doesn't generally impact the value. Idaho is one of very few states that does not have a natural gas industry. In response to a question, **Sen. Rice** stated a variety of methods are used to tax wells, most commonly severance tax, which is what Idaho implemented. Legislation passed in 2012 provides that a portion of severance tax on drilled wells goes to the county in which the well is located.

**Idaho Code 63-602II** exempts unused infrastructure from personal property tax. In response to a question as to why this existing legislation isn't sufficient, **Sen. Rice** stated in Payette County, an attempt was made to collect personal property tax on natural gas wells. **H 141** will clarify and specifically exempt drilled wells from personal and real property taxation.

**MOTION:** **Rep. Barrett** made a motion to send **H 141** to the floor with a **DO PASS** recommendation.

**Michael Christian**, AM Idaho, has met with Payette County Commissioners and he asked for **support of H 141**.

**VOTE ON THE MOTION:** **Motion carried by voice vote. Reps. Burgoyne, Erpelding, and Meline** requested to be recorded as voting **NAY**. **Rep. Moyle** will sponsor the bill on the floor.

**H 140:** **Helo Hancock**, Coeur d'Alene Tribe, presented **H 140**. This legislation would statutorily exempt property owned by tribal governments and located within the reservation boundaries, from property tax. Mr. Hancock stated on Feb. 15th, the Kootenai County Commissioners voted to cancel all property taxes on the Coeur d'Alene reservation for the prior 3 1/2 years. Federal Impact Aid replaces tax to school districts that are negatively impacted due to non-taxed land on reservations.

Currently, County Commissioners can only cancel assessed taxes on tribal owned land within reservations. **H 140** would provide a statutory exemption. In response to a question **Mr. Hancock** clarified there are services provided by county taxing districts which benefit both tribal and non tribal members. However, tribes also provide services that benefit both tribal and non tribal members. In response to a question regarding how these services can be ensured to continue, Mr. Hancock stated while some are purely voluntary, many are provided through a Memorandum Of Understanding (MOU) or other formal agreement. He stated generally, the benefits provided by most of the tribes in Idaho meet or exceed the amount of tax revenue that is being exempted.

**MOTION:** **Rep. Trujillo** made a motion to send **H 140** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:41 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary