

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 06, 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:** None.

**GUESTS:** Karl Malott, Idaho Fire Chiefs Association; Jeremy Pisca, Risch Pisca; Rob Shoplock, PFFI; Russell Westerberg, Westerberg & Associates; Mark Dunham, Risch Pisca; John Eaton, Realtors; Derek Santos, N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers of Idaho.

**Chairman Collins** called the meeting to order at 9:00 a.m.

**H 244:** **Rep. Moyle** presented **H 244** which deals with the levy assessment process when two fire districts consolidate. In the event the levy rate of one district is more than 3% higher than the levy rate of the other district, the commissioners will establish a new levy rate. If this rate is more than 3% higher than the lower of the two rates, an election will be held consistent with Idaho code, to approve or reject the recommended levy rate.

**MOTION:** **Rep. Wood(35)** made a motion to send **H 244** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**RS 22140:** **Jeremy Pisca**, Risch Pisca, representing Idaho Association of Realtors, Idaho Building Contractors Association and M3 Companies LLC, presented **RS 22140**. This proposed legislation would create a tool for financing major regional highway projects in Idaho. The proposed legislation would authorize the Idaho Department of Transportation (ITD) Board and the Idaho Department of Commerce (Commerce) to jointly identify highway construction projects which would create economic and employment corridors and which have a revenue positive economic impact. ITD currently has a deficit of \$262 million needed to maintain current infrastructure. The estimate for annual improvements to roads, bridges, safety improvements is \$543. There is currently no funding for either maintenance or improvement needs already identified.

The concept of a Transportation and Economic Development Zone (TEDZ) was introduced late in the 2012 session as **H 690**. **Mr. Pisca** stated TEDZ is based on the Sales Tax Anticipated Revenue (STAR) program, which has proven successful for smaller, more isolated projects. TEDZ is needed as an option to finance larger, regional projects that could include a system involving multiple roadways or a single corridor. Upon a highway project being identified, ITD and Commerce will jointly retain an independent economist for a revenue and impact forecast. A TEDZ could only be formed if there is a net positive sales tax impact within the zone, over the base year, as well as a return on the investment at least twice the cost per dollar of the investment. If the criteria is met, the economist would recommend the boundaries of the zone and a majority of political subdivisions within the boundaries must agree on the formation of the zone.

**Mr. Pisca** stated the proposed legislation requires an annual update of revenue and costs, an annual report to JFAC, Senate & House Transportation Committee as well as the Governor's office. In response to a question Mr. Pisca stated it is difficult to project who might purchase the bonds but the net revenue into the state would be positive. Additional revenue would be generated from new and expanded business ventures as a result of improved transportation options.

**MOTION:**

**Rep. Anderst** made a motion to introduce **RS 22140**.

**Mr. Pisca** responded to a question stating he doesn't believe TEDZ would be utilized unless there is a fairly solid projected return. He anticipates that a very conservative approach to TEDZ formation will occur. TEDZ will not work in all areas of the state, but will be a valuable tool in areas of anticipated growth and economic development. Mr. Pisca stated the worst case scenario is that state sales tax could potentially be needed to cover the bonds.

**Mr. Pisca** stated the STAR program works very well where in a relatively isolated area which involves one jurisdiction. The upfront cost of a project can, but do not have to be prepaid by developer. Mr. Pisca outlined how the Metropolitan Planning Organizations (MPO's) in Idaho would be involved in the formation of a TEDZ and that it would actually help MPO's to implement projects identified in their required planning process. Mr. Pisca reiterated that passage of this proposed legislation would not create a single TEDZ but would provide a tool for economic development and growth. In response to a question, Mr. Pisca stated that TEDZ repayments would be 4th in priority for state sales tax backing and in no case could all repayments exceed 7.5% of total sales tax collected in the prior year.

**VOTE ON THE MOTION:**

**Chairman Collins** called for a vote on the motion to introduce **RS 22140**. **Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:31 a.m.

---

Representative Collins  
Chair

---

Kathleen A. Simko  
Secretary