

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Wednesday, January 11, 2012

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

**PLACE:** Room WW53

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

**ABSENT/ EXCUSED:** Senator Siddoway

**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.

**MINUTES:** **Chairman Corder** called the meeting to order at 3:00 pm. **Chairman Corder** introduced the intern, **Benjamin Richner**, and the committee page, **Alexander Wright**. Chairman Corder said at the January 17 meeting, **Mr. Mike Ferguson** and **Dr. Stephen Cooke** will speak on a study about personal property tax. The gavel was turned over to **Vice Chairman Johnson** to conduct the rules review. **Vice Chairman Johnson** introduced **Mr. Alan Dornfest**, Tax Policy Supervisor, Idaho State Tax Commission, to present the Property Tax Rules Review.

**DOCKET NO: 35-0103-1101** **Mr. Dornfest** stated that Rule 630 was amended to add Notification of Capital Investment. There was no clear notice of acceptance or rejection for the application. House Bill 13, which was introduced last session, did not specify the date when the exemption would be effective and when the investment was to be included in the county's new construction roll.

**Senator Bilyeu** asked what the effective date is for the bill. **Mr. Dornfest** said it was either January 1 or upon adjournment. **Senator Bilyeu** asked which counties have applied for and used this. **Mr. Dornfest** replied Ada County was the only county he was aware of.

**DOCKET NO: 35-0103-1103** **Mr. Dornfest** stated Temporary Rule 995 was necessary because sales tax revenues needed to be distributed in October 2011, and this rule affects the distribution of the adjustment, which is to be distributed based on population.

**Senator Hill** asked why the ratio of 1/44 based on the number of counties in the state was not used, rather than the population of the counties. **Vice Chairman Johnson** introduced **Tony Poinelli**, Idaho Association of Counties. **Mr. Poinelli** stated the ratio was going to be used originally because the assumption was there would be equal responsibility among counties, but with election consolidation the larger counties will have more responsibility.

**Senator Hill** asked if the counties were consulted on this change. **Mr. Poinelli** said a sub-committee worked with the counties to determine the formulas.

**DOCKET NO: 35-0103-1104** Rule 004 is being amended to provide an explanation of the documents that are confidential and not open to the public as provided in House Bill 239, and to clarify that the exchange of information between the county and the Tax Commission is not limited.

**Chairman Corder** asked if there is a definition of trade secrets in the Tax Code. **Mr. Dornfest** replied that he is not aware of one and there is not any in the property tax code.

Rule 006 is being amended to update references to appropriate and current editions of guides and professional standards used to determine values of certain property. This is updated annually to incorporate reference material.

**Senator Hill** asked if there was a reason the rules could state "in the current edition", rather than the exact year. That way the rules would not have to be changed annually. **Mr. Dornfest** said the legal staff felt it was not proper and the annual review forces a verification of the changes.

Rule 115 is being amended to add the requirement that the values be listed by category value on the abstract for any taxing district with a restriction providing that such district does not levy property taxes on all otherwise taxable property in accordance with Section 63-509. Counties need to send in documents that provide information documenting what categories are subject to tax by a particular district. This was agreed to unanimously by the county assessors.

**Senator Hammond** asked why any taxing district would be allowed to assess any other way. The assessment formula should be consistent. **Mr. Dornfest** said there are statutory provisions that force the inconsistency. Change to the taxing formula long-term through statutory change would be helpful.

**Chairman Corder** said the ambulance district chose not to tax unimproved property. Why are they able to choose when other taxing districts are not. **Mr. Dornfest** said he was not aware of why this occurred.

Rule 219 is being amended to delete the requirement to assign separate parcel numbers if the parcel is located entirely within one county and one tax code area.

Rule 225 is being amended to reflect the provisions of newly enacted House Bill 95 changing the life of an urban renewal agency from 24-20 years and to restrict urban revenue allocation areas to one annexation after July 1, 2011. If paper maps are still needed, one set will be created at no charge. Otherwise, all maps will be electronic.

Rule 312 is being amended to exclude federal and state of Idaho property from inclusion in Section 63-602Y, Idaho Code. HUD properties are an exception as they have been authorized by Congress to be treated as though they are not owned by the government.

Rule 314 is being amended to establish standards for maintaining parcel record information and list the basic information that should be included in the assessor's office parcel records.

Rule 400 is being stricken. All confidential information has been consolidated into one rule.

Rule 509 requires that urban renewal increment values and the value of certain exemptions be reported and subtracted from the taxable value for each secondary category.

Rule 701 is being amended to conform to House Bill 113 which designates the Idaho Tax Commission as the approving authority for the property tax reduction application.

Rule 717 is being amended to conform to House Bill 113 which designates the Idaho Tax Commission as the property tax reduction approving authority.

Rule 802 is being amended to conform to House Bill 124 which provides a five-year look back limit both for new construction that was missed in the year it should have been placed in the rolls and for deductions that must be included on the roll. House Bill 95 had a special provision that said prior to the provision in the bill, the additional increment from a land use designation improvement was available for the urban renewal agency. It is no longer available to the urban renewal agency due to a statutory change.

**Senator Bilyeu** asked if the land has been designated for improvement and some improvements have been done, how would the land get designated back to farmland. **Mr. Dornfest** said the assessor will change the category, it may not be possible to change back to farmland.

Rule 804 is being amended to provide information for assessors to adjust the urban renewal base assessment roll for changes in the taxable amount of a property due to the annual changes in maximum homeowner's exemption.

**Chairman Corder** said the adjustments are reduced based on lower property values, but are they adjusted up as well. **Mr. Dornfest** said base value is subject to several types of changes, so up would reestablish the base value.

Rule 808 provides direction on how to compute levies for certain districts that may not levy against all taxable property in the district and requires that each relevant county, as well as the Tax Commission, be given documentation of the election or ordinance which determined the category of property to be taxed.

Rule 988 is being amended to provide the taxpayers' options should the Qualified Investment Exemption (QIE) election be drafted by the assessor and that the assessor shall notify the taxpayer electing the QIE and shall identify the basis for the denial. **Mr. Dornfest** said the taxpayer can elect to take either the QIE or Investment Tax Credit. In the past there has been no requirement for the assessor to give notice of approval, only disapproval. The taxpayer cannot take both exemptions; if they are rejected for one, they can apply for the second.

**MOTION:** **Senator Hill moved** to approve Docket No 35-0103-1101, Docket No 35-0103-1103 and Docket No 35-0103-1104. **Senator Hammond** seconded, and the motion was carried by **Voice Vote**.

**Vice Chairman Johnson** turned the gavel back to **Chairman Corder**.

**ADJOURNMENT:** **Chairman Corder** adjourned the meeting at 4:05 pm.

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Senator Corder  
Chairman

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Jo Ann Bujarski  
Secretary