

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 24, 2012

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche

**ABSENT/
EXCUSED:** Representative(s) Schaefer, Smith(24), Wood(35), Gibbs

GUESTS: Jeremy Pisca, M3 Companies; Dave Goins, Idaho News Service; Phil Homer, Idaho Association of School Administrators (IASA); Jesse Taylor, Westerberg & Associates; Max Greenlee, Risch Pisca

Chairman Lake called the meeting to order at 9:02 am.

RS 21359: **Rep. Luker** presented **RS 21359**. The proposed legislation is intended to make some changes to the Community Infrastructure District (CID) bill passed a few years ago. There are seven changes; some of the changes are minor and some are more significant. One change is in regard to the scope of improvements that are allowed to be financed by the district. Previous legislation allowed the placement of the infrastructure to be either directly or indirectly related to the district. There were no constraints. This RS would change that and require a substantial nexus between the project and the district. The original provision allowed for non-contiguous property; now the addition of non-contiguous property must have a substantial nexus to the original district or original infrastructure project. It would allow for submission of written testimony prior to a hearing to create a district. The gap in the law regarding selection of a District Manager and other staff will be corrected. The original legislation allowed for a maximum outstanding principal to be calculated at an amount up to 12% of the adjusted market value. The proposed legislation lowers that amount to 9%. It takes out provisions that give carte blanche to the governing body under the special assessment section and would require two-thirds agreement for a special assessment. It also increases the appeal time from 30 to 60 days.

In response to Committee questions, **Rep. Luker** stated that the intent was to add sideboards or restrictions to the original language. This could be a geographical, business or a financial nexus. It must be related and it must be substantial.

MOTION: **Rep. Barrett** made a motion to introduce **RS 21359**. **Motion carried by voice vote.**

RS 21258C1: **Rep. Luker** presented **RS 21258C1**. The proposed legislation was written in answer to a question: "Why does Idaho escheat unclaimed property to the state?" Unclaimed property can be money, stocks, or other property. It is property for both named and unnamed persons. After a period of five years, this property is turned over to the State as unclaimed property. Unnamed property is harder to track. The Treasurer's office administers the registry of the property. Idaho is one of two states that does not allow the indefinite right of redemption. Constitutionally, there is a small segment of property that is required to go to the State Endowment Fund. The fiscal impact is an estimate, based on the average of approximately \$40K in claims that are presented each year. The proposed legislation gives personal property rights back to the citizens of Idaho. The Endowment Board supports the proposed legislation.

In response to Committee questions, **Rep. Luker** said there is a procedure in place so that a citizen can donate his/her unclaimed money to the state.

MOTION: Rep. Burgoyne made a motion to introduce **RS 21258C1**. **Motion approved by voice vote.**

RS 21295: Rep. Moyle presented **RS 21295**. The proposed legislation affects properties that become exempt, such as a hospital, church, or highway district, from paying property tax on the taxable market value of the property. Overlying districts cut budgets not shift taxes to other taxpayers. There are exemptions we don't want to replace: homeowners exemption, intangibles, personal property, Urban Renewal Districts. A company must tell the Tax Commission prior to becoming an exempt property. Micron didn't inform the Tax Commission that it would qualify for an exemption so there was a tax shift. When the property becomes exempt, the budgets should reduce rather than shift the property taxes to other taxpayers.

In response to Committee questions, **Rep. Moyle** said the 3% guarantee still gives a shift, but it's a lesser amount. This legislation makes the local taxing districts more accountable.

MOTION: Rep. Barrett made a motion to introduce **RS 21295**. **Motion carried by voice vote.** Reps. Burgoyne, Killen and Rusche requested that they be recorded as voting **NAY**.

Chairman Lake turned over the gavel to **Vice Chairman Collins**.

RS 21376: Rep. Lake presented both **RS 21376** and **RS 21377** at the same time. They are identical RS's until you reach the term of the proposed legislation. **RS 21376** is ongoing, and **RS 21377** is one-time. The two RS's sweep funds left over after the state budget is determined. Currently, at the end of the year, the money sits there until the next year. After budgets are made, the extra money is put into the reserve account. Using the JFAC worksheet, the current budget has \$30M left over. The proposed legislation would put the money into the budget stabilization account.

RS 21377:

In response to Committee questions, **Rep. Lake** said that only one of the two RS's should be introduced. The other would be left in committee. The proposed legislation would affect the 2013 budget. Existing language mandates only 50% of funds can be appropriated if the reserve exceeds 5% of the budget.

This is a surplus eliminator type of legislation. If the proposed legislation is put in place, excess revenue would be swept into the reserve account. This would also happen for the 2014 budget if the ongoing RS is approved. No money would be carried over for the next year's budget. This is a transparent way of doing budgets.

MOTION: Rep. Raybould made a motion to introduce **RS 21376**. **Motion carried by voice vote.**

UNANIMOUS CONSENT REQUEST: Rep. Lake made a unanimous consent request to **HOLD RS 21377** in committee. There being no objection, the request was granted.

Chairman Collins turned over the gavel to **Chairman Lake**.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:50 am.

Representative Lake
Chair

Janet Failing
Secretary