

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, March 20, 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:** None.

GUESTS: Beverly Heird-Flores and Suzanne Budge, John Deere; Teresa Baker, Ada County; Colby Cameron, Caterpillar; Roger Batt, Pacific Northwest Association

Chairman Lake called the meeting to order at 9:01 am.

MOTION: **Rep. Collins** made a motion to approve the minutes of the March 5, 2012 meeting.
Motion carried by voice vote.

MOTION: **Rep. Collins** made a motion to approve the minutes of the March 8, 2012 meeting.
Motion carried by voice vote.

MOTION: **Rep. Collins** made a motion to approve the minutes of the March 9, 2012 meeting.
Motion carried by voice vote.

S 1357: **Suzanne Budge**, John Deere, presented **S 1357**. The legislation started as a very simple change in the status, and has become an agreed upon approach with the Counties to develop a process to segregate the repossession of a piece of personal property valued over \$20K from other personal property reported by the taxpayer. This applies to anyone who finances a piece of equipment and files a UCC filing to show that they own it. In Idaho, all personal property of a taxpayer is treated as one unit. Someone who had financed one piece of equipment should be able to go and get it back. Right now, a reposessor must pay all the personal property tax due for all pieces of equipment, not just the one they own. The legislation solves the dilemma for someone who has financed a large piece of equipment.

In response to Committee questions, **Ms. Budge** said the legislation applies only if the item exceeds \$20K in market value. This dollar amount was agreed upon by the Counties. It is difficult to segregate one item from multiple items. This is not just for agricultural equipment, but also for other industries. The financing entity files the request for desegregation. The finance company knows when a loan is in arrears.

Tony Poinelli, Idaho Association of Counties, said when the Assessor looks at the request for an item to be segregated, it would be at the depreciated value. The value of the asset is as it is on the tax rolls (depreciated on an annual basis). The release of the tax liability or lien would occur on that item. The rest of the personal property would stay the same.

In response to Committee questions, **Mr. Poinelli** said this legislation only addresses personal property valued above \$20K. If an item is valued under \$20K, the legislation does not change anything.

In response to Committee questions, **Teresa Baker**, Ada County, said the legislation is trying to avoid a nightmare for the Treasurer by not allowing segregation of smaller items. The taxpayer assigns the value and the County takes the taxpayer's word for the value. The IRS has indications of values and the taxpayer could use that. Ada County has had requests for segregations. If there is a big piece of property, Ada County has tried to work with the reposessor.

Beverly Heird-Flores, John Deere, said they have had 13 repossessions in 2011, and they have approximately \$1M in delinquent payments.

Colby Cameron, Caterpillar, stands **in favor** of **S 1357**.

Roger Batt, Pacific Northwest Association, stands **in favor** of **S 1357**.

MOTION: **Rep. Roberts** made a motion to send **S 1357** to floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Bayer** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:25 am.

Representative Lake
Chair

Janet Failing
Secretary