

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 14, 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:** Terry Accordino, Micron; N.L. Clayville, DFM; Alan Dornfest, Idaho State Tax Commission; Bert Marley, Idaho Education Association; Phil Homer, IASA; Jeremy Pisca, Risch Pisca; Raeleen Welton, Westerberg & Associates; Benjamin Davenport, ATI; Jesse Taylor.

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

**MOTION:** **Rep. Wood (35)** made a motion to approve the minutes of January 9, 2013. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1202:** **Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1202**. Rule 605 is a new rule, developed in conjunction with the County Assessors and Terry Accordino, at Micron Technology, which clarifies portions of the exemption for real or personal property that is used for educational purposes. In response to questions from the committee, Mr. Dornfest states that the applicant/owner does not have to be a nonprofit, however, the lessee does have to meet that criteria.

**MOTION:** **Rep. Meline** made a motion to approve **Docket No. 35-0103-1202**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1203:** **Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1203**. Rule 131 is being amended to ensure consistency with national standards in how the equalization ratio is used where sales comprise more than 20% in any primary category and excludes vandalized property. Mr. Dornfest stated that the primary use of this ratio is to test the overall assessment and ensure they are at market value.

Rule 608 is being proposed in order to be responsive to the statutory changes with implementation and provisions of **HB 584** and addresses homeowner's tax exemption after the death of an applicant. Rule 608 provides a one year extension, regardless of occupancy.

**Rep. Trujillo** stated she takes objection to the occupancy portion of this rule and the property could potentially be used as a rental. **Mr. Dornfest** recommended a statutory remedy and clarified that the homeowner's exemption stays with the property, so any rented property would lose the exemption after one year.

Rule 630 is an amendment regarding tax exemptions for new capital investments. The proposed change ensures compliance with **HB 356** dealing with tax exemption for new capital investments in excess of \$1 billion dollars.

In response to questions, **Mr. Dornfest** stated that new capital investments are only taxed on the initial \$400 million and any amount above that is exempt. The \$1 billion is the amount that must be spent and does not represent the value of the investment.

Rule 995 is being amended to specify the Census Bureau tables that can be used to determine and update population for the distribution of sales tax. Further clarification is made as to whether current census data or estimates could be used. Valuation estimates are updated annually, but population estimates may be updated quarterly.

**MOTION:**

**Rep. Wood (35)** made a motion to approve **Docket No. 35-0103-1203**.

**SUBSTITUTE MOTION:**

**Rep. Trujillo** made a motion to approve **Docket No. 35-0103-1203** with the exception of subsection 608.02. **Motion failed by voice vote.**

**VOTE ON ORIGINAL MOTION:**

**Chairman Collins** called for a vote on the original motion. **Motion carried by voice vote.** **Rep. Trujillo** requested she be recorded as voting **NAY**.

**DOCKET NO. 35-0103-1204:**

**Alan Dornfest**, presented **Docket No. 35-0103-1204**. Rule 600 is a new rule providing guidance on implementation of **HB 356**, which deals with procedures on granting property tax exemptions and confidentiality of information.

Rule 803 is being amended to implement provisions of **HB 697**. Section 63-1305A Idaho Code requires that taxing districts must first fully utilize maximum budget tax permitted, before exercising a levy. Under this amendment, the district will be considered in compliance if, despite additional unused budget capacity, every fund used levies at the maximum levy rate or maximum permitted amount. The Idaho State Tax Commission legal staff, under direction of the AG, have reviewed the proposed language and believe it is consistent with intent and language of the rule.

**MOTION:**

**Rep. Meline** made a motion to approve **Docket No. 35-0103-1204**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1205:**

**Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1205**. Rule 218, Assessor's Plat Book. This rule permits the assessor's plat book to update the manual of surveying instructions to permit maps maintained by digital or ink format.

**DOCKET: 35-0103-1207:**

**Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1207**. Rule 000, Legal Authority, is being amended to update statutory cross references. Rule 003, Administrative Appeals, is being amended to update statutory references. Rule 006, Incorporation By Reference, is being amended to update references to current editions of reference materials.

Rule 225, Newly Organized or Altered Taxing Districts, is being amended to remove the requirement for dissolving taxing districts, typically Urban Renewal Districts, to provide maps. In response to discussion and questions, **Mr. Dornfest** noted that a map is required on the formation of taxing districts as well as any amendment.

Rule 313, Assessment of Transient Personal Property, is being amended to clarify taxation of transient personal property proration if property was taxed in another state. In response to questions, **Mr. Dornfest** yielded the podium to **Mr. Steve Fiscus** - Administrator for Property Tax Administration, Idaho State Tax Commission. Mr. Fiscus stated that if tax was paid in another state, it was not always prorated by Idaho.

Rule 404, Operators Statement - Contents, clarifies that pipelines and gathering lines for natural gas are considered part of taxable and appraisal by tax commission. **Mr. Dornfest** stated that the proposed change did not go through negotiated rule process as they were felt to be entirely statutory.

Rule 509, Partial Exemption Values, is being amended rule to provide for the value of site improvement exempt under section 63-602W(4), Idaho Code, as provided in **HB 519**. Rule 510, Secondary Categories For Land, deletes a category that is no longer used. Rule 511, Secondary Categories For Improvements, deletes an unused or obsolete categories.

Rule 612, Property Exempt From Taxation, clarifies that recreational vehicles wider than 8 1/2 feet cannot be licensed by Idaho Department of Transportation and which would be subject to property tax. Rule 619, Property Exempt from Taxation - Facilities for Water or Air Pollution Control, is an amendment to eliminate confusing language and clarifies the application procedure for tax exemption of water or air pollution control.

Rule 802, Budget Certification Relating To New Construction And Annexation, this is an amendment to comply with requirements of **HB 519** addresses how the computations for deduction for value of site improvement from new construction roll is made.

- MOTION:** **Rep. Hartgen** made a motion to approve **Docket No. 35-0103-1207** with the exception of **Subsection 225.03, paragraphs a and b.**
- SUBSTITUTE MOTION:** **Rep. Moyle** made a motion to approve **Docket No. 35-0103-1207.**
- ORIGINAL MOTION:** **Rep. Hartgen** withdrew his original motion.
- VOTE ON SUBSTITUTE MOTION:** **Chairman Collins** called for a vote on the substitute motion. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:44 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary