

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 13, 2013

TIME: 8:00 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: Bob McQuade, Ada County Assessor; Ryan Armbruster, Elam & Burke; Marty Durand, Idaho BTC; Jan Rogers, SIEDO; Harold Ott, IRSA, Phil Homer, IASA, Terry Accordino, Micron; John Eaton, Realtors; Mike Chakarun, Idaho State Tax Commission; Elizabeth Criner, ISDA, FWAA, NWFP; Kevin Settles, Bardenay Restaurant; Pam Eaton, IRA,ILRA; Barbara Kemp; Gordon Cruickshank, Valley County; Lin Hintze, Custer County Commissioner.

Chairman Collins called the meeting to order at 8:00 a.m.

MOTION: **Rep. Burgoyne** made a motion to approve the minutes of March 11, 2013.
Motion carried by voice vote.

H 272 & H 276: A continuation of the March 12, 2013 Hearing on **H 272** and **H 276** was conducted. Individuals signed up at the original hearing and who were unable to be accommodated due to time constraints, were afforded the opportunity to testify, however, new requests to testify were not permitted.

Ryan Armbruster, Elam and Burke, representing several URA's and the Redevelopment Association of Idaho spoke in **support of H 272**.

Marty Durand, Legislative Council for the Idaho Building Trades Council, testified in **opposition to H 276**, stating it is a tax shift and she encouraged the committee to hold this bill.

John Eaton, Idaho Association of Realtors (IAR), spoke in **support of H 276**. IAR supports full repeal of personal property tax and does not support the de minimus cap of \$1,500, which creates an artificial marketplace.

Elizabeth Criner, Northwest Food Processors Association, Idaho Dental Association, and the Far West Agribusiness Association spoke in **support of H 276**. Ms. Criner stated personal property tax is onerous, difficult to comply with and is implemented differently in various counties. Businesses that are equipment and technology intensive are disproportionately disadvantaged.

Pam Eaton, representing the Idaho Retailers Association and Idaho Lodging & Restaurant Association testified in **support of H 276**. Ms. Eaton stated the Retailers and Lodging/Restaurant Association members support total repeal of all personal property tax.

Mike Reynoldson, Government Affairs Manager, Micron Technology, spoke in **support of H 276**. Mr. Reynoldson stated there are four taxpayers pay more than 19% of the total personal property tax collected by all of the taxing districts in Ada County.

Trent Wright, Executive Vice President of the Idaho Auto Dealers Association testified in **support of H 276**. Mr. Wright stated his belief that **H 272** picks winners and losers and would disadvantage some auto dealers while advantaging others, doing business in the same community.

Barbara Kemp, resident of Boise, spoke in **opposition to H 272** and **H 276**. She urged the committee to vote no or hold both bills and stay with existing legislation, passed in 2008. Ms. Kemp is opposed to the tax shift from businesses to individuals and referred to a recent report from the Tax Foundation rating Idaho's business climate as second best in the nation for favorable personal property tax and 20th best for favorable general business tax.

Suzanne Budge, Executive Director of the Idaho Petroleum Marketers & Convenience Store Association and State Director of National Federation of Independent Business (NFIB), testified in **support of H 276**. NFIB has long supported total repeal of personal property tax. Ms. Budge stated historically, small businesses have led the country out of economic downturns. A recent national study indicated a slight increase in optimism for small businesses, but not sufficient to stimulate the economy. In response to a question, Ms. Budge stated the repeal of personal property tax is more of a long simmering issue versus an emergency, however, is long overdue.

Kevin Settles, business owner of BardeNay, spoke in **support of H 276**. Mr. Settles stated he understands the need for taxation, but believes personal property tax is bad legislation. Mr. Settles also stated the problem with **H 272** is the unfair advantage it would create. Mr. Settles testified the legislation is needed to create increased manufacturing business.

John Watts, testifying on behalf of the Idaho Chamber Alliance, which is comprised of 20 chambers across Idaho, representing small, medium and large businesses, stated they have unanimous **support of H 276**.

Jan Rogers, Executive Director, Southern Idaho Economic Development Association, spoke in **support of H 276**. Ms. Rogers stated taxes and incentives are key components in economic development. In Ms. Rogers' experience, businesses don't ask about personal property tax, since forty states have personal property tax and it is generally expected. A full repeal of personal property taxes would set Idaho apart as a leader and would make us more competitive.

S 1111: **John Eaton**, Government Affairs Officer, Idaho Association of Realtors, presented **S 1111**. This legislation would allow the allocation of common area ownership, in a condominium development, to be determined on a square footage or value basis. Mr. Eaton stated there is no known opposition to this legislation. In response to a question, Mr. Eaton clarified that a developer creates the declaration at development and subsequently transfers it over to the condominium owners. Common area is defined as equally accessible area, to all owners. Mr. Eaton stated this legislation does not change how property is assessed, but would change how the association determines how costs are divided. This legislation would be applicable to both commercial and residential condominium development.

MOTION: **Rep. Erpelding** made a motion to send **S 1111** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

S 1107aa: **Sen. Winder** presented **S 1107aa** which would amend Idaho Code and allow, upon taxpayer request, electronic transmission of assessment notices.

Bob McQuade, Ada County Assessor, stated assessments are sent in May and December and the current statute does not prohibit, but also does not permit notices to be sent electronically. This legislation would allow faster delivery of notices, anywhere and anytime access to notices, would reduce handling costs in the event of multiple ownership of parcels, and save postage and administrative costs to the county, Mr. McQuade stated this legislation is supported by Idaho Association of Counties, Potlatch, and the Idaho State Tax Commission. Mr. McQuade stated electronic notification would start in 2014 and reiterated, it would only be done at the request of the taxpayer. In response to a question, Mr. McQuade stated assessment data is currently available and anyone can look up an address and see the assessment. There could also be an opportunity for treasurers to send notices electronically, but at this point is for property tax assessment only. In the event an electronic delivery is not received, a mailed copy would be subsequently sent.

MOTION: **Rep. Anderst** made a motion to send **S 1107aa** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderst** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:01 a.m.

Representative Collins
Chair

Kathleen A. Simko
Secretary