

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 22, 2014

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Rice, Senators Hill, McKenzie, Johnson, Vick, Bayer, Werk and Lacey

ABSENT/ EXCUSED: None

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.

CONVENED: **Chairman Siddoway** convened the meeting of the Local Government and Taxation Committee (Committee) at 3:04 p.m.

RS 22566 **Chairman Siddoway** invited Senator Jim Guthrie to the podium to introduce **RS 22566**, relating to the posting of signs where public roads enter private lands. **Senator Guthrie** said the proposal seeks to amend Sections 18-7008, 18-7011 and 36-1603 of Idaho Code. He stated that where public roads traverse through large and unfenced tracks of private property, **RS 22566** would allow for placement of a sign upon entrance into that private land. He said the sign would depict that trespassing off the road would not be allowed upon entering the private property, and the sign would also specify how far the private property extended.

Senator McKenzie asked about the history of the proposal. **Senator Guthrie** said he has been an advocate of private property rights for many years, and that agricultural interests and private property rights advocate groups have worked with him on this proposal. **Senator Lacey** said he has seen these types of signs used, and he felt they were effective.

MOTION: **Senator Bayer** moved, seconded by **Vice Chairman Rice**, to send **RS 22566** to print. The motion carried by **voice vote**.

PRESENTATION: **Chairman Siddoway** invited Russell Westerberg of Westerberg & Associates and Jeff Mihalic of Western Aircraft, Inc. to the podium for a presentation. **Mr. Westerberg** said two years ago, he appeared before this Committee in support of a House bill that provided a sales tax exemption on parts installed on nonresident aircraft, which is what the company Western Aircraft, Inc. does. **Mr. Westerberg** said he believed then that the change would be good for Idaho's economy and would not injure the general fund. He then invited Mr. Mihalic to share his experience.

Mr. Mihalic shared a presentation of the financial details of the company (see attachment 1). **Mr. Mihalic** said Western Aircraft has been certified for more than 60 years by the Federal Aviation Administration (FAA) to repair foreign aircraft. He shared a history of the company, which now has 192 employees, including 185 full time employees and 7 contractors. He said that number of employees has grown considerably since the last time he was before this Committee. He noted that other states would not charge sales tax on installation of parts, so other businesses in other states were getting more business, which put Idaho aircraft companies at a disadvantage. **Mr. Mihalic** said the Legislature's decision to level the playing field has had many positive impacts for the state of Idaho.

Mr. Mihalic outlined the company's costs over the next five years and showed some slides on the company's new buildings. He shared that the company is on track to deliver a net positive economic impact for the state of Idaho. He said several publications and news media had stated in the past that Western Aircraft would not be able to attract new business; however, **Mr. Mihalic** said, he had a list of evidence to prove them wrong, including an increase in their sales force and growth in avionics. He noted the average salary is \$57,000 plus benefits and a company-matched 401k plan. He said they have an excellent safety record and are diligent in complying with environmental regulations. Another example is their partnership with Idaho State University, to which they donated an \$80,000 cockpit trainer as well as sent technicians to conduct classes, and they offer jobs to graduates. **Mr. Mihalic** said they have been certified by the Occupational Safety and Health Administration (OSHA) and received a Sharp Award seven years in a row, and they are one of only 13 companies in Idaho to receive that designation. **Mr. Mihalic** said in conclusion, he thanked the Committee for its help and support, and he said he felt everyone involved at the state level worked to make it a win-win situation.

Senator Vick asked if the company had had any input into the aviation training program being developed at North Idaho College. **Mr. Mihalic** answered the college was focused more on manufacturing, rather than the type of degree that Western Aircraft requires.

Senator Hill thanked Mr. Mihalic for the update, as did **Senator Werk**, who then asked about the impact of the sales tax exemption and what the financial benefit of it has been. **Mr. Mihalic** answered that the loss in sales tax was estimated to be \$164,000, but that is made up for by the increased revenue from economic growth and more customers.

Senator Johnson asked Mr. Mihalic to please provide the Committee with a copy of the presentation for the official record.

Chairman Siddoway thanked Mr. Mihalic and asked him to return next session with an updated report.

ADJOURNED: There being no further business, **Chairman Siddoway** adjourned the meeting at 3:42 p.m.

SECRETARY'S NOTE: These minutes were originally recorded by Committee Secretary Marchelle Fias. Upon her departure, Majority Staff Assistant David Ayotte assisted with them.

Senator Siddoway
Chair

Christy Stansell
Secretary