

MINUTES  
**HOUSE LOCAL GOVERNMENT COMMITTEE**

**DATE:** Thursday, March 06, 2014

**TIME:** 1:30 pm or Upon Adjournment of the House

**PLACE:** Room EW05

**MEMBERS:** Chairman Barrett, Vice Chairman Sims, Representative(s) Barbieri, Luker, Perry, Clow, Hancey, Harris, Holtzclaw, Horman, Malek, Chew, Kloc, Meline

**ABSENT/  
EXCUSED:** None

**GUESTS:** Tony Poinelli, IAC; Betty Dressen, Payette County Clerks' Office; Russell Westerberg, CCDC; Raeleen Welton, Westerberg and Associates; Ray Stark, Boise Chamber; Ryan Armbruster, RAI; Teresa Molitor, LCDC/JURA

**Vice Chairman Sims** called the meeting to order at 3:16 p.m.

**MOTION:** **Rep. Horman** made a motion to approve the minutes of March 4, 2014. **Motion carried by voice vote.**

**H 451:** **Phil McGrane**, Ada County Clerks' Office, presented **H 451**. This is a change in records retention law that would allow counties to digitize records, which they are currently doing, but would also allow them to destroy paper copies. A great deal of paper is being accumulated and is costly to store. People are not accessing it because it is already digitized. A multimillion dollar building in Ada County was recently considered as a storage facility for these records; it was at that point when the Clerks' Office realized allowing all records to be digital and to allow destruction of redundant paper would benefit taxpayers.

In response to questions, **Mr. McGrane** said a base file of a .tif image is being maintained for all files, so all images are archive quality and will be able to be read by any updated software. The requirement that backup files stored in different locations will allow information to be easily duplicated should a hard drive fail or a disaster occur.

**MOTION:** **Rep. Kloc** made a motion to send **H 451** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kloc** will sponsor the bill on the floor.

**S 1238:** **Tony Poinelli**, Idaho Association of Counties (IAC), presented **S 1238**. This would repeal Idaho Code 31-2307, which says each county auditor must annually publish a statement of financial condition. This information is already available in the annual independent audit of counties required in Idaho Code 67-450B.

In response to questions, **Mr. Poinelli** said the statement of financial condition is not the only annual report. The information provided in the annual audit is more accurate and provides a detailed accounting of funds.

**Betty Dressen**, Payette County Clerks' Office, spoke in favor of **S 1238**. She said the section being repealed is redundant. She said the clerks' offices provide monthly and quarterly reports as well as annual reports in addition to the one required in I.C. 31-2307.

In response to questions, **Ms. Dressen** said many counties are unable to complete audits by the second Monday in January as required by Idaho Code. She said I.C. 31-819 clearly states after an audit is returned, there is a maximum of thirty days allowed before the information is published in a newspaper.

**Mr. Poinelli** said numbers are most accurate following audit adjustments and the publication of the annual statement following an audit will provide the best information.

**Rep. Clow** said without pressure to get audits done by a certain date, audits can fall significantly behind.

In response to questions, **Mr. Poinelli** said **H 560** should correct some of the compliance issues related to audits, as it provides penalties for noncompliance.

**MOTION:**

**Rep. Meline** made a motion to send **S 1238** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Meline** will sponsor the bill on the floor.

**H 573:**

**Rep. Youngblood** presented **H 573**. This is a change in the urban renewal statute. Urban renewal was designed as a tool for infrastructure improvements in blighted areas, to create jobs and growth. Under **H 573**, a public vote would be required for certain public buildings coming off public tax rolls.

In response to questions, **Rep. Youngblood** said an urban renewal district is formed to use incremental tax increase dollars. When those dollars are not used for infrastructure but instead are used for bonds to build city halls or libraries, which is not what urban renewal development was intended for, it is appropriate for those being taxed to have a vote.

**Rep. Malek** said there is a marked difference between something providing infrastructure and providing growth, and creating buildings that do not generate income or growth for a community. There is a clause in the bill to protect projects currently under development. Certain communities might certainly benefit from having a new city hall in a downtown corridor, however a simple majority vote is appropriate.

In response to questions, **Rep. Youngblood** said if a city voted against building a new city hall, the city could explore other options.

**Ryan Armbruster**, Elam and Burke, Redevelopment Association of Idaho (RAI), spoke **in opposition** to **H 573**. He said the bill makes an incorrect presumption as to the benefits of a public library or city hall, which can promote a vibrant downtown area and promote community activities. He also said the required vote would not allow local officials to render decisions affecting their local communities.

In response to questions, **Mr. Armbruster** said opportunities for improvements often come in conjunction with private investment. The requirement to wait for a vote which can only come twice a year could result in the loss of that private investment. He said in 1972 and in 2009, the Idaho Supreme Court said urban renewal agencies do not have to go to a vote. He said a city hall generates workers in a downtown area, which generates the desire for other businesses such as restaurants and retail establishments to be located near that new city hall. He has concerns with the term "public entity" and said the term "unlawful" is not defined in the bill.

**Chairman Barrett** said taxpayers should have the opportunity to participate in the system.

In response to additional questions, **Mr. Armbruster** said if an urban renewal agency and a city both participated in a single project in which they were each planning to contribute an amount that required a vote, both the urban renewal agency and the city would have to put the issue to separate votes, perhaps at different times, for the single project.

**Rep. Youngblood** said his understanding is bond levies require a simple majority. Urban renewal was developed as an economic development tool and should be used as such.

**ORIGINAL MOTION:**

**Rep. Harris** made a motion to send **H 573** to the floor with a **DO PASS** recommendation.

**Rep. Clow** said he understands the premise of the bill, but believes the language needs to be cleaned up.

**SUBSTITUTE MOTION:**

**Rep. Clow** made a substitute motion to **HOLD H 573** in committee.

**Reps. Harris, Barbieri, and Chairman Barrett** said they oppose the motion to **HOLD H 573** in committee.

**ROLL CALL VOTE ON SUBSTITUTE MOTION:**

A roll call vote was requested on the substitute motion to **HOLD H 573** in committee. **Motion failed by a vote of 4 AYE, 9 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Reps. Clow, Chew, Kloc and Meline. Voting in opposition** to the motion: **Reps. Sims, Barbieri, Perry, Hancey, Harris, Holtzclaw, Horman, Malek, and Chairman Barrett. Rep. Luker was absent/excused.**

**ROLL CALL VOTE ON ORIGINAL MOTION:**

A roll call vote was requested on the original motion to send **H 573** to the floor with a **DO PASS** recommendation. **Motion carried by a vote of 9 AYE, 4 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Reps. Sims, Barbieri, Perry, Hancey, Harris, Holtzclaw, Horman, Malek, and Chairman Barrett. Voting in opposition** to the motion: **Reps. Clow, Chew, Kloc and Meline. Rep. Luker was absent/excused. Rep. Youngblood** will sponsor the bill on the floor.

**H 574:**

**Rep. Malek** presented **H 574**. He said this bill amends Idaho Code 50-2903 with a simple change. The word "municipal" is replaced with "city, county or any taxing district".

In response to questions, **Rep. Malek** said "municipal" is being changed to read "city, county or any taxing district" because there is a way taxing districts could incur costs which would not be correctly counted without this language clarification. Currently municipalities are defined as cities and counties under municipal law, but not taxing districts. This change would allow districts to recoup project costs from urban renewal agencies.

In response to questions, **Rep. Kloc** said room tax increases are done by the boards of auditorium districts.

In response to additional questions, **Rep. Malek** said if an auditorium district is classified as a taxing district, it would be included in the new definition.

**Ryan Armbruster**, Elam and Burke, Redevelopment Association of Idaho (RAI), spoke **in opposition** to **H 574**. He said this is a problem looking for a solution. Current definitions of "municipality" include sponsoring entities. Most smaller urban renewal agencies do not have staff or administrators and rely on city employees and pay allocated costs for services. He said **H 574** creates liability and no sideboards for double charges.

**Rep. Sims** said in her area, teachers and college employees are asked to work with and for the urban renewal agencies on projects and are not reimbursed for their time and efforts. Highway districts also lend their employees to urban renewal agencies without compensation. She said she believes **H 574** is aimed at solving that problem.

In response to questions, **Mr. Armbruster** said municipality has different interpretations. He said this bill would allow assessors to send bills to urban renewal agencies when they would not send a bill to someone else.

**Rep. Meline** said a city employee of one agency is not legally allowed to collect money for work completed for a different city agency.

**MOTION:** **Rep. Holtzclaw** made a motion to send **H 574** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Meline, Kloc, Chew** and **Clow** requested to be recorded as voting **NAY**. **Rep. Malek** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 4:26 p.m.

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Representative Sims  
Vice Chair

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Mary Tipps  
Secretary