

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 21, 2015

TIME: 9:30 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Trujillo, Representative(s) Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, Rudolph

**ABSENT/
EXCUSED:** Representative(s) Moyle

GUESTS: Alan Dornfest, ISTC; Georgia Plischke, Washington County Assessor; Andrew Mitzel, Realtors; Benn Brocksome, Kestrel West; Katrina Basy, Idaho Power; Benjamin Davenport, Associated Taxpayers of Idaho

Chairman Collins called the meeting to order at 9:30 A.M.

MOTION: **Rep. Erpelding** made a motion to approve the minutes of January 16, 2015. **Motion carried by voice vote.**

RS 23193: **Alan Dornfest**, Idaho State Tax Commission, presented **RS 23193**. Currently, recreation districts are excluded from the January 1 deadline that other districts must follow to organize and be allowed to levy property tax in a particular year. Recreation districts have been allowed to organize up to June 1. This conflicts with Idaho Code which requires tax code areas be finalized earlier in the year so that operating property values can be correctly assigned to the various taxing districts. This legislation would require that recreation districts comply with the same formation and levy laws as other taxing districts. In response to questions, Mr. Dornfest said this has been a problem for several years and does not know why recreation districts were allowed the later establishment date. This amendment would put recreation districts on a level playing field with other taxing districts.

MOTION: **Rep. Raybould** made a motion to introduce **RS 23193**. **Motion carried by voice vote.**

RS 23254: **Alan Dornfest**, Idaho State Tax Commission, presented **RS 23254** which deals with levying and apportionment of taxes. When maximum property taxes are computed for school districts, the computation includes a component that takes the new construction roll value and multiplies it by a "Hypothetical Levy Rate". This rate is calculated by adding the tort fund property tax and agricultural equipment replacement dollars. Personal property exemption reimbursement funds are not added, but are subtracted from the tort fund. That means that the hypothetical levy rate will not compensate for this subtraction and, in most cases, there will be no new construction related budget capacity addition for school districts. This is inconsistent with the goal of the personal property reimbursement, which was to keep taxing districts whole. This amendment will correct the problem by treating personal property replacement money the same as agricultural equipment replacement dollars. This will give school districts slightly increased tort fund budget capacity.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 23254**. **Motion carried by voice vote.**

RS 23277: **Alan Dornfest**, Idaho State Tax Commission, presented **RS 23277** which proposes three technical corrections to the Idaho Code section relating to certain personal property tax exemptions. First, this amendment changes the term "taxpayer" to "person" which is more inclusive. It also provides a comprehensive list of relationships that will constitute a taxpayer for purposes of receiving the exemption and replaces the reference to section 267 which was confusing and resulted in inconsistent usage.

The second proposed change deals with replacement money and refunds on improperly claimed exemptions. When taxes related to improperly claimed personal property exemptions are refunded to counties, the money is distributed to the taxing districts who then subtract these amounts from the maximum amount that can be levied. The State, however, is required to continue to make replacement money payments to the districts without regard to this restitution or to the improperly claimed exemption. This change would require refunded amounts to be paid to the state and require the state to reduce future payments to the taxing districts. This change has no adverse tax effects to the state, counties or taxing districts.

The last change proposed relates to operating property and the \$100,000 per county exemption. Idaho Code allows each taxpayer \$100,000 in personal property tax exemption per county. Because of the way operating property is apportioned, this is difficult to administer given software limitations. This change would permit operating companies to receive \$100,000 in personal property exemption for each county in which the company has any apportioned value. It would limit the total amount of the exemption to the lesser of this amount or the total amount of personal property identified. This change is taxpayer and resource friendly and would result in a slight increase of approximately 19¢ per \$100,000 value in the amount of personal property exemptions.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 23277**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:54 A.M.

Representative Collins
Chair

Bev Bean
Secretary