

MINUTES
JOINT MEETING
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
HOUSE REVENUE & TAXATION COMMITTEE**

DATE: Thursday, January 29, 2015
TIME: 3:00 P.M.
PLACE: Lincoln Auditorium WW-02
MEMBERS PRESENT: Vice Chairman Johnson, Senators McKenzie, Rice, Bayer, Guthrie, Werk and Burgoyne
Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye and Rudolph
ABSENT/ EXCUSED: Chairman Siddoway and Senator Vick
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: The meeting was called to order at 3:00 p.m.
MINUTES: Approval of Minutes from January 21, 2015 and January 22, 2015 was moved to the February 4, 2015 meeting.
PRESENTATION: Idaho State Tax Commission (Commission)

Michael Chakarun, Commission Tax Policy Manager introduced Alan Dornfest, Property Tax Policy Bureau Chief with the Idaho State Tax Commission.

Mr. Dornfest spoke about presentation objectives that included: understanding property tax, learning how property tax fits into Idaho's tax base, and understanding tax burden. He explained Idaho property tax essentials which are current, annually determined, and market value based. He also highlighted the uniform rate for all classes of property and the independently determined rates for each of about 1,000 taxing districts, both of which are specific to budget based property tax. With the exception of voter approval, an annual increase in budgets is limited to 3 percent plus new construction and annexation. Tax is levied on most real and business personal property. Tax is generated and used locally:

1. ~\$46,124 (2014) to the State Public School Income Fund (taxes on small railcar companies paid directly to the State).
2. \$1,552 million (2014) to local units of government.
3. \$59.3 million (2014) to urban renewal agencies.

Mr. Dornfest expounded upon the many varieties of tax relief that are available including partial and full exemptions, and the Circuit Breaker where the State pays part, sometime all, of the property tax.

Mr. Dornfest examined personal property tax and reported that personal property taxes in Idaho were between \$104 and \$137 million out of \$1,552,000,000 in total property taxes in 2014 (7 percent to 9 percent statewide but much higher in some counties). These amounts reflected a 2014 partial exemption. In addition to furniture, fixtures, machinery, and equipment, the above figure for personal property tax includes railcars and certain other portions of operating property.

Mr. Dornfest reviewed the assessment of property system of valuation general requirements, the recognized appraisal methods to be employed in determining assessed value, and all property taxable unless expressly exempt.

Frequency of assessment was reviewed. All real, personal and operating property subject to property taxation must be assessed annually. Taxable property shall be appraised or indexed annually to reflect current market value. **Mr. Dornfest** went on to explain variations from sale price as indicators of market value. This included farmland, timberland, operating property, and low income Section 42 housing. He displayed a flow chart that showed the Commission's divisions and explained their functions. **Mr. Dornfest** showed charts that displayed taxable value statistics, discussed causes and effects of taxable value changes, property tax myths versus facts, and 2014 property tax use. He talked about personal property legislation main issues that included HB 315, and HB 441, the homeowners exemption, how levy rates are calculated, how to determine property taxes, taxing districts, and tax code areas.

A property tax pie chart indicated that the bulk of tax funds come from primary residences at about 43.8 percent of tax (2014) and schools 30.1 percent (2014).

The 2014 property tax use pie chart showed schools used 30.1 percent, city 26.8 percent, county 26.0 percent, other 10.7 percent, and highway 6.4 percent.

Mr. Dornfest concluded and answered questions from the Committee.

ADJOURNED: There being no further business, the meeting adjourned at 4:55.

Senator Siddoway
Chair

Amanda McLennan
Secretary