

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 19, 2015

**TIME:** 9:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, Rudolph

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

**GUESTS:** Jeff Sayer and Megan Hill, Idaho Department of Commerce; Linda Clark, West Side School District; Crystal Yokom, Payette, Idaho; Saidy Castellanos and Adriana Neri, Caldwell, Idaho; Eileen Stachowski, Kirstin Mann, Rebecca Maguire and Kathy Gardner, Idaho Hunger Relief Task Force; Samantha Breach, Payette, Idaho; Andrew Mitzel, Realtors; Jane Wittmeyer, self; Benjamin Davenport, Associated Taxpayers of Idaho; Pam Eaton, Idaho Retailers Association; Holly Cook, City of Caldwell; Amber Pence, City of Boise; Elizabeth Criner, Northwest Food Processors Association/Winco; Marilyn Whitney, Governor's Office

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

**MOTION:** **Rep. Raybould** made a motion to approve the minutes of the February 12, 2015 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Dayley** made a motion to approve the minutes of the February 13, 2015 meeting. **Motion carried by voice vote.**

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

**RS 23203:** **Jeff Sayer**, Director, Idaho Department of Commerce, presented a brief summary of the Tax Reimbursement Incentive Program that was passed by the Legislature last year. This program is a performance-based economic development tool that provides a tax credit up to 30% for up to 15 years on new corporate income tax, sales tax and payroll taxes paid as a result of a company's expansion project in the State. Available to both existing and new companies, the tax credit percentage and length of time the credit can be applied would be negotiated based upon the quality of jobs created, regional economic impact and return on investment for Idaho.

In its first year, 9 projects have been approved - 5 with new companies and 4 with existing companies. These projects brought to Idaho 1,710 new jobs, \$317 million in capital investment and \$75 million in new State revenue.

**Mr. Sayer** explained that after a year's experience with this program, certain technical changes are needed to provide clarity to the statute. The definition of new jobs created to qualify for the program has been revised by adding the words "collectively" to insure that the average wages of the entire project met or exceeded the average county wages. Additionally, those wages were specified to be of the county with jurisdiction over the local government providing the applicant's community match. In response to a question posed by **Rep. Erpelding**, Mr. Sayer realized that members of the Committee did not have the correct draft of this proposed legislation. After distributing copies of **RS 23203C1** he explained the other minor technical changes contained in the proposed legislation.

Responding to a question about why "average" wages were used in the qualifying process rather than "mean" or "median", he explained that a standard which was published on a regular basis and easy to understand was necessary. The Department of Labor publishes "average" wages of Idaho counties on a regular basis and using a "mean" or "median" wage would have placed an additional reporting burden on the Department of Labor.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 23203C1** with an amended Statement of Purpose.

**Rep. Nate** indicated that he would vote in favor of having the bill printed for consideration, but he has serious concerns about fairness to existing businesses who are competing in the market without the benefit of a 30% tax reduction.

**VOTE ON MOTION:** **Chairman Collins** called for a vote on the motion to introduce **RS 23203C1** with an amended Statement of Purpose. **Motion carried by voice vote.**

**RS 23650C1:** **Rep. Moyle** presented **RS 23650C1** proposing that 50% of a taxing district's annual new construction budget increase be allocated to schools within that taxing district to be used for bond repayment, building improvements and safety needs. He pointed out that Idaho Code allows for county assessors to create an annual new construction roll in addition to the base property roll. This new construction roll includes the amount of taxable market value added that is directly the result of new construction. This proposed legislation would allocate 50% of a taxing district's annual new construction budget to public and charter schools based on the previous year's daily average attendance. The schools would then be allowed to use this allocation for bond repayment, building improvements and safety needs. Once the newly completed buildings are on the tax rolls, local taxing districts would then apply this tax revenue to their subsequent years budgets. This is a way for new construction to contribute directly to the schools that are impacted by growth in their district.

In response to a question, **Rep. Moyle** explained that this budget allocation only applies to the new construction added each year and would vary each year depending entirely on growth within the district. The second year, that new construction value is added to the base property roll and cities/counties would budget accordingly.

**MOTION:** **Rep. Trujillo** made a motion to introduce **RS 23650C1**.

**Rep. Anderson** asked how the monies in this proposal would be apportioned between public and charter schools. **Rep. Moyle** stated allocations would be based on "average daily attendance" which would give more funds to those schools with more students from increased growth. He also noted that currently schools who are impacted by new construction do not get any benefit without a levy or bond election and this approach is fair in that taxing districts do not budget this money until the following year when it is placed on the base property roll.

**VOTE ON MOTION:** **Chairman Collins** called for a vote on the motion to introduce **RS 23650C1**. **Motion carried by voice vote.**

**Chairman Collins** noted that **Page Dustin Cheney**, would be returning to school and thanked him for his excellent service during the time he has been serving the Committee.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:38 A.M.

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Representative Collins  
Chair

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Bev Bean  
Secretary