

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 23, 2015

**TIME:** 8:30 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) Dayley, Hartgen, Chaney

**GUESTS:** Megan Ronk, Idaho Department of Commerce; Donna Yule, Idaho Public Employees Association; Ryan Armbruster, Redevelopment Association of Idaho, Inc.; Tony Poinelli, Idaho Association of Counties; John Watts, Idaho Chamber Alliance

**Chairman Collins** called the meeting to order at 8:30 A.M.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of the March 17, 2015 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of the March 18, 2015 meeting. **Motion carried by voice vote.**

**H 286:** **Megan Ronk**, Chief Operating Officer, Idaho Department of Commerce, presented **H 286** regarding property tax exemption for economic development. She noted that the Association of Idaho Cities and Idaho Association of Counties were actively engaged in the drafting of this legislation.

This bill makes several changes to the existing program designed to encourage business expansion through the abatement of property taxes on investments in new facilities and equipment. County governments have found that the current statute which requires \$3 million in capital investment and can only be used to support manufacturing projects has been a limiting factor in supporting businesses that would have provided a boost to the local economy. This legislation would enhance the project eligibility beyond manufacturing to include non-retail commercial and industrial and creates a lower threshold for capital investment of not less than \$500,000. County Commissioners would retain sole discretion on whether to extend this exemption to an eligible project and would have the ability to annually establish a higher threshold. It also requires notice be given to taxing districts before the County grants a property tax exemption.

**Ms. Ronk** noted that retail was not included since they have not seen the demand for this tool in the retail market and retail tends to follow economic growth rather than drive it. This program is intended to drive economic investment and expansion.

**Ryan Armbruster**, Elam and Burke, representing the Redevelopment Association of Idaho, Inc., stated his organization generally **supports** this bill but objects that notification of a project's application is only required to local taxing districts and not required to urban renewal agencies. He would like to see urban renewal agencies included in the notification requirement along with a specific time period within which notification is to be made. He remarked this was an important tool for local governments to encourage economic development in their region.

**Tony Poinelli**, Idaho Association of Counties, testified **in support**. He stated this was a good bill and that at least 12 counties have participated in the past - some multiple times. He addressed the question of whether this program is shifting taxes so that other taxpayers have to pick up the tab. He commented that the property tax exemption relates to investment in new property and only for a maximum of 5 years so there is no tax shift. **Rep. Moyle** pointed out the section which states "property exempted under this section shall not be included on any new construction roll prepared by the county assessor . . . . until the exemption ceases". Once the exemption ceases, all of the new property taxes flow through.

**MOTION:** **Rep. Nye** made a motion to send **H 286** to the floor with a **DO PASS** recommendation.

**John Watts**, Veritas Advisors, representing the Chamber Alliance, spoke **in support** of the bill. The lower threshold for qualifying projects, new business creation and putting decision making in the hands of local government are reasons why the Chambers of Commerce alliance is in support of this legislation.

**Rep. Nate** and **Rep. Scott** spoke **in opposition** questioning the fairness of different tax treatments for different taxpayers.

**VOTE ON MOTION:** **Chairman Collins** called for a vote on the motion to send **H 286** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Nate** and **Rep. Scott** requested to be recorded as voting **NAY**. **Rep. Moyle** and **Rep. Nye** will sponsor the bill on the floor.

**RS 23903:** **Chairman Collins** announced that **RS 23903** will not be heard in today's meeting.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:18 A.M.

---

Representative Collins  
Chair

---

Bev Bean  
Secretary