

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 24, 2015

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Siddoway, Vice Chairman Johnson, Senators McKenzie, Vick, Bayer, Guthrie, Stennett and Burgoyne

ABSENT/ EXCUSED: Senator Rice

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: **Chairman Siddoway** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:10 p.m.

H 257 **Jack Lyman**, Idaho Housing Alliance, presented **H 257** and said this legislation specifies that the assessment on park model vehicles will be based on the National Automobile Dealers Association (NADA) standard for recreational vehicles classified as park model homes. **Mr. Lyman** showed Power-Point slides that explained what park model homes look like, how they are set up, and the total amount of square footage. He reported that the problem is that the assessors are overvaluing these homes and taking a large amount of time to assess them. He said **H 257** provides for assessments that are fast, fair, and accurate.

Senator Burgoyne commented on the verbiage in the bill saying they were park model vehicles, which suggests you can drive them. He asked if they had wheels and were able to be towed. **Mr. Lyman** said no, but they do have a running gear. It's towed and then typically the gear will be removed. He emphasized that in the Manufactured Housing Residency Act a park model is defined as a vehicular type unit that has a floor area of under 400 square feet or less and meets the National standards.

Senator Vick said while the NADA value would be appropriate for newer units the value for older units might not be. He asked Mr. Lyman to address how older units would be valued. **Mr. Lyman** said he is not aware of deficiencies in NADA for older park model homes, he had not tested one, and didn't know how many older units were currently in the marketplace.

Senator Vick asked about the retroactive date and said the mobile home values had been set for this year, and the amount of time and resources it would take to double back and do the work and research over again is not available. **Mr. Lyman** said that this is not a mobile home, which is very different from a park model home, and that there were so few of these type of homes that it wouldn't take long to assess.

Senator Stennett asked how an assessor would evaluate these any differently from a mobile home. **Mr. Lyman** said park model homes are separate and distinct from mobile homes and that they didn't have an NADA book for mobile homes. He emphasized the assessment process for park model homes is trying to be simplified in an accurate manner.

TESTIMONY: **Dan Blocksom**, Idaho Association of Counties, said they had not officially taken a stance but had four concerns from county assessors:

- (1) Retroactivity would cause reassessments. This bill has a retroactive date of January 1, 2015. Assessors send out assessment notices around the end of May. The county board of equalization hearings start at the end of June. Some assessors have already gotten their assessment values for those homes set now. Going backwards not only creates additional work, but also leads to potential mistakes.
- (2) Incompleteness in the NADA guide would create confusion as to how to evaluate excluded models. NADA doesn't provide valuations for some mobile homes that the assessors would have to assess. It's not clear what assessors are supposed to do if the model isn't listed.
- (3) Using NADA will not reflect market values and will result in a tax burden shift. NADA values are quite close for park model homes that are new. However, the older the models, the more the NADA value drops below what the market value is for the home. If this legislation goes through, these park models will be assessed far below what the market is saying they are worth. They will pay fewer taxes, and thus the remainder will be made on the backs of the other property owners. This will, in effect, as a tax exemption.
- (4) No guidance would be available for permanent additions.

Senator Burgoyne asked what the current method of valuation is and under what provision of the code does it fall. **Mr. Blocksom** said he did not know the provision, but as far as market evaluations the comparables are looked at in the area.

Senator Guthrie asked if they assess the land and the park model home separately. **Mr. Blocksom** said that the land is evaluated and then the house separately and in some counties he thought they were broken out on the assessment notice.

Vice Chairman Johnson asked whether it made a difference in the assessed value if the wheels are left on or not. **Mr. Blocksom** said according to Idaho Code § 63-304 once the home is permanently affixed to the land it becomes real property, which at that time it would be assessed as real property. If it's on wheels it would be taxed as personal property.

Mr. Lyman gave closing remarks and said park model homes are not manufactured homes, and according to Idaho Code they could not be permanently affixed to the land to gain real property status.

Senator Guthrie asked whether a park model home loses its status if there is a square foot addition and if a park model home could be put on a foundation. **Mr. Lyman** said he didn't know if it was possible to add square footage. He said it was possible for a park model home to be placed on a foundation, but it could not be declared as real property under Idaho law.

MOTION: **Senator Burgoyne** moved to hold **H 257** in Committee. **Senator Vick** seconded the motion.

SUBSTITUTE MOTION: **Senator McKenzie** moved to send **H 257** to the floor with a **do pass** recommendation. **Senator Bayer** seconded the motion.

SUBSTITUTE MOTION: **Senator Guthrie** moved to send **H 257** to the 14th Order for amendment. **Vice Chairman Johnson** seconded the motion. The motion carried by **voice vote**.

H 269 **Senator Lee** presented **H 269** and said this legislation clarifies existing code and aligns tax collection policies with industry and market practices to allow for uniform tax assessment of oil and gas produced in Idaho.

Chairman Siddoway asked how arms-length transactions would be reported. **Senator Lee** said this bill provides legislative language drafted by the Department of Lands and the Tax Commission for enforcement. **Senator Lee** said she is not aware of any current arms-length issues.

Chairman Siddoway asked if it would be the Department of Lands duty to watch this provision, and who within the department is in charge to do the monitoring. **Senator Lee** said the Department of Lands along with the Tax Commission would be the monitor of accurate reporting.

Senator Guthrie asked whether gross income would be taxed at the wellhead, and if so, is there an additional tax or processing cost. **Senator Lee** said whether it is sold at the refinery or at the wellhead, essentially the price is the same because all of those costs are born by the refinery. The clarifying language in **H 269** for someone who didn't want to sell it at the wellhead and wanted to carry those costs there would still be a two and a half percent of whatever it was sold at.

MOTION: **Senator Bayer** moved to send **H 269** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

PAGE GRADUATION: **Chairman Siddoway** called Page Nolan Cole to the podium and presented him with an Idaho State watch, Capitol coffee cup, a letter of recommendation, and a letter of appreciation signed by all the Committee members. **Mr. Cole** spoke about his experiences and said he came to see if he could peak his interest in politics. What he learned was that all the Senators were such great individual people. He said how much he appreciates them. He reported that his plan is to serve a two year LDS mission and then enroll at Idaho State University where he received a presidential scholarship. He planned on either majoring in political science or bio chemistry, but the overwhelming advise he has received here is that he should pursue the field he loves and put politics off to be entered later.

ADJOURNED: There being no further business, **Chairman Siddoway** adjourned the meeting at 2:53 p.m.

Senator Siddoway
Chair

Amanda McLennan
Secretary