

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 31, 2015

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: None

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 286 **Jeff Sayer**, Director Department of Commerce, was supposed to present **H 286** but given the amount of people wanting to testify and time limitations he said that he would prefer testimony to proceed before his remarks.

TESTIMONY: Several people signed up to testify on **H 286** and speaking in favor were:

Bill Brown, Commissioner Adams County, said this legislation is meant to help the smaller counties like his. He said he believed the \$3 million threshold was too much money to attract small new business to his rural county.

Dan Blocksom, Idaho Association of Counties, addressed the tax shift issue. He suggested that this is not nearly as big of a tax shift as allowed in other areas.

Steve Hadley, Bannock County Commissioner, said the county commissioners are already publicly criticized and when mistakes are made they're made known.

Brian Blad, Pocatello Mayor, commented that Bannock County has used this tool to greatly help it's citizens. It has helped bring a company to Pocatello that will provide 1,000 jobs. He said he trusts the county commissioners to make the right decisions for the community and to treat all businesses fairly.

Craig Cooper, Council President of the City of Pocatello, said he liked the shorter five year increment period of time in this legislation.

Kevin England, Chubbuck, stated it is a long needed tool in order to compete with some of the surrounding areas. He believed that giving the county commissioners more discretion to make decisions on what should be done in their communities was beneficial.

Matt Hunter, President of Chubbuck Chamber of Commerce, commented that this legislation is exciting to help smaller businesses.

Noris Crouger, Entrepreneurship Northwest, reported that 58 percent of new jobs come from startups, 40 percent of new jobs come from growing firms, and 2 percent come from businesses moving in. Idaho needs more of its existing firms to grow and **H 286** will help. He said the downside would be minimal and this is a positive step in the right direction.

John Watts, partner with Veritas Advisors, said this is an important economic development tool for the local communities. It allows local elected authorities to have the authority over taxation destiny and to decide what is best for their city and their county.

TESTIMONY: Speaking in opposition of **H 286**:

Representative Tom Loertscher, District 32, said he voted for this bill in the House, but in retrospect he wished he could take it back. He gave examples of the effect this legislation would have on the overall tax situation in counties. He said whenever there is action such as this legislation where the sole discretion is given to the commissioners and there's no one to evaluate their action in any way, the taxes are shifted to other businesses and homes. He said he didn't believe it was good tax policy.

Wayne Hoffman, President of Idaho Freedom Foundation, commented that when a business opens up, their tax burden should be equal with other businesses' tax burdens and that there should not be special treatment given to certain businesses by the county commissioner.

Ryan Armbruster, Attorney with Elam & Burke, stated his concern about the reasons they were not provided the same notice that the other taxing unities were. He said he would encourage a uniform system so that anyone who is impacted by the application would be provided appropriate notice.

Jeff Sayer, Director, Department of Commerce, closed by saying the heart of this issue is incentives which work and are needed. This legislation is about keeping the State competitive and attracting businesses. This not only helps small businesses, but it allows local elected officials to make the right decisions for their communities.

MOTION: **Senator Guthrie** moved to hold **H 286** in Committee. **Senator Vick** seconded the motion.

ROLL CALL VOTE: **Chairman Siddoway** requested a roll call vote. **Senators Siddoway, Rice, Vick, Bayer** and **Guthrie** voted aye. **Senators Johnson, McKenzie, Stennett** and **Burgoyne** voted nay. The motion carried.

ADJOURNED: There being no further business, **Chairman Siddoway** adjourned the meeting at 3:16 p.m.

Senator Siddoway
Chair

Amanda McLennan
Secretary