

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Wednesday, February 24, 2016  
**TIME:** 3:00 P.M.  
**PLACE:** Room WW53  
**MEMBERS PRESENT:** Chairman Siddoway, Vice Chairman Guthrie, Senators McKenzie, Johnson, Rice, Vick, Bayer, 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 3:04 p.m. and asked the secretary to take a silent roll.

**S 1347** **Kelli Brassfield**, Idaho Association of Counties (IAC), presented **S 1347**. **Ms. Brassfield** explained that under current law, real property is auctioned by the county if the landowner is delinquent in tax payments for three years. The proceeds are then used to pay delinquent taxes, and the excess proceeds are placed in an interest-bearing trust if unclaimed by parties of interest; if those excess funds are not claimed within three years, the funds are transferred to the county indigent fund. **Ms. Brassfield** indicated that it is often difficult for county prosecutors and treasurers to determine the legitimacy and priority of claims to excess proceeds. **S 1347** amends § 31-808, Idaho Code, to remove the requirements to notify parties of tax deed sales and transfer responsibility for determining the legitimacy and priority of claims to excess proceeds to the Unclaimed Property division of the State Treasurer's Office. **Ms. Brassfield** then specified that the IAC is seeking to amend the current language in **S 1347** by striking lines 18-30 in § 31-808(c), Idaho Code.

**Senator Burgoyne** provided a scenario in which a property owner is clearly identified and asked if excess proceeds go to the State Treasurer for disbursement to that owner as unclaimed property. **Ms. Brassfield** replied that all funds go to the State Treasurer's Office, which will subsequently provide notice to the property owner on how to retrieve excess funds. **Senator Burgoyne** commented that the process of transferring excess funds to the State Treasurer, even when the property owner is clearly identified, seems incongruous and asked for clarity. **Ms. Brassfield** explained that the IAC did examine this issue and decided that due to timing, the issue may be addressed in the next Legislative Session in the form of clean-up language. **Senator Burgoyne** asked if the IAC foresees any difficulties if the legislation is held until the next Legislative Session, to which **Ms. Brassfield** asked Donna Peterson, Payette County Treasurer, to respond. **Ms. Peterson** outlined problems regarding third party vendors that are signing contracts with potential claimants of excess proceeds, explaining that counties are not aware of nor responsible for tracking these contracts. She also indicated that claims involving third party vendors periodically result in litigation.

**TESTIMONY:**

**Ms. Peterson** stated that the State Treasurer's Office expressed support for this legislation, pointing out that the State Treasurer is better equipped to handle contentious claims, especially claims involving third party vendors. She commented that **S 1347** provides a streamlined process for handling claims for excess proceeds that relieves the burden currently placed on counties.

**Senator McKenzie** asked for clarification regarding notice provided to parties of interest prior to sale. **Ms. Peterson** explained that counties are required to notify parties of interest within six months of the county taking possession of the tax deed; in addition, counties provide notification of delinquent tax payments to property owners for three years, as well as public notice two weeks prior to public auction. **Senator McKenzie** asked how "parties of interest" are defined and identified, and **Ms. Peterson** explained that Idaho Code defines "person of interest" as anyone with a security interest in the property.

**Senator Stennett** sought clarification on how the IAC would like the Committee to proceed regarding **S 1347**. **Ms. Peterson** explained that after the legislation was drafted, the IAC concluded that lines 18-30 in § 31-808(c), Idaho Code, needed to be stricken and therefore **S 1347** sent to the 14th Order for amendment.

**Vice Chairman Guthrie** asked why there is no fiscal impact resulting from the State Treasurer's Office taking on this responsibility. **Ms. Peterson** replied that she visited with the State Treasurer's Office, which indicated there would be no resulting financial impact. **Chairman Siddoway** asked if State Treasurer Crane expressed support for this legislation, to which **Ms. Peterson** affirmed.

**Senator Johnson** sought clarification on language referencing excess funds, and **Ms. Peterson** explained that "excess proceeds," "unclaimed funds" and "excess funds" all refer to unclaimed excess funds.

**Ms. Brassfield** returned to the podium and in response to a question from Vice Chairman Guthrie, explained that once a property is sold, the costs associated with transferring property to the county are subtracted from excess funds; the remaining balance is transferred to the State Treasurer's Office to be provided to parties of interest.

**Cozette Walters**, Unclaimed Property Division, Idaho State Treasurer, took the podium and in response to a question from Senator Burgoyne, explained that there will be no additional costs associated with these changes. She indicated that the State Treasurer's Office already handles these types of claims and has systems in place to process them.

**Senator McKenzie** commented that additional steps should be taken to contact parties of interest regarding excess funds in addition to posting notices online; if conflicting claims arise, then the transfer of those claims to the State Treasurer's Office should be initiated.

**MOTION:**

**Senator Vick** moved to hold **S 1347** in Committee subject to the call of the Chair. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

## H 463

**Pam Eaton**, President of the Idaho Retailers Association and Idaho Lodging and Restaurant Association, presented **H 463**, which prohibits political subdivisions from establishing minimum wages higher than the minimum wages provided by State law. **Ms. Eaton** indicated that this legislation is intended to avoid potential problems of patchwork regulations, which hurt local businesses. She pointed out that 29 states and the District of Columbia have state preemption legislation regarding minimum wage, and that Idaho is typically included in that determination (see attachment 1a). **Ms. Eaton** explained that the authority of political subdivisions to increase the minimum wage was challenged twice last year in Idaho, and in both cases that authority was not granted. **Ms. Eaton** also referenced a 2015 economy and wage survey conducted in Idaho regarding minimum wage policy (see attachment 2b).

In response to questions from Senator Stennett, **Ms. Eaton** stated that the issue in question is not whether to increase or decrease the minimum wage, but to ensure that policy decisions regarding minimum wage are made by the State Legislature. **Senator Stennett** disagreed, stating that this is a local issue and asked why input from voters in the form of local ballot initiatives is insufficient. **Ms. Eaton** responded that this is a feel-good issue and the consequences of raising minimum wage are not adequately presented to the public; businesses are often tasked with this effort at their own expense. **Senator Stennett** questioned whether there were any technical considerations pertaining to differing minimum wages, to which **Ms. Eaton** replied that when minimum wage determinations are based on varying factors, such as Consumer Price Indices, it becomes difficult to account for the resulting patchwork of wages that may crosscut city lines.

**Senator Rice**, citing § 44-1502, Idaho Code, asked if a city were to set its own minimum wage level, would it be in conflict with existing law, to which **Ms. Eaton** affirmed. **Senator Rice** stated that according to the Idaho Constitution, cities and counties are currently prohibited from making laws in conflict with State law, which includes minimum wage determinations.

**Senator Burgoyne** asked for the confidence level and error range of the wage survey provided (see attachment 2b), and **Ms. Eaton** stated she would provide that information to the Committee.

**Senator Johnson** sought clarification regarding the statutory definition of "political subdivision" and how it relates to the ability of county hospital boards to determine their own minimum wages. **Ms. Eaton** explained that local government offices may establish wages for their own employees and that the preemption language in this bill is taken from other sections of Idaho Code.

## TESTIMONY:

**Patrick O'Very**, testifying as a private citizen, spoke in opposition to **H 463**. He expressed concerns regarding the constitutionality of the legislation and stated that if passed, it will set a bad precedent.

**Marty Durand**, Legislative Counsel for Idaho Building Trades, spoke in opposition to **H 463**. She discussed Idaho's minimum wage in relation to other states and stated that this bill reinforces Idaho's status as a low-wage state.

**Donna Yule**, representing the Idaho Public Employees Association (IPEA), spoke in opposition to **H 463**. She stated that IPEA supports increasing the minimum wage and does not believe that such an increase will result in job loss or undue burden on small businesses. IPEA also believes decisions about minimum wage are most appropriately made by local governments.

**Aaron White**, President of the Idaho AFL-CIO, spoke in opposition to **H 463**. He

stated that economic decisions, including minimum wage determinations, should be made by citizens at the local level.

**Suzanne Budge**, representing the National Federation of Independent Business (NFIB) and the Idaho Petroleum Marketers and Convenience Store Association, spoke in support of **H 463**. She remarked that statewide uniformity in relation to tax policy, specifically wages and taxation, is supported by her clients.

**Adrienne Evans**, Executive Director of United Action for Idaho, spoke in opposition to **H 463**. She discussed the impact of current wages on Idaho citizens and expressed support for increasing the minimum wage. **Ms. Evans** commented that a higher minimum wage will increase consumer purchasing power and benefit the economy and local businesses.

**John Watts**, representing the Northwest Grocery Association, spoke in support of **H 463**. He commented that differing wages create disparities among workers performing the same duties and problems for workers such as fleet truck drivers who move throughout districts.

**MOTION:** **Senator Rice** moved to approve **H 463** with a **do pass** recommendation. **Senator Bayer** seconded the motion.

**Senator Burgoyne** stated that he does not support the motion. He commented that legislation is not created to address existing problems and further recognized that to date, no local government has passed a minimum wage in excess of State minimum wage. If such a situation does arise, the appropriate entity to consider preemption is the court. **Senator Burgoyne** also remarked that there is currently no unifying view of how minimum wage increases affect the economy.

**Senator Bayer** commented that when the Legislature is presented with tax proposals, it must examine what is fair and equitable across a broad platform while taking into consideration local flexibility. He noted that when taxing districts change their policies, such as through the annexation process, it will have an impact on businesses; the more significant the difference between taxing districts are, the more variables businesses and taxpayers must work through.

**Senator Johnson** expressed support for the motion, emphasizing the purpose of the legislation is to provide clarity regarding where the authority resides to establish minimum wages. He acknowledged comments made regarding efforts to improve wages for Idaho citizens and pointed out that he will continue to focus on creating jobs and a skilled workforce within the current framework.

**Senator Rice** expressed support for the motion, commenting that any analysis of legislative proposals should begin with an examination of the Idaho Constitution. He stated that city minimum wage ordinances conflict with existing State law, which dictates State preemption; however, because existing language is not sufficiently clear, **H 463** is necessary to provide clarity for local governments.

The motion carried by **voice vote**, with **Senators Stennett** and **Burgoyne** requesting that they be recorded as voting nay.

**ADJOURNED:** There being no further business, **Chairman Siddoway** adjourned the meeting at 4:30 p.m.

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Senator Siddoway  
Chair

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Jennifer Carr  
Secretary