

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Wednesday, February 07, 2018

**TIME:** 3:00 P.M.

**PLACE:** Room WW53

**MEMBERS PRESENT:** Chairman Johnson, Vice Chairman Bayer, Senators Hill, Siddoway, Rice, Vick, Patrick, Burgoyne, and Nye

**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 Johnson** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:03 p.m.

**PRESENTATION: Timber Land Valuation. Steve Fiscus**, Property Tax Division Administrator, Idaho State Tax Commission (Commission), presented information on the taxation of timber land in Idaho. **Mr. Fiscus** provided a brief legislative history of forest land taxation. He explained that Chapter 17 was added to Title 63, Idaho Code, in 1982 to provide statutory guidance for the taxation of forest lands. Idaho Code § 63-1705 created a timber land valuation formula; **Mr. Fiscus** explained how this formula is derived. He provided information on forest valuation zones, productivity classifications within these zones, and how site productivity is measured. **Mr. Fiscus** also discussed trends in forest land values over the last three decades. The passage of legislation in 2012 maintained the floor and ceiling of forest land values at the 2011 valuation level to avoid continued fluctuations. **Mr. Fiscus** indicated that the Committee on Forest Land Taxation Methodologies (CFTM) will need to revise current methodologies prior to 2022.

**Senator Patrick** commented that imported lumber may result in decreased sales and timber values in Idaho. **Mr. Fiscus** agreed and explained that timber exportation also affects values; both of these factors affect stumpage values, which is a component of the timber productivity valuation.

**Chairman Johnson** asked Mr. Fiscus to explain the relationship between the Commission and county assessors, as it relates to the valuation process. **Mr. Fiscus** stated that the Commission calculates values for the subsequent year and disseminates the information to county assessors. He also highlighted the unique role of the Commission to provide training, education and support to county governments and industry, and to administer and enforce tax policy.

**Senator Siddoway** asked if an agreement was made with the timber industry to provide subsequent tax relief if they paid a higher tax rate when land values fell below zero. **Mr. Fiscus** stated this is an example of industry paying tax on a value that was assessed below zero for many years. During the recent economic recovery, when values increased, they paid less tax per acre than they would otherwise.

**PASSED THE GAVEL:** Chairman Johnson passed the gavel to Vice Chairman Bayer.

**S 1253**                    **Relating to the Incentive Income Tax Investment Credit.** **Chairman Johnson** presented **S 1253**, which proposes to repeal of Idaho Code § 63-3029J. He explained that this code section was created in response to the terrorist attacks of September 11, 2001, and limited the provision to the next 14 taxable years. This statute expired in 2015 and is now obsolete.

**MOTION:**                **Senator Nye** moved to send **S 1253** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

**MINUTES**  
**APPROVAL:**            **Senator Vick** moved to approve the Minutes of January 25, 2018. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

**Senator Nye** moved to approve the Minutes of January 30, 2018. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:**        There being no further business at this time, **Vice Chairman Bayer** adjourned the meeting at 3:40 p.m.

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Senator Johnson  
Chairman

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Jennifer Carr  
Secretary