

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 21, 2019

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, 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 Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:01 p.m.

PAGE GRADUATION: **Chairman Rice** honored Page Lauren Pattee from Eagle, Idaho. He requested she come to the microphone, introduce herself, tell the Committee what she had learned, and her plans for the future. **Ms. Pattee** started by thanking the Committee for the opportunity. She stated she had learned much about the process of government, more than she had anticipated. She plans on attending Brigham Young University this summer, and in the fall will head to Utah Valley University to study nursing.

Vice Chairman Grow acknowledged that Ms. Pattee was from District 14 and attended Eagle High School, which is his district. He hoped she would encourage other juniors to consider this work for next year. **Senator Lakey** echoed Senator Grow's sentiments and also stated she was on the right track for college.

Chairman Rice expressed the gratitude of the Committee for her service by giving her a letter of appreciation signed by the members. He then gave her several gifts from the Committee as well as a letter of recommendation.

H 193AA **Relating to the State Tax Commission to Revise Provisions Regarding Legal Descriptions and Boundaries**, presented by Representative Jarom Wagoner, District 10. **Representative Wagoner** related he believed **H 193aa** to be a simple issue. When a taxing district changes their outer boundary, they submit that to the State Tax Commission (Commission). Current code requires the Commission to look for three things: if the legal description is correct, if the map is correct, and if it complies with Idaho Code. **H 193aa** removes the last stipulation regarding Idaho code compliance. That decision is more of an elected body's responsibility, whether that be a city council, county commissioners, or any other elected body. **Representative Wagoner** stated that **H 193aa** added language that if the Commission found a legal description or map boundary to be incorrect, upon notification, the taxing district had 28 days to provide the correct information. If the correct information was not provided in that time frame, the Commission had the authority to not recognize the changes.

DISCUSSION: **Senator Burgoyne** questioned Representative Wagoner regarding the policy of a governing body of a district determining Idaho Code compliance rather than the Commission. Could this not lead to potential overtaxing by exceeding legal boundaries. **Representative Wagoner** replied there were checks and balances set in annexation code, and always the opportunity to appeal decisions.

MOTION: **Senator Burgoyne** moved to send **H 193aa** to the 14th Order of Business for possible amendment.

SUBSTITUTE MOTION: **Senator Lakey** moved to send **H 193aa** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**, with **Senator Anthon** and **Senator Burgoyne** requesting they be recorded as voting nay.

H 217 **Relating to the Local Economic Development Act; To Establish More Taxpayer Input into Municipal Structures that Come Off the Tax Roll**, presented by Representative Robert Anderst, District 12. **Mr. Anderst** stated that after much consultation between sponsors, the Chairman, and other Committee members, they are requesting that the Committee send it to the 14th Order for amendments.

Representative Anderst relayed to the Committee that **H 217** is a continuation of **H 606** (2016), the idea that public projects should have public support. The primary way to determine public support is through the ballot box. **H 217** adds the word "remodel" alongside "construction" within the definition of municipal building. It also adds the term "multi-purpose sports stadium complex" to that same area of code. The original **H 606** (2016) established a threshold of 51 percent of the project cost. **H 217** also lowers the voter approval threshold from 60 to 55 percent. There is specific information listed as to what would be excluded from a vote. Building roads, providing sewer or water, or expanding any services a city typically provides is excluded. What designates a multi-purpose sports stadium complex is defined.

Representative Anderst continued that **H 217** amends the definition of municipal building to include owned, leased, and operated, except for infrastructure. The original language had "owned" alone. There had been situations where one municipality or subdivision of government has an urban renewal district build a structure. They would then lease it back, making payments based on the arrangement, all without a public vote. Under **H 217** that would trigger the vote threshold as any other municipal building.

TESTIMONY: The following people testified against **H 217**: **Bill Connors**, Boise Metro Chamber of Commerce; **Bill Taylor**, Idaho Youth Soccer Association; **John Evans**, Association of Idaho Cities, Mayor of Garden City; **Ryan Armbroster**, Redevelopment Association of Idaho, Inc., Elam & Burke; **Chelsea Wilson**, Parker Public Affairs, City of Caldwell; **John Watts**, Idaho Chamber Alliance; **Eric Heringer**, Managing Director, Piper Jaffray; **Geoff Wardle**, Spink Butler, LLP; and **Jeremy Chou**, Givens Pursley, LLP.

The following people testified in favor of **H 217**: **Gary Michael** and **Brian Durst**, private citizens.

MOTION: **Vice Chairman Grow** moved to send **H 217** to the 14th Order of Business for possible amendment. **Senator Vick** seconded the motion.

SUBSTITUTE MOTION: **Senator Burgoyne** moved to hold **H 217** in Committee. **Senator Nye** seconded the motion.

DISCUSSION: **Senator Burgoyne** pointed out there was little support for **H 217**. When he first came to the legislature, there was a lot of pent up frustration over urban renewal. Generally, consensus legislation is always best, and there were people who came forward with ideas to support. **Senator Burgoyne** felt that process was not followed in this situation. Cities that use urban renewal have shown themselves to be responsible.

Chairman Rice wished to point out that there were people who signed up in favor of **H 217**, but did not wish to testify. **Representative Anderst** requested the Committee not infer a lack of support for **H 217**, there were over 100 individuals at the House committee hearing.

Senator Anthon and **Senator Lakey** stated they had a conflict of interest pursuant to Senate Rule 39(H) but intended to vote.

Senator Lakey remarked that private/public partnerships should not be inhibited. He believes it preferable to return to 51 percent or greater of project cost rather than the first dollar expenditure.

VOICE VOTE: The motion to hold **H 217** in Committee failed by **voice vote**.

ORIGINAL MOTION: The motion to send **H 217** to the 14th Order of Business for possible amendment carried by **voice vote**, with **Senator Burgoyne** requesting he be recorded as voting nay.

H 259 **Relating to Sales and Use Tax; Directs Internet Retailers and Marketplace Facilitators to Collect and Remit Sales and Use Tax**, presented by Representative Mike Moyle, District 14. **Representative Moyle** stated that **H 259** directs internet retailers and marketplace facilitators to collect and remit sales and use tax to the State Tax Commission (Commission) in response to the United States Supreme Court decision known as "Wayfair." **H 259** sets a threshold of annual sales for internet retailers and marketplace facilitators at \$100,000. There is no requirement to remit sales tax retroactively. **H 259** meets the test determined by the Wayfair ruling of submitting sales and use tax to one agency, thereby reducing administrative costs.

Representative Moyle discussed the tax relief fund: a fund the legislature set up several years ago while addressing online sales. The concern at that time was the uncertainty of how much money would be collected, and what to do with it. Nothing happened with that fund; it has remained empty. **H 259** allows the collection of those revenues, setting them aside using the tax relief fund. **Representative Moyle** reported that there had been concern expressed regarding the funds being set aside, diverting them from the distribution formula on sales tax. At this point they have no idea how much there will be, and if necessary, that decision can be made in the future.

TESTIMONY: **Jess Harrison**, Executive Director, Idaho Association of Cities, testified against **H 259**. They appreciate efforts to enact the decision, but cannot support taking it from the regular course of revenue allocation. They do not believe sales and use tax collected online is different from tax collected in physical stores, and requested the diversion to the tax relief fund be removed.

Seth Griggs, Executive Director, Association of Counties, testified against **H 259**. Currently, remitted tax from online transactions is going through the sales tax revenue distribution formula. A portion of that goes to local jurisdictions. Their only problem with **H 259** is the diversion to the tax relief fund.

Karen Echeverria, Idaho School Board Association, testified against **H 259** in its current form. They support the bill but request the Committee send it to the amending order.

Pam Eaton, President, Idaho Retailers Association, testified in support of **H 259**. **Ms. Eaton** stated to the Committee that this issue has been discussed for 18 years. It is important to align the laws. Their concern is that **H 259** pass, and they have no problem that monies are directed to the tax relief fund.

Brody Aston, Enterprise Car Rental, and **Liz Hatter**, Idaho Chamber Alliance, both testified in support of **H 259**.

MOTION: **Senator Hill** moved to send **H 259** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.

SUBSTITUTE MOTION: **Senator Burgoyne** moved to send **H 259** to the 14th Order of Business for possible amendment. **Senator Nye** seconded the motion.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Chairman Rice called for a roll call vote. **Senators Anthon, Lakey, Cheatham, Burgoyne, and Nye** voted aye. **Senators Vick and Hill, Vice Chairman Grow, and Chairman Rice** voted nay. The motion carried.

ADJOURNED:

There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:20 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary