

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Thursday, February 06, 2020

**TIME:** 3:00 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 3:03 p.m.

**Chairman Rice** announced that the Minutes approval would be placed later on the agenda.

**RS 27642** **Senator Souza** presented **RS 27642**, relating to changes to Idaho's urban renewal law. She explained that this was a common sense and accountability issue for urban renewal. It simply states that any urban renewal agency whose membership is comprised of people who are not elected pursuant to Idaho Code, may only suggest the use of eminent domain to acquire private property. Any final decision on the use of eminent domain shall be made by the elected body that created such an urban renewal agency. The purpose is to create more direct accountability to the voters. **Senator Souza** explained that **RS 27642** also stated that any elected official who is appointed to an urban renewal board shall vacate their appointment upon leaving office. This did not preclude them being otherwise reappointed or elected to an urban renewal board in accordance with the provisions of this section.

**MOTION:** **Senator Vick** moved to send **RS 27642** to print. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

**H 354** **Representative Harris** presented **H 354**, relating to taxing districts budget requests. He explained that certain taxing districts set their annual budget and are allowed to increase that budget by 3 percent. They may also choose not to gather that full amount through their levy rates. This unused amount can then be used in a later year. Currently this unused amount is put into a foregone balance unnoticed. **H 354** requires the taxing district to explicitly reserve that amount, adding transparency to the process through a public resolution. **Representative Harris** informed the Committee that the House had unanimously passed **H 354**, and both the Idaho Association of Counties and the Association of Idaho Cities were in support of it.

**DISCUSSION:** **Senator Burgoyne** questioned if the bill was retroactive. **Representative Harris** assured the Committee that it had no effect on anything historical or already reserved, and would be effective only from the current year.

**MOTION:** **Senator Lakey** moved to send **H 354** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

**H 380**

**Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), presented **H 380**, the annual bill to conform to the Internal Revenue Code. **Mr. Shaner** explained that the state is currently aligned with the Internal Revenue Code as of January 1, 2019. This bill will move that date to January 1, 2020, enabling the preparation of 2019 income tax returns. He further explained that Idaho income tax code is based on starting with federal taxable income, allowing Idaho to use federal definitions of income and deductions and avoid duplicating the necessary statutes. The fiscal note is estimated at \$6.5 million based on an estimation prepared by the Joint Committee on Taxation, a bipartisan committee serving Congress. They then use a formula that reduces it to the size of the Idaho economy with adjustments made based on the items listed.

**DISCUSSION:**

**Senator Hill** expressed his desire that those preparing the economic forecast be in attendance, and questioned how the economists knew how much not to include.

**Mr. Shaner** responded that at the time the state economist was working on the budget, the laws in effect on those dates were used. **Senator Hill** clarified that his understanding is when the budget was set, there were additional amounts added to the expected revenue based on the current law, so the projection was shown at a higher amount. Then when the law changed, or was extended, it would be subtracted back out. **Mr. Shaner** confirmed that was correct.

**Senator Hill** requested that for the future, when the Economic Outlook and Revenue Assessment Committee (EORAC) meets, that these figures be available. Serving on that committee for years, he stated they would calculate an estimate but would not know to add the \$6.5 million to their projection. Since their job is to determine if the Governor's projection is valid, the same estimates available to the Department of Financial Management should be available to the EORAC. The cochairs of that committee should request the information for purposes of estimation.

**Senator Rice** stated that the same discussion occurs every year. He questioned if it might be possible to check each item to see which ones are merely the same things from the prior year, and which ones are different. This would be helpful to the Committee, as well as the Governor's office and the EORAC.

**MOTION:**

**Senator Hill** moved to send **H 380** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.

**DISCUSSION:**

**Senator Burgoyne** explained that he had always felt the conformity bill was an important issue, but the 2018 tax bill at the federal level has things in it he objects to. He relayed that some states have not passed conformity bills, including Utah. The language in Idaho Code § 63-3004.2 and .3, beginning on lines 11 and 15 has not been upheld and he believes it is not appropriate. The state should not have code that has provisions that are of no effect. **Senator Burgoyne** stated that for those reasons he was going to vote against **H 380**.

**Senator Hill** expressed his concern that without **H 380** people with medical expenses would be negatively affected, as well as the additional cost for bookkeeping. He pointed out that the Commission would also be negatively affected.

**VOICE VOTE:**

The motion to send **H 380** to the floor with a **do pass** recommendation passed by **voice vote**, with **Senator Burgoyne** requesting he be recorded as voting nay.

**MINUTES APPROVAL:**

**Senator Lakey** moved to approve the Minutes of January 28, 2020. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:**

There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:29 p.m.

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Senator Rice  
Chair

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Machele Hamilton  
Secretary