

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 14, 2020

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Kiska, Ellis, Mason, Necochea

**ABSENT/
EXCUSED:** None

GUESTS: Brad Christensen; and Sean Coletti, City of Ammon.

Chairman Collins called the meeting to order at 9:01 a.m.

H 408: **Rep. Jason Monks** provided background to and discussed the current Idaho sales tax distribution formula. He said **H 408** does not propose changes to county and special taxing district formula distributions but addresses only Idaho city distribution. The intent is to bring parity to the inequities in distribution. He made comparisons to cities having the same population but receiving different distribution amounts per person. The distribution proposal in **H 408** keeps all cities whole, starting from the base. The formula is based on sales tax revenue, so if the state receives less, then local jurisdictions get less, as they do currently. If the exact revenue comes in this year as last year, all cities stay the same. When the revenue is more than the previous year, the first 1% goes to all the cities. If revenues are greater than 1%, the revenues in excess of 1% will be distributed to cities below the average. It is a good compromise because it brings lower than average city distributions up without bringing the top cities down. It is reliable, stable and holds harmless. Currently sales tax is increasing about 5% a year.

In response to committee questions, **Rep. Monk** replied the revenue going to all cities below the average will be equally distributed. The formula will need to be adjusted over time and county distributions are not being changed. **Rep. Monks** indicated that over time all cities would eventually receive the same revenue stream, and how fast that occurs depends on the market. With an outlier like Sun Valley, which gets ten times the amount of other cities, it would take a long time for other cities to catch up. He replied to questions regarding what other states do by remarking the problems are unique to Idaho. He answered committee questions regarding the impact of **H 408** on specific cities.

Rep. Monks introduced **Keith Bybee**, Budget and Policy Analysis Division, Legislative Services Office, who replied to committee questions saying calculations for city populations are in Idaho Code and are based on the US Department of Commerce census also called the American Community Survey. Forecasts into the future were not made because they do not have forecasts for sales ten years into the future.

Speaking in support of **H 408** were **Brad Christenson**, Boise, and **Sean Coletti**, Mayor of Ammon, who said the proposed legislation presents a slow-working formula that does not affect counties, addresses a decades old problem affecting cities, and takes a wholistic approach to tax law that does not look at individual cities. They opined it is the best solution for this time and good tax policy.

Rep. Monks closed by pointing out it is a fair approach to the problem that holds cities as harmless as possible.

MOTION: Rep. **Anderst** made a motion to send **H 408** to the floor with a **DO PASS** recommendation.

Committee members discussed the impact of **H 408** on specific cities in Idaho.

ROLL CALL VOTE: Rep. **Stevenson** requested a roll call vote on **H 408**. **Motion carried by a vote of 12 AYE and 4 NAY. Voting in favor** of the motion: **Chairman Collins, Vice Chairman Stevenson, Reps. Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Nichols, Ricks and Kiska. Voting in opposition** to the motion: **Reps. Giddings, Ellis, Mason and Necochea**. Rep. **Monks** will sponsor the bill on the floor.

RS 27490: Rep. **Gestrin** presented **RS 27490** saying Idaho has two statutes under which local improvement districts act. Most operate under Title 50, Idaho Code, which defines how they operate and collect their assessments. When a piece of real property is delinquent on its taxes and their local improvement district assessments, the assessments can be left as an encumbrance on the property, and they will not be extinguished at sale. If the local improvement district certifies the assessment with the county treasurer, it goes into the tax deed, and when the tax deed is sold at auction, everything tied to the property is extinguished. So there is a conflict between Title 50 and Title 63 of Idaho Code. **RS 27490** clears up the ambiguity.

RS 27490: Rep. **Addis** made a motion to introduce **RS 27490**. **Motion carried by voice vote.** **Chairman Collins** thanked the page, **Mercedes Mason**, for her work for the committee.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:11 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary