

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 12, 2020

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Shank (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 2:02 p.m.

H 560 **Representative Megan Blanksma** presented **H 560**, relating to taxation; to provide for the valuation of agricultural land. **Representative Blanksma** explained to the Committee that agricultural valuations are done based upon the production value of the land. The problems occurred when the tax commission wanted to use the United States Department of Agriculture (USDA) numbers, which are generalized across the state. Some agricultural values went up over 300 percent. **H 560** puts in code that when you are assessing agricultural land, you must use local values and rates.

TESTIMONY: **Brad Griff**, Idaho Sugar Beet Growers Association, and **Russ Hendricks**, Idaho Farm Bureau, both testified in support of **H 560**.

MOTION: **Senator Nye** moved to send **H 560** to the floor with a **do pass** recommendation. **Senator Grow** seconded the motion. The motion carried by **voice vote**.

H 550 **Representative Paul Amador**, District 4, presented **H 550**, relating to income taxes; to provide for an income tax credit for employer contributions to an Idaho college savings program account. **Representative Amador** explained to the Committee that the 529 savings account program in Idaho was started approximately 20 years ago. Traditionally, 529 savings accounts have been individually based. Several states have allowed businesses and employers to contribute on behalf of their employees or their employees' children. Colorado has a successful program after which **H 550** has been modeled.

PRESENTATION: **Christine Stoll**, Executive Director, IDeal, gave a presentation on the IDeal Idaho College Savings Program, and **H 550**, the Employer Tax Credit for College Savings Program Contributions (see Attachment 1).

TESTIMONY: **John Eaton**, Idaho Association of Commerce and Industry, testified in support of **H 550**. He explained to the Committee that they see **H 550** as a tool for recruitment, retention, and workforce development. He sees it especially important to rural areas who are trying to recruit the next generation. The funds can be used for registered apprenticeships, as well as city programs.

Dodds Hayden, CEO, Hayden Beverage Company, Executive Committee of Idaho Business for Education, and Vice Chairman of the Board of Corrections, testified in support of **H 550**. **Mr. Hayden** detailed to the Committee the importance of keeping employees with the tight labor market. Cost is the number one obstacle to students continuing with higher education. He has spent time in prisons and he believes education is critical. Investments in programs like **H 550** are the best way to fight the prison population problem.

MOTION: **Senator Hill** moved to send **H 550** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**, with **Senator Shank** requesting that he be recorded as voting nay.

H 552 **Senator Cheatham** presented **H 552**, relating to veterans, to provide for the application of a special property tax reduction for certain disabled veterans. **Senator Cheatham** explained to the Committee that **H 552** is an amendment to existing legislation and has an emergency clause. It adds language that would increase the number of disabled veterans who are eligible to receive a property tax credit. Some disabled veterans are being paid at the 100 percent rate because they are unemployable due to their disability, but their actual service connected disability is less than 100 percent. This legislation would open up the tax credit to include all disabled veterans who are being paid at the 100 percent disability rate. The emergency clause includes eligibility for the 2020 tax year.

MOTION: **Senator Nye** moved to send **H 552** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

H 589 **Max Pond**, Idaho Realtors, presented **H 589**, relating to first time home buyers; to provide for a first time home buyer savings account. **Mr. Pond** voiced to the Committee how putting in the hard work of owning your own home gives you the opportunity to be more successful in life. The allowable tax deduction for an individual is \$15,000 per year, \$30,000 per couple. **Mr. Pond** related how Idaho struggles to retain young citizens and this is a viable option. Saving for a down payment is important to young people. Idaho has tax free health care accounts and education accounts. This deserves the same consideration.

DISCUSSION: **Senator Vick** questioned if the buyer would be relied upon to verify that they are first time home buyers. **Mr. Pond** responded that they must sign and attest to being first time home buyers under penalty of perjury. They would be subject to audit from the tax commission as well.

TESTIMONY: **Tracy Kasper**, Real Estate Broker, testified in support of **H 589**.

MOTION: **Vice Chairman Grow** moved to send **H 589** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 496 **Representave Linda Wright Hartgen**, District 24, presented **H 496**, relating to sales tax; to provide a sales and use tax exemption on certain custom meat. **Ms. Hartgen** explained to the Committee that the purpose of **H 496** was to exempt from sales tax custom meat processing and/or packing services on domestic or wild game, when the customer furnishes the animal.

MOTION: **Senator Vick** moved to send **H 496** to the 14th Order of Business for possible amendment. **Senator Lakey** seconded the motion.

DISCUSSION: **Senator Vick** explained to the Committee that he had no intent to pull the original exemption. His intent was that all groceries be added in order that they all be exempt. **Senator Hill** expressed concern of the late hour, as well as uncertainties with the Coronavirus and how it will affect the economy.

SUBSTITUTE MOTION: **Senator Hill** moved to send **H 496** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion.

ROLL CALL VOTE: **Chairman Rice** called for a roll call vote on the substitute motion. **Senators Hill, Anthon, Cheatham,** and **Shank** voted aye. **Chairman Rice, Vice Chairman Grow, Senators Vick,** and **Lakey** voted nay. The motion failed.

DISCUSSION: **Vice Chairman Grow** wished to discuss the original motion, the purpose of which was to remove the grocery tax. He desired that the Legislature do something on this issue. He recognized the concern with the uncertainty of the financial markets, but everyone wants to see something addressing sales tax on groceries. **Senator Lakey** reiterated it was not his intent to lose the original language in the bill. He sees this as an opportunity and he is in favor of the motion.

VOICE VOTE: The motion to send **H 496** to the 14th Order of Business for possible amendment carried by **voice vote**. **Senators Hill** and **Anthon** requested that they be recorded as voting nay.

PAGE GRADUATION: **Chairman Rice** honored Page Ella Sharp from Declo, Idaho. He requested she come to the microphone, introduce herself and tell the Committee what she had learned. **Ms. Sharp** thanked the Committee and said how grateful she was for the opportunity to serve. She felt the most valuable part was gaining respect for the Legislators, as well as everyone working in the Capitol. **Senator Anthon** stated that he had sponsored Ms. Sharp, the second page this session from District 27.

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 gifts from the Committee, as well as a letter of recommendation.

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