AGENDA  
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE  
3:00 P.M.  
Room WW53  
Tuesday, January 14, 2020

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<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
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<tr>
<td>Page Introduction</td>
<td>Welcome to our new Committee Page, Sadie Tribe, of Burley, Idaho.</td>
<td>Chairman Rice</td>
</tr>
<tr>
<td>Administrative Rules Review</td>
<td>General overview of the rules process for this legislative session.</td>
<td>Dennis Stevenson, Administrative Rules Coordinator</td>
</tr>
<tr>
<td>Presentation</td>
<td>A presentation on property tax exemptions in Idaho</td>
<td>Kathlynn Ireland, Property Tax Policy Specialist, Idaho Tax Commission</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice  
Vice Chairman Grow  
Sen Hill  
Sen Vick  
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton  
Room: WW50  
Phone: 332-1315  
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 14, 2020
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Cheatham, Burgoyne, and Nye
ABSENT/EXCUSED: Senator Lakey

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 3:01 p.m.

PAGE INTRODUCTION: Chairman Rice introduced the new Committee page, Sadie Tribe. Ms. Tribe told the Committee she was a senior at Minico High School in Minidoka County, and lives in Burley, Idaho. Her father is a district court judge and that is what prompted her to apply for the page position.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow to discuss the rules process.

RULES REVIEW: Vice Chairman Grow stated he had divided the dockets between Committee members and requested they go over them in advance of next Tuesday's meeting.

PRESENTATION: Dennis Stevenson, Administrative Rules Coordinator for the Division of Financial Management (DFM), gave the Committee a general overview of the rules process for this legislative session. He explained how the rules would look different this session due to their temporary status. He informed the Committee how to locate and identify substantive changes.

DISCUSSION: Senator Burgoyne asked Mr. Stevenson if the actual wording style of the rules was left to the Legislative Services Office (LSO), the DFM, or the agency. Mr. Stevenson responded that he defers to the agency that writes the rule as they are generally more experienced at it. He believes the focus was on removing restrictive words such as "prohibited" or "must."

PASSED THE GAVEL: Vice Chairman Grow passed the gavel to Chairman Rice.

PRESENTATION: Chairman Rice introduced Kathlynn Ireland, Property Tax Policy Specialist, Idaho State Tax Commission. Ms. Ireland gave a presentation on property tax exemptions in Idaho (see attachment 1).

DISCUSSION: Ms. Ireland discussed the homeowner's exemption and informed the Committee that each county has their own individual application form. Many counties do not have forms available on websites and many do not allow you to fill the form out at closing. Some forms must be mailed, and some require you pick them up in person. Senator Burgoyne pointed out a lack of standardization is not effective. The system might have been more user friendly at some point, but makes little sense in today's world. Chairman Rice stated he had spoken with several assessors and they all feel it should be made easier for the Idaho citizens.
ADJOURNED: With no further business before the Committee, Chairman Rice adjourned the meeting at 3:34 p.m.

___________________________  _______________________
Senator Rice                  Machele Hamilton
Chair                          Secretary
Property Tax Exemptions in Idaho

Kathlynn Ireland
Property Tax Policy Specialist
Idaho State Tax Commission
63-602G Property Exempt From Taxation - Homestead

• First $100,000 or 50% of market value for assessment purposes, whichever is the lesser

• 02.c. The owner has certified to the county assessor by April 15th the homestead is his primary dwelling

• No annual application required

• Has not made application in any other county and has not made application on any other homestead in the county

• *Besides simple ownership, other types of ownership includes:*
  - beneficiary of revocable or irrevocable trust,
  - partner of a limited partnership with at least 5% ownership,
  - member of a limited liability company with at least 5% ownership, or
  - shareholder of a corporation – holds title in fee simple or holds certificate of motor vehicle title
Qualified Applicants

- Granted a life estate
- Purchasing under a land sale contract
- Taxpayers shall not lose the exemption for absence due to active military service but must apply every year.
- Partial ownership in fee simple or holding a certificate of motor vehicle title
Non-qualified Owner

- Holding partial title in fee simple or motor vehicle title, but who does not occupy the dwelling as his primary dwelling place
- Cosigner of a note secured by the dwelling, but does not occupy as his primary dwelling
- Recovery of improperly claimed property tax exemption shall be for a maximum of seven years
- Taxpayer may appeal to the county board of equalization
County Applications

▪ Most counties have unique application form
▪ 16 counties make applications available on county website
▪ 12 counties allow taxpayers to complete application at closing with a title company
▪ 31 counties mail application to new owner triggered by deed change
▪ 36 counties ask the purchase price of the home
Owner(s) of Record: [ ]

Mailing Address: [ ]
State: [ ] Zip Code: [ ]

Property Address:
City: [ ]

Transaction Verification
1. Type of property purchased: [ ] Bare Land [ ] Residence [ ] Manufactured Home
2. If your purchase was a Manufactured Home, was land included in the purchase? [ ] Yes [ ] No
3. TOTAL PURCHASE PRICE of this property:

4. Date property purchased:
5. Date property occupied:

6. Type of sale or activity: [ ] a typical home purchase [ ] to refinance property
[ ] a transfer between relatives [ ] forced sale (e.g., short sale, REO, in lieu of foreclosure, etc.)
[ ] Short Sale
[ ] a transfer of convenience (i.e., Quit Claim deed, create life estate, name change, etc.)

7. Are you the first occupant of this dwelling? [ ] Yes [ ] No

8. Comments:

Homeowner's Exemption Eligibility Declaration

To qualify for a HOMEOWNER'S EXEMPTION, Idaho Code 63-602G, this property must serve as your primary dwelling. To receive the Homeowner's Exemption for the current year, you must apply & have occupied the dwelling before April 15.

Applications received after this deadline will be considered for the next tax year.

1. Is there a co-signer on your loan? [ ] Yes [ ] No
   (A co-signer is someone that helped you qualify for the mortgage you otherwise did not qualify for on your own)
   If yes, an Affidavit of Possessor & Security Interests is required to obtain a full exemption.

2. Is this property held in title by a Trust? (other than a deed of trust) [ ] Yes [ ] No
   If yes, an Affidavit Regarding Resident of Trust is required to obtain exemption.

3. Previous Address:
4. Previous County:

5. Is an exemption claimed at this address? [ ] Yes [ ] No

By signing this application I certify to the Ada County Assessor that I meet all of the following requirements to qualify for the Homeowner's Exemption: 1) I am a resident of Idaho. 2) I own or am purchasing under contract and I occupy as my primary dwelling place the property herein described. 3) I have not made application for Homeowner's Exemption on any other previously mentioned property in the State of Idaho, and 4) The information provided herein is true and correct.

ALL OWNERS CLAIMING THE EXEMPTION MUST CONFIRM!

[ ] By checking this box you are confirming you are an owner/occupant of this property.

Owner/Occupant

For verification purposes, you must enter the Idaho Driver's License number for each applicant.

You will receive an email receipt upon validation. Until you receive a receipt, you have not qualified for the Homeowner's Exemption.

Pursuant to Idaho Code 63-602G(5) upon discovery of evidence indicating the existence of an improperly claimed Homeowner's Exemption, the Assessor must assess a recovery of property taxes, plus costs, late charges and interest.
HOMEOWNER'S EXEMPTION

To qualify for a HOMEOWNER'S EXEMPTION (Idaho Code 63-602G), this property must serve as your primary dwelling. To receive the homeowner's exemption for the current year, you must have owned and occupied the dwelling before April 15 and sign and return this form by April 15.

Owner's Name

Mailing Address

Date Occupied

Previous Address

Did you have a Homeowner's Exemption on the previous property?  __Yes  __No

Do you have a Homeowner's Exemption on any other property in Idaho?  __Yes  __No

I am the owner-occupant and used this property as my primary dwelling place as of April 15. I have not made application on any other property in this county or in any other county in the State of Idaho for the current year.

Owner's Signature  ________________  Date  ________________  Phone  ________________
Other Property Tax Exemptions

- All exemptions from property taxation shall be approved annually by the board of county commissioners
- 63-602B - Religious...
- 63-602C - Fraternal, Benevolent, or Charitable...
- 63-602D - Certain Hospitals
- 63-602E - Property Used for School or Educational...
- 63-602O - Generating and Delivering Electrical Power for Irrigation or Drainage
- 63-602P - Water or Air Pollution Control
- 63-602Q - Certain Cooperative Telephone Lines
• 63-602X - Casualty Loss
• 63-602AA - Exceptional Situations (Hardship)
• 63-602CC - Qualified Equipment Utilizing Postconsumer Waste
• 63-602GG - Low-income Housing Owned by Nonprofit
• 63-602HH - Significant Capital Investments
• 63-602NN - Certain Business Property
• 63-602OO - Oil or Gas Related Wells
• Rule 645 – Agricultural Land 5 Acres or Less
• 63-3029B – Income Tax Credit for Capital Investment
• 63-4502- Tax Exemption for New Capital Investment
Property Tax Relief Programs
(Tax Credits, Not Exemptions)

• Circuit Breaker – qualified applicants may receive up to $1,320 towards their property taxes paid by the State of Idaho, income limits

• 100% Service-connected Disabled Veterans Program no income limits, $1,320, may qualify for Circuit Breaker, as well

• State Tax Commission produces application forms

• Utilized in all 44 counties
APPLICATION FOR PROPERTY TAX REDUCTION FOR 2020

County: [Blank]
Area Code: [Blank]
Parcel Number: [Blank]

Section A: Ownership Information

1. Ownership Information (Name, address and JIP codes)

2. Social Security Number (Claimant) Social Security Number (Spouse)

3. Birth Date (Claimant) Birth Date (Spouse)

4. As of January 1, 2020, you were:
   ☐ Single ☐ Married ☐ Widower/widower remarried

5. Physical address of the property (if different than ownership information)

6. Did you receive a Property Tax Reduction in 2019? ☐ Yes ☐ No

7. Have you filed a claim on a different primary residence between January 1, 2020 and now? ☐ Yes ☐ No

8. Did you occupy your home as your primary residence before April 15, 2020? ☐ Yes ☐ No

9. Did you or your spouse stay in a care facility in 2019? ☐ Yes ☐ No

10. Did you receive rental income for all or any part of this property in 2019? If yes, please attach a copy of your rental agreement.
    ☐ Yes ☐ No

11. If you used any part of this property for business or commercial use in 2019, list the percent used for business or commercial use (See instructions).

12. Did you sell real estate, stocks, or other capital assets in 2019? ☐ Yes ☐ No

13. This year, you or your spouse will file: (Check all that apply)
   ☐ Federal Income Tax Return (Attach a copy of this return)
   ☐ Idaho Income Tax Return (List state, if other than Idaho)
   ☐ Idaho grocery credit form

14. Claimant: Spouse
   I certify that my Social Security number and birthdate are correct.
   I certify that I am a citizen or legal permanent resident of the United States, OR
   I certify that I am in the United States legally.
   Under penalty of perjury, I certify that to the best of my knowledge the information I have provided here is true, correct, and complete.

I grant permission to any government agency and contractor to access my status and to reveal to the Idaho State Tax Commission the total monetary payments made to me or my spouse during 2019.

(Blank) ☐ Yes ☐ No

Claimant(s) (Please print) Date

Signature(s) (Please print) Telephone Number

Section B: Eligibility Status

As of January 1, 2020, I was (check all that apply)

☐ 85 or older ☐ Blind ☐ Form 1040, ☐ Widow or Widowess Minor
☐ Widower: Spouse Name Date of Death
☐ Other (recognizing entity):
   ☐ Social Security Administration
   ☐ Railroad Retirement Board
   ☐ Federal Civil Service
   ☐ Public Employee Retirement System, not covered by above agencies
   ☐ Veteran 100% Service-Connected Disability
   ☐ Veteran 40-100% Service-Connected Disability
   ☐ Veteran NonService-Connected Disability with pension

Section C: Income

Household Income and Qualified Expenses
January 1 - December 31, 2019

Subsection 1

☐ Federal adjusted gross income
   $  

Extension filed ☐ Yes ☐ No

Subsection 2

Include gross income from all sources not included in Section 1 (taxable and nontaxable)

2. Social Security Income (Claimant)  
   $  

3. Social Security Income (Spouse)  
   $  

4. Capital gain (tax allowable deduction $2,500)  
   $  

5. Wages, workers' compensation, and/or unemployment  
   $  

6. Pensions, retirements, annuities, and/or IRAs  
   $  

7. VA pension or compensation  
   $  

8. Interest and dividends  
   $  

9. Railroad retirement  
   $  

10. Other income (Received from )  
    $  

11. Subtotal (Add lines 1 through 10)  
    $  

12. Principal of annuity (Match contract)  
    $  

13. Total of unreimbursed, paid medical expenses and medical insurance premiums  
    $  

14. Total of paid or prepaid funeral expenses (Attach receipt - maximum allowable amount $25,000)  
    $  

15. Subtotal of deductions (Add lines 12, 13, and 14)  
    $  

16. Total net income (Subtract line 15 from line 11)  
    $  

If you would like information about property tax deferral for any remaining taxes, ask your assessor or contact the State Tax Commission for a brochure explaining this program.

FOR COUNTY USE ONLY

Check all that apply:
☐ Single family ☐ Sub owner
☐ Single dwelling ☐ Community property
☐ Multi-dwelling ☐ Partial ownership
☐ Multi-use ☐ Trust or life estate
☐ LP, LLC, or Corp.

Overall claimant percentage of ownership %

I certify that Property Tax Reduction benefits are only applied to the claimant's eligible portion of the net taxable value.

County Assessor or Deputy Assessor

Tax reduction not to exceed: Date

This application must be filed with your county assessor by April 15, 2020
2020 APPLICATION FOR PROPERTY TAX BENEFIT FOR VETERANS WITH 100% SERVICE-CONNECTED DISABILITY

Complete all of the following fields and attach support documents.
You must file this application with your county assessor by April 15, 2020.

<table>
<thead>
<tr>
<th>County</th>
<th>Code area</th>
<th>Parcel number</th>
</tr>
</thead>
</table>

Section A. 1. Ownership Information (Name, address and ZIP Code)

Claimant

Social Security number

Date of birth (mm/dd/yyyy)

2. Social Security number

Social Security number

Date of birth (mm/dd/yyyy)

3. Date of birth (mm/dd/yyyy)

4. Did you receive this benefit in 2019? ☐ Yes ☐ No

5. Physical address of the property if different from the ownership information:

6. Did you occupy this property as your primary residence before April 15, 2020? ☐ Yes ☐ No

7. Have you requested this benefit on a different primary residence between January 1, 2020 and now? ☐ Yes ☐ No

Where?

8. Are you filing for any other 2020 Property Tax Reduction benefits? ☐ Yes ☐ No

9. Did you rent out any part of this property in 2019? ☐ Yes ☐ No

10. If applicable, list the percentage of this property you used for business or commercial use in 2019: ________%

Section B. Eligibility status as of January 1, 2020:

☐ Veteran with 100% service-connected disability (SCD)
   (Attach a current letter from the U.S. Department of Veterans Affairs.)

☐ Widow(er) (not remarried) of a qualifying veteran with a 100% SCD who qualified:
   Full name of veteran: ___________________________
   Veteran’s date of death: _______________________
   (Please include veteran’s Social Security number and date of birth in Section A, under Spouse lines 2 and 3.)

I certify that my Social Security number and birthdate are correct.

☐ I certify that I’m a citizen or legal permanent resident of the United States, or

☐ I certify that I’m in the United States legally.

I grant permission to any government agency or contractor to confirm my status to the Idaho State Tax Commission.

Under penalty of perjury, I certify that to the best of my knowledge the information I have provided here is true, correct, and complete.

Claimant(s) (please print)

Date

Signature(s) and relationship

Telephone number

FOR COUNTY USE ONLY

Attached documents:
☐ Current VA letter
☐ Property Tax Reduction application (if submitted)

New Claimants:
☐ Deed or title
☐ Veteran’s death certificate (if applying as surviving spouse)

Check all that apply:
☐ Single family
☐ Multi dwelling ______ %
☐ Multi use ______ %

☐ Sole owner
☐ Community property
☐ Partial ownership ______ %
☐ Trust or life estate
☐ LT, LLC or corp.

Tax reduction not to exceed:
$1,320

Date:

Overall claimant percentage of ownership/use ______ %

I __________ certify that the ______ County Assessor or Deputy Assessor

Veterans Property Tax benefit is only applied to the claimant’s eligible portion of the net taxable value.
Outreach Efforts

• 30 Counties advertise in the local newspaper
• 20 Counties house applications on county website
• 10 Counties use social media
• 34 Counties visit senior centers
• 33 Counties make home visits to previously qualified applicants
• 36 Counties make personal phone calls
• 31 Counties engage in mass mailings
Outreach continued

• Tax preparers
• Voter registration
• Funeral Homes
• Ratio
• DMV
• Post Office
• Churches

• Notice in Tax Bills
• Library
• Veterans Administration
• Local stores
• Agency on aging
• Nursing Homes
### AGENDA

**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

3:00 P.M.

Room WW53

Thursday, January 23, 2020

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<td>Minutes</td>
<td>Approve the Minutes of January 14, 2020</td>
<td>Senator Burgoyne</td>
</tr>
<tr>
<td><strong>Docket No.</strong></td>
<td><strong>Idaho State Tax Commission</strong></td>
<td><strong>Tom Shaner</strong>, Tax Policy Manager, Idaho State Tax Commission</td>
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<tr>
<td>35-0000-1900</td>
<td>Omnibus Pending Rules</td>
<td></td>
</tr>
<tr>
<td><strong>Docket No.</strong></td>
<td><strong>Idaho Board of Tax Appeals</strong></td>
<td><strong>Steve Wallace</strong>, Clerk, Idaho Board of Tax Appeals</td>
</tr>
<tr>
<td>36-0101-1900F</td>
<td>Omnibus Pending Fee Rules</td>
<td></td>
</tr>
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**COMMITTEE MEMBERS**

- Chairman Rice
- Vice Chairman Grow
- Sen Hill
- Sen Vick
- Sen Anthon

**Sen Lakey**

- Sen Cheatham
- Sen Burgoyne
- Sen Nye

**COMMITTEE SECRETARY**

- Machele Hamilton
- Room: WW50
- Phone: 332-1315
- Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 23, 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.

CONVENEED: Chairman Rice called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:02 p.m.
MINUTES APPROVAL: Senator Burgoyne moved to approve the Minutes of January 14, 2020. Senator Cheatham seconded the motion. The motion carried by voice vote.
ANNOUNCEMENT: Senator Rice explained to the Committee he was adjusting the agenda in order to hear the Idaho Board of Tax Appeals docket first.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow to introduce the presenters for the rules being heard.

DOCKET NO. 36-0101-1900F Rules of the Idaho Board of Tax Appeals (Board) - Fee Rules. Steve Wallace, Director and Clerk of the Board, explained that the Board is Idaho's independent administrative tax tribunal, sitting at an appellate level. The omnibus was one chapter which they consolidated, eliminating over 16 percent along with 36 restrictive terms, representing a 31 percent reduction in restrictions.

DISCUSSION: Senator Hill pointed out that Rule 066 had to do with filing place, number of copies, and fax transmissions, but did not mention email or electronic signatures. Mr. Wallace responded that they accept electronic signatures in many forms, however email filings are troublesome as people are too casual with them. Filing an appeal or document by fax is more effective.

Senator Hill then asked for clarification regarding why this was considered a fee rule. Mr. Wallace reported that Rule 151.03 requires a third party to pay for copies; it is the only fee involved.

MOTION: Senator Burgoyne moved to approve Docket No. 36-0101-1900F. Senator Hill seconded the motion. The motion carried by voice vote.

DOCKET NO. 35-0000-1900 Rules of the Idaho State Tax Commission (Commission). Tom Shaner, Tax Policy Manager of the Commission, explained that there were ten rules chapters in the omnibus docket and each rule was previously reviewed and approved by the Legislature. They eliminated or combined four chapters of rules which resulted in 35,769 fewer words, and eliminated 1,797 restrictive words. Part of the reduction was due to the deletion of two chapters, the Estate and Transfer Tax which was repealed in 2001, and the Illicit Substance Stamp rules, which still has statutes in place. They also combined the beer and wine rules chapters.

Mr. Shaner introduced Cynthia Adrian, Income Tax Policy Specialist at the Commission, who went over the Income Tax rules. Ms. Adrian affirmed there were no substantial changes to the rules.
Mr. Shaner then presented the Sales and Use Tax rules, advising the Committee that they contain the majority of edits. He pointed out that many were simple changes from "must be" to "are" and "must" to "will."

**DISCUSSION:** Vice Chairman Grow commented that he did not understand the rationale of those changes and questioned what prompted them. Mr. Shaner responded that they were attempting to adhere to the directions of the Governor’s Red Tape Reduction Act, which included eliminating restrictive words where possible. They were given a list of seven actual words to avoid.

A discussion ensued in which multiple Senators expressed their concern with the softer language used in regard to tax rules. It was pointed out that unless people are required to do them, a rule just becomes a suggestion. Many Senators felt that the language changes went too far, and the result is simple descriptive observations. At the conclusion of the discussion, Senator Burgoyne stated that his recommendation will be to amend the rules back to include the word either "must" or "shall."

Chairman Rice pointed out section 030.01b as being unintelligible. He stated his intent will be to have paragraph b removed in order that it be rewritten.

Senator Hill noted section 105.04. Mr. Shaner clarified that the prior subsection 04 was being stricken and the prior 05 was now 04. Senator Hill questioned how this could be stricken if it is in statute. Mr. Shaner stated it was last edited in 1993 and they believed it obsolete. Senator Hill requested that Mr. Shaner check on this before the next meeting. Chairman Rice stated he wished to reiterate that this section be revisited for some of the language.

Docket No. 35-0000-1900 will be held until the Committee meeting on Tuesday, January 28, 2020.

**ADJOURNED:** There being no further business at this time, Vice Chairman Grow adjourned the meeting at 4:06 p.m.
### AGENDA

**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**  
3:00 P.M.  
Room WW53  
Tuesday, January 28, 2020

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<tr>
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<tbody>
<tr>
<td><strong>RS27349C1</strong></td>
<td>Relating to the Local Governing Entities Central Registry</td>
<td>Senator Bair</td>
</tr>
<tr>
<td><strong>HCR027</strong></td>
<td>Concurrent Resolution Congratulating the City of Idaho Falls and Bonneville County for the Preservation of the Historic Hotel Bonneville</td>
<td>Representative Ehardt</td>
</tr>
<tr>
<td><strong>Docket No.</strong></td>
<td>Idaho State Tax Commission Omnibus Pending Rules</td>
<td>Tom Shaner, Tax Policy Manager, Idaho State Tax Commission</td>
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### COMMITTEE MEMBERS

- Chairman Rice  
- Vice Chairman Grow  
- Sen Hill  
- Sen Vick  
- Sen Anthon  
- Sen Lakey  
- Sen Cheatham  
- Sen Burgoyne  
- Sen Nye

### COMMITTEE SECRETARY

- Machele Hamilton  
- Room: WW50  
- Phone: 332-1315  
- Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 28, 2020
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Vice Chairman Grow, Senators Hill, Vick, Lakey, Cheatham, Burgoyne, and Nye
ABSENT/EXCUSED: Chairman Rice and Senator Anthon

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: Vice Chairman Grow called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

RS 27349C1 Senator Bair presented RS 27349C1, proposed legislation relating to the local governing entities central registry. In 2014, H 560 was brought forward to create a registry of small governmental agencies. At that time, there was no way to calculate how many there were, or if they were to be audited per statute. During that time there was about a 32 percent audit compliance rate. Today that compliance rate is approximately 88 percent. Originally, the information required from these small agencies was revenues and expenditures, budget, and budget versus actual. Statute requires that agencies with less than $150,000 worth of expenditures are exempt from audit, but they are still required to register. The information being gathered is large and cumbersome, while all that is necessary to determine an audit is income and expenses. This bill removes language not required for audit.

MOTION: Senator Nye moved to send RS 27349C1 to print. Senator Hill seconded the motion. The motion carried by voice vote.

HCR 027 Representative Barb Ehardt presented HCR 027, a concurrent resolution congratulating the city of Idaho Falls and Bonneville County for the preservation of the historic Hotel Bonneville. This legislation is a means for the city of Idaho Falls to celebrate what has long been a centerpiece to the town, and that is now beautifully restored.

MOTION: Senator Hill moved to send HCR 027 to the floor with a do pass recommendation. Senator Burgoyne seconded the motion. The motion carried by voice vote.

DOCKET NO. 35-0000-1900 Tom Shaner, Tax Policy Manager, Idaho State Tax Commission (Commission) presented Docket No. 35-0000-1900. Mr. Shaner clarified to the Committee that they would begin at the sales tax chapter of the omnibus docket. Most of the editing in that section was adding the statute references to the rule titles. The Committee had no questions for Mr. Shaner on the sales tax portion of the docket.

Kathlynn Ireland, Property Tax Policy Specialist with the Commission, presented the property tax chapter of the docket. Ms. Ireland explained to the Committee that the deleted rules were in compliance with the Red Tape Reduction Act. Deletions included written interpretation rules, public record rules, hours, street addresses, and phone numbers. Rules with tabled examples were removed and placed on the website.
DISCUSSION: Vice Chairman Grow requested clarification regarding Section 645.02.a, Accepted Assessment Procedures, and questioned consistency across properties. Ms. Ireland verified that the Commission has regimented procedures, categorizations, and processes to check the definition of market value of parcels for assessment practices.

Mr. Shaner, Tax Policy Manager with the Commission, then explained to the Committee that the entire Estate and Transfer Tax chapter was being deleted as the law was repealed in 2001. The beer chapter was also deleted, moving any relevant items into the wine chapter.

Senator Hill acknowledged that Governor Little had made reference to cleaning up statutes in the same manner in which rules have been handled. He specified that not just the Commission, but any state agency was hopefully keeping a list of such laws in order to alert the Legislature where to look. Mr. Shaner responded affirmatively, indicating that the Commission was working on an RS regarding removing the Estate and Transfer Tax statute. Vice Chairman Grow requested a copy of the statute on the Estate and Transfer Tax from Mr. Shaner, to determine if it should be deleted.

Senator Burgoyne wished to clarify to the Committee that there were good reasons for the tax on illegal drugs. It provided a degree of leverage for the State of Idaho with respect to drug trafficking. When people were arrested for drug trafficking, the failure to pay the taxes became the crime. With mandatory minimum sentencing, a jury might be reluctant to convict someone of drug trafficking, but taxes would then form the penalty. As the statute is so dated, the amount should be increased rather than deleting it.

Cynthia Adrian, Income Tax Policy Specialist with the Commission, reported on the minimal and non-substantive changes made to the Tax Commission Administration and Enforcement rules.

MOTION: Senator Burgoyne moved to approve Docket No. 35-0000-1900. Senator Hill seconded the motion. The motion carried by voice vote.

ADJOURNED: There being no further business at this time, Vice Chairman Grow adjourned the meeting at 3:58 pm.
## AGENDA

**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**  
3:00 P.M.  
Room WW53  
Thursday, January 30, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Minutes</td>
<td>Approve the Minutes of January 23, 2020</td>
<td>Senator Hill</td>
</tr>
<tr>
<td><strong>RS27510</strong></td>
<td>Relating to Property Taxes; To Provide Requirements for the Homestead Exemption Application Form</td>
<td>Senator Rice</td>
</tr>
<tr>
<td><strong>Docket No. 35-0101-1902</strong></td>
<td>Income Tax Administrative Rules</td>
<td>Cynthia Adrian, Income Tax Policy Specialist, State Tax Commission</td>
</tr>
<tr>
<td><strong>Docket No. 35-0101-1903</strong></td>
<td>Income Tax Administrative Rules</td>
<td>Ms. Adrian</td>
</tr>
<tr>
<td><strong>Docket No. 35-0101-1904</strong></td>
<td>Income Tax Administrative Rules</td>
<td>Ms. Adrian</td>
</tr>
<tr>
<td><strong>Docket No. 35-0102-1903</strong></td>
<td>Idaho Sales and Use Tax Administrative Rules</td>
<td>Tom Shaner, Tax Policy Manager, State Tax Commission</td>
</tr>
<tr>
<td><strong>Docket No. 35-0103-1901</strong></td>
<td>Property Tax Administrative Rules</td>
<td>Kathlynn Ireland, Property Tax Policy Specialist, State Tax Commission</td>
</tr>
<tr>
<td><strong>Docket No. 35-0103-1902</strong></td>
<td>Property Tax Administrative Rules</td>
<td>Ms. Ireland</td>
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<tr>
<td><strong>Docket No. 35-0103-1905</strong></td>
<td>Property Tax Administrative Rules</td>
<td>Ms. Ireland</td>
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<tr>
<td><strong>Docket No. 35-0103-1906</strong></td>
<td>Property Tax Administrative Rules</td>
<td>Ms. Ireland</td>
</tr>
<tr>
<td><strong>Docket No. 35-0201-1901</strong></td>
<td>Tax Commission Administration and Enforcement Rules</td>
<td>Ms. Adrian</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

**COMMITTEE MEMBERS**  
Chairman Rice  
Vice Chairman Grow  
Sen Hill  
Sen Vick  

**COMMITTEE SECRETARY**  
Machele Hamilton  
Room: WW50  
Phone: 332-1315  
Email: sloc@senate.idaho.gov
Sen Anthon
DATE: Thursday, January 30, 2020
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye
ABSENT/EXCUSED: Senator Hill

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 3:02 p.m.

MINUTES APPROVAL: Senator Vick moved to approve the Minutes of January 23, 2020. Senator Burgoyne seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

RS 27510 Senator Rice presented RS 27510, relating to property taxes; to provide requirements for the homestead exemption application form. Senator Rice explained that the purpose of the bill was to create uniformity across the state to the application process for the homeowner's exemption. It also requires that the forms are easily available, and prohibits seeking information not required for the exemption.

MOTION: Senator Vick moved to send RS 27510 to print. Senator Burgoyne seconded the motion. The motion carried by voice vote.

DOCKET NO. 35-0101-1902 Cynthia Adrian, Income Tax Policy Specialist, State Tax Commission (Commission), presented Docket No. 35-0101-1902, relating to income tax administrative rules. She clarified that Rule 645 was a temporary rule that needed to be made permanent.

MOTION: Senator Lakey moved to approve Docket No. 35-0101-1902. Senator Cheatham seconded the motion. The motion carried by voice vote.

DOCKET NO. 35-0101-1903 Ms. Adrian presented Docket No. 35-0101-1903, relating to income tax administrative rules. Ms. Adrian explained that the tax bracket rule is statutorily required to be changed every year. They automatically remove the oldest table and add the most recent.

MOTION: Senator Burgoyne moved to approve Docket No. 35-0101-1903. Senator Lakey seconded the motion. The motion carried by voice vote.

DOCKET NO. 35-0101-1904 Ms. Adrian presented Docket No. 35-0101-1904, relating to income tax administrative rules. Ms. Adrian reported that the rule change was statutorily required and increases the threshold amount based on the cumulative percentage of the cost of living.

MOTION: Senator Anthon moved to approve Docket No. 35-0101-1904. Senator Burgoyne seconded the motion. The motion carried by voice vote.
Chairman Rice requested unanimous consent that the Committee reconsider Docket No. 35-0000-1900. There were no objections.

Chairman Rice explained to the Committee that he had been absent when Docket No. 35-0000-1900 had been approved. It was his opinion that Rule 030.01.b be rejected from the docket in order that it be rewritten.

Chairman Rice moved to approve Docket No. 35-0000-1900, with the exception of Rule 030.01.b. Senator Vick seconded the motion. The motion carried by voice vote.

Tom Shaner, Tax Policy Manager with the Commission, presented Docket No. 35-0102-1903, relating to sales and use tax administrative rules. Mr. Shaner explained the rule changes were created by H 86 (2019) which exempted tax on labor for new vehicle accessories being added at the time of sale.

Senator Burgoyne moved to approve Docket No. 35-0102-1903. Senator Nye seconded the motion. The motion carried by voice vote.

Kathlynn Ireland, Property Tax Policy Specialist with the Commission, presented Docket No. 35-0103-1901. Ms. Ireland specified that the changes made were due to the rules being out of date and no longer in use.

Senator Cheatham moved to approve Docket No. 35-0103-1901. Senator Rice seconded the motion. The motion carried by voice vote.

Ms. Ireland presented Docket No. 35-0103-1902, relating to property tax administrative rules. Ms. Ireland stated Rule 130 was being amended to add an agricultural land category and an equalization study. It also provides for early notification per H 164 (2019).

Senator Anthon moved to approve Docket No. 35-0103-1902. Senator Cheatham seconded the motion. The motion carried by voice vote.

Ms. Ireland presented Docket No. 35-0103-1903, relating to property tax administrative rules. Ms. Ireland explained that this rule change was required pursuant to H 193a (2019) regarding legal descriptions and boundaries.

Senator Burgoyne moved to approve Docket No. 35-0103-1903. Senator Vick seconded the motion. The motion carried by voice vote.

Ms. Ireland presented Docket No. 35-0103-1904, relating to property tax administrative rules. Ms. Ireland advised that the changes were directed at occupancy tax on newly constructed improvements and tax levy certification with urban renewal districts.

Senator Anthon questioned if the goal of the rule change was to clarify a timing issue, with the only implication during the year of formation. Ms. Ireland affirmed that he was correct.

Senator Anthon moved to approve Docket No. 35-0103-1904. Senator Lakey seconded the motion. The motion carried by voice vote.

Ms. Ireland presented Docket No. 35-0103-1905, relating to property tax administrative rules. Ms. Ireland advised the Committee that Rule 617 is a new rule formulated by combining Rules 613 and 614. The new rule streamlines the process and is drafted to provide guidance with calculations.

Senator Burgoyne moved to approve Docket No. 35-0103-1905. Senator Vick seconded the motion. The motion carried by voice vote.
Ms. Ireland presented Docket No. 35-0103-1906, relating to property tax administrative rules. Ms. Ireland specified that Rule 717 was amended due to legislation passed in 2019 regarding the property tax reduction benefit, also known as the circuit breaker.

**MOTION:** Senator Cheatham moved to approve Docket No. 35-0103-1906. Senator Nye seconded the motion. The motion carried by voice vote.

Ms. Adrian presented Docket No. 35-0201-1901, relating to tax commission administration and enforcement rules. Ms. Adrian advised the Committee that the rule change was statutorily required, adding a 4 percent interest amount for calendar year 2020.

**MOTION:** Senator Burgoyne moved to approve Docket No. 35-0201-1901. Senator Anthon seconded the motion. The motion carried by voice vote.

Vice Chairman Grow passed the gavel back to Chairman Rice.

There being no further business at this time, Chairman Rice adjournd the meeting at 3:32 p.m.
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, February 04, 2020

<table>
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<tr>
<th>SUBJECT</th>
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<th>PRESENTER</th>
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<tbody>
<tr>
<td>S 1265</td>
<td>Relating to the Local Governing Entities Central Registry</td>
<td>Senator Bair</td>
</tr>
<tr>
<td>S 1277</td>
<td>Relating to Property Taxes; To Provide Requirements for the Homestead Exemption Application Form</td>
<td>Senator Rice</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, February 04, 2020
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Cheatham, Burgoyne, and Nye
ABSENT/EXCUSED: Senator Lakey

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 3:01 p.m.

S 1265 Senator Bair presented S 1265, legislation relating to the local governing entities central registry. He explained to the Committee that local government entities of a certain size are required to undergo audits which are filed with the state. Until 2014 there was approximately a 35 percent compliance rate from those local entities. In 2014, H 560 created a registry database where certain information was required to be filed. Today, compliance has increased to approximately 88 to 90 percent. Through the process they learned they were collecting more information than needed to determine audit eligibility. The only information necessary is how much money has been spent. The minimum is $150,000, which then requires a local audit be submitted with the expenditure report. Senator Bair reiterated that the bill simply removes unnecessary language.

DISCUSSION: Senator Grow questioned why the prior language of the bill specified an unaudited comparison of the budget to actual. Senator Bair introduced April Renfro, Division Manager of the Legislative Services Office. Ms. Renfro explained that they did not want it to be necessary for a business to submit audited documents, especially if they were not required to be audited. Senator Grow asked for clarification regarding revenues and expenditures from the most recent fiscal year. Ms. Renfro informed them there is a space on the registration portal for total revenue expenditures.

MOTION: Senator Anthon moved to send S 1265 to the floor with a do pass recommendation. Senator Cheatham seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

S 1277 Chairman Rice presented S 1277, legislation relating to property taxes; to provide requirements for the homestead exemption application form. He explained that the bill requires the Idaho State Tax Commission (Commission) to create a standard form across all counties for the homeowner's exemption. It requires the form be available on each county website and at the property closing. The completed form would then be provided to the assessor at the time the deed was presented for recording. It also specifies that extraneous information not required for the homeowner's exemption shall not be requested.
**TESTIMONY:** Brad Wills, Twin Falls County Assessor, representing the Idaho Association of County Assessors (IACA), stated they were not in favor of S 1277. He pointed out they were in favor of a statewide form, but that some counties do not post on websites. He related that on the form it states that the assessor's office will certify that the information is correct. The IACA believes it to be prudent that homeowners come into the office, as the information is not thorough when the title company does it. They have no issue with S 1277 if the website requirement is removed, as well as the reference to the title company.

**DISCUSSION:** Senator Vick remarked that he read it as the application may be provided, but is not required. Mr. Wills specified that it was up to the local assessor to determine whether they want the title company to provide the form, and it must not be done without the owner. Senator Hill stated he was trying to understand the concerns and how valid they were. He questioned the current process and whether a real estate broker can get a copy of the application and provide it to the purchaser. Mr. Wills responded that in some counties they can, but in others they cannot. He reiterated that they are not opposed to realtors, title companies, and insurance companies all having the form and assisting the homeowner. They just want to be the final contact. Senator Vick related that a certified copy of the homeowner's exemption can easily be done by the title company, and if an application is incomplete, it is easy to communicate with them. He felt this was a positive step for homeowners.

**TESTIMONY:** Brian Stender, Canyon County Assessor, testified in opposition to S 1277. He stated that he was not against a statewide form, but he did feel there was a concern regarding limiting the extraneous information. As an example he related how there were several people with the same name in Canyon County, and additional information is required to determine identification. Senator Hill responded that should the bill pass, the Commission would be working with the assessors to create the statewide form and his concerns should be expressed to them.

Joseph Johns, Kootenai County Assessor, testified in opposition to the bill. He agreed there were positive things regarding S 1277, but he also had a problem limiting extraneous information. He feels the bill lacks context and needed more clearly defined parameters. He stated that assessors are service oriented and familiar with the many programs, and are not just there to establish value.

**DISCUSSION:** Chairman Rice responded to the testimony, stating that the bill requires the form be available on the website only if there is one. He clarified that currently, homeowner exemption forms are not required to be notarized, only certified under penalty of perjury, just as many documents and court filings. Also, owner occupied meant the home was a primary residence, not a rental, and did not require every item to be moved in. He expressed his concern that many citizens cannot take extra time off work and having a requirement that people come in to the office is an excessive burden. He also voiced his opinion that a mailed form could cause enough delay to disallow the exemption for the year.

**MOTION:** Senator Hill moved to send S 1277 to the floor with a do pass recommendation.
Senator Vick seconded the motion.

**SUBSTITUTE MOTION:** Senator Nye moved to send S 1277 to the 14th Order of Business for possible amendment. The motion failed for lack of a second.

**ORIGINAL MOTION:** The motion to send S 1277 to the floor with a do pass recommendation passed by voice vote.
PRESENTATION: Rakesh Mohan, Director, Office of Performance Evaluation, Idaho Legislature, explained to the Committee that every state agency is required to prepare a performance report. They also are to report this to their germane committee every year, or every other year as decided by the Chairman. Mr. Rakesh gave the Committee members a handout "Introduction to Performance Measurement" (see attachment 1). His second handout was the most recent performance measurement report for the State Tax Commission (see attachment 2).

ADJOURNED: There being no further business at this time, Vice Chairman Grow adjourned the meeting at 4:20 p.m.
Good government is not possible without an effective accountability system—citizens need performance reporting to hold their government accountable. Report cards, results, and benchmarks are all part of performance reporting.

Performance information can also be used by lawmakers in making policy and budget decisions, by program officials to monitor government programs in a systematic way, and evaluators to assess efficiency and effectiveness of government policies and programs.

Clarify Policy Intent, Goals, and Performance Expectations

Policymakers' intent for a public policy is not always clear in the authorizing legislation. Often multiple interpretations of the policy intent exist among legislators, program officials, and stakeholders. In a worst-case scenario, these interpretations are distinctly different. For effective implementation of a public policy, the desired scenario would be to have one single interpretation of the intent.

Incorporating performance measurement concepts into the policymaking process can help clarify legislative intent of a policy before its implementation. Once the intent is clarified, the next step is to discuss policy goals and performance expectations. Both policymakers and those responsible for implementing the policy should have a common understanding of what is doable, what is not, and at what cost.

House Bill 300 (2005 Legislative Session)

Following the release of our 2004 report Strategic Planning and Performance Measurement, the Legislature revised the state’s process for reporting performance information by unanimously passing House Bill 300, which became law on July 1, 2005 (Idaho Code § 67-1901 to 1903). The legislation strengthened Idaho’s performance reporting process by requiring state agencies to do the following:

- Submit an agency profile, which includes an overview, core statutory functions, key services provided, and performance highlights
- Submit accurate and meaningful performance information, which contains key indicators, benchmarks, and explanations
- Present (orally) performance information to germane committees each year
In addition, the revised process provides a formal opportunity for policymakers and program officials to engage in an ongoing dialogue with each other to clarify policy intent, goals, and performance expectations. Policymakers can also let program officials know whether the performance information is useful for accountability and policymaking purposes.

“Top Ten List” for Effective Performance Measurement

1. Know that performance measurement is inherently a political process—include stakeholders, define what would constitute program success, and agree on the cost of measuring success

2. Keep the performance measurement process simple, understandable, accessible, and affordable

3. Use performance data, along with other information, to make policy, budget, and program decisions

4. Use performance measurement to trigger questions, not necessarily to find all of the answers

5. Set multi-year performance goals and targets

6. Provide context to performance data

7. For external reporting, use a few select measures that reflect program efforts and accomplishments relating to legislative intent

8. For internal reporting, use measures that help program managers systematically monitor the program’s progress

9. Review and question the quality of information reported

10. Provide training on reporting and using performance information

Suggested Reading


## Part II – Performance Measures

### Administer Tax Law and Develop Rules and Policies that Promote Fairness, Consistency, Compliance, Security, and Public Confidence

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<tbody>
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<td>Implement Methods of Providing Customer Service and Education to Enhance Voluntary Compliance with Idaho Tax Laws</td>
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<tr>
<td>1. Actual number of 'Where's my refund?' calls to TPS</td>
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<td>11,553</td>
<td>7,900</td>
<td>7,294</td>
<td>2,878</td>
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<td></td>
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<td>Reduce by 10%</td>
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<td>2. Percent of Gross Collected Revenue not submitted voluntarily and on time</td>
<td>actual</td>
<td>3.88%</td>
<td>4.13%</td>
<td>3.75%</td>
<td>3.87%</td>
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### Promote Efficiency

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<td>Demonstrate Financial Stewardship</td>
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<tr>
<td>1. Measure cost to collect $1 of revenue.</td>
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<td>0.95 cents</td>
<td>0.97 cents</td>
<td>0.91 cents</td>
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<tr>
<td></td>
<td>target</td>
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### Drive Stakeholder Support

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<tr>
<td>2. Develop and measure elected officials’ relationships¹</td>
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<tr>
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<tr>
<td>3. Develop and measure taxpayer relationships¹</td>
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<td>4. Develop and measure professional relationships¹</td>
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### Promote Efficiency

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<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019</th>
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<tr>
<td>5. Number of transactions per Revenue Operations employee</td>
<td></td>
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<tr>
<td></td>
<td>actual</td>
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<td>31,248</td>
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### Empower Great People

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<tr>
<td>6. Implement a “voice of the employee” survey</td>
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### Secure Confidential Information

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<tbody>
<tr>
<td>7. Job specific security training</td>
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<td></td>
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¹: These relationships are measured annually and reported in the Tax Commission’s Annual Report, with the target set to maintain compliancy with relevant regulations.

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State of Idaho
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 06, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
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<tbody>
<tr>
<td>Minutes</td>
<td>Approve the Minutes of January 28, 2020</td>
<td>Senator Lakey</td>
</tr>
<tr>
<td>RS27642</td>
<td>Relating to Changes to Idaho's Urban Renewal Law</td>
<td>Senator Souza</td>
</tr>
<tr>
<td>H 354</td>
<td>Relating to Taxing District Budget Requests</td>
<td>Representative Harris</td>
</tr>
<tr>
<td>H 380</td>
<td>Relating to Income Taxes. The Annual Bill to Update References to the Internal Revenue Code</td>
<td>Tom Shaner, Tax Policy Manager, Idaho State Tax Commission</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
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.

CONVENE: 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.
## AMENDED AGENDA #1

**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

3:00 P.M.
Room WW53
Wednesday, February 12, 2020

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<tr>
<td>Minutes</td>
<td>Approve the Minutes of January 30, 2020</td>
<td>Senator Anthon</td>
</tr>
<tr>
<td>S 1303</td>
<td>Relating to Changes to Idaho's Urban Renewal Law</td>
<td>Senator Souza</td>
</tr>
</tbody>
</table>
| RS27716         | Relating to an Interim Committee on Property Taxes
                 | Unanimous Consent for Referral to a Privileged Committee for Printing       | Chairman Rice      |
| Page Graduation | Graduation of the Local Government and Taxation Committee Page for the First Half of the Legislative Session, Sadie Tribe of Burley, Idaho | Chairman Rice      |

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**

Chairman Rice  
Vice Chairman Grow  
Sen Hill  
Sen Vick  
Sen Anthon

**COMMITTEE SECRETARY**

Machele Hamilton  
Room: WW50  
Phone: 332-1315  
Email: sloc@senate.idaho.gov
DATE: Wednesday, February 12, 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 3:04 p.m.

MINUTES APPROVAL: Senator Anthon moved to approve the Minutes of January 30, 2020. Senator Lakey seconded the motion. The motion carried by voice vote.

S 1303 Senator Souza presented S 1303, relating to eminent domain, explaining that it is a simple bill that has great impact. Appointed urban renewal boards have the ability to acquire property by eminent domain with no accountability to the voters. This bill seeks to make the decision to pursue eminent domain advisory only to the appointing body unless the urban renewal commissioners are elected. The second portion of the bill states that any member of an urban renewal board shall vacate their appointment when they leave their elected office.

DISCUSSION: Senator Hill asked Senator Souza to give an example of the second portion of the bill. Senator Souza stated, as example, a city councilman appointed to an urban renewal board for a five year term, but who loses the council seat after one year of that term.

Senator Lakey questioned if the intent was to remove the authority of eminent domain from urban renewal districts. Senator Souza replied that the intent is to remove the power of eminent domain from a body that is not elected.

Senator Nye questioned if there was a legal opinion on the effect of the urban renewal agencies to keep their tax exempt bond status. Senator Souza responded that after speaking with several attorneys, her opinion was that the choice was to use the tax exempt bonding as an elected board, or advise the city council to do so. Senator Burgoyne pointed out that urban renewal board members are appointed by the mayor with the advice and consent of the local body. If the mayor is free to appoint anyone, he questioned what triggers the amendment. Senator Souza reiterated that the city council member would vacate the urban renewal board once they were no longer part of the council, but they could be reappointed.
**TESTIMONY:** Ryan Armbruster, Attorney, Elam & Burke, representing Capital City Development Corporation (CCDC), testified against S 1303. He explained that after a lengthy process there were major amendments made to urban renewal laws in 2015 and 2016. The legislature ruled that urban renewal boards could be created using one of three models; the mayor selects the board members, they are publicly elected board members, or the city council sits as board members. By changing to elected only, the other two selection models are nullified. It would also create confusion regarding when elections are held, and how often. Mr. Armbruster reported their greatest concern is the affect the bill would have on the ability of CCDC to issue tax exempt bonds. He voiced that eminent domain is rarely used, but can be a valuable tool when negotiating with a property owner.

Senator Hill questioned if there was a way to achieve the goal of S 1303 without losing the power to issue tax exempt bonds. Mr. Armbruster stated that the Internal Revenue Service (IRS) makes the decision regarding what political entities are allowed to grant tax exempt bonds. Chairman Rice clarified that if all urban renewal boards chose to go to an elected board that would not be an issue.

Senator Souza recounted how urban renewal has affected District Four. By offering an election, it would increase the public trust in urban renewal by creating accountability, as well as increasing public involvement. Senator Vick expressed that if eminent domain strengthened the ability to negotiate with the property owner, then he concluded the board should be elected.

**MOTION:** Senator Vick moved to send S 1303 to the floor with a do pass recommendation. Senator Cheatham seconded the motion.

**SUBSTITUTE MOTION:** Senator Nye moved that S 1303 be held subject to the call of the Chair. The motion failed for lack of a second.

**DISCUSSION:** Senator Burgoyne stated he would not support the motion to send S 1303 to the floor. The positive side of the issue is that eminent domain should happen through elected officials. The negative side is the IRS regulation and economic reality. Urban renewal boards serve at will. If the city council believes they are not acting properly, they are in a position to do something. Senator Lakey agreed that eminent domain is a decision best looked at by elected officials. He did question the tax exempt bonding issue however, believing there should be more work to S 1303.

Chairman Rice concluded that if S 1303 were to pass, urban renewal boards would have the choice to be elected boards and issue tax free bonds, which is available to them today. They could also choose to be nonelected, not have the power of eminent domain themselves, and be unable to issue tax free bonds. Both options would remain available. Vice Chairman Grow questioned the effective date and if it would have any effect on current urban renewal boards. Chairman Rice responded that there would be a November election date for eminent domain authority. Urban renewal boards would not be able to obtain new bonds until after they stood for election, with a July 1 effective date. He specified it could be amended to have a later effective date.

**SUBSTITUTE MOTION:** Vice Chairman Grow moved to send S 1303 to the 14th Order of Business for possible amendment. Senator Burgoyne seconded the motion.

**DISCUSSION:** Senator Vick stated that when he made the original motion he was not aware of the potential time conflict and he supported the substitute motion. Senator Anthon observed that he supported the premise of S 1303 and understood Senator Souza’s intent, desiring that it be amended.

**VOICE VOTE:** The motion to send S 1303 to the 14th Order of Business for possible amendment passed by voice vote.
Relating to an interim committee on property taxes. **Chairman Rice** requested unanimous consent for referral of *RS 27716* to a privileged committee for printing. There were no objections.

**PAGE GRADUATION:** **Chairman Rice** honored Page Sadie Tribe from Burley, Idaho. He requested she come to the microphone, introduce herself and tell the Committee what she had learned. **Ms. Tribe** thanked the Committee for the opportunity and said she had learned much watching the process of government. **Senator Anthon** stated that he had sponsored Ms. Tribe and it was exciting to have had her here. **Senator Burgoyne** requested that she return when she had chosen what career she would pursue, an accountant or a lawyer.

**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.

**ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 4:19 p.m.

___________________________  ____________________________
Senator Rice                      Machele Hamilton
Chair                                Secretary

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
Wednesday, February 12, 2020—Minutes—Page 3
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 13, 2020

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<tr>
<td>Minutes</td>
<td>Approve the Minutes of February 4, 2020</td>
<td>Senator Grow</td>
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<tr>
<td>S 1332</td>
<td>Amends Idaho Code Relating to Ambulance Service Districts</td>
<td>Senator Crabtree</td>
</tr>
<tr>
<td>Gubernatorial Appointment</td>
<td>Tom Harris of Eagle, Idaho was appointed to the State Tax Commission for a term commencing April 26, 2019, expiring April 26, 2025.</td>
<td>Tom Harris</td>
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</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 13, 2020
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye
ABSENT/EXCUSED: Vice Chairman Grow

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 Senate Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

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

S 1332  Senator Crabtree presented S 1332, legislation relating to ambulance service districts. He explained to the Committee that there were two basic components to the bill. The first component grandfathers in any existing ambulance districts that are in operation prior to July 1, 2020. The second component of the legislation moves to standardize the process of forming ambulance districts by mirroring the process in Idaho Code currently used for fire districts. That process removes the governance of ambulance districts by the board of county commissioners and establishes an independent commission. The legislation requires the support of any incorporated city within the proposed boundary before the district can be formed. If there appears to be enough support, they can vote at the local level to form the district.

DISCUSSION: Senator Burgoyne stated that he interprets the bill to say that counties will not be permitted to provide ambulance services to county residents under this legislation. Senator Crabtree clarified that this allows the local people to decide if they want an ambulance district. They would go to the county commission, request a vote, and form the ambulance district rather than the county. This would be a multi-jurisdictional idea that allows cross county boundaries. Currently there is no efficient way to do it between two counties with separate taxing districts.

Senator Lakey informed the Committee that he had experience as an ambulance district commissioner. He understands letting the people decide, but questioned if this would create a separate board with additional cost versus the existing county model. Senator Crabtree responded that this puts the decision making closer to the people. If it is inefficient, they must determine the solution. However, he believes the single taxing district across boundaries is of great benefit. Senator Lakey asked if it could be handled by a joint powers agreement between counties. Senator Crabtree replied that there is no mechanism to tax properties being serviced in another county.
Senator Burgoyne questioned if during the formulation of **S 1332** there were discussions with the Idaho Association of Counties (IAC) and the Association of Idaho Cities (AIC). **Senator Crabtree** responded that there was no opposition from the IAC or AIC regarding **S 1332** that he was aware of. **Senator Lakey** remarked that there might be a need for the fiscal note to be adjusted, as once a new district was formed, compensation may be required for board members.

**MOTION:** Senator Nye moved to send **S 1332** to the floor with a **do pass** recommendation. Senator Anthon seconded the motion.

**DISCUSSION:** Senator Burgoyne stated that in his county there were many taxing districts, and some that did not function well. He did not want to prevent forming a district, but was concerned about taking away the levy authority. Flexibility within local government is a good thing.

**VOICE VOTE:** The motion to send **S 1332** to the floor with a **do pass** recommendation passed by **voice vote**.

**GUBERNATORIAL APPOINTMENT:** Tom Harris, Eagle, Idaho, appointed to the State Tax Commission (Commission) for a term commencing April 26, 2019, expiring April 26, 2025, stood before the Committee. He stated that he never anticipated he would be working for the State of Idaho or the Commission. He was there because Governor Little asked him to serve. His goal was to help fulfill the Governor's vision of good government. He brings 45 years of experience in a complex business. The last 14 years he spent as president of Western States Equipment with 850 employees covering 5 states. Because he has never been in state government, he brings a different perspective. He expressed how qualified, dedicated, and hardworking the people of the Commission are. In his time at the Commission he has added members of the leadership team, revised strategy, is seeking a more robust appeals process for the taxpayers, and is working on putting a new director in place.

**Senator Nye** stated he did not have a conflict of interest but it could appear so, pursuant to Senate Rule 39(H). However, when the appointment comes before the Committee he intends to vote.

**MINUTES APPROVAL:** Senator Burgoyne moved to approve the Minutes of February 4, 2020. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

**ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:35 p.m.
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 19, 2020

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<tr>
<td>Introduction Of Page</td>
<td>Welcome and Introduction of Committee Page Ella Sharp of Declo, Idaho</td>
<td>Chairman Rice</td>
</tr>
<tr>
<td>Gubernatorial Appointment Vote</td>
<td>Committee Vote of the Gubernatorial Appointment of Tom Harris of Eagle, Idaho, Chairman, Idaho State Tax Commission</td>
<td>Chairman Rice</td>
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If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 19, 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 3:09 p.m.

INTRODUCTION OF PAGE: Chairman Rice welcomed the Committee's new page, Ella Sharp, from Declo, Idaho. Ms. Sharp informed the Committee she plays trombone in a jazz band, and is a member of the Business Professionals of America, among other clubs. She enjoys art and painting, and is interested in pursuing engineering at either the University of Idaho, Utah State, or Ohio State.

GUBERNATORIAL APPOINTMENT VOTE: Vice Chairman Grow moved to send the Gubernatorial appointment of Tom Harris to the Idaho State Tax Commission to the floor with recommendation that he be confirmed by the Senate. Senator Lakey seconded the motion. The motion carried by voice vote.

H 381 Tom Shaner, Tax Policy Manager with the State Tax Commission (Commission), presented H 381. Mr. Shaner explained that there were two parts to H 381. The first section repeals the statute language of the Idaho Estate and Transfer Tax Reform Act, a law that coordinated with federal law allowing the state to collect estate tax. The federal law was repealed in 2001, phasing out by 2004, and is no longer necessary to remain in Idaho Code. Repealing the statute does not prevent a taxpayer from filing a return if the decedent died prior to January 1, 2005.

Mr. Shaner then continued to the next section of H 381, which seeks to eliminate obsolete and unnecessary restrictions. This is consistent with the Red Tape Reduction Act. The bill adds one item to the Property Tax Administration statute that allows the Commission to delete an entire rule from the administrative code.

MOTION: Senator Burgoyne moved to send H 381 to the floor with a do pass recommendation. Senator Vick seconded the motion. The motion carried by voice vote.

ADJOURNED: There being no further business at this time, Chairman Rice adjourned the meeting at 3:22 p.m.

_____________________________    _______________________________
Senator Rice                                           Machele Hamilton
Chair                                                   Secretary
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, March 03, 2020

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<td>Minutes</td>
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<td>Senator Hill</td>
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<td></td>
<td>Approve the Minutes of February 12, 2020</td>
<td>Senator Cheatham</td>
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<td></td>
<td>Approve the Minutes of February 13, 2020</td>
<td>Senator Anthon</td>
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<tr>
<td></td>
<td>Approve the Minutes of February 19, 2020</td>
<td>Senator Grow</td>
</tr>
<tr>
<td>H 491</td>
<td>Relating to Ambulance Service and Cooperative Agreements</td>
<td>Representative Toone</td>
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<tr>
<td>H 408</td>
<td>Relating to Sales Tax; To Revise Provisions Regarding the Distribution of Sales and Use Tax Revenue to Cities</td>
<td>Representative Monks</td>
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If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 03, 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 3:01 p.m.

MINUTES APPROVAL: Senator Hill moved to approve the Minutes of February 6, 2020. Senator Lakey seconded the motion. The motion carried by voice vote.

Senator Cheatham moved to approve the Minutes of February 12, 2020. Senator Hill seconded the motion. The motion carried by voice vote.

Chairman Rice stated that the minutes approval for February 13, 2020 would be postponed until later in the meeting.

Senator Grow moved to approve the Minutes of February 19, 2020. Senator Hill seconded the motion. The motion carried by voice vote.

H 491 Representative Toone, District 26, presented H 491, relating to ambulance service and cooperative agreements. Representative Toone explained to the Committee that H 491 amends Idaho Code § 31-1430 to enable an ambulance district and a fire district to share resources. There are nine ambulance districts in Idaho that do not have a hospital within their boundaries. These rural districts struggle to meet costs. This legislation allows a memorandum of understanding to be created between the board of commissioners for both the fire district and the ambulance district, without penalty. These agreements would allow a limited resource to be shared.

Representative Raymond, District 35, shared that living in a rural community, if he calls for an ambulance it is a 20-to 40-minute wait time. If the call is made to the fire department, it is approximately a five-minute response time. He stated that H 491 would allow communities to share resources, and is a great opportunity to preserve property as well as lives.

MOTION: Senator Burgoyne moved to send H 491 to the floor with a do pass recommendation. Vice Chairman Grow seconded the motion. The motion carried by voice vote.

MINUTES APPROVAL: Senator Anthon moved to approve the Minutes of February 13, 2020. Senator Lakey seconded the motion. The motion carried by voice vote.

H 408 Representative Monks, District 22, presented H 408, relating to sales tax, to revise provisions regarding the distribution of sales and use tax revenue to cities. Representative Monks gave the Committee a brief history of how the state arrived at the current formula for distributing sales tax.
Representative Monks referred to a handout titled “Sales Tax Revenue Sharing to Local Taxing Districts” (see Attachment 1). He explained that the handout was a visual description of the current sales tax distribution process. He clarified that for his presentation he was not addressing special taxing districts or counties. He then pointed out the next handout (Attachment 2), which presents a similar chart and title, but uses the formula created by H 408.

Representative Monks then related to the Committee the purpose of H 408: to address the disparity of state sales tax distributions to local communities. Using another handout (see Attachment 3) he showed how different cities of the same basic size and population have considerable gaps in sales tax funding. The chart also shows the current formula versus the proposed funding of H 408. Representative Monks stressed that this legislation is not designed to hurt existing cities and there is no plan to take from one city to reimburse another. H 408 is designed only to assist in the reimbursement inequity between cities, not create competition.

H 408 will set sales tax distribution for each city using current funding as the base figures. If the city is currently receiving an amount above the statewide average, that amount will not be lowered. If sales tax collections increase, which historically occurs, the first 1 percent of the increase is divided and distributed equally to all cities. If the state collects more than a 1-percent increase, the excess funds are distributed to cities receiving less than the state average. H 408 is designed to use growth to increase equity among cities, by increasing distribution amounts to those that are below average.

TESTIMONY: Sean Coletti, Mayor, Ammon, Idaho; Brad Christensen, Resident, Boise, Idaho; and Jerry Merrill, Mayor, Rexburg, Idaho, all testified in support of H 408.

DISCUSSION: Senator Vick questioned what would be the effect on cities if revenues go down. Representative Monks responded that if sales tax revenues remain level, every city will be reimbursed the same amount. If the revenues go down, they will receive less, just as they would under the current formula. He believes Idaho will grow beyond this formula in a short period of time which will allow sales tax reimbursement to be based on population alone.

MOTION: Senator Anthon moved to send H 408 to the floor with a do pass recommendation. Senator Lakey seconded the motion. The motion carried by voice vote.

ADJOURNED: There being no further business at this time, Chairman Rice adjourned the meeting at 3:45 p.m.
Sales Tax Revenue Sharing to Local Taxing Districts

Sales Tax Revenue
FY 2019 - $1,895.9M

General Fund & Other Distributions
2019 - $1,678.6 M

11.5% to Locals
(2019 - $217.3 M)

28.2%
(2019 - $61.3M)
CITIES
50% Population
50% Market Value

28.2%
(2019 - $61.3M)
COUNTIES
$30,000 each county Remainder
Based on Population

35.9%
(2019 - $78.0M)
CITIES & COUNTIES
105% of 1999 Base;
Remainder Based on Population

7.7%
(2019 - $16.7M)
SPECIAL PURPOSE TAXING DISTRICTS
105% of 1999 Base Proportion based on budget size

Representative Jason Monks
Prepared by LSO, Budget & Policy Analysis

2/18/2020
H 408 Sales Tax Revenue Sharing to Local Taxing Districts

Sales Tax Revenue FY 2019 - $1,895.9M

11.5% to Locals (2019 - $217.3 M)

General Fund & Other Distributions 2019 - $1,678.6 M

45.2% (2019 - $98.1M)
CITIES
1% Growth from Previous Year Remainder to Cities under Average Per Capita on Population

47.1% (2019 - $102.4M)
COUNTIES
$61.3 M Flat + Population
$41.2 M for Base/Excess

7.7% (2019 - $16.7M)
SPECIAL PURPOSE TAXING DISTRICTS
105% of 1999 Base Proportion based on budget size

Representative Jason Monks
Prepared by LSO, Budget & Policy Analysis 3/3/2020
<table>
<thead>
<tr>
<th>City</th>
<th>FY 2019 Actual</th>
<th>FY 2019 Distribution</th>
<th>FY 2018 Actual</th>
<th>FY 2018 Distribution</th>
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</thead>
<tbody>
<tr>
<td>Parker</td>
<td></td>
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<tr>
<td>Paris</td>
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<td>Omaha</td>
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<tr>
<td>New York</td>
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</table>

**Note:** The table above contains data for various cities, including FY 2019 and FY 2018 actual figures and distribution percentages.
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</table>

Representative Jason Monks
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Item 2</td>
<td>$98,765</td>
<td>$43,210</td>
<td>$76,543</td>
<td>$98,765</td>
<td>$43,210</td>
<td>$76,543</td>
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<td>Item 3</td>
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<td>$12,345</td>
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**Notes:**
- All values are in thousands of dollars.
- The total is calculated by summing the values for each item across the years.

*Represents Missing Data Points*
# AGENDA

**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

3:00 P.M.

Room WW53

Wednesday, March 04, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
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<tbody>
<tr>
<td><strong>H 451</strong></td>
<td>Relating to Annexation; to Provide Requirements Regarding Annexation of Certain Forest Land</td>
<td>Representative Wisniewski</td>
</tr>
<tr>
<td><strong>H 442</strong></td>
<td>To Provide a Sales and Use Tax Exemption for Certain Aircraft</td>
<td>David Lehman, Primus Policy Group</td>
</tr>
<tr>
<td><strong>H 518</strong></td>
<td>To Revise Provisions Regarding the Content of Property Tax Notices</td>
<td>Representative Doug Ricks</td>
</tr>
</tbody>
</table>

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**

Chairman Rice  
Vice Chairman Grow  
Sen Hill  
Sen Vick  
Sen Anthon  
Sen Lakey  
Sen Cheatham  
Sen Burgoyne  
Sen Nye

**COMMITTEE SECRETARY**

Machele Hamilton  
Room: WW50  
Phone: 332-1315  
Email: sloc@senate.idaho.gov
DATE: Wednesday, March 04, 2020
TIME: 3:00 P.M.
PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/EXCUSED: Senator Anthon

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 3:05 p.m.

H 451 Representative Wisniewski, District 3, presented H 451, relating to annexation. He informed the Committee that H 451 is a companion bill to H 25 (2019), which prevented forced annexation of agricultural land. This bill extends the exemption to actively engaged forest land with the same five-acre minimum requirement.

MOTION: Senator Vick moved to send H 451 to the floor with a do pass recommendation. Senator Cheatham seconded the motion. The motion carried by voice vote.

H 442 David Lehman, Primus Policy Group, representing Idaho Agricultural Aviation Association (IAAA), presented H 442, to provide a sales and use tax exemption for certain aircraft. Mr. Lehman explained that this bill adds aircraft that are used for the primary purpose of agricultural spraying, seeding, and conservation to the list of commercial care aircraft currently exempt from sales tax. Agricultural equipment used for ground application of chemicals is exempt under Idaho's production exemption. Aerial applicators do not qualify for the same tax exemption. H 442 leaves the current exemption in language and the production exemption in place, and addresses the inequity in the tax code for aerial agricultural equipment.

DISCUSSION: Vice Chairman Grow asked for clarification regarding line 39 of H 442 where it specifies the sale, lease, purchase, or use of aircraft primarily used for agricultural spraying, assuming this would be more than 50 percent. Mr. Lehman responded that taxable hours are added against the nontaxable hours and the greater amount determines how it is primarily used.

TESTIMONY: Mike Jurak, IAAA, of Kimberly, Idaho and John Cooper, IAAA, of Burley, Idaho testified in support of H 442.

MOTION: Senator Lakey moved to send H 442 to the floor with a do pass recommendation. Vice Chairman Grow seconded the motion. The motion carried by voice vote.
Representative Doug Ricks, District 34, presented H 518, to revise provisions regarding the content of property tax notices. Representative Ricks explained to the Committee that the purpose of this legislation is to add additional disclosures on property tax notices and tax bills specifically. He referred to a handout titled "Ada County Consolidated Property Tax Bill" (see Attachment 1) where numerous school bonds were listed. H 518 provides that a disclosure specifying when those bonds expire is shown. In the next handout, "Madison County Tax Bill," (see Attachment 2) there are several school related bonds. It would appear that they have more transparency as the effective date is shown. However, it does not show how many more years for the bond, or a specific date.

Representative Ricks relayed that he had discussed the bill with assessors and treasurers who conveyed that the intent was doable. However, there are different computer software programs being used by several counties. In order to not create a burden for counties, he asked the Committee to send H 518 to the 14th Order of Business for amendment. The intent is to allow the counties to either show it on their tax bill, or have a website link that citizens can go to. Bonneville County uses the link system where they show the outstanding school bonds with expiration dates (see Attachment 3). However, the link is not up to date, showing figures only through October 2017. Counties would be encouraged to update the link on a regular basis.

DISCUSSION: Chairman Rice questioned if the language of the amendment had been discussed with county treasurers. Representative Ricks replied affirmatively. Senator Burgoyne pointed out that he would appreciate a link for everything on his property tax bill.

MOTION: Senator Burgoyne moved to send H 518 to the 14th Order of Business for possible amendment. Senator Lakey seconded the motion.

DISCUSSION: Senator Hill explained to the Committee that he was going to support the motion, but relayed a word of caution regarding disclosure. He warned that in an effort to educate the citizenry he feared it would overwhelm them and they would only look at what they owe. The intent is to get them to look at it as a whole, educate themselves, and make better decisions. Chairman Rice indicated his approval of the link system as well.

VOICE VOTE: The motion to send H 518 to the 14th Order of Business for possible amendment carried by voice vote.

ADJOURNED: There being no further business at this time, Chairman Rice adjourned the meeting at 3:34 p.m.
ADA COUNTY TREASURER
P.O. BOX 2868
BOISE, ID 83701

TAX YEAR 2019

DUE DATE: DECEMBER 20, 2019

Property Description:
PAR #0033 OF LOTS 4 & 5 SCHMELZER ADD

Property Address: [Redacted]

ADA COUNTY ISSUES A CONSOLIDATED PROPERTY TAX BILL ON BEHALF OF THE TAXING DISTRICTS LISTED BELOW. REVENUE WILL BE DISTRIBUTED TO EACH DISTRICT IN THE AMOUNT INDICATED. CERTIFICATIONS TO THE TAX ROLL, VOTER-APPROVED BONDS & OVERIDES ARE ALSO SHOWN IF APPLICABLE. LEVY SHEETS AVAILABLE ON THE WEBSITE.

<table>
<thead>
<tr>
<th>TAXING DISTRICT</th>
<th>PHONE #</th>
<th>DISTRICT LEVY</th>
<th>TAX AMOUNT</th>
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<td>EAGLE FIRE</td>
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<td>FLOOD DISTRICT #10</td>
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<td>EAGLE UR INSIDE CITY WISEWER</td>
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<td>1,498.12</td>
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Certifications & Special Assessments:

| DRAINAGE DIST #2 | 208-629-7447 | 6.50 |

TAXADJUSTMENT: 0.00
CURRENT YEAR TAX: 3,011.28
PREPAYMENTS RECEIVED: 0.00
STATE PROPERTY TAX REDUCTION: 0.00
TOTAL DUE: 3,011.28

IMPORTANT MESSAGES

WHEN ANY PORTION OF THE TAX BECOMES DELINQUENT, A 2% LATE CHARGE WILL BE APPLIED. INTEREST ON THE DELINQUENT BALANCE WILL ACCRUE AT 1% PER MONTH DATING FROM JANUARY 1ST (IDAHO CODE 63-901 AND 63-1001). WHEN PAYING DELINQUENT BALANCES PLEASE CALL OUR OFFICE FOR THE AMOUNT DUE INCLUDING LATE CHARGES AND INTEREST.

30 DAYS AFTER ANY PORTION OF A MANUFACTURED HOME TAX BECOMES DELINQUENT PAYMENT IS IMMEDIATELY DUE IN FULL

PAYMENT OPTIONS

Property Portal
Sign-up online to view bills electronically and to receive e-mail/text alerts.
Visit: adacounty.id.gov/treasurer
E-check: Flat fee of $3.00 Debit/Credit Card: 2.4% Fee

Online
Visit: adacounty.id.gov/treasurer
E-check: Flat fee of $3.00 Debit/Credit Card: 2.4% Fee
Online Bill Pay through Banking Institutions also accepted.
Please verify parcel number before processing payment.

Phone
Call 1-844-471-7324
E-check: Flat fee of $3.00 Debit/Credit Card: 2.4% Fee

Mail
US Post Mark by due date with pay stub below and envelope provided:
P.O. Box 2868
Boise, ID 83701

In Person
COURTHOUSE: 200 W. Front St.
Mon. - Fri. 8:00 am to 5:00 pm
PUBLIC ADMIN. BLDG: 182 N. Cloverdale
Following dates ONLY:
NOVEMBER 25TH THRU DECEMBER 20th
Mon. - Fri. 8:00 am to 5:00 pm
Secure drop-box also available

PHONE: 208-287-6800
Email: taxinfo@adacounty.id.gov
https://adacounty.id.gov/treasurer
PARCEL NUMBER: R7736000033
2019 Bill Number: 3536919
Property Type: REAL
Tax Roll: PRIMARY
Code Area: 05

Urban Renewal Agency: EAGLE DOWNTOWN / EAST EN

WHAT DATE WAS MY BILL PRINTED?
NOVEMBER 19th, 2019

WHO REQUESTED MY BILL?

WHAT IS MY CURRENT ASSESSED VALUE?
TOTAL ASSESSED VALUE: 312,400
HOMEOWNER'S EXEMPTION: 0
TOTAL TAXABLE VALUE: 312,400

WHO DO I CONTACT ABOUT THE ASSESSED VALUE OF MY PROPERTY?
ASSESSOR'S OFFICE, 208-287-7200

WHAT WAS MY PRIOR YEAR TAX?
PRIOR YEAR TAX: 3,143.52

WHEN IS MY BILL DUE?
TO AVOID ADDITIONAL CHARGES THE ENTIRE FIRST HALF MUST BE PAID IN FULL BY DECEMBER 20TH AND THE SECOND HALF MUST BE MADE BY JUNE 20TH.

DO YOU ACCEPT PARTIAL PAYMENTS?
PARTIAL PAYMENTS ARE ACCEPTED ON REAL PROPERTY TAX AND APPLIED FIRST TO THE OLDEST DELINQUENCY THEN TO THE CURRENT BALANCE DUE. PREPAYMENTS FOR TAX YEARS NOT YET BILLED ARE ALSO ACCEPTED.
# MADISON COUNTY 2019 PROPERTY TAX BILL

Make check payable to:
ANGIE MOFFAT, TAX COLLECTOR
134 E MAIN ST
REXBURG ID 83440-1922
TELEPHONE: (208) 359-6264

---

### Taxing District / Certification | Levy Rate | Amount
--- | --- | ---
MADISON COUNTY | 0.006480263 | 579.04
REXBURG | 0.004152293 | 371.07
SD #321 2006 BOND | 0.001721155 | 153.81
SD #321 SUPPLEMENTAL/OVERRI | 0.001046282 | 93.50
SD #321 2017 BOND | 0.0006537210 | 56.94
SD #321 2008 BOND | 0.000624068 | 55.77
MADISON LIBRARY | 0.000575611 | 51.44
SD #321 2019 EMERGENCY | 0.000407982 | 36.46
MADISON CO AMB | 0.000400000 | 35.75
MOSQ ABATE | 0.000330256 | 29.51
MADISON LIB 2008 BOND | 0.000147817 | 13.21
SD #321 TORT | 0.000063863 | 5.71
REXBURG CEM | 0.000048479 | 4.33
SOLID WASTE | 0.000000000 | 25.00

**Total Tax & Certifications** | 0.016533509 | 1,511.54
--- | --- | ---
Less Additional Payments | -755.77 |
**Net Tax & Certifications Due** | 755.77 |
First Half Due | 0.00 |
Second Half Due | 755.77 |
**TOTAL DUE** | 755.77 |

### PROPERTY & TAX SUMMARY

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<thead>
<tr>
<th>Description</th>
<th>LAST YEAR</th>
<th>CURRENT YEAR</th>
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<tbody>
<tr>
<td>Assessed Property Value</td>
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<td>89,364</td>
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<td>Less Homeowner’s Exemption</td>
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</tr>
<tr>
<td>Taxable Market Value</td>
<td>89,364</td>
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**Taxable Market Value** | 89,364 |
**Tax Charge** | 1,373.20 |

---

**2019**

- 2nd Half 0001943432
- 0001943432

**AMOUNT DUE** | 755.77

---

**2019**

- 1st Half 0001943431
- 0001943431

**AMOUNT DUE** | 0.00 | 755.77

---

June 20, 2020

December 20, 2019
### Outstanding School Bonds

As of October 2017

#### Shelley School District #60

<table>
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<tr>
<th>Description</th>
<th>Date of Election</th>
<th>Term or Expiration Date</th>
<th>Current Year Levy Amount</th>
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<tbody>
<tr>
<td>Supplemental</td>
<td>5/17/16</td>
<td>2 years</td>
<td>$575,000</td>
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<tr>
<td>Plant Facility</td>
<td>3/8/11</td>
<td>10 years</td>
<td>$390,000</td>
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<tr>
<td>Bond</td>
<td>5/15/17</td>
<td>Sept. 2019</td>
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<tr>
<td>Bond</td>
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<td>Sept. 2027</td>
<td>$212,500</td>
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#### Idaho Falls School District #91

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<th>Current Year Levy Amount</th>
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<tbody>
<tr>
<td>Override</td>
<td>3/14/17</td>
<td>2 years</td>
<td>$6,800,000</td>
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<tr>
<td>Plant Facility</td>
<td>5/15/12</td>
<td>10 years</td>
<td>$2,442,805</td>
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<td>Bond</td>
<td>3/13/12</td>
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#### Swan Valley School District #92

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<th>Current Year Levy Amount</th>
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<tbody>
<tr>
<td>Plant Facility</td>
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<td>5 years</td>
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#### Bonneville School District #93

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<tbody>
<tr>
<td>Supplemental</td>
<td>3/14/17</td>
<td>2 Years</td>
<td>$5,800,000</td>
</tr>
<tr>
<td>Plant Facility</td>
<td>7/12/10</td>
<td>10 years</td>
<td>$2,800,000</td>
</tr>
<tr>
<td>Bond Series 2009</td>
<td>12/10/08</td>
<td>20 years</td>
<td>$120,180</td>
</tr>
<tr>
<td>Bond Series 2012A</td>
<td>3/13/12</td>
<td>20 years</td>
<td>$382,622</td>
</tr>
<tr>
<td>Bond Series 2012C</td>
<td>3/13/12</td>
<td>20 years</td>
<td>$1,894,550</td>
</tr>
<tr>
<td>Bond Series 2016B</td>
<td>11/3/15</td>
<td>Sept. 2028</td>
<td>$574,323</td>
</tr>
</tbody>
</table>

#### Soda Springs Joint School District #150

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Election</th>
<th>Term or Expiration Date</th>
<th>Current Year Levy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental</td>
<td>3/14/17</td>
<td>1 year</td>
<td>$728,000</td>
</tr>
<tr>
<td>Plant Facility</td>
<td>3/8/10</td>
<td>10 years</td>
<td>$498,000</td>
</tr>
<tr>
<td>Bond</td>
<td>5/16/17</td>
<td>Sept. 2027</td>
<td>$731,538</td>
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</tbody>
</table>

#### Ririe Joint School District #252

<table>
<thead>
<tr>
<th>Description</th>
<th>Date of Election</th>
<th>Term or Expiration Date</th>
<th>Current Year Levy Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Override</td>
<td>3/14/17</td>
<td>2 years</td>
<td>$220,000</td>
</tr>
<tr>
<td>Bond</td>
<td>9/11/08</td>
<td>March 2021</td>
<td>$520,649</td>
</tr>
<tr>
<td>Bond</td>
<td>3/14/17</td>
<td>Sept. 2023</td>
<td>$165,000</td>
</tr>
</tbody>
</table>

Data source: Bonneville County Clerk, as reported by the individual school districts.
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, March 05, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 521</td>
<td>To Provide a Sales and Use Tax Exemption</td>
<td>Senator Jim Rice</td>
</tr>
<tr>
<td>H 409</td>
<td>To Provide a Limitation on Nonschool Taxing District Budget Requests</td>
<td>Representative Mike Moyle</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 05, 2020
TIME: 3:00 P.M.
PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/EXCUSED: Senator Vick

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.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

H 521 Chairman Rice presented H 521, to provide a sales and use tax exemption. Chairman Rice explained that H 521 makes certain activity exempt from sales tax and the new construction roll. He gave an example to the Committee of looking at the planet at night, when you can see that most of the population is on sea coasts and major rivers, clustering at natural harbors. This allows for more commerce as it moves items at a lower transportation rate. He explained that data centers are the electronic version of natural harbors. Data transfer capabilities in those areas are upgraded, drawing in other data center businesses and electronics. Data centers require few services and provide a number of benefits to the community.

Chairman Rice introduced Steve DelBianco, President, Net Choice. Mr. DelBianco gave a presentation regarding H 521 (see Attachment 1).

DISCUSSION: Senator Burgoyne requested clarification from Mr. DelBianco regarding the new construction roll provision of the bill. He questioned if this was typical in states that do sales tax exemptions. Mr. DelBianco responded that this was the first time he had seen it in a piece of state legislation.

TESTIMONY: Seth Grigg, Executive Director, Idaho Association of Counties, indicated support for the intent to not have personal property go on the new construction roll. He felt the language in H 521 has the potential that real property would be prohibited from being added to the new construction roll. He expressed concern that it would not provide the additional budget capacity that local taxing districts would otherwise receive from new development.

Sean Schupack, Director of Public Policy, Idaho Association of General Contractors; John Eaton, Vice President, Idaho Association of Commerce and Industry; Benjamin Kelly, Food Producer; and Rick Smith, Hawley Troxell, representing Facebook, all testified in support of H 521.

MOTION: Senator Burgoyne moved to send H 521 to the floor with a do pass recommendation. Senator Cheatham seconded the motion. The motion carried by voice vote.
Chairman Rice presented H 409, to provide a limitation on nonschool taxing district budget requests. Chairman Rice called on the Committee to send H 409 to the 14th Order of Business for amendment. He explained that he wanted to extend the length of time from one year to three and add a percentage of growth for each of the three years. This would result in a cap rather than a freeze. In addition there are some urban renewal districts that will be ending during that time and those revenues would be added. Chairman Rice related that it is his intent to adjust it to a 4 percent growth while the property tax issue is looked at more in depth.

DISCUSSION: Senator Burgoyne questioned if H 409 would stop the shift that has been occurring from commercial property taxes to residential. Senator Nye also questioned if the bill would provide any relief for seniors or those on fixed incomes. Chairman Rice stated that H 409 by itself would not accomplish property tax reduction as a whole. He explained that commercial and residential property values are not increasing at the same rate. He also explained that it is unlikely there would be any freeze on supplemental levies by school districts, which play a part in tax increases as well. All property tax issues would be looked at during the interim, and H 409 would slow the growth of property taxes from the rate they would be without it.

TESTIMONY: Seth Grigg, Executive Director, Idaho Association of Counties, expressed opposition to H 409. Mr. Grigg emphasized that compared to other local units, the counties are unique in that they are an arm of the state. So much of what is required of counties is directed by statute. He stated there are distinct differences all over the state between cities and counties, and they do not feel H 409 reflects those differences.

Stephen Freiburger, President, Paragon Consulting, informed the Committee that he had 30-years experience as an engineer and has worked for 83 different jurisdictions across Idaho. Currently he is responsible for asset management, capital improvements, and budget analysis for 18 jurisdictions. He reported that property tax makes up 37 percent of highway district budgets, the largest revenue source they have. In 2015 they began keeping track of deferred maintenance, which has increased for all highway districts by 12 percent annually. This results in a 58 percent increase, affecting the ability to maintain roads, as well as public safety. Mr. Freiburger observed that for every year there is a property tax freeze, it takes a 5 percent increase to return to the original amount of funding.

Kendra Kenyon, Chairman, Ada County Commissioners, expressed her concern for the tremendous growth experienced by Ada County. There are estimates that by 2040, Ada County will have a population of 1.5 million people, 3 times the current population. She related that Ada County is at the tipping point with facility maintenance and infrastructure needs and she believes H 409 would be devastating to Ada County.

DISCUSSION: Senator Burgoyne questioned Ms. Kenyon if growth paid for itself. Ms. Kenyon responded that new growth construction helps pay for itself. Without new construction rolls they would not be able to sustain services at current levels. She specified that some types of services are mandated by the State, such as safety, public health, and security.

TESTIMONY: Doug Fowler, President, LeNir Ltd, Harris Ranch Development, expressed his concern regarding H 409, but clarified that he had not had the opportunity to consider the proposed amendments. He informed the Committee that as written, H 409 would not allow them to keep their commitments to the city, or to the property owners of Harris Ranch.
DISCUSSION: Bob VanArnem, citizen, informed the Committee he had come prepared to discuss H 409 only to learn it was proposed for amendment. After several more questions regarding the amendments, Senator Anthon clarified that no one had seen the amendments and H 409 was before the Committee as it had been drafted and sent from the House.


Fred Birnbaum, Executive Director, Idaho Freedom Foundation, testified in support of H 409. Mr. Birnbaum related that property taxes have increased at a compound annual growth rate of 5.9 percent a year for 40 straight years. If frugal governments need a 6 percent per year increase - far more than inflation or population growth - the system is broken. Mr. Birnbaum stated this process cannot continue and H 409 is necessary.

John Evans, Mayor, Garden City, representing the Association of Idaho Cities, testified against H 409. Mr. Evans relayed that capping new growth exacerbates housing problems and impacts our fastest growing cities.

Rick Visser, Ada County Commissioner, testified in support of H 409. Mr. Visser reported that the ongoing large increases in Ada County property tax bills have hit a crisis stage. Over the last 10 years, the cumulative rate of inflation was 19.2 percent, while the county's budget increased 49.3 percent. That equates to an average annual increase that is 2.5 times greater than the rate of inflation.

DISCUSSION: Senator Burgoyne inquired what Mr. Visser believed to be the biggest proportion of residential property tax increase: the shift from commercial to residential property taxes, or the increase in budgets. Mr. Visser responded that he believed budget increases to be excessive.

TESTIMONY: Miguel Legarreta, President, Associated Taxpayers of Idaho, gave the Committee an example of property value and tax increases over a decade, speaking neither in support, nor opposition, of H 409.

Hetie Clark, citizen, related to the Committee that he believes there is a constrained housing supply that pushes property values up. H 409 will restrict the budgets of local governments, which will continue to constrain supply.

Representative Mike Moyle, District 14, informed the Committee that he believes H 409 to be a worthy bill without amendment. He believes citizens will take drastic action if the Legislature does not act to protect taxpayers.

MOTION: Senator Nye moved that H 409 be held in Committee. The motion failed for lack of a second.

MOTION: Senator Cheatham moved to send H 409 to the 14th Order of Business for possible amendment. Senator Hill seconded the motion.

SUBSTITUTE MOTION: Senator Burgoyne moved that H 409 be held in Committee. Senator Nye seconded the motion.

DISCUSSION: Senator Burgoyne related to the Committee that H 409 does not address the difference in appreciation between residential and business property. It does not address what was done with the homestead exemption in 2016, or the fact that growth does not pay for itself. Senator Burgoyne stated he wants to focus on true property tax relief and making actual property tax cuts.
Senator Hill voiced to the Committee his concern regarding tax uniformity across the state. He feels it necessary to do something for those who have extreme need and H 409 could end up as something worse in the amending order. Senator Hill stated he was opposed to the substitute motion.

Senator Lakey stated his opposition to the substitute motion in favor of the original motion. He told the Committee about a town hall where constituents made their feelings known regarding property taxes. He believed it to be a complex issue that needs to be looked at from all aspects: property tax, sales tax, and income tax.

Senator Anthon explained that he would not support the substitute motion, but would support the original motion. He expressed his desire that the public be aware that this is not a tax relief bill, but a bill to limit government growth. Also, this is not a universal problem across the state. Understanding that there is a problem in the Treasure Valley, he would support a process where they continue to have a dialog regarding equalization, looking at the overall tax system.

**VOICE VOTE:** The substitute motion that H 409 be held in Committee failed by voice vote.

**DISCUSSION:** Senator Nye questioned if within the amending order adjustments to homeowners exemption and the circuit breaker program could be addressed. His constituents need immediate relief. Senator Hill responded that he did not have a definitive answer and felt it was something that would require consulting the Attorney General.

**VOICE VOTE:** The motion to send H 409 to the 14th Order of Business for possible amendment carried by voice vote, with Senator Burgoyne requesting that he be recorded as voting nay.

**ADJOURNED:** There being no further business at this time, Vice Chairman Grow adjourned the meeting at 4:27 p.m.
NetChoice

Steve DelBianco
President, NetChoice

Testimony for

Idaho Senate
Local Government and Taxation Committee

HB 521
Taxation of Data Centers

March 5, 2020
Chairman Rice and members of the committee, NetChoice is a trade association of businesses who share the goal of making the internet safe for free enterprise and for free expression. We work to promote the integrity and availability of the global internet and are significantly engaged in issues in the states, in Washington, DC and in international internet governance organizations.

We are pleased to present at your hearing meeting on HB 521 — Taxation of Data Centers. However, NetChoice members (AoL, eBay, Expedia, Facebook, Google, Twitter and many others) don’t think of themselves as the “data center industry.” Rather, they’re the industry that enables Americans to find information, to create and connect, to buy and sell, to navigate their world, and to maintain their memories — in stored communications, docs, photos, and videos.

Data centers contain essential production equipment to deliver these services, so our members are eager to see Idaho join other states who recognize that to attract capital-intensive large data centers, it is necessary to allow the same sales tax treatment they have allowed for decades on equipment needed for other capital-intensive industries like manufacturing and agriculture.

Moreover, data centers are recession-proof, with high-paying tech jobs. Where our companies have invested in enterprise data centers, they contribute significantly to local taxes and are strong supporters of education and broadband expansion. And those investments continue, as our companies add data centers to established campuses such as this Facebook facility near Columbus, Ohio.

Facebook’s initial 970,000 SF center cost $750 million, making it the largest commercial project in the city.

Construction brought $244 million to the local supply chain and 1,200 construction workers earned $78 million in wages.

Across the street, Google is planning a $600 million, 275,000 SF data center on 440 acres, setting the potential for future expansion.

Our testimony includes the perspectives of an economic development official and a lawmaker who helped Virginia become the world’s leading location for data centers.

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1 NetChoice is a trade association of leading e-Commerce and online businesses, at www.netchoice.org. The views expressed here do not necessarily represent the views of every NetChoice member company.

2 Columbus Business First (Apr-2019) Facebook’s New Albany data center will be much bigger than originally planned.
Virginia’s journey to becoming the world leader for data centers

Most NetChoice members store data where Barbara and Steve live -- Northern Virginia, the world’s #1 concentration of data centers. That’s where these companies store your emails, documents, photos and videos of your cute kids and grandchildren. Data centers provide millions in tax revenue and thousands of jobs, serving as the backbone of Virginia’s tech industry while helping diversity the state’s economy.

A new study by Mangum Economics\(^3\) counts these Virginia benefits attributable to data centers in 2018:

- **45,290 jobs**
- **$ 3.5 Billion in labor income**
- **$10.1 Billion in economic output**

Regarding earnings for data center workers, the 2020 Virginia study found that average annual wages in the data center industry doubled to just over $126,000 between 2001 and 2018, growing “almost twice as fast as the average private sector employee in Virginia”.

In 2018, data centers made $2.6 billion in capital investments across Virginia, supporting 4,617 jobs, $254 million in labor income, and $670 million in economic output in the state’s construction industry.

Moreover, these data centers generate significant tax revenue for local governments. In Loudoun and Prince William Counties, the benefit-to-cost ratio for data centers is more than 8-to-1. For every dollar spent by county governments related to data centers, they realized at least $8 in new tax revenue.

But it took a purposeful economic development approach to make this happen.

In the late 1990’s, Governor Jim Gilmore appointed Steve to the board of Virginia’s economic development agency (Virginia Economic Development Partnership). Virginia was keen to pursue economic development for a growing Internet industry that already had two important anchors in the Commonwealth. America Online was based in Northern Virginia. And the Metro Area Exchange (MAE-East) handled half of America’s internet traffic – in a parking garage in Tysons Corner, where Steve’s software business was headquartered.

But it soon became clear that Aol and MAE-East was not enough to win the most significant data center location competition of that time. In 2011, Virginia lost out to North Carolina on the construction of a billion-dollar data center that Apple was planning. What tipped the balance in favor of the Tar Heel State was an ongoing commitment to update their sales tax structure to attract data centers.

Apple’s decision was a wake-up call that made it clear Virginia had to constantly update its business and tax environment in an increasingly high-stakes competition for the jobs and investments of the 21st century. That’s where Virginia Delegate Barbara Comstock rose to the challenge.

In 2012, Barbara served in the Virginia General Assembly and introduced legislation to update the tax code for data centers. A bipartisan, state-wide coalition, and the leadership of the Northern Virginia Technology Council, resulted in near unanimous passage.

In 2016, the legislation was further updated and provided more certainty for data centers. These bills gained the signatures of Republican Gov. Bob McDonnell and Democratic Gov. Terry McAuliffe. All understood that data centers were the basic infrastructure for innovation, for the future, and for nurturing high-paying jobs. Virginia opened the door to billions of dollars of investments in the form of...
high-tech data processing and hosting centers, and Virginia remains the number one state for data centers—in the world. (see Annex 1 for Barbara Comstock’s Feb-2019 editorial describing the full story).

**Large-scale enterprise data centers are now in several states that established a data center sales tax exemption**

The experience of Virginia has been repeated in several other states that established a data center exemption like that allowed for manufacturing and agricultural production equipment. Oxford Economics prepared this infographic to summarize its study of six Google data centers in rural and suburban counties in Iowa, Oklahoma, Oregon, South Carolina, Georgia, and North Carolina.

Google has invested **$10.5 billion**
equipping data centers to deliver its state-of-the-art search engine, cloud computing, and Web-based services...

- **$2.5 billion** Pottawattamie County, IA
- **$1.2 billion** Caldwell County, NC
- **$2.0 billion** Mayes County, OK
- **$1.8 billion** Wasco County, OR
- **$1.2 billion** Douglas County, GA
- **$1.8 billion** Berkeley County, SC

Oxford also studied the broader income and economic activity effects of those six Google data centers, finding $750 million in labor income and $1.3 billion in activity.

**These Google data centers generate significant income and economic activity for the communities around them...**

- **$750 million** in labor income
- **$1.3 billion** in economic activity

...and have created **11,000 jobs** throughout the United States.

- **1,900** people directly employed on the six data center campuses
- **1,100** construction workers employed for maintenance work each year, on average

Google’s recent announcement that it will double its data center and office footprint in Virginia, coupled with Amazon choosing the commonwealth as its second headquarters, show that Virginia’s commitment to creating an attractive technology business climate is delivering results and incremental tax revenue.
Enterprise data centers bring incremental economic benefits and incremental tax revenue

Not only do high wages in the data center industry offer a vital new employment option, but these centers also are a driving force in the development of renewable energy resources and upgrades to utilities and internet infrastructure. Moreover, the data centers generate new income and business taxes, sales taxes on non-exempt purchases and electricity, and local property taxes.

For that reason, we applaud Idaho for adopting a “Here vs Not here” analysis of whether to establish a data center exemption. This recognizes the reality that over the last five years, no enterprise data center has located in states that impose sales tax burdens on data center server equipment.

The decision to establish a data center sales tax exemption still generates incremental tax revenue—despite the sales tax exemption on data center equipment. The first table lists several economic benefits that accrue if the State is successful in attracting large enterprise data centers:

<table>
<thead>
<tr>
<th>Incremental economic benefits of data centers</th>
<th>Here</th>
<th>Not here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income &amp; spending by construction workers &amp; contractors</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Income &amp; spending by data center employees</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Revenue for local suppliers, contractors, lodging, and restaurants</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>High-tech training and experience for workforce</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Make the state more attractive for tech business and education</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Diversify local economies</td>
<td>+</td>
<td>0</td>
</tr>
</tbody>
</table>

This second table lists several incremental tax revenue opportunities from data center construction and operation—even after establishing a data center exemption:

<table>
<thead>
<tr>
<th>Incremental tax revenue from data centers</th>
<th>Here</th>
<th>Not here</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income taxes paid by employees and contractors</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Corporate income taxes from data center operators &amp; contractors</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Sales taxes on non-exempt equipment and supplies</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Lodging taxes for visits by contractors and workers</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Sales taxes on business services</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Local real estate &amp; personal property taxes</td>
<td>+</td>
<td>0</td>
</tr>
</tbody>
</table>

In June of 2019, Virginia’s Joint Legislative Audit and Review Commission (JLARC) published its audit report and evaluation of Virginia’s tax incentives for data centers, using confidential tax information
from data center taxpayers. JLARC concluded that 90 percent of the investment in data centers eligible for the sales tax exemption would not have made in Virginia were it not for those tax exemptions. Those investments would have been made in other states that give data center equipment the same tax exemptions long given on equipment used in manufacturing and agriculture.

As Mangum concluded in its 2020 Virginia Study, “the ‘cost’ of the State data center incentive is only 10 percent of the amount of State sales tax revenue exempted.” In fact, JLARC’s analysis showed that Virginia recovered $1.09 in state tax revenue for every dollar of sales tax that was exempted for data center equipment purchases in 2017.

At the local level, data centers generated more than $250 million in local tax revenue for Loudoun county, Virginia in 2018. That money reduces everyone else’s property taxes while supporting local schools, law enforcement. Now these benefits are spreading to counties across Virginia.

Idaho’s legislature adopted this “Here vs Not here” analysis in the Fiscal Note for HB 521:

*Passage of this legislation will have a positive impact on the general fund.*

*Though this bill allows a sales and use tax exemption, this legislation is prospective and is intended to attract business investment not already present in the state of Idaho.*

*Business investment of two hundred and fifty million dollars ($250,000,000) or more will create new jobs, not only to directly support the data centers, but also in construction jobs and indirect jobs.*

**States are competing to attract enterprise data centers**

While Virginia made itself the largest data center market in the nation, it’s clear that the landscape for attracting and retaining data centers has changed. Unlike a decade ago when only five states had tax structures that were welcoming to data centers, today there are 31 states, as seen in the map below:

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8 2020 Mangum study for Virginia, page 32.
Ohio’s Economic Development Agency approved 40 years of sales tax exemptions for $2.5 billion in data center investments in just the last 2 years.

Indiana had no sales tax incentives — and no enterprise data centers — until last summer, when their House voted 95-1 and Senate voted 46-0 to allow 50 years of sales tax exemption for data center investments over $750 million.

**Support for HB 521**

Enactment of HB 521 would enable Idaho to compete for large enterprise data centers that have yet to locate here, and we enthusiastically support the legislation.

In conclusion, please consider what was said by the county manager where Apple built that data center in North Carolina:

"I highly recommend it — take 'em if you can get 'em. Otherwise, send them to us."

"It’s our single biggest taxpayer, generating revenue to the county of almost $1.5 million and employing 400 or 500 people.

*It was as close to a no-brainer as you get in this business."

Mick Berry, Manager, Catawba County, NC

We thank you for your consideration and look forward to your questions.
Data centers keep Virginia a strong leader in the 21st-century tech economy

By Barbara Comstock – Published Feb 26, 2019

In 2011, Virginia lost out to North Carolina on the construction of a $1 billion data center that Apple was planning. What tipped the balance in favor of the Tar Heel State was an ongoing commitment to update their tax structure to remain competitive in attracting this 21st-century booming business.

Up until that time, Virginia had been the leader in courting these next-generation businesses and jobs, and this wake-up call made it clear that we had to constantly update the commonwealth’s business environment in an increasingly high-stakes competition for the jobs and investments of the 21st century.

In 2012, I served in the Virginia General Assembly and introduced legislation to update our tax code for data centers. A bipartisan, commonwealth-wide coalition, and the leadership of the Northern Virginia Technology Council, resulted in near unanimous passage. In 2016, Del. Tim Hugo, R-Fairfax, further updated the legislation and provided more certainty for growing data centers. These bills gained the signatures of Republican Gov. Bob McDonnell and Democratic Gov. Terry McAuliffe.

Working together, Virginia opened the door to billions of dollars of investments in the form of high-tech data processing and hosting centers, and we remain the No. 1 state for data centers. Google’s recent announcement that it will double its data center and office footprint in Virginia, coupled with Amazon choosing the commonwealth as its second headquarters, show that our commitment to creating an attractive technology business climate is delivering results and revenue. Data centers are the backbone of that commitment.

Not only do the high wages in the data center industry offer a large source of state income tax revenue for our state, but these centers also are a driving force in the development of renewable energy resources, new roads, and utility and internet upgrades.

Loudoun County Economic Development Executive Director Buddy Rizer is correct when he asserts that it is not an accident that these high-tech investments are being made in Virginia. Loudoun County is the No. 1 data center market in the world — by a factor of two to three times. Virginia has made a clear choice: to support high-tech data center investments that now attract some of the most advanced technology companies and Fortune 1000 enterprises engaged in the latest in technology.

As of February 2018, the Northern Virginia Technology Council reported that the data center industry had created more than 43,000 new jobs in Virginia, contributing $3.2 billion in labor income and over $10 billion in economic output. In 2016 alone, the high-tech industry made $2.6 billion in capital investments in data centers, creating more than 4,600 new jobs.
In 2018, Loudoun County welcomed more than $5 billion in investment, and the creation of nearly 1,000 new jobs; and this year alone, data centers will generate more than $250 million in local tax revenue for the county — 85 percent of which will come from personal property taxes on data center equipment. That is money that goes to supporting the local schools, law enforcement, and has resulted in lowering personal property tax increases on families and homeowners. Now these benefits are spreading to counties across the commonwealth.

While Virginia has made itself the largest and most active data center market in the nation, with 70 percent of the world’s internet traffic flowing through our state, make no mistake: The landscape for attracting and retaining data centers has changed. Unlike a decade ago when only five states had tax structures that were welcoming to data centers, today that number has grown to 30 and the competition is fierce.

It is true that Virginia has been a leader in data centers in the past, but we have to stay vigilant to ensure our policies remain strongly competitive to retain this growing industry. Leaders in Richmond, on both sides of the aisle, are to be commended for understanding that data centers are a tremendous opportunity for the entire commonwealth and for their own communities, and that the strong bipartisan policy of Virginia has allowed us to be a technology front-runner, with the workforce to support the economy of the future.

Barbara Comstock is a former U.S. representative from Virginia’s 10th District; she also served from 2010–14 in the Virginia House of Delegates, where she was chairwoman of the Science and Technology Committee. She is an adviser to NetChoice, and may be contacted at Barbara@comstockstrategy.com.
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:30 P.M.
Room WW53
Tuesday, March 10, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 510</td>
<td>Relating to the Small Employer Incentive Act of 2005</td>
<td>Representative Rod Furniss Tom Kealey, Director, Department of Commerce</td>
</tr>
<tr>
<td>H 553</td>
<td>Relating to Forest Land Taxation</td>
<td>Senator Jim Rice Representative James Addis</td>
</tr>
<tr>
<td>H 551</td>
<td>Relating to College Savings Accounts</td>
<td>Representative Paul Amador Christine Stoll, Executive Director, IDeal</td>
</tr>
<tr>
<td>H 587</td>
<td>Relating to Highway District Levies</td>
<td>Representative Mike Moyle</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice  Sen Lakey
Vice Chairman Grow Sen Cheatham
Sen Hill Sen Burgoyne (Shank)
Sen Vick Sen Nye
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 10, 2020
TIME: 2:30 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Lakey, Cheatham, Shank (Burgoyne), and Nye
ABSENT/EXCUSED: Senator Anthon

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 2:31 p.m.

H 510 Representative Rod Furniss, District 35, introduced Tom Kealey, Director, Idaho Department of Commerce, to present H 510. Director Kealey related to the Committee that the Idaho Small Employer Incentive Act of 2005, commonly known as Business Advantage, is due to sunset at the end of calendar year 2020. H 510 would extend the sunset date until 2030. This Idaho incentive is one of only two that Idaho offers (see Attachment 1).

TESTIMONY: Norris Krueger, PhD, Entrepreneurship Northwest; Caroline Merritt, Idaho Chamber Alliance; Alex LeBeau, President, Idaho Association of Commerce and Industry; and Hillary Lee, local business owner, all testified in support of H 510.

DISCUSSION: Senator Vick inquired regarding the time period in which the ten new jobs were to be created. Jake Reynolds, Business Development Operations Administrator, Idaho Department of Commerce, responded that the time period is from ground breaking until facilities are complete. Senator Vick also questioned why, on page 3 of H 510, they changed the definition from a taxpayer to a business entity. Susie Davidson, Business Attraction Manager, Idaho Department of Commerce, responded that the Idaho State Tax Commission had specifically requested they make the change. Today, a business can have multiple Employer Identification Numbers (EINs). In some situations one EIN could buy real estate and another EIN could be used to hire employees. The way the bill was previously written, if that happened with a large company they would not qualify. By calling it a business entity it allows them to divide the EINs and qualify, expanding the number of businesses.

MOTION: Senator Nye moved to send H 510 to the floor with a do pass recommendation. Vice Chairman Grow seconded the motion.

Senator Hill informed the Committee that he would support the motion, but he was confused by the change in terminology from taxpayer to business entity. He stated he believed H 510 was to extend the program, not to expand it, but clarified that expanding was not negative to him. He requested tax clarification before they voted in the Senate.

VOICE VOTE: The motion to send H 510 to the floor with a do pass recommendation carried by voice vote.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.
Chairman Rice presented H 553, relating to forest land taxation. He explained to the Committee that H 553 is a culmination of years of work. There were problems with reclassification of forest lands in various parts of the state. Previous legislation required work by the tax commission, forest land owners, and county assessors. H 553 is a methodology for the assessed classification and assessment of forest lands. This gives certainty and clarity by putting the rules in statute.

DISCUSSION: Senator Shank questioned why H 553 only pertains to landowners with 5,000 or more acres. Emily McClure, Riley Stegner and Associates, informed the Committee that she was there representing several large timberland owners who had worked with the Idaho Association of Counties (IAC) and the county assessors to come up with H 553. She explained to Senator Shank and the Committee that Idaho tax law breaks up different amounts of land ownership into different sections of code. Owners of less than five acres are not considered in the commercial timber industry and are taxed as residential. Between 5 and 5,000 acres are considered smaller forest lands and taxed accordingly. Over 5,000 acres are considered a commodity. Senator Shank asked for clarification regarding someone that owned between 5 and 5,000 acres having the option to consider it a backyard or a commercial property. Ms. McClure pointed out that this was their option, but they must choose once every ten years unless they change their classification.

MOTION: Senator Hill moved to send H 553 to the floor with a do pass recommendation. Senator Cheatham seconded the motion. The motion carried by voice vote.

Representative Paul Amador, District 4, presented H 551, relating to college savings accounts. He explained that the bill represents changes to the statute for Idaho's IDeal 529 Education Savings Account program. There is only one substantive change to H 551 and it is regarding military academy attendees. Federal laws have changed, allowing military academy scholarships to count as scholarships. H 551 adopts the new federal rules instituted to ensure that Idahoans with a child attending a military academy have the same rights as in other states.

Christine Stoll, Executive Director, IDeal, referred to a handout that summarized the IDeal College Savings Program (see Attachment 2). She stated that the Committee is not one that she is used to presenting to and it was her desire to familiarize them with the program. She also presented a slide show that referred to the H 551 administrative code updates (see Attachment 3).

MOTION: Senator Nye moved to send H 551 to the floor with a do pass recommendation. Senator Shank seconded the motion. The motion carried by voice vote.

Chairman Rice presented H 587, relating to highway district levies. He explained to the Committee that this was a change to urban renewal districts created on or after July 1, 2020. It requires an agreement between the highway entity and the urban renewal district that the highway entity would keep any increment fund increase that normally would stay in the urban renewal district.

DISCUSSION: Senator Cheatham questioned if each individual highway district could use their discretion regarding the use of the funds. Chairman Rice responded that they could. Senator Nye asked Chairman Rice to explain how this did not deplete urban renewal benefits. Chairman Rice stated that he believes in most cases the urban renewal district would choose to work together with the highway districts. Spending on road upkeep is beneficial to a community.

Representative Mike Moyle, District 14, responded to Senator Nye. He believed that H 587 will help urban renewal districts do a better job with projects that have overlapping highway districts. This forces them to work together, not deplete the funds.
TESTIMONY:  Steve Price, General Counsel, Ada County Highway District (ACHD), informed the Committee that urban renewal takes funds that are necessary for road maintenance. ACHD does not believe that urban renewal districts are forthcoming with information on where the funds are spent. It also feels that worthy projects are not supported by urban renewal, and the decisions regarding transportation that urban renewal districts make do not work with the overall system. Constitutionally, the funds ACHD receive are specifically limited to the construction, reconstruction, and maintenance of roads. When funds go to urban renewal, they have none of that accountability. Mr. Price felt that H 587 is a tool to help identify projects within the urban renewal district and use that source of revenue.

DISCUSSION:  Senator Lakey pointed out a provision in H 587 that says the highway district and the urban renewal agency can enter into an agreement for a different allocation. He found it hard to envision the ACHD allowing a different allocation. Mr. Price responded that there are so many needs within urban renewal districts that it will be easy to find those projects that fit within the overall network. H 587 will give them the ability to have input on how those funds are directed.

Senator Nye requested Mr. Price give the Committee an example of opposition to H 587. Mr. Price responded that with H 587, urban renewal districts lose control of where the funds are allocated. To date, they have been using the funds at will and are not required to spend any on transportation needs. This will require transportation dollars be directed to transportation.

TESTIMONY:  Ryan Armbruster, Elam and Burke, representing the Redevelopment Association of Idaho (RAI), testified against H 587. RAI includes approximately 32 urban renewal agencies throughout the State of Idaho. Mr. Armbruster expressed concern that there were no sideboards concerning the use of revenue allocation generated funds coming from the revenue allocation area. As drafted, the funds could be spent anywhere within the highway district boundaries and could be used for administrative expenses. Mr. Armbruster stated that urban renewal agencies have spent millions of dollars on roadway related improvements within a revenue allocation area, all done in a cooperative manner. Mr. Armbruster believes that H 587 provides negotiating leverage to the highway district.

DISCUSSION:  Senator Shank requested clarification from Chairman Rice regarding urban renewal district projects. He stated that those projects not only include infrastructure and roads, but also projects such as sidewalks and bike lanes, projects that are not always a priority to the highway districts. He questioned if urban renewal districts would have the same leeway to incorporate these type of projects. Chairman Rice related they would be subject to negotiation if road dollars would be used.

Senator Lakey pointed out that H 587 does not affect urban renewal agencies that existed prior to July 1, 2020. He did notice language that refers to urban renewal district expansion. He requested clarification that if an urban renewal agency does an expansion, will H 587 apply to the entire urban renewal agency, or just the portion that has been expanded. Representative Moyle affirmed that H 587 applies only to the expansion. Chairman Rice also confirmed that the actual language of H 587 states an urban renewal district that is first formed, or that is the expanded property, is all that would be affected. The original portion of an expanded urban renewal district would not be part of it.

PASSED THE GAVEL:  Vice Chairman Grow passed the gavel to Chairman Rice.

MOTION:  Chairman Rice moved to send H 587 to the floor with a do pass recommendation. Senator Cheatham seconded the motion. The motion carried by voice vote, with Senators Nye and Shank requesting they be recorded as voting nay.
ADJOURNED:  There being no further business at this time, Chairman Rice adjourned the meeting at 3:48 p.m.

___________________________  ____________________________
Senator Rice                Machele Hamilton
Chair                       Secretary
The Small Employer Incentive Act, commonly known as Idaho Business Advantage, allows tax credits for businesses that invest a minimum of $500,000 in new facilities and create at least ten (10) new jobs paying $40,000 annually plus health benefits.

Beneficial to companies that make substantial capital investments in new plant and facilities in Idaho.

- 3.75% investment tax credit on tangible personal property
- 2.5% investment tax credit on new plant and buildings
- Up to $3,000 in tax credit per high wage job
- 25% sales tax rebate on construction materials

To qualify, a business must:

- Create at least 10 new jobs each paying $40,000/year ($19.23/hour) plus health benefits.
- The average wage of any additional new employee during project period must be $15.50/hour plus health benefits.
- Invest $500,000 or more in new facilities.

Business Advantage is part of tax code and businesses self-certify for the incentive.

- Businesses notify the Tax Commission of their plans to claim the tax credits upon completion of their qualified project.
- Tax credits are reimbursed through normal corporate income tax and sales tax processes.
- No additional administrative overhead is required for the program.
- Takes advantage of processes in place and is streamlined for business and the state.

Both new to the state and existing Idaho companies can take advantage of Business Advantage.

To date, 30 companies have utilized this tool adding $20 million per year in capital expenditure to Idaho’s economy.

This well-rounded, carefully considered incentive is due to sunset in 2020. We are recommending that this incentive be extended through 2030.

Tom Kealey, Director | 208-334-2470 | tom.kealey@commerce.idaho.gov
A POWERFUL TOOL FOR IDAHO FAMILIES

Idaho’s state sponsored 529 college savings program

Administered by the Idaho College Savings Program Board, the Program helps families save for education in a tax advantaged way.

Enabled under title 33, Chapter 54 of Idaho Code and launched in 2001, IDay is a self-supported program that received no direct funding from the General Fund. U.S. Code, Title 26, 529 requires 529 Programs to be established and maintained by a state or instrumentality thereof.

FAST FACTS
Q: Who can use the IDaill Program
A: Anyone can open and contribute to an IDaill Account for any loved one—child, grandchild, niece, or even yourself.

Q: Are there tax advantages?
A: Yes, Idaho taxpayers' annual contributions qualify for an Idaho state tax deduction, funds grow tax deferred and qualified expenses are withdrawn tax free.

Q: What can funds be used for?
A: K-12 tuition, higher education costs (2 and 4-year; registered apprenticeships, trade schools and graduate programs) including tuition, room and board, books, required supplies, computers, peripherals and internet.

Q: Can funds repay student loans?
A: Yes. The 2019 Secure Act allows for a maximum lifetime aggregate of $10,000 in loan payments per beneficiary.

DID YOU KNOW?
Students with college savings accounts are 7x more likely to enroll and complete a higher education program!

IDeal at a Glance:

as of 03-9-20

Assets under management $546 million
Increase in savings since 2007 329%
# Funded Accounts 38,919
$ Gifted to accounts in 2019 $2.6 million
# accounts opened in 2019 4,731

"Because we saved this money, they were able to do a lot of things in college they would not have been able to do, things they loved...They weren't so strapped for cash."

Teresa Noble, Boise

IDEAL
IDAHO COLLEGE SAVINGS PROGRAM

IDeal can not only help increase college-going rates, but benefit the state of Idaho as a whole.
Contributions to the iDeal – Idaho College Savings Program are deductible from Idaho state income tax, subject to recapture in certain circumstances, such as a non-qualified withdrawal or a rollover to another state’s qualified tuition program in the year of the rollover and the prior tax year. Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.


Benefits To The State

- Higher education is critical to reducing unemployment.
- Finances are one of the greatest and most common barriers to enrolling and remaining in higher ed programs.
- Student loans are filling the financial gap and record setting borrowing is having long-term effects on families economic futures.
- iDeal helps Idaho families break down financial barriers.
- Saving for education goals helps set a college-going culture in the home.
- A more educated workforce helps Idaho’s economy and helps to keep and create jobs by attracting and retaining employers.

Idaho College Savings Program

<table>
<thead>
<tr>
<th>Constitutional Officer</th>
<th>Designee</th>
<th>Title</th>
<th>Since</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Treasurer Julie Ellsworth, Board Chair</td>
<td>Not applicable</td>
<td>State Treasurer</td>
<td>2019</td>
</tr>
<tr>
<td>Governor Brad Little</td>
<td>Greg Wilson</td>
<td>Senior Policy Advisor – Education</td>
<td>2019</td>
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<tr>
<td>State Controller Brandon Woolf</td>
<td>Patrick Hodges</td>
<td>Deputy State Controller</td>
<td>2016</td>
</tr>
<tr>
<td>Attorney General Lawrence Wassiten</td>
<td>Brian Kane</td>
<td>Assistant Chief Deputy Attorney General</td>
<td>2008</td>
</tr>
<tr>
<td>Superintendent of Public Instruction Sheri Ybarra</td>
<td>Tim Hill</td>
<td>Deputy Superintendent, Finance</td>
<td>2003</td>
</tr>
<tr>
<td>Secretary of State Lawrence Denney</td>
<td>Chad Houck</td>
<td>Deputy Secretary of State</td>
<td>2018</td>
</tr>
</tbody>
</table>

For more information about the Idaho College Savings Program (iDeal), call 866-433-2533 or visit www.id saves.org to obtain a Disclosure Statement. The Disclosure Statement explains investment objectives, risks, charges, expenses, and other important information. Because investing in iDeal is an important decision for you and your family, you should read and consider the Disclosure Statement carefully before investing.

If you are not an Idaho taxpayer, consider before investing whether your or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state’s qualified tuition program.

Ascensus Broker Dealer Services, LLC. (ABD), the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory and record keeping and administrative services. The Vanguard Group, Inc. (Vanguard) serves as Investment Manager for iDeal. Sailie Mae Bank serves as the Savings Portfolio Manager for iDeal. iDeal’s Portfolios invest in either: (i) mutual funds and a separate account offered or managed by Vanguard; or (ii) an FDIC-insured omnibus savings account held in trust by the Board at Sailie Mae Bank. Except for the Savings Portfolio, investments in iDeal are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in iDeal, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

Not FDIC-Insured (except for the Savings Portfolio). No Bank, State or Federal Guarantee. May Lose Value.

For more information, contact Christine Stoll Executive Director, iDeal
208.332.2935 | cstoll@idsaves.idaho.gov | www.id saves.org
To help individuals and families save for education in a tax-advantaged way.

Purpose:

- 2001 opened to the public
- 2000: added to Idaho Code IDAPA: 33-5401 - 33-5410
- Idaho's state sponsored 529 college savings program

Ideal
<table>
<thead>
<tr>
<th>Year</th>
<th>Title</th>
<th>Name</th>
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<tbody>
<tr>
<td>2018</td>
<td>Deputy Secretary of State</td>
<td>Chad House</td>
</tr>
<tr>
<td>2009</td>
<td>Superintendent of Public Instruction</td>
<td>Sherri Ybarra</td>
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<tr>
<td>2008</td>
<td>Deputy Superintendent of Finance</td>
<td>Tim Hill</td>
</tr>
<tr>
<td>2008</td>
<td>Assistant Chief Deputy Attorney General</td>
<td>Brian Kane</td>
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<td>2019</td>
<td>Deputy State Controller</td>
<td>Patrick Hodges</td>
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<td>2019</td>
<td>Senior Policy Advisor – Education</td>
<td>Greg Wilson</td>
</tr>
<tr>
<td>2019</td>
<td>Board Chair</td>
<td>Steve Treasurer</td>
</tr>
</tbody>
</table>

**Constitutional Officers**

- Officers or their designees.
- The State College Savings Program Board is comprised of Idaho’s constitutional officers.
- 2-5 local staff.
- Self-sustaining, receives no General Fund monies.

**Program Administration**
Use funds anywhere in the country

$25 to open an account

$44 million withdrawal for higher education

$4 million withdrawal for K-12 tuition

$80 million in family contributions in 2019

$2.6 million in gifts from loved ones +17% in 2019

+23% increase in assets from 2018 to 2019

Average balance per account is $148

$38,789 active beneficiary accounts

Program assets total over $553 million

Fast Facts
Contributors to the same account, rollover to another state's qualified tuition program in the year of:

- Any Idaho Taxpayer can take a state tax deduction on Idaho State Income Tax
- Subject to recapture tax deductible from Idaho State Income Tax

Contributions to the Ideal - Idaho College Savings Program are:

- For Married Couples Filing Jointly: up to $12,000 annually
- For Single Filers: up to $6,000 annually

Only Ideal 529 offers Idaho taxpayers:

Tax deduction
Student Loan Repayment

K-12 Public, Private, and Religious Schools Tuition Only

Access
- Computers, peripherals, software, Internet

Required Supplies
- Tuition, fees, certain room & board, books

Programs, Vocational and Foreign Schools

Public & Private colleges / Universities, 2 & 4 year

Invest in her future.

Qualifying expenses = tax-free withdrawals

*Earnings on nonqualified withdrawals may be subject to Federal income tax and a 10% Federal penalty tax, as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements and certain withdrawals are subject to Federal, state, and local taxes. K-12 tuition withdrawals allowed as of January 1, 2018 (up to $10K per child, per year only). Student loan repayment limited to an aggregate of $100,000 over the lifetime for each beneficiary.

Used by the beneficiary while enrolled.

Federal and State Income Tax-Free if used for qualified withdrawals to eligible higher education and related to services to be
5.23% of students aged 0-18 in Idaho have accounts with Idaho529, aiming to increase participation in Idaho's college savings program to help transform the postsecondary attainment culture in Idaho. The goal is to increase participation in Idaho's college savings by 60%.
### Beneficiaries' Age and Asset Distribution - Funded Accounts

<table>
<thead>
<tr>
<th>Beneficiary Age</th>
<th>$55.9 - 80.9</th>
<th>31,720.4</th>
<th>Total</th>
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<tr>
<td>60+</td>
<td>3,465</td>
<td>35,705</td>
<td>39,170</td>
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<tr>
<td>55 - 60</td>
<td>4,240</td>
<td>45,420</td>
<td>49,660</td>
</tr>
<tr>
<td>50 - 54</td>
<td>9,146</td>
<td>97,640</td>
<td>106,786</td>
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<tr>
<td>45 - 49</td>
<td>11,414</td>
<td>123,740</td>
<td>135,154</td>
</tr>
<tr>
<td>40 - 44</td>
<td>11,430</td>
<td>123,970</td>
<td>135,400</td>
</tr>
<tr>
<td>Under 30</td>
<td>5,580</td>
<td>59,350</td>
<td>64,930</td>
</tr>
</tbody>
</table>

**Average Age of Beneficiaries:** 49.07

**Average Account Balance:** $116,595
What are they saving for?

Withdrawals for K-12 2018-19
+2.5%

$2.3M
- 2018

$354K
- 2017

$4M
- 2019

K-12
- 949 accounts
- $4 million

Higher Ed
- 4,731 accounts
- $44.29 million

<table>
<thead>
<tr>
<th>School Name</th>
<th>Total iDeal $ sent to School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverstone International School</td>
<td>$33,735.00</td>
</tr>
<tr>
<td>Nampa Christian Schools</td>
<td>$47,103.00</td>
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<tr>
<td>St. Joseph's Catholic School</td>
<td>$37,262.00</td>
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<tr>
<td>Grace Lutheran School</td>
<td>$29,785.00</td>
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<td>St. Mark's Catholic School</td>
<td>$16,700.00</td>
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<td>Cole Valley Christian School</td>
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<td>Greenleaf Friends Academy</td>
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<td>Montessori Academy</td>
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<td>The Ambrose School</td>
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<td>Lighthouse Christian School</td>
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<td>Smart Tuition</td>
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<td>Foothills School Of Arts &amp; Scie</td>
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<td>Hyde School</td>
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<td>Pioneer Montessori School</td>
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<tr>
<td>Rainier Christian Schools</td>
<td>$3,356.00</td>
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</tbody>
</table>
529 accounts are for all families!
Related to taxation to the beneficiary:
- 33-5405 - General administrative code clean up.
- 33-5404 - General administrative code cleanup.
- 33-5401 - Revising the definition of a nonqualified withdrawal.
- 33-5405.

H551: Administrative update of Ideals code sections

Details
the additional 10% tax for certain nonqualified withdrawals.

Exceptions from the "additional federal tax": The IRS code provides exemptions from
- Idaho recaptures previously taken tax deductions on nonqualified withdrawals.
- Withdrawal + federal and state income tax on Growth portion.

Taxes on nonqualified withdrawals: 10% additional federal tax on Growth portion of
for a qualified educational expense.

Nonqualified Withdrawal: When 529 funds are disbursed for reasons other than paying

Post Tax Funds: All 529 funds are contributed with after tax monies.

Helpful 529 details
State taxes on the entire amount.

Idaho does not recognize this type of withdrawal as qualified and therefore the withdrawal is subject to:

- Idaho 529 Law: Investment only.
- Federal 529 Law: Withdrawal of funds equal to the amount of a scholarship or cost of attendance that is waived by the institution or academy. The Federal 10% penalty is waived and taxes are due on the growth portion of the withdrawal of funds equal to the amount of a scholarship or cost of attendance that is waived by the academy.

Example: Treatment of withdrawals due to military academy scholarships.

and exemptions listed outside of the specific federal (26 U.S.C. section 529 code) have been missed.

The current 33-5407 code has attempted to list the various exemptions. Over time this has become confusing.

occur from time to time when the Federal 529 Law is modified and or IRS law specifics an exemption. Section (g) of this legislation amends Idaho code section 33-5401 to update the definition of a nonqualified withdrawal.
<table>
<thead>
<tr>
<th>Growth Portion of Withdrawal is Taxed at Person's Ordinary State Income Tax Level</th>
<th>Same as Above</th>
<th>Proposed</th>
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<tbody>
<tr>
<td>Full Amount of Withdrawal is Taxed at Person's Ordinary Federal Income Tax Level</td>
<td></td>
<td>Taxes</td>
</tr>
<tr>
<td>N/A - Idaho does not have this penalty</td>
<td></td>
<td>Penalty</td>
</tr>
</tbody>
</table>

**Current Idaho 529 Law:** 54-5401

**Federal 529 Law**

---

Federal vs. State tax: U.S. Military Academy Scholarship
The difference between taking the full withdrawal and the growth portion of the withdrawal is estimated to be between $943 and $2,452 per year.

When beneficially receives a U.S. military academy scholarship, the fiscal impact of this legislation is limited to the tax treatment of withdrawals when:

Fiscal Impact:

Fiscal note
33-5401. Section (12) General Wording cleanup.

33-5401 Section (12)
as the official terms of the Program.

Recognizes and refers to the Federally Required Securities Disclosure Requirements for a Rule in this area and

33-5404, (13). Removes the statutory requirement for a rule in this area and

33-5404, (7). General Wording Cleanup.

statement as the official terms of the Program.

Recognizes and refers to the Federally Required Securities Disclosure Requirements for a Rule in this area and

33-5404, Section (4). Removes the statutory requirement for a rule in this area.

accounts. At this time the Board does not allow this.

33-5404, Section (1). Allows the Board to determine if minors may open

33-5404, Sections (1)(4)
Beneficiaries would be liable for taxes ONLY if they received the proceeds of a qualified withdrawal taken by the account owner.

- Beneficiaries are not able to withdraw funds per Federal Law.
- Federal law indicates that withdrawals can only be made by account owners.

33-5405: General wordings cleaned up and correction.
Invest in Her Future.
AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Wednesday, March 11, 2020

<table>
<thead>
<tr>
<th>SUBJECT</th>
<th>DESCRIPTION</th>
<th>PRESENTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 517aa</td>
<td>Relating to Local Improvement District Assessments</td>
<td>Representative Terry Gestrin, Scott Turlington, Primus Policy Group</td>
</tr>
<tr>
<td>H 562</td>
<td>Relating to Property Taxes; To Revise Provisions Regarding the Homestead Exemption</td>
<td>Representative Robert Anderst, Max Pond, Idaho Realtors</td>
</tr>
<tr>
<td>H 574</td>
<td>Relating to Child Tax Benefits; To Revise Provisions Regarding the Food Tax Credit for Certain Dependents</td>
<td>Representative Mike Moyle, Senator Jim Rice</td>
</tr>
<tr>
<td>H 561</td>
<td>Relating to Property; To Revise Provisions Regarding the Determination of Market Value for Assessment Purposes Upon Appeal</td>
<td>Representative Mike Moyle</td>
</tr>
</tbody>
</table>

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS
Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

COMMITTEE SECRETARY
Machele Hamilton
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov
DATE: Wednesday, March 11, 2020
TIME: 2:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Shank (Burgoyne), 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 517AA Scott Turlington, Primus Policy Group, representing the Valley County Bondholders, presented H 517aa, relating to local improvement district assessments. He stated that H 517aa proposes to fix the statutory ambiguity that exists in Idaho Code dealing with property tax delinquencies and collections and local improvement districts. Currently, if there is a delinquency, a municipality or district can go through the process of ultimately foreclosing on those properties, then selling them. They can also certify the delinquencies to the county assessor who would then go through the steps of notice, then have an auction. When an individual purchases a tax deed at auction, it is expected to be free and clear. Mr. Turlington explained to the Committee that there appeared to be some ambiguity where a district could still potentially go back on the entity that acquired the tax deed. H 517aa clearly states that if a district certifies a property and goes through the process, it is not subject to additional taxes once the deed has been issued.

Senator Anthon questioned when a tax sale and tax deed are effectuated, why the delinquent taxes are not paid at that time. Mr. Turlington replied that they are paid and dispersed, and the district in question receives their apportioned share. Senator Anthon concluded that the proceeds from the tax sale are not sufficient to meet the taxes of record. Mr. Turlington confirmed that was correct.

MOTION: Senator Lakey moved to send H 517aa to the floor with a do pass recommendation. Vice Chairman Grow seconded the motion. The motion carried by voice vote.

H 562 Max Pond, Idaho Realtors, presented H 562, relating to property taxes; to revise provisions regarding the homestead exemption. Mr. Pond informed the Committee that H 562 is designed to address a long standing problem with inequity in the law. If a family purchases a rental home as their residence, current Idaho law does not allow that family to take advantage of the homeowner’s exemption if the purchase takes place after April 15. There must be a current homeowner’s exemption in place, or the home must be classified as new construction. H 562 removes the April 15 deadline. It also provides an effective date of January 1, 2021 which allows the taxing district to complete the current schedule.

DISCUSSION: Senator Shank requested clarification that the language of H 562 will provide a prorated homeowner’s exemption. Senator Rice responded that page 2, lines 29 and 30, strikes the date of January 1. It then inserts the language that the exemption shall be effective upon the date of application.
TESTIMONY: Leah Marchbanks, Idaho Mortgage Lenders Association; Steve Cox, Fairway Mortgage; Phil Mount, Idaho Realtors, National Association of Realtors; Mark Jones, Idaho Realtors; Cameron McFadden, Title One; and Jeremy Pisca, Risch Pisca, representing Idaho Realtors, all testified in support of H 562.

Brad Wills, Twin Falls County Assessor, detailed to the Committee that they value property as of January 1 and in the spring, which is then used to create the levy rate. County assessors are in favor of anything that helps homeowners, they are just frustrated that there is no plan to deal with the lack of funding. If homeowner exemptions after April 15 go into affect, there is no way to adjust the figures.

DISCUSSION: Vice Chairman Grow stated that at the state level they must project revenue figures. Projecting the rate of homeowner’s exemptions would solve the problem of the county exemptions. Mr. Wills explained that they must be accurate and could not forecast. Senator Vick concluded that some homes are becoming rentals and some rentals are becoming homes, which would appear to balance the projections.

TESTIMONY: Brian Stender, Canyon County Assessor, stated to the Committee that he recommends that H 562 include a transition date. The date is necessary to create a point in time for the net taxable value of the county.

MOTION: Vice Chairman Grow moved to send H 562 to the floor with a do pass recommendation. Senator Vick seconded the motion. The motion carried by voice vote.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

H 574 Chairman Rice presented H 574, relating to child tax benefits; to revise provisions regarding the food tax credit for certain dependents. Chairman Rice informed the Committee that as a practicing attorney, a large part of his business is dealing with custody and child support issues. The Supreme Court sets guidelines as to which parent can claim children as dependents, and their child support is adjusted accordingly. Frequently, the parent who is not allowed to take the tax and grocery credit do so, in violation of the court order. The Idaho State Tax Commission (Commission) will not enforce Idaho court orders. This results in a contempt action seeking punishment for violation of a court order. H 574 requires the Commission accept an Idaho court order that awarded the exemptions to the taxpayer. The Commission could then give those tax exemptions to the person that is legally entitled.

DISCUSSION: Senator Hill informed the Committee that federal returns had recently changed to whichever parent had the greatest amount of custody. Fair or unfair, he believed they were trying to simplify the issue. Senator Hill did not agree with passing H 574 as it would only affect Idaho, leaving federal laws the same. Chairman Rice disagreed, saying federal code does not require the parent who has custody more than 50 percent of the time to receive the claim. Federal code says the parent who does not receive the credit is supposed to fill out a form and give it to the parent who is receiving the credit to file with their taxes. Senator Hill responded if H 574 is passed, from a tax preparation point of view, you have a federal law that says one thing, and a state law that says another.

MOTION: Chairman Rice moved to send H 574 to the floor with a do pass recommendation. Senator Nye seconded the motion.

DISCUSSION: Senator Hill stated he would oppose the motion. He believed it is not good tax policy. He has worked over the years to achieve conformity between federal and state tax laws in order to keep it simple for citizens. Chairman Rice reiterated that this does not affect everyone, only those who choose not to obey court orders when there is a child support order in place.
The motion to send H 574 to the floor with a do pass recommendation carried by voice vote.

Vice Chairman Grow passed the gavel to Chairman Rice.

Representative Jim Addis, District 4, presented H 561, relating to property; to revise provisions regarding the determination of market value for assessment purposes upon appeal. Representative Addis explained to the Committee that Representative Moyle was unable to attend the meeting and he was presenting for him. H 561 provides that if a property owner has an appraisal, or an arm’s length transaction on a property within the previous 12 months, that appraisal or transaction can be considered the market value of that property for assessment purposes.

Vice Chairman Grow stated he was comfortable with the arm's length amount, but was uncomfortable with allowing one's own appraiser. He related that there is too much subjectivity among appraisers. Representative Addis responded that experience shows not that much difference in appraisals. Senator Anthon pointed out that he appreciates H 561 because it preserves the process by which one is assessed, and the ability to provide evidence against that assessment and process.

Brad Wills, Twin Falls County Assessor, informed the Committee he believe there were issues with H 561, particularly that it is only being looked at from a residential property point of view rather than commercial, industrial, or agricultural. Also, a fee appraisal report within 12 months of an exact time should be specified. Brian Stender, Canyon County Assessor, requested that the Committee hold H 561 in Committee, as it is not beneficial to all property taxpayers.

Representative Addis stated that H 561 was intended to be a safety valve for property owners. Vice Chairman Grow stated that if it specified residential property he would be much more comfortable. He also believed using the value of an appraiser is too subjective.

Vice Chairman Grow moved to send H 561 to the 14th Order of Business for possible amendment. Senator Nye seconded the motion.

Senator Lakey emphasized his agreement that H 561 needs work. He understands the frustration of discovering a property sale price that is determined a different value. The end goal of everyone should be fair market value.

Chairman Rice called for a roll call vote on the motion to send H 561 to the 14th Order of Business for possible amendment. Chairman Rice, Vice Chairman Grow, Senators Vick, Shank, and Nye voted aye. Senators Hill, Anthon, and Lakey vote nay. The motion carried.

There being no further business at this time, Chairman Rice adjourned the meeting at 3:39 p.m.

___________________________ ____________________________
Senator Rice Machele Hamilton
Chair Secretary

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
Wednesday, March 11, 2020—Minutes—Page 3
# Agenda

**AMENDED AGENDA #1**  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**  
2:00 P.M.  
Room WW53  
Thursday, March 12, 2020

<table>
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<tr>
<th>SUBJECT</th>
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<td><strong>H 560</strong></td>
<td>Relating to Taxation; To Provide for the Valuation of Agricultural Land</td>
<td>Representative Megan Blanksma</td>
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| **H 550** | Relating to Income Taxes; To Provide for an Income Tax Credit for Employer Contributions to an Idaho College Savings Program Account | Representative Paul Amador  
Christine Stoll, Executive Director, IDeal |
| **H 552** | Relating to Veterans; To Provide for the Application of a Special Property Tax Reduction for Certain Disabled Veterans | Representative Priscilla Giddings  
Senator Don Cheatham |
| **H 589** | Relating to First-Time Home Buyers; To Provide for a First-Time Home Buyer Savings Accounts | Representative Robert Anderst  
Max Pond, Idaho Realtors |
| **H 496** | Relating to Sales Tax; To Provide a Sales and Use Tax Exemption on Certain Custom Meat Processing Services | Representative Linda Wright Hartgen |

**Page Graduation**  
Graduation of the Local Government and Taxation Committee Page for the 2nd Half of the Legislative Session, Ella Sharp of Declo, Idaho  
Chairman Rice

*If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.*

**COMMITTEE MEMBERS**  
Chairman Rice  
Vice Chairman Grow  
Sen Hill  
Sen Vick  
Sen Anthon

**COMMITTEE SECRETARY**  
Machele Hamilton  
Room: WW50  
Phone: 332-1315  
Email: sloc@senate.idaho.gov
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.
**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**

Representative 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.
Idaho’s state sponsored 529 college savings program

Administered by the Idaho College Savings Program Board, the Program helps families save for education in a tax advantaged way.

Enabled under title 33, Chapter 54 of Idaho Code and launched in 2001. iDeal is a self-supported program that received no direct funding from the General Fund. U.S. Code, Title 26:529 requires 529 Programs to be established and maintained by a state or instrumentality thereof.

FAST FACTS

Q: Who can use the iDeal Program
A: Anyone can open and contribute to an iDeal Account for any loved one—child, grandchild, niece, or even yourself.

Q: Are there tax advantages?
A: Yes, Idaho taxpayers’ annual contributions qualify for an Idaho state tax deduction. Funds grow tax deferred and qualified expenses are withdrawn tax free.

Q: What can funds be used for?
A: K-12 tuition, higher education costs (2 and 4-year, registered apprenticeships, trade schools and graduate programs) including tuition, room and board, books, required supplies, computers, peripherals and internet.

Q: Can funds repay student loans?
A: Yes. The 2019 Secure Act allows for a maximum lifetime aggregate of $10,000 in loan payments per beneficiary.

DID YOU KNOW?

Students with college savings accounts are 7x more likely to enroll and complete a higher education program.

iDeal can not only help increase college-going rates, but benefit the state of Idaho as a whole.
Contributions to the IDeal – Idaho College Savings Program are deductible from Idaho state income tax, subject to recapture in certain circumstances, such as a non-qualified withdrawal or a rollover to another state’s qualified tuition program in the year of the rollover and the prior tax year. Earnings on non-qualified withdrawals are subject to federal income tax and may be subject to a 10% federal penalty tax, as well as state and local income taxes. The availability of tax or other benefits may be contingent on meeting other requirements.


**Benefits To The State**

- Higher education is critical to reducing unemployment.
- Finances are one of the greatest and most common barriers to enrolling and remaining in higher ed programs.
- Student loans are filling the financial gap and record setting borrowing is having long-term effects on families economic futures.
- IDeal helps Idaho families break down financial barriers.
- Saving for education goals helps set a college-going culture in the home.
- A more educated workforce helps Idaho’s economy and helps to keep and create jobs by attracting and retaining employers.

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### Idaho College Savings Program

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<th>Designee</th>
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<th>Since</th>
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<td>Greg Wilson</td>
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<td>Patrick Hodges</td>
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<td>Superintendent of Public Instruction Sherri Ybarra</td>
<td>Tim Hill</td>
<td>Deputy Superintendent, Finance</td>
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<tr>
<td>Secretary of State Lawrence Denney</td>
<td>Chad Houck</td>
<td>Deputy Secretary of State</td>
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For more information about the Idaho College Savings Program (IDeal), call 866-433-2533 or visit [www.idsav.es.org](http://www.idsav.es.org) to obtain a Disclosure Statement. The Disclosure Statement explains investment objectives, risks, charges, expenses, and other important information. Because investing in IDeal is an important decision for you and your family, you should read and consider the Disclosure Statement carefully before investing.

If you are not an Idaho taxpayer, consider before investing whether your or the beneficiary’s home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in that state’s qualified tuition program.

Ascensus Broker Dealer Services, LLC. (ABD), the program manager, and its affiliates, have overall responsibility for the day-to-day operations, including investment advisory and record keeping and administrative services. The Vanguard Group, Inc. (Vanguard) serves as Investment Manager for IDeal. Sallie Mae Bank serves as the Savings Portfolio Manager for IDeal. IDeal’s Portfolios invest in either: (i) mutual funds and a separate account offered or managed by Vanguard; or (ii) an FDIC-insured omnibus savings account held in trust by the Board at Sallie Mae Bank. Except for the Savings Portfolio, investments in IDeal are not insured by the FDIC. Units of the Portfolios are municipal securities and the value of units will vary with market conditions.

Investment returns will vary depending upon the performance of the Portfolios you choose. Except to the extent of FDIC insurance available for the Savings Portfolio, you could lose all or a portion of your money by investing in IDeal, depending on market conditions. Account Owners assume all investment risks as well as responsibility for any federal and state tax consequences.

**Not FDIC-Insured (except for the Savings Portfolio). No Bank, State or Federal Guarantee. May Lose Value.**

For more information, contact Christine Stoll Executive Director, IDeal

208.332.2935 | cstoll@idsaves.idaho.gov | [www.idsav.es.org](http://www.idsav.es.org)
H550

EMPLOYER TAX CREDIT FOR COLLEGE SAVINGS PROGRAM CONTRIBUTIONS

IDaho college

SAVINGS PROGRAM
To help individuals and families save for education in a tax-advantaged way.

Purpose:

- 2001 opened to the public
- 2000: added to Idaho code IDAPA 33-5401 - 33-5410
- Idaho's state sponsored 529 college savings program

ideal
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**Constitutional Officers**
- Secretary of State: Lawrence Denney
- Superintendent of Public Instruction: Sherri Ybarra
- Attorney General: Lawrence Wasden
- State Controller: Brandon Wood
- Governor: Brad Little
- State Treasurer: Julie Ellsworth

The State College Savings Program Board is comprised of Idaho's constitutional officers or their designees.

- 2.5 local staff
- Self-sustaining, receives no General Fund monies

**Program Administration**
Use funds anywhere in the country

$25 to open an account

$4.4 million withdrawn for higher education

$4 million withdrawn for K-12 tuition

$80 million in family contributions in 2019

+23% increase in assets from 2018 to 2019

Average balance per account is $14K

38,789 active beneficiary accounts

Program assets total over $553 million

Fast Facts
Contributions to the Same Account, including multiple rollover contributions, including multiple rollover to another state's qualified tuition program in the year of rollover to another state's qualified tuition program in the year of rollover or in certain circumstances such as a non-qualified withdrawal of a tax deduction from Idaho State income tax, subject to recapture tax deduction from Idaho State income tax, subject to recapture contributions to the Ideal - Idaho College Savings Program are

- Couples filing jointly - up to $72,000 annually for married
- Up to $6,000 annually for single filers

Only Ideal 29 offers Idaho taxpayers tax deduction.
January 1, 2018 (up to $10k per child per year only). Student loan repayment limited to an aggregate of $10,000 over the lifetime for each beneficiary.

*Earnings on nonqualified withdrawals may be subject to federal income tax and a 10% Federal Penalty tax as well as state and local income taxes. Tax and other benefits are contingent on meeting other requirements and certain withdrawals are subject to Federal, State, and local taxes. K-24 Tuition withdrawals allowed as of

- Student Loan Repayment
- K-12 Public, private and Religious School Tuition only
- Access
- Computers, peripherals, software, Internet
- Required Supplies
- Tuition, Fees, certain Room & Board, books.
- Public & Private colleges / Universities, 2 Year Colleges

Used by the beneficiary while enrolled.

Federal and State Income Tax-free if used for qualified withdrawals to eligible higher education and related to services to be

Qualifed expenses = tax-free withdrawals
5.23% have accounts

acounts
students 0-18
24,675 Idaho kids
471,656

attainment culture in Idaho
Increase participation in Idaho's college savings

Ideal + 60% Goal

Idaho's 529 participation rate: 0-18 yrs old
## Account Owners: Age and Asset Distribution - Funded Accounts

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### Who is saving?
Higher Ed

$44.29 Million

4,731 accounts

K-12

$4 Million

494 accounts

What are they saving for?
529 accounts are for all families!
Goals:

- Education savings for future K-20
- Enhance employer incentives to help employees
- Employee annually

Maximum credit is $500 per employee.

College savings Program account.

Provides a 20% tax credit for contributions to an Idaho.

2020 Legislation: H 550
- Help to cultivate a more educated workforce in Idaho.
- Help relieve stress over student loan debt.
- Help relieve stress over student loan debt.

Employers report wanting to:

- Recruit and retain quality employees.
- Economic Development

60%

By 2022, will require a post-secondary degree, training, or certificate of Idaho job openings.
Hayden said, "The benefit of it, and other plans, is how do we move a little farther as far as education goes. Certainly one of those is helping each generation. We can make our employees' lives better, and I try to think about what are different ways people will be served by having a more educated population in Idaho that do this, the better our population moves forward," Hayden said. "The more companies continue to keep Idaho's education moving, the better our population will be served by having a more educated populace."
affected by the affordability. The burden of cost is on families.

While the cost of a higher education degree in Idaho

Families are struggling to save enough

$27,000 in loans.

The average Idaho student left school in 2018 with over

Tuition and fees were up over 189% from 2000-2016.

The past two decades.

College education costs in Idaho have increased significantly in

Education costs have increased tremendously.

Costs and low-go on rates
5% of Idaho students have someone saving for their future college costs as complete higher education is more likely to go on up to 7x more. Having a college savings account makes students more likely to go on to college.
Incentivizes employees when offered at work.
- Employees are more likely to participate in a savings program.
- Increased employee participation.

Encourages personal and family responsibility.
- Providing a sufficient skilled workforce.
- Increased education attainment is crucial to Idaho's economy.
- Increased Idaho's education attainment possibilities.

Public/Private Partnership
sufficient qualified workforce.
- Increased education attainment will help Idaho's economy by providing a
  - more skilled employees.
  - Idaho employers see an increase in the ability to recruit and retain quality
    - reduced amount of student loan debt.
  - Encourages additional educational planning.
  - Allows families to "catch-up" if they have started saving later than they had
    - Idaho increases its go-on rate.
    - Idaho increases its education path.
    - More students are prepared financially to participate in their choice of
      - families save more money for multiple children to attend K-20 education.

550 Possible outcomes
Fiscal Impact

$100,000 fiscal impact in the first year of the tax credit program. Ideal as it anticipates less than a year's build and over time.

Based on Colorado's experience, it is expected that employer participation in the tax credit will improve.