

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 04, 2021

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza, Bayer, Ricks, Nye, and Rabe

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 3:12 p.m.

GUBERNATORIAL APPOINTMENT: **Committee Consideration of the Gubernatorial Appointment of Jefferson McCray, State Tax Commission** (Commission), of Burley, Idaho, for a term commencing October 13, 2020, and expiring April 26, 2025. **Mr. McCray** gave a brief overview of his background and work history. He related that he believes in public service and his focus is supporting others to succeed. **Mr. McCray** believes the Commission is a purpose-driven and principled organization with a genuine customer service attitude.

DISCUSSION: **Vice Chairman Grow** shared his concern as a Certified Public Accountant (CPA) that the Commission does not have any Commissioners experienced in taxes. He explained that in his experience it is important that CPAs can go to a Commissioner and speak the same professional language. **Mr. McCray** assured Committee members that they can go to the Commissioners with any particular issue. He explained that the Commission is organized with four Commissioners, each having oversight for varying tax types. The intent was to create a distinct separation of duties so there was no appearance of influence within the tax types. **Mr. McCray** explained that appeals are brought forward to that particular Commissioner who would then make a recommendation to the Commission. The oversight Commissioner would not have a vote on the disposition of the appeal.

Vice Chairman Grow inquired as to the duties of the four Commissioners given that a manager presides over the body. **Mr. McCray** stated that the design of the Commission is that it has a Chief Operating Officer who handles the day-to-day operations. He related that this is designed to allow the Commissioners to spend their time focusing on policy issues.

Senator Ricks requested that Mr. McCray expound on his vision and goals for the Commissioner position. **Mr. McCray** related that his experience is in leading teams of people. He explained that the tax code is extremely complex and he believes it unlikely that anyone could become an expert in all tax types. **Mr. McCray's** vision is to continue to drive the strategic plan and identify those improvement opportunities for the Commission to continue to become an efficient agency.

Chairman Rice requested that Mr. McCray relate his philosophy in approaching a technical or legal question regarding the tax code. **Mr. McCray** responded that the Commission is filled with experts and seeking input is important. When making decisions, the law as it is written must be followed, and the Commission has a strong legal team to help with interpretation. **Mr. McCray** emphasized that he would always choose to err on the side of grace when there was no clear-cut definition or interpretation of the law available.

H 110 **Chairman Rice** informed the Committee that **H 110** would be moved to the end of the agenda.

H 124 **Relating to Impact Fee Advisory Committee Membership. Representative Bruce Skaug** presented **H 124**, a bipartisan bill that requires all members of a municipal impact fee committee to reside within the community boundaries. Currently, Idaho Code requires two members of the development community be on the committee. **H 124** would keep that requirement and add two members who are not part of the development to the committee. The legislation would also prevent government employees or officials from serving on the impact fee committee in their official capacity. **Representative Skaug** reported to the Committee that **H 124** had passed out of the House Local Government Committee and the House floor unanimously, and there was no known opposition to date.

DISCUSSION: **Senator Lakey** commented on the language in **H 124**, specifically the section stating employees or officials acting in their official capacity for a government entity may not be appointed to the impact fee committee. He requested clarification that, if they were not acting in their official capacity, whether they could be appointed. **Representative Skaug** responded yes.

TESTIMONY: **Hubert Osborne**, a Nampa, Idaho, resident, testified in support of **H 124**. **Mr. Osborne** explained to the Committee that the proposed amendments are intended to address actual abuses of the impact fee code. **Jason Boal**, American Planning Association, Idaho Chapter, testified in support of **H 124**. **Mr. Boal** said they support local citizens and local subject matter experts being involved.

MOTION: **Senator Lakey** moved to send **H 124** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

H 214 **Relating to the State Tax Commission; To Revise Provisions Regarding the Responsibility of the Chairman. Representative Dustin Manwaring** presented **H 214**, a bill that clarifies governance at the Commission. The legislation requires that the Commission Chairman must have the advice and consent of the Commissioners before assigning administrative authority such as personnel, budgetary, and fiscal matters. **Representative Manwaring** advised that **H 214** also states that any unilateral actions taken by the Chairman may be reviewed by the full Commission upon the request of a Commissioner. He stated that this was a good time to clarify legislative intent on how the Commission should operate due to there being a new Commission Chairman, as well as an open seat on the Commission occurring soon.

DISCUSSION: **Vice Chairman Grow** requested clarification regarding an open seat on the Commission. **Representative Manwaring** explained to the Committee that the Commission is split between two Democrats and two Republicans. There is a Democrat seat expiring within days and the Governor will make an appointment to that position.

MOTION: **Senator Nye** moved to send **H 214** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

- H 110** **Relating to Development Impact Fees; To Revise Provisions Regarding Intergovernmental Agreements.** **Brody Aston**, representing Ada County, presented **H 110**, simple legislation that adds ambulance districts to the list of eligible entities that can enter into agreements to collect impact fees. This will allow local communities to determine the utilization of a development impact fee. **Mr. Aston** explained that Idaho impact fee legislation requires governmental agencies without comprehensive planning powers to enter into an agreement where services are being provided. **H 110** does not change any aspect of the impact fee statute. **Mr. Aston** informed the Committee that **H 110** is supported by the Association of Counties, the Association of Cities, and the Idaho Chapter of the American Planning Association. The legislation passed the House Local Government Committee and the House floor without objection.
- DISCUSSION:** **Senator Ricks** requested Mr. Aston explain the potential fees involved. **Mr. Aston** related that less than \$200 for a single-family dwelling in Ada County would be an example, a one-time fee on new construction. **Senator Lakey** pointed out that county commissioners and ambulance district commissioners are the same individuals filling different roles and questioned if there could be a transparency issue. **Mr. Aston** responded that even though you may have the same commissioners, they are a separate entity, each with public scrutiny and impact fee boards.
- TESTIMONY:** **Sara Westbrook**, Idaho Association of Counties, testified in support of **H 110**, calling it an opportunity to assist with growth.
- DISCUSSION:** **Senator Rabe** asked Ms Westbrook to explain how ambulance districts are currently funded. **Ms. Westbrook** invited Shawn Rayne, Chief, Ada County Paramedics, to present to the Committee. **Mr. Rayne** stated that ambulance taxing districts are funded through both levies and fee services. Using Ada county as an example, the levy is approximately \$9 million which accounts for 28-30 percent of their budget. **Mr. Rayne** then explained that the remainder is collected through service fees billed through insurance companies, medicare, medicaid, and occasionally self-pay.
- TESTIMONY:** **Jason Boal**, American Planning Association, Idaho Chapter, testified in support of **H 110**, stating that it provides clarity to ambulance service districts throughout the State.
- MOTION:** **Senator Souza** moved to send **H 110** to the floor with a **do pass** recommendation. **Senator Bayer** seconded the motion. The motion carried by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:58 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary