

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 18, 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 3:03 p.m.

PAGE GRADUATION: **Chairman Rice** honored Page Colton Rietema from Wilder, Idaho. **Mr. Rietema** thanked the Committee for the opportunity to serve. He informed the members he would be working with a local beekeeper, Jonathan Millet, for the summer, continuing his education with beekeeping and hives. **Senator Lakey** asked what most surprised him about his time at the Senate. **Mr. Rietema** stated that finding the Senators to be real people with a genuine sense of humor was a nice surprise.

Chairman Rice expressed the gratitude of the Committee for Mr. Rietema's service, giving him a letter of appreciation signed by the members. He also gave him several gifts from the Committee, as well as a letter of recommendation.

H 309 **Relating to Property Taxes; To Revise Provisions Regarding the Interest Rate on Property Tax Deferrals.** **Vice Chairman Grow** presented **H 309**, informing the Committee that it was intended to assist the elderly, who have been unduly affected by property tax increases. He explained that a property tax deferral bill was passed in 2006 but is rarely used. **H 309** would raise the income limit detailed in the 2006 legislation to \$50,000 and change the interest rate to the variable rate used by the State Tax Commission (Commission). **Vice Chairman Grow** reported that the Commission stated there would be no limit on the amount of property tax to be paid. He used a hypothetical example of a couple subsisting on Social Security living in an expensive home. They do not wish to move, but their taxes could be much more than they are able to afford on a limited budget. **H 309** would allow the Commission to pay their property taxes, with the amount becoming a lien on their home. When the home is sold, the Commission will be repaid, **Vice Chairman Grow** said.

DISCUSSION: **Senator Ricks** questioned if the hypothetical family would still have the ability to purchase the home. **Vice Chairman Grow** responded that the family could pay the lien at any time. He clarified that the program would not be available to a homeowner with a reverse mortgage. **Senator Bayer** questioned the interest rate that would be used with **H 309**. **Vice Chairman Grow** explained that the interest rate of the program would fluctuate with the interest rate of the Commission.

Senator Vick questioned how the State would recoup taxes paid through **H 309** should a foreclosed house sit on the market for multiple years. **Vice Chairman Grow** stated the Commission had assessed the risk at 75 to 80 percent of the investment. **Senator Rabe** asked for clarification regarding sufficient equity and the difference from the Property Tax Reduction (Circuit Breaker) program. **Vice Chairman Grow** responded that an unpaid mortgage, or even a second mortgage, would be eligible for the program, but the property taxes would only be paid up to 80 percent of the current year's market value. **Vice Chairman Grow** reiterated to the Committee his belief that homeowners who qualified for both the Circuit Breaker program and **H 309** could choose the program they preferred in which to participate. He believed most homeowners would choose the Circuit Breaker program.

Senator Bayer pointed out that the Circuit Breaker program had an income limit in which the homeowner could deduct a certain amount of medical expenses and other miscellaneous expenses to reduce their income. She questioned if **H 309** had such applicable deductions. **Vice Chairman Grow** related that **H 309** had no such deductions.

MOTION: **Senator Souza** moved to send **H 309** to the floor with a **do pass** recommendation. **Senator Ricks** seconded the motion.

SUBSTITUTE MOTION: **Senator Bayer** moved that **H 309** be held in Committee. The substitute motion failed for lack of a second.

DISCUSSION: **Senator Ricks** expressed his support of **H 309**. He stated the legislation could make it financially possible for an elderly couple or individual to stay in their home. **Senator Vick** cited his concern over using state tax dollars in competition with private industry with regard to reverse mortgages. **Senator Bayer** reiterated her opinion that **H 309** is not necessary and increases the financial burden on the State. She emphasized that county programs already in place should be the focus of property tax reduction programs..

Vice Chairman Grow pointed out that **H 309** is an enhancement of a program already available. He specified that with the Circuit Breaker Program, the State pays the property taxes outright. **H 309** allows an option that will help individuals who do not qualify for the Circuit Breaker Program without the cost to the State, as it is a loan with the opportunity for a return of payment.

VOICE VOTE: The motion to send **H 309** to the floor with a **do pass** recommendation carried by **voice vote**, with **Senators Bayer** and **Vick** requesting they be recorded as voting nay.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:46 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary