

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 22, 2022

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, Weber, Shepherd, Necochea, Ruchti (Roberts)

**ABSENT/
EXCUSED:** Representatives Adams, Chaney, Kauffman

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session, the sign in sheet will be filed with the minutes in the Legislative Library.

RS 29595: **Sen. Guthrie** introduced **RS 29595**. This proposed legislation adjusts how a description of the land and its change in use is recognized on the new construction rolls. It simply deletes a description of the land and its change in use as additions to the new construction roll and removes the obligation that taxing districts have had in the past to deduct any reduction in value resulting from a change of land use classification. It will be taxed appropriately based on the evaluation made by the assessor. There is no impact on the general fund, but local taxing districts could see a positive or negative result depending on how those land use changes occur.

MOTION: **Rep. Okuniewicz** made a motion to introduce **RS 29595**. **Motion carried by a voice vote.**

H 648: **Rep. Moyle** introduced **H 648**. This bill relates to property tax and revenue sharing. Each year the state collects 6% sales tax; of the amount of sales tax collected, 11.5% is distributed to local taxing districts. Last year this portion had a value of \$23.5 million. This legislation states that 50% of any new year-over-year increase in revenue sharing with local taxing districts shall be dedicated to property tax relief.

No fiscal impact to the state because the funds are already being distributed to local taxing districts, and that distribution will not change. This legislation will apply only to future increases. The taxing districts receives the highest of the previous three years' budget and keeps the 3%. The Tax Commission will reset the bases for those three years, based on the amount that is sent to the taxing districts. If there is an increase, half of this goes to the tax relief fund.

Mr. Mark Mitten, from Burley, expressed his support for the bill but asked for clearer wording on what is subject to the reduction of 50%.

Mr. Fred Birnbaum, representing the Idaho Freedom Foundation, expressed his support for the bill. The gross sales tax collected by the state increased in the last year from \$1.64 billion to \$2 billion and is projected to reach \$3 billion by 2023 with a projection of revenue sharing of \$318 million. This increase is not just due to organic population increase but also caused by inflation. So, it is appropriate to use this extra money for property tax relief.

Mr. Seth Grigg, executive director of the Idaho Association of Counties, expressed his opposition to the legislation. Some counties have not experienced growth. Other counties have seen just a smaller budget increase. If these counties will divert half of the added revenue, the impact on the property taxes will not be as expected. In addition, the lower revenue during recession periods will not be compensated by the higher revenue post-recession. **Rep. Necochea** expressed her concern about the bill and its impact on the local entities' budget, and will not be able to support the motion. **Rep. Hartgen** and **Rep. Manwaring** expressed their support for the bill but will reserve the right to change their vote on the floor. **Rep. Harris** expressed his support for the bill.

MOTION: **Rep. Addis** made a motion to send **H 648** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Addis** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:31 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary