

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Thursday, March 03, 2022
- TIME:** 3:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza, Bayer (Bayer), Ricks, Nye, and Semmelroth
- 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** convened the meeting of the Senate Local Government and Taxation Committee at 3:00 pm.
- H 550** **Representative Gannon** presented **H 550**. He explained that this bill allowed a city council to authorize rebates on property taxes. If the city decided to issue a rebate, it must pass an ordinance describing the total amount appropriated for the program, providing instructions and a deadline for taxpayers to apply for the rebate, and setting forth the formula for determining the tax rebate amounts, the method of distributing rebates, and other matters necessary to administer the program. If a city decided to rebate "circuit breaker" taxes, the Idaho Tax Commission must provide a list of those within the city who were eligible. However, any rebate provided by the city plus any amount paid by the State of Idaho through the property tax reduction program may not exceed the amount of property taxes payable by the property owner on the applicable property.
- DISCUSSION:** **Chairman Rice** noted that this mirrors the circuit breaker program and allowed the city to supplement the circuit breaker exemption.
- MOTION:** **Senator Ricks** moved that **H 550** be sent to the floor with a **do pass** recommendation. **Senator Semmelroth** seconded the motion. The motion passed by **voice vote**. Senator Ricks will carry on the floor.
- H 565** **Representative Moyle** presented **H 565**. He explained that this bill exempted transient property from property taxes.
- MOTION:** **Vice Chairman Grow** moved to send **H 565** to the 14th order. **Senator Nye** seconded the motion. The motion passed by **voice vote**.
- S 1301** **Robert Anderst** of Risch Pisca representing the Idaho Self Storage Association, presented the **S 1301**. He stated that this bill gave clarity to assessors regarding valuation of self storage facilities for property tax purposes. **Mr. Anderst** further stated that the bill allowed assessors to use one or more market valuation methods provided that the market value would be capped at the reproduction or replacement cost of the improvements, less depreciation, plus land value for the real property.

DISCUSSION: **Senator Souza** asked how other businesses were assessed in comparison to self storage facilities. **Mr. Anderst** explained that in assessing the value of self storage facilities, unlike other businesses, assessors included value that was created by the leases and other intangibles in addition to the value of the land and improvements. **Senator Souza** then asked whether other businesses were experiencing the same issues. **Mr. Anderst** responded that it was possible that there were. **Senator Vick** asked whether there was a definition of self storage facility. **Mr. Anderst** replied that there was a definition of self storage facility in Idaho Code § 55-2301 which was referenced in this bill.

Senator Lakey asked why a self storage facility in an area with many businesses and another in a less populated area were treated differently. **Mr. Anderst** responded that the determining factor would be the value of the land. **Senator Lakey** then asked why the fair market value shouldn't include history as a successful business. **Mr. Anderst** noted that income taxes would be paid on the income from leases and should not be included in property tax assessment.

TESTIMONY: The following people spoke in favor of the bill:

- **Inake Lete**, Idaho Self Storage Association
- **Tim Olson**, Idaho Self Storage Association
- **Ron Osborne**, Idaho Self Storage Association

They argued that the bill provides clarification and consistency regarding the valuation of self storage facilities for property tax purposes. They cited examples of assessors including rental income and other revenue in the valuation, not just the land and buildings.

The following people spoke against the bill:

- **Kathleen Atkinson** with the Idaho Association of Assessors
- **Troy Steiner**

They expressed concern about being taxed based on replacement value. They argued that replacement cost was not fair market value. They further expressed a concern that self storage unit facilities were being given preferential treatment that was unethical.

Chairman Rice stated that, there being no motion, **S 1301** will remain in committee.

S 576 **Representative Gestrin** presented **H 576**. He explained that current law required abatement districts to have a five member board. This bill allowed abatement districts to reduce the board to three members. He further explained that in smaller districts it was hard to get a quorum present with the requirement for a five member board.

MOTION: **Senator Souza** moved to send **H 576** to the floor with a **do pass** recommendation. **Senator Semmelroth** seconded the motion. The motion passed by **voice vote**. Senator Thayn will carry on the floor.

H 663 **Representative Burns** presented the bill. He explained that this bill allowed a County Board of Commissioners to offer a tax exemption for multifamily rental units. The exemption would last no more than five years. **Representative Burns** noted, however, that the Association of Idaho Cities pointed out that the current bill allowed entire subdivisions to claim this exemption. Therefore, he requested that **H 663** be sent to the 14th order to amend and correct this error.

DISCUSSION: **Senator Vick** asked why this bill was needed when current law allowed two counties to enact such an exemption. **Representative Burns** responded that when Kootenai and Blaine counties drafted their ordinances they perhaps took some liberties with what would qualify as planned investment and that he wanted to ensure that other counties had the authority to enact similar ordinances. **Senator Vick** suggested that there would be additional expenses for fire, schools and so forth as a result of additional apartment complexes and asked who would pay for those services. **Representative Burns** stated that the counties would consider these costs when deciding whether to enact an ordinance for a tax exemption.

Senator Souza asked whether there was any impetus for owners of multifamily dwellings to pass the tax exemption on to their renters. **Representative Burns** replied that the owners could pass along the savings, but wouldn't be required to.

TESTIMONY: **Julie Hart** with the Association of Idaho Cities stated that they had been in opposition to this bill until they spoke to Representative Burns and he was willing to send the bill to the 14th order to remove the language regarding single family housing.

MOTION: **Senator Semmelroth** moved to send the bill to the fourteenth order. **Chairman Rice** stated that, there being no second, the motion fails and **H 663** will be held in committee.

S 1362 **Chairman Rice** presented **S 1362** on behalf of Senator Ricks. He explained that this bill would reduce the interest rate charged on delinquent property taxes from 12% per year, 1% per month, to .5% per month.

MOTION: **Senator Souza** moved to send **S 1362** to the floor with a do pass recommendation. **Senator Vick** seconded the motion. The motion passed by **voice vote**. Senator Ricks will carry on the floor.

ADJOURNMENT: There being no further business at this time, **Chairman Rice** adjourned the meeting at 4:07 pm.

Senator Rice
Chair

Meg Lawless
Secretary