

MINUTES  
**HOUSE LOCAL GOVERNMENT COMMITTEE**

**DATE:** Thursday, February 02, 2023

**TIME:** 1:30 P.M.

**PLACE:** Room EW05

**MEMBERS:** Chairman Ehardt, Vice Chairman Kingsley, Representatives Clow, Erickson, Skaug, Weber, Alfieri, Cheatum, Cornilles, Dixon(24), Hawkins, Healey, Price, Wroten, Berch, Green, Galaviz

**ABSENT/  
EXCUSED:** None

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

**Chairman Ehardt** called the meeting into order at 1:31 PM.

**MOTION:** **Rep. Cheatum** made a motion to approve the minutes of the January 26, 2023 meeting. **Motion carried by voice vote.**

**RS 30135:** **Rep. Erickson** yielded his time to **Julie Hart**, representing the City of Idaho Falls. She presented **RS 30135** and explained how this proposed legislation would reduce the length of time cities would need to hold video footage in storage. Cities are current required to hold video footage for two years. This proposed legislation would allow cities to store video footage that has no evidentiary value for ninety days.

**MOTION:** **Rep. Wroten** made a motion to introduce **RS 30135**.

When presented with questions, **Ms. Hart** clarified the Association of Idaho Cities had given its support towards this proposed legislation, and the language in the bill had been approved by stakeholders who would be affected.

**VOTE ON MOTION:** **Chairman Ehardt** called for a vote on the motion to introduce **RS 30135**. **Motion carried by voice vote.**

**RS 30170:** **Rep. Erickson** yielded his time to **Kelley Packer**, representing the Association of Idaho Cities. She presented **RS 30170** and explained how this proposed legislation would allow local entities that have public hearings, notifications, and publication requirements to have a hold-harmless agreement when sending them to publication. This proposed legislation allows the time stamp for when they are housed in a digital portal to act as the starting time for these publications.

**MOTION:** **Rep. Weber** made a motion to introduce **RS 30170**.

When answering questions, **Ms. Packer** clarified the proposed legislation would not be removing the print publication requirements, but provides a hold-harmless agreement in the event a publication makes a mistake. She said the use of the digital time stamp would not created additional costs due to publications already being required to post the items in a digital portal. The decision to use the digital time stamp is to show whether the errors in publication are faults of the local entities or the publication service.

**VOTE ON MOTION:** **Chairman Ehardt** called for a vote on the motion to introduce **RS 30170**. **Motion carried by voice vote.**

**RS 30163:** **Rep. Cheatum** presented **RS 30163**, and explained how this proposed legislation would provide clarity and help fill vacancies on city councils. The proposed legislation would define the process and provide clear steps for city governments to fill vacant seats.

**MOTION:** **Rep. Dixon(24)** made a motion to introduce **RS 30163**.

**Rep. Cheatum** clarified that he would provide detailed answers to committee members questions at the hearing for the bill, such as the difference between nominations and appointments and if this would also apply to city management governments.

**VOTE ON MOTION:** **Chairman Ehardt** called for a vote on the motion to introduce **RS 30163**. **Motion carried by voice vote.**

**Chairman Ehardt** turned the gavel over to **Vice Chairman Kingsley**.

**H 46:** **Rep. Gannon** presented **H 46** and explained how the legislation addresses the issue of data centers being able to come to Idaho and are able to use a sales tax exemption. When a data center is placed in an urban renewal district their property taxes go towards the district's infrastructure, rather than towards the local governments and surrounding districts. This prevents the local tax payer from receiving the expected relief on their property taxes. This legislation allows data centers to choose whether to have the sales tax exemption or the benefits of being in an urban renewal district, but not both.

**Chairman Ehardt** presented further information on **H 46**, and how urban renewals work and how they have been used. They are meant to assist in urban blight, and property taxes paid by businesses in urban renewal districts do not go towards the local property tax base. According to the House Revenue & Taxation Committee minutes for February 26, 2020, and the SOP for **H 521**, a main justification for the sales tax exemption was data centers will provide a huge increase in the property tax base, which would reduce the levies for local property tax payers. To have the data center be able to take advantage of both the sales tax exemption and the benefits of being in an urban renewal district goes against what was promised under **H 521**.

**Tom Shaner** with the Idaho Tax Commission was invited to answer questions from the Committee relating to **H 46**. He said there are about twenty data centers in the Boise area. Data centers are expected to request the tax exemption to the Tax Commission, and there has been one data center that has applied for this sales tax exemption. He was not aware of the number of employees working at data centers in Idaho.

**Bob Pishue, David Daily, Molly McDonald, Cindy Thorngrin, Randall Morris, Ron Harriman**, Chairman of the Concerned Citizens of Canyon County Committee; and **Speaker Mike Moyle** all testified **in support** of the bill. The main statements were regarding the need for property tax relief and how improper uses of urban renewal districts can negatively affect the local tax base. Other statements were made regarding having new data centers in urban renewal districts going against the spirit of **H 521**, which was made with the expectation the property taxes from new data centers would provide relief to the local property tax base.

**Alex LaBreau**, President of the Idaho Association of Commerce and Industry, testified **in opposition** of the bill. He stated the policy of the state has been to promote large business to come to Idaho, and it is the responsibility of local government to decide on urban renewal districts. The legislation would undermine the incentives the state has made for large business to move to Idaho.

**Kelley Packer**, Executive Director of AIC, answered questions from the Committee in regards to the City of Kuna. With **H 46** currently applying to one city, the AIC decided not to take a position. She stated the data center plans to heavily invest in the city and the community, and the data center in Kuna is not planning on taking advantage of the benefits of being in an urban district.

When answering questions, **Chairman Ehardt** clarified the state government can set the policies for urban renewal districts. When addressing the fiscal note,

**Rep. Berch** stated, based on the average life of the data center being 30 years and the average life of a server being 5 years, the amount of money a data center could save from the sales tax exemption would be \$144 million, and the money typically spent on property tax could also be \$108 million over the data center's lifespan.

**Rep. Gannon** clarified he was not sure how or if **H 46** would affect the data center being built in Kuna, and a data center in an urban renewal district would still pay property taxes, but said taxes would go towards only the urban renewal and not other districts. He discussed the specific parts of the bill which would apply to data centers, the sales tax exemption, and urban renewal.

**ORIGINAL MOTION:**

**Rep. Clow** made a motion to **HOLD H 46** in committee for time certain, February 13, 2023.

**Chairman Ehardt** informed the Committee that **H 46** is time sensitive, and it would be best to move the proposed legislation forward rather than wait.

**SUBSTITUTE MOTION:**

**Rep. Erickson** made a substitute motion to send **H 46** to the floor with a **DO PASS** recommendation.

**ROLL CALL VOTE ON SUBSTITUTE MOTION:**

**Vice Chairman Kingsley** requested a roll call vote on **H 46**. **Substitute Motion carried by a vote of 9 AYE and 7 NAY and 1 Absent/Excused. Voting in favor of motion: Reps. Ehardt, Kingsley, Erickson, Skaug, Alfieri, Hawkins, Price, Wroten, and Galaviz. Voting in opposition to the motion: Reps. Clow, Weber, Cheatum, Cornilles, Dixon (24), Healey, and Berch. Rep. Green was absent/excused. Rep. Gannon and Chairman Ehardt will sponsor the bill on the floor.**

**Vice Chairman Kingsley** put the Committee at ease at 3:05 PM.

The Committee reconvened the meeting at 3:15 PM.

**Vice Chairman Kingsley** turned the gavel over to **Chairman Ehardt**.

**H 30:**

**Rep. Hill** presented **H 30**, and explained how this legislation would require municipal governments to have leases and lease-purchases that cost \$1,000.00 or more and last more than 5 years to be approved by citizens via a vote. When discussing the legislation with multiple mayors in their districts, none spoke against it.

**Chuck Stadick**, Caldwell City Councilman; **Ron Harriman**, Chairman of the Concerned Citizens of Canyon County Committee; **Hubert Osborn**, **Fred Birnbaum**, Idaho Freedom Foundation Director of Legislative Affairs; and **Braden Jensen**, Idaho Farm Bureau Government Affairs Representative; all testified **in support** of the bill. The main statements were regarding the importance of citizens to have a say on the leases and lease-purchases their cities commit to, how large leases affect local tax payers, the need to lower property taxes, and how the legislation is aligned with the spirit of the Idaho Constitution in regards to preventing local governments from imposing unnecessary debt on their citizens by their spending.

City of Boise Government Affairs Director, **Kathy Griesmyer**, testified in **opposition** of the bill. She stated the Idaho Constitution already had provisions addressing municipal governments requirements to hold an election when accumulating large debt, and the Idaho Supreme Court had ruled in the past the purchasing or leasing of property did not fall under said requirements. She stated having special elections for leases and lease-purchases would cost cities and tax payers far more than what they would save.

AIC Executive Director, **Kelley Packer**, testified in **opposition** to the bill. She stated cities rely on leasing buildings when they do not have the space or funds to build or purchase new property. She said non-appropriation clauses in leases prevent city councils from getting stuck in leases that are unfavorable or when needs change. She reiterated special elections would cost tax payers far more than the cost for leases, and the increase in Idaho's population has increased the need for cities to lease property.

When answering questions, **Ms. Packer** clarified the wording of **H 30** made it uncertain if it applied to leasing only real property or all forms of property, and cities are mainly limited to what they gain in taxes when leasing property.

**Rep. Clow** stated, if the bill passed through the Committee, he wanted to have it on the record the word "property" in the proposed legislation referred to real property.

When answering questions, **Rep. Skaug** clarified the legislation was targeting long term and multimillion dollar leases, and there was no restrictions on the number of leases a city could vote on at once. He was not sure on how many leases would be prevented by the bill.

**MOTION:**

**Vice Chairman Kingsley** made a motion to send **H 30** to the floor with a **DO PASS** recommendation.

Speaking to his motion, **Vice Chairman Kingsley** stated he supported the bill due to his own experiences when the city of Lewiston tried to build a new high school through a bond and the importance of the people having input in what their cities do.

**Rep. Weber** stated he would not be supporting **H 30**, and it is important to remember the voice of the people is made when they vote for their council members. He explained how a property leased by the city still remains on the tax role while a new property built by the city is exempt from property taxes, and pointed out a conflict in the verbiage in the bill.

**Rep. Cheatum** stated he would not support the legislation. It is important to let the people at the local level decide what is best for them, and leasing is often the right means for a city.

**Rep. Dixon (24)** stated there are many opportunities for people to voice their opinions on city leases, this bill would hamper the ability of city governments to be functional, and it seems to be an overreach of the state government.

**Rep. Alfieri** stated he would support **H 30**. Based on his experiences in the car business, leases are typically pitched to people so they can own better property than they would normally afford.

**Rep. Price** stated she would support the bill. The legislation provides a means for people to have their voices heard.

**ROLL CALL  
VOTE:**

**Chairman Ehardt** requested a roll call vote. **Motion failed by a vote of 8 AYE and 9 NAY. Voting in favor** of the motion: **Reps. Ehardt, Kingsley, Skaug, Alfieri, Cornilles, Hawkins, Price, and Wroten. Voting in opposition** to the motion: **Reps. Clow, Erickson, Weber, Cheatum, Dixon (24), Healey, Berch, Green, and Galaviz.**

**ADJOURN:** There being no further business to come before the Committee, the meeting adjourned at 4:16 PM.

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Representative Ehardt  
Chair

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Elijah Phipps  
Secretary