

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Thursday, February 09, 2023
- TIME:** 3:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Adams, Bernt, Trakel, Rabe, and Just
- 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 Ricks** convened the meeting of the Senate Local Government and Taxation Committee (Committee) at 3:00 p.m.
- Chairman Ricks** requested unanimous consent to rearrange the agenda. 1. **RS 30265**, 2. **RS 30276**, 3. **RS 30305C1**, 4. **RS 30301**, and 5. **RS 30121C1**.
- RS 30265** **Relating to Impact Areas and Annexations.** **Senator Lakey** presented **RS 30265**. He stated that this bill was the result of meetings with cities, counties, contractors, realtors, commissioners, mayors and other legislators. **Senator Lakey** explained that this legislation noted that areas of impact were legislative actions and that the county had jurisdiction in making decisions relating to areas of impact. The legislation acknowledged that cities may adopt a comprehensive plan and conduct infrastructure, capital improvement, and other planning activities that extended beyond its area of impact. The legislation required counties and cities to review their area of impact boundaries at least every 5 years. **RS 30265** contained a one mile limitation on extension of areas of impact, however, there was graduated compliance where cities had areas of impact beyond 2 miles. The legislation prohibited annexation across an abutting area of impact and overlapping of areas of impact. An area of impact was valid for 5 years and, if not renewed, could be crossed by a property owner on one side or the other with the consent of the city which corresponded with their area of impact. If the city wished to annex the property, they were required to seek a boundary adjustment from the applicable county. In addition, **RS 30265** provided for an expedited process by the district court.
- MOTION** **Senator Grow** moved to send **RS 30265** to print. **Vice Chairman Schroeder** seconded the motion. The motion to send **RS 30265** to print passed by **voice vote**.
- RS 30276** **Relating to Homeowner Property Tax Relief.** **Senator Grow** presented **RS 30276**. He stated that the purpose of this legislation was to provide property tax relief to Idaho homeowners for their primary home. The bill dedicated 4.5 percent of annual sales tax revenue to provide a reduction in the homeowner's property tax bill. **Senator Grow** explained that there was no adverse affect to counties, cities or local taxing districts as the state would reimburse them for the reduction in property tax revenue.
- DISCUSSION:** **Senator Rabe** asked why this bill began in this committee rather than in the House. **Senator Grow** explained that **RS 30276** did not appropriate funds, but rather allocated funds and, therefore, was not required to begin in the House,
- MOTION:** **Vice Chairman** moved to send **RS 30276** to print. **Senator Trakel** seconded the motion. The motion to send **RS 30276** to print passed by **voice vote**.

- RS 30305C1** **Relating to Aviation.** **Senator Okuniewicz** presented **RS 30305C1**. He explained that **RS 30305C1** required a public entity that wanted to enter into a long term lease agreement of more than 5 years was required to hold a public auction.
- MOTION:** **Vice Chairman Schroeder** moved to send **RS 30305C1** to print. **Senator Bernt** seconded the motion. The motion to send **RS 30305C1** to print passed by **voice vote**.
- RS 30301** **Relating to Political Subdivisions.** **Senator Okuniewicz** presented **RS 30301**. He stated that this bill required any subdivision of government that wanted to enter into a lease agreement with a private sector entity where the lease agreement contemplated revenue sharing to go through public auction. This bill was intended to prevent a lease agreement between a public and private entity at below market value. **Senator Okuniewicz** further stated that he received guidance from the Attorney General's office. They opined that a court would likely require a public auction for a lease longer than 5 years.
- DISCUSSION:** **Vice Chairman Schroeder** asked whether this bill applied only to airports. **Senator Okuniewicz** responded that he believed the bill applied to other political subdivisions as well.
- MOTION:** **Senator Cook** moved to send **RS 30301** to print. **Senator Adams** seconded the motion. The motion to send **RS 30301** to print passed by **voice vote**.
- RS 30121C1** **Relating to Income Taxation.** **Senator Foreman** presented **RS 30121C1**. He stated that this legislation added Idaho Code § 63-3029N to Chapter 30, Title 63 Idaho Code. **RS 30121C1** established an income tax credit for private school tuition for qualified dependent children of a taxpayer in the amount of \$2000 per family. A qualified dependent child was defined as a child or stepchild of an individual taxpayer, a child for whom the taxpayer had been appointed as guardian, or a descendant of a child of the taxpayer. In order to receive the full tax credit, the child must have resided in Idaho for at least 270 days. If the child resided in Idaho for at least 180 days, but less than 270 days, the taxpayer would be allowed a partial credit on a pro rata basis pursuant to rules established by the Idaho State Tax Commission. **Senator Foreman** then proceeded to read a portion of an article from U.S. News and World Report and a recent report from the National Assessment of Educational Progress both of which cited the benefits and contributions of private schools to society. He also cited several court cases regarding the constitutionality of tax credits for private school tuition.
- DISCUSSION:** **Senator Bernt** expressed a concern that the Education Committee was hearing several pieces of legislation relating to private school tuition and that the Committee should wait to see what they did. **Chairman Ricks** stated that he had agreed to hear this bill, but if it went to print he was going to wait several weeks before he brought it back before the Committee.
- MOTION:** **Senator Adams** moved to send **RS 30121C1** to print.
- DISCUSSION:** **Senator Rabe** also expressed concern that the Education Committee had several pieces of legislation before it addressing similar issues and that the Committee should wait to see what they did. She was also concerned about the fiscal impact of this bill. **Vice Chairman Schroeder** and **Senator Cook** also expressed concern regarding the fiscal impact in that this money would come out before JFAC made any decisions regarding appropriations.

Senator Rabe asked how this legislation may contradict the U.S. Constitution's prohibition of using funds for parochial schools. **Senator Foreman** responded that according to a past opinion by the Deputy Attorney General, it didn't conflict. **Senator Rabe** asked whether Senator Foreman had talked to any of the stakeholders regarding the fiscal impact, where the 14 to 17 million annual allocation would come from in the state budget. **Senator Foreman** replied that he had talked to some people within the education community in his district. He noted that the state had a \$1.5 million surplus. He further explained that providing aid to private schools does not have to impact public schools.

Senator Cook asked for the definition of private school. **Senator Foreman** responded that private schools were defined as a school that was accredited, but not publicly funded. **Senator Cook** then asked whether this legislation applied to home schoolers. **Senator Foreman** responded that it did not apply to home schoolers.

Senator Adams asked whether a qualified dependent child included grandchildren. **Senator Foreman** responded that it did. **Senator Adams** then asked whether a parent and grandparent could both claim this tax credit. **Senator Foreman** stated that **RS 30121C1** set a \$2000 limit per family

MOTION: The previous motion remained incomplete. **Senator Trakel** moved to send **RS 30121C1**. to print. **Senator Trakel** seconded the motion. The motion to send **RS 30121C1** to print passed by **voice vote**. Senators Rabe and Just were recorded as voting no.

ADJOURNED: With no further business at this time, **Chairman Ricks** adjourned the Committee at 4:00 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary