

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 28, 2023

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Monks, Vice Chairman Cannon, Representatives Dixon(1), Manwaring, Weber, Shepherd, Cheatum, Cornilles, Durrant, Ehlers, Mickelsen, Pickett, Raymond, Wroten, Necochea, Burns

**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 Monks called the meeting to order at 9:00 a.m.

RS 30470: **Rep. Wisniewski** presented **RS 30470** relating to taxation. He explained the proposed legislation will clarify which costs associated with property taxes, interest, late charges, and other costs would apply to property tax deferral amounts.

MOTION: **Rep. Necochea** made a motion to introduce **RS 30470**. **Motion carried by voice vote.**

RS 30508: **Rep. Vander Woude** presented **RS 30508** relating to property tax exemptions. He stated the proposed legislation would revise language in **H 109** to clarify what medical facilities would qualify for exemptions.

MOTION: **Rep. Manwaring** made a motion to introduce **RS 30508**. **Motion carried by voice vote.**

RS 30494: **Rep. Andrus** presented **RS 30494** relating to property tax reduction. He explained the proposed legislation would amend Idaho Code to clarify property taxes, and give citizens the opportunity to accept or reject an increase in levy rates within a taxing district via a referendum.

MOTION: **Rep. Cannon** made a motion to introduce **RS 30494**.

In answer to questions from the committee, **Rep. Andrus** clarified the state's initiative and referendum process is under a different section of Idaho Code. This proposed legislation relates only to cities and counties. It would allow citizens to vote on budgets that exceed a previous year's levy, even if the budget increase is within statutorily approved limits. He also was asked to provide an updated fiscal note to reflect increased costs to accommodate annual local elections to meet the proposed referendum requirement.

Speaking **in opposition** to the motion, several committee members questioned the need for this legislation since citizens have input into the local budget setting process via public hearing. Citizens also are able to express their displeasure at the voting booth when electing local officials.

SUBSTITUTE MOTION: **Rep. Mickelsen** made a substitute motion to return **RS 30494** to the sponsor.

Speaking **in support** of the original motion, a committee member stated the RS deserved more discussion during the bill hearing.

**VOTE ON
SUBSTITUTE
MOTION:**

Chairman Monks called for a vote on the substitute motion to return **RS 30494** to the sponsor. **Motion failed by voice vote.**

**VOTE ON
ORIGINAL
MOTION:**

Chairman Monks called for a vote on the original motion to introduce **RS 30494**. **Motion carried by voice vote.**

RS 30388:

Rep. Mickelsen presented **RS 30388** relating to cigarette and tobacco product taxes. She explained the proposed legislation would increase the money distributed to the Central Cancer Registry Fund through tobacco and tobacco product sales.

MOTION:

Rep. Burns made a motion to introduce **RS 30388**.

Rep. Mickelsen yielded to **Brian Whitlock**, Idaho Hospital Association to answer committee questions. He explained the origin of the Central Cancer Registry Fund and how it is funded.

**VOTE ON
MOTION:**

Chairman Monks called for a vote on the original motion to introduce **RS 30388**. **Motion carried by voice vote.**

H 150:

Rep. Cheatum presented **H 150** relating to taxes. He stated the bill would clarify how late charges, interest paid and collection expenses within a taxing district are collected and distributed. **Rep. Cheatum** yielded his time to **Leon Duce**, Rathdrum City Administrator, who explained the impetus for this bill was due to a difference in interpretation of a statute that has been in place for many years. It has since resulted in a law suit.

Mr. Duce responded to a committee question by stating counties bear the cost of collecting taxes within their budgets.

Those speaking **in support** of the bill were **John Evans**, mayor of Garden City, representing the Association of Idaho Cities; **Brent Tolman**, Redevelopment Association of Idaho, representing City of Burley; **Debbie King**, mayor of Nampa; and **Ken Burgess**, City of Post Falls. They were of the opinion the bill would change practices that have been in place for years. It was noted local taxing districts bear the burden within their budgets until a delinquent tax bill is finally collected and it could create a gap in budgets what would need to be filled by higher levies.

Mr. Burgess responded to a question from the committee explaining counties can recoup the cost of collecting as outlined in the current law.

Those speaking **in opposition** to **H 150** were **Steve Matheson**, Kootenai County Treasurer; **Bryon Reed**, Bonneville County Commissioner; and **Seth Grigg**, Idaho Association of Counties. They were of the opinion the legislation contradicts the legislature's original intent when it removed the ability to charge an administrative fee for delinquent collections and in return gained the ability to keep the fees and interest earned on the amount of money collected. By retaining the delinquency fees and interest, they explained counties are able to forgo forcing many homeowners into tax liens and tax sales as they work to resolve their delinquencies. It was noted a majority of taxing districts do not include revenue from delinquency collections in their budgets because it is either minimal, or difficult to predict. It was emphasized if the legislature does not address the matter, it will be decided in the courts.

In answer to a question from the committee, **Mr. Grigg** stated the counties have offered a compromise allowing the counties to keep the interest to defray the cost of collection and remit the late penalties to the relevant taxing districts.

In answer to questions from the committee, **Rep. Cheatum** stated the compromise offered by the counties was unfair and would result in pennies on the dollar to the taxing districts, but the counties would keep thousands of dollars.

MOTION: **Rep. Mickelsen** made a motion to **HOLD H 150** in Committee.
Discussion on the motion included concerns money will be taken away from the other taxing districts who rely on it in their budgets if the clarifications noted in the bill are not made. Those **in support** of the motion claimed counties have the discretion to charge a late fee, which is born by the debtor and not taxpayers.

SUBSTITUTE MOTION: **Rep. Burns** made a substitute motion to send **H 150** to the floor with a **DO PASS** recommendation.
Those **in support** of the original motion stated it will allow the parties time to go back to work on a compromise.

VOTE ON SUBSTITUTE MOTION: **Substitute motion failed by voice vote.**

VOTE ON ORIGINAL MOTION: **Chairman Monks** called for a vote on the original motion to **HOLD H 150** in committee. **Motion carried by voice vote. Reps. Necochea, Cheatum and Burns** requested to be recorded as voting **NAY**.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:39 a.m.

Representative Monks
Chair

Jocelyn Lamb
Secretary