

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Tuesday, February 28, 2023

**TIME:** 3:00 P.M.

**PLACE:** Room WW53

**MEMBERS PRESENT:** Chairman Ricks, Vice Chairman Schroeder, Senators Cook, Adams, Bernt, Trakel, Rabe, and Just

**ABSENT/ EXCUSED:** Senator Grow

**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 3:17 p.m.

**MINUTES APPROVAL:** **Approval of Minutes of February 15, 2023. Senator Trakel** moved to approve the minutes of February 15, 2023. **Senator Just** seconded the motion. The motion to approve the minutes of February 15, 2023 passed by **voice vote**.

**MINUTES APPROVAL:** **Approval of Minutes of February 16, 2023. Senator Cook** moved to approve the minutes of February 16, 2023. **Senator Bernt** seconded the motion. The motion to approve the minutes of February 16, 2023 passed by **voice vote**.

**H 59** **Income Taxes. Representative Ehlers** presented **H 59**. **Representative Ehlers** explained that the Idaho Investment Tax Credit (ITC) was a tax credit for new properties that businesses purchased. Some of the equipment purchased was mobile property which he defined as property used both inside and outside of Idaho. The tax credit was pro-rated since mobile property was not used in Idaho 100 percent of the time. **Representative Ehlers** further explained that there were two ways to calculate the pro-rated tax credit. Under the pro-rated method a pro-rated tax credit was allowed if the property was placed in service within the last 90 days prior to year end. This was based on number of miles driven, hours used or other use during the first 90 days of service, even if that extended into the following year. The property factor method allowed the full tax credit if the property was placed in service within the last 90 days of the year. **H 59** made the pro-rated calculation consistent between the two methods by adding the 90 day provision to the property factor method.

**DISCUSSION:** **Senator Just** asked how this provision compared to other states and whether there were any concerns regarding double dipping. **Representative Ehlers** responded that he was not familiar with the tax policies of other states and suggested that the Committee consider what was best for Idaho.

**Chairman Ricks** asked whether the Idaho State Tax Commission (ISTC) was concerned. **Representative Ehlers** explained that ISTC brought this to his attention and provided their data for the fiscal note.

**MOTION:** **Vice Chairman Schroeder** moved to send **H 59** to the floor with a **do pass** recommendation. **Senator Trakel** seconded the motion. The motion to send **H 59** to the floor with a **do pass** recommendation passed by **voice vote**.

**H 51** **Property Valuation Notices.** **Senator Bernt** presented **H 51**. He explained that this bill required the ISTC to create a universal tax assessment notice that county assessors sent to taxpayers. The notice included market value of the taxpayer's property, an itemization of property taxes by each taxing district, percentage of increase or decrease over the previous two years, the date of each taxing district's budget hearing or the date by which the hearing must be held if no date had been set, and a telephone number for each taxing district or unit. This was an effort to be transparent. This did not prevent county assessors from including additional information on the tax assessment notice.

**DISCUSSION:** **Senator Adams** noted that the fiscal note stated that the cost of generating this uniform tax notice was absorbed in the ISTC's budget and asked whether **Senator Bernt** had any information on the actual cost. **Senator Bernt** replied that he did not, but he felt it would be miniscule.

**Chairman Ricks** asked whether there had been any consideration of the cost for modifications to the counties' software. **Senator Bernt** stated that he was not aware of any. **Chairman Ricks** asked if Sarah Westbrook with the Idaho Association of Counties (IAC) would respond to that question.

**TESTIMONY:** **Sarah Westbrook** explained that there would be some reprogramming necessary, but most of that would be done by ISTC. She stated that IAC was originally opposed to **H 51**, but the extension of the effective date in **H 135** alleviated their concerns.

**DISCUSSION:** **Senator Rabe** expressed concern regarding the ability of counties to field questions. **Senator Bernt** noted that the phone numbers of the individual taxing districts were included in the notice so they would receive a portion of those calls. **Vice Chairman Schroeder** added that by statute, the current tax assessment notices already included the phone numbers of the taxing districts and the date of the next public hearing of each district.

**MOTION:** **Senator Cook** moved to send **H 51** to the floor with a **do pass** recommendation. **Vice Chairman Schroeder** seconded the motion. The motion to send **H 51** to the floor with a **do pass** recommendation passed by **voice vote**.

**H 135** **Property Taxes.** **Senator Bernt** presented **H 135**. He explained that this bill extended the effective date of **H 51** until January 1, 2024 and provided more time for counties to comply with the tax assessment notice requirements under **H 51**.

**DISCUSSION:** **Senator Just** asked why the sponsor drafted a trailer bill rather than send **H 51** to the 14th order to amend. **Chairman Ricks** responded that a trailer bill was likely easier than sending the bill to the 14th order for amendment.

**MOTION:** **Vice Chairman Schroeder** moved to send **H 135** to the floor with a **do pass** recommendation. The motion was seconded by **Senator Rabe**. The motion to send **H 135** to the floor with a **do pass** recommendation passed by **voice vote**.

**S 1114** **Development Impact Fees.** **Vice Chairman Schroeder** presented **S 1114**. **Vice Chairman Schroeder** explained that Idaho Code § 67-8205 required a governmental entity that considered implementing a development impact fee as part of its capital improvement plan must, in addition to other requirements, establish a Development Impact Fee Advisory Committee (DIFAC) consisting of five members all of whom resided within the jurisdictional boundaries of the governmental entity. Only counties and cities had authority to establish a development impact fee ordinance. Therefore, other governmental entities without such authority, such as fire districts, who wanted to levy and collect development impact fees for capital improvements within their district entered into intergovernmental agreements with a city or county to enact a development impact fee ordinance. Small governmental entities often had difficulty finding five residents within their boundaries to serve on a DIFAC. **S 1114** provided that the a governmental entity entering into an intergovernmental agreement for a development impact fee ordinance may select

their committee members from within their service area and were not restricted to selecting them from within their jurisdictional boundaries.

**Chairman Ricks** asked who chose the members of the DIFAC. **Vice Chairman Schroeder** responded that the governing authority such mayor, city council, board of commissioners or entity specified in the intergovernmental agreement appointed them.

**Chairman Ricks** asked why the language on line 29 that required two or more members to be active in the business of development, building or real estate was struck. **Vice Chairman Schroeder** explained that language was already included in an earlier section.

**TESTIMONY:** **Mark Niemeyer**, on behalf of the Idaho Fire Chiefs Association, spoke in favor of **S 1114**. He felt it allowed a governmental entity such as the Star fire district that encompasses three cities and two counties to establish multiple DIFACs based on the jurisdictions that they covered.

**William Gigray**, an attorney who represented numerous fire districts and a highway district spoke in favor of **S 1114**. He stated H 124 that was passed two years ago failed to address committee staffing requirements to meet the need of intergovernmental agreements. **S 1114** provided flexibility with respect to that.

**Kirk Carpenter**, fire chief for the Nampa Fire Protection District, spoke in favor of **S 1114**. This bill allowed smaller governmental entities to expand their jurisdictional area to select members of a DIFAC.

**MOTION:** **Senator Cook** moved to send **S 1114** to the floor with a **do pass** recommendation. **Senator Just** seconded the motion. The motion to send **S 1114** to the floor with a **do pass** recommendation passed by **voice vote**.

**ADJOURNED:** There being no further business at this time, **Chairman Ricks** adjourned the meeting at 4:05 p.m.

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Senator Ricks  
Chair

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Meg Lawless  
Secretary