

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 01, 2023

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Bernt, Trakel, Rabe, and Just

ABSENT/ EXCUSED: Senators Cook and Adams

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 Tax Committee (Committee) at 3:01 p.m.

S 1111 **Property Taxes. Senator Grow** presented **S 1111**. He stated that this bill provided property tax relief. First, it provided that 4.5 percent of sales taxes went into a property tax relief fund. This provided approximately a 20 percent reduction in property taxes. In addition, **S 1111** included a surplus eliminator which **Senator Grow** explained provided up to \$150 million of any surplus above what had been anticipated be placed in a property tax relief fund. This provided another approximately 20 percent reduction in property tax bills. These amounts would be deducted from the property owner's property tax bill on his or her primary property.

Senator Grow noted that **S 1111** made changes to the property tax reduction program, commonly referred to as the Circuit Breaker program. It increased the maximum value of a home that qualified from the greater of \$300,000 or 150 percent of the median assessed valuation for all homes in the county that received the homestead exemption to the greater of \$300,000 or 250 percent of the median assessed valuation for all homes in the county that received the homestead exemption. In addition, it raised the income limits for qualification from just under \$32,000 to \$37,000.

Senator Grow acknowledged that there had been concerns expressed that day regarding the bill's impact on urban renewal districts. He had agreed to send **S 1111** to the 14th order for possible amendment to address those concerns.

DISCUSSION: **Senator Rabe** asked Senator Grow to discuss what the 20 percent reduction would mean to the average homeowner and whether there was a cap. **Senator Grow** replied that there was no cap. He further explained that each homeowner received a 20 percent reduction in property taxes. As sales tax revenues continued to increase, the amount of property tax relief also increased.

Chairman Ricks asked Senator Grow how the relief money would be distributed. **Senator Grow** explained that the state distributed the money to the Idaho State Tax Commission (ISTC). ISTC then distributed the money to the counties based on a pro-rata share of homeowners. The counties then distributed the money to taxing districts. There was no adverse effect on the counties or taxing districts.

TESTIMONY: **Mary Ellen Nourse** spoke on behalf of herself and her husband in favor of **S 1111**. She explained that they were being taxed out of their home. As the value of their home increased, so did the property taxes.

Meghan Conrad of Elam Burke law firm representing the Redevelopment Association of Idaho (RAI) spoke in opposition to the bill. RAI included the majority of urban renewal agencies throughout Idaho. She expressed concern that under **S 1111** urban renewal revenue allocation areas, which were not taxing districts, would not receive any of the replacement funds provided to counties and taxing districts. This created a conflict under Idaho Code § 50-2908 which provided that agencies should be allocated the taxes levied on the taxable property located within that revenue allocation area.

Zach Wagoner, Canyon County Controller, expressed a concern with the bill's exclusion from the calculation of property tax relief of the amount of property taxes based on school levies. This resulted in homeowners with equal property tax bills owing different amounts based on school levies. He also expressed concern about any tax consequences related to the property tax relief. **Senator Grow** stated that there would likely not be any tax consequences since the homeowner did not receive money. He explained that amounts levied for school districts were voted on unlike amounts levied for other taxing districts.

Senator Bernt asked Senator Grow to further discuss the effect of school bonds on property tax relief under **S 1111**. **Senator Grow** explained that since homeowners had voted on school bonds and approved the levies, **S 1111** did not provide relief from that portion of the property tax bill.

Senator Just asked whether **S 1111** affected the homeowner's exemption. **Senator Grow** responded that this bill did not affect the homeowner's exemption and explained that an increase in the homeowner's exemption shifted the tax burden to others.

MOTION: **Senator Bernt** moved to send **S 1111** to the 14th order for possible amendment. **Senator Rabe** seconded the motion. The motion to send **S 1111** to the 14th order for possible amendment passed by **voice vote**.

S 1061 **Pipelines.** **Vice Chairman Schroeder** presented **S 1061**. He explained that section two of this bill required a company operating an interstate natural gas or petroleum pipeline to register with the state and the county or counties that the pipeline went through in order to receive notification from the governing authority regarding any hearing relating to a planned development or zoning ordinance. **Vice Chairman Schroeder** further explained that section one of **S 1061** required that notice of the location and direction of a pipeline be included in the plat of any property within 1000 feet of the pipeline.

TESTIMONY: **Kate Haas** of Kestrel West testified on behalf of TC Energy in favor of **S 1061**. She noted that when these pipelines were built no one anticipated the development around them. The notice requirements allowed pipeline companies to work with cities, counties, and developers during the planning process.

Ron Williams with Hawley Troxell law firm, represented Marathon Pipeline and testified in favor of **S 1061**. He stated that it was good land use planning and included notice in the plats.

DISCUSSION: **Chairman Ricks** asked Vice Chairman Schroeder whether homeowners received notice under this bill. **Vice Chairman Schroeder** replied that Idaho Code § 67-6511 already required homeowners within 300 feet of a proposed development to receive notice.

MOTION: **Senator Just** moved to send **S 1061** to the floor with a **do pass** recommendation. **Senator Bernt** seconded the motion. The motion to send **S 1061** 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 committee at 3:55 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary