

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 20, 2024

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Cannon, Vice Chairman Ehlers, Representatives Dixon(1), Manwaring, Weber, Shepherd, Cheatum, Cornilles, Durrant, Mickelsen, Monks, Pickett, Raymond, Wroten, Boyle, 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 Cannon called the meeting to order at 9:00 a.m.

Chairman Cannon introduced the Page, **Roman Handy**.

MOTION: **Rep. Burns** made a motion to approve the minutes from February 14, 2024 and February 15, 2024. **Motion carried by voice vote.**

H 521: **Rep. Moyle** presented **H 521** and emphasized this legislation is a tax cut bill. In order to find solutions for citizens, **H 521** contains accountability mechanisms and compromises and is a collaboration of many interested parties, including the Governor's office. Rep. Moyle shared his concerns regarding local taxing districts continuing to grow their budgets despite receiving additional money from the state through this legislation and prior legislation passed last year. He encouraged the committee to look closely at additional mechanisms and legislation to curb local budgets.

Rep. Monks presented **H 521** stating this is a good bill because it provides tax relief, but at the same time, provides considerable support for educational facilities. Rep. Monks provided many of the details of **H 521** such as, lowering the individual and corporate income tax rate, dispensing an additional \$75 million to the funding formula of **H 292**, and dedicating the use of \$125 million each year to the School Modernization Facilities Fund for bonding. This legislation will provide more flexibility to school districts by allowing them to use the money toward Plant Facilities Levies, new construction, and renovations or maintenance needs. To ensure greater accountability, the Governor will be able to appoint an executive officer to the Idaho State Board of Education.

Due to providing schools with additional money, this legislation removes the August election date and does not allow school districts to collect more than 120% of the amount required to meet bond payments each year. Funding will be distributed to school districts based on their average daily attendance, however, if a district is using Maintenance and Operation Levies, their distribution will use a different formula. School districts may choose to have their payments received in a lump sum or annualized. To remain eligible for the School Modernization Facilities Fund, schools can not move from a five day school week to a 4 day school week. They also can not use the money for new facilities if athletics will be the primary purpose. In order to reduce the amount of money spent on architectural and design costs, which often reflect 20% of the total cost of a new school building, **H 521** directs the formation of a model school facility council to recommend a school facility plan to the Legislature. After receiving feedback regarding **H 292**, this legislation

simplifies how the tax surplus is distributed and also contributes \$3 million to the Public Defense Fund to fund child protective cases.

Responding to questions from the committee, **Rep. Monks** clarified what an athletic facility is and shared how districts will be required to present a facility plan. He stated this legislation will not solve all of our school facilities' problems but is a step in the right direction. He expressed how it is imperative to always be mindful of the bottom line and even though the income tax rate was lowered in 2022 and again in this legislation, the money is there to allow for the reduction. Rep. Monks believes this is a tax bill and taxes affect several areas, therefore, it was imperative to address multiple concerns in one piece of legislation to ensure all necessary changes are made in order for the legislation to operate properly.

Andy Grover, Idaho Association of School Administrators, testified **in support of H 521**, stating **H 292** was a huge success across the state because taxpayers in 115 school districts saw a reduction in taxes and **H 521** will allow schools to make some much needed repairs to their buildings. Mr. Grover stated this bill will not eliminate bonds and levies but will reduce them. Responding to questions from the committee, Mr. Grover stated 4% of the state's districts operate on a 4 day week because it allows them to retain teachers and reduce expenses and, according to the Office of Performance Evaluations, schools need \$1 billion in maintenance funds to operate safely.

Jason Knopp, Idaho School Boards Association, **Chris Parri**, Idaho Education Association and **Lori Frasure** testified **in support of H 521** and expressed their gratitude for the historic step **H 521** takes in funding and investing in school facilities. They recognized there is more work to be done because bonds and levies will still be necessary in many communities.

Seth Grigg, Idaho Association of Counties, testified **in support of H 521**, stating this legislation provides more transparency and allows county treasurers to issue tax notices in a timely manner. The addition of \$3M to fund child protective cases in the Public Defense Fund will allow adequate representation for those cases.

MOTION:

Rep. Ehlers made a motion to send **H 521** to the floor with a **DO PASS** recommendation.

In support of the motion, **Rep. Ehlers** remarked this bill does a lot of things and builds on **H 292** to provide a historic investment in schools. **Rep. Wroten** shared this legislation moves towards fulfilling the constitutional responsibility of funding schools and also reduces taxes. **Rep. Burns** commented he would prefer to see more funding and was disappointed with some aspects of the legislation but is overall supportive.

In opposition of the motion, **Rep. Necochea** expressed multiple concerns with the bill such as the impact on individual districts is unclear, fund distribution equity, removal of the August election date, the sunset of bond funding, the funds do not come close to meeting school's facilities needs and does not meet her priorities for tax policy.

VOTE ON MOTION:

Chairman Cannon called for a vote on the motion to send **H 521** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Necochea** requested to be recorded as voting **NAY.** **Rep. Monks** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 10:18 a.m.

Representative Cannon
Chair

Lisa Hendricks
Secretary