

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, January 16, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
GUBERNATORIAL APPOINTMENT:	Paul Woods to the Idaho State Tax Commission	Paul Woods
INTRODUCTION:	Senate Page Owen Allen	Senator Ricks
PRESENTATION:	Erin Phipps, Revenue Details and Forecast	Erin Phipps

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 16, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Bruner (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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

GUBERNATORIAL APPOINTMENT: **Paul Woods to the Idaho State Tax Commission. Mr. Woods** introduced himself and shared some of his background and experience (see attachment 1). Much of his experience was in public service and included serving as an Ada County Commissioner and an Ada County Highway District Commissioner.

DISCUSSION: **Senator Bernt** stated that he knew Mr. Woods and commended him on his public service.

Senator Cook asked Mr. Woods why he wanted to be on the Idaho State Tax Commission. **Mr. Woods** responded that public service was important to him. **Senator Cook** then asked Mr. Woods to discuss his role at the Idaho State Tax Commission (Commission). **Mr. Woods** explained that the Commission collected and administered the sales tax program and oversaw the property tax system. In addition, the Commission ensured equalization in assessment of properties.

Senator Grow stated that he had known Mr. Woods for many years and appreciated his responsiveness when he had requests for information. **Senator Grow** expressed hope that anyone who served on the Commission would be responsive to constituents.

Chairman Ricks asked Mr. Woods to more specifically describe what his duties would be on the Commission. **Mr. Woods** replied that he would be with the property tax division. He explained that the property tax division oversaw the administration of assessments by counties to ensure that the assessed value related to sales value and that levy rates were appropriate. In addition, they oversaw the assessment of operating properties such as railroads and utilities. Finally, **Mr. Woods** stated that he would preside over the Board of Equalization as president, but not a voting member.

Senator Just acknowledged that he and Mr. Woods had gone through the MBA program together and that Mr. Woods was a good student. He further asked him to define "equalization." **Mr. Woods** explained that the Idaho Constitution required that properties be assessed at market value. That was measured by examining a portion of actual sales of property and through statistical analysis ensured that assessments were reflective of market value.

INTRODUCTION: **Senate Page Owen Allen. Mr. Allen** introduced himself and shared about himself. He was a sixth generation Idahoan. He was interested in local politics and hoped to possibly pursue a law degree in the future.

Senator Cook inquired about how Mr. Allen became interested in being a page. Mr. Allen explained that he had heard about the page program during the American Legion Boys' State program this past summer and felt it would be a good opportunity to learn more about local politics.

Senator Grow asked Mr. Allen what kind of law he wanted to practice. He responded that he was interested in criminal law because he wanted to ensure that those who are guilty of a crime went to jail and those who were unjustly accused did not.

Senator Rabe asked Mr. Allen what high school he attended and what his interests were. Mr. Allen stated that he attended Renaissance High School in Meridian and that he enjoyed chess and weightlifting.

PRESENTATION: **Erin Phipps, Revenue Details and Forecast. Erin Phipps**, Research analyst for the Legislative Services office, first provided an overview of the revenue details dashboard included among the four fiscal dashboards on the Legislative Services Office website. The revenue details dashboard included information on the three main sources of revenue: sales tax, individual income tax and property tax. There were three levels of information regarding each type of revenue, the 101, 201, and 301 pages. These pages provided details regarding the percentage of total revenue each source provided, history of collections from each source of revenue, distributions from each source of revenue and other information.

Next, **Ms. Phipps** discussed a PowerPoint Presentation on Revenue Projections, (see attachment 2). Slide two showed the general fund revenues for fiscal years (FY) 22 and 23 broken out by the five major categories: sales tax, individual income tax, corporate income tax, miscellaneous revenue, and product tax. **Ms. Phipps** explained that the dip in revenue in FY 23 was largely due to a decrease in the individual income tax rate from a top rate of six percent to a flat rate of 5.8 percent. Slide three showed the actual revenue received so far in FY 24 and a projection by the Division of Financial Management (DFM) for the remainder of FY 24. Slide four showed revenues to the general fund from FY 10 through FY 23 and the projections for FY 24 and FY 25. **Ms. Phipps** explained that the larger amount of revenues in FY 23 was due to an influx of federal funds. Slide five showed a projection for revenues in FY 24 and FY 25 by revenue categories. **Ms. Phipps** explained that individual income tax revenues were projected to increase while the corporate income tax revenues were projected to decrease. In addition, sales tax revenues were also projected to decline.

Slide six provided a comparison of actual individual income tax revenues through November of FY 24 and individual income tax revenues for those same months in FY 23. Slide seven illustrated actual income tax revenues through November of FY 24 and DFM's projected individual tax revenues for the remainder of FY 24. Slide eight added the FY 23 actual income tax revenues in teal. **Ms. Phipps** noted that the actual revenues in October of FY 24 were less than those in that same month in FY 23. In addition, the projections for individual income tax revenues in June of FY 24 were less than actual revenues in June of FY 23. Part of the reason why individual income tax revenues for FY 23 exceeded those in FY 21 and FY 22 was likely due to employer income tax withholding. Slide ten showed an increase in the actual and projected withholding for FY 24.

Slide 11 showed actual individual income tax refunds in FY 21 through FY 23 and a projected increase in individual income tax refunds for FY 24. **Ms. Phipps** explained that the large increase in refunds from FY 22 to FY 23 was likely due to the salt workaround. A mechanism of the salt workaround, which applies to corporate filers, is a net neutral policy that holds that when corporate income taxes increase so do individual income tax refunds. Slide 12 illustrated the actual and projected individual income tax refunds in FY 24. Slide 13 added the actual individual income tax refunds for FY 23. The increase in individual income tax refunds was likely due to employers withheld at the same rate, while individual income tax rates decreased. Slide 14 compared actual net sales tax revenues through November of FY 24 with the same months of FY 23. Slide 15 showed actual and projected net sales tax revenues for FY 24. Slide 16 added a teal line which illustrated the actual sales tax revenues for FY 23. **Ms. Phipps** explained that the increase in sales tax revenues was likely the result of job growth and increased spending. Slide 17 provided details on actual and projected sales tax revenues for FY 24. Slide 18 illustrated the additional sales tax distributions that were added by H 1 (2022) in pink and H 292 (2023) in teal. H 1 allocated 330 million to the public school income fund. H 292 provided that, after certain other distributions, 4.5 percent of sales tax revenues were split equally between the school district facilities fund and homeowners' property tax relief.

DISCUSSION: **Senator Just** asked Ms. Phipps why sales tax revenue projections for December were lower than other months. **Ms. Phipps** explained that while many spend for Christmas in December, November sees more spending with Black Friday, Prime days, and other sales.

INTRODUCTION: **Senator Bruner. Chairman Ricks** introduced Senator Bruner who was a substitute for Senator Adams and thanked him for his service. **Senator Bruner** stated that it was an honor to serve.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:50 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary



Revenue Projections

Local Government and
Taxation Committee

Presented by: Erin Phipps,
Revenue Analyst

1/16/2024

FY2023 General Fund Collections

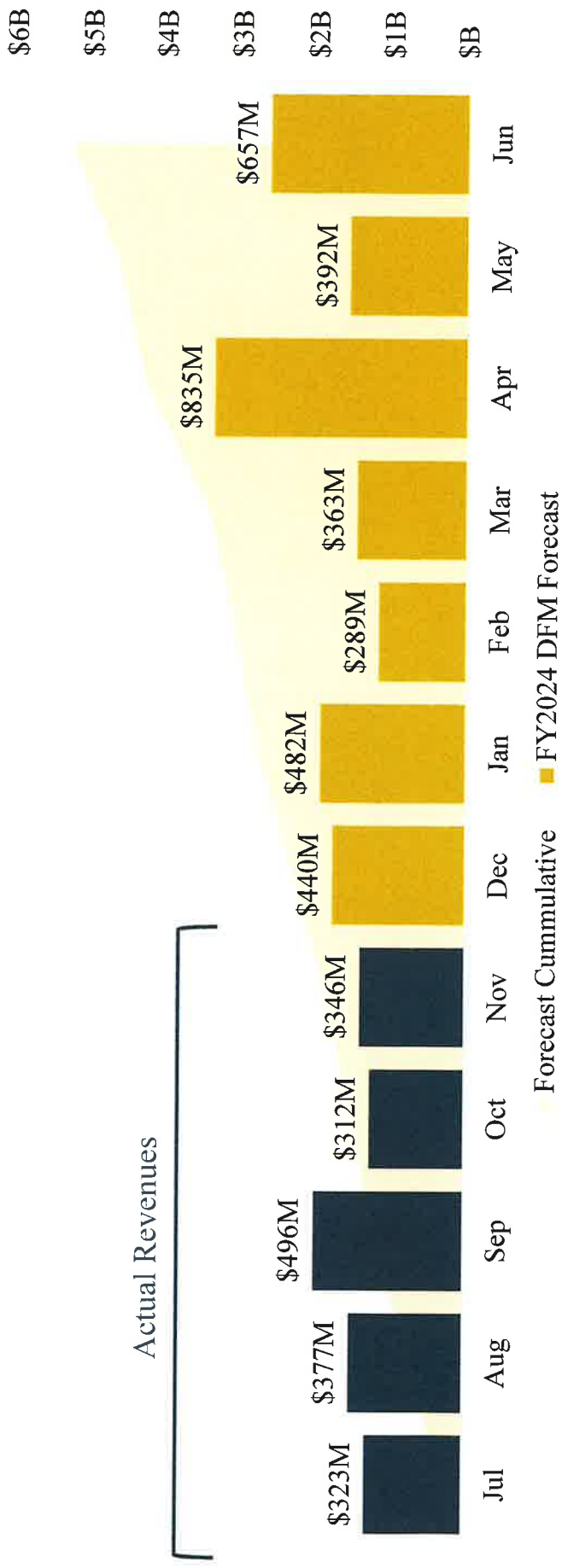
General Fund Collections

Comparison across categories and fiscal years



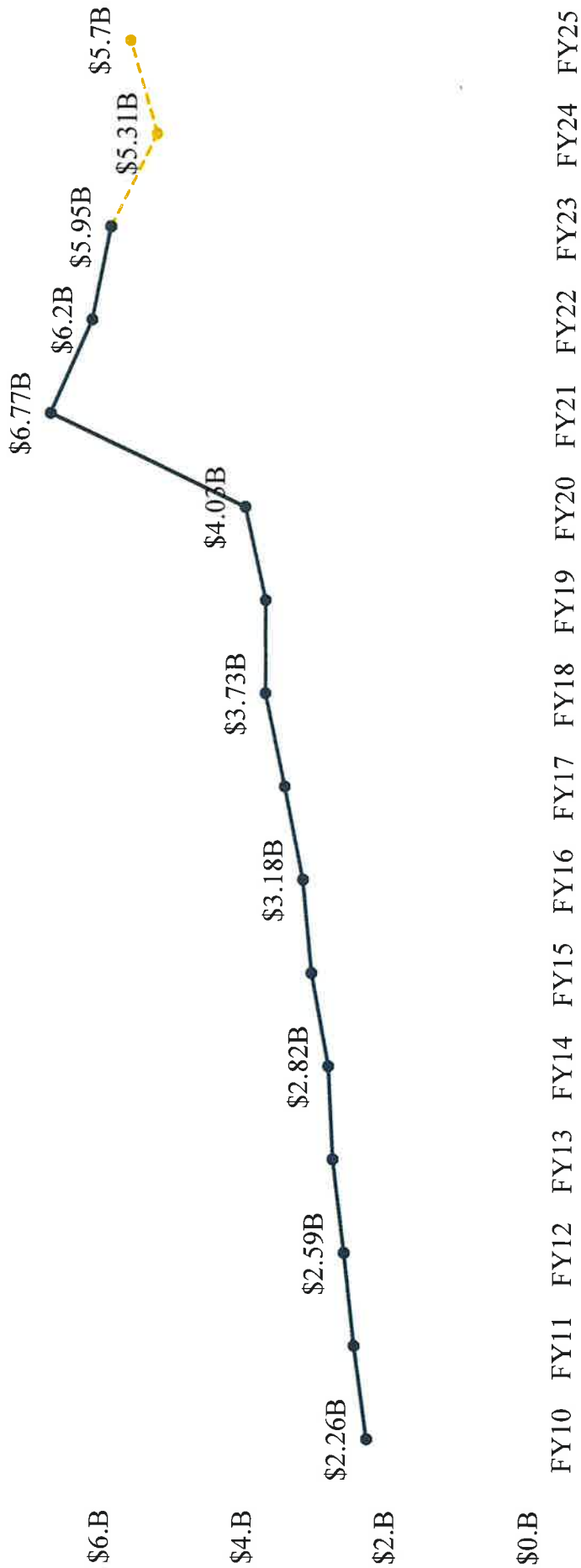
FY2024 General Fund Revenue Forecast Overview

Forecast Overview with Actuals in Millions
 FY24 forecast was revised down by nearly \$190 million



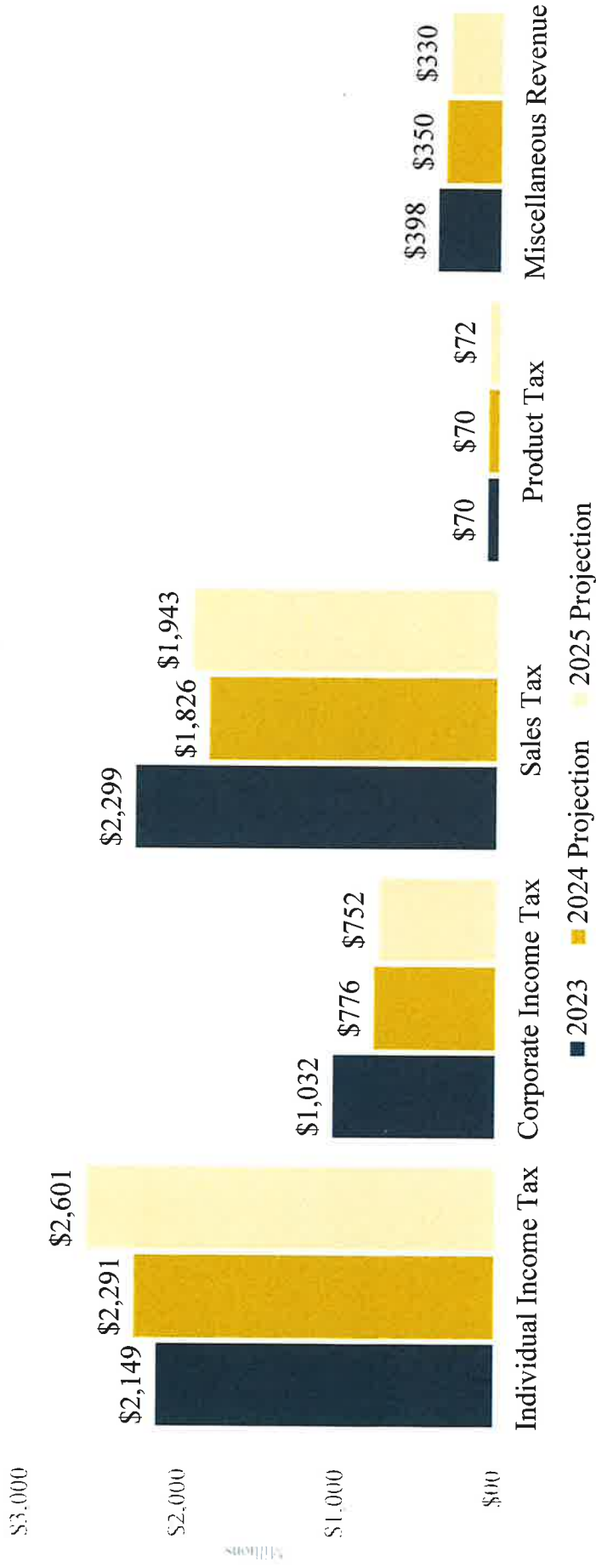
General Fund Revenue History with Projections

General Fund Revenues Since Fiscal Year 2010 with a Two Year Projection



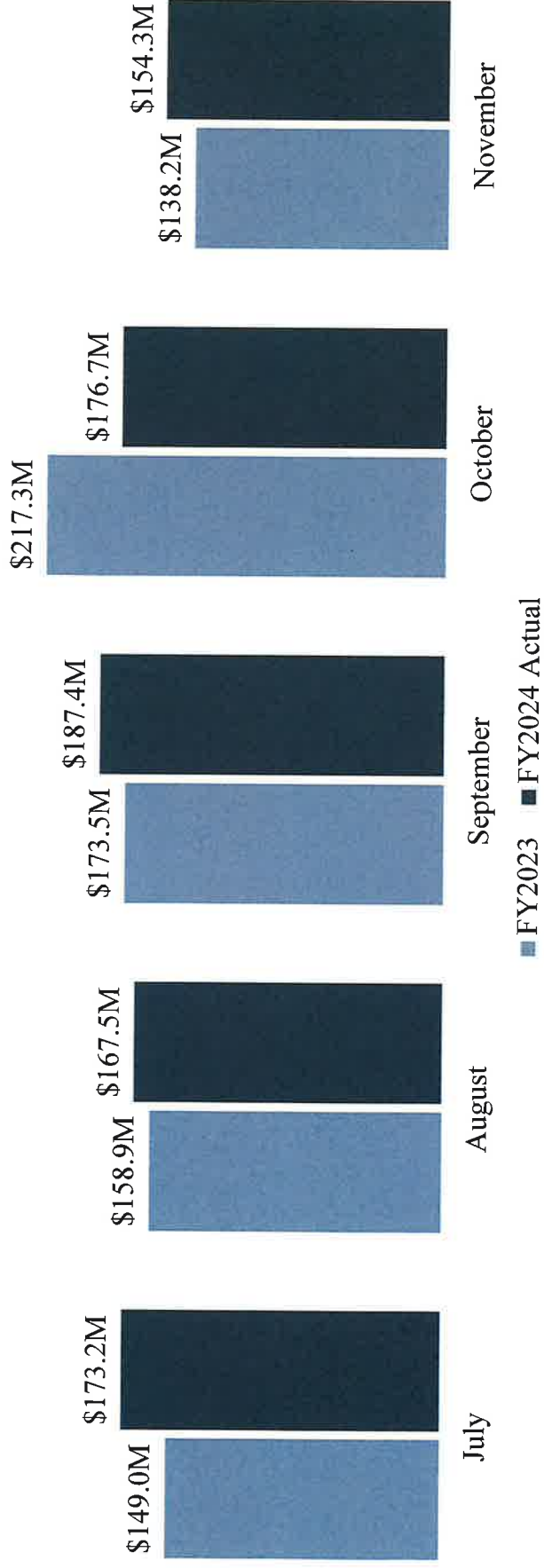
DFM Forecast by Revenue Category

Actual FY2023 Revenues Compared to FY2024 and FY2025 Projections



Individual Income Tax to General Fund

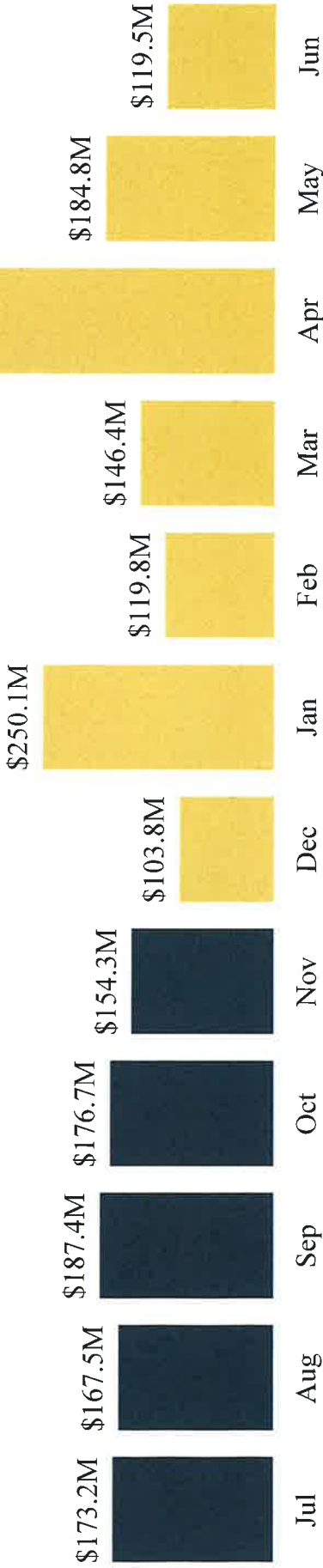
Individual Income Tax in Millions
FY24 actuals compared to FY23 actuals



Individual Income Tax to General Fund

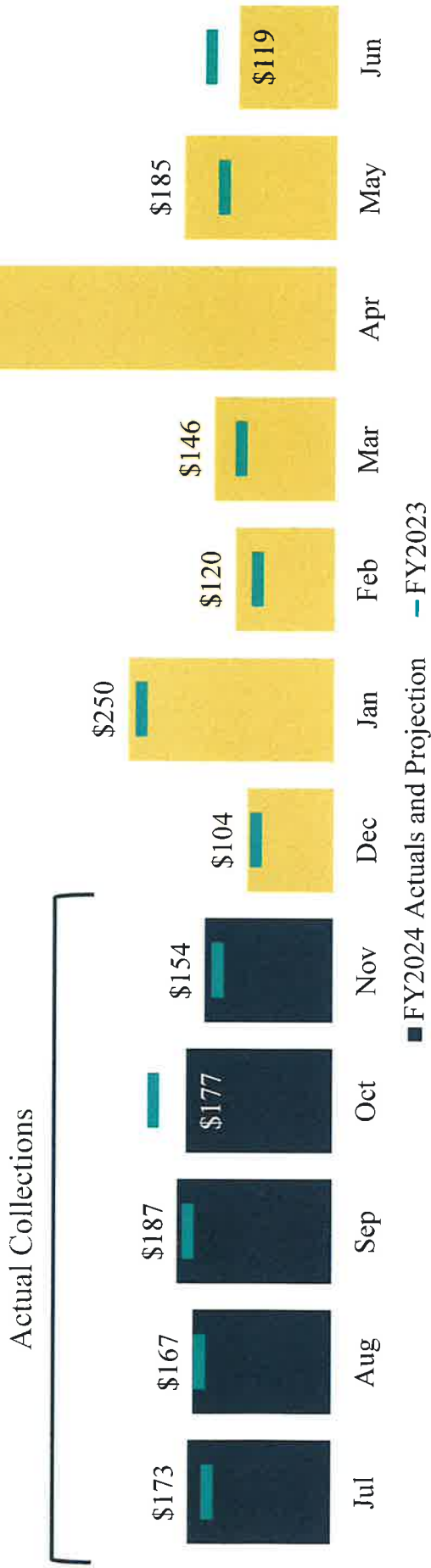
Individual Income Tax in Millions
 FY24 actuals compared to **DPFM Forecast**

Actual Collections



Individual Income Tax Forecast and History

Individual Income Tax in Millions
 FY24 actuals and **FFY Forecast** compared to **FY2023**



Income Tax Withholdings

Income Tax Withholdings

Most recent fiscal year has remained mostly steady, indicating consistency in withholdings

\$1,890.6M



FY23

\$1,839.3M



FY22

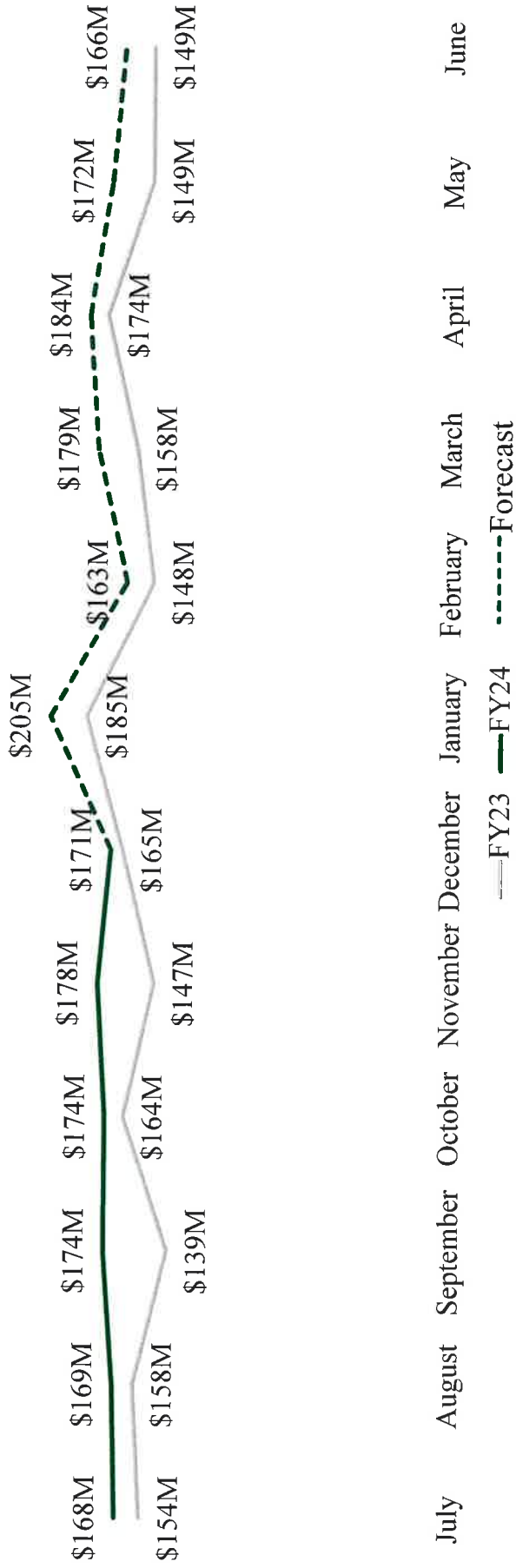
\$1,592.1M



FY21

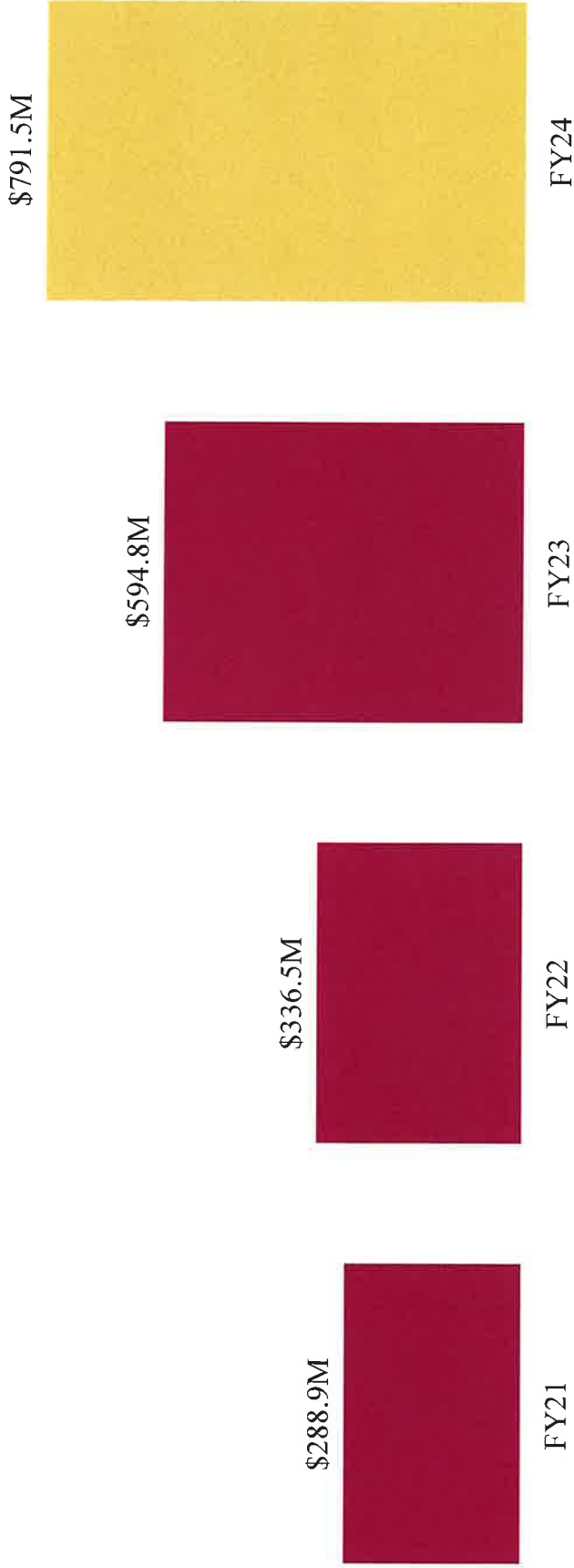
Withholdings: Actuals and Projections

Income Tax Withholdings
 FY2024 with DFM Forecast and FY2023 comparison



Refunds with Projection

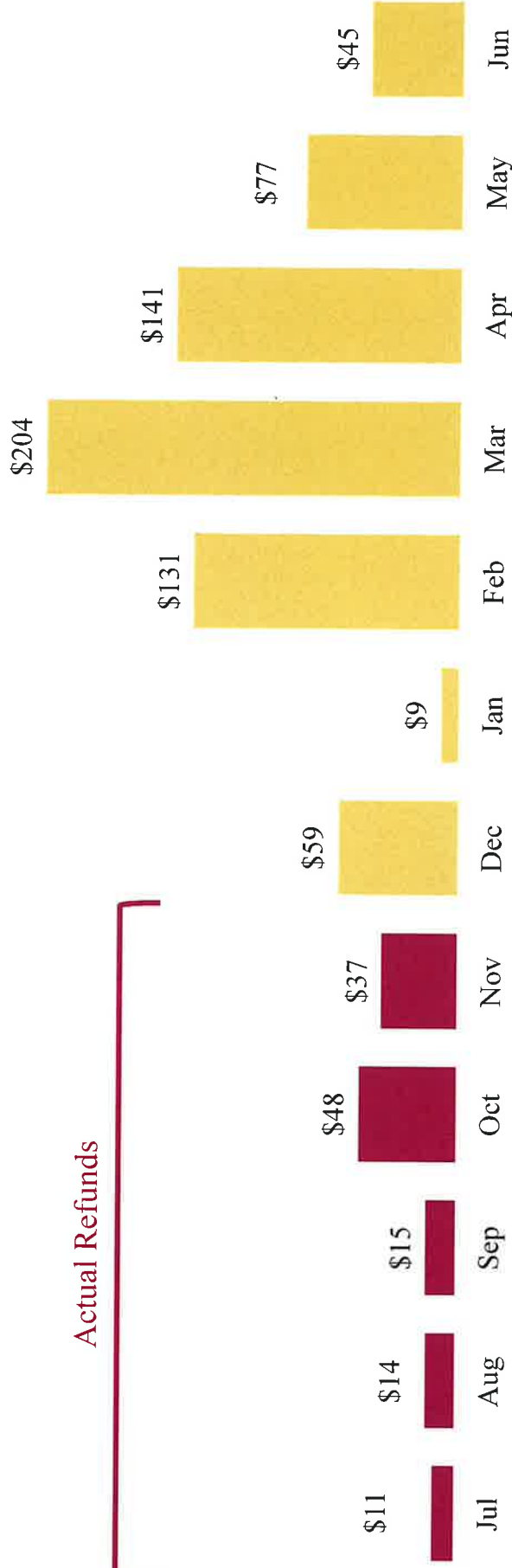
Individual Income Tax Refunds in Millions
Past three fiscal year comparison with projected FY2024



Refunds Actuals and Forecast

Individual Income Tax Refunds in Millions

FY2024 actuals with **DFM Forecast**



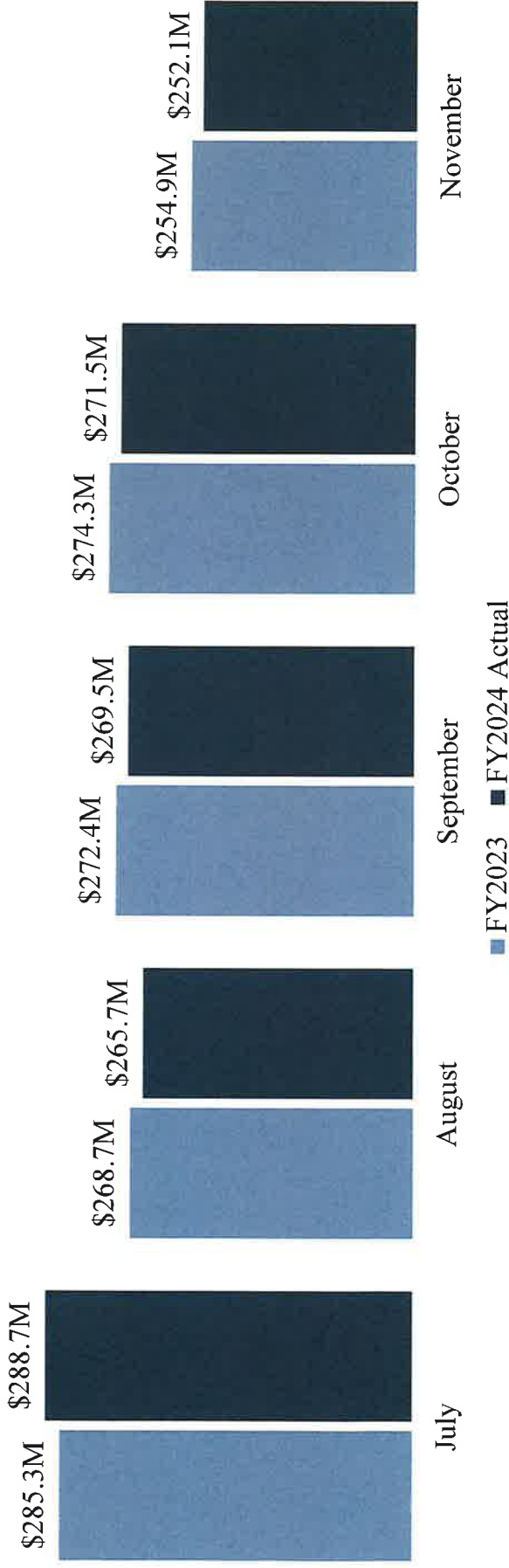
Refunds Forecast and History

Individual Income Tax Refunds in Millions
FY2024 actuals with DPM Forecast compared to FY2023



Net Sales Tax FYTD

Net Sales Tax in Millions
FY23 compared to FY24 actuals

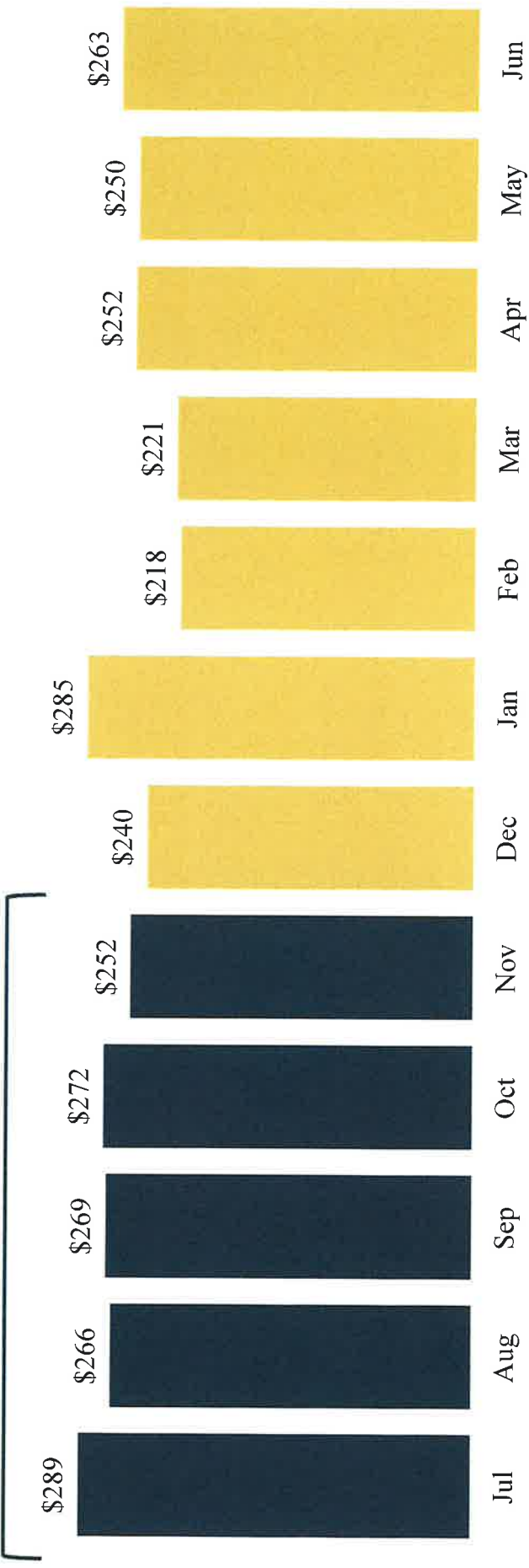


Net Sales Tax FY2024 Forecast

Net Sales Tax in Millions

FY2024 actuals and **DFM Forecast**

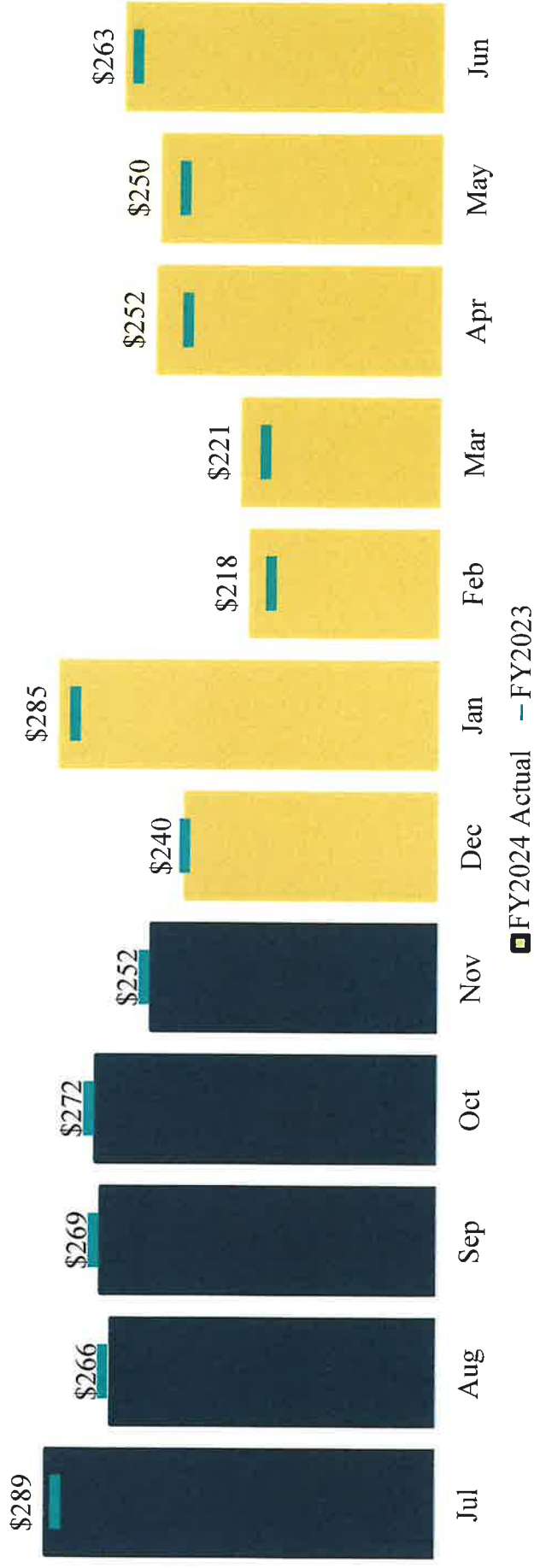
Actual Collections



Net Sales Tax Forecast and History

Net Sales Tax in Millions

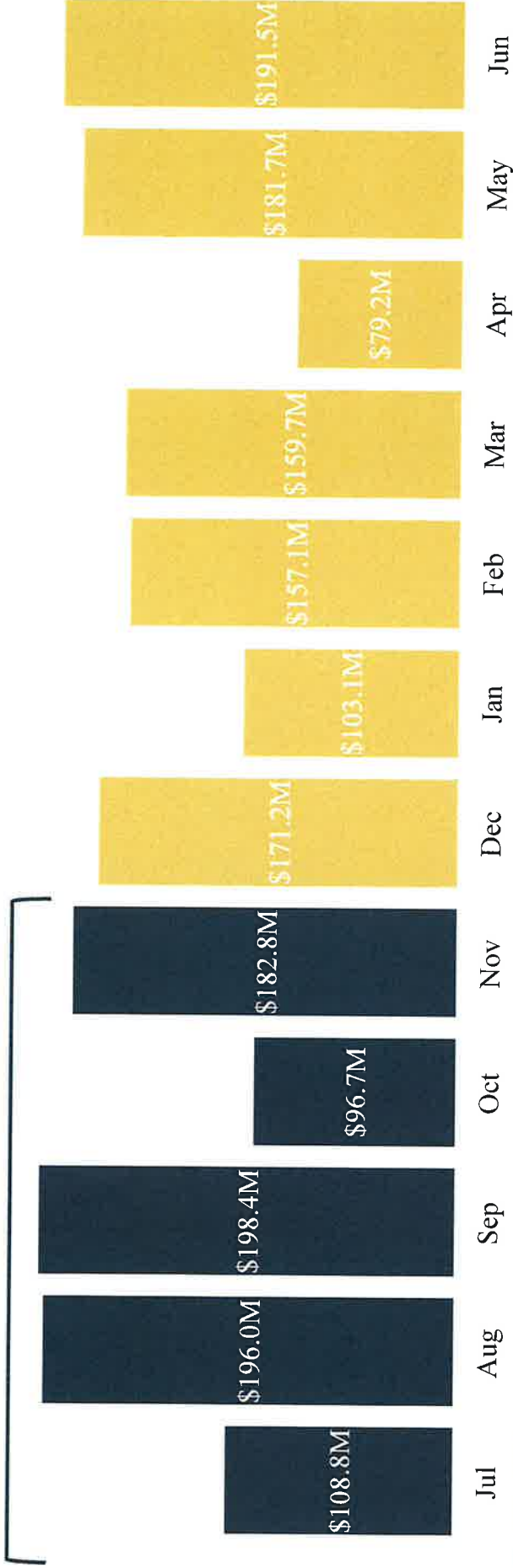
FY2024 actuals and DFM Forecast compared to FY2023 Actuals



FYTD 2024 Sales Tax to the General Fund

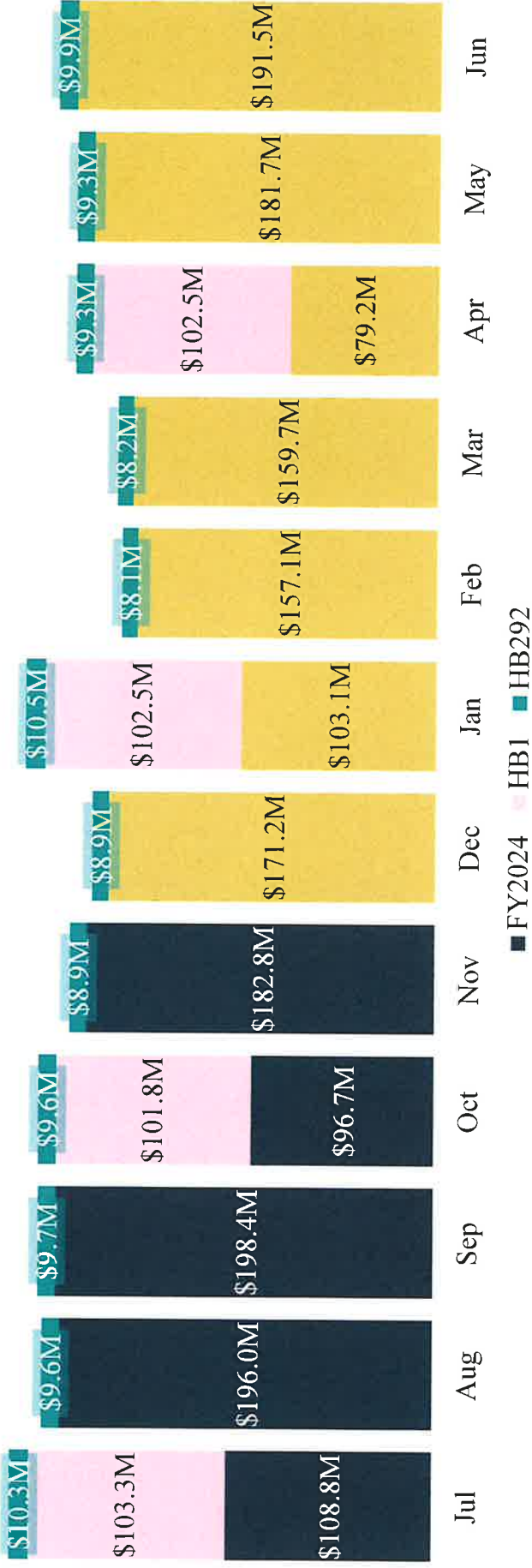
Sales Tax to the General Fund in Millions
FY24 actuals and DFM Forecast

Actual Distributions



FYTD 2024 Sales Tax to the General Fund

Sales Tax to the General Fund in Millions
 FY24 actuals and **DFM Forecast** with **HBI** and **HB292** distributions



Looking Ahead

- Overall, revenues appear to be levelling out
- Withholdings remain strong
- Net sales taxes mostly match last year
- Still looking for headwinds on economic stability in a unique economy

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, January 17, 2024

For members of the public to observe the meeting, please click on the following link:
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SUBJECT	DESCRIPTION	PRESENTER
GUBERNATORIAL APPOINTMENT VOTE:	Paul Woods to the Idaho State Tax Commission	Senator Ricks
<u>35-0101-2301</u>	Income Tax Administrative Rules - Proposed Rule	Cynthia Adrian, Tax Research Specialist Idaho State Tax Commission
<u>35-0101-2302</u>	Income Tax Administrative Rules - Proposed Rule	Cynthia Adrian, Tax Research Specialist Idaho State Tax Commission
<u>35-0102-2301</u>	Idaho Sales and Use Tax Administrative Rules - Proposed Rule	Tom Shaner, Tax Research Manager Idaho State Tax Commission
<u>35-0108-2301</u>	Mine License Tax Administrative Rules (ZBR Chapter Rewrite) - Proposed Rule	Tom Shaner, Tax Research Specialist Idaho State Tax Commission
<u>36-0101-2301</u>	Idaho Board of Tax Appeals Rules (ZBR Chapter Rewrite) - Proposed Rule	Travis VanLith, Idaho Board of Tax Appeals

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks

Vice Chairman Schroeder

Sen Grow

Sen Cook

Sen Adams

Sen Bernt

Sen Trakel

Sen Rabe

Sen Just

COMMITTEE SECRETARY

Meg Lawless

Room: WW50

Phone: 332-1315

Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 17, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator Stinson (Rabe)

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

GUBERNATORIAL APPOINTMENT VOTE: **Paul Woods to the Idaho State Tax Commission. Chairman Ricks** postponed this agenda item until a future meeting.

PASS THE GAVEL: Chairman Ricks passed the gavel to Vice Chairman Schroeder.

DOCKET NO. 35-0101-2301 **Income Tax Administrative Rules - Proposed Rule. Cynthia Adrian**, Tax Research Specialist, Idaho State Tax Commission (Commission), presented **Docket. No. 35-0101-2301. Ms. Adrian** stated that the changes to this docket clarified the credit for taxes paid by an affected business entity. The changes further clarified that a credit was provided under Idaho Code § 63-3026B(7)b toward income taxes owed for taxes paid in another state even if the other state called the tax paid something else.

DISCUSSION: **Senator Grow** expressed appreciation for the Commission's response to concerns raised about this issue last legislative session. He asked for further clarification whether, even if the other state called the tax paid a fee or something else, the credit would apply. **Ms. Adrian** responded that was correct.

DOCKET NO. 35-0101-2302 **Income Tax Administrative Rules - Proposed Rule. Cynthia Adrian**, Tax Research Specialist, Commission, presented **Docket. No. 35-0101-2302. Ms. Adrian** explained that the change to this docket was to conform to a change in Internal Revenue Code § 6011. This rule required that all employers with ten or more employees filed W-2s electronically. The previous rule required an employer with 50 or more employees to file electronically.

MOTION: **Senator Grow** moved to approve **Docket No. 35-0101-2301 and Docket No. 35-0101-2302. Chairman Ricks** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0102-2301 **Idaho Sales and Use Tax Administrative Rules - Proposed Rule. Tom Shaner**, Tax Research Manager, Commission, presented **Docket No. 35-0102-2301. Mr. Shaner** explained that this docket made a change to the rules in conformity with H 496 (2020). H 496 provided that custom meat processing and/or packing services were exempt from sales tax when a family farm, not a commercial operation, furnished the animal and it was not resold. The Commission deleted several examples in rule 29 that were contrary to H 496.

**DOCKET NO.
35-0108-2301**

Mine License Tax Administrative Rules (ZBR Chapter Rewrite). Tom Shaner, Tax Research Manager, Commission, presented **Docket No. 35-0108-2301**. Mr. Shaner indicated that these rules were rewritten under the Zero Based Rulemaking (ZBR) executive order issued by the Governor. There were no substantive changes to the rules and the Commission had reached out to all the interested parties.

MOTION:

Senator Bernt moved to approve **Docket No. 35-0102-2301** and **Docket No. 35-0108-2301**. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
36-0101-2301**

Idaho Board of Tax Appeals Rules (ZBR Chapter Rewrite). Travis VanLith, Idaho Board of Tax Appeals, presented **Docket No. 36-0101-2301**. Mr. VanLith stated that these rules were rewritten under the ZBR executive order issued by the Governor. He further stated that there were no substantive changes to the rules. Plain language was incorporated for better understanding. Some of these plain language alterations included revised language in the interest of brevity, elimination of rules that restated statute and moving certain examples and additional detailed information from the rules to the agency's website.

DISCUSSION:

Chairman Ricks noted that section 36.01.01.012.01 and .02 relating to the election of the Chairman of the Board had been deleted and asked how the chairman was elected. **Mr. VanLith** explained that the election of the chairman of the board was addressed in Idaho Code § 63-3803. Therefore, the rule was duplicative.

MOTION:

Senator Bernt moved to approve **Docket No. 36-0101-2301**. **Senator Just** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Schroeder passed the gavel to Chairman Ricks.

ADJOURNED:

There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:20 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, January 23, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 385</u>	TAXATION - Amends existing law to revise the definition of "Internal Revenue Code."	Rep. Ehlers

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks

Vice Chairman Schroeder

Sen Grow

Sen Cook

Sen Adams

Sen Bernt

Sen Trakel

Sen Stinson (Rabe)

Sen Just

COMMITTEE SECRETARY

Meg Lawless

Room: WW50

Phone: 332-1315

Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 23, 2024
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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m.
H 385 **TAXATION - Amends existing law to revise the definition of "Internal Revenue Code". Representative Ehlers** presented **H 385**. He explained that this was the annual tax conformity bill that aligned Idaho Code § 63-3004 with the Internal Revenue Code. The bill simply updated the year from 2023 to 2024.
MOTION: **Senator Grow** moved to send **H 385** to the floor with a **do pass** recommendation. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.
ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:05 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, January 24, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>35-0103-2301</u>	Property Tax Administrative Rules (ZBR Chapter Rewrite) - Proposed Rule	Kathlynn Ireland, Property Tax Specialist Idaho State Tax Commission
PRESENTATION:	City Budget Basics	Mayor John Evans

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Stinson (Rabe)
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 24, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator Trakel

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** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

PASSED THE GAVEL: Chairman Ricks passed the gavel to Vice Chairman Schroeder.

DOCKET NO. 35-0103-2301 **Property Tax Administrative Rules (ZBR Chapter Rewrite) - Proposed Rule.** **Kathlynn Ireland**, Property Tax Specialist, Idaho State Tax Commission (Commission), presented this docket. **Ms. Ireland** outlined the process used by the Commission to rewrite these rules (Attachment 1). She stated that the only substantive change to these rules was Rule 810 which incorporated H 292 (2023) that provided for property tax relief. All other changes were nonsubstantive and simply removed redundant language, incorporated plain language, and removed obsolete rules.

DISCUSSION: **Senator Cook** asked why the depreciation schedule for recreational vehicles in Rule 20 was removed. **Ms. Ireland** explained that the schedule would still exist on their website. She further noted that subsection .01 of Rule 20 included a caveat that if no indices existed, the county assessors would determine market value from sale price or by using appraisal procedures as defined in Rule 217. **Senator Cook** expressed concern that if the depreciation table was removed to the Commission's website the legislature would lose oversight ability. **Ms. Ireland** assured Senator Cook that the Commission would work closely with their stakeholders before making any changes on their website. Furthermore, the depreciation schedules were within the Computer Aided Mass Appraisal (CAMA) system.

Senator Bernt also expressed a concern regarding legislative oversight. He asked whether there was a way to indicate the date of any changes on the links to the website in order to provide for more legislative oversight. **Ms. Ireland** stated that she would consult with the Division of Financial Management about that.

Vice Chairman Schroeder noted that Idaho Code § 49-446 addressed the concerns of Senator Cook and Senator Bernt. That statute provided that the market value of recreational vehicles was determined according to the rules of the Commission and that those rules shall use any standard industry indices of retail value of recreational vehicles to determine market value. **Ms. Ireland** added that Rule 20 further provided that if no such indices were available, the assessor would determine the market value from the sale price or by using the appraisal procedures in Rule 217 which defined market value. **Senator Cook** noted that Rule 20 stated that county assessors will administer and collect the recreational vehicle registration fee based on the market value calculated from the depreciation schedule for the types that were listed and then explained how to determine market value if there were no indices. **Vice Chairman Schroeder** responded that the rule may be inconsistent with the statute. **Ms. Ireland** repeated that if there were no indices available, assessors could determine market value based on other national standards.

Senator Grow asked why much of the language in Rule 802 was deleted. **Ms. Ireland** stated that Rule 802 dealt with budget certification for new construction and annexation. She explained that most of that language was stricken because it was redundant of statute. **Senator Grow** asked Ms. Ireland to explain the changes to Rule 961. **Ms. Ireland** explained that Rule 961 addressed homesite assessment and forestlands of less than 5 acres and contiguous. Subsection (.03) provided that a parcel of forestland less than 5 acres was not eligible for valuation and taxation as forestland unless granted forestland status by statute. If the parcel was less than 5 acres and a timber tax exemption was sought, the Commission would examine whether contiguous land was under common ownership in order to determine whether it qualified for the tax exemption..

Senator Grow asked Ms. Ireland to explain the reasons for the deletion in subsection .03 of Rule 989. **Ms. Ireland** explained that those provisions were in statute.

Chairman Ricks acknowledged the Committee's concern about removing examples from the rules and putting them on the Commission's website and the desire for legislative oversight. He shared that he had become more confident about moving the examples and tables to the website because of the links in the rules to the statutes. He commented that he had reached out to local accountants and his local Madison County assessor and they did not have any issues. **Chairman Ricks** asked to postpone the vote on these rules to a future meeting, probably in the next week.

Chairman Ricks asked Ms. Ireland to discuss Rule 810 relating to property tax relief which incorporated H 292 (2023). **Ms. Ireland** explained that Rule 810.05 addressed tax cancellations and levy corrections and procedures for remitting the overpayment of the property tax relief to the general fund. Rule 810 also set forth procedures for applying for property tax relief and procedures regarding the school district facilities fund. She further explained that money from the general fund used to provide property tax relief first went to school districts and was to be used in a specified order of priority..

TESTIMONY:

Brian Stender, Canyon County Assessor and chairman of the Assessor's Association rules committee, testified that he had been a part of this rulemaking process. He stated that, although he originally had concerns about moving examples to the Commission's website, he was now confident about that.

DISCUSSION: **Vice Chairman Schroeder** advised the Committee that he had also contacted several assessors and that they were comfortable with the examples being moved to the Commission's website. He further stated, regarding Senator Cook's concern about a possible discrepancy between the rules and statute, that he felt the amount of depreciation would default to standard depreciation.

PASSED THE GAVEL: Vice Chairman Schroeder passed the gavel back to Chairman Ricks.

PRESENTATION: City Budget Basics. Mayor John Evans of Garden City gave a presentation on city budgets. (Attachment 2). Slide one illustrated the population of cities. **Mayor Evans** noted that 42 cities grew from a population of 1000 to a population of between 1000 to 5000. Slide two included details on various funds which provided revenue to cities. Slide three explained the authority granted to cities by the legislature to levy property taxes and local option taxes. Slide four further explained the caps on property taxes. Slide five outlined areas of city expenditures. **Mayor Evans** noted that while the highway distribution account provided some revenue for road maintenance, it did not always cover the cost.

Slide six showed other intergovernmental and local sources of city revenue. Slide seven provided details regarding services that were common to all cities. Slide eight explained services which not all cities provided such as fire departments, police departments, libraries, sewer, water systems, and road maintenance. Slides nine and ten discussed the impact of growth on cities, and the need to provide increased infrastructure and services.

Slide 11 outlined tools for funding growth. **Mayor Evans** explained that cities could add to their tax base by new construction and annexation. He noted that the cap on property taxes shown on slide four had a greater impact on smaller cities than on larger cities.

DISCUSSION: **Senator Grow** asked Mayor Evans to explain how a community infrastructure district (CID) differed from a traditional subdivision. **Mayor Evans** explained that the CID assessment was in addition to the property tax assessed to homeowners in that district and was collected by the assessor. A CID was often used by developers to fund a project or subdivision. The CID assessment was collected over a period of years. **Vice Chairman Schroeder** further explained that CIDs were normally 15 years in length.

PRESENTATION: Mayor Evans discussed urban renewal districts, an additional tool for funding growth. He explained that when an urban renewal district was formed it had the value equal to the value of the property within that district. That value provided a base. As improvements were made, the difference between the base and the value of the improvements provided an increment which could be used for purposes outlined by statute. H 389 (2021) allowed the district to add ninety percent of the value of new construction to the base.

Slide 12 illustrated Garden City's projected revenues for fiscal year (FY) 2024 budget. He noted that property taxes comprised fifty percent of their projected revenue and that projected revenue from sales tax was significant.

DISCUSSION: **Senator Cook** asked Mayor Evans to explain how the sales tax was distributed to the cities. **Mayor Evans** explained that the state collected the sales tax and distributed 11.5 percent of the amount collected to local governments and other taxing districts based on population.

TESTIMONY: **Kelley Packer**, Executive Director of the Association of Idaho Cities, added that 1,100 taxing districts received a sales tax distribution.

DISCUSSION: **Chairman Ricks** asked Mayor Evans to further discuss the projected revenue from franchise fees and urban renewal districts. **Mayor Evans** explained that Garden City received franchise fees from TDS Cable, Idaho Power, and Republic Services. Regarding the revenue from the urban renewal district, the Urban Renewal Board met periodically to determine what infrastructure or other needs the district had. The city administered any contract and paid for projects the board approved and the board reimbursed the city.

PRESENTATION: Slide 13 charted the FY 24 expenses for Garden City. **Mayor Evans** stated that the largest expense for Garden City, and most cities, was for personnel. Slide 14 provided a more detailed breakdown of Garden City's projected expenses for FY 24,

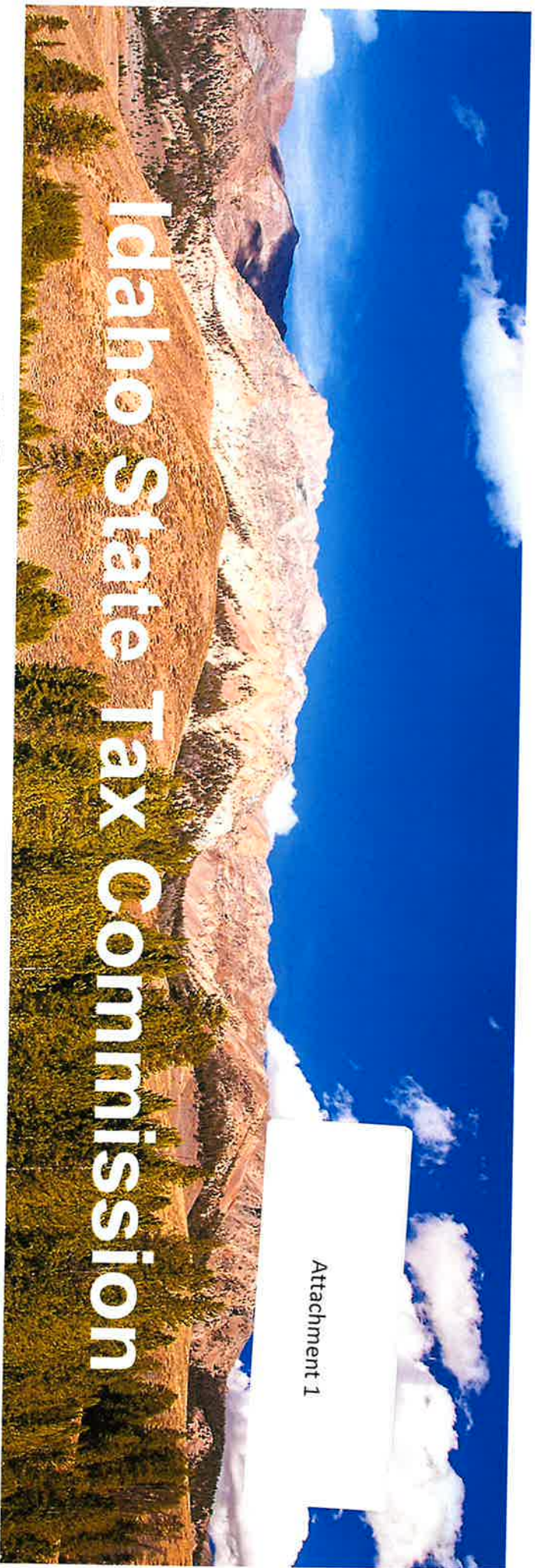
DISCUSSION: **Senator Cook** asked if it was typical for cities to spend 53 percent of their budget on law enforcement. **Mayor Evans** responded that he wasn't certain.

TESTIMONY: **Kelley Packer** Executive Director of the Association of Idaho Cities, added that, regardless of the size of the city, they still needed to provide police and fire services. Often the smaller cities contracted for these services.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 4:30 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary



Idaho State Tax Commission

Attachment 1

House Bill 292

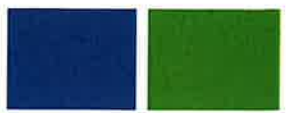
Kathlynn Ireland
Property Tax Research Specialist
Idaho State Tax Commission

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HB 292 – Property Tax Distribution Total

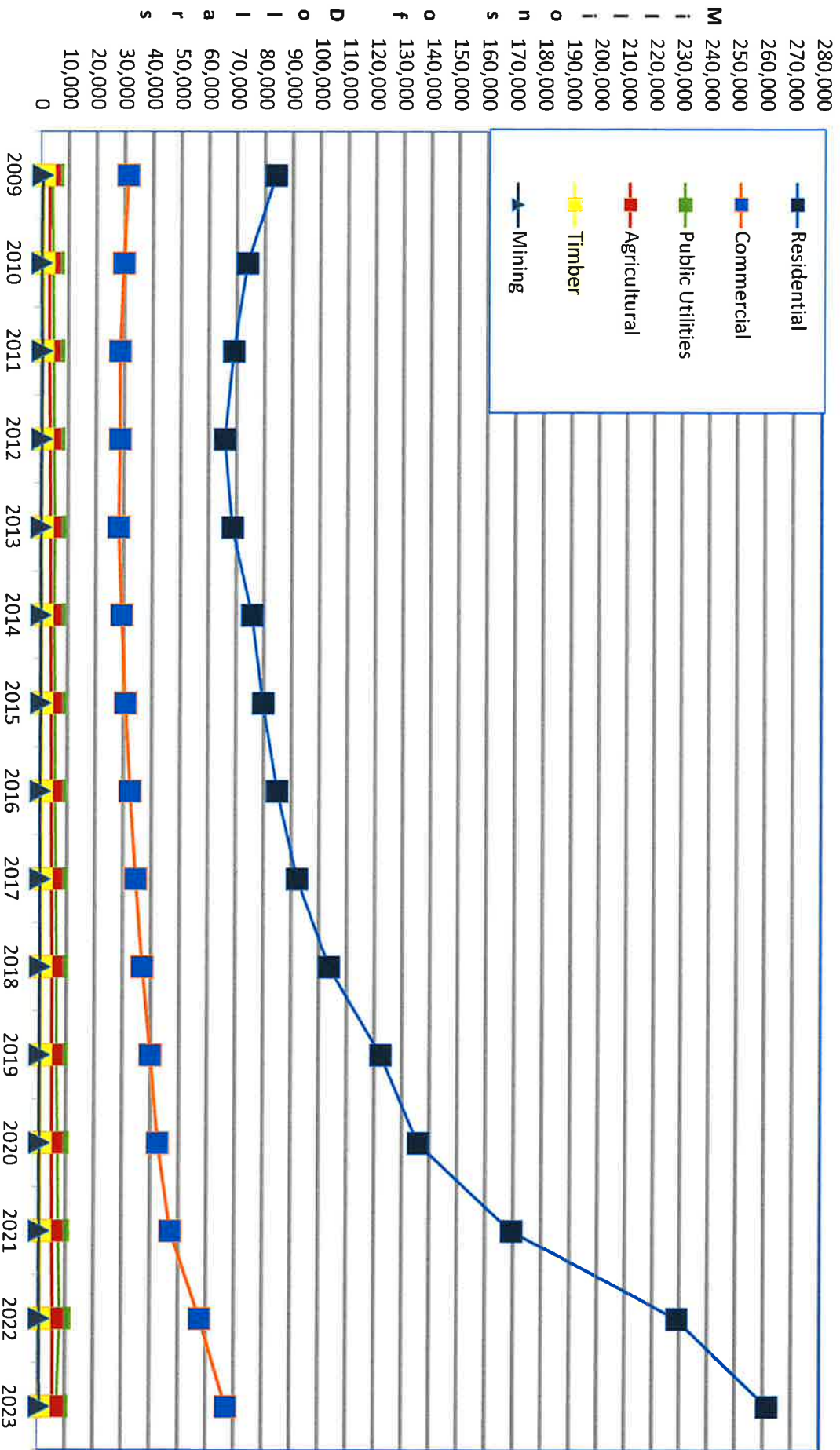
- **Homeowner Tax Relief (HTR)**
 - \$191,797,485 = 17% of the total property taxes budgeted statewide for 2023.
- **All Tax Relief (ATR)**
 - \$24,564,356 = 1.1% of the total property taxes budgeted statewide for 2023.
- **School District Facility Fund**
 - \$106,201,460 distributed to the Department of Education.
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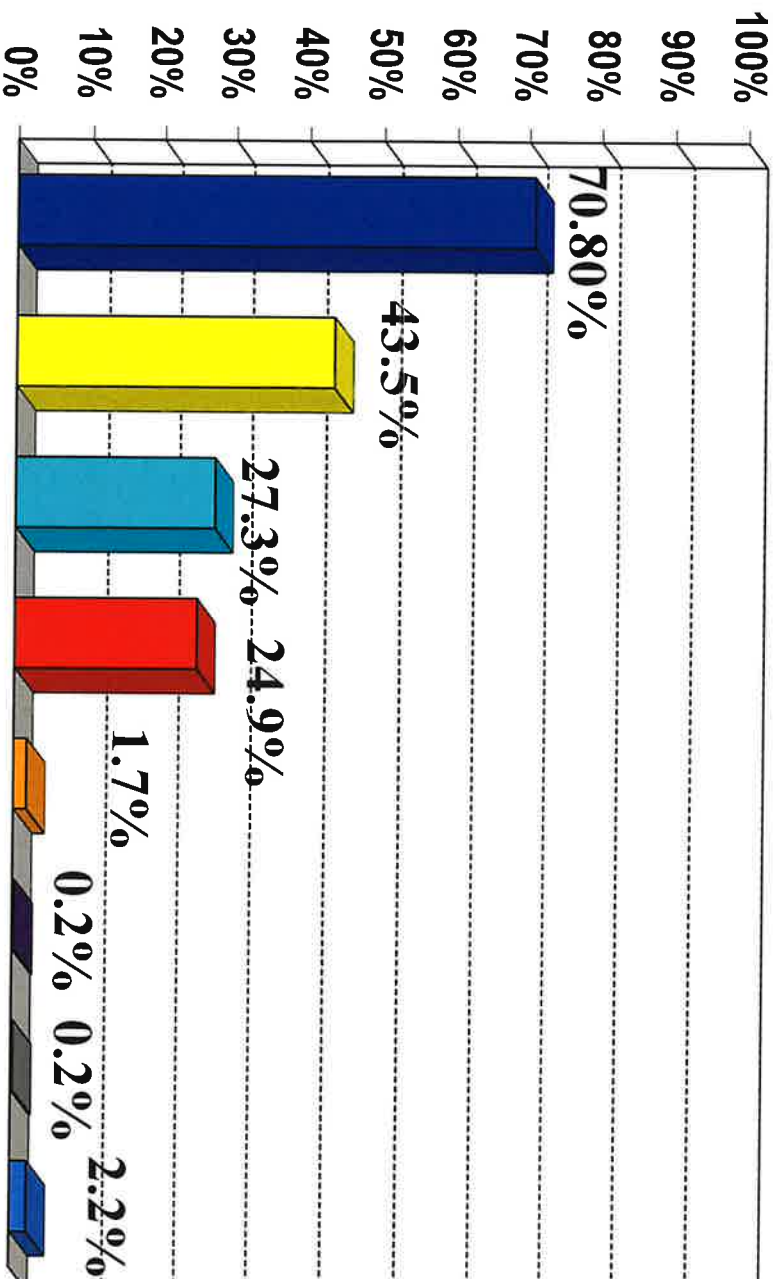
2023 Statewide Property Tax

- 2023 Property Tax Budgets Before Tax Relief
 - **\$2.26 Billion**
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 - **\$24.6 Million**
- Final Amount Paid by Taxpayers
 - **\$1.9 Billion**

15 Year Chart of Taxable Value Changes by Major Property Category



2023 Property Tax by Major Category After HB 292 Relief



- All residential (\$1,377 Billion)
- Non-owner occupied residential (\$535 Million)
- Agricultural (\$33 Million)
- Mining (\$4 Million)
- Owner occupied residential (\$842 Million)
- Commercial / Industrial (\$483 Million)
- Timber (\$4 Million)
- Operating (Utilities) (\$42 Million)



Residential v. Primary Residential

- “Residential” includes rental properties up to 4plexes
 - Entire residential class
 - 76.2% of all taxable value
 - 73.3% of all property tax (not accounting for tax relief)
 - 70.8% of all property tax (accounting for tax relief)
- 2023 - primary residential (owner-occupied):
 - largest separate share of property value – 46.7%
 - Pays the largest share of property tax
 - 48.6% in 2023 (not accounting for tax relief)
 - 43.5% in 2023 (accounting for tax relief)

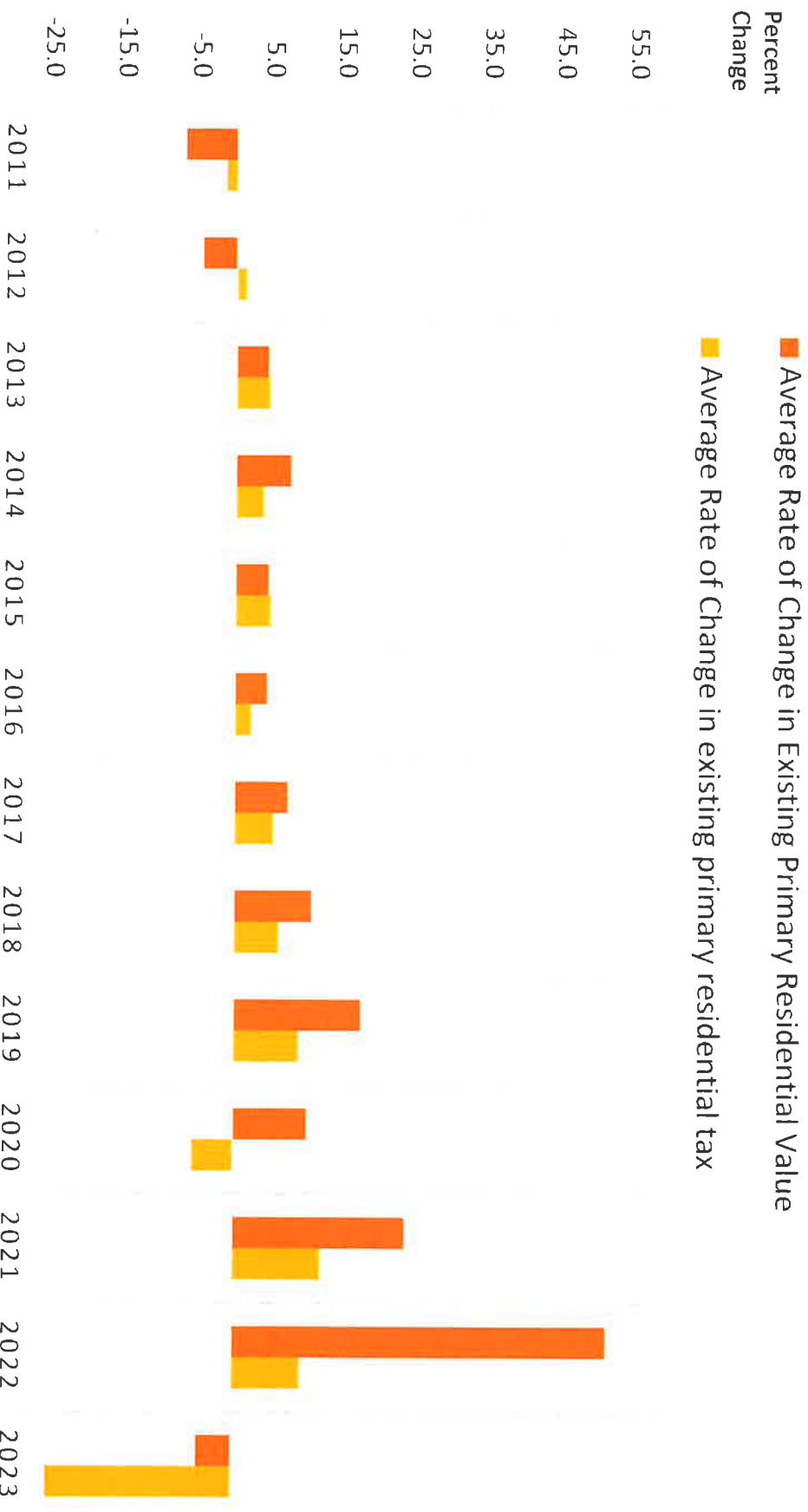
New Construction v. Changes in Existing Property Values & Taxes: 2022 – 2023

<u>Category of Property</u>	<u>Overall Percent change in Value</u> (22 – 23)	<u>Existing Property Value % Change</u> (22 – 23)	<u>Existing Property Tax % Change</u> (22 – 23)
Primary Residential (eligible for homeowner's exemption)	- 2.8%	- 4.7%	- 25.6%
Other Residential	+ 7.4%	+ 5.6%	- 1.0%
Commercial and industrial	+ 16.2%	+ 14.1%	+ 8.0%



Value Changes v. Tax Changes

PERCENT CHANGE YEAR OVER YEAR





HB 292 Budget and Levy Timeline

Role of the County Assessor

- **January 1** – Lien Date.
 - The assessor shall appraise each taxable property at market value as of 12:01 am.
- **1st Monday in June** – assessment notices
- **2nd Monday in July** – BOE adjourns
 - BOE completes equalization of property roll
- **2nd Monday in July** – Last day to apply for HOE to be eligible for HTR credit



Role of the Taxing Districts

2nd Monday of September – Certification of property tax budgets

- Taxing Districts certify their property tax budgets to county commissioners

3rd Monday in September– County Clerk provides copies of the record of levies to assessor, tax collector, STC

3rd Monday in September - Taxing Districts receiving an extension certify their property tax budgets to county commissioners.

4th Monday in September – County Clerk provides copies of the record of levies to assessor, tax collector, STC for taxing districts receiving an extension



Role of County Treasurers

September

- Forest Protection Checklist
- Utility Checklist
- Specials – solid waste, etc.

October

- Begins Tax Drive
- Verify Code Area/districts
- Enter and proof property tax levies, calculate taxes

****4th Monday in October** – County treasurers send final homeowner tax relief roll to STC

- **Impossible if treasurers have just received levies from STC*

- **Same date as the STC's Levy Review Deadline*

November

- Utility charges due to STC
- Send out yield tax notices

4th Monday in November – Property Tax Bills mailed

December 20th Property Tax Payment Due



Role of the Tax Commission

4th Monday in August – SBOE adjourns

- Completes equalization of county values and sets final operating property values.

1st Monday in September – STC will certify Operating Property values to each county auditor

2nd Monday in October – PTR claim disapprovals or changes sent to counties

4th Monday in October – STC provides levies to county clerks with a letter of corrections

4th Monday in October - STC analyst calculates the HTR and ATR Factors

4th Monday in October – Final PTR roll certification due

- *This can't be done until taxes are calculated, and all other tax relief is applied*

1st Monday in November – STC sends ATR & HTR factors to the counties so they can continue tax drive – PTR taxes finalized

- Payment information is sent to Rev Ops at some point before the end of November, so counties are paid on time
- PTR, Sales Tax, HTR, ATR, Replacement Dollars

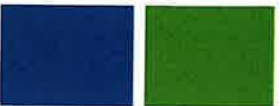
Miracle of the Calendar

OCTOBER 2023

SUN	MON	TUES	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER 2023

SUN	MON	TUES	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11



State Tax Commission


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2024 Calendar


Nothing Miraculous Here

October 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28 	29	30	31		

October 14 Columbus Day

November 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4 	5	6	7	8	9



State Tax Commission

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Using Last Year's Property Tax Levy Rates

- **1st Monday in August** – County abstracts approved by STC and Operating Property Values finalized
- **4th Monday in October** – Tax Commission finalizes L2 review and provides property tax levies to county clerks.
 - Tax credit factors will already be calculated.
 - Homeowner Tax Relief credit (HTR)
 - All Tax Relief Credit (ATR)
- County Treasurers will proceed through Tax Drive at normal pace.
 - No holding for all 44 counties to finalize tax calculations and submit report to Tax Commission
 - No restoring database and starting Tax Drive over because a jurisdiction found an error.

Owyhee County HTR				
Code-Area	State	Actual	Difference	# of parcels
1	\$ 157,262.34	\$ 158,338.56	(1,076.22)	621
2	\$ 64,862.98	\$ 65,261.88	(398.90)	264
3	\$ 70,093.46	\$ 70,838.58	(745.12)	328
4	\$ 75.36	\$ 75.34	0.02	1
5	\$ 140,458.14	\$ 141,456.86	(998.72)	574
8	\$ 6,601.48	\$ 6,679.12	(77.64)	44
9	\$ 17,112.22	\$ 17,112.36	(0.14)	52
11	\$ 1,310.20	\$ 1,310.16	0.04	2
13	\$ 108.44	\$ 108.48	(0.04)	1
16	\$ 16,555.26	\$ 16,613.58	(58.32)	54
17	\$ 476.06	\$ 476.02	0.04	4
20	\$ 8,028.86	\$ 8,103.22	(74.36)	34
22	\$ 2,037.18	\$ 2,037.22	(0.04)	18
24	\$ 5,089.92	\$ 5,195.98	(106.06)	47
26	\$ 52.58	\$ 52.60	(0.02)	1
27	\$ 227.74	\$ 258.48	(30.74)	3
29	\$ 33,366.68	\$ 33,523.18	(156.50)	119
31	\$ 116.30	\$ 116.28	0.02	2
32	\$ 56.52	\$ 56.56	(0.04)	4
34	\$ 2,349.90	\$ 2,359.12	(9.22)	9
35	\$ 1,379.14	\$ 1,379.20	(0.06)	8
37	\$ 454.86	\$ 464.12	(9.26)	8
38	\$ 11,864.62	\$ 12,037.34	(172.72)	91
39	\$ 1,790.24	\$ 1,810.90	(20.66)	10
40	\$ 11,625.74	\$ 11,713.44	(87.70)	71
43	\$ 49,142.18	\$ 49,277.10	(134.92)	179
44	\$ 13,318.44	\$ 13,481.36	(162.92)	59
46	\$ 4,257.16	\$ 4,271.14	(13.98)	36
52	\$ 21.02	\$ 28.42	(7.40)	1
53	\$ 39,575.24	\$ 40,057.08	(481.84)	197
55	\$ 2,662.74	\$ 2,672.04	(9.30)	15
Totals	\$ 662,333.00	\$ 667,165.72	\$ (4,832.72)	2,857

COPY

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AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, January 25, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
PRESENTATION:	Outcomes and Effects of H 292 (2023).	Kathlynn Ireland, Property Tax Specialist Idaho State Tax Commission
MINUTES APPROVAL:	January 16, 2024	Senator Bernt Senator Rabe

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks

Vice Chairman Schroeder

Sen Grow

Sen Cook

Sen Adams

Sen Bernt

Sen Trakel

Sen Rabe

Sen Just

COMMITTEE SECRETARY

Meg Lawless

Room: WW50

Phone: 332-1315

Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Thursday, January 25, 2024
- TIME:** 3:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Bernt, Trakel, Rabe, and Just
- ABSENT/ EXCUSED:** Senators 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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:02 p.m.
- PRESENTATION: Outcomes and Effects of H 292 (2023).** **Kathlynn Ireland**, Property Tax Specialist, Idaho State Tax Commission (Commission), gave the presentation (Attachment 1). **Ms. Ireland** informed the Committee that H 292 provided for three separate tax relief programs: homeowner tax relief (HTR), all tax relief (ATR), and a school facilities fund. Slide one provided details regarding the amount of funds distributed to each of these programs. **Ms. Ireland** explained that H 292 required the \$106 million distributed to the school district facility fund to be spent in a specified order of priority. Existing school bonds were to be paid first. Supplemental school levies, excluding supplemental levies with an indefinite term, were to be paid next. If there were no bonds or levies, the funds could be saved in a reserve account for future capital improvements.
- DISCUSSION:** **Senator Cook** asked whether the HTR went to owners of all parcels of land or just to those that were primary residences. **Ms. Ireland** replied that the HTR went to owners of a primary residence and the ATR went to all residential property owners.
- Senator Grow** asked whether all property taxpayers received the 4.3 percent distributed for school facility fund relief in addition to the 1.1 percent distributed for the ATR. **Ms. Ireland** explained that only owners of parcels with school bonds and temporary supplementals received the 4.3 percent for school facility fund relief. Sixteen school districts did not have a bond or levy so their funds went into a reserve account for future capital improvements.
- PRESENTATION: Ms. Ireland** discussed slide two which showed that 2.26 billion in property taxes was paid prior to H 292. In addition, it showed the amount of property tax reduction in the areas of school facility levies, homeowner tax relief, and additional tax relief for a total amount of property taxes paid after H 292 in the amount of \$1.9 billion.
- Slide three provided a 15 year look at the taxable value by each major property category: residential, commercial, utilities, agricultural, timber, and mining. **Ms. Ireland** noted that there was a slight slowing of the residential sector and that the variance between the residential sector and the commercial sector was still quite wide.
- Slide four illustrated the amount of property tax paid by each sector after H 292 relief. **Ms. Ireland** explained that the residential sector included primary residential properties, rentals, second homes, and anything up to a four plex. A five plex or large multifamily project was considered to be commercial property.

PRESENTATION: Slide five defined primary residential property as owner occupied property and residential property as including second homes and rentals. In addition, slide five showed the proportional value of each of those and the amount of property taxes paid by each of those sectors in 2023.

Slide six illustrated how new construction affected property values and taxes paid for primary residential property, other residential property, and commercial property. Slide seven illustrated the interrelationship between changes in value and taxes owed.

Slide eight outlined the duties and timelines related to budgets and levies the county assessors were required to comply with under H 292. **Ms. Ireland** explained that the assessment notices that go out on the first Monday in June provided the denominator in the property tax levy rate calculation. The property tax levy rate calculation was the budget of the taxing districts divided by the net taxable value within those taxing districts. Slide nine outlined the duties and timeframes the taxing districts were required to comply with under H 292. **Ms. Ireland** stated that taxing districts conducted budget hearings and were required to certify their budgets by the second Monday in September. This provided the numerator for the property tax levy rate calculation.

Slide ten outlined the role of the county treasurers and the timeframes they were required to comply with under H 292. They finalized the HTR role by the second Monday in July and provided it to the Commission for them to calculate the factor. In September they collected information on fees, utilities, and other information that was part of the property tax levy rate calculation.

Slide 11 discussed the role of the Commission and the timeframes that were required to be met under H 292. The Board of Equalization (BOE) met, and by the fourth Monday in August made the final determination of value utilized in the levy rate calculation. The BOE certified the operating property values to the counties by early September. By the fourth Monday, the Commission analyst calculated the HTR and ATR factors. However, this was difficult since the Commission just sent all the levies to the counties and they had not applied them to the parcels. Therefore, the denominator was unknown.

By the first Monday in November the Commission sent the HTR and ATR factors to the counties to finalize their tax relief. **Ms. Ireland** noted that these timelines were very challenging. She mentioned that there was legislation being drafted that would use the prior year's levy rates and current market value to determine the assessment amount. This would alleviate some of the challenges with meeting all of these timeframes. This would provide the denominator for calculating the property tax rate earlier and allow for the quantification of the overall property tax statewide and convey the apportionment to assessors, treasurers, and other officials.

Slides 12 and 13 illustrated the October and November calendar for 2023, which had five Mondays in October and provided an additional week for officials to complete their duties and the 2024 calendar. Slide 14 outlined the timeframes using last year's tax levy rates.

DISCUSSION: **Senator Grow** asked whether he understood correctly that Ms. Ireland felt the difference between using last year's levy rate and the current year's rate would be minimal. **Ms. Ireland** responded that was correct. **Senator Grow** then asked whether using the previous year's levy rate would alleviate the challenges of the calendar. **Ms. Ireland** said she felt it would.

TESTIMONY: **Annette Dygert**, Owyhee County Treasurer and chairperson of the Idaho State Treasurers Association legislative committee, testified regarding her experience in administering her duties and meeting the timeframes under H 292. She stated that there were challenges with the calendar. Hand calculating the taxes was more difficult. There were difficulties in determining the HTR and ATR in order to calculate the assessment amount. Five different versions of software were used by the counties. There were issues balancing all the numbers. Attachment two illustrated the discrepancy between the amount of HTR the Commission calculated Owyhee County would receive and what was actually given to homeowners there.

DISCUSSION: **Senator Grow** asked why there was a difference between the HTR calculated by the Commission and the actual HTR paid to homeowners. **Ms. Dygert** explained that the actual HTR amount was calculated by their software.

Chairman Ricks asked whether this was a software problem and whether the problem was something that could be addressed by the legislature. **Ms. Dygert** responded that proposed legislation being drafted which would use the previous year's tax levy rate would help to alleviate the problem.

TESTIMONY: **Ms. Dygert** cited problems with related properties that were missing, ineligible school districts that were included, and other problems that had to be addressed within a short timeframe. Errors in calculating the HTR were also present in Ms. Dygert's personal tax bill (Attachment 3). Attachment four, the ATR balancing sheet, further illustrated the difficulties in balancing the tax rolls. **Ms. Dygert** explained that the differences likely occurred as a result of the Commission using estimated values and market value while counties used market value exclusively to determine the ATR.

Attachment five showed the Owyhee County voter approved track sheet. It also showed the amount paid to each school facility within their county. **Ms. Dygert** recommended that the ATR credit be eliminated and that money be applied to the HTR, the school district fund, or both. She further recommended using the previous year's tax levy rate along with the current market value to calculate the HTR.

Zach Wagoner, Canyon County Chief Deputy Clerk and Controller, shared his experience with property tax relief under H 292 and expressed his support for using the previous year's levy rate to calculate the HTR.

Brian Stender, Canyon County Assessor, also expressed his support for using last year's levy rates to calculate the HTR. He further recommended the purchase of common software statewide.

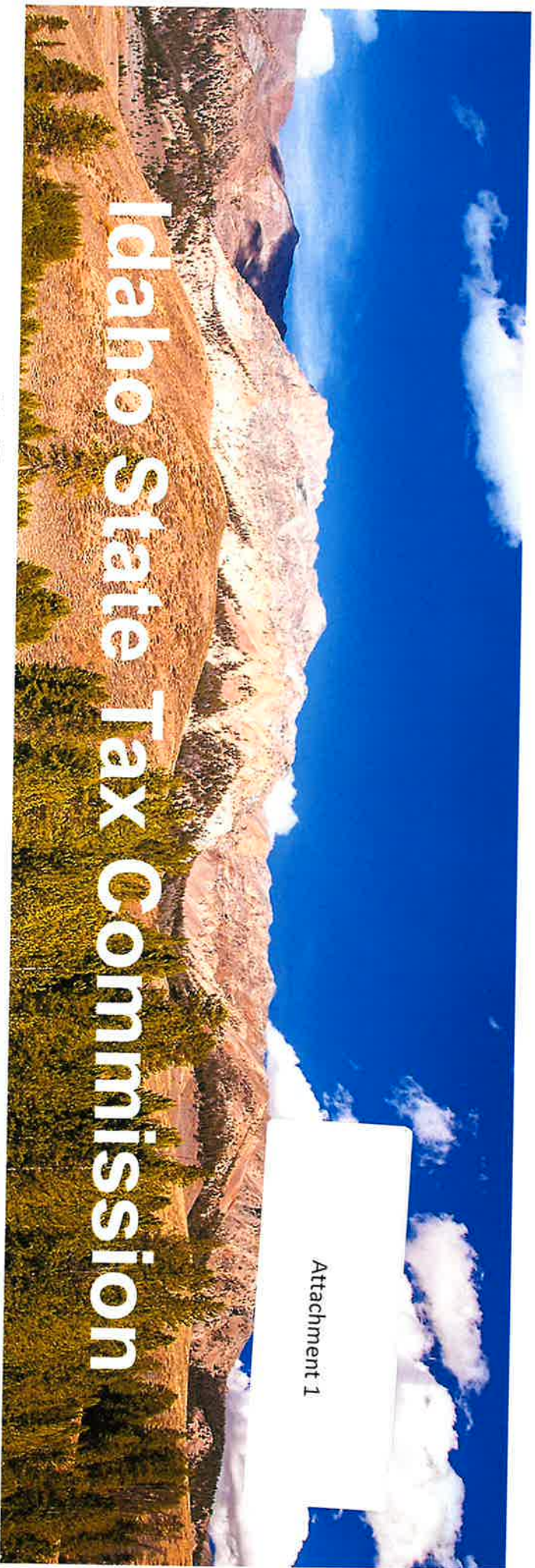
Alan Dornfest, Property Tax Policy Bureau Chief, Commission, shared his idea for a two step process. The first step was using last year's levy rates to calculate HTR. That amount would be locked in and be distributed to the counties. However, he felt that the amount of HTR distributed by the counties to the homeowners should be determined by the current year's levy rates which would be determined later.

MINUTES APPROVAL: The minutes approval for the Committee meeting of January 16, 2024 was held for the next meeting.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 4:25 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary



Idaho State Tax Commission

House Bill 292

Kathlynn Ireland
Property Tax Research Specialist
Idaho State Tax Commission

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HB 292 – Property Tax Distribution Total

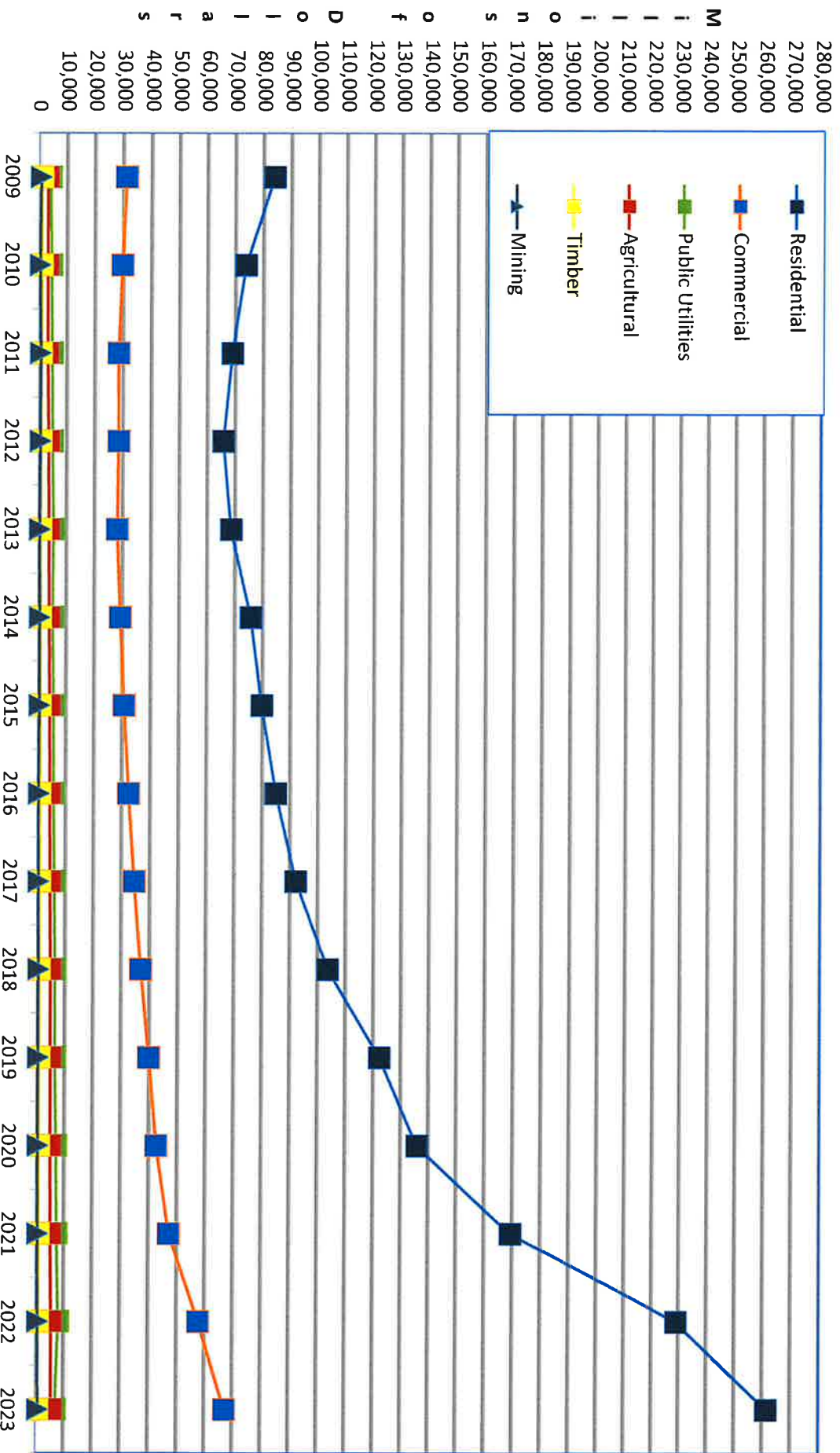
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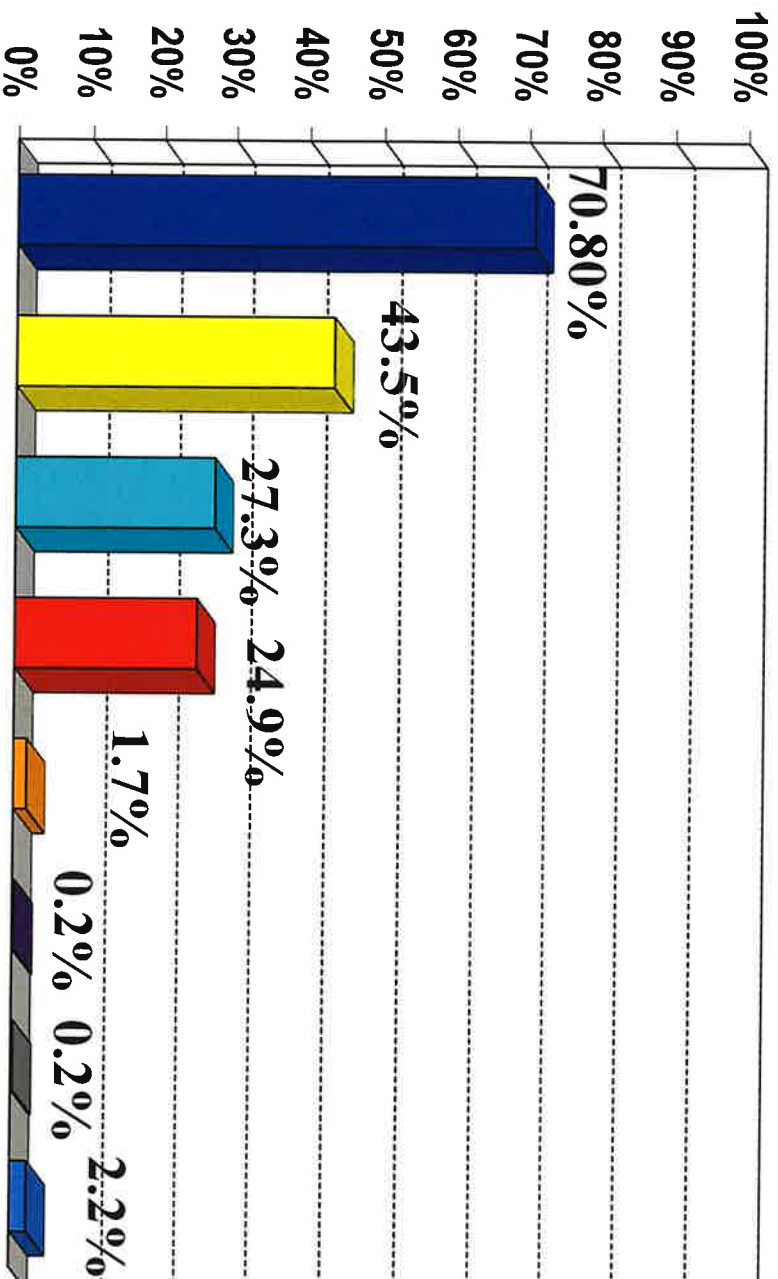
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 - **\$1.9 Billion**

15 Year Chart of Taxable Value Changes by Major Property Category



2023 Property Tax by Major Category After HB 292 Relief



- All residential (\$1,377 Billion)
- Non-owner occupied residential (\$535 Million)
- Agricultural (\$33 Million)
- Mining (\$4 Million)
- Owner occupied residential (\$842 Million)
- Commercial / Industrial (\$483 Million)
- Timber (\$4 Million)
- Operating (Utilities) (\$42 Million)



Residential v. Primary Residential

- “Residential” includes rental properties up to 4plexes
 - Entire residential class
 - 76.2% of all taxable value
 - 73.3% of all property tax (not accounting for tax relief)
 - 70.8% of all property tax (accounting for tax relief)
- 2023 - primary residential (owner-occupied):
 - largest separate share of property value – 46.7%
 - Pays the largest share of property tax
 - 48.6% in 2023 (not accounting for tax relief)
 - 43.5% in 2023 (accounting for tax relief)

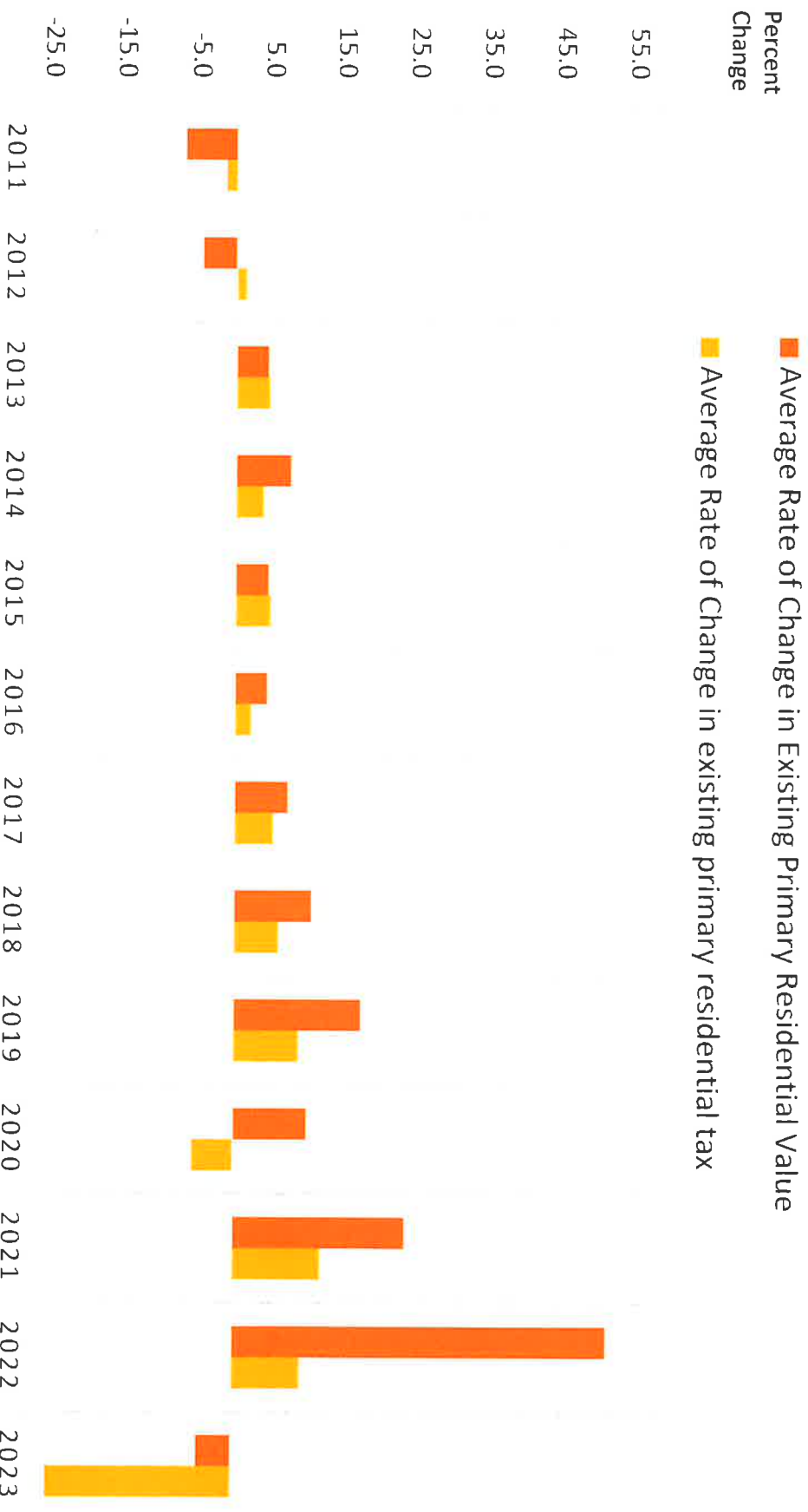
New Construction v. Changes in Existing Property Values & Taxes: 2022 – 2023

<u>Category of Property</u>	<u>Overall Percent change in Value</u> (22 – 23)	<u>Existing Property Value % Change</u> (22 – 23)	<u>Existing Property Tax % Change</u> (22 – 23)
Primary Residential (eligible for homeowner's exemption)	- 2.8%	- 4.7%	- 25.6%
Other Residential	+ 7.4%	+ 5.6%	- 1.0%
Commercial and industrial	+ 16.2%	+ 14.1%	+ 8.0%



Value Changes v. Tax Changes

PERCENT CHANGE YEAR OVER YEAR





HB 292 Budget and Levy Timeline

Role of the County Assessor

- **January 1** – Lien Date.
 - The assessor shall appraise each taxable property at market value as of 12:01 am.
- **1st Monday in June** – assessment notices
- **2nd Monday in July** – BOE adjourns
 - BOE completes equalization of property roll
- **2nd Monday in July** – Last day to apply for HOE to be eligible for HTR credit



Role of the Taxing Districts

2nd Monday of September – Certification of property tax budgets

- Taxing Districts certify their property tax budgets to county commissioners

3rd Monday in September– County Clerk provides copies of the record of levies to assessor, tax collector, STC

3rd Monday in September - Taxing Districts receiving an extension certify their property tax budgets to county commissioners.

4th Monday in September – County Clerk provides copies of the record of levies to assessor, tax collector, STC for taxing districts receiving an extension



Role of County Treasurers

September

- Forest Protection Checklist
- Utility Checklist
- Specials – solid waste, etc.

October

- Begins Tax Drive
- Verify Code Area/districts
- Enter and proof property tax levies, calculate taxes

****4th Monday in October** – County treasurers send final homeowner tax relief roll to STC

- **Impossible if treasurers have just received levies from STC*

- **Same date as the STC's Levy Review Deadline*

November

- Utility charges due to STC
- Send out yield tax notices

4th Monday in November – Property Tax Bills mailed

December 20th Property Tax Payment Due



Role of the Tax Commission

4th Monday in August – SBOE adjourns

- Completes equalization of county values and sets final operating property values.

1st Monday in September – STC will certify Operating Property values to each county auditor

2nd Monday in October – PTR claim disapprovals or changes sent to counties

4th Monday in October – STC provides levies to county clerks with a letter of corrections

4th Monday in October - STC analyst calculates the HTR and ATR Factors

4th Monday in October – Final PTR roll certification due

- *This can't be done until taxes are calculated, and all other tax relief is applied*

1st Monday in November – STC sends ATR & HTR factors to the counties so they can continue tax drive – PTR taxes finalized

- Payment information is sent to Rev Ops at some point before the end of November, so counties are paid on time
- PTR, Sales Tax, HTR, ATR, Replacement Dollars

Miracle of the Calendar

OCTOBER 2023

SUN	MON	TUES	WED	THU	FRI	SAT
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

NOVEMBER 2023

SUN	MON	TUES	WED	THU	FRI	SAT
			1	2	3	4
5	6	7	8	9	10	11



State Tax Commission


13

Great people. Helping you. Serving Idaho.

2024 Calendar


Nothing Miraculous Here

October 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28 	29	30	31		

October 14 Columbus Day

November 2024

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4 	5	6	7	8	9



State Tax Commission

14

Great people. Helping you. Serving Idaho.



Using Last Year's Property Tax Levy Rates

- **1st Monday in August** – County abstracts approved by STC and Operating Property Values finalized
- **4th Monday in October** – Tax Commission finalizes L2 review and provides property tax levies to county clerks.
 - Tax credit factors will already be calculated.
 - Homeowner Tax Relief credit (HTR)
 - All Tax Relief Credit (ATR)
- County Treasurers will proceed through Tax Drive at normal pace.
 - No holding for all 44 counties to finalize tax calculations and submit report to Tax Commission
 - No restoring database and starting Tax Drive over because a jurisdiction found an error.

Owyhee County HTR				
Code-Area	State	Actual	Difference	# of parcels
1	\$ 157,262.34	\$ 158,338.56	(1,076.22)	621
2	\$ 64,862.98	\$ 65,261.88	(398.90)	264
3	\$ 70,093.46	\$ 70,838.58	(745.12)	328
4	\$ 75.36	\$ 75.34	0.02	1
5	\$ 140,458.14	\$ 141,456.86	(998.72)	574
8	\$ 6,601.48	\$ 6,679.12	(77.64)	44
9	\$ 17,112.22	\$ 17,112.36	(0.14)	52
11	\$ 1,310.20	\$ 1,310.16	0.04	2
13	\$ 108.44	\$ 108.48	(0.04)	1
16	\$ 16,555.26	\$ 16,613.58	(58.32)	54
17	\$ 476.06	\$ 476.02	0.04	4
20	\$ 8,028.86	\$ 8,103.22	(74.36)	34
22	\$ 2,037.18	\$ 2,037.22	(0.04)	18
24	\$ 5,089.92	\$ 5,195.98	(106.06)	47
26	\$ 52.58	\$ 52.60	(0.02)	1
27	\$ 227.74	\$ 258.48	(30.74)	3
29	\$ 33,366.68	\$ 33,523.18	(156.50)	119
31	\$ 116.30	\$ 116.28	0.02	2
32	\$ 56.52	\$ 56.56	(0.04)	4
34	\$ 2,349.90	\$ 2,359.12	(9.22)	9
35	\$ 1,379.14	\$ 1,379.20	(0.06)	8
37	\$ 454.86	\$ 464.12	(9.26)	8
38	\$ 11,864.62	\$ 12,037.34	(172.72)	91
39	\$ 1,790.24	\$ 1,810.90	(20.66)	10
40	\$ 11,625.74	\$ 11,713.44	(87.70)	71
43	\$ 49,142.18	\$ 49,277.10	(134.92)	179
44	\$ 13,318.44	\$ 13,481.36	(162.92)	59
46	\$ 4,257.16	\$ 4,271.14	(13.98)	36
52	\$ 21.02	\$ 28.42	(7.40)	1
53	\$ 39,575.24	\$ 40,057.08	(481.84)	197
55	\$ 2,662.74	\$ 2,672.04	(9.30)	15
Totals	\$ 662,333.00	\$ 667,165.72	\$ (4,832.72)	2,857

COPY

Owyhee County HTR				
Code-Area	State	Actual	Difference	# of parcels
1	\$ 157,262.34	\$ 158,338.56	(1,076.22)	621
2	\$ 64,862.98	\$ 65,261.88	(398.90)	264
3	\$ 70,093.46	\$ 70,838.58	(745.12)	328
4	\$ 75.36	\$ 75.34	0.02	1
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8	\$ 6,601.48	\$ 6,679.12	(77.64)	44
9	\$ 17,112.22	\$ 17,112.36	(0.14)	52
11	\$ 1,310.20	\$ 1,310.16	0.04	2
13	\$ 108.44	\$ 108.48	(0.04)	1
16	\$ 16,555.26	\$ 16,613.58	(58.32)	54
17	\$ 476.06	\$ 476.02	0.04	4
20	\$ 8,028.86	\$ 8,103.22	(74.36)	34
22	\$ 2,037.18	\$ 2,037.22	(0.04)	18
24	\$ 5,089.92	\$ 5,195.98	(106.06)	47
26	\$ 52.58	\$ 52.60	(0.02)	1
27	\$ 227.74	\$ 258.48	(30.74)	3
29	\$ 33,366.68	\$ 33,523.18	(156.50)	119
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44	\$ 13,318.44	\$ 13,481.36	(162.92)	59
46	\$ 4,257.16	\$ 4,271.14	(13.98)	36
52	\$ 21.02	\$ 28.42	(7.40)	1
53	\$ 39,575.24	\$ 40,057.08	(481.84)	197
55	\$ 2,662.74	\$ 2,672.04	(9.30)	15
Totals	\$ 662,333.00	\$ 667,165.72	\$ (4,832.72)	2,857

COPY

Attachment 3

Owyhee County Dygert Parcel HTR Applying incorrectly		TXB007: Calculated Tax Report (2023)	
Htr Factor	0.24450568	11/16/2023 7:56:28 PM	
ATR Factor	0.010975207	** File was not updated **	
Parcel	Name	OWYHEE	
RP01S02W344311	DYGERT	Summary for all code areas	
	HO MKT	\$318,685	
	HOEX	(\$125,000)	
		\$193,685	
	HTR LEVY CR0006 X	0.003784965	
		\$733.09	
	HTR FACTOR X	0.244505680	
	HTR CREDIT	\$179.24	
	HTR CREDIT CR0006	\$179.24	
	DIFFERENCE	\$0.00	
		\$190.54	
	TXB007 APPLICABLE MKT	\$195,855	
	2023 LEVY	0.005257975	
	HAND CALCULATION	\$1,029.80	
	TXB007	\$1,029.76	
	DIFFERENCE	\$0.04	
	HTR CREDIT TXB007D	\$249.02	
	HTR CREDIT D12	\$179.24	
	DIFFERENCE	\$69.78	
	ATR CALCULATION		
	TXB007 TAXES	\$ 1,029.76	
	ATR FACTOR X	0.010975207	
		\$11.30	
	ATR CREDIT TXB007D	\$11.30	
		\$0.00	

OWYHEE		TXB007: Calculated Tax Report (2023)	
District	Applicable Market	Levy Rate	Taxes
COUNTY	195.855	0.002395261	\$469.20
SCHOOL 138 BOND MELBA	195.855	0.00173910	\$298.80
COUNTY ROAD & BRIDGE	195.855	0.000584954	\$114.56
OWYHEE PIONEER CEMETERY	195.855	0.000017157	\$3.36
M-R-W FIRE	195.855	0.000228603	\$103.52
MARSING AMBULANCE	195.855	0.000558470	\$50.62
Totals		0.005257975	\$1,029.76
	Special Number Name		Gross Special Duct
	902 SOLID WASTE FEE		\$63.00
	Total		\$63.00

Summary for Code Area 53-0000		Number of Accounts: 1	
District	PTR	HTR	ATR
COUNTY		\$113.46	\$5.14
SCHOOL 138 BOND MELBA		\$69.76	\$3.16
COUNTY ROAD & BRIDGE		\$27.70	\$1.26
OWYHEE PIONEER CEMETERY		\$0.82	\$0.04
M-R-W FIRE		\$25.04	\$1.14
MARSING AMBULANCE		\$12.24	\$0.56
Totals		\$249.02	\$11.30

Summary for Code Area 53-0000		Number of Accounts: 1	
District	PTR	HTR	ATR
COUNTY		\$113.46	\$5.14
SCHOOL 138 BOND MELBA		\$69.76	\$3.16
COUNTY ROAD & BRIDGE		\$27.70	\$1.26
OWYHEE PIONEER CEMETERY		\$0.82	\$0.04
M-R-W FIRE		\$25.04	\$1.14
MARSING AMBULANCE		\$12.24	\$0.56
Totals		\$249.02	\$11.30

COPY

Owyhee County Dygert Parcel HTR Applying incorrectly

Htr Factor	0.24450568				
ATR Factor	0.010975207				
Parcel					
RP01S02W344311					
			HTR CALCULATION		
		HO MKT	\$318,685		
		HOEX	(\$125,000)		
			\$193,685		
		HTR LEVY CR0006 X	0.003784965		
			\$733.09		
		HTR FACTOR X	0.244505680		
		HTR CREDIT	\$179.24		
		HTR CREDIT CR0006	\$179.24		
		DIFFERENCE	\$0.00		

TXB007: Calculated Tax Report (2023)

** File was not updated **

Summary for all code areas

District	Applicable Market	Levy Rate	Taxes	Tax Credits	Number of Accounts	Net Tax
COUNTY	195.655	0.002932781	\$469.20	\$118.00	1	\$350.00
SCHOOL 136 BOND MELBA	195.655	0.011473010	\$299.50	\$72.92		\$226.58
COUNTY ROAD & BRIDGE	195.655	0.000584954	\$114.56	\$28.96		\$85.60
OWYHEE PIONEER CEMETERY	195.655	0.000017157	\$3.36	\$0.88		\$2.50
M-R-W FIRE	195.655	0.000526603	\$103.52	\$26.18		\$77.34
MARSING AMBULANCE	195.655	0.000258470	\$50.82	\$12.24		\$38.58
Totals		0.006267976	\$1,029.76	\$280.32		\$749.44

Special Number: Name
992 SOLID WASTE FEE
Gross Special Due
\$63.00
Total \$63.00

Limits From To

RP01S02W344311 To RP01S02W344311

OWYHEE

TXB007D: Tax Credits (2023)

Summary for Code Area 53-0000	PTR	HTR	ATR	Total
District		\$113.46	\$5.14	\$118.60
COUNTY		\$69.76	\$3.16	\$72.92
SCHOOL 136 BOND MELBA		\$27.70	\$1.26	\$28.96
COUNTY ROAD & BRIDGE		\$0.82	\$0.04	\$0.86
OWYHEE PIONEER CEMETERY		\$26.04	\$1.14	\$26.18
M-R-W FIRE		\$12.24	\$0.56	\$12.80
MARSING AMBULANCE				
Totals		\$249.02	\$11.30	\$260.32

Number of Accounts: 1

COPY

Attachment 4

2023 ATR Tax Credit

	Parcel Count	Main Roll	Utility Roll	Total	School Totals	State Report	Difference
	10,318	107	10,425				
County	\$ 34,173.40	\$ 2,795.44	\$ 36,968.84	\$ 37,020.00	\$ 51.16		
City:							
Homedale	\$ 6,234.88	\$ 80.46	\$ 6,315.34	\$ 6,314.80	(\$0.54)		
Marsing	\$ 2,325.16	\$ 31.72	\$ 2,356.88	\$ 2,357.20	\$0.32		
Grand View	\$ 125.44	\$ 1.12	\$ 126.56	\$ 126.68	\$0.12		
School:							
136 Melba Bond	\$ 1,616.54	\$ 120.98	\$ 1,737.52	\$ 1,737.96	\$0.44		
192 Glens Ferry	\$ 15.14	\$ 0.58	\$ 15.72	\$ 77.14	\$0.06		
Glens Ferry Supp	\$ 59.12	\$ 2.30	\$ 61.42				
363 Marsing	\$ 5,573.06	\$ 254.40	\$ 5,827.46				
Marsing Bond	\$ 6,150.12	\$ 280.80	\$ 6,430.92	\$ 12,258.38	\$ 12,258.10	(\$0.28)	
364 Pleasant Valley	\$ 90.16	\$ 39.52	\$ 129.68	\$ 128.82	(\$0.86)		
365 Grand View	\$ 472.92	\$ 98.04	\$ 570.96	\$ 2,711.26	\$ 2,713.92	\$2.66	
Grand View Bond	\$ 1,773.86	\$ 366.44	\$ 2,140.30				
370 Homedale	\$ 3,956.02	\$ 85.06	\$ 4,041.08				
Homedale Bond	\$ 756.72	\$ 16.24	\$ 772.96				
Homedale Plant	\$ 8,335.30	\$ 179.32	\$ 8,514.62	\$ 13,328.66	\$ 13,329.90	\$1.24	
416 Three Creek Bond	\$ 137.54	\$ 107.40	\$ 244.94				
Three Creek Supp	\$ 101.90	\$ 79.32	\$ 181.22	\$ 426.16	\$ 425.88	(\$0.28)	
417 Castleford	\$ 2.70	\$ 0.46	\$ 3.16				
Castleford Supp	\$ 18.14	\$ 3.14	\$ 21.28	\$ 24.44	\$ 24.38	(\$0.06)	
Highway:							
Three Creek	\$ 90.32	\$ 107.10	\$ 197.42	\$ 197.56	\$0.14		
Homedale Hwy 1	\$ 1,198.90	\$ 26.96	\$ 1,225.86	\$ 1,226.42	\$0.56		
Gem Hwy 3	\$ 778.42	\$ 19.76	\$ 798.18	\$ 799.04	\$0.86		
County Rd	\$ 2,448.68	\$ 437.08	\$ 2,885.76	\$ 2,884.94	(\$0.82)		
Cemetery:							
Bruneau	\$ 125.00	\$ 48.58	\$ 173.58	\$ 174.18	\$0.60		
Riverside	\$ 65.34	\$ 4.22	\$ 69.56	\$ 70.14	\$0.58		
Marsing-Homedale	\$ 1,089.12	\$ 32.34	\$ 1,121.46	\$ 1,123.02	\$1.56		

COPY

Owyhee Pioneer	\$	28.74	\$	5.24	\$	33.98	\$	37.72	\$3.74
Ambulance:									
Marsing	\$	1,567.98	\$	83.62	\$	1,651.60	\$	1,652.20	\$0.60
Library:									
East Owyhee	\$	480.98	\$	66.08	\$	547.06	\$	547.40	\$0.34
Bruneau Valley	\$	160.56	\$	34.22	\$	194.78	\$	194.98	\$0.20
Lizard Butte	\$	497.24	\$	6.60	\$	503.84			
Lizard Butte Bond	\$	289.02	\$	3.84	\$	292.86	\$	798.28	\$1.58
Homedale	\$	1,983.24	\$	42.56	\$	2,025.80	\$	2,025.70	(\$0.10)
Fire:									
Homedale	\$	3,004.04	\$	-	\$	3,004.04	\$	3,004.56	\$0.52
Marsing	\$	2,557.40	\$	-	\$	2,557.40	\$	2,557.66	\$0.26
Grand View	\$	2,065.22	\$	-	\$	2,065.22	\$	2,065.12	(\$0.10)
Bruneau	\$	311.48	\$	-	\$	311.48	\$	311.76	\$0.28
M-R-W	\$	821.24	\$	-	\$	821.24	\$	821.38	\$0.14
	\$	91,481.04	\$	5,460.94	\$	96,941.98	\$	29,622.74	\$
							\$	64.92	Owed to State

COPY

2023 ATR Tax Credit									
	Parcel Count	Main Roll	Utility Roll	Total	School Totals	State Report	Difference		
		10,318	107	10,425					
County	\$ 34,173.40	\$ 2,795.44	\$ 36,968.84	\$ 37,020.00	\$ 51.16				
City:									
Homedale	\$ 6,234.88	\$ 80.46	\$ 6,315.34	\$ 6,314.80	(\$0.54)				
Marsing	\$ 2,325.16	\$ 31.72	\$ 2,356.88	\$ 2,357.20	\$0.32				
Grand View	\$ 125.44	\$ 1.12	\$ 126.56	\$ 126.68	\$0.12				
School:									
136 Melba Bond	\$ 1,616.54	\$ 120.98	\$ 1,737.52	\$ 1,737.96	\$0.44				
192 Glens Ferry	\$ 15.14	\$ 0.58	\$ 15.72	\$ 77.14	\$0.06				
Glens Ferry Supp	\$ 59.12	\$ 2.30	\$ 61.42	\$ 77.20	\$0.06				
363 Marsing	\$ 5,573.06	\$ 254.40	\$ 5,827.46						
Marsing Bond	\$ 6,150.12	\$ 280.80	\$ 6,430.92	\$ 12,258.38	(\$0.28)				
364 Pleasant Valley	\$ 90.16	\$ 39.52	\$ 129.68						
365 Grand View	\$ 472.92	\$ 98.04	\$ 570.96	\$ 2,711.26	\$2.66				
Grand View Bond	\$ 1,773.86	\$ 366.44	\$ 2,140.30						
370 Homedale	\$ 3,956.02	\$ 85.06	\$ 4,041.08						
Homedale Bond	\$ 756.72	\$ 16.24	\$ 772.96						
Homedale Plant	\$ 8,335.30	\$ 179.32	\$ 8,514.62	\$ 13,328.66	\$1.24				
416 Three Creek Bond	\$ 137.54	\$ 107.40	\$ 244.94						
Three Creek Supp	\$ 101.90	\$ 79.32	\$ 181.22	\$ 426.16	(\$0.28)				
417 Castleford	\$ 2.70	\$ 0.46	\$ 3.16						
Castleford Supp	\$ 18.14	\$ 3.14	\$ 21.28	\$ 24.44	(\$0.06)				
Highway:									
Three Creek	\$ 90.32	\$ 107.10	\$ 197.42						
Homedale Hwy 1	\$ 1,198.90	\$ 26.96	\$ 1,225.86	\$ 1,226.42	\$0.56				
Gem Hwy 3	\$ 778.42	\$ 19.76	\$ 798.18	\$ 799.04	\$0.86				
County Rd	\$ 2,448.68	\$ 437.08	\$ 2,885.76	\$ 2,884.94	(\$0.82)				
Cemetery:									
Bruneau	\$ 125.00	\$ 48.58	\$ 173.58	\$ 174.18	\$0.60				
Riverside	\$ 65.34	\$ 4.22	\$ 69.56	\$ 70.14	\$0.58				
Marsing-Homedale	\$ 1,089.12	\$ 32.34	\$ 1,121.46	\$ 1,123.02	\$1.56				

COPY

Owyhee Pioneer	\$	28.74	\$	5.24	\$	33.98		\$	37.72	\$3.74
Ambulance:										
Marsing	\$	1,567.98	\$	83.62	\$	1,651.60		\$	1,652.20	\$0.60
Library:										
East Owyhee	\$	480.98	\$	66.08	\$	547.06		\$	547.40	\$0.34
Bruneau Valley	\$	160.56	\$	34.22	\$	194.78		\$	194.98	\$0.20
Lizard Butte	\$	497.24	\$	6.60	\$	503.84				
Lizard Butte Bond	\$	289.02	\$	3.84	\$	292.86	\$	796.70	\$	798.28
Homedale	\$	1,983.24	\$	42.56	\$	2,025.80		\$	2,025.70	(\$0.10)
Fire:										
Homedale	\$	3,004.04	\$	-	\$	3,004.04		\$	3,004.56	\$0.52
Marsing	\$	2,557.40	\$	-	\$	2,557.40		\$	2,557.66	\$0.26
Grand View	\$	2,065.22	\$	-	\$	2,065.22		\$	2,065.12	(\$0.10)
Bruneau	\$	311.48	\$	-	\$	311.48		\$	311.76	\$0.28
M-R-W	\$	821.24	\$	-	\$	821.24		\$	821.38	\$0.14
	\$	91,481.04	\$	5,460.94	\$	96,941.98	\$	29,622.74	\$	97,006.90
							\$	64.92	Owed to State	

OWYHEE COUNTY

Voter Approved Fund Tracker -- 2023

Information is provided by the taxing district and submitted with their L2

District:	Date of Election	Term of Initiative	First Calendar Year Levied	Amount Authorized by Voters	Current Year Tax Levied	2023 Levy	2022 Levy	2021 Levy
Bruneau/Grand View #365								
Bond	8/28/2007	20 years	2007	\$2,940,000.00	\$223,448.00 *	0.000730409	0.001079441	0.001436614
Castleford School #417								
Supplemental	3/8/2022	2 years	2022	\$350,000.00	\$234,819.00 *	0.001048341	N/A	N/A
Supplemental	3/10/2020	2 years	2020	\$300,000.00	\$350,000.00	N/A	0.001510145	0.001579689
Glenns Ferry School #192								
Supplemental	3/8/2022	2 years	2022	\$350,000.00	\$210,992.00 *	0.000431879	N/A	N/A
Supplemental	3/17/2020	2 years	2020	\$350,000.00	\$350,000.00	N/A	0.000692206	0.00075746
Homedale School #370								
Cossa Funds	8/28/2012	10 years	2012	\$378,430.00	N/A	N/A	N/A	0.000999996
Cossa Funds	3/8/2022	10 years	2022	.1% Market Value	\$612,955.00	0.000800193	0.000766389	N/A
Plant Facilities	3/10/2015	10 years	2015	.1% Market Value	\$1,300,735.00	0.001698068	0.000828889	0.000547511
Bond	8/31/2021	15 years	2021	\$14,000,000.00	\$118,151.00 *	0.000154242	0.001590559	0.002119997
Marsing School # 363								
Bond	3/14/2017	25 years	2018	\$12,445,000.00	\$702,497.00 *	0.001161443	0.001838304	0.002241794
Cossa Funds	3/9/2021	10 years	2021	.1% Market Value	\$604,848.00	0.000999999	0.000510393	0.000999999
Melba School #136								
Bond	3/10/2015	20 years	2015	\$9,500,000.00	\$845,902.00 *	0.001433696	0.002034434	0.002811885
Three Creek School #416								
Bond	3/30/2010	20 years	2010	\$240,000	\$27,083.00 *	0.000916850	0.00109041	0.00133212
Supplemental	8/30/2022	2 years	2022	\$20,000.00	\$20,000.00	0.000677067	0.000692324	N/A
Lizard Butte Library								
Bond	2/6/2007	20 years	2007	\$775,000	\$60,000.00	0.000065003	0.000066045	0.000100834

This information is provided by each of the districts listed. In order to calculate the difference in your voter approved contribution multiply your net taxable value listed for the year (which is found on your Assessment Notice or your Tax Bill) by the levy rate for the voter approved bond.
EXAMPLE: Net taxable value (\$200,000 x .001217087) = \$243.41

		* Amount paid by School Districts Facility					
		Fund					
		Bruneau/GV 365				\$104,499.00	
		Castleford School 417				\$115,181.00	
		Glenns Ferry 192				\$139,008.00	
		Homedale 370				\$463,743.00	
		Marsing 363				\$309,372.00	
		Melba 136				\$305,292.00	
		Three Creek 416				\$1,917.00	

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, January 31, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>RS 30882</u>	RELATING TO CITY ANNEXATION.	Senator VanOrden Rep. Young
<u>RS 31040</u>	RELATING TO AUDITS OF LOCAL GOVERNMENTAL ENTITIES.	Senator Schroeder
MINUTES APPROVAL:	Minutes of January 16, 2024	Senator Bernt Senator Rabe
MINUTES APPROVAL:	Minutes of January 17, 2024.	Senator Just Senator Trakel
MINUTES APPROVAL:	Minutes of January 23, 2024.	Senator Just Senator Trakel

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks

Vice Chairman Schroeder

Sen Grow

Sen Cook

Sen Adams

Sen Bernt

Sen Trakel

Sen Rabe

Sen Just

COMMITTEE SECRETARY

Meg Lawless

Room: WW50

Phone: 332-1315

Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 31, 2024

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:07 p.m.

RS 30882 **Senator Van Orden** presented **RS 30882**. She explained that this legislation was a revision of S 1062 (2023). It repealed Idaho Code § 50-222 and replaced it with a new Idaho Code § 50-222 entitled "Annexation by Cities." It used common definitions and set forth a process for annexation by cities.

Representative Young explained that this RS provided for a two-part consent threshold. The current statute had three categories of annexation, including forced annexation which was rarely used and was only allowed in a few states. Currently, the annexation provisions were scattered throughout the statutes and were very confusing.

MOTION: **Vice Chairman Schroeder** moved to send **RS 30882** to print. **Senator Adams** seconded the motion.

DISCUSSION: **Senator Rabe** asked whether there would be other annexation legislation coming forward and whether that legislation might compete with or conflict with this legislation. **Chairman Ricks** replied that there likely would be other annexation legislation coming forward, but that he felt that legislation would not compete or conflict with this proposal.

Senator Grow asked if Kelley Packer, Executive Director, Association of Idaho Cities, would state their position on **RS 30882**.

TESTIMONY: **Kelley Packer** stated that if she had seen the final draft of this legislation they were not in support of it. However, if there had been revisions to the draft she saw, she would need to review that before expressing an opinion.

DISCUSSION: **Chairman Ricks** commented that he felt that **RS 30882** was entitled to a full hearing.

VOICE VOTE: The motion passed by **voice vote**.

RS 31040 **Vice Chairman Schroeder** presented **RS 31040**. Pursuant to Senate Rule 39(H), he declared a conflict of interest. He explained that this legislation was drafted by the Crouch City Treasurer and he was the Crouch City Attorney.

Vice Chairman Schroeder explained that this legislation increased the threshold for annual expenditures by a local governmental entity requiring an annual audit from \$250,000 to \$300,000. In addition, it increased the threshold for annual expenditures which would allow the local governmental entity to elect to have a biennial audit from between \$150,000 and \$250,000 to between \$250,000 to \$300,000. He further explained that this would help local governmental entities that received funds putting them in the higher bracket requiring an annual audit which cost more than the additional funds received.

- MOTION:** **Senator Bernt** moved to send **RS 31040** to print. **Senator Trakel** seconded the motion.
- DISCUSSION:** **Senator Grow** asked whether he had taken into account the rate of inflation from 2019 to the present. **Vice Chairman Schroeder** responded that he had not.
- VOICE VOTE:** The motion passed by **voice vote**.
- MINUTES APPROVAL:** **Senator Bernt** moved to approve the Minutes of January 16, 2024. **Senator Rabe** seconded the motion. The motion carried by **voice vote**.
- Senator Just** moved to approve the Minutes of January 17, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.
- Senator Just** moved to approve the Minutes of January 23, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:25 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 01, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
GUBERNATORIAL APPOINTMENT:	Jeff McCray to the Multistate Tax Commission.	Senator Ricks

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 01, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senators Grow, 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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

GUBERNATORIAL APPOINTMENT: **Jeff McCray to the Multistate Tax Commission. Mr. McCray** introduced himself and outlined his background and experience (Attachment 1). He was currently the Chairman of the Idaho State Tax Commission and sat on the executive committee of the Multistate Tax Commission (Commission). He explained that the Commission was an intergovernmental state tax agency whose mission was to promote compliance and consistent tax policy and practice, and to preserve the sovereignty of state and local governments over their tax systems. He believed that the Commission played a vital role in addressing the challenges of taxation in an era of globalization, digitalization, and innovation. **Mr. McCray** looked forward to serving the people of Idaho with fairness, accountability, integrity, and respect.

DISCUSSION: **Senator Bernt** asked what qualified Mr. McCray most for this position. **Mr. McCray** responded that in his position as Chairman of the Idaho State Tax Commission he had oversight of multistate business income taxes.

Senator Bernt then asked Mr. McCray what quality he felt was most important in his role on the Commission. **Mr. McCray** answered that it was serving with fairness, accountability, integrity, and respect.

Chairman Ricks explained that the Commission performed audits for multistate businesses which were then accepted in other states and asked Mr. McCray to expound on that. **Mr. McCray** provided a brief history of the Commission. It was formed in 1959, with Idaho as a founding member, in response to federal legislation which would have stripped the states of authority over their tax systems. The purpose was to ensure that multistate businesses were treated fairly and held accountable. In 1968, Idaho enacted legislation to join that compact. The Commission drafted legislation for states to consider such as single factor sales tax. It conducted audits and provided them to participating members.

Chairman Ricks thanked Mr. McCray and explained that the Committee would vote on his appointment at a future meeting.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:15 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, February 06, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1265</u>	AUDITS OF LOCAL GOVERNMENTAL ENTITIES - Amends existing law to revise provisions regarding the minimum requirements for an audit.	Senator Schroeder
<u>H 410</u>	INCOME TAXES - Amends existing law to clarify that income earned on any Indian reservation in Idaho by enrolled tribal members who live outside the state is not subject to Idaho taxes.	Rep. Cannon Tyrell Stevenson, Legislative Director, Coeur d'Alene Tribe
MINUTES APPROVAL:	Minutes of January 24, 2024	Senator Schroeder Senator Cook

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
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Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, February 06, 2024

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

S 1265 **Vice Chairman Schroeder** presented **S 1265**. Pursuant to Senate Rule 39 (H), he declared a conflict of interest. He explained that this bill was drafted by the Crouch City Treasurer and he was the Crouch City Attorney.

Vice Chairman Schroeder addressed Senator Grow's question from the Committee's meeting of January 31, 2024 regarding whether he had considered the rate of inflation from 2019 until the present. Vice Chairman Schroeder calculated that rate using the Federal Reserve Bank of Minneapolis inflation calculator. The current value of \$250,000, with inflation from 2019 to the present, was \$527,319. He further stated that a CPA had recommended raising the threshold to \$500,000 rather than \$350,000, but that he felt the threshold should remain at \$350,000.

DISCUSSION: **Senator Rabe** asked how many cities this bill affected. **Vice Chairman Schroeder** responded that he wasn't sure. He stated that he represented four to five cities that the bill affected. **Chairman Ricks** noted that Kelley Packer, Executive Director, Association of Idaho Cities, was present and indicated that 23 cities would be affected.

MOTION: **Senator Bernt** moved to send **S 1265** to the floor with a **do pass** recommendation. **Senator Grow** seconded the motion.

DISCUSSION: **Senator Rabe** noted that she worked for a non-profit organization that was audited annually and that it took a lot of time and effort.

Chairman Ricks commented that audits were a large expense for small cities.

VOICE VOTE: The motion passed by **voice vote**.

H 410 **Representative Cannon** presented this bill. He explained that **H 410** codified two long-standing policies of the Idaho State Tax Commission (Commission). The first was that income earned by members of a federally recognized Indian tribe who lived outside of Idaho and worked off a reservation in Idaho was subject to Idaho income tax. The second was that income earned by members of a federally recognized Indian tribe who lived outside of Idaho, but worked within the boundaries of an Indian reservation within Idaho was not subject to Idaho income tax.

Tyrell Stevenson, Legislative Director for the Coeur d'Alene Indian tribe, further stated that the tribe worked closely with the Commission on this legislation.

MOTION: **Senator Just** moved to send **H 410** to the floor with a **do pass** recommendation. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

MINUTES APPROVAL: **Vice Chairman Schroeder** moved to approve the minutes of January 24, 2024. **Senator Cook** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:13 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 07, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>35-0103-2301</u>	Property Tax Administrative Rules (ZBR Chapter Rewrite) - Proposed Rule No further testimony will be taken.	Senator Ricks
<u>RS 31208</u>	Relating to City Annexations	Senator VanOrden Rep. Young
GUBERNATORIAL APPOINTMENT VOTE:	Jeff McCray to the Multistate Tax Commission.	Senator Ricks
MINUTES APPROVAL:	Minutes of January 25, 2024	Senator Bernt Senator Rabe

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 07, 2024

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: **Vice Chairman Schroeder** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:05 p.m.

DOCKET NO. 35-0103-2301 **Property Tax Administrative Rules (ZBR Chapter Rewrite) - Proposed Rule.** **Vice Chairman Schroeder** noted that testimony had previously been taken.

DISCUSSION: **Senator Cook** asked whether the table that was deleted from Rule 20, subsection 02. was not necessary or whether it was moved. **Vice Chairman Schroeder** answered that Idaho Code § 49-446 provided that the assessor would use standard industry indices of retail value of recreational vehicles to determine market value for purposes of determining the registration fee. **Senator Cook** asked for clarification on how one determined the registration fee for an older recreational vehicle. **Vice Chairman Schroeder** explained that there was a link to a depreciation schedule on the Idaho State Tax Commission's website.

Vice Chairman Schroeder asked Brian Stender, Canyon County Assessor, to further respond to Senator Cook's question. **Mr. Stender** stated that they would use the nationally recognized National Auto Dealers Association (NADA) guidelines or Kelley Blue Book to determine the market value.

Senator Cook asked how he would determine the sales tax owed. **Vice Chairman Schroeder** clarified that the value of the vehicle was determined pursuant to Idaho Code § 49-446. The annual registration fee was determined according to Idaho Code § 49-445 which provided that the annual license fee for a recreational vehicle was \$8.50 for a market value of \$1,000 or less and an additional \$5 for each additional \$1,000, or portion thereof, in market value.

Senator Cook asked for further clarification on whether the table was needed to calculate the value of the vehicle for purposes of determining the registration fee. **Mr. Stender** explained that under Rule 20, subsection 01., the assessor would use any available industry standard indices of retail value to determine the market value. This included NADA guidelines, the Kelley Blue Book, and others.

Senator Cook asked whether the registration fee was like a tax, a set fee. **Vice Chairman Schroeder** clarified that under Idaho Code § 49-445 the baseline for the annual registration fee was \$8.50. That fee increased by \$5.00 for each \$1,000 of market value. **Senator Cook** asked whether the Kelley Blue Book and NADA guidelines were replacing this table. **Mr. Stender** stated that they were already using the NADA guidelines.

Senator Adams inquired whether it was common for assessors to use those sources. **Mr. Stender** replied that they often looked to the sales price as a reference. If it was close to the NADA guidelines or Kelley Blue Book, they used the sales price to determine the market value. If the sales price was substantially different, they used the NADA guidelines or Kelley Blue Book to determine the market value.

MOTION: **Senator Cook** moved to approve **Docket No. 35-0103-2301**. **Senator Adams** seconded the motion. The motion passed by **voice vote**.

PASSED THE GAVEL: Vice Chairman Schroeder passed the gavel to Chairman Ricks.

RS 31208 **Senator Van Orden** presented **RS 31208**. She stated that this incorporated a couple of non-substantive changes to **S 1264** suggested by the Association of Idaho Cities.

DISCUSSION: **Senator Just** asked whether the emergency clause presented a problem for the cities in meeting the requirements of this legislation. **Chairman Ricks** explained that the Legislative Services Office recommended that most legislation contain an emergency clause after the session ran beyond July 1 during Covid.

MOTION: **Senator Adams** moved to send **RS 31208** to print. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.

GUBERNATORIAL APPOINTMENT VOTE: **Jeff McCray to the Multistate Tax Board.**

MOTION: **Vice Chairman Schroeder** moved to send the gubernatorial appointment of Jeff McCray to the Multistate Tax Board to the floor with recommendation that he be confirmed by the Senate. **Senator Adams** seconded the motion. The motion passed by voice vote.

MINUTES APPROVAL: January 25, 2024. **Senator Bernt** moved to approve the Minutes of January 25, 2024. **Senator Rabe** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:35 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 08, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>RS 30997</u>	Relating to Urban Agriculture	Senator Nichols
<u>RS 31097</u>	Relating to Animals	Senator Nichols
<u>RS 31096C1</u>	Relating to the Open Meetings Law	Senator Trakel
<u>RS 30919</u>	Relating to Purchasing	Rep. Cheatum Kelley Packer, Executive Director, Association of Idaho Cities

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 08, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator 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 Taxation Committee (Committee) at 3:01 p.m.

RS 30997 **Senator Nichols** presented **RS 30997**. She stated that this legislation defined terms relating to urban agriculture. The Farm Act addressed the commercial side of agriculture. This addressed the growing practice of urban agriculture. The Farm Bureau and other members of the agricultural industry were consulted in the drafting of this legislation.

MOTION: **Vice Chairman Schroeder** moved to send **RS 30997** to print. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.

RS 31097 **Senator Nichols** presented **RS 31097**. She explained that this legislation was for the protection of the right to utilize working animals for mutual benefit and welfare both in commerce and in service. It sought to prevent the banning of canine use in the police, exotic animals in zoos, aquariums, and such. This legislation further protected the right to use animals in commerce or service including ranching, hunting, tourism, entertainment, and transportation

MOTION: **Senator Bernt** moved to send **RS 31097** to print. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

RS 31096C1 **Senator Trakel** presented **RS 31096C1**. He stated that the purpose of this legislation was to provide for public testimony before governmental agencies on issues that affected the public. Currently, not every governmental agency was required to provide for public testimony. He felt this legislation was necessary to give the public a voice.

DISCUSSION: **Chairman Ricks** asked Senator Trakel to provide an example of why this legislation was necessary. **Senator Trakel** cited the Nampa School District's failure to allow public testimony as one example. They only permitted written or e-mail testimony.

Senator Grow inquired about how this legislation might impact JFAC. **Senator Trakel** replied that it would not affect JFAC because they were under specific statutory requirements. **Chairman Ricks** asked Senator Trakel to check on that prior to any hearing on this legislation.

MOTION: **Vice Chairman Schroeder** moved to send **RS 31096C1** to print. **Senator Just** seconded the motion. The motion passed by **voice vote**.

RS 30919 **Vice Chairman Schroeder** presented this legislation on behalf of Representative Cheatum and Kelley Packer, Executive Director, Association of Idaho Cities. He explained that **RS 30919** would increase the threshold for publishing personal service contracts from \$10,000 to \$50,000. He noted that the Minneapolis Federal Reserve inflation calculator estimated the current value of \$10,000, taking into account inflation since 1982 when the statute was enacted, was \$30,000. Therefore, he recommended that, if this legislation went forward, the threshold amount be amended to \$30,000.

DISCUSSION: **Chairman Ricks** suggested that if the legislation moved forward, the Committee recommend that it be sent to the 14th order for amendment.

MOTION: **Senator Grow** moved to send **RS 30919** to print. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:17 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, February 13, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 444</u>	COUNTY PROPERTY - Amends existing law to revise a provision regarding a sale, exchange, or donation of county property.	Rep. Ehlers
<u>H 449</u>	PROPERTY TAXES - Amends existing law to provide penalties for improper homestead exemption claims and to provide for information-sharing between certain government entities.	Rep. Ehlers
GUBERNATORIAL APPOINTMENT VOTE:	Paul Woods to the Idaho State Tax Commission	Senator Ricks
MINUTES APPROVAL:	January 31, 2024	Senator Trakel Senator Just
MINUTES APPROVAL:	February 1, 2024	Senator Cook Senator Schroeder
MINUTES APPROVAL:	February 6, 2024	Senator Bernt Senator Rabe

Public Testimony Will Be Taken by Registering Through the Following Link:
[*Register to Testify*](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks	Sen Bernt
Vice Chairman Schroeder	Sen Trakel
Sen Grow	Sen Rabe
Sen Cook	Sen Just
Sen Adams	

COMMITTEE SECRETARY

Meg Lawless
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, February 13, 2024

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** called the meeting of the Senate Local Government and Taxation Committee to order at 3:03 p.m.

H 444 **Representative Ehlers** presented **H 444**. He explained that this legislation addressed a loophole in Idaho's home equity theft law. Home equity theft occurred when a taxpayer had a tax debt and the government foreclosed on the property. The government then sold the property, but did not refund to the taxpayer the amount of equity in excess of the tax debt. The U.S. Supreme Court ruled that unconstitutional. Idaho was in compliance with that decision with the exception of a loophole which allowed a governmental entity to sell the property to another governmental entity and keep the equity for itself. **H 444** closed that loophole and prevented a governmental entity from transferring the property to another governmental entity and keeping the equity.

DISCUSSION: **Chairman Ricks** asked Representative Ehlers to further explain the language that was added on page three. **Representative Ehlers** explained that under Idaho Code § 31-808, a county commissioner could transfer any kind of property to another governmental entity. The additional language in Idaho Code §31-808(9) excluded property acquired by tax deeds.

Vice Chairman Schroeder inquired whether this legislation mandated the sale by the county of property acquired by tax deed. **Representative Ehlers** replied that another section of Idaho Code mandated that the county hold a public auction within a certain timeframe.

TESTIMONY: **James Manley**, State Legal Policy Director for Pacific Legal Foundation, testified that the U.S. Supreme Court case *Tyler v. Hennepin County* held that home equity theft was unconstitutional. He noted that the problem wasn't large in Idaho and that a public records request didn't turn up any cases. This legislation brought Idaho into compliance with *Tyler v. Hennepin County*.

Madilynne Clark, Senior Policy Analyst for Mountain States Policy Center, testified that home equity theft was allowed outright by ten states and through loopholes such as was present in Idaho, in nine states. **H 444** eliminated the loophole in Idaho's law. **Ms. Clark** shared the story of Geraldine Tyler, the plaintiff in *Tyler v. Hennepin County*. She was an elderly person who had a tax debt of \$15,000. Hennepin County sold her home for \$40,000 and kept the \$25,000 in equity.

Representative Ehlers answered Vice Chairman Schroeder's previous question and stated that Idaho Code § 31-808 provided that the Board of County Commissioners shall conduct an auction no later than 14 months from the issuance of the tax deed. He further commented that, although **H 444** did not address that, there was a mechanism in statute to force the sale.

MOTION: **Senator Adams** moved to send **H 444** to the floor with a **do pass** recommendation. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

H 449 **Representative Ehlers** presented **H 449**. He stated that this legislation provided a penalty for a taxpayer who claimed more than one homeowner's exemption. The first violation was a fine equal to the amount of taxes due. A second violation was a misdemeanor. This legislation also prescribed and codified a practice already in place in most counties to verify the identity of the person claiming more than one exemption.

Representative Ehlers further stated that **H 449** prescribed the same appeals process permitted in other tax appeals. This legislation also provided for the sharing of information with the Idaho State Tax Commission (Commission) for the purposes of determining voter registration and candidate qualification. Finally, **Representative Ehlers** noted that he had worked with the Idaho Association of Counties and the Commission on the language of this legislation.

DISCUSSION: **Chairman Ricks** noted that the fiscal impact statement did not indicate any cost related to the tracking of information and asked Representative Ehlers to discuss that. **Representative Ehlers** explained that the counties already had a homeowner's exemption form. This legislation simply added some additional information to the form. In addition, that information was already being shared with the Commission so that required no additional expense.

Senator Cook commented that this legislation required the collection of some private information and asked whether that information had previously been collected. **Representative Ehlers** responded that most of the counties were already collecting that information.

Senator Grow asked what Idaho Code §18-113 provided regarding penalties. **Vice Chairman Schroeder** explained that Idaho Code §18-113 was the general penalty for misdemeanors. If a misdemeanor penalty was not otherwise specified, the misdemeanor was punishable by imprisonment not exceeding six months or a fine not exceeding \$1,000.

Chairman Ricks asked whether Representative Ehlers was aware of any instances where this had occurred. **Representative Ehlers** answered that the Commission had so far identified 46 instances in 2023 as well as 156,000 in recovered homeowner exemptions, not all of which were the result of claiming more than one exemption.

MOTION: **Senator Grow** moved to send **H 449** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion passed by **voice vote**.

GUBERNATORIAL APPOINTMENT VOTE: Paul Woods to the Idaho State Tax Commission.

MOTION: **Senator Cook** moved to send the gubernatorial appointment of Paul Woods to the Idaho State Tax Commission to the floor with the recommendation that he be confirmed by the Senate. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

January 31, 2024. **Senator Trakel** moved to approve the Minutes of January 31, 2024. **Senator Just** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

February 1, 2024. **Senator Cook** moved to approve the Minutes of February 1, 2024. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

February 6, 2024. **Senator Bernt** moved to approve the Minutes of February 6, 2024. **Senator Rabe** seconded the motion. The motion passed by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:35 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 14, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1302</u>	ANIMALS - Adds to existing law to provide for the protection of working animals.	Senator Nichols
<u>S 1305</u>	URBAN AGRICULTURE - Adds to existing law to provide legislative findings and to define terms.	Senator Nichols
<u>H 445</u>	TAXES - Amends existing law to revise provisions regarding the accrual of interest on income and sales tax deficiencies.	Rep. Cannon
PRESENTATION:	Page Graduation: Owen Allen	Senator Ricks

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 14, 2024

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:05 p.m.

S 1302 **Senator Nichols** presented **S 1302**. She stated that this bill, the Working Animals Protection Act, protected the use of working animals in entertainment, exhibitions, education, agrotourism, and other businesses. **S 1302** prevented bans against such use of working animals. This legislation was in reaction to attempts by animal activist groups to enact bans against the use of horses for pulling carriages, rodeos, and other similar bans.

DISCUSSION: **Senator Trakel** asked whether this legislation, which prohibited the enactment or enforcement of any rule or regulation more restrictive than state law, prohibited local ordinances such as Caldwell had, limiting the number of chickens one could have in their yard. **Senator Nichols** replied that was not the intent. The legislation simply prohibited ordinances that banned businesses from using working animals for the purposes stated in lines 19 through 21. Similar legislation had been enacted in Oklahoma, Arkansas, and Texas.

Senator Bernt asked whether **S 1302** might have unintended consequences. **Senator Nichols** answered that there was that potential with any legislation. **Senator Bernt** stated that he understood that the original purpose of this legislation was to protect the use of horses to pull carriages. He asked why **S 1302** was not more specific in targeting that. **Senator Nichols** responded that they wanted to prohibit other bans such as the use of canines for certain purposes in law enforcement.

Senator Just expressed a concern that this bill took away local control to enact reasonable ordinances such as those restricting the number or type of animals one could have in their backyard.

TESTIMONY: **Dr. Jeff Rosenthal**, veterinarian and CEO of the Idaho Humane Society, cited a number of concerns with **S 1302**. He felt the language was too broad and would gut a vast number of local laws and ordinances governing limitations on the number or types of animals one could have, vaccinations, nuisance, zoning, leashes, and others, many of which had been in existence for many years. There was often no corollary state law on those issues which local governmental entities were able to enact based on local needs. In addition, the definition of "working animal" was too broad which made it difficult to determine whether an animal was a "working animal" for enforcement of animal regulations.

DISCUSSION: **Vice Chairman Schroeder** asked Dr. Rosenthal to provide examples of areas of local ordinances that had no state corollary. **Dr. Rosenthal** stated that most related to quality of life issues such as nuisance, zoning, and special use permits. **Vice Chairman Schroeder** noted that counties and cities often regulated the density of livestock and other animals per acre and asked Dr. Rosenthal to discuss that. **Dr. Rosenthal** responded that was beyond his purview and more of a zoning and planning issue.

Senator Rabe stated that this legislation was broadly drafted and asked whether any number of animals could be classified as "working animals." **Dr. Rosenthal** answered that the broad definition made it difficult for the Department of Agriculture to determine which were "working animals" for enforcement purposes.

TESTIMONY: **Mindy Patterson**, with the Calvary Group, testified regarding the attempts of animal rights activists to enact bans that prohibited the use of working animals in a variety of businesses (Attachment 1). She stated that the Working Animals Protection Act, which prohibited local governments from enacting bans against the use of working animals in various businesses, had been enacted in Oklahoma, Arkansas, and Texas. **Ms. Patterson** further stated that this legislation did not prohibit local governments from enacting ordinances relating to public health and safety or animal health and welfare.

DISCUSSION: **Senator Bernt** asked Ms. Patterson to provide any examples of attempts to ban the use of working animals in Idaho. **Ms. Patterson** cited a local ordinance prohibiting exotic animal exhibits enacted in Ketchum several years ago. **Senator Bernt** then asked whether Ms. Patterson was concerned about bans of use of K-9s in Idaho. **Ms. Patterson** said this legislation was a proactive attempt to prevent such bans.

TESTIMONY: **Scott Dorenkamp**, Livestock Program and Government Relations Manager, Professional Rodeo Cowboys Association, expressed a concern for the attempts by animal activist groups to ban the use of working animals for rodeos and other businesses in California and Colorado.

DISCUSSION: **Senator Bernt** asked whether Mr. Dorenkamp was concerned about local bans in Idaho against the use of horses in rodeos. **Mr. Dorenkamp** responded that this legislation was a proactive attempt to prohibit such bans in the future.

TESTIMONY: **Sara Westbrook**, with the Idaho Association of Counties, relayed their concerns regarding **S 1302**. Their first concern related to the language on lines 12 through 14 that, "No county, municipality, state agency, or political subdivision shall enact or enforce any ordinance, regulation, or rule that is more restrictive than state law or that terminates, bans, or effectively bans, by creating undue financial hardship, on the job use of working animals or a working animal enterprise." She argued that language would ban ordinances such as an ordinance in Lava Hot Springs which was used in the Ligertown situation in the nineties. This would also ban local ordinances regulating confined animal feeding operations (CAFOs). In another example, a Twin Falls ordinance was used to address a situation that involved neglected horses and dogs. **Ms. Westbrook** stated that local governmental entities were better able to address situations involving their community than the state.

John Del Rio provided a written statement, (Attachment 2). He further testified in person that the Working Animals Protection Act did not prevent local ordinances relating to the humane treatment of animals or animal control. He expressed concern for bans against the use of horses in rodeos and exotic bird businesses seen in other states.

Russ Hendricks, with the Idaho Farm Bureau Federation, supported **S 1302**. The American Farm Bureau supported the Working Animals Protection Act and was working to implement it in all 50 states. The agricultural industry relied on the use of working animals.

- DISCUSSION:** **Chairman Ricks** inquired whether this legislation would roll back local ordinances that had been in place for many years. **Mr. Hendricks** stated that was not their intent and they were willing to work with the Committee to amend the language to ensure that didn't happen.
- Senator Bernt** asked how this legislation affected the Idaho Farm Bureau. **Mr. Hendricks** referenced an attempt in the Idaho legislature several years ago to regulate the use of working dogs on ranches. This legislation protected that use of working animals.
- Senator Adams** asked whether the legislation the National Farm Bureau had supported in other states had been similar in intent or similar in content. **Mr. Hendricks** stated that he had not read the legislation in other states so he could not say whether that legislation was similar in content, but it was similar in intent.
- TESTIMONY:** **Tommy Elledge**, owner of a horse and carriage business, supported **S 1302**. He expressed concern for bans on the use of working animals such as horses to pull carriages and exotic birds in exhibits.
- Senator Rabe** asked if Kelley Packer, Executive Director, Association of Idaho Cities would testify regarding their position on this bill. **Ms. Packer** stated that their board had not had an opportunity to discuss **S 1302**, but she felt it was too broad and would affect many local ordinances that had been in place for a long time.
- Senator Nichols** concluded and stated that she had listened to all the concerns expressed and was willing to work on amendments to alleviate those concerns.
- MOTION:** **Senator Rabe** moved to hold **S 1302** in Committee. **Senator Just** seconded the motion.
- DISCUSSION:** **Senator Rabe** stated that there were significant issues with this bill and recommended taking time to have involvement by stakeholders, in particular, the cities and counties.
- SUBSTITUTE MOTION:** **Senator Trakel** made a substitute motion to send **S 1302** to the 14th Order of Business for possible amendment. **Senator Grow** seconded the motion.
- DISCUSSION:** **Senator Trakel** noted that a similar law in Arkansas defined working animals to include horse drawn carriages. The bill could also be amended to protect the ability of local governments to enact ordinances regarding public health and such.
- Chairman Ricks** stated that his preference was to hold the bill and take time to work with stakeholders.
- Vice Chairman Schroeder** argued that the definition of working animals was problematic. He expressed a concern that **S 1302** would prevent local ordinances such as limitations of the number of animals and cited a case he prosecuted involving such an ordinance.
- Senator Bernt** stated that he felt they should take several weeks to involve stakeholders.
- Senator Cook** expressed support for the original motion to hold **S 1302** in Committee and obtain public input.
- VOICE VOTE:** The substitute motion to send **S 1302** to the 14th Order of Business for possible amendment failed by **voice vote**.
- VOICE VOTE:** The original motion to hold **S 1302** in Committee passed by **voice vote**.
- S 1305** **Senator Nichols** presented **S 1305**. She explained that this legislation provided definitions related to urban agriculture as a regulatory framework. She indicated that she had worked with Idaho Farm Bureau on the language.

- DISCUSSION:** **Senator Rabe** inquired whether there were any implications to these definitions. **Senator Nichols** responded that there were no implications. **Senator Rabe** and **Senator Cook** expressed a concern about the language in the legislative findings that urban agriculture was a natural right and whether that would supersede the right of governmental entities or HOAs to enact ordinances or regulations. **Senator Nichols** explained that language was taken from the Idaho Farm Act which was enacted in 1981.
- TESTIMONY:** **Todd McDonald**, a resident of Meridian, Idaho, spoke in support of the bill. He was concerned about HOAs and governmental entities enacting regulations and ordinances preventing people from producing some of their own food. He cited an example of his own HOA overriding the decision of homeowners to keep a limited number of chickens.
- DISCUSSION:** **Senator Cook** asked whether this bill superseded regulations and ordinances enacted by HOAs and governmental entities. **Mr. McDonald** said that he was willing to help draft language if there were concerns that the bill was too broad.
- TESTIMONY:** **Kelley Packer**, Executive Director, Association of Idaho Cities, testified that their board had not yet taken a position on **S 1305**, but the staff was going to recommend opposing it. She was concerned about the legislative findings language that was often looked to in judicial proceedings to determine legislative intent. She was specifically concerned about the language on line 24 that urban agriculture was a natural right and felt that stripped local authorities of their ability to enact regulations and ordinances granted on line 17.
- DISCUSSION:** **Senator Cook** asked if the removal of the language in lines 23 through 25 would alleviate her concerns. **Ms. Packer** replied that it would.
- TESTIMONY:** **Senator Nichols** concluded her remarks and thanked those who had testified for their comments. She further stated that she was open to amendments to alleviate those concerns.
- MOTION:** **Senator Rabe** moved to hold **S1305** in Committee. She expressed a concern regarding statutory definitions that were not linked to other statutes. **Senator Just** seconded the motion.
- SUBSTITUTE MOTION:** **Senator Adams** made a substitute motion to send **S 1305** to the 14th Order of Business for possible amendment. **Senator Bernt** seconded the motion.
- DISCUSSION:** **Senator Trakel** noted that the Legislative Drafting Manual stated that legislative findings did provide guidance to courts in construing legislative intent. However, the manual also stated that the declarations were not complete and the courts must examine the law and not solely statements of legislative intent.
- Senator Cook** asked Senator Nichols to respond to the concerns of Senator Rabe and Senator Trakel. **Senator Nichols** responded that the right to grow one's own fruits and vegetables should be a natural right and that she was trying to be proactive in protecting that right.
- VOICE VOTE:** The substitute motion to send **S 1305** to the 14th Order of Business for possible amendment passed by **voice vote**.
- H 445** **Representative Cannon** presented **H 445**. **Representative Cannon** explained that this bill stopped the accrual of interest owed on a tax deficiency during two periods of time during the audit and appeals process. The first period when interest did not accrue was between the notice of audit by the Idaho State Tax Commission (Commission) and the notice of tax deficiency by the Commission. The second period was between the filing of a protest by the taxpayer and the final determination of tax deficiency by the Commission.

MOTION: **Senator Cook** moved to send **H 445** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion passed by **voice vote**.

PRESENTATION: Page Graduation: Owen Allen. **Chairman Ricks** thanked Mr. Allen for his service to the Committee and asked him what his future plans were. **Mr. Allen** stated that he wanted to serve his community, perhaps as a lawyer, a legislator, or as a member of boards. He wanted to help people have a voice and access government.

Senator Cook asked whether his view on what he wanted to do in the future had changed as a result of serving as a page. **Mr. Allen** replied that his desire to become a lawyer or serve his community in some other manner, had become stronger.

Senator Just thanked Mr. Allen for persevering through adversity with an injured leg. He noted that 25 percent of the population was disabled at some time and commented that was a lesson Mr. Allen had learned.

Senator Adams asked whether Mr. Allen's perspective on anything had changed as a result of serving as a page. **Mr. Allen** responded that he realized that legislators served part time and had full time jobs and normal lives outside of the legislature. He appreciated their hard work.

The Committee presented Mr. Allen with several letters and gifts.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 4:52 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

THE CAVALRY GROUP

Attachment 1

February 14, 2024

RE: Testimony in SUPPORT of SB1302, Working Animal Protection Act

Chairman Ricks and Members of the Local Government & Taxation Committee,

My name is Mindy Patterson, president and co-founder of The Cavalry Group, a national member-based company that is in its 15th year working to protect and defend the Constitutional and private property rights of law abiding animal owners and animal-related businesses.

On behalf of our members in Idaho, The Cavalry Group supports SB1302, known as the Working Animal Protection Act.

For the past decade, animal rights organizations have been passing legislative bans through local government entities across the U.S., banning lawful and regulated businesses for no other reason than these businesses do not align with the animal rights ideology. Local legislation banning working animals are destroying jobs and revenue that these law-abiding businesses rely on to care for and feed their working animals. In addition, these businesses that utilize working animals in entertainment, exhibition, education, transportation, and agri-tourism provide wholesome, family activities for citizens across your great state of Idaho.

The Working Animal Protection Act has become law in Oklahoma, Arkansas, and Texas where it has already been put to the test. Just two weeks ago in Dallas, Texas, animal activists from out of state were appearing before the Dallas City Council to urge them to pass an ordinance to ban horse-drawn carriages. Because these activists were from out of state, they were unfamiliar with the fact that the Working Animal Protection Act had passed and was signed into law last year prohibiting the City Council from banning these regulated and lawful horse carriage businesses in Dallas.

Rodeo is currently in the crosshairs of these bans as there are currently ordinances in Los Angeles and San Diego, California to ban rodeo in both cities.

In Oklahoma and Arkansas, the animal rights groups which once regularly protested horse-drawn carriages no longer protest because they know that the Working Animal Protection Act is law and their pleas to ban these lawful businesses have no footing.

These bans on animal exhibition, horse-drawn carriages, rodeo, and agri-tourism are largely pushed by animal rights organizations. While we must certainly take the welfare of animals seriously, there is no reason to ban rodeo, horse-drawn carriages, or animal exhibition in Idaho.

P.O. Box 8 • Guthrie • Oklahoma 73044 Phone: 855-748-4210
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THE CAVALRY GROUP

All of these animal-related businesses are regulated by local, state, and in some cases, by USDA federal licensing under the Animal Welfare Act.

SB1302 does NOT interfere with local laws in place overseeing public health and safety or animal health, welfare, and safety regulations. SB1302 simply states that these businesses which utilize working animals cannot be legislatively banned, outright.

SB1302 is preemptive legislation which will block the banning of law-abiding animal businesses and events utilizing working animals before the animal rights groups show up to introduce their legislation to implement a legislative ban.

It's not a matter of "if," but "when" these groups will attempt to introduce their legislative bans in Idaho.

Accordingly, I hope you will support SB1302 to protect Idaho's thriving agri-tourism businesses which utilize working animals and the iconic western culture that is symbolic and iconic in the state of Idaho.

Thank you for your consideration.

Respectfully,

Mindy Patterson
President
The Cavalry Group

The Cavalry Group is a member based company protecting and defending the Constitutional and private property rights of law abiding animal owners and animal-related businesses, nationwide. We defend our members against the onslaught of anti-private property and anti-agriculture animal rights activism in addition to challenging the infiltration of radical animal rights activism in government at the local, state, and federal levels.

THE CAVALRY GROUP

Animal Rights Enacted Local Bans on Exotic Animal Exhibits, Educational Zoos, Elephant Rides, Pony Rides, Petting Zoos, and Horse Drawn Carriages

ARKANSAS:

- City of Eureka Springs (2014): Ban on Circuses with wild or exotic animals.

CALIFORNIA:

- CA SB 1062 (2016): Statewide ban on elephant guide. (Frighteningly similar to the show stick used by FFA and 4-H)
- City of Corona: Ban on exotic animal exhibit.
- City of Huntington Beach: Ban on wild and exotic animals for public entertainment and exhibiting.
- City of Irvine: Ban on performing and exhibiting of wild and exotic animals.
- City of Los Angeles: Ban on elephant guide and banning of exhibition of wild and exotic animals.
- Orange County: Prohibits elephant rides at Orange County Fair.
- City of Oakland: Ban of the elephant guide.
- City of Pasadena: Ban on exhibiting of exotic animals.
- City of Rolling Hills Estates: Ban on exhibiting of exotic animals.
- City of San Francisco: Ban on exotic and performing animals.
- City of West Hollywood: Ban on exotic animal exhibits and performances.
- Griffith Park: Ban on pony rides

COLORADO:

- SB21-135 Statewide ban on traveling animal exhibits.
- City of Boulder: Ban on exotic animal exhibits.

FLORIDA:

- City of Deerfield Beach: Carriage Ban
- City of Hallandale Beach: Elephant guide ban.
- City of Hollywood: Ban of exotic animal exhibiting.
- City of Kenneth City: Carriage Ban.
- Key West: Carriage Ban
- City of Lauderdale Lakes: Ban on elephant guide.
- City of Palm Beach: Carriage Ban.
- City of Panama City Beach: Carriage Ban.
- City of Pompano Beach: Carriage Ban.
- City of Treasure Island: Carriage Ban.

GEORGIA:

- Fulton County: Elephant Guide Ban.

IDAHO: City of Ketchum: Ban on exotic animal exhibits.

ILLINOIS:

- IL SB 1342: Statewide ban on elephants in traveling exhibits.
- Chicago City: Horse Carriage Ban

MAINE:

- City of Portland: Ban on exotic animal exhibiting/performances.

MARYLAND:

- Montgomery County: Prohibits anyone from charging guests a fee to attend an exotic animal exhibit in a traveling act.
- City of Tacoma Park: Ban on exotic animal exhibits.

MASSACHUSETTS:

- City of Braintree: Ban on exhibiting of non-domesticated animals.
- City of Cambridge: Ban on exhibiting of wild and exotic animals.
- Town of Pittsfield: Ban on exhibiting of non-domesticated animals.
- City of Plymouth: Ban on wild/exotic animals in exhibits.
- City of Provincetown: Ban on exhibiting of exotic animals.
- City of Quincy: Ban on exhibit of exotic animals.
- City of Revere: Ban on exhibit of exotic animals.
- City of Somerville: Ban on exhibit of exotic animals.
- City of Weymouth: Ban on circuses and exhibiting of exotic animals.

MICHIGAN:

- Ferndale: Ban on the display or performance of wild or exotic animals.
- MI SB 48: Statewide ban on public contact with bears.

MISSISSIPPI:

- Biloxi: Carriage Ban

MISSOURI:

- Richmond: Ban on display and exhibition of exotic animals.
- LaBelle: Livestock ban in LaBelle city limits.

MONTANA:

- City of Missoula: Ban on exhibiting of exotic animals.

NEVADA:

- Las Vegas: Carriage Ban

- Reno: Carriage Ban

NEW JERSEY:

- S1093/A1923 Statewide ban on exhibition of all animal species not indigenous to N.J.
- Bergen County: Ban on exotic animal exhibits.
- Cumberland County: Ban on exotic animal exhibits.

NEW MEXICO:

- City of Rio Rancho: Ban on traveling exotic exhibitors.

- City of Sante Fe: Carriage Ban

NEW YORK:

- NY SB 2098 & AB 484: Statewide BAN on elephant guide communication tool.
- New York City: Ban of exotic animal exhibiting.
- City of Greenburgh: Ban on entertainment acts or exhibiting of exotic animals.

OHIO:

- OH SB 310: Statewide ban on possession and keeping of "dangerous" wild animals.

OREGON:

- Clatsop County: Ban on Elephant Guide

PENNSYLVANIA:

- City of Pittsburgh: Ban on exotic animal exhibiting.

RHODE ISLAND:

- RI HB 8197: Statewide ban on elephant guide.

VERMONT:

- City of Burlington: Ban on exotic animal exhibiting.

VIRGINIA:

- Richmond: Ban on the elephant guide.

SOUTH CAROLINA:

- City of Broadway Beach: Carriage Ban.

TEXAS:

- Austin: Ban on elephant guide.
- Denton: Carriage Ban

UTAH:

- Salt Lake City: Carriage Ban.

WASHINGTON:

- City of Port Townsend: Ban on animal exhibiting.
- City of Redmond: Ban on exotic animal exhibiting.
- City of Spokane: Ban on elephant guide.

WISCONSIN:

- Dane County: Ban on elephant exhibits.

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John Del Rio

Wilder, Idaho

johndelrio@mac.com

208-391-0844

- **Animal Welfare Advocate**
- **Professional Exotic Bird Aviculturist (40years)**
- **American Federation of Aviculture Chairman for the-
Convention on International Trade in Endangered Species (CITES)**
- **American Federation of Aviculture Idaho Chairman**
- **Western Idaho Fair Poultry Supervisor (Former)**
- **Advocates for Bird Conservation Board Member (Former)**
- **Idaho Bird Breeders (Founding Member, Former. President)**
- **Organization for Professional Aviculturists (Membership Chair, Former)**
- **Co-Writer of the current Animal/Pet Store Regulations for California**

My 40 years of animal experience and animal welfare advocacy has included many, many fights against the animal rights extremists. These narrow-minded zealots are doing everything they can, by any means necessary, to destroy any hobby, business, and industry that humanely utilizes animals for any use whatsoever. Their true agenda is not the betterment of animal's lives but rather the breaking of the bond between humans and animals.

The State of Idaho desperately needs the passing of the **“Working Animal Protection Act”** to head off any future attempts by these animal rights cartels, their bottomless budgets, and their insatiable desire to destroy our lives, our loves, our livelihoods.

If left unchecked, the animal rights cartels, using fear, ignorance, hysteria, and outright lies, will eventually have a root hold in Idaho that is impossible to remove.

Please support and pass the **“Working Animal Protection Act”** for the animals, for us, for our children, for our grandchildren.

Thank you.

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 15, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1293</u>	ANNEXATION BY CITIES - Repeals and adds to existing law to establish provisions regarding annexation of land by cities.	Senator VanOrden Rep. Young
MINUTES APPROVAL:	February 7, 2024	Senator Just Senator Trakel

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks	Sen Bernt
Vice Chairman Schroeder	Sen Trakel
Sen Grow	Sen Rabe
Sen Cook	Sen Just
Sen Adams	

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 15, 2024

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 3:07 p.m.

S 1293 **Senator Van Orden** introduced **S 1293**. This legislation, entitled "Annexation by Cities", specified requirements and procedures for annexation by a city. It further provided definitions related to annexation. It also provided a threshold for approval by affected landowners which the city was required to meet.

Representative Young continued to present **S 1293**. She explained that under the current statute there were three categories of annexation as illustrated in the Land Use Planning Handbook (Attachment 1). There were different procedures and requirements for each category. Idaho was only one of about three states that allowed nonconsensual annexation without any threshold. According to the Land Use Planning Handbook, there was a threshold at the beginning of a category B annexation and a threshold at the end of a category C annexation. There was no threshold under a category A annexation if all landowners provided written consent, or it was an enclave of 100 parcels. There were also exceptions for fairgrounds and other special cases. This legislation attempted to clarify the requirements and procedures for each category of annexation.

Attachment 2, a cross reference of the existing Idaho Code § 50-222, and Attachment 3, a cross reference to **S 1293**, outlined the changes in this legislation. The intent language in Section (1) was amended to strike a balance between property rights and a city's need for growth. Section (2) added new definitions for "contiguous," "landowner," "Planning and Zoning Commission", and others, most of which were from the Land Use Planning Handbook. Subsection (c) included a new definition for "implied consent." There was implied consent if a landowner requested, in writing, to be connected to a water or sewer system prior to July 1, 2024, or if the connection was completed prior to July 1, 2008. There was an expectation going forward that a landowner would be made aware by the city that signing up for services gave consent to annexation. "Landowner" was defined in subsection (d) and was used consistently throughout **S 1293** rather than the current statute that used the terms "property owner" and "landowner" interchangeably.

Section (3) provided the requirements and process for annexation which were identical to those under the current statute with the exception of the requirement that the land be, "contiguous to or surrounded by the city." There were exceptions for highways, airports, and railroad rights-of-way. This required that they follow the same process for annexation of an enclave where not all of the landowners had given consent.

Section (3)(b) required specific notice to the landowners and the board of county commissioners of its intent to annex.

Section (3)(c) required that the city also publish notice of its intent to annex.

Section (3)(d) required that the city adopt a written annexation plan.

Section (3)(e) clarified that the city and the Planning and Zoning Commission were each required to hold a public hearing on the proposed annexation. However, in smaller municipalities where the city council performed the duties of the Planning and Zoning Commission, only one hearing was required.

Section (3)(f) required voluntary consent from landowners representing two-thirds of the parcels and at least fifty percent of the area proposed for annexation. Current statute only required consent from fifty percent of the landowners. The specific requirements for the annexation plan required under Section (3)(d) were set forth in Section (4).

Section (5) stated exceptions to the requirements in Sections (3) and (4). The first exception was where all the landowners had requested annexation or where implied consent had been given. The second exception was for annexation of enclaves of 30 or fewer parcels that were surrounded on all sides by the city. In the current statute an enclave of fewer than 100 parcels was required.

Section (6) required that once the city met the requirements under Section (3) and (4) or met one of the exceptions in Section (5), the city council enact an annexation ordinance.

Sections (7) through (12) addressed special cases for highways, fairgrounds, airports, recreational areas, railroad rights-of-way, and agricultural or forest lands. Section (13) stated that the decision of the city council to annex was subject to judicial review and set forth those requirements.

Representative Young provided a letter from Mayor Wagoner of Caldwell in support of **S 1293** (Attachment 4) and asked the Committee to read it.

DISCUSSION:

Senator Rabe noted that, under the current statute, consent was not required for annexation of enclaves of 100 or fewer parcels and that this legislation eliminated that provision and required consent by two-thirds of the landowners and fifty percent of the area to be annexed regardless of the number of parcels. She asked **Representative Young** to explain the reason for that change. **Representative Young** responded that her intent was to balance the rights of the landowners and the needs of the city. Very few states allowed nonconsensual annexation. Lowering the size of enclave to fewer than 30 parcels recognized the need of cities. Furthermore, the landowners had provided written consent by requesting city services.

TESTIMONY:

Bill Nary, Meridian City Attorney, on behalf of Mayor Simison, and with the approval of the Association of Idaho Cities, spoke in opposition to **S 1293**. He stated that their experience with the existing annexation law had been positive. He noted that, though a category B annexation was rarely used, Meridian did use one in 2013 to annex two adjacent county enclaves with failing water and sewer systems.

He was concerned about the language in this legislation that the land to be annexed had to be, "contiguous to or surrounded by the city." That language had not been construed by the courts. He also expressed concern regarding the reduction of the number of parcels required in an enclave for a nonconsensual annexation from 100 parcels to 30 parcels. This potentially allowed a small number of landowners to prevent annexation and the provision of city services.

DISCUSSION: **Vice Chairman Schroeder** stated that under the current statute a city could annex an enclave of fewer than 100 parcels if they were completely surrounded by the city or surrounded by the city on three sides and the fourth side was within the city's area of impact (Attachment 5). He asked whether Meridian had any enclaves under the proposed definition that had more than 30 parcels. **Mr. Nary** replied that they did have enclaves of more than 30 parcels. He further stated that not all enclaves were surrounded by the city. Some were on the border of an impact area or another city.

TESTIMONY: **Kelley Packer**, Executive Director, Association of Idaho Cities, spoke in opposition to **S 1293**. There were four concerns they had. Their first concern was the removal of implied consent in Section (2)(c). **S 1293** required that there either be written consent prior to the effective date of July 1, 2024, or the landowner connected to city services prior to July 1, 2008. That language conflicted with Section (14) which stated, "This section applies to annexations occurring on and after July 1, 2024. It does not invalidate or affect consent, including implied consent...."

Their second concern was the increase in the threshold for a nonconsensual annexation in Section (3)(f). That required approval by two-thirds of the landowners in the area to be annexed and at least fifty percent of the area proposed to be annexed.

Their third concern was the addition of the language in Section (3)(a), "or surrounded by the city." This prevented annexation of property bordering on one side by another city.

Their final concern was the reduction of parcels required for a nonconsensual annexation of an enclave from 100 parcels to 30 parcels. In situations involving enclaves of more than 30 parcels this required multiple annexations with increased cost to cities.

DISCUSSION: **Vice Chairman Schroeder** explained that the July 1, 2008 date for implied consent resulting from connection to city services was taken from existing statute.

Ms. Packer asked Vice Chairman Schroeder whether he felt there was a conflict between Section (2)(c) and Section 14 relating to implied consent. **Vice Chairman Schroeder** opined that if there was connection to city services prior to July 1, 2008, or there was a written request for connection for city services prior to July 1, 2024, there was implied consent. However, after July 1, 2024 simply requesting connection to city services did not imply consent to annexation. He further commented that it was common practice for cities to notify landowners that requesting connection to city services was consent to annexation.

Vice Chairman Schroeder noted that the Land Use Planning Handbook considered the terms "contiguous" and "adjacent to" as synonymous. Section (2)(b) defined "contiguous" as, "sharing a common border." Therefore, the enclave must either be contiguous or surrounded by the city. He recommended perhaps defining enclave and "surrounded by the city" as synonymous.

Representative Young responded that by adding the language, "or surrounded by" allowed the annexation of an enclave that didn't share a border, but was surrounded by a city.

Ms. Packer stated that the requirement that the enclave be surrounded by the city, combined with the requirement that the enclave contain 30 or fewer parcels, meant there would still be circumstances where the city could not annex because the enclave was not surrounded by the city.

Chairman Ricks asked for clarification that Ms. Packer was concerned about a situation where property to be annexed was surrounded on three sides by a city and bordered another city on the fourth side. **Ms. Packer** stated that Section (5)(b) had the further requirement that an enclave be surrounded on all sides by a city.

Senator Trakel noted that Section (3)(a) required the land to be, "contiguous to or surrounded by the city." "Contiguous" was defined in Section (2)(b) as, "sharing a common border." He asked whether that would permit annexation in the situation Ms. Packer discussed. **Ms. Packer** responded that Section (5)(b) required that enclaves be, "surrounded on all sides by lands within a city."

Senator Schroeder explained that Section (3)(a) applied to nonconsensual annexations of land that was contiguous which was defined in Section (2)(b) as "sharing a common border", or it was entirely within the city. Section (5)(b) was an exception for nonconsensual annexations of enclaves. In order for a city to have a non-consensual annexation of an enclave, the enclave must be, "surrounded on all sides by the city" (Attachment 5). The requirements and procedures under Sections (3) and (4) would not apply.

TESTIMONY: **Brent McLane**, City of Pocatello, testified on behalf of Mayor Blad in opposition to **S 1393**. He expressed concern about the increase of the threshold for consensual annexations from fifty percent to two-thirds consent of landowners and fifty percent of the area to be annexed. He stated that threshold would be difficult to meet. In addition, he was concerned about the reduction of parcels necessary for the city to annex an enclave from 100 or fewer to 30 or fewer. That would allow a small number of landowners to disapprove an annexation. Finally, he expressed a concern regarding the requirement that the parcels be completely surrounded by the city. Physical features such as mountains or rivers made it difficult to meet that criteria. Under the current statute, the area of impact would provide closure of an enclave.

DISCUSSION: **Senator Rabe** asked whether Mr. McLane preferred the definition of enclave in the current statute, **S 1393** which required the parcels to be surrounded on all sides by the city, or another definition. **Mr. McLane** responded that he would like clarification in the bill on what constituted, "surrounded on all sides." He stated that using the area of impact to define the boundary addressed the situation where the parcels were bound on one side by another city or some physical feature.

TESTIMONY: **Mayor John Evans**, Garden City, read a statement from Mayor Casper of Idaho Falls (Attachment 6).

Representative Young responded to the previous testimony. She argued that a threshold of two-thirds of the landowners was reasonable in that it was the same threshold required to increase taxes. She clarified that you can annex an enclave, regardless of whether the enclave was surrounded by the city or not, if there was consent by two-thirds of the landowners and 50 percent of the area to be annexed. In terms of the reduction of parcels in the definition of enclave, she noted that many cities were reluctant to involuntarily annex larger areas because it was not popular. **Representative Young** stated that the issues of the threshold for nonconsensual annexation and the size of an enclave were policy decisions for the Committee to make.

DISCUSSION: **Senator Bernt** stated that he would like to have further discussion regarding the issues of the enclave language and the consent threshold for a nonconsensual annexation.

Vice Chairman Schroeder pointed out that the Committee had several policy decisions to make regarding the threshold for nonconsensual annexations, the number of parcels required for an enclave, and the sunset of implied consent through written applications for connection to city services. He felt the consent threshold for a nonconsensual annexation was too high.

MOTION: **Senator Bernt** moved to send **S 1293** to the 14th Order of Business for possible amendment. **Vice Chairman Schroeder** seconded the motion.

DISCUSSION: **Senator Bernt** stated that he felt the changes to this bill were simple and could be accomplished in the 14th Order rather than holding the bill in Committee.

Senator Rabe argued that there were three significant policy decisions to be made and felt those would be difficult to make in the amending order.

Chairman Ricks indicated that he supported increasing the threshold for a nonconsensual annexation, but that the comparison to the threshold for a levy or bond was not a fair analogy.

Senator Trakel sought clarification on whether Sections (3) and (4) applied if the area was surrounded by the city and had fewer than 30 parcels. **Vice Chairman Schroeder** confirmed that the requirements in Sections (3) and (4) did not apply if the area had fewer than 30 parcels and was surrounded by the city. That was considered consent.

SUBSTITUTE MOTION: **Senator Trakel** made a substitute motion to send **S 1293** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion.

ROLL CALL VOTE: **Chairman Ricks** called for a roll call vote on the substitute motion. **Chairman Ricks and Senators Adams and Trakel** voted aye. **Vice Chairman Schroeder and Senators Cook, Bernt, Rabe, and Just** voted nay. The motion failed.

ROLL CALL VOTE: **Chairman Ricks** called for a roll call vote on the original motion. **Chairman Ricks, Vice Chairman Schroeder, and Senators Cook, Adams, Bernt, Trakel, and Just** voted aye. **Senator Rabe** voted nay. The motion passed.

MINUTES APPROVAL: February 7, 2024. Approval of the minutes of February 7, 2024 was postponed until a future meeting.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 5:00 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

(2) Summary chart

Summary of Annexation Statute (Idaho Code § 50-222)			
This summary omits some details and special exceptions. ⁵⁸			
The reader should consult the statute in its entirety.			
	Category A	Category B	Category C
Definition of category:	All landowners provide written consent. OR Enclaved residential property of < 100 parcels. OR Special cases (fairgrounds, etc.).	< 100 parcels regardless of whether landowners consented. OR > 100 parcels and owners of > 50% (based on land) have provided written or implied consent. AND Annexed land is subdivided into lots of 5 acres or less, or Owner has begun to sell land in parcels of 5 acres or less. OR Annexed land is completely surrounded by the city.	> 100 parcels and owners of > 50% (based on land) have not provided either written or implied consent.
Requirements and procedures applicable to each category:	All annexed land must be contiguous or adjacent to city (regardless of category).		
	Need not be within area of city impact. Where all landowners consent, must be included in comprehensive plan.	Must be within area of city impact.	
	May be annexed unilaterally by ordinance.	City must prepare detailed annexation plan	
Requires compliance with procedures for zoning district boundary change; publication and mailing to landowners; hearing; express findings.			
		So long as appropriate findings are made, annexation may proceed over objection of landowners.	After following procedures above, owners are polled again and over 50% must consent.
Judicial Review:	No judicial review (review by declaratory action only) (very deferential).	By IAPA (somewhat deferential).	

(3) Category A annexations

Category A annexations arise in three circumstances. Idaho Code § 50-222(3)(a).

The first is where all landowners within the annexed area have provided written consent to the annexation. See discussion in section 9.E(6) at page 84 regarding consent.

The second is where the annexation consists entirely of enclaved residential lands including fewer than 100 parcels. Note that these enclaved areas must be entirely residential to qualify. No consent is required for this type of Category A annexation.

⁵⁸ For instance, Category B also includes a subsection dealing with lands subject to a development moratorium or water and sewer restriction.



Idaho Statutes

Idaho Statutes are updated to the web July 1 following the legislative session.

TITLE 50
MUNICIPAL CORPORATIONS
CHAPTER 2

GENERAL PROVISIONS - GOVERNMENT - TERRITORY

In Draft

50-222. ANNEXATION BY CITIES. (1) Legislative intent. The legislature hereby declares and determines that it is the policy of the state of Idaho that cities of the state should be able to annex lands which are reasonably necessary to assure the orderly development of Idaho's cities in order to allow efficient and economically viable provision of tax-supported and fee-supported municipal services, to enable the orderly development of private lands which benefit from the cost-effective availability of municipal services in urbanizing areas and to equitably allocate the costs of public services in management of development on the urban fringe.

(1) More balance

(2) General authority.? Cities have the authority to annex land into a city upon compliance with the procedures required in this section. In any annexation proceeding, all portions of highways lying wholly or partially within an area to be annexed shall be included within the area annexed unless expressly agreed between the annexing city and the governing board of the highway agency providing road maintenance at the time of annexation. Provided further, that said city council shall not have the power to declare such land, lots or blocks a part of said city if they will be connected to such city only by a shoestring or strip of land which comprises a railroad or highway right-of-way.

Confusing

(7) Edited for clarity

(11)

(3) Annexation classifications. Annexations shall be classified and processed according to the standards for each respective category set forth herein. The three (3) categories of annexation are:

(a) Category A: Annexations wherein:

Concept Captured in (5)(c)

(i) All private landowners have consented to annexation. Annexation where all landowners have consented may extend beyond the city area of impact provided that the land is contiguous to the city and that the comprehensive plan includes the area of annexation;

Owner-initiated

(ii) Any residential enclaved lands of less than one hundred (100) privately owned parcels, irrespective of surface area, which are surrounded on all sides by land within a city or which are bounded on all sides by lands within a city and by the boundary of the city's area of impact; or

Capture in (5)(b)

Enclaves

(iii) The lands are those for which owner approval must be given pursuant to subsection (5) (b) (v) of this section.

Other exceptions

See (8)(10) & (12)

(b) Category B: Annexations wherein:

(i) The subject lands contain less than one hundred (100) separate private ownerships and platted lots of record and where not all such landowners have consented to annexation; or

(ii) The subject lands contain more than one hundred (100) separate private ownerships and platted lots of record and where landowners owning more than fifty percent (50%) of the area of

(3)(f)

Existing Consent Requirements apply to B & C
* see (5)(c)(i) & (5)(c)(ii)(D)

(i) The lands are contiguous or adjacent to the city and lie within the city's area of city impact; (2)(b) (3)(a)

(ii) The land is laid off into lots or blocks containing not more than five (5) acres of land each, whether the same shall have been or shall be laid off, subdivided or platted in accordance with any statute of this state or otherwise, or whenever the owner or proprietor or any person by or with his authority has sold or begun to sell off such contiguous or adjacent lands by metes and bounds in tracts not exceeding five (5) acres, or whenever the land is surrounded by the city. Splits of ownership which occurred prior to January 1, 1975, and which were the result of placement of public utilities, public roads or highways, or railroad lines through the property shall not be considered as evidence of an intent to develop such land and shall not be sufficient evidence that the land has been laid off or subdivided in lots or blocks. A single sale after January 1, 1975, of five (5) acres or less to a family member of the owner for the purpose of constructing a residence shall not constitute a sale within the meaning of this section. For purposes of this section, "family member" means a natural person or the spouse of a natural person who is related to the owner by blood, adoption or marriage within the first degree of consanguinity;

(iii) Preparation and publication of a written annexation plan, appropriate to the scale of the annexation contemplated, which includes, at a minimum, the following elements: (4)

(A) The manner of providing tax-supported municipal services to the lands proposed to be annexed; (4)(a)

(B) The changes in taxation and other costs, using examples, which would result if the subject lands were to be annexed; (4)(b)

(C) The means of providing fee-supported municipal services, if any, to the lands proposed to be annexed; (4)(c)

(D) A brief analysis of the potential effects of annexation upon other units of local government which currently provide tax-supported or fee-supported services to the lands proposed to be annexed; and (4)(d)

(E) The proposed future land use plan and zoning designation or designations, subject to public hearing, for the lands proposed to be annexed; (4)(e)

(iv) Compliance with the notice and hearing procedures governing a zoning district boundary change as set forth in section 67-6511, Idaho Code, on the question of whether the property should be annexed and, if annexed, the zoning designation to be applied thereto; provided however, the initial notice of public hearing concerning the question of annexation and zoning shall be published in the official newspaper of the city and mailed by first class mail to every property owner with lands included in such annexation proposal not less than twenty-eight (28) days prior to the initial public hearing. All public hearing notices shall establish a time and procedure by which comments concerning the proposed annexation may be received in writing and heard and, additionally, public hearing notices delivered by mail shall include a one (1) page summary of the contents of the city's (3)(c) (3)(b)

Not Retained

- (i) Compliance with the procedures governing category B annexations; and
- (ii) Evidence of consent to annexation based upon the following procedures:

(A) Following completion of all procedures required for consideration of a category B annexation, but prior to enactment of an annexation ordinance and upon an affirmative action by the city council, the city shall mail notice to all private landowners owning lands within the area to be annexed, exclusive of the owners of lands that are subject to a consent to annex which complies with subsection (4)(a) of this section defining consent. Such notice shall invite property owners to give written consent to the annexation, include a description of how that consent can be made and where it can be filed, and inform the landowners where the entire record of the subject annexation may be examined. Such mailed notice shall also include a legal description of the lands proposed for annexation and a simple map depicting the location of the subject lands. (3)(b) (ii) & (iii)

(B) Each landowner desiring to consent to the proposed annexation must submit the consent in writing to the city clerk by a date specified in the notice, which date shall not be later than forty-five (45) days after the date of the mailing of such notice.

(C) After the date specified in the notice for receipt of written consent, the city clerk shall compile and present to the city council a report setting forth: (i) the total physical area sought to be annexed, and (ii) the total physical area of the lands, as expressed in acres or square feet, whose owners have newly consented in writing to the annexation, plus the area of all lands subject to a prior consent to annex which complies with subsection (4)(a) of this section defining consent. The clerk shall immediately report the results to the city council. (3)(d)

(D) Upon receiving such report, the city council shall review the results and may thereafter confirm whether consent was received from the owners of a majority of the land. The results of the report shall be reflected in the minutes of the city council. If the report as accepted by the city council confirms that owners of a majority of the land area have consented to annexation, the city council may enact an ordinance of annexation, which thereafter shall be published and become effective according to the terms of the ordinance. If the report confirms that owners of a majority of the land area have not consented to the annexation, the category C annexation shall not be authorized.

(6) The decision of a city council to annex and zone lands as a category B or category C annexation shall be subject to judicial review in accordance with the procedures provided in chapter 52, title 67, Idaho Code, and pursuant to the standards set forth in section 67-5279, Idaho Code. Any such appeal shall be filed by an affected person in the (13)

Representative Julianne Young

From: Jarom Wagoner <jwagoner@cityofcaldwell.org>
Sent: Monday, February 12, 2024 12:57 PM
To: Senator Julie VanOrden; Representative Julianne Young
Subject: FW: SB1293-Annexation By Cities

CAUTION: This email originated outside the State of Idaho network. Verify links and attachments BEFORE you click or open, even if you recognize and/or trust the sender. Contact your agency service desk with any concerns.

FYI. I sent this to each of the members of the Senate Local Government Committee. I apologize I will not be there on the 15th to testify. Wishing you all the best of luck!

Jarom



From: Jarom Wagoner
Sent: Monday, February 12, 2024 12:53 PM
To: KCook@senate.idaho.gov
Subject: SB1293-Annexation By Cities

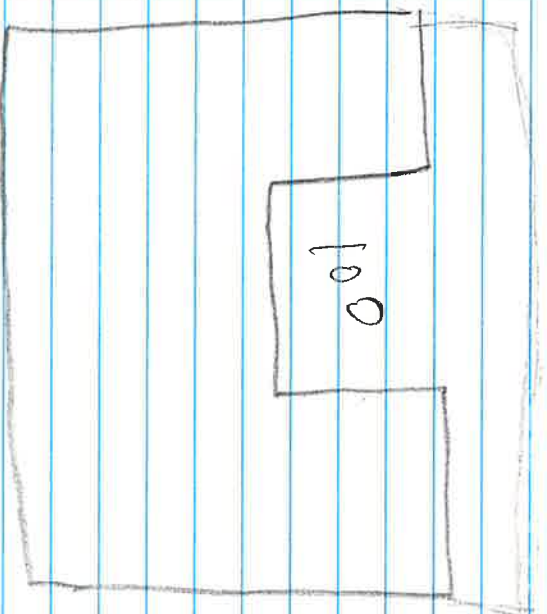
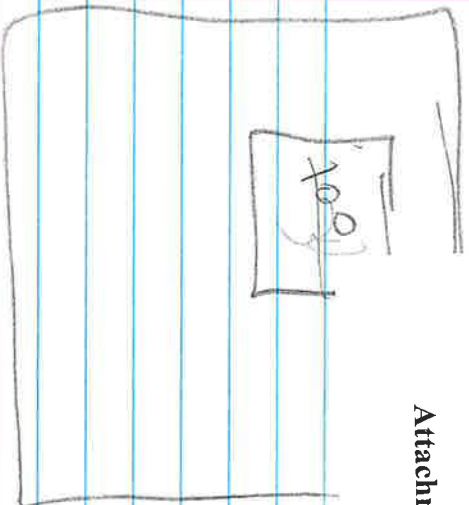
Senator Cook,

I will keep this brief as I am sure you are inundated with numerous emails during this legislative session. I will unfortunately not be able to attend this hearing to testify and I wanted to make sure you know that not all cities are against this legislation. I am in fact, very much in favor of this legislation and have helped Senator Van Orden and Representative Young in crafting it. As a former city planner for over 15 years, a former legislator, and now Mayor, I have been on nearly every side of this issue. I can attest that the current legislation for annexations is a mess and is very confusing for even myself with my 15+ years' experience in Idaho planning to try and understand. This bill will simplify the wording making it much easier to understand, and in my opinion will not impose any significant impacts to Idaho cities in enforcing this new law. It helps protect Idaho's private property owners.

It puts the onus on the city to work with private property owners, rather than a government mandated annexation that will drastically increase a property owner's taxes without their true consent. I strongly encourage you to support this legislation and invite you to reach out if you have any questions.

Thank you for your time.

Attachment 5



Are strategies for our core fu |
rarely used

Meg Lawless

From: John Evans <jevans@GARDENCITYIDAHO.ORG>
Sent: Friday, February 16, 2024 8:12 AM
To: Meg Lawless
Subject: Fwd: S1293

Attachment 6

CAUTION: This email originated outside the State of Idaho network. Verify links and attachments BEFORE you click or open, even if you recognize and/or trust the sender. Contact your agency service desk with any concerns.

Meg,

Sorry for the delay. Here you go.

John

John Evans
Mayor
City of Garden City
p: 208-472-2927
f: 208-472-2998
a: 6015 Glenwood Street, Garden City, ID 83714
w: www.gardencityidaho.org

Subject: Re: S1293

The decision of governance and the delivery of tax supported services must be made on a larger scale than the individual property owner(s).

If a city's ability to annex enclaves, without landowner consent, is removed or significantly dimensioned then the statute will instead perpetuate county islands. County islands are an extremely inefficient way to deliver tax supported services. County governments should be concerned that they will be perpetually saddled with sending the sheriff, snowplow, etc. to smaller and smaller isolated county islands. Additionally, the perpetuation of county islands limits property owners who would like to annex but cannot become contiguous. This is true for large parcels looking to develop or a smaller single property owner who has had a well or septic system fail and needs access to utilities.

The City of Idaho Falls currently has the potential for county enclaves that exceed 30 parcels in every quadrant of the city. I've attached a map outlining those existing county developments within the Are of City Impact that have the potential of becoming enclaved as development occurs around them. Under the proposed language it is likely that these islands would remain indefinitely as they receive no city services and have not consented to annexation.

John Evans

Mayor

City of Garden City

p: 208-472-2927

f: 208-472-2998

a: 6015 Glenwood Street, Garden City, ID 83714

w: www.gardencityidaho.org

Begin forwarded message:

From: Rebecca Casper <RCasper@idahofalls.gov>

Date: February 15, 2024 at 2:40:43 PM MST

To: Kelley Packer <kpacker@idahocities.org>, John Evans
<jevans@gardencityidaho.org>

Cc: Catherine Smith <CASmith@idahofalls.gov>

Subject: S1293

John and Kelley—

See below.

Better late than never? I am very sorry we did not have this info ready sooner. I have new staff—including new leadership—in this department. This has placed a very large burden on the experienced staff to train and each processes even as we are slammed with work. No one has free time—even for me, and I hesitate to demand that they become legislative experts when we have citizens waiting for service.

Anyway, now that I have been made more aware of what we have used Cat B for, I can tell you that the problems we solved were significant. Our city map looked like swiss cheese when I became mayor in 2014. That is not a best practice scenario for planning, and it made our city services more expensive for everyone. We finally decided—but some said it far better than I am about to here--Cities with holes in their maps find that the occupants of the properties within are often filled by freeloaders who benefit from the city experience without supporting it. Geography matters and contiguity or adjacency is a key part of that. I will also tell you that we have a lovely statement of annexation principles that our City Council developed based on this multi-year experience described below. Perhaps it will help with rhetoric.

The City of Idaho Falls currently has the potential for county enclaves that exceed 30 parcels in every quadrant of the city. I've attached a map outlining those existing county developments within the Area of City Impact that have the potential of becoming enclaved as development occurs around them. Under the proposed language it is likely that these islands would remain indefinitely as they receive no city services and have not consented to annexation.

Please let me know if there are additional questions that I could answer.

Community Development Services Department
Kerry Beutler | Assistant Planning Director

380 Constitution Way
Idaho Falls, Idaho 83402
Work: (208) 612-8278
kbeutler@idahofalls.gov

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AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, February 20, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1316</u>	CEMETERY MAINTENANCE DISTRICTS - Amends existing law to revise the number of registered electors required for a cemetery maintenance district to have commissioners elected at large.	Senator Anthon
MINUTES APPROVAL:	February 7, 2024	Senator Just Senator Trakel
INTRODUCTION:	Senate Page Kate Paine	Senator Ricks

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Tuesday, February 20, 2024
- TIME:** 3:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Vice Chairman Schroeder, Acting Senator Ricks (Ricks), 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:** **Vice Chairman Schroeder** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m. He moved **S 1316** to later on the agenda.
- MINUTES APPROVAL:** February 7, 2024. **Senator Just** moved to approve the Minutes of February 7, 2024. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.
- INTRODUCTION:** Senate Page Kate Paine. **Miss Paine** introduced herself. She was from Meridian, Idaho. She became interested in being a Senate page three years ago when she came to the Capitol for home school Pi Day. She thought the page program was a good opportunity to meet the senators and be involved in the legislative process.
- DISCUSSION:** **Senator Bernt** asked Miss Paine what she hoped to gain from this experience. **Miss Paine** responded that in her first few days she had enjoyed seeing what happened behind the scenes during the legislative process. She had also enjoyed seeing legislators work together to resolve various issues. **Senator Bernt** then asked Miss Paine what she planned to do after graduation. **Miss Paine** stated that she was considering pursuing a paralegal degree. She was also interested in political science and politics.
- Senator Just** inquired where Miss Paine attended high school. **Miss Paine** answered that she had been home schooled and graduated last spring. She was now pursuing a political science degree at the College of Western Idaho.
- Vice Chairman Schroeder** welcomed Miss Paine to the Committee.
- S 1316** **Senator Anthon** presented **S 1316**. He explained that under current statute, when there were more than 150 people living in a cemetery district, that district was divided into sub-districts for election purposes. Smaller towns had difficulty finding enough people to fill the cemetery district board. **S 1316** provided that in a cemetery district with less than 5,000 people, the cemetery district commissioners may be elected at large.
- DISCUSSION:** **Senator Adams** commented that Idaho had seen a lot of growth and asked why the cemetery districts had trouble filling their board. **Senator Anthon** explained that not all towns had experienced growth. In addition, people seemed to be less willing to volunteer their time. **Senator Adams** asked whether he felt this was widespread. **Senator Anthon** stated that it seemed to be widespread in rural communities, but he wasn't sure if it was regional.
- Vice Chairman Schroeder** asked what was the most common chemical element in a cemetery. He answered Barium.

MOTION: **Senator Bernt** moved to send **S 1316** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Schroeder** adjourned the meeting at 3:10 p.m.

Senator Ricks (Ricks)
Chair

Meg Lawless
Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 22, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>RS 31310</u>	Relating to Income Tax Refunds - Unanimous Consent Request for Referral to a Privileged Committee for Printing.	Senator Zuiderveld
<u>H 488</u>	TAXES - Amends existing law to provide that a taxpayer's sworn statement that an expenditure was made for an identified deduction is conclusive proof to establish the taxpayer's right to the deduction.	Rep. Cannon
MINUTES APPROVAL:	February 8, 2024	Senator Cook Senator Schroeder

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks (Ricks)
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 22, 2024

TIME:

PLACE: Room WW53

MEMBERS PRESENT: Vice Chairman Schroeder, Acting Senator Ricks (Ricks), 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: **Vice Chairman Schroeder** convened the meeting of the Senate Local Government and Taxation Committee (Committee) at 3:04 p.m.

RS 31310 Relating to Income Tax Refunds. **Senator Zuiderveld** requested unanimous consent for referral of **RS 31310** to a privileged committee for printing. She explained that this legislation created a choose life Idaho fund. The fund would be managed by the State Treasurer. Donations could be made by designating a donation on individual tax returns or making a bequest or other donation. The purpose of this fund was to provide grants to support life-affirming pregnancy resource centers.

DISCUSSION: **Senator Bernt** asked whether there were other similar funds. **Senator Zuiderveld** cited Idaho Fish and Game, Children's Trust, Special Olympics, and Veterans Support funds as existing similar funds.

Senator Just clarified that one could contribute by checking the box on his or her tax returns.

Senator Rabe asked whether there was a reason the RS was coming after the 36th day of the session. **Senator Zuiderveld** explained that the RS first went to the Transportation Committee. It was later determined that the Local Government and Taxation Committee was the appropriate committee.

MOTION: **Senator Trakel** asked for unanimous consent to send **RS 31310** to a privileged committee for printing. **Senator Rabe** objected.

H 488 **Representative Cannon** presented **H 488**. Idaho Code §63-3042A provided that a credit card statement was documentation that a purchase was made. The Idaho State Tax Commission (Commission) had taken the position that the credit card statement was proof that the taxpayer made the purchase, but it did not establish that the purchase was for a deductible purpose. **H 488** provided that a credit card statement, or similar documentation, with a sworn statement from the taxpayer regarding the purpose of the purchase, was sufficient documentation of the deductibility of the purchase.

DISCUSSION: **Senator Just** noted that credit card statements did not contain much information. He clarified that this bill trusted the taxpayer's statement of the purpose of the purchase. **Representative Cannon** affirmed that the taxpayer's statement identifying the deductible portion of the purchase was adequate proof.

Senator Just asked whether the Commission had approved this bill. **Representative Cannon** wasn't certain, but the Commission had taken the position that the credit card statement alone was inadequate documentation of the deductibility of the purchase.

MOTION: **Senator Bernt** moved to send **H 488** to the floor with a **do pass** recommendation. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.

MINUTES APPROVAL: February 8, 2024. **Senator Cook** moved to approve the Minutes of February 8, 2024. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Schroeder** adjourned the meeting at 3:17 p.m.

Senator Ricks (Ricks)
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 28, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 491</u>	MUNICIPAL CORPORATIONS - Amends existing law to provide that certain notice may be given by first class or certified mail and to provide for proof of mailing.	Rep. McCann
MINUTES APPROVAL:	February 13, 2024	Senator Bernt Senator Rabe
MINUTES APPROVAL:	February 14, 2024	Senator Just Senator Trakel
MINUTES APPROVAL:	February 15, 2024	Senator Cook Senator Schroeder

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 28, 2024
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 3:02 p.m.
H 491 **H 491** was postponed until a future meeting.
MINUTES APPROVAL: February 13, 2024. **Senator Bernt** moved to approve the Minutes of February 13, 2024. **Senator Rabe** seconded the motion. The motion passed by **voice vote**.
MINUTES APPROVAL: February 14, 2024. **Senator Just** moved to approve the Minutes of February 14, 2024. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.
MINUTES APPROVAL: February 15, 2024. **Senator Cook** moved to approve the Minutes of February 15, 2024. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.
ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:06 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, March 05, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 521</u>	TAXATION - Amends, repeals, and adds to existing law to revise provisions regarding tax rates, school facilities funding, and school district bond and tax levy elections.	Senator Ricks Rep. Moyle Rep. Monks
<u>RS 31560</u>	Stating Findings of the Legislature and Approving Pending Rules of the Idaho State Board of Tax Appeals Reviewed by the Senate Local Government and Taxation Committee - Unanimous Consent Request for Referral to a Privileged Committee.	Senator Schroeder

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 05, 2024

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

PASSED THE GAVEL: Chairman Ricks passed the gavel to Vice Chairman Schroeder.

H 521 **Chairman Ricks** presented **H 521**. This legislation dealt with taxation, but it was a property tax cut first and foremost. The property taxes were reduced as a result of additional State funding. This was a very historical bill which fulfilled the Legislature's constitutional responsibility to provide funding for school facilities across the State. Currently, most school facilities were funded from voter approved local bonds and levies. Although this bill did not eliminate the need for local bonds and levies, it reduced the need through three funding sources.

First, this bill dedicated an ongoing, annual amount for the next ten years of \$125 million of sales tax revenue to the new School Modernization Facilities Fund. This was funded by a \$1 billion bond. Attachment 1 illustrated the approximate amount each school district would receive from this fund.

Second, **H 521** increased the funding of the School District Facilities Fund that was created last year in H 292. The amount of sales tax dedicated to this fund was increased from 2.5 percent to 3.5 percent and was projected to provide an additional amount of revenue for the School District Facilities Fund for fiscal year 25 of \$25 million. In addition, the \$50 million in lottery monies were transferred to the School District Facilities Fund. This resulted in an ongoing amount of \$75 million to the School District Facilities Fund. Attachment 2 illustrated the approximate amount each school would receive from this fund.

Third, there was a reduction of individual and corporate income tax rates. That resulted in a decrease in revenue for the State of roughly \$60 million. Currently, Idaho's tax rates were a bit higher than our neighboring states.

Page 2, lines 34 through 40 provided for the reduction in individual income tax rates from 5.8 percent to 5.65 percent. Page 3, lines 33 through 36 reduced the corporate tax rates from 5.8 percent to 5.695 percent.

Page four outlined the distribution of the School District Facilities Fund. Under H 292, the distribution formula was based on average daily attendance. Lines 24 through 31 added an additional requirement that the student attend a traditional brick and mortar school, except under certain circumstances such as illness or an emergency. Pages four and five set forth the purposes for which monies from the School District Facilities Fund may be used. These included construction of new facilities, renovation, maintenance needs, and payment of bonds.

Page 5, lines 28 through 38 dealt with bond levy equalization. The bond levy equalization program was phased out over a two-year period and replaced by the funding mechanisms in this bill. For two years school districts received the amount that they were currently receiving.

Page 5, line 41 through page 6, line 8 created the Office of the State Board of Education (Board) Executive Officer who would be appointed by the Governor.

Page 6, lines 4 through 7 required the Executive Officer and President of the Board to submit, no later than January 15, an annual report to the Legislature providing details of the use and impact of the School Modernization Facilities Fund. Page 6, line 17 provided that the President of the Board be selected by the Governor.

With the reduced need for bonds and levies, page 7, lines 13 through 15 removed the August election date for bonds and levies. School districts would still be able to have bond or levy elections in May or November.

Page 8, lines 6 through 8 set a limit on the amount paid on a levy in a property tax year of 120 percent of the amount of payment required. The amount going into the fund would be applied to pay bonds and levies first. This lowered property taxes.

Page 8, lines 9 through 18, repealed provisions regarding the lottery funds, which were being transferred to the School District Facilities Fund, and the bond and levy equalization program which was being phased out.

Page 9, lines 1 through 17 created a School Modernization Facilities Fund in the State treasury. Page 9, lines 21 through 42 granted authority to the Department to issue bonds. A \$1 billion bond funded the School Modernization Facilities Fund. Page 9, line 46 through page 10, line 16 gave the school districts the option to choose a lump sum distribution from the School Modernization Facilities Fund or annual payments over ten years.

Page 10, lines 17 through 43 established the formula for distribution of the School Modernization Facilities Fund. Distribution was calculated based on average daily attendance. Several school districts had the ability to issue bonds and levies without voter approval. Page 10, line 47 through page 11, line 12 limited the amount of distribution to those school districts to \$40 million.

Page 11, lines 23 through 31, established eligibility requirements for School Modernization Facilities Fund. State Superintendent of Public Instruction Debbie Critchfield later discussed those requirements.

Page 11, line 41 through page 12, line 3 set forth the purposes for which the School Modernization Facilities Fund could be used. The funds could not be used for a facility with athletics as its primary purpose.

Page 12, lines 19 through 40 established a model school facility council. There were nine members on this council, three appointed by each of the Speaker of the House, Senate Pro Tem, and Governor. Page 12, line 44 through page 13, line 7 required the Department to prepare a best practices plan for school facilities. These requirements were an attempt to reduce the cost of school facilities.

Page 13 repealed outdated sections related to school building maintenance funds. Page 13, lines 16 through 46 addressed cash transfers for property tax relief and how that was funded.

Page 14, lines 14 through 17 increased the allocation to the Public Defense Fund from \$36 million to \$39 million to provide additional resources for Child Protection Services cases.

Page 15 made changes to the property tax relief formula using the previous year's levy rates rather than the current year's rates. There were also changes to timeframes and calendar dates for actions by the county assessors and Idaho State Tax Commission (Commission) to ease the burden of calculating the property tax relief and preparing and mailing property tax notices.

Page 17, lines 23 through 34 repealed a provision related to distribution of monies by the Commission to the bond levy equalization program which was being phased out.

Page 23, line 47 increased the amount of sales tax revenues transferred to the School District Facilities Fund from 2.25 percent to 3.25 percent. That resulted in an additional \$25 million in funds for school facilities. Sales tax revenue distribution was paid to cities first to keep them whole.

Page 24, line 3 allocated a \$125 million distribution from sales tax revenues to the School Modernization Facilities Fund. This was a continuous amount paid annually for ten years that would be appropriated to help pay back the \$1 billion bond measure that money was going to. After ten years, it would sunset.

Page 26, lines 24 through 27 authorized the Department to issue the \$1 billion bond to fund the School Modernization Facilities Fund. Page 26, lines 30 through 37 transferred the lottery funds to the School District Facilities Fund.

TESTIMONY:

Debbie Critchfield, State Superintendent of Public Instruction, addressed the requirement on page 11, lines 30 through 31, for the Board to establish minimum requirements for teacher contract days and student instructional days no later than August 1, 2024. She stated that the Board hoped to establish those requirements by mid May. She also discussed the requirements for eligibility for distribution of the School Modernization Facilities Fund. If, while the district received monies from this fund, the district moved to a four-day school week, the district must attest that they met the minimum requirements for teacher contract and student attendance hours set by the Board. **Superintendent Critchfield** stated that the Department was gathering data related to four-day and five-day school weeks.

DISCUSSION:

Senator Grow asked Chairman Ricks to explain the distribution of \$236 million from the Tax Relief Fund to the General Fund on page 14, line 18. **Chairman Ricks** explained that distribution was in H 292. There was \$3 million added to the Public Defense Fund.

TESTIMONY:

Alex Adams, Administrator, Division of Financial Management, explained that the source of funds for the Tax Relief Fund was online sales tax. One of the areas that received a distribution from that fund was the Public Defense Fund. There was a \$3 million increase in the distribution to the Public Defense Fund to provide additional resources to the new office of the Public Defender for Child Protective Services cases.

DISCUSSION:

Senator Rabe asked Chairman Ricks why the distribution of monies in the school facilities was based on average daily attendance rather than, for example, square footage building needs. **Chairman Ricks** stated that was the current distribution formula used to fund public schools..

TESTIMONY: **Dr. Jean Henscheid**, Co-Director, League of Women Voters, spoke in opposition to **H 521**. While it provided additional monies to school districts, it did not eliminate the need for local bonds and levies. Rural districts were shortchanged in this bill. Revenue projections were overly optimistic. This was first and foremost a tax cut bill, not an education bill.

Mary Ruckh expressed concern regarding the proposed income tax reduction. She was not optimistic that taxpayers would use those savings to fund school facilities. She further noted that the Idaho Constitution required legislation to be narrowly focused.

DISCUSSION: **Senator Bernt** stated that he had requested an opinion from the Attorney General on whether **H 521** violated the single subject rule, but had not received an opinion.

TESTIMONY: **Quinn Perry**, Deputy Director of the Idaho School Boards Association, testified on their behalf and on behalf of the Idaho Association of School Administrators, in support of **H 521**. While this bill provided a large investment in school facilities, it did not totally alleviate the need for local bonds and levies. She relayed concerns expressed regarding the four-day school week which she felt Superintendent Critchfield helped to alleviate. **Ms. Quinn** explained that many small districts used the four-day school week as a recruitment and retention tool. Finally, she was concerned that teacher contract hours would be increased without an increase in pay.

DISCUSSION: **Senator Rabe** asked Ms. Perry to discuss how the distribution formula based on average daily attendance disadvantaged small districts. **Ms. Perry** stated that any time a funding formula was based on attendance or enrollment, the small schools were disadvantaged.

TESTIMONY: **Miguel Legarreta**, Associated Taxpayers of Idaho, spoke in favor of **H 521**. For an average family of four, it provided additional savings of 7 percent on their property tax bill in addition to the 18 percent savings from H 292 for a cumulative property tax savings of 25 percent. It further reduced their individual income taxes by 1.3 percent in addition to the 11.7 percent savings from H 292 for a cumulative income tax savings of 13 percent.

Seth Grigg, Executive Director, Idaho Association of Counties, testified in support of **H 521**. First, it made changes to some of the calendar dates for gathering information and preparing tax notices under H 292. It transferred the money that could have gone toward all tax relief to homeowner tax relief. It allowed the Commission and county tax assessors to use last year's levy rates for more efficient processing of tax notices. Finally, it increased funding to the Public Defense Fund providing an additional \$3 million for Child Protective Services cases.

Chairman Ricks gave closing remarks. He acknowledged that **H 521** did not eliminate the need for local bonds and levies, but it provided a large amount of State funding for school facilities. There could be future adjustments to make the funding distribution more equitable for smaller school districts. This bill provided tax relief.

DISCUSSION: **Senator Rabe** again stated her concern regarding the single subject rule under the Idaho Constitution and Legislation Drafting Manual. **Senator Just** shared her concern.

Vice Chairman Schroeder opined that, after some research of case law, he was not concerned that this bill violated the single subject rule. This bill primarily created a fund and created mechanisms for allocating those funds.

Senator Bernt asked Alex Adams to explain their decision to distribute the funds based on average daily attendance. **Mr. Adams** explained that they considered other formulas, but ultimately kept the average daily attendance formula under current law. He further noted that the distribution would sunset in ten years.

Senator Just asked Chairman Ricks whether he would be willing to come back with a trailer bill containing a severability clause. **Chairman Ricks** said he would be willing to consider it.

MOTION: **Senator Grow** moved to send **H 521** to the floor with a **do pass** recommendation. **Senator Bernt** seconded the motion.

DISCUSSION: **Senator Grow** stated that he had concerns about the amount of borrowing in this bill and the burden on taxpayers. However, he had become comfortable with that given that Idaho had a lower amount of borrowing than neighboring states. Furthermore, this bill met the State's responsibility to build school facilities.

Senator Cook asked Senator Grow at what point would he feel we had borrowed too much. **Senator Grow** responded that the State had responsibilities. Revenues and expenses needed to be examined to ensure we met those responsibilities and prepared for the future in case of a recession. Idaho was ranked at the top of Moody's and other bond ratings and in good financial condition. Idaho had a responsibility to build school facilities.

Senator Rabe asked Senator Grow whether he had considered the \$300 million cut in revenue projected by the Economic Outlook and Revenue Assessment Committee and the further reduction of \$60 million each year for the next ten years under this bill. **Senator Grow** responded that projections were not always accurate, but he felt comfortable with the projection by the Economic Outlook and Revenue Assessment Committee.

Vice Chairman Schroeder reminded the Committee that it was the duty of the legislature to establish and maintain a general, uniform, and thorough system of free common public schools. The court had noted Idaho's lack of uniformity. This bill was a step toward providing uniform facilities across the State.

Senator Rabe reiterated her concerns about the single subject rule, the income tax cuts, and the distribution formula and hoped they could continue the conversation.

VOICE VOTE: The motion passed by **voice vote**. Senator Trakel was recorded as voting nay.

PASSED THE GAVEL: Vice Chairman Schroeder passed the gavel to Chairman Ricks.

RS 31560 Stating Findings of the Legislature and Approving Pending Rules of the Idaho State Board of Tax Appeals Reviewed by the Senate Local Government and Taxation Committee - Unanimous Consent Request for Referral to a Privileged Committee.

Chairman Ricks requested unanimous consent to send **RS 31560** to a privileged committee to print. There were no objections.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 4:25 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

School Modernization Facilities Fund

Attachment 1
3-5-24

Row #	School District Name (Sorted Alphabetically)	FY25 Est. Distribution - \$1000M
1	Aberdeen	\$2,499,458.83
2	American Falls Joint	\$5,909,603.77
3	Arbon Elementary	\$67,020.19
4	Avery	\$74,904.92
5	Basin	\$1,281,268.33
6	Bear Lake County	\$4,691,413.27
7	Blackfoot	\$14,823,288.99
8	Blaine County	\$12,319,887.79
9	Bliss Joint	\$488,853.15
10	Boise Independent	\$40,000,000.00
11	Bonneville Joint	\$48,179,693.03
12	Boundary County	\$5,282,767.88
13	Bruneau-Grand View Joint	\$1,021,072.30
14	Buhl Joint	\$4,774,202.92
15	Butte County	\$1,561,176.18
16	Caldwell	\$20,784,143.49
17	Camas County	\$662,317.17
18	Cambridge Joint	\$540,103.88
19	Cascade	\$768,761.00
20	Cassia County Joint	\$21,320,305.01
21	Castleford Joint	\$1,182,709.23
22	Challis Joint	\$1,352,230.88
23	Clark County Joint	\$398,178.77
24	Coeur d' Alene	\$36,746,775.70
25	Cottonwood Joint	\$1,703,101.29
26	Council	\$1,107,804.31
27	Culdesac Joint	\$469,141.33
28	Dietrich	\$745,106.81
29	Emmett Independent	\$9,962,354.06
30	Filer	\$6,004,220.51
31	Firth	\$3,260,335.10
32	Fremont County Joint	\$8,614,065.54
33	Fruitland	\$6,224,992.90
34	Garden Valley	\$997,418.12
35	Genesee Joint	\$1,099,919.58
36	Glenns Ferry Joint	\$1,391,654.52
37	Gooding Joint	\$4,620,450.72
38	Grace Joint	\$1,990,893.87
39	Hagerman Joint	\$1,332,519.06
40	Hansen	\$1,162,997.41
41	Highland Joint	\$678,086.62
42	Homedale Joint	\$5,014,687.13
43	Horseshoe Bend	\$784,530.45
44	Idaho School for the Deaf and Blind	\$508,564.97
45	Idaho Falls	\$39,313,254.73
46	Jefferson County Joint	\$26,252,202.49
47	Jerome Joint	\$15,812,822.37
48	Kamiah Joint	\$1,517,810.18

Modernization

Row #	School District Name (Sorted Alphabetically)	FY25 Est. Distribution - \$1000M
98	South Lemhi	\$512,507.33
99	St. Maries Joint	\$3,559,954.78
100	Sugar-Salem Joint	\$6,315,667.28
101	Swan Valley Elementary	\$205,002.93
102	Teton County	\$7,730,975.98
103	Three Creek Joint Elem.	\$25,000.00
104	Troy	\$1,297,037.79
105	Twin Falls	\$35,386,660.09
106	Valley	\$1,967,239.68
107	Vallivue	\$38,828,343.94
108	Wallace	\$1,915,988.95
109	Weiser	\$6,027,874.70
110	Wendell	\$4,352,369.96
111	West Ada Joint	\$140,293,486.76
112	West Bonner County	\$3,934,479.36
113	West Jefferson	\$2,341,764.27
114	West Side Joint	\$3,110,525.27
115	Whitepine Joint	\$788,472.82
116	Wilder	\$1,718,870.74
117	TOTAL	\$1,000,000,000.00

School District Facility Fund

Attachment 2
3-5-24

Row #	School District Name (Sorted Alphabetically)	FY25 Est Distribution - \$75M
1	Aberdeen	\$176,170
2	American Falls Joint	\$416,529
3	Arbon Elementary	\$4,724
4	Avery	\$5,280
5	Basin	\$90,308
6	Bear Lake County	\$330,667
7	Blackfoot	\$1,044,797
8	Blaine County	\$868,348
9	Bliss Joint	\$34,456
10	Boise Independent	\$6,080,383
11	Bonneville Joint	\$3,613,718
12	Boundary County	\$372,348
13	Bruneau-Grand View Joint	\$71,969
14	Buhl Joint	\$336,502
15	Butte County	\$110,037
16	Caldwell	\$1,464,938
17	Camas County	\$46,682
18	Cambridge Joint	\$38,068
19	Cascade	\$54,185
20	Cassia County Joint	\$1,502,729
21	Castleford Joint	\$83,361
22	Challis Joint	\$95,310
23	Clark County Joint	\$28,065
24	Coeur d' Alene	\$2,590,040
25	Cottonwood Joint	\$120,040
26	Council	\$78,082
27	Culdesac Joint	\$33,067
28	Dietrich	\$52,518
29	Emmett Independent	\$702,181
30	Filer	\$423,198
31	Firth	\$229,800
32	Fremont County Joint	\$607,149
33	Fruitland	\$438,759
34	Garden Valley	\$70,301
35	Genesee Joint	\$77,526
36	Glenns Ferry Joint	\$98,089
37	Gooding Joint	\$325,665
38	Grace Joint	\$140,325
39	Hagerman Joint	\$93,921
40	Hansen	\$81,972
41	Highland Joint	\$47,794
42	Homedale Joint	\$353,452
43	Horseshoe Bend	\$55,296
44	Idaho Falls	\$2,770,934
45	Jefferson County Joint	\$1,850,346
46	Jerome Joint	\$1,114,542
47	Kamiah Joint	\$106,981

Facility

Row #	School District Name (Sorted Alphabetically)	FY25 Est Distribution - \$75M
96	Soda Springs Joint	\$242,304
97	South Lemhi	\$36,123
98	St. Maries Joint	\$250,918
99	Sugar-Salem Joint	\$445,150
100	Swan Valley Elementary	\$14,449
101	Teton County	\$544,906
102	Three Creek Joint Elem.	\$1,111
103	Troy	\$91,420
104	Twin Falls	\$2,494,174
105	Valley	\$138,658
106	Vallivue	\$2,736,756
107	Wallace	\$135,046
108	Weiser	\$424,865
109	Wendell	\$306,770
110	West Ada Joint	\$10,522,713
111	West Bonner County	\$277,316
112	West Jefferson	\$165,056
113	West Side Joint	\$219,241
114	Whitepine Joint	\$55,574
115	Wilder	\$121,152
115	School for the Deaf and Blind	\$30,844
116	TOTAL	\$75,000,000

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, March 07, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 491</u>	MUNICIPAL CORPORATIONS - Amends existing law to provide that certain notice may be given by first class or certified mail and to provide for proof of mailing.	Rep. McCann
MINUTES APPROVAL:	February 20, 2024	Senator Adams Senator Bernt
MINUTES APPROVAL:	February 22, 2024	Senator Rabe Senator Trakel
MINUTES APPROVAL:	February 28, 2024	Senator Just Senator Schroeder

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 07, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senators Cook and Bernt

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:04 p.m.

PASSED THE GAVEL: Chairman Ricks passed the gavel to Vice Chairman Schroeder.

H 491 **Representative McCann** presented **H 491**. Idaho Code § 50-1306A required a city clerk to send notice by certified mail, return receipt, of a public hearing related to vacation of a plat to anyone within 300 feet of the plat to be vacated. Often the receipt was not returned because the individual did not pick up the letter. Certified mail with return receipt was not forwarded and it was costly. This bill permitted a clerk to send the notice by first class mail or certified mail which was forwarded.

TESTIMONY: **Tanya Brocke**, City Clerk, Lewiston, expressed her support of **H 491**.

MOTION: **Senator Rabe** moved to send **H 491** to the floor with a **do pass** recommendation. **Senator Just** seconded the motion. The motion passed by **voice vote**.

MINUTES APPROVAL: February 20, 2024. **Senator Adams** moved to approve the Minutes of February 20, 2024. **Senator Rabe** seconded the motion. The motion passed by **voice vote**.

MINUTES APPROVAL: February 22, 2024. **Senator Rabe** moved to approve the Minutes of February 22, 2024. **Senator Trakel** seconded the motion. The motion passed by **voice vote**.

MINUTES APPROVAL: February 28, 2024. **Senator Just** moved to approve the Minutes of February 28, 2024. **Senator Grow** seconded the motion. The motion passed by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Schroeder** adjourned the meeting at 3:17 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #2
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Tuesday, March 12, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 608</u>	AGRICULTURE - Adds to existing law to provide for agricultural protection areas.	Rep. Andrus Braden Jensen, Idaho Farm Bureau
<u>RS 31162</u>	Relating to Income Tax. Unanimous Consent Request for Referral to a Privileged Committee for printing.	Senator Trakel

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 12, 2024

TIME: 2:00 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 2:03 p.m.

H 608 **Representative Andrus** presented **H 608**. He explained that many agriculture commissions had expressed concern regarding disappearing agricultural land due to development. This bill sought to protect agricultural land by creating agricultural protection areas (APAs).

Braden Jensen, representing Idaho Farm Bureau Federation, outlined **H 608**. This bill was to protect agricultural land, but it was not intended to stop growth. Under current law, conservation easements were typically offered in perpetuity, but could also be for a specific term. **Mr. Jensen** stated that there were 18 land trusts in Idaho, but he was unaware of any that offered a term easement. A few states offered transfer of development rights programs (TDRs). **H 608** offered an additional tool to landowners who wanted to protect their agricultural land and remain in agricultural production.

First, this was a voluntary program. Second, there was no transfer of development rights as there was in a county TDR or conservation easement. The development rights stayed with the land. Third, the decision of whether land was designated as an APA was at the local level with the Board of County Commissioners (Board). Fourth, this bill added value to local land use planning through landowners stating their intent to continue in agricultural production.

The process for designating property as an APA was as follows: The landowner submitted an application to the Board requesting that a parcel of land be designated as an APA. That application was submitted to the Agriculture Protection Area Commission (Commission) which this bill established. The Commission reviewed the application and determined whether all the requirements were met and made a recommendation to the Board on whether to approve or reject the application. The Board then held a public hearing. If approved, the APA designation would remain for 20 years. If the landowner later wished to terminate the APA designation, he or she submitted a petition to the Board. The effective date of the removal of the parcel from an APA was ten years from the date of the petition. The delay in termination of the APA allowed counties to do long-term land use planning. There were exceptions for hardship.

There were four incentives for landowners to request an APA designation. First, it provided them with protection from any local ordinance that negatively affected agricultural production. Second, it ensured that the zoning classification would not

be changed without the landowner's permission. Third, there were protections against nuisance claims. Fourth, it limited the use of eminent domain.

H 608 also provided benefits to local governments. It aided in their land use planning. It protected agricultural lands and open spaces for local communities. It preserved local food production.

The legislative intent language in Idaho Code § 67-9702 cited the benefits of working farms, ranches, and forests, and the importance of property rights in Idaho.

Page two, Idaho Code § 67-9703, contained definitions. Subsection (1) defined agricultural production. Subsection (5) defined hardship circumstances that allowed a landowner to remove a parcel from an APA. Idaho Code § 67-9704 required a Board to pass an ordinance prior to January 1, 2025 and set forth criteria for that ordinance. These requirements included establishing a process for placing a parcel in an APA, application requirements, objective standards for evaluating the applications, timelines for reviewing the application, and establishing an application fee.

Page three, Idaho Code § 67-9705, established the Commission and outlined their number, appointment by the Board, term of office, and duties. Idaho Code § 67-9706 set forth the process for review by the Board. The Board was required to hold a public hearing within 60 days of receipt of the decision by the Commission to accept or reject an APA application.

Page four, Idaho Code § 67-9707, established the requirements for recording the creation and dissolution of APAs. Idaho Code § 67-9708 provided for automatic renewal of the APA. However, a landowner could terminate the APA by written notice to the Board at least 90 days prior to the expiration of the APA. Idaho Code § 67-9709 provided that a landowner may add land to the APA by filing a new petition. A landowner may remove land from the APA by filing a petition with the Board. Subsection (3) required the Board to establish a process for a landowner to remove land from an APA due to hardship.

Page five, Idaho Code § 67-9710, set limitations on local regulation of APAs. A Board could not change the zoning designation for an APA or enact a local law, ordinance or regulation that negatively impacted agricultural production within an APA. Idaho Code § 67-9711 heightened protections from nuisance claims.

Page six, Idaho Code § 67-9712, provided, "A political subdivision having or exercising eminent domain powers may not condemn for any purpose any land within an APA that is being used for production agriculture except for as granted in Section 14, Article 1 and Section 8, Article XI of the Constitution of the State of Idaho."

DISCUSSION: **Senator Cook** asked if a landowner requested an APA for 50 to 60 years, whether there was a means by which the county could use eminent domain if it became necessary. **Mr. Jensen** stated that if the Board was concerned about planning that far in advance, they could take that into consideration in their decision on whether to approve the APA application.

Senator Just asked whether there was a cap on automatic renewals. **Mr. Jensen** replied there was no cap.

TESTIMONY: **George Crookham**, Crookham Company, testified in support of **H 608**. His fourth generation seed company sold seed all over the world and was having difficulty finding enough land on which to grow the seed. This bill protected agricultural land.

Bryan Reed, farmer and county commissioner, spoke in support of **H 608**. He shared his own story about a developer who sought to purchase land near his property and develop it. The developer's plan included a road with access on part of his property. He told the developer that he would not sell his property and that stopped the development. **H 608** provided a mechanism for others to protect their agricultural land. It also allowed counties to do land use planning.

Roger Batt, representing the Idaho Eastern Oregon Seed Association, testified in favor of **H 608**. The seed industry produced about 50 species of seed crops and was valued at \$600 million annually. They had seen agricultural land disappear over many years. This bill protected property rights and agricultural land.

Neil Durrant spoke in support of **H 608**. It protected his family farm and allowed them to continue agricultural production. It also protected them against the use of eminent domain. He expressed concern that fair compensation was not given because the fair market value was based on the current land use.

Doug Barrie, was a fourth generation farmer and supported **H 608**. It protected property rights and protected agricultural land against growth and development.

Zane Barckholtz stated that this bill allowed him to continue to operate his family farm and continue agricultural production.

Seth Grigg, Executive Director, Idaho Association of Counties, testified that they supported most of the provisions of **H 608**, but had concerns regarding the prohibition against use of eminent domain. The use of eminent domain was necessary to expand rights of way for intersections and such. They were not seeking to use eminent domain to create new rights of way to build new roads. He suggested an amendment that would allow the use of eminent domain solely to expand existing rights of way, for example, to widen an intersection to allow for a traffic signal or to create an additional lane.

DISCUSSION: **Senator Grow** asked if the amendment he proposed would resolve the issue of payment of fair market value in eminent domain. **Mr. Grigg** explained that current law required payment of fair market value based on current use of the property. To resolve this issue required amendment of a separate statute.

TESTIMONY: **Representative Andrus** gave closing remarks and reiterated the benefits of this bill. Regarding the concern about payment of fair market value, he stated that under this bill the landowner would be able to negotiate a price for removing his land from an APA. Changing existing law with respect to eminent domain required an amendment of a separate statute.

DISCUSSION: **Chairman Ricks** asked how a developer would know whether property was in an APA. **Representative Andrus** answered that the bill required an APA to be included on the land use planning maps. **Chairman Ricks** expressed concern for the hardship provisions which allowed the counties to establish their own hardship conditions resulting in a variation between counties.

Senator Just asked whether there was a limit to how many times one could use automatic renewal. **Representative Andrus** replied one could continue to allow automatic renewal as often as they wished to negotiate.

MOTION: **Senator Grow** moved to send **H 608** to the floor with a **do pass** recommendation. **Senator Cook** seconded the motion.

SUBSTITUTE MOTION: **Vice Chairman Schroeder** moved to send **H 608** to the 14th Order of Business for possible amendment. **Senator Rabe** seconded the motion.

DISCUSSION: **Vice Chairman Schroeder** argued that amending this bill to allow eminent domain for purposes of expanding an existing highway and expanding rights of way to allow for traffic signals and so forth was reasonable. He had seen a draft of an amendment and felt it could be accomplished.

Senator Cook supported Senator Grow's original motion. He felt that amending the bill this late in the session would be difficult and he would rather pass the bill as is and amend it next session.

Senator Grow repeated Senator Cook's concern regarding amending this bill this late in the session.

Vice Chairman Schroeder argued that an amendment could be accomplished. He was also concerned that a county might be less likely to approve an APA if they were completely prohibited from using eminent domain.

Senator Rabe supported the substitute motion and felt an amendment could be accomplished.

ROLL CALL VOTE: **Chairman Ricks** called for a roll call vote on the substitute motion. **Chairman Ricks, Vice Chairman Schroeder, and Senators Bernt, Trakel, Rabe and Just** voted aye. **Senators Grow, Cook, and Adams** voted nay. The substitute motion prevailed.

RS 31162 Relating to Income Tax. Unanimous Consent Request for Referral to a Privileged Committee for printing. **Senator Trakel** presented **RS 31162**. This bill would exempt military retirement pay from state income taxes. Currently 37 states exempted military retirement pay from state income taxes. Idaho was losing seven percent of veterans per year according to the Department of Labor due to the lack of veterans' benefits. Idaho was losing a skilled work force. Retired military generally earned about 10 percent more than civilian workers. This would help make up the loss of revenue from taxes on military retirement.

DISCUSSION: **Chairman Ricks** asked for clarification on whether income other than military retirement would still be taxed. **Senator Trakel** stated that it would be taxed.

Senator Grow asked whether, with the retroactive date of January 1, 2024, it was correct that there would be no fiscal impact until fiscal year 25. **Senator Trakel** affirmed that was correct.

Vice Chairman Schroeder, pursuant to Senate Rule 39 (H), declared a conflict of interest as a recipient of military retirement benefits.

MOTION: **Chairman Ricks** asked for unanimous consent to send **RS 31162** to a privileged committee for printing. There was no objection.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:17 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Thursday, March 14, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 624</u>	COMMERCIAL PROPERTY - Adds to existing law to establish the Commercial Property Assessed Capital Expenditure Act to allow willing owners of certain properties to obtain financing for qualifying improvements.	Rep. Blanksma David Lehman, Primus Policy
<u>HCR 33</u>	RULE APPROVAL - HOUSE REVENUE AND TAXATION AND SENATE LOCAL GOVERNMENT AND TAXATION COMMITTEES - States findings of the Legislature and approves pending rules of the State Tax Commission reviewed by the House Revenue and Taxation Committee and the Senate Local Government and Taxation Committee.	Senator Schroeder
MINUTES APPROVAL:	March 5, 2024	Senator Rabe Senator Trakel

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks

Sen Bernt

COMMITTEE SECRETARY

Meg Lawless

Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Trakel
Sen Rabe
Sen Just

Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

- DATE:** Thursday, March 14, 2024
- TIME:** 2:00 P.M.
- PLACE:** Room WW53
- MEMBERS PRESENT:** Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Bernt, Trakel, Rabe, and Just
- ABSENT/ EXCUSED:** Senator 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 Taxation Committee (Committee) at 2:02 p.m.
- H 624** **Representative Blanksma** introduced **H 624**, the Commercial Property Assessed Expenditure Act (CPACE). This legislation provided low cost, long-term financing for commercial property owners. It provided commercial investment in the county. It was a voluntary program. There was no government expenditure. It lowered property taxes by bringing in additional commercial property to share the property tax load.
- David Lehman**, representing Tamarack Resort, outlined the bill. **H 624** authorized local governments to establish CPACE programs through a public hearing process. The local government could administer the program itself or contract with a third party to administer it. This legislation set forth criteria for eligibility. The applicant was required to demonstrate that the investment would provide a specific benefit such as improve energy or water efficiency, reduce health concerns such as storm water, or reduce the need for emergency response through installation of fire suppressant.
- The bill set forth an application process and a process for review of the application. All parties, including the local government, the property owner, and additional lien holders, were required to consent, in writing, to the agreement for CPACE financing. A special assessment was recorded in county records. That assessment was treated as a lien against the property and was subordinate to any property tax lien. The assessment was collected at the same time as property taxes by the local government or third party with whom they had contracted. There was no cost to the taxpayer. The local government could charge a fee to cover any costs.
- DISCUSSION:** **Senator Grow** inquired how they intended to make local governments aware of this program. **Mr. Lehman** responded that this bill was printed last year. During that time, they had met with various local governments and stakeholders.
- TESTIMONY:** **Seth Grigg**, Executive Director, Idaho Association of Counties (IAC), stated that IAC's legislative committee had reviewed the bill and had no concerns.
- DISCUSSION:** **Senator Grow** asked Mr. Grigg whether the IAC had any plans to make the counties aware of the CPACE program. **Mr. Grigg** responded that they would include this in their post-legislative session tour in four regions of the State. He further stated that this was a voluntary program.

Vice Chairman Schroeder asked Mr. Lehman to explain the difference between the CPACE program and the Community Infrastructure District (CID). Mr. Lehman deferred to Scott Turlington to respond.

TESTIMONY: **Scott Turlington**, President and CEO of Tamarack Resort, first responded to Senator Grow's question relating to communication about the availability of the CPACE program and stated that the CPACE program was available in 35 states. If the bill passed, he intended to share this with their county commissioners and seek a county wide program.

He explained that CIDs and CPACE were different. Under CPACE the lien was an assessment lien rather than a property tax lien. There was no ad valorem tax and no vote required because there was no public expenditure. With a CID, once a district was created, the property owner could borrow up to seven or eight percent of the property tax value of the property. In that regard, the CPACE program was more similar to a LID. CPACE required no expenditure of public dollars. The assessment liens were subordinate to property tax liens.

Mr. Lehman closed his remarks and stated that this program would facilitate private investment in commercial structures that increased property tax values and broadened the tax base.

MOTION: **Vice Chairman Schroeder** moved to send **H 624** to the floor with a **do pass** recommendation. **Senator Bernt** seconded the motion. The motion carried by **voice vote**.

HCR 33 Rule Approval - House Revenue and Taxation and Senate Local Government and Taxation Committees - States findings of the Legislature and approves pending rules of the State Tax Commission reviewed by the House Revenue and Taxation Committee and the Senate Local Government and Taxation Committee.

Chairman Ricks explained that this was a concurrent resolution to approve the administrative rules of the Idaho State Tax Commission which this Committee and the House Revenue and Taxation Committee both approved in their entirety.

MOTION: **Vice Chairman Schroeder** moved to send **HCR 33** to the floor with a **do pass** recommendation. **Senator Rabe** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: March 5, 2024. **Senator Rabe** moved to approve the Minutes of March 5, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 2:21 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Wednesday, March 20, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1428</u>	INCOME TAXES - Amends existing law to clarify that military retirement benefits are exempt regardless of the age or disability status of the retired military member or such member's widow or widower.	Senator Trakel
<u>S 1420</u>	SOLID WASTE DISPOSAL SITES - Amends existing law to revise provisions regarding authority of county commissioners.	Senator Den Hartog
MINUTES APPROVAL:	March 7, 2024.	Senator Adams Senator Bernt
MINUTES APPROVAL:	March 12, 2024.	Senator Schroeder Senator Just
MINUTES APPROVAL:	March 14, 2024.	Senator Cook Senator Trakel
PRESENTATION:	Page Graduation - Kate Paine	Senator Ricks

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow

Sen Bernt
Sen Trakel
Sen Rabe

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315

Sen Cook
Sen Adams

Sen Just

Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 20, 2024

TIME: 2:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator Cook

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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 2:03 p.m.

S 1428 **Senator Trakel** presented **S 1428**. This legislation created a deduction from Idaho income taxes for military retirement benefits. Idaho was one of 17 states that taxed military retirement income. This deduction would attract more veterans to Idaho. Military retirees brought many skills to the workplace. They often retained their security clearances for several years. That saved employers such as Micron a significant amount in obtaining security clearances. Military retirees, on the average, made \$10,000 more annually than non-military. According to the Idaho Department of Labor, Idaho lost approximately 1.02 percent of its veterans annually and ranked fifth nationally in the percentage of decline in veterans.

DISCUSSION: **Chairman Ricks** asked whether the anticipated reduction in income of \$12.2 million was based on the current number of veterans in Idaho or a projected number. **Senator Trakel** responded that was based on the current number of veterans in Idaho. **Chairman Ricks** then asked whether there was a projection of the fiscal impact for the following year. **Senator Trakel** responded that any reduction in income tax from military benefits would be offset in the long term by the income taxes paid by additional veterans who came to Idaho and earned other income. **Chairman Ricks** asked how many military retirees there were currently in Idaho. **Senator Trakel** replied there were 4,589 according to the Department of Defense.

Vice Chairman Schroeder, addressing the language on page 1, line 37, asked whether retirement benefits paid to a retired member of the military service would include those who were not veterans. **Senator Trakel** interpreted that language to require that the retiree had to be a member of the military.

Senator Adams read the definition of veteran in U.S. Code § 38-101: "a person who served in the active military, naval, air, or space service and who is discharged or released therefrom under conditions other than dishonorable, " and noted that did not require combat.

TESTIMONY: **Ivan Hurlburt**, representing the Idaho Workforce Enhancement Advocacy Group and the Veterans Association of Real Estate Professionals, testified in support of **S 1428**. He argued that these retirement benefits were already taxed by the federal government and the State also taxing these benefits was an insult. Idaho was a veteran friendly state in terms of the support veterans received from many organizations. This bill would make Idaho more veteran friendly.

Fred Birnbaum, Idaho Freedom Foundation, spoke against **S 1428**. He objected to the carve out for a single group, veterans. He noted that, unlike most pensions, military pensions were totally funded by the government without any contribution from the veteran. The average age of a military retiree was 47. Therefore, this was an advantageous pension.

DISCUSSION: **Senator Adams** noted that many individuals and organizations received tax deductions and asked whether Mr. Birnbaum objected to all deductions. **Mr. Birnbaum** responded that if military pensions were deductible, all pensions should be. He objected to all deductions.

Senator Grow asked, with respect to the language on page 1, lines 39 through 41, "regardless of the age or disability classification of the retired member..." whether Mr. Birnbaum would feel more comfortable specifying age 65 or something else. **Mr. Birnbaum** replied that he would be comfortable specifying age 65 because that maintained the status quo.

TESTIMONY: **Maureen O'Toole**, a Lieutenant Colonel retired from the army reserves, spoke in support of **S 1428**. She explained that there was a distinction between active duty retirement and reserve retirement. One could not collect reserve retirement until age 60, even if they retired 20 years earlier. Therefore, it was a much shorter period of taxable income. Those who retired from active duty had a much longer period of retirement benefits.

DISCUSSION: **Chairman Ricks** asked why she chose to retire in Idaho where the military retirement benefits were not tax exempt. **Mrs. O'Toole** explained that it was because her husband got a job here, her father, retired from active duty in the Air Force, had Parkinson's disease and Idaho's VA hospital was the second best in the United States.

TESTIMONY: **Senator Trakel** concluded his remarks. He cited the definition of veteran in Idaho Code § 65-203. He further cited numerous individuals and organizations who received tax deductions.

DISCUSSION: **Vice Chairman Schroeder**, pursuant to Senate Rule 39(H), declared a conflict of interest. He received military retirement benefits.

MOTION: **Senator Adams** moved to send **S 1428** to the floor with a **do pass** recommendation. **Senator Just** seconded the motion.

DISCUSSION: **Senator Adams** argued that the revenue brought in by providing employees with qualifications and security clearances together with revenue from income taxes on high paying jobs by military retirees coming to Idaho would offset the reduction in income projected in the fiscal note.

Vice Chairman Schroeder stated that he supported the concept of the deduction in this bill. However, he wasn't sure Idaho could afford the reduction in revenue, especially where the State faced shortfalls and there were urgent needs such as statewide EMS services.

Senator Rabe expressed concern about the budget as well and requested more details on the information in the fiscal note.

Senator Adams noted that Idaho would not incur the reduction in tax revenue until 2026. He further distinguished this reduction in revenue from an increase in cost.

Chairman Ricks also expressed concerned about the State's budget and the potential fiscal impact of this bill. He commented that 4,500 military retirees chose to live in Idaho without this tax exemption.

Vice Chairman Schroeder stated that he supported the motion, but might not vote for it on the floor.

VOTE: The motion carried by **voice vote**.

S 1420 **Senator Den Hartog** presented **S 1420**. This bill related to the practice of flow control. It involved an important conversation about the interplay between local governments and private enterprise regarding solid waste control. She asked that **S 1420** be sent to the 14th Order for possible amendment.

Ben Brocksome, Brocksome and Associates, representing Republic Services, requested that **S 1420** be sent to the 14th Order for possible amendment. There had been concerns raised by smaller districts and others. The intent of this legislation was to clearly define the situation that happened between the public and private sector and entities within the private sector. The private sector operated under permits issued by the county who was often a competitor. That created a conflict of interest. They had seen government monopolies rise in other states. They requested additional time to work toward an agreement between the involved parties.

MOTION: **Senator Just** moved to send **S 1420** to the 14th Order for possible amendment. **Senator Schroeder** seconded the motion.

TESTIMONY: **Jonathan Harms**, IRWS, testified in opposition to **S 1420**. He argued that flow control existed currently with contracts and agreements. This bill removed the voluntary agreement between the people through their representatives to contract with a landfill and left that to the sole discretion of the waste hauler. This prevented local governments from entering into contracts with waste disposers if they employed a third party hauler. There was one third party hauler in Idaho. This bill gave them unilateral control over waste disposal. This violated the commerce clause and 14th Amendment to the U.S. Constitution.

Steve Freiberg, Idaho Solid Waste Association Legislative Committee, was uncertain the specific conflicts they saw in this bill and other health and safety issues could be addressed in the 14th Order.

Herb Cantu, Director, Ada County Landfill, agreed that more time was required to assess the impact of **S 1420**. This bill required a competitive bidding which could be a significant risk to local governments when awarding the contract to the lowest bidder. He recommended that the process for entering a waste disposal contract be similar to the process for contracting for an essential service under Title 67, Chapter 28 Idaho Code, which would allow local governments to contract with the most qualified provider. **S 1420** prevented local governments from implementing flow control to their own facility or facilities in conflict with a U.S. Supreme Court ruling between United Haulers Associated, Incorporated and Solid Waste Management Authority. **Mr. Cantu** expressed a willingness to work to ensure that a responsible policy was developed.

Senator Den Hartog gave her closing remarks. She reiterated her commitment to reach consensus.

DISCUSSION: **Senator Bernt** stated that he felt this was an important issue and supported sending **S 1420** to the 14th Order for possible amendment.

Chairman Ricks was concerned about whether consensus could be reached in the 14th Order. He noted that those who had signed up to testify were against the bill. He urged the Committee to hold the bill in Committee.

SUBSTITUTE MOTION: **Senator Adams** made a substitute motion to hold **S 1420** in Committee. **Senator Trakel** seconded the motion.

DISCUSSION: **Senator Bernt** noted there was a strong commitment to handle the bill in the 14th Order and he supported the original motion.

Vice Chairman Schroeder felt an agreement could be reached in the 14th Order and supported the original motion.

Senator Rabe noted that consensus would take a lot of feedback from stakeholders. She wanted the stakeholders to continue to work together. She was conflicted on which motion she supported.

Chairman Ricks argued that it was uncertain whether bills sent to the 14th Order at this point of the session would continue forward. He also wanted to give time for stakeholders to continue to work toward an agreement.

ROLL CALL VOTE: **Chairman Ricks** called for a roll call vote on the substitute motion to hold **S 1420** in Committee. **Chairman Ricks** and **Senators Adams, Trakel, and Rabe** voted aye. **Vice Chairman Schroeder** and **Senators Grow, Bernt, and Just** voted nay. The motion failed.

ORIGINAL MOTION: The original motion to send **S 1420** to the 14th Order for possible amendment passed by **voice vote**.

PRESENTATION: Page Graduation - Kate Paine. Chairman Ricks moved this item up the agenda. **Chairman Ricks** asked Miss Paine to share about her experience as a page and her plans for the future.

Miss Paine said this experience, "took the cake," for the best experience she ever had. It had been a pleasure to work with the Committee.

Chairman Ricks asked Miss Paine about the dance she was invited to by a young man in the Senate gallery. **Miss Paine** explained she had been asked to prom and thanked Senator Bernt for helping arrange that. It was a complete surprise.

Senator Bernt thanked Miss Paine for her service.

Vice Chairman Schroeder also thanked Miss Paine for her service and said she had done a wonderful job.

The Committee then presented Miss Paine with a letter of reference from Chairman Ricks, a letter from the Committee, and several gifts.

MINUTES APPROVAL: March 7, 2024. **Senator Adams** moved to approve the Minutes of March 7, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: March 12, 2024. **Vice Chairman Schroeder** moved to approve the Minutes of March 12, 2024. **Senator Just** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: March 14, 2024. **Senator Just** moved to approve the Minutes of March 14, 2024. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:17 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary

AMENDED AGENDA #2
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
1:30 P.M.
Room WW53
Wednesday, March 27, 2024

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
PRESENTATION:	S 1370 Relating to Water.	Senator Anthon
<u>HCR 47</u>	RULE APPROVAL - HOUSE REVENUE AND TAXATION AND SENATE LOCAL GOVERNMENT AND TAXATION COMMITTEES - States findings of the Legislature and approves pending rules of the Idaho State Board of Tax Appeals reviewed by the House Revenue and Taxation Committee and the Senate Local Government and Taxation Committee, with exceptions.	Senator Schroeder Rep. Ehlers
MINUTES APPROVAL:	March 20, 2024.	Senator Ricks

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Ricks
Vice Chairman Schroeder
Sen Grow
Sen Cook
Sen Adams

Sen Bernt
Sen Trakel
Sen Rabe
Sen Just

COMMITTEE SECRETARY

Meg Lawless
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 27, 2024

TIME: 1:30 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator Rabe

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: **Vice Chairman Schroeder** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 1:35 p.m.

PRESENTATION: **S 1370** Relating to Water. This agenda item was moved to later on the agenda.

HCR 47 **RULE APPROVAL - HOUSE REVENUE AND TAXATION AND SENATE LOCAL GOVERNMENT AND TAXATION COMMITTEES - States findings of the Legislature and approves pending rules of the Idaho State Board of Tax Appeals reviewed by the House Revenue and Taxation Committee and the Senate Local Government and Taxation Committee, with exceptions.**

Representative Ehlers presented **HCR 47**. He explained that the Senate approved the administrative rules of the Idaho State Board of Tax Appeals (Board). The House approved those rules with the exception of several sections relating to just, speedy, and efficient appeals which were being removed from the rules. **Representative Ehlers** asked that the Committee approve **HCR 47**.

MOTION: **Senator Grow** moved to send **HCR 47** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **S 1370** Relating to Water. **Paul Arrington**, Idaho Water Users Association (IWUA), made a presentation on **S 1370** (Attachment 1). This legislation dealt with the domestic use exemption in Idaho Code. The expansive use of domestic wells had a detrimental effect on Idaho's water supply. **S 1370** sought to protect that water supply. Slides 3 and 4 illustrated the decline in water storage in the Eastern Snake River Plain Aquifer and near Blackfoot to Minidoka Reach Gains. Slide 5 provided details of water supply challenges in other areas of the State. The Water Board spent \$319 million over the last decade on water stabilization projects (Slide 6).

The expansive use of domestic wells had a large impact on Idaho's water supply. The IWUA worked with various stakeholders listed on Slide 11 to develop solutions. Idaho Code § 42-111 (1) (a) defined "domestic purposes" as, "The use for homes ... including irrigation of up to one-half acre of land, if the total use is not in excess of thirteen thousand (13,000) gallons per day" (Slide 13). A domestic well did not require an application and was not subject to regulation or oversight. According to the Idaho Department of Water Resources (IDWR), there were between 87,000 and 125,000 deferred claims filed in the SRBA (Slide 14). Slide 15 illustrated the number of exempt wells that were drilled between 2014 and 2023. There were 29,646 domestic wells drilled between 2013 and 2023. Each of those wells could use up to 13,000 gallons per day which was as much as 430,000 acre feet (Slide 16).

PASSED THE GAVEL: Vice Chairman Schroeder passed the gavel to Chairman Ricks.

PRESENTATION: **Mr. Arrington** continued. He explained that a community well required an application with the IDWR and was subject to regulation and oversight in times of a water shortage. Slide 19 showed Janko Acres, a subdivision within the Eastern Snake River Plain with numerous domestic wells. IDWR sued Janko Acres and asserted that Janko Acres had junior rights. Because these were domestic wells, they were not subject to regulation.

Domestic wells were used more often than community wells for several reasons. A community well required a water right which was difficult to acquire. A community well was more expensive to drill. A community well was subject to permitting requirements and regulation. In addition, there was ongoing upkeep and maintenance required of community wells.

Various solutions outlined on Slide 22 were discussed over the last several years. **S 1370** required a community well in all subdivisions with ten or more lots. It strengthened the "retain surface water" provisions currently in statute. It clarified local government authorities (Slide 24). In addition, **S 1370** addressed the definition of domestic exemption. It provided a path for mitigation for subdivisions. Finally, it streamlined and simplified the permit and regulatory process (Slide 25).

DISCUSSION: **Senator Cook** asked Mr. Arrington to explain what was meant by strengthen the "retain surface water" provision on Slide 24. **Mr. Arrington** explained that Idaho Code § 41-3805 (2) provided that if the land was currently being irrigated with surface water, and that land was put in a development, the surface water should be left for irrigation and a well should be used for in home water use. **Senator Cook** then asked whether they had looked at reservoirs or Teton Dam as part of the solution. **Mr. Arrington** stated they had looked at various opportunities to improve the water supply such as raising Minidoka Dam and Anderson Dam, but Teton Dam was not a realistic solution to building new on stream storage space.

Senator Trakel asked whether there were any statistics regarding the percentage of water used by the agricultural community. **Mr. Arrington** answered that they had requested that information, but had not received it yet. However, he felt that a very large percentage of water use was by the agricultural community.

Senator Just commented that this was an excellent first step toward addressing Idaho's water supply shortage.

Chairman Ricks thanked Mr. Arrington for the presentation and stated that he hoped they could work toward a path going forward.

TESTIMONY: **Senator Anthon** stated that he appreciated the opportunity to have this discussion. He acknowledged the divergent interests involved and hoped to continue to work toward a solution.

DISCUSSION: **Vice Chairman Schroeder** stated that there were issues in the Mountain Home area relating to the number of shallow domestic wells. The city recommended the use of communal wells in subdivisions. He looked forward to moving forward.

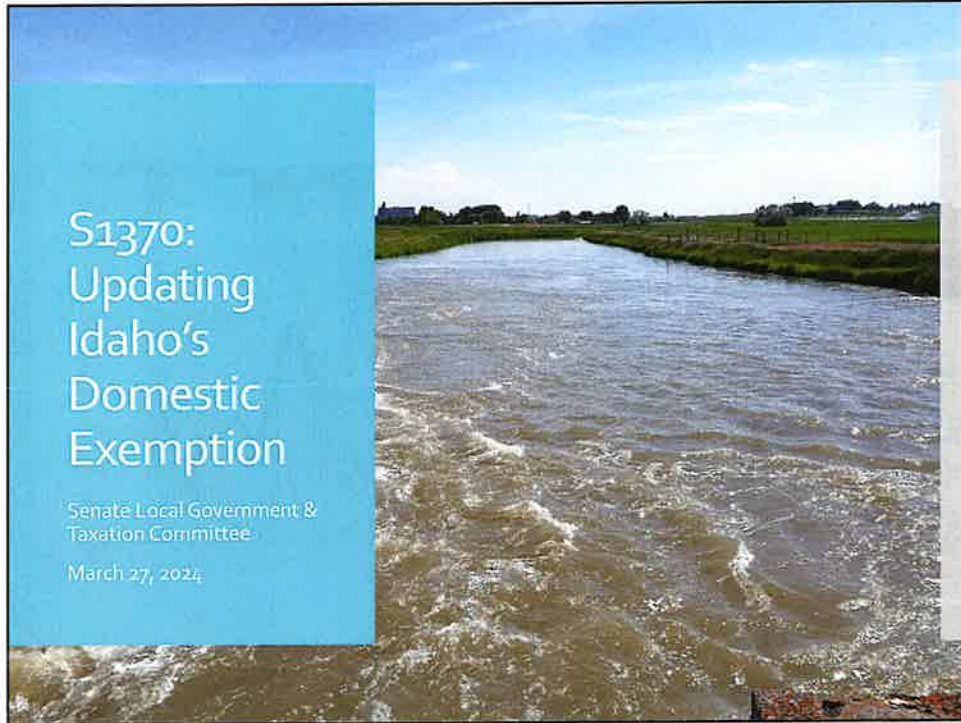
Senator Trakel asked for clarification on whether the usage of water in multiple individual wells would be the same amount used by those users of a community well. **Mr. Arrington** acknowledged that was correct; however, the domestic well users did not have a water right and were not subject to administration and regulation during times of shortage.

MINUTES
APPROVAL: March 20, 2024. **Vice Chairman Schroeder** moved to approve the Minutes of March 20, 2024. **Senator Bernt** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the meeting at 2:14 p.m.

Senator Ricks
Chair

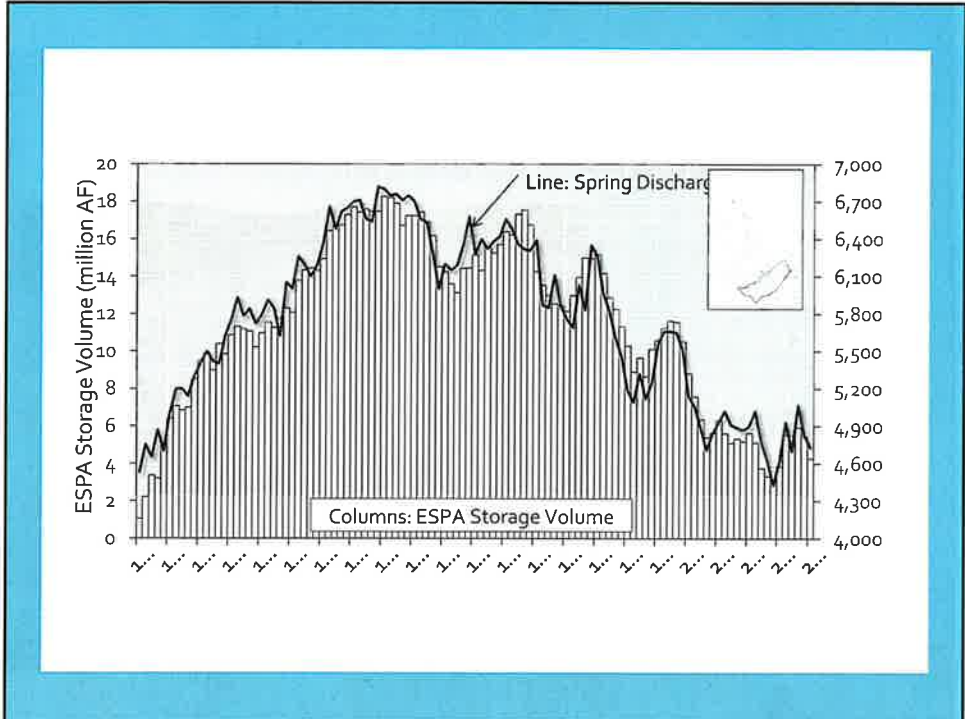
Meg Lawless
Secretary



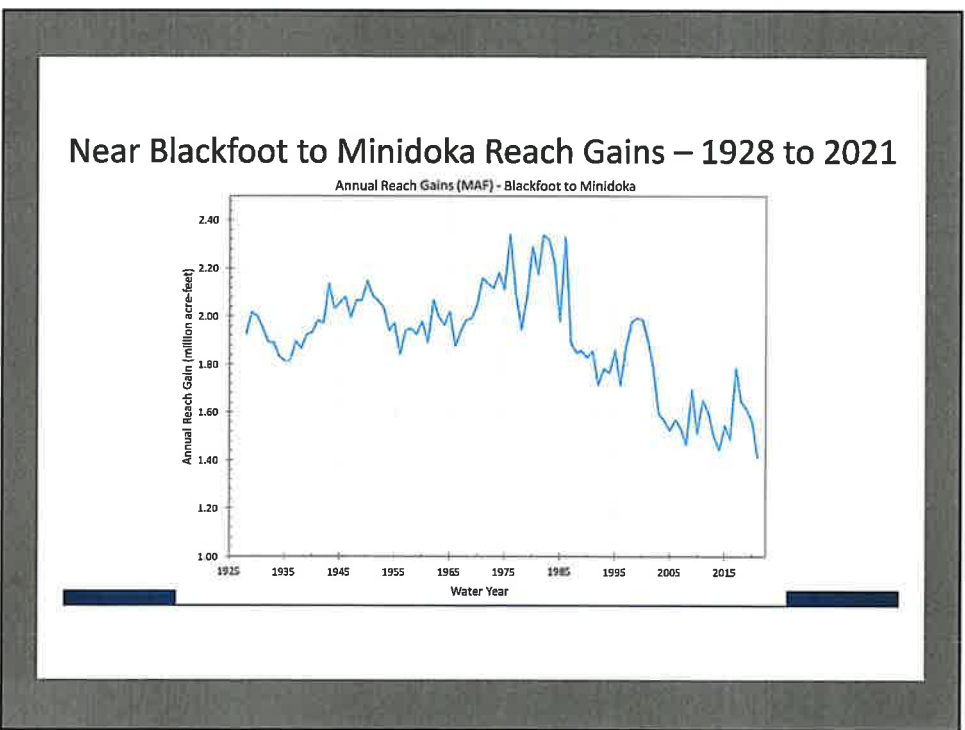
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More than just an ESPA issue ...

- **Treasure Valley:** By 2065 -
 - Population > 1.57m (~811k in 2022)
 - Households increase 280%
 - Need 188,000 AF/year
- **Elmore County:**
 - Up to 200-foot declines since the 1960's
 - Current decline of 5-feet / year in areas
 - Annual pumping deficit of 43,000 AF/year
- **Rathdrum Prairie:** By 2045 -
 - Population growth of 88,000
 - Significant increase in water demand
- **Palouse Aquifer:**
 - 2,256 AF/year required to stabilize the aquifer

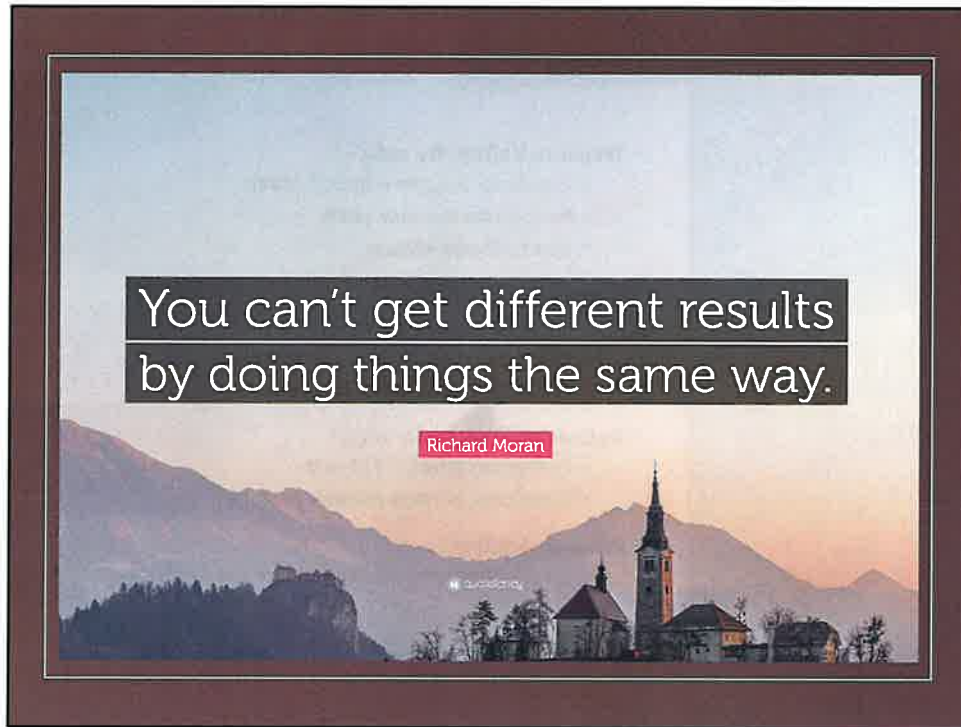
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\$310m spent on aquifer stabilization / sustainability projects (10-years)

- Recharge
- Studies / analysis
- Pipelines
- Conversation projects (GW => SW irrigation)

STATE FUNDS
Significant more time, money and other resources from stakeholders

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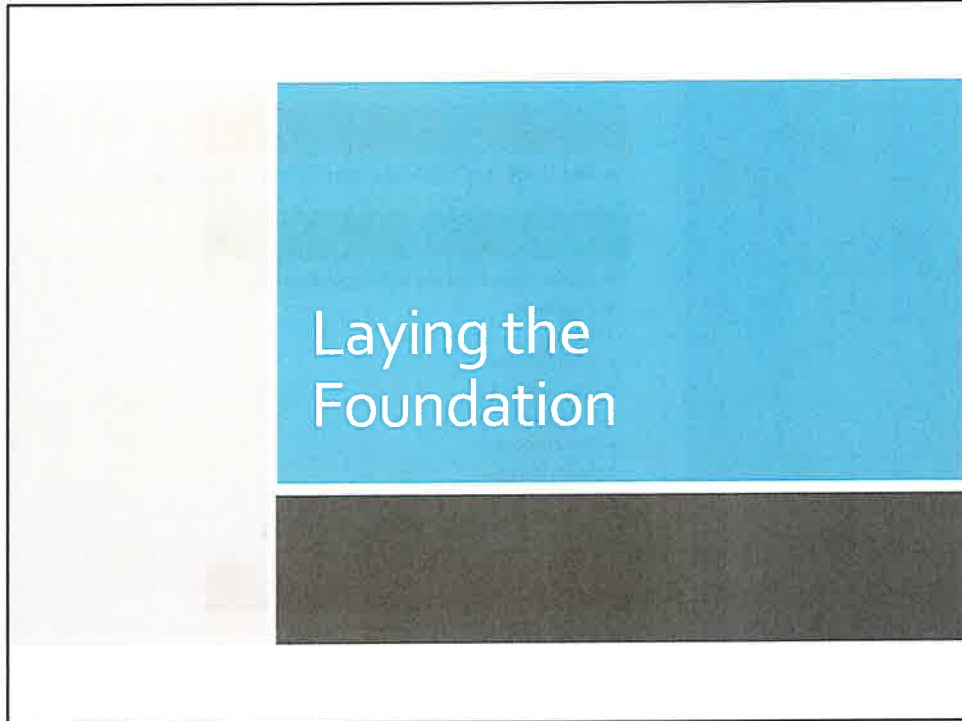


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Discussion Outline

- **Laying the Foundation**
 - Initial Conversations
 - Forming a Workgroup
 - Engaging Stakeholders
- **Understanding the Issues**
 - What is the Domestic Exemption?
 - Varied Perspectives
- **Finding a Solution**
 - Cleaver v. Scalpel
 - S1370
 - Additional concepts

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Forming Workgroup & Engaging Stakeholders

IWUA Workgroup formed

- Met to identify / hone the issue (about 4-5 months)

Stakeholders Engaged:

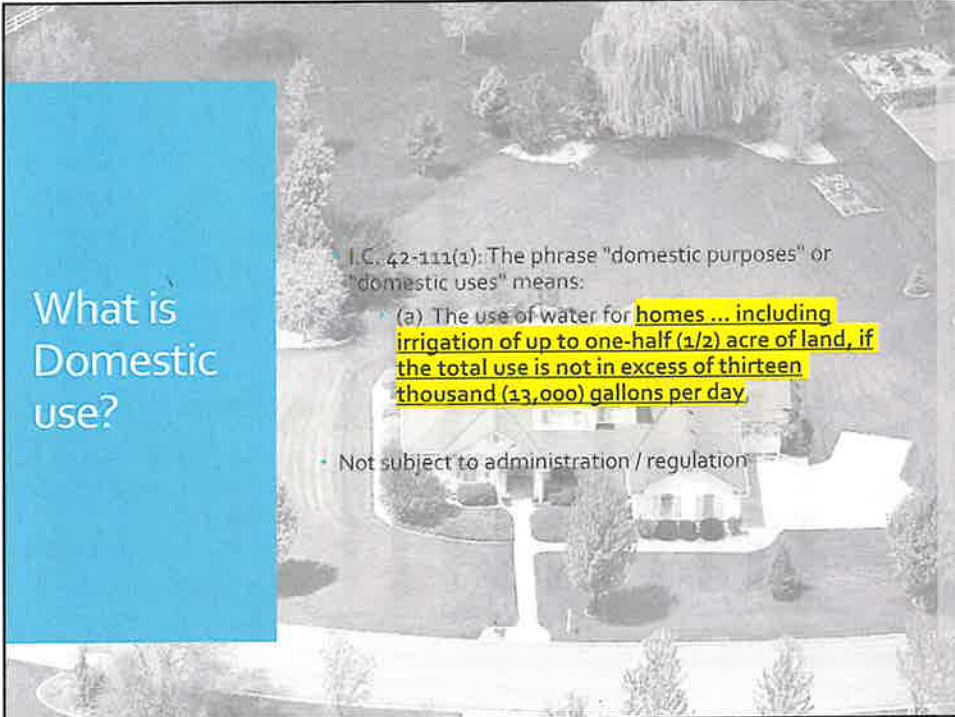
- Water users (surface and ground water)
- Counties
- Cities
- Well Drillers
- Consultants
- Realtors
- Developers
- Farm Bureau
- Idaho Department of Water Quality
- Idaho Department of Water Resources

Domestic Use Workshop (Sept. 2022)

11

Understanding the Issue

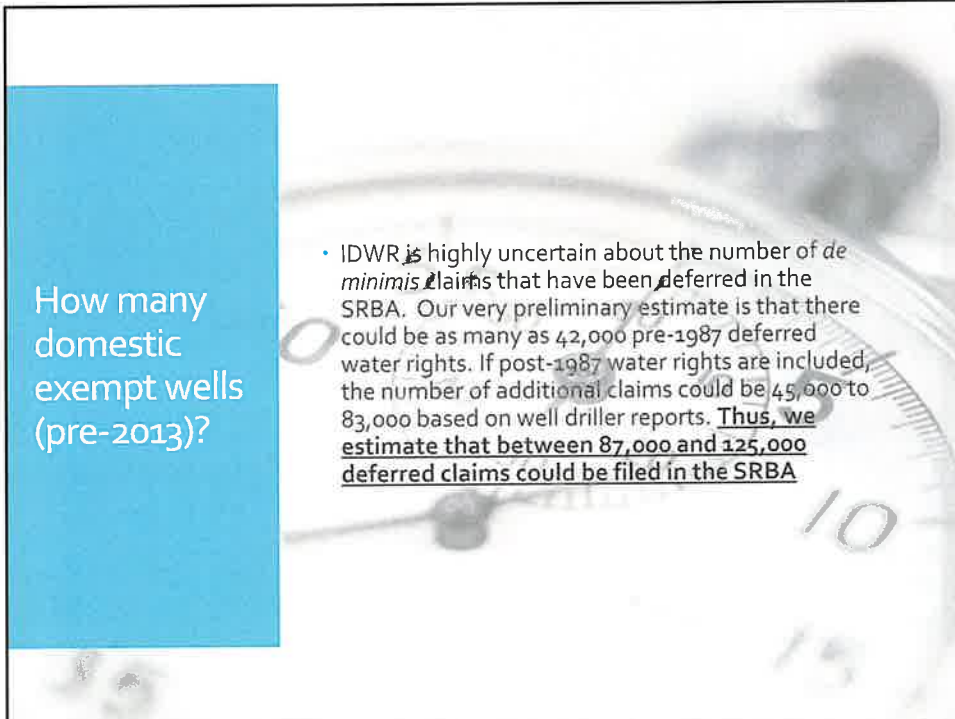
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What is Domestic use?

- I.C. 42-111(1): The phrase "domestic purposes" or "domestic uses" means:
 - (a) The use of water for homes ... including irrigation of up to one-half (1/2) acre of land, if the total use is not in excess of thirteen thousand (13,000) gallons per day.
- Not subject to administration / regulation

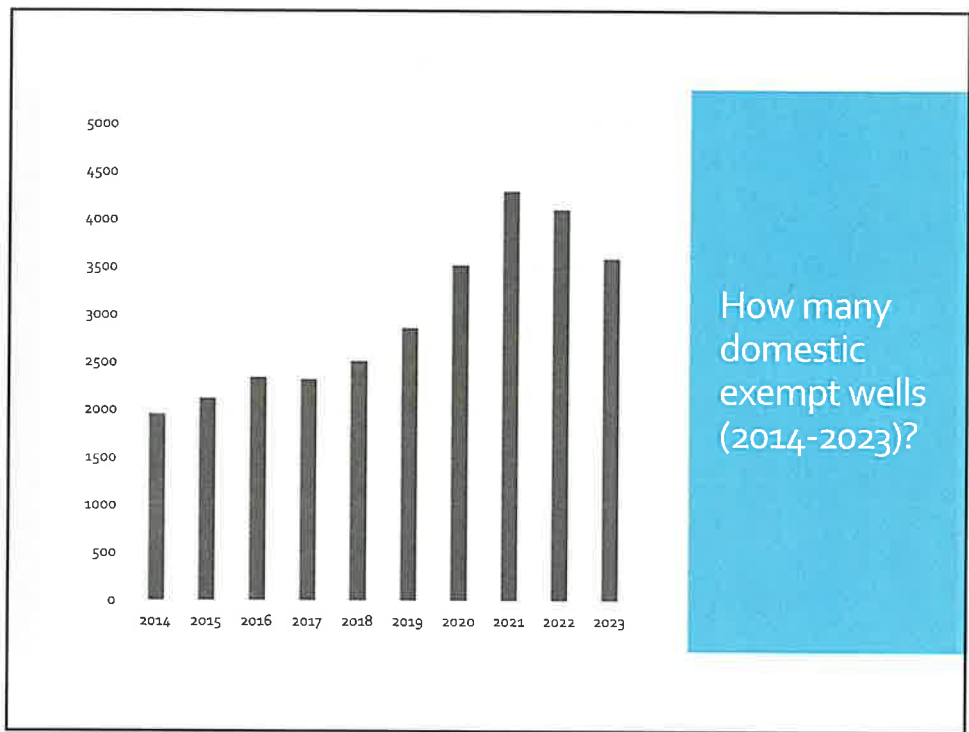
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How many domestic exempt wells (pre-2013)?

- IDWR is highly uncertain about the number of *de minimis* claims that have been deferred in the SRBA. Our very preliminary estimate is that there could be as many as 42,000 pre-1987 deferred water rights. If post-1987 water rights are included, the number of additional claims could be 45,000 to 83,000 based on well driller reports. Thus, we estimate that between 87,000 and 125,000 deferred claims could be filed in the SRBA

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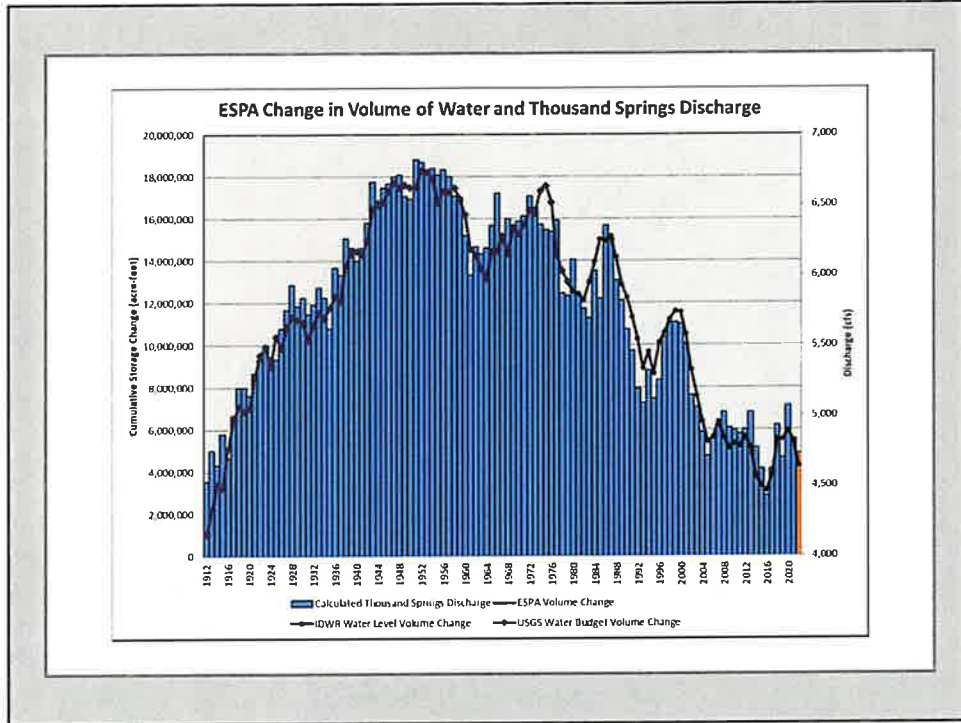


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By the Numbers (2014-2023)

- 29,646+ domestic use wells
- 14,823 acres of potential irrigation / year
- 430,000+ AF of potential use / year
 - Lucky Peak: 280,000 AF
 - Lake Walcott: 210,000 AF
 - Island Park Reservoir: 135,000 AF

16



17



18



19



20



21



22




23

S1370

- Shared / Public water system for all subdivisions with 10+ lots
- Strengthen "Retain Surface Water" provisions
- Clarify local government authorities

24



Additional Discussions

- Additional sideboards on use of Domestic Exemption
- Provide path for mitigation for subdivisions (don't want to kill development)
- Find ways to simplify / streamline permitting and regulatory process

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Questions?

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