

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 16, 2025

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Adams, Senators Grow, Bernt, Den Hartog, Toews, Rabe, and Taylor

ABSENT/ EXCUSED: Senator Anthon

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 3:00 p.m.

H3 **Representative Ehlers** presented **H3**. He explained that this was the annual tax conformity bill. The only change was the year, 2025. There were no further changes. **Representative Ehlers** further explained that there was some urgency in passing this so that tax preparers could begin preparing tax returns.

MOTION: **Senator Grow** moved to send **H3** to the floor with a **do pass** recommendation. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**. **Senator Grow** agreed to carry the bill on the floor.

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

35-0103-2401 **Property Tax Administration - Pending Rule. Kathlynn Ireland**, Property Tax Research Specialist with the Idaho State Tax Commission (ISTC), presented this docket. **Ms. Ireland** stated that this docket amended Property Tax Rule 617 entitled Agricultural Land Valuation Definitions. This rule provided guidance to county assessors in calculating agricultural land values. The rule was amended to correct the calculation of gross income per acre. The new formula in 35-0103-2401(6) calculated grazing and meadow land net income based on animal unit month (AUM) which was determined by multiplying the number of cow-calf pairs by the number of months grazed. Then the number of AUMs was multiplied by the five year average of rents per AUM. The average rent per AUM was derived through locally sourced questionnaires provided by ranchers in that area. If no locally sourced data was available, the rule provided for the ability to obtain published information from third party providers.

In addition to the amendment in 35-0103-2401(6), other language was removed from subsections (4), (5), and (6) that was considered ancillary under the Zero Based Regulations in Governor Little's Executive Order from 2020.

DISCUSSION: **Senator Den Hartog** asked Ms. Ireland for an example of locally sourced data, and if there was a group or association from which the data was obtained. **Ms. Ireland** replied that information was obtained from ranchers within that assessment area which might have included expenses associated with irrigation or dry grazing land.

Senator Grow asked what led to the change in calculation. **Ms. Ireland** explained that the ISTC was calculating acres per income. A capitalization approach required calculation of income per acre.

- MOTION:** **Chairman Ricks** moved to approve **Docket No. 35-0103-2401**. **Senator Taylor** seconded the motion. The motion carried by **voice vote**.
- 35-0103-2402** **Property Tax Administrative Rules - Temporary and Pending. Kathlynn Ireland**, Property Tax Research Specialist, Idaho State Tax Commission (ISTC), presented this docket. **Ms. Ireland** stated that this docket amended Rule 810 entitled Property Tax Relief. The rule was originally drafted to provide guidance for the distribution of property tax relief in H 292 enacted in 2023. H 521, enacted in 2024, changed many of the provisions within the tax relief programs. The amendments to Rule 810 implemented the provisions of H 521. Subsection (01) included the addition of the School District plant facilities and safe school plant facilities funds. That section amended Idaho Code §33-911. Subsection (02) was also amended to comply with H 521 provisions relating to plant facilities. Subsection (3)(b) was entirely stricken to comply with H 521(26). That amended Idaho Code §63-724 to allow county treasurers to utilize the previous year's levy rate to calculate the property tax relief roll. The new subsection (03) provided clarifying language in compliance with Idaho Code §63-724 as well. Subsection (04) struck the provision related to All Tax Relief under H 292 which was eliminated in H 521. The General Fund money was redirected to the School District Facilities Fund and the Homeowner Tax Relief Fund.
- DISCUSSION:** **Chairman Ricks** asked Ms. Ireland whether they received any feedback on these rules. She responded that the ISTC always participated in negotiated rulemaking and that the feedback they received on these rules was all positive.
- MOTION:** **Senator Toews** moved to approve **Docket No. 35-0103-2402**. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.
- 35-0110-2401** **Idaho Cigarette and Tobacco Products Taxes Administrative Rules (ZBR Chapter rewrite) - Pending Rule. Elena Gonzalez**, Tax Research Specialist, ISTC, presented this docket. **Ms. Gonzalez** explained that this was a complete review and rewrite of the cigarette and tobacco rules in compliance with Governor Little's Zero Based Regulation executive order in 2020. There were no substantive or material changes. Provisions that were restated in statute were removed. Some examples were added to ISTC's website. When possible, provisions that applied to both cigarette and tobacco products were combined. ISTC sought participation by industry representatives, and there were no objections to the rules during negotiated rulemaking.
- DISCUSSION:** **Chairman Ricks** asked Ms. Gonzalez whether the stricken language was the result of combining provisions that applied to both cigarette and tobacco products. **Ms. Gonzalez** affirmed that was correct. **Chairman Ricks** next inquired whether there were any material or substantive changes. **Ms. Gonzalez** stated that there were not.
- Senator Taylor** asked Ms. Gonzalez what manner they used to destroy the cigarettes and how did ISTC verify the destruction. **Ms. Gonzalez** stated that ISTC reserved the right to witness the destruction of cigarettes, but they usually received an application to destroy and they were destroyed only after ISTC granted permission.
- MOTION:** **Senator Den Hartog** moved to approve **Docket No. 35-0110-2401**. **Senator Taylor** seconded the motion. The motion carried by **voice vote**.
- PASSED THE GAVEL:** Vice Chairman Adams returned the gavel to Chairman Ricks.
- ADJOURNED:** **Chairman Ricks** adjourned the meeting of the Committee at 3:22 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary