MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 13, 2025

TIME: 3:00 P.M.

PLACE: Room WW53

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

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 3:00 p.m.

H 40 **Representative Monks** presented **H 40**. First, **H 40** eliminated capital gains taxes on gold bullion and metals.

Second, it expanded the income tax exemption for military retirement benefits. Currently, as stated on page 4, lines 34-38, retirement benefits paid to a military serviceman, federal civil servant, foreign service worker, firefighter or city policeman could only be deducted if the individual had attained sixty-five years of age or had attained the age of sixty-two and was disabled. Under this bill, on page 5, lines 17-23, retirement benefits paid to a military serviceman could be deducted regardless of whether he or she was disabled, if he or she had not attained the age of sixty-two, was employed during the tax year, and earned sufficient income from that employment to have been required to file a federal income tax return. The State benefitted from having those personnel come here. They would increase revenue through the income taxes and sales taxes they paid.

Finally, **H 40** lowered the income tax rate. The fiscal note stated that there would be a reduction in revenue of $240 million as a result of the reduction in income taxes. However, that assumed that those savings were not spent or invested by taxpayers.

DISCUSSION: **Senator Bernt** asked Representative Monks to clarify who was covered under the military retirement benefits provision. **Representative Monks** explained that military personnel could deduct their retirement, regardless of whether they were disabled or not, if they had not reached the age of 62 years, were employed during the tax year, and earned enough to be required to file an income tax return.

Senator Grow asked what the filing requirements were under Internal Revenue Code §6012(a)(1). **Representative Monks** responded that it was $12,950 for a single individual and more if he or she was married or had dependents. **Senator Grow** later stated that the standard deduction for a married couple was $29,200.

Senator Rabe commented that she had heard concerns that Idaho could not afford these tax breaks. **Representative Monks** replied that Idaho had a surplus of approximately $1.6 billion and an annual budget of $6 billion.

Senator Grow asked how Representative Monks arrived at the percentage of reduction in the income tax rate. **Representative Monks** stated that they attempted to balance cuts in the income tax rate with cuts in other areas such as property and groceries.

Chairman Ricks asked Representative Monks whether he thought some of the $240 million in projected decrease in revenue would be returned in different ways. **Representative Monks** felt that sales taxes and investments would return some of that revenue to the State.

Senator Rabe cited an estimate from the Idaho Center for Fiscal Policy that a family of average income would receive $127 and top earners would receive $5,358. She asked Representative Monks if he felt that was accurate. **Representative Monks** stated that the more an individual earned, the more he or she would receive.

MOTION: **Senator Anthon** moved to send **H 40** to the floor with a **do pass** recommendation. **Senator Den Hartog** seconded the motion.

DISCUSSION: **Senator Anthon** noted that there was some question regarding whether this tax relief was an appropriate amount given the uncertainty of Idaho's economy. In addition, there would be additional legislation relating to grocery and property taxes. This bill deserved to be considered by the whole Senate.

Senator Taylor stated that he would have preferred to have three separate bills. He argued that they should wait a year given the uncertainty of our economy. He would not be supporting the bill.

Senator Rabe stated that she would not be supporting the motion. The State didn't know how much of a surplus there would be and she preferred to put any surplus toward property and grocery tax relief.

Chairman Ricks supported **H 40**. Every dollar not paid in taxes would be returned to Idaho's economy through purchases.

VOTE: The motion carried by **voice vote**. **Senators Rabe** and **Taylor** were recorded as voting nay.

S 1073 **MUNICIPAL CORPORATIONS - Amends existing law to revise provisions regarding solid waste collection systems. Vice Chairman Adams** presented **S 1073**. **Vice Chairman Adams** explained that this bill provided that even if a city had franchising rights for waste disposal for regular curbside pickup, a resident could hire a separate company to put a dumpster in their yard for disposal during a remodel or other purpose. This supported a free market.

DISCUSSION: **Senator Bernt** asked Vice Chairman Adams to clarify whether this bill applied to a single temporary period such as during a home remodel and whether it affected city contracts for waste disposal. **Vice Chairman Adams** affirmed that the bill applied to temporary waste disposal and that it did not affect city contracts.

Senator Den Hartog noted that "temporary" was not defined and asked Vice Chairman Adams whether any of the existing companies with franchise rights who provided similar temporary waste disposal services had any limitations on the length of time a dumpster could remain on a property. **Vice Chairman Adams** replied that would be stated in the contract.

TESTIMONY: **Cord Stanley**, General Manager of Republic Services, testified against **S 1073**. He argued that a reduction in services for temporary waste disposal could result in higher prices for residential disposal. The bill did not define "temporary" nor include a provision relating to the size of the container. Finally, he stated that the current contract system supported a free market inasmuch as the terms of the contract were negotiated. He requested that **S 1073** be sent to the 14th Order for possible amendment.

DISCUSSION: **Senator Bernt** asked Mr. Stanley what amendments he would like to see. **Mr. Stanley** replied that he recommended that there be more feedback from the cities, customers, and others.

Senator Toews asked whether Mr. Stanley felt there was anything in the bill that prevented cities from regulating the size of container or defining "temporary." **Mr. Stanley** stated that some cities already did that.

TESTIMONY: **Chad Gordon**, representing J & M Sanitation, testified against **S 1073**. He argued that franchise contracts provided consistency in the quality of service. In addition, they limited the number of trucks in a neighborhood.

DISCUSSION: **Senator Den Hartog** inquired as to whether, under Mr. Gordon's current contract, an individual could have his or her own dump trailer on their property during a home project. **Mr. Gordon** replied yes, however, there was an issue if they subcontracted for the service.

Chairman Ricks asked whether his current contract prohibited individuals from contracting for waste removal. **Mr. Gordon** affirmed that it did.

TESTIMONY: **Joe Mikitish**, representing Blue Collar Connect (BCC), testified in favor of **S 1073**. BCC represented small trades, contractors and home services businesses. Electricians, plumbers and other tradesmen could provide services to any individual. However, "roll off dumpster" businesses could not. Individuals were limited to hiring the waste removal company under contract with the city. **S 1073** supported the free market and allowed an individual to contract with whomever they wanted.

DISCUSSION: **Senator Den Hartog** asked whether cities could regulate providers outside of their contract. **Mr. Mikitish** replied they could regulate the length of time a dumpster could remain on a property, what could go in the dumpster, what dump they removed the waste to, and other areas.

TESTIMONY: **Vice Chairman Adams** concluded by stating that he understood the concerns regarding competition and the free market and was willing to discuss those concerns further.

MOTION: **Senator Toews** moved to send **S 1073** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion.

DISCUSSION: **Senator Den Hartog** expressed concern regarding the impact this bill might have on existing franchise contracts between cities and providers, however, she would support the motion.

Senator Bernt shared that his constituents were concerned about the free market. In addition, he felt the bill needed to clarify what a project was and to define "temporary." He could not support the bill.

Senator Rabe stated that she was not ready to support the bill as she felt that many concerns raised recently needed to be discussed.

Senator Taylor would support the motion, but reserved his right to change his vote on the floor. More time was needed to discuss the motion.

Chairman Ricks remarked that he was surprised that no one from the city was present. He supported a free market and would support the motion.

VOTE: The motion carried by **voice vote**. **Senators Bernt and Rabe** were recorded as voting nay.

RS 32352 **Relating to Solid Waste Disposal. Unanimous Consent Request for Referral to a Privileged Committee. Senator Den Hartog** asked for unanimous consent to send **RS 32352** to the State Affairs Committee for printing. There was no objection.

PRESENTATION: **Page Graduation, Brett Poggi. Mr. Poggi** stated that he enjoyed serving the Committee, learning about tax law, and watching the Committee debate legislation. He cited several differences between his experience as a Page in the U.S. Senate and the Idaho Senate. **Chairman Ricks** expressed his appreciation and presented him with several letters and gifts.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the Committee meeting at 4:18 p.m.

Senator Ricks	Meg Lawless
Chair	Secretary