MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 06, 2025

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Adams, Senators Grow, Anthon, Bernt, Den Hartog, Toews, Mathews (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 316 **HOMESTEAD EXEMPTION - Amends existing law to clarify that an Idaho state-issued driver's license or identification card is required to apply for the homestead property tax exemption. Representative Ehlers** presented **H 316**. He stated that this bill clarified certain provisions of H 449 passed in 2024. First, **H 316** specified that an Idaho driver's license was required prior to claiming a homeowner's exemption. Second, it created an exemption for military personnel. Finally, it provided that an individual moving to Idaho could claim a homeowner's exemption and would have ninety days to obtain an Idaho driver's license.

DISCUSSION: **Chairman Ricks** asked what the purpose of this legislation was. **Representative Ehlers** explained that **H 316** clarified that an Idaho driver's license was required. The county could not track a license from another state and determine whether an individual was claiming a homestead exemption on a second property.

Senator Grow noted that **H 316** did not include a penalty for claiming a second homestead exemption and asked what the penalty was. **Representative Ehlers** later answered that Title 63, Idaho Code provided that the penalty for the first instance was equal to the amount of property tax recovered. A second occurrence within seven years was a misdemeanor.

Senator Toews inquired whether one spouse could claim a homestead exemption on one piece of property and the other spouse claim an exemption on a second piece of property. **Representative Ehlers** deferred that question to Sara Westbrook.

Sara Westbrook, Idaho Association of Counties, answered that whether each spouse could claim a homestead exemption on separate properties depended on how the properties were owned. If the properties were owned separately by each spouse, they could each claim an exemption. She further stated that they supported **H 316**.

MOTION: **Senator Toews** moved to send **H 316** to the floor with a **do pass** recommendation. **Vice Chairman Adams** seconded the motion. The motion carried by **voice vote**.

H 150	**PROPERTY - Repeals and adds to existing law to revise a provision regarding conveyances or encumbrances of homesteads by married couples.** **Representative Shirts** presented **H 150**. He stated that this legislation permitted a spouse who was the sole and separate owner of a piece of property to sell the property without the consent of his or her spouse. **H 150** addressed the situation where the non-owner spouse in a divorce situation refused to consent or was unable to be located.
DISCUSSION:	**Senator Grow** asked whether the bill addressed any community property rights that might be involved due to mortgage payments and such being paid out of community funds. **Representative Shirts** responded that **H 150** did not address community property rights. It merely allowed a spouse who was the sole owner of property to sell it without consent of the other spouse. **Senator Grow** then asked whether this bill preempted or overcame any argument with respect to community property rights associated with that property. **Representative Shirts** deferred to Bob Rice to answer that question during his testimony.
	Senator Anthon addressed the written testimony submitted by Alexandra Caval (Attachment 1). She was concerned with the following text in the bill: "Consent of a spouse who is not an owner of the homestead shall not be required if the homestead is conveyed or encumbered by a spouse who has sole ownership of the homestead as separate property." She was concerned that a consensual lien could be placed on the property without the other spouse knowing. **Senator Anthon** asked whether this would be possible. **Representative Shirts** again deferred this question to Bob Rice to answer during his testimony.
	Vice Chairman Adams asked whether this bill could be used as leverage to sell or not sell. **Representative Shirts** replied that the community property interest did not change. **Senator Adams** next asked whether a spouse could sell the property notwithstanding a court order prohibiting that. **Representative Shirts** replied that a spouse could not violate a court order.
	Senator Anthon noted that Ms. Caval was also concerned that a consensual lien, unlike a judgment lien, waived the right to a homestead exemption.
TESTIMONY:	**Bob Rice**, President of the Idaho Land Title Association, stated that the purpose of **H 150** was to permit an individual who was the sole and separate owner of a piece of property, to exercise sole control over that property. There was no intent to affect community property rights.
DISCUSSION:	**Senator Anthon** asked whether a spouse would be permitted to sell property without the knowledge of the other spouse. **Mr. Rice** explained that property owned by one spouse prior to a marriage was separate property and most property acquired during a marriage was community property. However, property acquired during a marriage by gift, bequest or inheritance was separate property. If the community made payments on the property during the marriage it remained separate property, but the community would be entitled to reimbursement for its contributions. **Senator Anthon** asked whether the spouse with sole ownership could encumber the property to the maximun. **Mr. Rice** answered that yes, he or she could.
	Senator Bernt asked whether a spouse who was not the owner of the property could encumber the property. **Mr. Rice** stated that he or she could not.
	Senator Ricks asked Mr. Rice to again explain why they brought this legislation. **Mr. Rice** explained that Idaho Code §55-1001 stated that a homestead could be chosen from any property owned by the individual. Idaho Code §55-1007 gave homestead rights to the non-owner spouse. **H 150** was an attempt to clarify the definition of homestead.

MOTION:	**Senator Anthon** moved to send **H 150** to the 14th Order of Business for possible amendment. **Senator Bernt** seconded the motion.
DISCUSSION:	**Senator Taylor** agreed there were some issues to work out, especially the conflict between Idaho Code §32-912 and Idaho Code §55-1002.
VOTE:	The motion carried by **voice vote**.
MINUTES APPROVAL:	**February 12, 2025. Senator Bernt** moved to approve the Minutes of February 12, 2025. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.
MINUTES APPROVAL	**February 19, 2025. Senator Taylor** moved to approve the Minutes of February 19, 2025. **Senator Toews** seconded the motion. The motion carried by **voice vote**.
MINUTES APPROVAL:	**February 25, 2025. Senator Adams** moved to approve the Minutes of February 25, 2025. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.
ADJOURNED:	There being no further business at this time, **Chairman Ricks** adjourned the meeting of the Committee at 3:44 p.m.

Senator Ricks	Meg Lawless
Chair	Secretary