MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE:	Tuesday, March 11, 2025
TIME:	2:00 P.M.
PLACE:	Room WW53
MEMBERS PRESENT:	Chairman Ricks, Vice Chairman Adams, Senators Grow, Anthon, Bernt, Den Hartog, Toews, Goodrich (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 2:00 p.m.
H 304	**PROPERTY TAX RELIEF - Amends existing law to provide for property tax relief. Senator Grow** presented **H 304**. He explained that H 292 in 2023 set up a school facilities fund and a homeowner's tax relief fund. In 2024 H 521 provided additional funds to school facilities. **H 304** provided an annual ongoing amount of $50 million to both the school facilities fund and the homeowner's relief fund. The allocation to the school facilities resulted in an average property tax reduction of 5.1 percent. The allocation to the homeowner's relief fund resulted in an average reduction of property taxes of 5.4 percent, bringing the total property tax relief to 10.5 percent.
DISCUSSION:	**Senator Den Hartog** asked whether, with an emergency clause, **H 304** took effect this fiscal year. **Senator Grow** responded that **H 304** would affect property taxes this year.
MOTION:	**Senator Anthon** moved to send **H 304** to the floor with a do pass recommendation. **Senator Bernt** seconded the motion. The motion carried by **voice vote**.
H 263	**TAXATION - Adds to existing law to provide that certain fees related to animal adoption and rescue are not subject to sales and use taxes. Representative Shepherd** presented **H 263**. He stated that historically animal rescue organizations had not been required to pay sales tax on the proceeds from their adoptions. However, the Idaho State Tax Commission (ISTC) recently issued a determination that animal adoptions constituted a sale of tangible property. As such, sales taxes were applicable and would be charged retroactively. **H 263** exempted non-profit animal rescue organizations from sales tax.
DISCUSSION:	**Senator Anthon** asked whether municipalities who adopted out animals would be exempt since they were not a 501(c)(3) organization. **Representative Shepherd** replied that this bill did not address municipalities. **Ken McClure** responded to Senator Anthon's question. He stated that he did not include municipalities in **H 263**. He further stated that he could do that, but he wasn't sure how it would affect the fiscal note.
DISCUSSION:	**Senator Grow** inquired whether this bill prevented the ISTC from retroactively collecting taxes. **Mr. McClure** explained that he included the language, "...shall not be subject to the taxes imposed by this chapter and have never been subject to such taxes" to address that.

TESTIMONY: **Mandie Stuhan**, Executive Director of Horse and Halo Horse Rescue, **Sharon Helmandollar**, President of Take Me Home Dog Rescue, **Katherine White**, representing Freedom Bound Hounds, each testified in support of **H 263**. They argued that the rescue of animals was not a sales transaction, but a service. The adoption fees covered medical care, food, housing and other expenses to prepare the animals for adoption. A sales tax would divert critical resources.

PRESENTATION: **Representative Shepherd** concluded his presentation by stating that **H 263** had no fiscal impact on State funds and that the Legislature could address the municipalities who operated animal rescue facilities next session.

DISCUSSION: **Senator Anthon** noted that this bill only exempted animal rescue operations that were 501(c)(3) and not other non-profit rescue operations. He asked if Representative Shepherd would agree to send **H 263** to the 14th Order of Business for possible amendment. **Representative Shepherd** said that he would agree to that.

MOTION: **Senator Anthon** moved to send **H 263** to the 14th Order of Business for possible amendment. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.

S 1133 **AGRICULTURAL PROTECTION AREAS - Amends, repeals, and adds to existing law to revise the Agricultural Protection Area Act. Vice Chairman Adams** presented **S 1133**. He explained that this bill made several updates to an Agricultural Protection Area (APA) bill last session. **S 1133** clarified the application process, ensured that fees were reasonable, and reinforced the agricultural protection area designations so they did not require a rezone or comprehensive plan amendment. It also clarified that landowners could apply for an APA designation both inside and outside of an area of impact. Additionally, it strengthened land use protections by prohibiting non-agricultural development within an APA unless it directly supported farming operations. **Senator Adams** noted that, after discussion with stakeholders, there were some proposed amendments (Attachment 1). He requested that **S 1133** be sent to the 14th Order of Business for possible amendment.

Roger Batt, representing the Eastern Oregon Seed Association, provided an explanation of the provisions of this bill.

Page 1. lines 29 to 31, added a definition of APA fund. Page 2, lines 22 to 33, clarified that application fees for APAs were not to exceed the costs of covering those administrative expenses. Additional fees may be assessed on appeal. Page 2, lines 37 to 42, clarified that approved APAs did not require a rezone or a comprehensive plan amendment. Page two, lines 46 to 49, clarified that a landowner inside or outside the area of impact could apply for an APA. **Mr. Batt** explained that several counties had adopted zoning ordinances that precluded a lot of landowners from being able to apply for an APA designation. He provided a map of current impact areas (Attachment 2). The purple boundaries were the current impact areas within Canyon County. The green areas signified agriculture as a designation or a land use.

Page 3, lines 1 to 6, clarified that an APA designation could not change without consent of the landowner. Page 3, lines 7 through 8, repealed Idaho Code § 67-9706.

Page 3, beginning at line 9, added a new section to the Idaho Code. Page 3, lines 14 through 16, authorized a planning and zoning administrator or other administrative officer designated by the board of county commissioners to approve or deny an application. Page 3, lines 18 to 24, provided how the decision by the administrator was made. Page 3, lines 25 to 30, clarified that if the administrator or

the designated officer failed to issue a written decision within 60 days of receiving the recommendation by the APA area commission, that recommendation was final.

Page 4, lines 1 to 2, clarified that upon an appeal of an APA by the applicant, the decision of the administrator or administrative officer shall also become the final decision if the board of county commissioners failed to act within that 60 day period of the close of the public hearing on the appeal. Page 4, lines 31 to 39, clarified that fees for any change to an APA designation could not exceed the costs of covering administrative expenses.

Page 5, lines 9 to 13, deleted language that would amend land use planning maps which was no longer necessary. Page 5, lines 20 to 25, provided that commercial or industrial use of an APA was prohibited unless those uses contributed to the agricultural operation. Page 5, lines 26 to 45, established an APA fund where voluntary contributions could be made. The soil and water conservation districts would administer those funds. **Mr. Batt** explained that, after speaking with some of the committee members, they were asking for amendments (Attachment 1) and for **S 1133** to be sent to the 14th Order of Business for possible amendment.

Mr. Batt next discussed the proposed amendments. First, the proposed amendments deleted the definition of APA fund on page 1, lines 18 through 41, and page 2, lines 1 through 5, because there would no longer be an APA fund. The proposed amendments also deleted page 4, lines 6 through 10, to clarify that if the APA application was approved, the APA shall be created. Page 5, lines 26 through 45, were deleted to remove all references to the APA fund. Page 5, line 48, was deleted and replaced with the words, "it's passage and approval," so that **S 1133** would take effect immediately.

TESTIMONY: **Shane Alder, Samantha Parrott**, Executive Director of the Snake River Sugar Beet Growers, **Miguel Villafana, and John Hoadley**, Coalition for Agriculture's Future, each testified in support of **S 1133**. They stated that agricultural lands were decreasing and needed to be protected. They argued that anyone who wanted to protect their land should be able to apply for an APA. They supported the limit on the application fee to cover administrative costs. Mr. Hoadley also provided a written statement (Attachment 3).

Johnathan Wheatley, Deputy Director, Association of Idaho Cities, spoke in support of **S 1133**, but recommended amending the bill on page two, lines 47 through 48 by deleting the words, "inside or." That amendment would protect the area of impact that the city was investing taxpayer funds in for future growth.

Braden Jensen, Farm Bureau Federation, testified in support of **S 1133**. He made several points regarding areas of impact and annexation. First, areas of impact were still within the jurisdiction of the county. Second, APA designations were approved by the county. Third, there was no change of use. Fourth, they understood that areas of impact reflected a city's plan on where they intend to grow in the future. Idaho Code, Title 50, Chapter 2, Section 22, specified that agricultural land and forest land larger than five acres in size could not be forcefully annexed without the written permission of the landowner.

Additional Written Testimony was submitted (Attachment 4).

MOTION: **Senator Den Hartog** moved to send **S 1133** to the 14th Order of Business for possible amendment. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the Committee at 3:05 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary