MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE:	Tuesday, March 25, 2025
TIME:	2:00 P.M.
PLACE:	Room WW53
MEMBERS PRESENT:	Chairman Ricks, Vice Chairman Adams, Senators Grow, Anthon, Bernt, Den Hartog, Toews, Woller (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 2:01 p.m.
H 315AA	**TAXATION - Amends existing law to revise provisions regarding the sales tax exemption for Idaho information technology equipment. Chairman Ricks** moved **H 315aa** down on the agenda.
H 355AA	**TAXATION - Amends existing law to revise provisions regarding the deferral of property tax. Representative Wisniewski** presented **H 355aa**. He stated that this bill allowed a homeowner to defer their property taxes and use the equity in their home to pay them. There were two parts to the tax reduction program, the tax relief or "circuit breaker" program and the tax deferral program (Attachment 1). Under the tax deferral program, one could defer property taxes for the past three years. **H 355aa** clarified that the term "any property tax due" in Idaho Code §63-714, relating to tax deferral, included delinquencies, interest, late charges, costs, and fees. The individual still had to meet the requirements for the tax deferral program such as income level. A lien would be placed on the property. All interest, penalties, and late fees were still owed.
DISCUSSION:	**Chairman Ricks** asked Representative Wisniewski to explain what the $40,000 cost in the fiscal note was for. **Representative Wisniewski** explained that was for software the Idaho State Tax Commission would need to be able to calculate and keep track of the outstanding liens.
MOTION:	**Vice Chairman Adams** moved to send **H 355aa** to the floor with a **do pass** recommendation. **Senator Grow** seconded the motion.
DISCUSSION:	**Vice Chairman Adams** commented that this was a good option to help senior citizens keep their homes. **Senator Bernt** stated that he would vote in favor of the motion, however, he reserved his right to change his vote on the floor.
S 1187	**AGRICULTURAL PROTECTION AREAS - Amends Senate Bill 1133 to revise the Agricultural Protection Area Act. Vice Chairman Adams** presented **S 1187**. He explained that this was a trailer bill to **S 1133** relating to Agricultural Protection Areas (APAs). It included clean up language to align **S 1133** with the original agricultural protection area legislation.
TESTIMONY:	**Seth Grigg**, stated that **S 1187** aligned the process for approval of an APA in **S 1133** with the process for adding additional parcels to an APA in a separate section of statute.

MOTION: **Senator Bernt** moved to send **S 1187** to the floor with a **do pass** recommendation. **Senator Taylor** seconded the motion. The motion carried by **voice vote**.

H 315AA **TAXATION - Amends existing law to revise provisions regarding the sales tax exemption for Idaho information technology equipment. Senator Den Hartog** presented **H 315aa**. She explained that legislation was enacted in 2020 providing a sales tax exemption for data centers. This legislation amended that section of code to sunset that exemption after seven years.

Representative Bruce continued the presentation. He noted that there was value in granting tax exemptions, but there should be a clear end to them. He stated that the bill clarified that the sunset clause was not retroactive and, therefore, would not affect the data center currently being built. The additional revenue could be put toward the tax relief fund, schools, or property tax relief.

DISCUSSION: **Senator Bernt** asked about the duration of sunset clauses in other states and whether Representative Bruce would object to extending the sunset clause. **Representative Bruce** stated that the duration of the sunset clauses varied and that he would not oppose extending the sunset clause.

TESTIMONY: **Steve Thomas**, representing Meta Platforms, testified against the bill. First, the bill failed to achieve the intent of the House to carve out an exception for Meta and not make this bill retroactive. The Idaho State Tax Commission (ISTC) denied Meta a tax exemption due to it's provisional exemption status which would be in place until they opened. The bill needed an amendment to clarify the retroactivity question. Second, **H 315aa** took Idaho out of this industry inasmuch as 14 other states had permanent sales tax exemptions. Finally, **H 315aa** undercut national security. Artificial Intelligence drove the nation's intelligence capacity and defense capabilities.

DISCUSSION: **Vice Chairman Adams** noted that data centers had a high water usage and asked what attracted data centers to Idaho which had a water shortage. **Mr. Thomas** stated that Steve DelBianco would discuss that.

TESTIMONY: **Steve Del Bianco**, President and CEO of Net Choice, testified in opposition to **H 315aa**. He argued that if the sales tax exemption were to sunset under this bill, it would deter data centers from moving to Idaho and investing hundreds of millions of dollars.

DISCUSSION: **Vice Chairman Adams** asked what attracted data centers to Idaho with its water shortage. **Mr. Del Bianco** stated that dry cooling technology, which Meta used in Kuna, required less water usage. Moreover, they went to communities where they were welcomed. **Vice Chairman Adams** asked whether there were any stipulations on using dry cooling technology. **Mr. DelBianco** replied that there were not and that data centers would evaluate what technology was best.

Chairman Ricks asked whether the data centers had an effect on internet speed in surrounding areas. **Mr. DelBianco** answered that Meta paid for certain fiber connections which actually benefitted surrounding areas.

TESTIMONY: **Dustin Ferdinand** and **Dennis Ferdinand** spoke against **H 315aa**. They stated that their businesses had suffered as a result of the new data center.

Alex LaBeau, President of the Idaho Association of Commerce and Industry, testified in opposition to **H 315aa**. He clarified that the data center was not built on any active farmland at the time. He argued that data centers were of a great value to the community, and it was not right to sunset the sales tax exemption which they relied upon. Idaho's economic future depended on infrastructure.

Representative Bruce clarified that ISTC had explicitly stated that Meta had received their sales tax exemption. He stated that he was comfortable clarifying the retroactivity in a trailer bill.

Representative Gannon first commented that data centers may not be paying much in property taxes. He expressed concern regarding high electricity usage. Finally, any revenue from the sales tax benefitted the people of Idaho.

MOTION: **Vice Chairman Adams** moved to send **H 315aa** to the 14th Order for possible amendment. **Senator Taylor** seconded the motion.

DISCUSSION: **Vice Chairman Adams** stated that tax exemptions for any company increased the tax burden for the average citizen. In addition, he expressed concern for the protection of Idaho's water and electrical resources.

SUBSTITUTE MOTION: **Senator Bernt** made a substitute motion to hold **H 315aa** in Committee. That motion died for lack of a second.

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

MINUTES APPROVAL: **March 12, 2025. Vice Chairman Adams** moved to approve the Minutes of March 12, 2025. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **March 13, 2025. Senator Bernt** moved to approve the Minutes of March 13, 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 Committee at 3:06 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary