

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 25, 2026

TIME: 2:00 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** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 2:03 p.m.

H 897 **TAXATION - Amends existing law to revise a sales tax exemption for data center equipment and to revise a certain property tax exemption for certain capital investments. Senator Lori Den Hartog** presented **H 897**. This legislation modified the existing sales tax exemption for data centers. First, it added two additional criteria to receive that exemption in Idaho Code §63-3622VV (3) and (4). The data center had to receive electricity service under an electricity rate schedule or energy service agreement that would fully recapture the costs associated with that. **H 897** further established certain requirements relating to consumption of energy and water resources. **Senator Den Hartog** clarified that this bill was not regulatory, but rather a tax incentive. The original bill enacted by the Idaho Legislature in 2020 allowed for a sales tax exemption on all of the construction materials and the internal server equipment. **H 897** limited that exemption to the internal equipment only and didn't allow a future data center to receive that exemption on the construction material. It further limited the exemption to 20 years. In addition, **H 897** required the Idaho State Tax Commission (ISTC) to report annually on the approximate amount of sales tax revenue not collected as a result of this policy. Finally, **H 897** gradually increased the cap on property tax abatement based on the amount that the county tax rate was going up. **Senator Den Hartog** requested that **H 897** be sent to the 14th Order for possible amendment to have an opportunity to meet with stakeholders who had not been involved in the discussion of this legislation to clarify this provision.

MOTION: **Vice Chairman Adams** moved to send **H 897** to the 14th Order of Business for possible amendment. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

H 926 **COMMUNITY INFRASTRUCTURE DISTRICTS – Amends existing law to revise provisions regarding the formation of community infrastructure districts. Representative David Cannon** presented **H 926**. He explained that Community Infrastructure Districts (CID) were created in 2008 to ensure that new development paid for public infrastructure without shifting those costs to existing taxpayers. This legislation expanded the authority of counties to form a CID in unincorporated areas outside a city's comprehensive plan.

TESTIMONY: **Scott Turlington**, President and CEO of Tamarack Resort, explained that **H 926** would allow them to form a CID in an unincorporated part of a city.

MOTION: **Senator Anthon** moved to send **H 926** to the floor with a **do pass** recommendation. **Vice Chairman Adams** seconded the motion. The motion carried by **voice vote**.

H 934 **TAXATION – Amends existing law to revise provisions regarding the Idaho Parental Choice Tax Credit.** **Senator Den Hartog** presented **H 934**. She explained that this legislation made technical corrections to H 93 passed in 2025. First, page 1, line 18, amended the definition of "eligible student" to clarify that included a full-time student who became 5 and 18 years-of-age anytime within that tax year and tied the expenses to when they were incurred. **H 934** further clarified that a "qualified expense" included tutoring for academic instruction only and curriculum purchased from more than one vendor. Furthermore, **H 934** clarified that a family could either apply for the advance payment or tax credit the first year of application, but not both. Finally, **H 934** clarified that a student who was enrolled in a public school and only participating in activities or instruction for which no academic credit was awarded was not considered to be enrolled for purposes of this tax credit. This was consistent with the analysis done by Logan Marin (Attachment 1).

DISCUSSION: **Senator Rabe** asked whether there was a way to reimburse schools for the costs of sports facilities, coaches and so forth. **Senator Den Hartog** noted that most schools covered the costs of facilities, coaches, and expenses by charging fees. She further clarified that sports participation fees were not an eligible expense for the tax credit.

Chairman Ricks asked whether the tax credit would be available for participation in band, orchestra, drama, and so forth. **Senator Den Hartog** replied that she thought those classes were offered for academic credit and would be an "eligible expense."

Senator Taylor asked about a situation where a student received a tax credit, but enrolled in a public school partway during the year. **Senator Den Hartog** responded that a student who was enrolled in a public school part-time or full-time during the semester would not be eligible for the tax credit.

MOTION: **Senator Anthon** moved to send **H 934** to the floor with a **do pass** recommendation. **Senator Grow** seconded the motion.

DISCUSSION: **Senator Rabe** was concerned about public schools not being able to cover the expenses for extracurricular activities. She would vote in favor of the motion, but reserved the right to change her vote on the floor.

VOICE VOTE: The motion to send **H 934** to the floor with a **do pass** recommendation carried by **voice vote**.

MINUTES APPROVAL: **March 10, 2026.** **Senator Anthon** moved to approve the Minutes of March 10, 2026. **Senator Den Hartog** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **March 11, 2026.** **Senator Bernt** moved to approve the Minutes of March 11, 2026. **Senator Rabe** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **March 12, 2026.** **Senator Den Hartog** moved to approve the Minutes of March 12, 2026. **Senator Adams** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **March 17, 2026.** **Senator Den Hartog** moved to approve the Minutes of March 17, 2026. **Senator Adams** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **March 18, 2026.** **Senator Bernt** moved to approve the Minutes of March 18, 2026. **Senator Rabe** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Farewell to Senate Page Grace Lowder.** **Chairman Ricks** and the Committee thanked Miss Lowder for her service to the Committee and presented her with a letter of recommendation, a letter from the Committee and several gifts.

ADJOURNED: There being no further business at this time, **Chairman Ricks** adjourned the Committee at 2:54 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary