MINUTES
# HOUSE REVENUE & TAXATION COMMITTEE

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| **DATE:** | Wednesday, January 16, 2019 |
| **TIME:** | 9:00 A.M. |
| **PLACE:** | Room EW42 |
| **MEMBERS:** | Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Dayley, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Erpelding, Ellis, Mason |
| **ABSENT/ EXCUSED:** | None |
| **GUESTS:** | Alan Dornfest, Idaho State Tax Commission (ISTC); Brian Stender, Canyon County Assessor; Jay Shaw, Idaho Department of Administration. |

**Chairman Collins** called the meeting to order at 9:00 a.m.

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| **MOTION:** | **Rep. Anderst** made a motion to approve the minutes of January 10, 2019. **Motion carried by voice vote**. |
| **MOTION:** | **Rep. Mason** made a motion to approve the minutes of January 14, 2019. **Motion carried by voice vote**. |
| **DOCKET NO. 35-0103-1802:** | **Mr. Dornfest**, Tax Policy Bureau Chief, ISTC, informed the committee **H 492** created a property tax reduction benefit for veterans with a one-hundred percent service-connected disability, and Rule 702 declares the benefit continues for a surviving spouse if they stay in the homestead. It also clarifies a spouse may file on behalf of the deceased in the year they were deceased. |
| **MOTION:** | **Rep. Dixon** made a motion to approve **Docket No. 35-0103-1802. Motion carried by voice vote**. |
| **DOCKET NO. 35-0103-1803:** | **Mr. Dornfest** stated Rule 600 provides procedures for counties and taxpayers relating to exemption application and notification. The rule is amended to implement the new provisional exemption that was enacted in **H 559**. The exemption is granted based on prospective use for exempted purposes, but the statute restricts the exemption to property under renovation or construction. So existing property or adjoining property on the same parcel not undergoing renovation and already on the tax rolls would remain on the tax rolls, as all other existing property does, by changes of ownership during the year, until the following year. This is consistent with what is done with any otherwise taxable property purchased by a non-government entity. There is a difference for property that was on the tax rolls at the beginning of the year but purchased by a governmental entity because there is no way to enforce a lien against the government. The provisional exemption that law passed last year pertaining to construction had no deadline so ISTC had to write around the deadline. The rule gives clarification in case of third-party ownership so that a property owner can include a builder in the exemption and the third-party can apply. |

In response to committee member questions, **Mr. Dornfest** confirmed if the state buys a property on the tax rolls, it comes off the tax rolls the moment it is bought because there is no way to put a lien on it, which is not true on any other exemption. The language of the law relates to property under renovation or construction. It was designed to implement the provisions of the law which is interpreted to pertain to property under construction or renovation on the site and not on other property on the site, which is why the existing property on the site would be treated just as if there was no construction and the provisional exemption would not apply. In the case of property with no construction, purchased by an exempt entity and used for its exempt purpose, in every case, except government property, the property status is established on January 1st with no roll off until the following January.

**In opposition** to approving **Docket No. 35-0103-1803**, **Rep. Moyle** opined that it is not right the government gets an immediate exemption and homeowners do not and the rule should not be approved when the statute needs to be changed.

**MOTION:** **Rep. Moyle** made a motion to reject **Docket No. 35-0103-1803**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:25 a.m.

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Representative Collins                                               Lorrie Byerly
Chair                                                                        Secretary