

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 22, 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:** Representative(s) Ellis

**GUESTS:** Dean Cameron, Idaho Department of Insurance (DOI); Terry Easley, DOI; Renee Iverson, DOI; Laura Lantz, ISCPA; Cynthia Adrian, Idaho State Tax Commission (ISTC); Tom Shaner, ISTC; Trevor Buller, Taylor & Company; Alan Dornfest, ISTC; Russell Westerberg, RMP; Brody Aston, Westerberg Associates; Brian Stender, Canyon County Assessor; Dennis Stevenson, Idaho Department of Administration.  
**Chairman Collins** called the meeting to order at 9:00 a.m.

**MOTION:** **Rep. Mason** made a motion to approve the minutes of January 15, 2019. **Motion carried by voice vote.**

**MOTION:** **Rep. Stevenson** made a motion to approve the minutes of January 16, 2019. **Motion carried by voice vote.**

**H 27:** **Dean Cameron**, Director, DOI, indicated **H 27** requires insurance company premium tax returns to be rounded to the nearest whole dollar. Premium tax returns are filed each year, and the DOI reconciles the funds collected. The collected funds all go to the General Fund with none being kept by DOI. Whole dollar rounding revenue for Idaho in FY2017 is calculated at \$22.68, however, **H 27** creates a reduction in the reconciliation process and in the labor involved. Whole dollar rounding conforms with ISTC procedures, and all the Idaho insurance carriers are in support of **H 27** because it saves them time and effort as well.

**MOTION:** **Rep. Dixon** made a motion to send **H 27** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Dixon** will sponsor the bill on the floor.

**H 19:** **Tom Shaner**, Tax Policy Manager, ISTC, stated **H 19** adds a sentence to Idaho Code §63-3029L which says the child tax credit is available only to Idaho residents and any part-year resident entitled to the credit shall receive a proportionate credit for the partial year they were domiciled in Idaho. **H 19** has no fiscal impact.

**MOTION:** **Rep. Moyle** made a motion to send **H 19** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Ricks** will sponsor the bill on the floor,

**DOCKET NO.  
35-0103-1801:** **Chairman Collins** informed the committee that Rules 613 and 614 of **Docket No. 35-0103-1801** are being withdrawn by the ISTC. **Alan Dornfest**, Property Tax Policy Bureau Chief, ISTC was called upon to confirm the withdrawal of Rules 613 and 614. Mr. Dornfest informed the committee ISTC decided it was prudent to allow more time for further discussion on these rules.

**Alan Dornfest**, said Rule 803 provides procedures for taxing districts to use when they submit property tax budget information to counties for levying purposes. The rule clarifies additions and subtractions they must show when there is property tax replacement money or, in lieu of money, such as from solar farms. The rule amendments relate to **H 559**, the provisional property tax exemptions, **H 392**, which deals with dates regarding solar farm revenue paid in lieu of tax, and **H 567**, which deals with consolidating cemetery districts and procedures establishing maximum property tax budgets for consolidating cemetery districts. With regard to provisional exemptions, if there are refunds that are made to taxing districts because of revoked provisional exemptions, then any money recaptured as a result of an improperly claimed provisional exemption has to be included by the taxing districts. They may include these amounts for future budget calculations but have to subtract them before determining the property tax that can be levied so there is no double dipping. This is consistent with all replacement money except for solar farm replacement monies which have a provision to subtract them. When refunds are made to taxpayers for the provisional exemption, then prorated shares of the refund are calculated for each of the underlying taxing districts. However, ISTC would bill the amounts for the refund to those taxing districts, but the districts are not granted any additional budgeting authority or levying authority. So the districts have a bill, but they cannot pass that along to any other taxpayers. Rule 803 also amends the reporting date for solar farm revenue to June 30th to align with **H 392** and contains special provisions for consolidating cemetery districts.

In response to committee questions, **Mr. Dornfest** responded that the rules state each taxing district's proportionate share of refunds, as refunded, must be subtracted from the maximum amount permitted, and the maximum amount permitted is the maximum amount of their budgets, so he is certain the rule requires them to do the subtraction mentioned.

**Mr. Dornfest** said Rule 804 clarifies procedures for establishment and adjustment of base increment values within revenue allocation areas (RAA) of urban renewal districts. In principal, when a property value is assigned to the base, the tax value goes to the taxing districts where most revenue that is generated on property value assigned to the increment goes to the urban renewal agency, but that is not totally true. Some of the revenue that comes in on increment and does go to the taxing district is specialized. The rule is amended to provide special treatment for properties subject to the treatment of Idaho Code § 63-602NN's development exemption and the subsequent loss of the exemption. This is an exemption that can only last five years. Counties can grant it for different developments in their county, but it only lasts five years. **Mr. Dornfest** discussed what would happen upon loss of the exemption under Rule 804 to properties in RAAs whether already in the RAA, added through annexation, or added to the RAA by the means of a new RAA or an annexation to an existing RAA.

In response to committee questions concerning whether the exemption shifts payment of taxes to others and puts the property on the new construction rolls, **Mr. Dornfest** informed the committee that once property goes into the increment value, it does not go on new construction rolls until dissolution and the increment is paid to the urban renew area. Whether granted an exemption or not, property within an RAA always goes to the increment. Any value already there stays and an exemption only applies to the added property. The added property goes to the increment and not the base, so the tax rates are calculated ignoring the added property anyway. No one is paying for tax, and at the tail end it goes back into the increment, where it would have gone into in the first place. So until dissolution of the RAA, it is a wash.

**Mr. Dornfest** said Rule 962, is amended in response to **H 462** which required the Committee on Forrest Land Taxation Methodology (CFTM), which ISTC chairs per statutory function, to agree on rules related to document retention, inspector qualification and land owner notification before forest land could be reclassified as good, medium or poor. The rule provides an alternate procedure to be used for reclassification upon agreement by the landowner and the assessor. The rule is the result of several meetings with the CFTM, which represents both landowners and assessors, all of whom agreed with the rule.

**MOTION:** **Rep. Moyle** made a motion to reject **Docket No. 35-0103-1801**. **The motion carried by voice vote. Reps. Erpelding and Mason** requested to be recorded as voting **NAY**.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:33 a.m.

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Representative Collins  
Chair

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Lorrie Byerly  
Secretary