

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 22, 2020

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Kiska, Ellis, Mason, Necochea

**ABSENT/  
EXCUSED:** Representative(s) Chaney

**GUESTS:** Chelsea Wilson, City of Caldwell; Brody Aston, Westerberg Associates; Russell Westerberg, Westerberg Associates; Quinn Perry, Idaho School Boards; Kelli Brassfield, IAC; Darcy James, IIRHH; and Melinda Merrill, Northwest Grocery Association.

**Chairman Collins** called the meeting to order at 9:01 a.m.

**MOTION:** **Rep. Stevenson** made a motion to approve the minutes of the January 9, 2020 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Anderst** made a motion to approve the minutes of the January 10, 2020 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Stevenson** made a motion to approve the minutes of the January 14, 2020 meeting. **Motion carried by voice vote.**

**RS 27411C1:** **Rep. Scott Bedke**, Speaker of the House, presented **RS 27411C1** saying the proposed legislation would raise the grocery tax credit from \$100 to \$135 for non-seniors and from \$120 to \$135 for seniors, and it would negate the effects of sales tax on food for all Idahoans. Rep. Bedke stated the actual value of the tax credit is often misunderstood, and he provided a demonstration showing how to calculate the credit to determine the value of the \$135 tax credit per individual. If no Idaho income tax is due a \$135 tax credit will be paid to the Idaho resident filer. Rep. Bedke shared the history of the grocery tax credit and informed the committee **RS 27411C1** is the result of a long-standing policy decision. The tax credit is available to 99% of Idaho residents, and non-residents are not entitled to the tax credit. The fiscal impact will be between \$48-49 million, and, per **Governor Little's** suggestion, will come out of the fund for collection of online sales tax, which receives approximately \$6-7 million per month. The current state budget will not be disrupted.

**MOTION:** **Rep. Addis** made a motion to introduce **RS 27411C1**. **Motion carried by voice vote.**

In response to a committee question, **Chairman Collins** informed the committee that the forum for addressing the question would be at a full hearing on the proposed legislation.

**RS 27407C3:** **Rep. Mike Moyle** presented **RS 27407C3** saying Idaho's increased growth in recent years has increased property taxes due to new construction and become a negative force impacting life-long citizens who can no longer afford their homes. Property taxes are a combination of budget base and property values. Many variables affect property tax and time, education and multiple legislative solutions are required to fix the problem. **RS 27407C3** caps budget growth at 3%. Currently, taxing districts' budgets can include new construction, annexation, change in classification and more, which make for a bigger budget to multiply by 3%. Although **RS 27407C3** caps budget growth at 3%, it allows for taking foregone or taking a problem to the voters where a two-thirds majority of property tax payers decide the matter, rather than using a formula based on a new subdivision. One caveat is that currently a city not at that cap, which is .004%, needs a 60% approval vote rather than a two thirds majority. Property tax is only a portion of a taxing district's budget, which is approximately 20% for most cities, who also utilize impact fees, fines, other funds and receive 11 1/2 cents of every sales tax dollar collected. Property tax is approximately 40% of county budgets. The State of Idaho returns approximately \$600 million to local governments. The 3% cap in **RS 27407C3** is the start but not the ultimate solution to the problem.

**MOTION:** **Rep. Stevenson** made a motion to introduce **RS 27407C3**. **Motion carried by voice vote.** **Reps. Ellis and Necochea** requested they be recorded as voting **NAY**.

**RS 27406:** **Rep. Steven Harris** illustrated the foregone balance concept by saying if a taxing district can increase their budget from a previous year by 4% and chooses to limit the increase to 3%, the difference can go to the foregone balance available to be used in a subsequent year. Currently that unused taxing capacity automatically moves to the foregone balance, which is an invisible process. **RS 27406** adds transparency by requiring taxing districts to explicitly and publicly reserve the foregone balance for future use through a public resolution. Having future visibility may reduce future property taxes by adding public pressure on the reservation of foregone funds.

**MOTION:** **Rep. Stevenson** made a motion to introduce **RS 27406**. **Motion carried by voice vote.**

**RS 27418:** **Rep. Mike Moyle** said **RS 27418** freezes property tax. The freeze on all property tax portions of the budget in **RS 27418** was crafted to give a one-year grace period for impacted parties to figure out a solution to the many aspects of property tax. The freeze does not mean Idahoans will pay less in property taxes. Nor does it mean Idaho cities and counties will get less money because they will get the same amount that they received last year. The freeze is not intended to gut local government. If a city has an emergency, they can go to the voters to gain additional funds upon a two-thirds vote. The freeze provides time to work out a solution.

**MOTION:** **Rep. Anderst** made a motion to introduce **RS 27418**. **Motion carried by voice vote.**

**MOTION:** **Rep. Giddings** made a motion to set an introductory hearing for **RS 27346** on a date next week. Speaking to the motion, Rep. Giddings said the people deserve a discussion on the full repeal of the grocery tax.

**Chairman Collins** stated the committee does not currently have this RS in its possession, but it is a position that should be discussed, it's just not on the agenda today.

**MOTION:** **Rep. Stevenson** made a motion to adjourn. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:28 a.m.

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Representative Collins  
Chair

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Lorrie Byerly  
Secretary