

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 16, 2022

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, Weber, Shepherd, Necochea, Ruchti

**ABSENT/
EXCUSED:** Representative(s) Harris, Nichols

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session the sign-in sheet will be filed with the minutes in the Legislative Library.

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

S 1301: **Rep. Chaney** presented **S 1301** to the committee saying that it pertains to the valuation of storage units.

Robert Anderst, Government Affairs Liaison for Risch Pisca, explained the content of the bill. The self-service storage facilities have been assessed using multiple, different factors. For a sale or income approach, if not made using the proper adjustments, it is easy to end up capturing intangible value. Idaho Code 63.602 says intangible value is supposed to be exempt from property tax. The intent of this bill is to give clarity to assessors. There is still the ability to use any valuation method. This bill is capping it at the replacement or reproduction cost less depreciation. Also the self-storage units are already defined in code. The Legislation seeks to clarify how market value of a self-service storage facility is calculated and to reference a definition of self-service storage facility in Idaho Code section 55-2301(8).

Rep. Moyle declared Rule 80 stating a possible conflict of interest.

MOTION: **Rep. Hartgen** made a motion to send **S 1301** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Chaney** will sponsor the bill on the floor.

RS 29838: **Rep. Moyle** presented **RS 29838** and noted how a few weeks ago **H 735** passed the house. **H 735** changed the funding source for public defenders. The state would, over time, take that responsibility and, in exchange, the counties would be alleviated from the charity levy and be provided property tax relief. The difference between this **RS 29838** and **H 735** is it changes the funding source from where the revenues come in regards to replacing them and in regards to providing property tax relief.

This Legislation provides non-property tax funding for public defense, allowing counties to reduce county property taxes by \$33 million. It repeals the county charity levy and the county medically indigent program, while phasing out the state Catastrophic Fund (CAT). In addition, Idaho will assume financial responsibility for public defense moving forward.

The bill also includes intent language for the Legislature to identify a future alternative public defense delivery model. Lastly, the bill requires cities to use 50% of annual growth in revenue sharing to provide ongoing property tax relief. For fiscal year 2023, the state will provide \$34 million in funding to counties for public defense, counties will dedicate \$11 million in revenue sharing growth to public defense, counties will reduce county property tax budgets by \$33 million, and cities will reduce city property tax budgets by an estimated \$10 million. The net ongoing property tax relief in the first year is estimated to be \$43 million.

Rep. Gestrin said this proposed legislation helps some of the counties without a charity levy. Through this legislation public defense will be removed from the county's responsibility, and taken over by the state. For those counties without a charity levy who chose to pay their defense out of their justice fund, their justice levy will also find benefit with this bill.

Rep. Moyle stated that with this proposal every county will see a reduction and property tax relief.

MOTION:

Rep. Gestrin made a motion to introduce **RS 29838**.

Rep. Moyle said the bill would take away public defense funding from counties and put it back as a state responsibility. **Rep. Necochea** believes that would be a problem, as it is forcing cuts to city services such as law enforcement and other emergency responders. Rep. Necochea feels there are better avenues for property tax relief.

Rep. Moyle said in relation to the position of the cities, this legislation changes the revenue funding source. The new bill would tap the counties' portion of state revenue-sharing for the public defense cost, while also requiring cities to reduce their property tax budgets by half the amount of increased revenue-sharing money they receive from the state each year, with the aim of property tax relief. Unlike the previous bill, this also leaves intact revenue sharing for other types of taxing district.

Clarification was requested relating to changing the funding source. **Rep. Moyle** clarified that under the current bill sitting in the Senate, it originates from the ledger before it goes through the \$11.5 million. Under this bill, it happens after it gets to the county split. The \$11.5 million goes into the revenue sharing and splits in three ways. The counties start paying \$11 million a year until they get to \$44 million on their share and the cities take half of any new revenue and provide property tax relief on their share.

SUBSTITUTE MOTION:

Rep. Dixon made a substitute motion to introduce **RS 29838** and recommended it be sent directly to the Second Reading Calendar.

ROLL CALL VOTE ON SUBSTITUTE MOTION:

A roll call vote on the substitute motion was requested. **Motion carried by a vote of 9 AYE and 6 NAY. Voting in favor of the motion: Chairman Addis, Reps. Moyle, Gestrin, Dixon, Adams, Hartgen, Okuniewicz, Weber, Shepherd. Voting in opposition to the motion: Reps. Chaney, Kauffman, Cannon, Manwaring, Necochea, Ruchti. Rep. Harris and Nichols were absent/excused. Rep. Moyle will sponsor the bill on the floor.**

Rep. Necochea said the bill is complex. She would appreciate if the legislation would have a hearing. There are stakeholders who are impacted and the committee do not know where they stand.

Rep. Moyle responded to a question saying that property taxes are a problem because of concerns and the complexity. This is not a complex bill, but it is good tax policy. It provides \$44 million worth of property tax relief in every county of the state and every city receives new money in the state.

Rep. Cannon asked to clarify the intended language about replacing the public defender model. **Rep. Moyle** responded that all the rules remain in place in case there is no agreement made to alleviate some of the concerns of the Attorney General.

Rep. Shepherd stated property tax has been a big concern in his district and everywhere. He reserved the time to go over this legislation before the House floor.

Rep. Cannon agreed that it would be helpful to have a hearing before moving it to the floor. He is inclined to support the original motion rather than the substitute motion. Rep. Cannon reserved his right to change his vote when voting on the bill came to the House floor.

ADJOURN: There been no further business to come before the committee, the meeting adjourned at 9:27 a.m.

Representative Addis
Chair

Anna Maria Mancini
Secretary