

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, March 16, 2017

TIME: 8:30 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Thompson, Gestrin, Stevenson, Troy, Erpelding, Gannon

**ABSENT/
EXCUSED:** Representatives Moyle and Thompson

GUESTS: Genie Sue Weppner and Andy Wilker, Hindson Foundation; Russell Westerberg, Rocky Mountain Power; Susie Pouliout and Ken McClure, Idaho Medical Association; Kent Kunz, Idaho State University; Seth Grigg, Association of Idaho Cities; Teresa Baker, Idaho Association of Counties; Jonathan Parker, Holland and Hart

Chairman Collins called the meeting to order at 8:31 A.M.

H 263: **Rep. Erpelding** presented **H 263**, which is an income tax credit for charitable contributions to medical residency programs. This bill will allow individuals and corporations to donate to residency programs and receive a tax credit, which in turn will grow the residency programs in Idaho. The fiscal note for this legislation is \$75,000, which is based on the amount of charitable contributions medical residency programs have received.

In response to questions from the committee, **Rep. Erpelding** clarified it would not be good policy, from an auditing perspective, for donors to try to channel money to the student directly. This legislation has nothing to do with individuals and the credits must be Idaho based.

MOTION: **Rep. Trujillo** made a motion to send **H 263** to the floor with a **DO PASS** recommendation.

In response to questions from the committee, **Rep. Erpelding** stated the redundancy in the bill is due to the effective date. The code section includes a sunset date that goes into effect in 2020. The language change had to be made in both places of session law because of the sunset date.

Andy Wilker, physician, Hindson Foundation, and **Kent Kuntz**, Idaho State University, testified **in support** of **H 263**. Mr. Wilker said 50% of physicians practice within 50 miles of where they completed their residencies. Mr. Kuntz said the legislation encourages people to donate to foundations and create additional residents in the future, which will address Idaho's doctor shortage.

VOTE ON MOTION: **Chairman Collins** called for a vote on the motion to send **H 263** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

H 283: **Rep. Trujillo** presented **H 283** which incorporates **H 83**, although it does two separate things: It inserts the time frame period to two years, and maintains "alterations" in the language. The second change this legislation makes is remove properties from the budgeting capacity side when the properties have been removed from the revenue side.

In response to questions from the committee, **Rep. Trujillo** clarified this bill does not take from the new construction roll. The bill has two parts: the new construction portion of the bill deals only with new construction; the second part of the bill addresses when the state, and only the state, purchases buildings, and to thus remove them from the revenue side and the budget capacity side. She is not sure how much this legislation would change Boise's budgeting capacity. She reiterated that the bill only addresses state-purchased property.

Seth Grigg, executive director, Association of Idaho Cities, testified **in opposition** to **H 283**. The new language regarding state buildings is concerning because there is no time limitations. If sizable properties are purchased by the state, then there will be a significant budgeting effect. This legislation stands to have a sizable impact on taxing districts.

In response to questions from the committee, **Mr. Grigg** said there would be tax shifts. He did not know how many cities are operating at a full 3% a year and how many are not. It is less common for larger cities to take the full 3%, but smaller cities usual take 3%. If the state purchases sprawling complexes, there will still be a demand for service-delivery (like the fire department, the police department, etc.) that have a cost and has to be paid from somewhere. Currently, state-owned property is not on the tax rolls, but the budgeting capacity of the tax district remains the same.

Teresa Baker, Idaho Association of Counties, testified **in opposition** to **H 283**. She stated this legislation is an unnecessary change to statute. There still is a need to provide services to property the state purchases.

In response to committee questions, **Ms. Baker** said the PILOT is based on the budget capacity of the tax-valued entities.

Rep. Trujillo presented her closing testimony. She reminded the committee that there are things in statute that help cities and counties in a budgeting capacity: foregone and new construction. This legislation would not impede the Department of Fish and Game from collecting fees in lieu of taxes. These properties have never been completely exempted from taxing; they are only being removed from the revenue side.

MOTION:

Rep. Chaney made a motion to send **H 283** to the floor with a **DO PASS** recommendation.

In opposition to the motion, **Rep. Gannon** stated as services still need to be provided for fire, police, road maintenance, and schools for these properties, then it does not make sense that the budget is correspondingly reduced.

In support of the motion, **Rep. Troy** said she appreciated the changes made on the legislation and supports the motion, though she reserves the right to listen to her county commissioners. **Rep. Hartgen** said he would be more comfortable if there was a feathering down of costs, because a large property would require more costs, but he supports the motion despite this reservation.

VOTE ON MOTION:

Chairman Collins called for a vote on the motion to send **H 283** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:15 A.M.

Representative Collins
Chair

Shelby Winkel
Secretary