

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 12, 2020

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:04 p.m.

MINUTES APPROVAL: **Senator Anthon** moved to approve the Minutes of January 30, 2020. Senator Lakey seconded the motion. The motion carried by **voice vote**.

S 1303 **Senator Souza** presented **S 1303**, relating to eminent domain, explaining that it is a simple bill that has great impact. Appointed urban renewal boards have the ability to acquire property by eminent domain with no accountability to the voters. This bill seeks to make the decision to pursue eminent domain advisory only to the appointing body unless the urban renewal commissioners are elected. The second portion of the bill states that any member of an urban renewal board shall vacate their appointment when they leave their elected office.

DISCUSSION: **Senator Hill** asked Senator Souza to give an example of the second portion of the bill. **Senator Souza** stated, as example, a city councilman appointed to an urban renewal board for a five year term, but who loses the council seat after one year of that term.

Senator Lakey questioned if the intent was to remove the authority of eminent domain from urban renewal districts. **Senator Souza** replied that the intent is to remove the power of eminent domain from a body that is not elected.

Senator Nye questioned if there was a legal opinion on the effect of the urban renewal agencies to keep their tax exempt bond status. **Senator Souza** responded that after speaking with several attorneys, her opinion was that the choice was to use the tax exempt bonding as an elected board, or advise the city council to do so. **Senator Burgoyne** pointed out that urban renewal board members are appointed by the mayor with the advice and consent of the local body. If the mayor is free to appoint anyone, he questioned what triggers the amendment. **Senator Souza** reiterated that the city council member would vacate the urban renewal board once they were no longer part of the council, but they could be reappointed.

TESTIMONY: **Ryan Armbruster**, Attorney, Elam & Burke, representing Capital City Development Corporation (CCDC), testified against **S 1303**. He explained that after a lengthy process there were major amendments made to urban renewal laws in 2015 and 2016. The legislature ruled that urban renewal boards could be created using one of three models; the mayor selects the board members, they are publicly elected board members, or the city council sits as board members. By changing to elected only, the other two selection models are nullified. It would also create confusion regarding when elections are held, and how often. **Mr. Armbruster** reported their greatest concern is the affect the bill would have on the ability of CCDC to issue tax exempt bonds. He voiced that eminent domain is rarely used, but can be a valuable tool when negotiating with a property owner.

Senator Hill questioned if there was a way to achieve the goal of **S 1303** without losing the power to issue tax exempt bonds. **Mr. Armbruster** stated that the Internal Revenue Service (IRS) makes the decision regarding what political entities are allowed to grant tax exempt bonds. **Chairman Rice** clarified that if all urban renewal boards chose to go to an elected board that would not be an issue.

Senator Souza recounted how urban renewal has affected District Four. By offering an election, it would increase the public trust in urban renewal by creating accountability, as well as increasing public involvement. **Senator Vick** expressed that if eminent domain strengthened the ability to negotiate with the property owner, then he concluded the board should be elected.

MOTION: **Senator Vick** moved to send **S 1303** to the floor with a **do pass** recommendation. **Senator Cheatham** seconded the motion.

SUBSTITUTE MOTION: **Senator Nye** moved that **S 1303** be held subject to the call of the Chair. The motion failed for lack of a second.

DISCUSSION: **Senator Burgoyne** stated he would not support the motion to send **S 1303** to the floor. The positive side of the issue is that eminent domain should happen through elected officials. The negative side is the IRS regulation and economic reality. Urban renewal boards serve at will. If the city council believes they are not acting properly, they are in a position to do something. **Senator Lakey** agreed that eminent domain is a decision best looked at by elected officials. He did question the tax exempt bonding issue however, believing there should be more work to **S 1303**.

Chairman Rice concluded that if **S 1303** were to pass, urban renewal boards would have the choice to be elected boards and issue tax free bonds, which is available to them today. They could also choose to be nonelected, not have the power of eminent domain themselves, and be unable to issue tax free bonds. Both options would remain available. **Vice Chairman Grow** questioned the effective date and if it would have any effect on current urban renewal boards. **Chairman Rice** responded that there would be a November election date for eminent domain authority. Urban renewal boards would not be able to obtain new bonds until after they stood for election, with a July 1 effective date. He specified it could be amended to have a later effective date.

SUBSTITUTE MOTION: **Vice Chairman Grow** moved to send **S 1303** to the 14th Order of Business for possible amendment. **Senator Burgoyne** seconded the motion.

DISCUSSION: **Senator Vick** stated that when he made the original motion he was not aware of the potential time conflict and he supported the substitute motion. **Senator Anthon** observed that he supported the premise of **S 1303** and understood Senator Souza's intent, desiring that it be amended.

VOICE VOTE: The motion to send **S 1303** to the 14th Order of Business for possible amendment passed by **voice vote**.

RS 27716 Relating to an interim committee on property taxes. **Chairman Rice** requested unanimous consent for referral of **RS 27716** to a privileged committee for printing. There were no objections.

PAGE GRADUATION: **Chairman Rice** honored Page Sadie Tribe from Burley, Idaho. He requested she come to the microphone, introduce herself and tell the Committee what she had learned. **Ms. Tribe** thanked the Committee for the opportunity and said she had learned much watching the process of government. **Senator Anthon** stated that he had sponsored Ms. Tribe and it was exciting to have had her here. **Senator Burgoyne** requested that she return when she had chosen what career she would pursue, an accountant or a lawyer.

Chairman Rice expressed the gratitude of the Committee for her service by giving her a letter of appreciation signed by the members. He then gave her several gifts from the Committee, as well as a letter of recommendation.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 4:19 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary