

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 30, 2020

TIME: 3:00 P.M.

PLACE: Room WW53

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

ABSENT/ EXCUSED: Senator Hill

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 3:02 p.m.

MINUTES APPROVAL: **Senator Vick** moved to approve the Minutes of January 23, 2020. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

RS 27510 **Senator Rice** presented **RS 27510**, relating to property taxes; to provide requirements for the homestead exemption application form. **Senator Rice** explained that the purpose of the bill was to create uniformity across the state to the application process for the homeowner's exemption. It also requires that the forms are easily available, and prohibits seeking information not required for the exemption.

MOTION: **Senator Vick** moved to send **RS 27510** to print. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0101-1902 **Cynthia Adrian**, Income Tax Policy Specialist, State Tax Commission (Commission), presented **Docket No. 35-0101-1902**, relating to income tax administrative rules. She clarified that Rule 645 was a temporary rule that needed to be made permanent.

MOTION: **Senator Lakey** moved to approve **Docket No. 35-0101-1902**. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0101-1903 **Ms. Adrian** presented **Docket No. 35-0101-1903**, relating to income tax administrative rules. **Ms. Adrian** explained that the tax bracket rule is statutorily required to be changed every year. They automatically remove the oldest table and add the most recent.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0101-1903**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0101-1904 **Ms. Adrian** presented **Docket No. 35-0101-1904**, relating to income tax administrative rules. **Ms. Adrian** reported that the rule change was statutorily required and increases the threshold amount based on the cumulative percentage of the cost of living.

MOTION: **Senator Anthon** moved to approve **Docket No. 35-0101-1904**. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

UNANIMOUS CONSENT REQUEST: **Chairman Rice** requested unanimous consent that the Committee reconsider **Docket No. 35-0000-1900**. There were no objections.

DISCUSSION: **Chairman Rice** explained to the Committee that he had been absent when **Docket No. 35-0000-1900** had been approved. It was his opinion that Rule 030.01.b be rejected from the docket in order that it be rewritten.

MOTION: **Chairman Rice** moved to approve **Docket No. 35-0000-1900**, with the exception of Rule 030.01.b. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0102-1903 **Tom Shaner**, Tax Policy Manager with the Commission, presented **Docket No. 35-0102-1903**, relating to sales and use tax administrative rules. **Mr. Shaner** explained the rule changes were created by H 86 (2019) which exempted tax on labor for new vehicle accessories being added at the time of sale.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0102-1903**. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1901 **Kathlynn Ireland**, Property Tax Policy Specialist with the Commission, presented **Docket No. 35-0103-1901**. **Ms. Ireland** specified that the changes made were due to the rules being out of date and no longer in use.

MOTION: **Senator Cheatham** moved to approve **Docket No. 35-0103-1901**. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1902 **Ms. Ireland** presented **Docket No. 35-0103-1902**, relating to property tax administrative rules. **Ms. Ireland** stated Rule 130 was being amended to add an agricultural land category and an equalization study. It also provides for early notification per H 164 (2019).

MOTION: **Senator Anthon** moved to approve **Docket No. 35-0103-1902**. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1903 **Ms. Ireland** presented **Docket No. 35-0103-1903**, relating to property tax administrative rules. **Ms. Ireland** explained that this rule change was required pursuant to H 193a (2019) regarding legal descriptions and boundaries.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0103-1903**. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1904 **Ms. Ireland** presented **Docket No. 35-0103-1904**, relating to property tax administrative rules. **Ms. Ireland** advised that the changes were directed at occupancy tax on newly constructed improvements and tax levy certification with urban renewal districts.

DISCUSSION: **Senator Anthon** questioned if the goal of the rule change was to clarify a timing issue, with the only implication during the year of formation. **Ms. Ireland** affirmed that he was correct.

MOTION: **Senator Anthon** moved to approve **Docket No. 35-0103-1904**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1905 **Ms. Ireland** presented **Docket No. 35-0103-1905**, relating to property tax administrative rules. **Ms. Ireland** advised the Committee that Rule 617 is a new rule formulated by combining Rules 613 and 614. The new rule streamlines the process and is drafted to provide guidance with calculations.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0103-1905**. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0103-1906 **Ms. Ireland** presented **Docket No. 35-0103-1906**, relating to property tax administrative rules. **Ms. Ireland** specified that Rule 717 was amended due to legislation passed in 2019 regarding the property tax reduction benefit, also known as the circuit breaker.

MOTION: **Senator Cheatham** moved to approve **Docket No. 35-0103-1906**. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0201-1901 **Ms. Adrian** presented **Docket No. 35-0201-1901**, relating to tax commission administration and enforcement rules. **Ms. Adrian** advised the Committee that the rule change was statutorily required, adding a 4 percent interest amount for calendar year 2020.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0201-1901**. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Grow passed the gavel back to Chairman Rice.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:32 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary