

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 03, 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 3:01 p.m.

MINUTES APPROVAL: **Senator Hill** moved to approve the Minutes of February 6, 2020. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

Senator Cheatham moved to approve the Minutes of February 12, 2020. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

Chairman Rice stated that the minutes approval for February 13, 2020 would be postponed until later in the meeting.

Senator Grow moved to approve the Minutes of February 19, 2020. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

H 491 **Representative Toone**, District 26, presented **H 491**, relating to ambulance service and cooperative agreements. **Representative Toone** explained to the Committee that **H 491** amends Idaho Code § 31-1430 to enable an ambulance district and a fire district to share resources. There are nine ambulance districts in Idaho that do not have a hospital within their boundaries. These rural districts struggle to meet costs. This legislation allows a memorandum of understanding to be created between the board of commissioners for both the fire district and the ambulance district, without penalty. These agreements would allow a limited resource to be shared.

Representative Raymond, District 35, shared that living in a rural community, if he calls for an ambulance it is a 20-to 40-minute wait time. If the call is made to the fire department, it is approximately a five-minute response time. He stated that **H 491** would allow communities to share resources, and is a great opportunity to preserve property as well as lives.

MOTION: **Senator Burgoyne** moved to send **H 491** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Anthon** moved to approve the Minutes of February 13, 2020. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 408 **Representative Monks**, District 22, presented **H 408**, relating to sales tax, to revise provisions regarding the distribution of sales and use tax revenue to cities. **Representative Monks** gave the Committee a brief history of how the state arrived at the current formula for distributing sales tax.

Representative Monks referred to a handout titled "Sales Tax Revenue Sharing to Local Taxing Districts" (see Attachment 1). He explained that the handout was a visual description of the current sales tax distribution process. He clarified that for his presentation he was not addressing special taxing districts or counties. He then pointed out the next handout (Attachment 2), which presents a similar chart and title, but uses the formula created by **H 408**.

Representative Monks then related to the Committee the purpose of **H 408**: to address the disparity of state sales tax distributions to local communities. Using another handout (see Attachment 3) he showed how different cities of the same basic size and population have considerable gaps in sales tax funding. The chart also shows the current formula versus the proposed funding of **H 408**. **Representative Monks** stressed that this legislation is not designed to hurt existing cities and there is no plan to take from one city to reimburse another. **H 408** is designed only to assist in the reimbursement inequity between cities, not create competition.

H 408 will set sales tax distribution for each city using current funding as the base figures. If the city is currently receiving an amount above the statewide average, that amount will not be lowered. If sales tax collections increase, which historically occurs, the first 1 percent of the increase is divided and distributed equally to all cities. If the state collects more than a 1-percent increase, the excess funds are distributed to cities receiving less than the state average. **H 408** is designed to use growth to increase equity among cities, by increasing distribution amounts to those that are below average.

TESTIMONY: **Sean Coletti**, Mayor, Ammon, Idaho; **Brad Christensen**, Resident, Boise, Idaho; and **Jerry Merrill**, Mayor, Rexburg, Idaho, all testified in support of **H 408**.

DISCUSSION: **Senator Vick** questioned what would be the effect on cities if revenues go down. **Representative Monks** responded that if sales tax revenues remain level, every city will be reimbursed the same amount. If the revenues go down, they will receive less, just as they would under the current formula. He believes Idaho will grow beyond this formula in a short period of time which will allow sales tax reimbursement to be based on population alone.

MOTION: **Senator Anthon** moved to send **H 408** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:45 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary