

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, February 13, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Adams, Bernt, Trakel, Rabe, and Just

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 Ricks** called the meeting of the Senate Local Government and Taxation Committee to order at 3:03 p.m.

H 444 **Representative Ehlers** presented **H 444**. He explained that this legislation addressed a loophole in Idaho's home equity theft law. Home equity theft occurred when a taxpayer had a tax debt and the government foreclosed on the property. The government then sold the property, but did not refund to the taxpayer the amount of equity in excess of the tax debt. The U.S. Supreme Court ruled that unconstitutional. Idaho was in compliance with that decision with the exception of a loophole which allowed a governmental entity to sell the property to another governmental entity and keep the equity for itself. **H 444** closed that loophole and prevented a governmental entity from transferring the property to another governmental entity and keeping the equity.

DISCUSSION: **Chairman Ricks** asked Representative Ehlers to further explain the language that was added on page three. **Representative Ehlers** explained that under Idaho Code § 31-808, a county commissioner could transfer any kind of property to another governmental entity. The additional language in Idaho Code §31-808(9) excluded property acquired by tax deeds.

Vice Chairman Schroeder inquired whether this legislation mandated the sale by the county of property acquired by tax deed. **Representative Ehlers** replied that another section of Idaho Code mandated that the county hold a public auction within a certain timeframe.

TESTIMONY: **James Manley**, State Legal Policy Director for Pacific Legal Foundation, testified that the U.S. Supreme Court case *Tyler v. Hennepin County* held that home equity theft was unconstitutional. He noted that the problem wasn't large in Idaho and that a public records request didn't turn up any cases. This legislation brought Idaho into compliance with *Tyler v. Hennepin County*.

Madilynne Clark, Senior Policy Analyst for Mountain States Policy Center, testified that home equity theft was allowed outright by ten states and through loopholes such as was present in Idaho, in nine states. **H 444** eliminated the loophole in Idaho's law. **Ms. Clark** shared the story of Geraldine Tyler, the plaintiff in *Tyler v. Hennepin County*. She was an elderly person who had a tax debt of \$15,000. Hennepin County sold her home for \$40,000 and kept the \$25,000 in equity.

Representative Ehlers answered Vice Chairman Schroeder's previous question and stated that Idaho Code § 31-808 provided that the Board of County Commissioners shall conduct an auction no later than 14 months from the issuance of the tax deed. He further commented that, although **H 444** did not address that, there was a mechanism in statute to force the sale.

MOTION:

Senator Adams moved to send **H 444** to the floor with a **do pass** recommendation. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

H 449

Representative Ehlers presented **H 449**. He stated that this legislation provided a penalty for a taxpayer who claimed more than one homeowner's exemption. The first violation was a fine equal to the amount of taxes due. A second violation was a misdemeanor. This legislation also prescribed and codified a practice already in place in most counties to verify the identity of the person claiming more than one exemption.

Representative Ehlers further stated that **H 449** prescribed the same appeals process permitted in other tax appeals. This legislation also provided for the sharing of information with the Idaho State Tax Commission (Commission) for the purposes of determining voter registration and candidate qualification. Finally, **Representative Ehlers** noted that he had worked with the Idaho Association of Counties and the Commission on the language of this legislation.

DISCUSSION:

Chairman Ricks noted that the fiscal impact statement did not indicate any cost related to the tracking of information and asked Representative Ehlers to discuss that. **Representative Ehlers** explained that the counties already had a homeowner's exemption form. This legislation simply added some additional information to the form. In addition, that information was already being shared with the Commission so that required no additional expense.

Senator Cook commented that this legislation required the collection of some private information and asked whether that information had previously been collected. **Representative Ehlers** responded that most of the counties were already collecting that information.

Senator Grow asked what Idaho Code §18-113 provided regarding penalties. **Vice Chairman Schroeder** explained that Idaho Code §18-113 was the general penalty for misdemeanors. If a misdemeanor penalty was not otherwise specified, the misdemeanor was punishable by imprisonment not exceeding six months or a fine not exceeding \$1,000.

Chairman Ricks asked whether Representative Ehlers was aware of any instances where this had occurred. **Representative Ehlers** answered that the Commission had so far identified 46 instances in 2023 as well as 156,000 in recovered homeowner exemptions, not all of which were the result of claiming more than one exemption.

MOTION:

Senator Grow moved to send **H 449** to the floor with a **do pass** recommendation. **Senator Adams** seconded the motion. The motion passed by **voice vote**.

**GUBERNATORIAL
APPOINTMENT
VOTE:**

Paul Woods to the Idaho State Tax Commission.

MOTION:

Senator Cook moved to send the gubernatorial appointment of Paul Woods to the Idaho State Tax Commission to the floor with the recommendation that he be confirmed by the Senate. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

January 31, 2024. **Senator Trakel** moved to approve the Minutes of January 31, 2024. **Senator Just** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

February 1, 2024. **Senator Cook** moved to approve the Minutes of February 1, 2024. **Vice Chairman Schroeder** seconded the motion. The motion passed by **voice vote**.

**MINUTES
APPROVAL:**

February 6, 2024. **Senator Bernt** moved to approve the Minutes of February 6, 2024. **Senator Rabe** seconded the motion. The motion passed by **voice vote**.

ADJOURNED:

There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:35 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary