

## Idaho Library Association Legislative Report Update

### Tax Committee Summary

The Property Tax Interim Committee has worked over the last few months to travel across the state in order to receive input on tax policy, and changes that should be made. Following are some of the specific and more general recommendations that have come out of these meetings. Please note that 2/3 of the committee must vote to approve a recommendation. From the discussions and recommendations that have taken place, we do not believe libraries will see any significant harm from the tax committee recommendations.

This committee started with a list of 19 property tax reform proposals but now only 5 remain:

**1. Expanding the circuit-breaker property tax exemption:**

With the full 14-member Task Force on hand, a motion by House Minority Leader Wendy Jaquet (D-Ketchum) passed to expand the circuit-breaker property tax relief available to low-income people:

- Raise the income ceiling from the current \$22,000 to \$28,000, making the property tax relief available to more home-owners;
- Raise the maximum property tax relief from the current \$1,200 to \$1,320.

This expansion will shift about \$5.5 million in funding responsibility to the state general fund.

**2. Repealing the so-called “developer discount:”**

There was strong support on the Task Force to repeal the “developer discount,” but concerns about the process. The Task Force voted to appoint a subcommittee to develop a proposal for consideration at the next meeting.

**3. Having to state general fund assume fund responsibility for the local school maintenance & operations levy:**

Again, there was substantial support for having the state general fund replace the remaining 3 mills of local school maintenance and operations levying authority. 3 motions were made: (1) (Keough) Move the remaining 3 mils of M&O authority to the state, to be replaced with new or broadened sales tax revenues (the motion didn't specify how much sales tax nor did it speak to a stabilization fund). (2) (Jaquet) move the remaining 3 mills to the general fund and have the fourth mill (replacement currently capped at \$75 million) be replaced at its full value from the general fund but include an education stabilization fund (no amount specified), and authorize more liberal use of the emergency levy by trustees if the support unit value ever drops below the preceding year value. (3) (Little) Remove only 1.5 mils of the M&O levy leaving 1.5 mils on the local property tax and using general funds to replace the repealed 1.5 mils. All 3 motions failed to receive the 2/3 vote necessary to advance a legislative recommendation. No one

quite knows where this is going to go now, and we will continue to monitor and have conversations regarding how this will proceed.

**4. Increasing the home-owner exemption:**

Debate is far from over on whether, or how, to expand the current 50-50 homeowner exemption. They did agree to include land and possibly expanding to 50-75 (50% of the value or up to \$75,000 of the value), or indexing to the Consumer Price Index.

**5. Local option tax authority:**

After long discussion about granting counties and cities local-option tax authority, the Task Force approved a motion directing legislative staff to prepare 3 different local-option proposals for consideration at the next Task Force Meeting. It is not clear what will be returned but it should be interesting.

At the end of the day the group was not able to take any decisive action on the school M&O 3 mils, even after three motions. This is the most likely to have an impact on school and academic libraries, and we will continue to watch this closely. They also deferred any action on the “developer’s discount” statute and formed a subcommittee to try and work out a detailed repeal schedule. They did reach agreement on a circuit breaker framework increasing the income eligibility to \$28,000 and capping the break at \$1,320 (this should have a \$5.5 million impact). Including land in the homeowner’s exemption was unanimously approved, but couldn’t decide yet on where to move the current 50/50 limits. Impact fee legislation may be introduced in the next session, which could be favorable to libraries, however it is unlikely that this would pass at this point.

Clearly, there is still a great deal of discussion and decisions that have yet to be made. We will continue to monitor and keep the ILA up to date as recommendations and legislation are decided, and will add input to those decisions that will impact the ILA.

Submitted by Erin Bennett, Veritas Advisors  
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