



February 15, 2013

The Honorable C.L. "Butch" Otter  
Governor of Idaho  
State Capitol  
Boise, ID 83720

Dear Governor Otter:

Thank you for the opportunity to comment on the proposed personal property tax legislation provided to us by your office this week. We are grateful for your willingness to consider the impacts that exempting personal property would have on local governments, and we appreciate your assurance that the essential services provided by local governments should be protected.

Local elected officials are concerned that the proposed legislation, which also includes an exemption for operating property (utilities, railroads, etc.), will be an untenable burden on the state general fund at a time when Idaho's economy is growing slowly and state revenue growth is uncertain. Furthermore, the legislation will result in a significant shift in property tax burden to homeowners, farms, and small businesses. This will make passing school bonds and supplemental levies significantly more difficult. Therefore, our associations do not support the proposal.

We do, however, support triggering the exemption provided by House Bill 599, passed in 2008. This would provide an exemption of \$100,000 of personal property per taxpayer, per county, which would fully exempt 89 percent of Idaho businesses from personal property taxes. The fiscal impact of the exemption established by HB 599 is a much more manageable \$20 million per year, which fits the amount provided in your budget for tax relief. Because this legislation provides full replacement revenues, it will not result in a shift of tax burden from businesses to homeowners.

We appreciate your consideration of this important issue and the impacts that personal property tax legislation may have on schools, law enforcement, fire protection, roads, and other local services essential to the environment needed for businesses to flourish.

Our associations pledge that we will continue to work with you and the other stakeholders in an effort to advance the best legislation for the citizens of Idaho.

Respectfully,

Dan Chadwick  
Executive Director  
Idaho Association of Counties

Ken Harward  
Executive Director  
Association of Idaho Cities

Karen Echeverria  
Executive Director  
Idaho School Boards Association