

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 27, 2020

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Kiska, Ellis, Mason, Necochea

**ABSENT/  
EXCUSED:** None

**GUESTS:** Laura Lantz, ISCPA; Tom Shaner, Idaho State Tax Commission (ISTC); Melanie Palacio; George Nickel; Christie Stoll, IDEAL 529; Goldie Bishop, IDEAL 529; Ian Freeman, Military Order of the Purple Heart; John Eaton, IACI; Donald Turano, Military Order of the Purple Heart; and Maureen Turano, Military Order of the Purple Heart.

**Chairman Collins** called the meeting to order at 8:33 a.m.

**H 540:** **Rep. Mike Moyle** stated **H 540** expands the STARS program in Idaho Code § 63-4601. Currently, the STARS program allows developers to pay for an improvement on existing roads through negotiating a deal with the ISTC and Idaho Transportation Department (ITD) for the road project as long as they spend \$4 million on a building and \$6 million on the project, but no more than \$35 million. The business can then recoup the money spent on the project by keeping 60% of the revenues from that building, once it is built, through the sales tax until they pay themselves back. **H 540** expands the STARS program to include fulfillment centers and allows the businesses to make the development area where they collect the sales tax larger by picking up existing businesses. It does freeze current sales tax collection which will stay in the General Fund, and the business is issued a separate permit from the ISTC to collect on new revenue from growth to help pay for the project. Transportation has more needs than revenue, and this expansion will provide more revenues to build projects that need to be built.

In response to committee questions, **Rep. Moyle** replied **H 540** doesn't take money from property taxes like Urban Renewal Areas and is done by the developer at his expense. He further replied to questions about the lack of definition of a developer in the statute by saying a development agreement is tied into the project because sometimes a business has a third-party developer for the project, and the right party for the rebate needs to be identified. This is the best tax because it is private dollars paying for a public road which is recovered from future sales tax. Using the STARS program that already works and is showing results in Idaho provides certainty. **H 540** will hold the state harmless and provide an opportunity for growth to pay for growth.

**MOTION:** **Rep. Anderst** made a motion to send **H 540** to the floor with a **DO PASS** recommendation.

**Rep. Moyle** replied to further committee questions, saying developers need to have an agreement with ITD, as well as have approval for the building from cities and highway districts. If a city does not want the development, ITD won't approve it. Expanding to retailers is not automatic or mandatory. A retailer needs to fall within the development area, be a part of the development plan, and opt in by obtaining a separate sellers permit. Retail sales include walk-in traffic and internet sales. It is easier for ISTC to capture funds from specific projects through the Building Center Project fund referenced in the statute.

**VOTE ON MOTION:**

**Motion carried by voice vote. Reps. Giddings and Necochea** requested to be recorded as voting **NAY**. **Rep. Moyle** will sponsor the bill on the floor.

**H 550:**

**Rep. Paul Amador** informed the committee **H 550** allows businesses and companies to contribute to IDeal Savings Accounts on behalf of their employees or employees' children.

**Rep. Amador** introduced **Christie Stoll**, Executive Director of IDeal College Savings, who said **H 550** brings a tax credit to employers who contribute to their employees' savings accounts. The tax credit can be up to 20% of the contributions with a maximum of \$500 per individual. She provided an overview of the program. She said the IDeal College Savings Accounts are a recruitment tool for employees because investing in employee education goals makes them better employees.

In response to committee questions, **Ms. Stoll** replied the program is self-sustaining, they manage \$550 million, they have about 5.23% participation in the Go On program for college, the total cost for the tax deduction is \$3.3 million, the funds can be taken out after a ten-day waiting period, it is used more by mid-sized companies rather than large multi-state companies, and the language in the legislation does not indicate it is only for private employers. She further responded to several committee questions regarding how the employer sets the accounts up through payroll by saying **H 550** does not provide instructions on how to use the program and only addresses the program incentive.

Those speaking **in support** of the bill were **Laura Lanz**, Idaho Association of Certified Public Accountants; and **John Eaton**, Association of Commerce and Industry.

**MOTION:**

**Rep. Stevenson** made a motion to send **H 550** to the floor with a **DO PASS** recommendation.

**Reps. Ellis and Furniss** spoke **in support** of the motion, suggesting a payroll instruction sheet for employers should be created and used.

**Rep. Necochea** spoke **in opposition** to the motion, saying it is not equitable.

**ROLL CALL VOTE ON MOTION:**

Roll call vote was requested. **Motion carried by a vote of 12 AYE, 4 NAY. Voting in favor** of the motion: **Chairman Collins, Vice Chairman Stevenson, Reps. Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Ricks, Kiska and Ellis. Voting in opposition** to the motion: **Reps. Giddings, Nichols, Mason and Necochea. Rep. Amador** will sponsor the bill on the floor.

**H 551:**

**Rep. Paul Amador** said **H 551** deals with administrative cleanup in code related to beneficiaries who would attend military academy in the United States since all their expenses are covered.

**Ms. Stoll** continued presenting **H 551** saying there are some tax exemptions impacting IDEal 529 Savings Accounts that happen outside 529 code and happen in military law code. Military academy scholarship are one of those that come from the 2003 military scholarships in military law code. **H 551** brings military law to bear on Idaho's IDEal 529 Savings Accounts so Idaho families will not be penalized when their student receives a military scholarship. If a student receives a military academy scholarship, the 10% penalty on earnings will be waived. Currently, Idahoans with military scholarships are taxed the full amount but now will receive the same treatment as other scholarships as it relates to their tax growth portions.

**MOTION:** **Rep. Furniss** made a motion to send **H 551** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Amador** will sponsor the bill on the floor.

**H 552:** **Rep. Priscilla Giddings** said **H 552** amends Idaho Code §63-704 and §63-705A by adding language that allows disabled veterans with a disability rating based on their employability to get a property tax credit if they are being compensated at the 100% level but not necessarily having a service connected disability at 100%. It also adds an emergency clause so the property tax credit goes into effect for the 2020 tax year.

In response to committee questions, **Rep. Giddings** replied the way to report abuses is to service officers, who are in every county, and can elevate it to an investigation.

Those speaking in support of **H 552** were **Melanie Palacio**, spouse of disabled veteran; **George Nickel**, veteran; and **Ian Freeman**, veteran with the Military Order of the Purple Heart, who said veterans rated with a 60% disability are now unemployed because of things that have happened since their rating was given; there are secondary service connected disabilities; rating boards during the cold war were harder and granted lower disability ratings than later, and some veterans are not compensated correctly; a veteran can be rated 100% disabled and not be considered unemployable while other veterans can be rated 60% and be unemployable. Specific injuries such as post traumatic stress syndrome or brain injuries can affect different people differently at different times which may make a veteran employable some times and not others, and they are called the invisible wounded. Ms. Palacio said her veteran husband was determined to be house bound and awarded a rating of 100%, but it was a decades long fight to get there. **Mr. Freeman** informed the committee he has PTSD and was wounded in combat in 2006 and 2007. He is rated at 80% disability and has an unemployable rating of 100% because his memory is not working, and he has bad migraines. His veterans benefit increased by \$50, which won't cover his property tax. He implored the committee to not deny a benefit to the many because of few bad actors.

**MOTION:** **Rep. Necochea** made a motion to send **H 552** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Giddings** will sponsor the bill on the floor.

**RS 27779:** **Rep. Mike Moyle** informed the committee a few years ago when the federal government changed the tax law, to offset that change, Idaho created the child tax credit. **RS 27779** is to make sure when there are divorces or issues of child custody, the ISTC has a copy of the divorce decree and uses the family court order in those cases. There have been instances where the divorce decree ordered one thing, and ISTC did another thing. This legislation ensures when an Idahoan files their tax return, they can staple their divorce decree to the return to make the court's determination on the child tax credit clear to the ISTC.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 27779.** **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:20 a.m.

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Representative Collins  
Chair

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Lorrie Byerly  
Secretary