

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 16, 2021

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, Weber, Necochea, Ruchti

**ABSENT/  
EXCUSED:** Representative(s) Adams

**GUESTS:** Carson Tester, Westerberg and Associates.

**Chairman Harris** called the meeting to order at 9:00 a.m.

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the February 8, 2021 and the February 15, 2021 meetings. **Motion carried by voice vote.**

**Chairman Harris** turned the gavel over to **Vice Chairman Addis**.

**RS 28556:** **Chairman Harris** said **RS 28556** is a sales and income tax relief bill that reduces the income tax brackets, with the top bracket coming down to 6.5%, retroactive to January 2021 with the impact felt in April 2022. **RS 28556** also reduces the sales tax rate from 6% to 5.3%, beginning in January 2022. The tax relief is funded by the Income Tax Credit of approximately \$163 million currently and with revenues earmarked for tax relief. The Governor's tax proposal outlines there is \$180 million in the Tax Relief Fund for one-time tax relief. There is also \$63 million Idaho will save over the next two years by not completely conforming to the Internal Revenue Code (IRC) for 2021.

**Rep. Harris** tracked the alignment of the potential impact of the proposed legislation with the Governor's recommendations, forecasting a positive impact of \$108 million to further fund the continuing tax relief. He shared the bases of the \$160 million planned for ongoing tax relief in the Governor's Building Idaho's Future plan, and said from an Idaho taxpayer's point of view, **RS 28556** will provide about \$284 in tax relief to citizens. It does not affect \$244 million targeted for the Budget Stabilization Fund over the next two years, \$332 million of 2021 supplemental appropriations against general funds for Building Idaho's Future, or the \$662 million bottom line in revenue projections. A one point reduction in either sales tax or income tax results in about a \$40 million tax savings to Idaho taxpayers. Rep. Harris shared details from an analysis of the proposed legislation prepared by the Legislative Services Office.

In response to committee questions, **Rep. Harris** said the savings on non-conformity to the IRC show up on the Governor's projections as one-time money. He further replied that a 5.3% sales tax rate holds local districts harmless on cost sharing.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 28556**.

**Rep. Harris** answered committee questions saying Idaho citizens would not lose more with the proposed tax relief than they would with changes to the grocery tax because any legislation contemplating removal of sales tax on groceries also contemplates removing the grocery tax credit. Removal of the grocery tax credit saves Idahoans approximately \$160 million compared to the savings on removal of sales tax at about \$250 million. The overwhelming majority of citizens are better off with sales tax removal rather than removal of the grocery tax credit. He discussed examples with committee members

**VOTE ON MOTION:**

**Motion carried by voice vote. Rep. Nichols** requested she be recorded as voting **NAY**.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:24 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary