

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

- DATE:** Monday, February 24, 2020
- TIME:** 8:30 A.M.
- PLACE:** Room EW40
- MEMBERS:** Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Kiska, Ellis, Mason, Necochea
- ABSENT/
EXCUSED:** Representative(s) Nichols, Ellis
- GUESTS:** Christie Stoll, IDeal College Savings; and Greg Wilson, Idaho Governor's Office.
Chairman Collins called the meeting to order at 8:30 a.m.
- MOTION:** **Rep. Stevenson** made a motion to approve the minutes of the February 10, 2020 meeting. **Motion carried by voice vote.**
- H 518:** **Rep. Doug Ricks** said **H 518** concerns tax disclosures on property tax bills of bond expiration dates and prior year tax amounts. Property owner tax bills currently show the number of bonds by date, but they do not show when the bonds will expire. The only way to find out the information is to use the other statement property owner's receive to access a phone number to inquire about the information. Tax assessors say it is possible to add expiration dates and is easy to do.
- MOTION:** **Rep. Dixon** made a motion to send **H 518** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Ricks** will sponsor the bill on the floor.
- RS 27730:** **Rep. Paul Amador** informed the committee the Ideal Savings Program has been changed in conjunction with federal law the last couple of years to allow K-12 expenses as well as college expense. **RS 27730** allows businesses and companies to contribute to these savings accounts on behalf of their employees or employees' children.
- Rep. Amador** introduced **Christie Stoll**, Executive Director of IDeal College Savings, who said **RS 27730** brings a tax credit to employers who contribute to their employees' savings accounts. The tax credit would be up to 20% of their contributions with a maximum of \$500 per individual that they can take. Colorado is the state most similar to Idaho who has these types of accounts, and the fiscal impact to their General Fund was \$80,000. Idaho is a smaller state with less IDeal savings than Colorado, so the fiscal impact would be smaller.
- In response to committee questions, **Ms. Stoll** replied that the savings funds could be used for tuition, room and board, fees and supplies for any post secondary program accredited by the US Department of Education. It can now be used for registered apprenticeships through the Department of Labor, as well as to pay back student loans up to \$10,000 over the lifetime of the account. Idaho law encompasses the federal definition of eligible expenses. The 529 College Savings Funds can be used for K-12 tuitions only at public, private or religious schools, capped at \$10,000 per student per year. She further said the 5-year carry forward was modeled after the best practices in other states. Idaho's 6% tax rate was used in the fiscal note.
- MOTION:** **Rep. Chaney** made a motion to introduce **RS 27730**. **Motion carried by voice vote.**

RS 27736: **Rep. Amador and Christie Stoll** said **RS 27736** cleans up some language in the 529 IDeal Account program, including changes regarding individuals going onto military academies in the United States. Currently 100% of military academy tuition and room and board are covered, and IDeal savings account holders would receive a penalty if they pull that money out from the account. **RS 27736** conforms Idaho law to the Military Relief Act, which allows an exemption for military families to be treated as a scholarship in the 529 IDeal Savings Accounts. Currently if a student receives a scholarship, an amount equal to the scholarship can be taken out of their IDeal savings and taxes paid on the earnings portion only. Military academy scholarships are treated differently and this proposed legislation treats them the same. The fiscal impact is for taxing only the growth portion versus the entire withdrawal.

In response to committee questions, **Ms. Stoll** replied that corporations can make contributions to new and existing accounts. She said 529 IDeal accounts are an asset of the parent, and if a student dies, the funds can be rolled to another student or, if they are withdrawn, taxes would be due on the growth portion only with a 10% penalty.

MOTION: **Rep. Dixon** made a motion to introduce **RS 27736**. **Motion carried by voice vote.**

RS 27737: **Rep. Priscilla Giddings** informed the committee **RS 27737** is the same as **H 441** but an emergency clause was added to allow applicants to be eligible this year and to avoid confusion.

MOTION: **Rep. Necochea** made a motion to introduce **RS 27737**. **Motion carried by voice vote.**

RS 27789: **Senator Jim Rice** stated **RS 27789** deals with forest land taxation problems regarding reclassifying forest land without meeting certain standards for reliability in assessing those lands. Statutorily a number of changes in forest land classification and treatment were reversed out by a group of owners of forest land, assessors and the ISTC who agreed on legislation that included changes in statute and a set of rules. However, having rules that deal with tax assessment and changing classifications in assessments can be problematic because changes to rules can have a substantive impact on tax rates and the taxation of the land. An assessment change can have the same impact as a fee rule change. So **RS 27789** rolls the rules into statute encapsulating all the process within statute.

MOTION: **Rep. Chaney** made a motion to introduce **RS 27789**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 8.59 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary