

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Monday, February 14, 2022
- 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, Weber, Shepherd, Necochea, Ruchti
- ABSENT/  
EXCUSED:** Representative(s) Addis, Okuniewicz
- GUESTS:** The sign-in sheet will be retained in the committee secretary's office; following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Library.
- Chairman Harris** called the meeting to order at 9:00 a.m.
- RS 29543:** **Rep. Kauffman** said this proposed bill relates to sales tax and adds language to the short-term rental statute 63-1804, Idaho Code to clarify that short-term Idaho real property rentals are not subject to the marketplace facilitator statutes. The 2017 short term rental statute, enacted with **H 216**, contains a requirement for property owners to register, collect, and remit taxes - including sales tax, travel and convention, and any local-option taxes applicable. **H 259**, the Marketplace Facilitator and Remote Retailer enacted in 2019 created a new separate registration required for marketplace facilitators and remote retailers. Short-term rental property owners are confused about whether **H 259** applies to them. This bill will eliminate that confusion. This legislation will have no impact on the state's General fund or any dedicated fund or federal fund because the same amount of tax is due; this is a clarification of the statute language covering how those taxes are administered and collected.
- Since the previous version of the bill, that was already heard by the committee, had already been voted on, **Rep. Kauffman** requested this proposal be introduced and sent to the second reading calendar.
- Rep. Manwaring** remarked that the sales tax distribution on these rental marketplace transactions have been going into the normal distribution formula, not into the Tax Relief Fund.
- MOTION:** **Rep. Chaney** made a motion to introduce **RS 29543** and recommend it be sent directly to second reading calendar. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.
- H 550:** **Rep. Gannon** asked if he could postpone presenting **H 550** to Thursday the 15th due to some concerns of people who want to testify about property taxes. **Chairman Harris** granted the request.

**H 564:** **Rep. Moyle** introduced **H 564** regarding the homeowner's exemption. The bill specifically deals with the case when individuals have more than one exemption. This proposal requires a county assessor to research if the person is qualified before granting the homeowner's exemption. Furthermore, the Tax Commission shall provide the information needed by the assessor to research if the homeowner is entitled to the exemption. In case the exemption is denied, the homeowner has 30 days to appeal. A separate bill has been introduced in the State Affairs Committee requiring the Tax Commission to create a database. The proposal includes a fiscal note of \$10,000 to \$20,000 necessary for the Tax Commission to fulfill the requirements.

**MOTION:** **Rep. Cannon** made a motion to send **H 564** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**H 565:** **Rep. Moyle** introduced **H 565** explaining that the current legislation allows transient personal property to be exempt from taxation. This proposal clarifies how this situation should be managed by the assessors and removes some unneeded language.

**Mr. Aaron Cook**, Caribou County Assessor, testified **against H 565**. His county is a large mining community, and this exemption will have a significant impact on other properties due to shifting of the taxes. Mr. Cook specified that the existing equipment in the county is worth \$85 million and it should not be considered transient personal property even if it is all on wheels and can be moved around.

**Mr. Wayne Hammon**, CEO of the Idaho Associated General Contractors (IAGC), testified **in favor of H 565** stating that construction companies continue to spend valuable resources tracking equipment that are supposed to not be taxed. If the companies want to pay the taxes, there is nothing that prevents them. They believe that as of today the equipment is exempt and it should stay the way it is now.

**Ms. Sara Westbrook**, representing the Policy Director for the Idaho Association of Counties, is **against H 565**. Ms. Westbrook referred to different mines that have been operating for generations. Their equipment is not really considered transient because they are basically staying at the same mine for a long time and do not move for more than 20 feet. If the bill comes into effect, Caribou County could see a property tax income reduction of 2.1% and would hit the current expense levee, justice levee, and district court fund levee caps. The property tax could increase by 8.7% due to a broadening definition of transient personal property. This could be an issue also for other counties as well.

**Ms. Westbrook** concluded saying that as this bill is a clean up bill for **H 389** she would like to see a tweak and have the committee send it to amending order, or to introduce a new bill. A committee member asked if she was talking about Section 3ii, and taking the mining out. Ms. Westbrook said it would fix it and that for small operations they would fall under the \$250,000 cap which is exempt either way.

**Mr. Ben Davenport** representing the Idaho Mining Association. Based on his perspective these companies should declare their transient personal property as a real property and continue to fund in the appropriate method. Mr. Davenport is in favor of continuing to report and declare their equipment as real property and pay the tax assessment on it. This represents his initial read on this hearing, but his association does not have an official position yet on the bill.

**Ms. Shawn Keough** representing the contractor association, showed her support for **H 565**. Ms. Keough pointed out how many different interpretations are existing between counties and county assessors in how transient logging equipment should be considered. Ms. Keough, stated her intent to eliminate the transient personal property tax.

**MOTION:** Rep. Shepherd made a motion to send H 565 to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** Rep. Moyle will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:42 a.m.

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Representative Harris  
Chair

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Anna Maria Mancini  
Secretary