

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, January 14, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Organizational Meeting	
	An Overview of Idaho's State and Local Tax System	Keith Bybee, Deputy Division Manager, Budget and Policy Analysis, Legislative Services Office

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

Rep Okuniewicz
Rep von Ehlinger
Rep Weber
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 14, 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:** None  
**GUESTS:** None

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

**Chairman Harris** welcomed the committee and introduced new members to the committee, **Rep. Ben Adams, Rep. David Cannon, Rep. Linda Wright Hartgen, Rep. Dustin Manwaring, Rep. Doug Okuniewicz, Rep. Aaron von Ehlinger, Rep. Jon Weber** and **Rep. James Ruchti**. The page, **Nathan DeMourdant**, and the Secretary, **Lorrie Byerly**, were also introduced. After introductions were complete, Chairman Harris went over committee conduct, legislation deadlines and organizational information.

**Keith Bybee**, Deputy Division Manager, Budget and Policy Analysis, Legislative Services Office, presented an overview of Idaho's local and state tax system to the committee, including revenue sources to Idaho state and local governments, such as income, property and sales tax; principles for evaluating tax sources; the impact of inflation adjustments; and distributions of revenue. He discussed Idaho tax policy for sales and use tax, what is taxed, excluded and exempted; property tax constitutional authority and mandates, tax assessment exceptions, and budgets; income tax conformity with the Internal Revenue Code; and miscellaneous taxes and distributions. Major state and local tax collections and distributions for the 2020 fiscal year were presented. He also compared Idaho's state and local tax burden to other states for own-source revenue for the current and past year.

In response to committee questions, **Mr. Bybee** indicated he does not know the amount of outgoing revenue for the MTC Fund, but \$1.4 million came into Idaho. He said Idaho received over \$7 billion from federal COVID 19 funds.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:40 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, January 19, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS28107</u></a>	Tax Appeals, Hearings	Rep. Linda Wright Hartgen

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 19, 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) Moyle, Chaney  
**GUESTS:** None  
**Chairman Harris** called the meeting to order at 8:59 a.m.  
**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the January 14, 2021 meeting. **Motion carried by voice vote.**  
**RS 28107:** **Rep. Hartgen** stated **RS 28107** eliminates provisions of Idaho Code Section 3809(3) in its entirety and the first sentence of Idaho Code Section 3809(4) because they are inactive statutory provisions that have not been used for twenty-five years or more.  
**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28107**. **Motion carried by voice vote.**  
**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:03 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, January 20, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28137</a>	Short-term Rentals, Tax	Rep. Jon O. Weber
<a href="#">RS28138</a>	Income Tax, Partnerships	Rep. Dustin Manwaring
<a href="#">RS28148</a>	Municipalities, Bankruptcy	Rep. Doug Okuniewicz
<a href="#">RS28149</a>	Property Tax Administration	Rep. David M. Cannon

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

Rep Okuniewicz
Rep von Ehlinger
Rep Weber
Rep Necochea
Rep Ruchti

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 20, 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) Moyle, Chaney

**GUESTS:** Jack Lyman, Idaho Manufactured Housing; Brody Aston, Westberg & Associates; and Jake Cluff, BB&A.

**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 19, 2021 meeting. **Motion carried by voice vote.**

**RS 28137:** **Rep. Weber** stated **RS 28137** amends Idaho Code § 63-1803 to add "hotel, motel, campground, room, or any place for lodging or accommodations or place to sleep" to the definition of short-term rentals. **RS 28137** also adds language to Idaho Code 63-1804 to clarify real property owners of short-term rentals are not subject to registering and collecting taxes required by marketplace facilitator statutes.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 28137**. **Motion carried by voice vote.**

**RS 28138:** **Rep. Manwaring** stated **RS 28138** allows Idaho to comply with changes in the Internal Revenue Code which give large partnerships who have incorrectly reported their tax liability the option of entering into a settlement to avoid the time and expense of an audit and amending their prior year tax returns. If a large partnership accepts a settlement with the IRS, **RS 28138** allows Idaho to accept that settlement without having to go through the process of a full traditional audit and parallels the federal process.

**MOTION:** **Rep. Dixon** made a motion to introduce **RS 28138**. **Motion carried by voice vote.**

**RS 28148:** **Rep. Okuniewicz** said **RS 28148** brings Idaho Code up to date with the current Federal Bankruptcy Statute by deleting unused statutes and amending statutory language to say Idaho municipalities are subject to federal bankruptcy laws.

**MOTION:** **Rep. Addis** made a motion to introduce **RS 28148**. **Motion carried by voice vote.**

**RS 28149:** **Rep. Cannon** informed the committee **RS 28149** amends Idaho Code §50-1008 to eliminate references to the widows' exemption, which was replaced by property tax relief in 1972 and has not been used in 50 years. **RS 28149** also makes grammar and language corrections and amends Idaho Code §63-308 to change the date valuation assessment notices are due to property owners to prevent a conflict with the due date for filing appeals of such assessments.

**MOTION:** **Rep. Nichols** made a motion to introduce **RS 28149**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:12 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, January 21, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28115</a>	Idaho Sales Tax, Corporations	Rep. Ben Adams
<a href="#">RS28116</a>	Property Tax, Medical Deduction	Rep. Aaron von Ehlinger
<a href="#">RS28171</a>	Sales Tax, Youth-Run Business Exemption	Rep. Ron Nate

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

Rep Okuniewicz  
Rep von Ehlinger  
Rep Weber  
Rep Necochea  
Rep Ruchti

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 21, 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) Moyle, Dixon, Kauffman

**GUESTS:** Brody Aston, Westerberg Associates; and Jack Lyman, Idaho Manufactured Housing.

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

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the January 20, 2021 meeting. **Motion carried by voice vote.**

**RS 28115:** **Rep. Adams** said **RS 28115** involves multi-state income tax and changes the metrics for measuring the sales factor for sales, other than tangible personal property or services, from a performance base to a location-of-customers base. **RS 28115** has no fiscal impact for sales conducted within the state.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 28115**. **Motion carried by voice vote.**

**RS 28116:** **Rep. von Ehlinger** stated **RS 28116** amends Idaho Code §63-701 by allowing a deduction in the amount of \$4,000 for medical expenses to qualifying lower income home owners. Those with medical expenses exceeding \$4000 have the option to itemize. The amendment eases the burden of documenting medical expenses for applicants and protects their privacy. The estimated administrative savings for the reduction in application review time is \$100,000.

**MOTION:** **Rep. Addis** made a motion to introduce **RS 28116**. **Motion carried by voice vote.**

**RS 28171:** **Rep. Nate** said **RS 28171** amends Idaho Code §50-307 to prohibit cities from requiring license permits or fees from occasional businesses exclusively operated by youth under 18 years of age, and amends Idaho Code §63-3622K to exempt them from sales tax collection.

**MOTION:** **Rep. Weber** made a motion to introduce **RS 28171**.

In response to committee questions, **Rep. Nate** replied he knows of no conflict in Idaho Code to **RS 28171**, which is preemptive legislation.

**VOTE ON MOTION:** **Chairman Harris** called for a vote on the motion to introduce **RS 28171**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:15 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:15 am or Upon Adjournment**  
**Room EW42**  
**Friday, January 22, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28298</a>	Sales Tax, Manufactured Homes	Rep. Ben Adams
<a href="#">H 015</a>	Property Taxes	Rep. David M. Cannon

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, January 22, 2021

**TIME:** 9:15 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) Moyle, Dixon

**GUESTS:** Brody Aston and Carson Tester, Westerberg Associates.  
**Chairman Harris** called the meeting to order at 9:21 a.m.

**RS 28298:** **Rep. Adams** stated **RS 28298** clarifies language related to the sales taxation of manufactured home component parts. It also clarifies that a new manufactured home sold to a retail dealer and then to a home owner is subject to the sales tax only at final sale.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 28298**. **Motion carried by voice vote.**

**H 15:** **Rep. Cannon** said **H 15** relates to property tax administration and changes the due date for assessment notices to property owners on subsequent property rolls from the fourth Monday in November to the third Monday in November, which allows a larger window of time to appeal assessments and their notices. **H 15** also eliminates reference to Idaho Code §50-1008, the widow's exemption, which has been obsolete since the 1972 property tax relief circuit breaker.  
**Rep. Cannon** informed the committee in response to their questions that subsequent property rolls involve a change in status of properties after the regular tax rolls are cleaned up each year.

**MOTION:** **Rep. Addis** made a motion to send **H 15** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Cannon** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:32 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Monday, January 25, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Conformity	Tom Shaner, Tax Research Manager, Idaho State Tax Commission

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

Rep Okuniewicz  
Rep von Ehlinger  
Rep Weber  
Rep Necochea  
Rep Ruchti

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 25, 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) Moyle

**GUESTS:** Tom Shaner, Idaho State Tax Commission (ISTC); and Brody Aston, Westerberg & 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 January 21, 2021 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the January 22, 2021 meeting. **Motion carried by voice vote.**

**Tom Shaner**, Tax Research Manger, ISTC, said Idaho is aligned with the Internal Revenue Code (IRC) as of January 1, 2020, and proposed legislation moves the date forward to January 1, 2021. He provided citations and a brief description of Idaho tax statutes that affect conformity with the IRC, including Idaho Code §63-3002 which declares the intent of the legislature to make the provisions of the Idaho Tax Act identical to the IRC. He said it is important to note the Idaho tax code is based upon starting with the federal taxable income, and the only thing Idaho conforms to is the calculation of federal taxable income. Idaho taxable income is federal taxable income adjusted by Idaho law, which avoids duplication and saves tax preparers a lot of work and expense. Idaho still opts not to conform with specific federal laws.

**Mr. Shaner** informed the committee the fiscal impact this year is large because the federal CARES Act and the December 2020 Stimulus Bill had some large tax cuts. ISTC staff, Idaho Division of Financial Management staff, and some members of the Idaho Society of CPAs formed a committee to review the federal bills and formulate Idaho's costs of conformity to be approximately \$59 million for FY2021. He shared with the committee their fiscal notations regarding a temporary waiver of the minimum distribution and construction of rules for IRAs, changes to charitable contribution rules, the relaxation of the non-corporate loss limitation imposed by the Tax Cuts and Job Act of 2017, the relaxation of the deduction limit on business operating interests, and the CARES Act expansion of the definition of qualified medical expenses for nonprescription medical products.

In response to committee questions on whether the conformity costs to Idaho would be permanent, **Mr. Shaner** indicated it would be hard to know with absolute certainty, and he discussed changes and estimates that could have an impact. He further responded that tightening up tax reforms and the energizing of the federal economy by relaxing tax restrictions created in 2017 were responsible for the changes in 2021, and he would provide citations to the appropriate federal codes.

**Mr. Shaner** reviewed tax laws that were changed or extended by the federal December 2020 Stimulus Bill, including a permanent lower threshold for claiming medical expenses on Schedule A, an extension allowing employers to deduct payments for employees' student loans, the allowance of a shorter depreciable life for nonresidential real estate, expansion of the deduction for business meals, and the extension of the expanded charitable contributions deduction in the CARES Act. He reviewed fiscal notes for the proposed 2021 conformity legislation.

**Mr. Shaner** responded to committee questions regarding deductions for business meals, application of an extra depreciation expense allowed for motor sports facilities to multipurpose facilities, permissibility of offsetting lost revenue, the range and final estimates of Idaho's conformity costs for 2021 and 2022, and the costs to Idaho of conformity by year. Mr. Shaner advised that it would be a tremendous costs to Idaho businesses if there is no conformity.

Committee members discussed with **Mr. Shaner** the possibility and issues involved in preparation of an analysis regarding who benefits from the approximate \$59 million dollar costs of conforming and whether the changes target individuals or corporations.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:51 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, January 28, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 21</a>	Businesses, Licensing, Tax Exempt	Rep. Ron Nate
<a href="#">RS28325</a>	Income Tax, Conformity	Rep. Steven C. Harris, Chairman, House Revenue and Taxation Committee
<a href="#">H 14</a>	Municipalities, Bankruptcy	Rep. Doug Okuniewicz

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 28, 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) Nichols

**GUESTS:** Wayne Richey; Carson Tester, Westerberg & Associates; and Jake Cluff, BB&A.  
**Chairman Harris** called the meeting to order at 9:00 a.m.

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the January 25, 2021 meeting. **Motion carried by voice vote.**

**H 21:** **Rep. Nate** presented **H 21** saying it adds a new subsection to Idaho Code §50-307 exempting businesses owned and operated by persons under eighteen years of age from licensing, permitting or fee requirements imposed by a city. It also adds language to Idaho Code §63-3622K (9) that exempts businesses owned and operated by persons under eighteen years of age whose gross receipts do not exceed \$10,000 from taxes on sales. There is no fiscal impact.

In response to committee questions, **Rep. Nate** said the \$10,000 limit was to ensure adult-run businesses do not operate under the shell of a youth-run business while allowing youth to make a decent amount. The cutoff age of 18 limits the operation of a year-round business because of school attendance. To committee questions regarding restrictions on minors owning property in their own name, he replied that is why business registration was not addressed, and **H 21** says, "exclusively owned and operated by youth."

**MOTION:** **Rep. Addis** made a motion to send **H 21** to the floor with a **DO PASS** recommendation.

**Rep. Kauffman** and **Rep. Manwaring** spoke in **Opposition** to **H 21**, expressing concern that cities may have technical problems associated with whether a business is minor owned or not.

**Rep. von Ehlinger** and **Rep. Ruchti** spoke in **support** of **H 21** because it supports American virtues and capitalism, as well as reduces barriers to youth entrepreneurship.

**VOTE ON  
MOTION:** **Chairman Harris** called for a vote on the motion. **Motion carried by voice vote.**  
**Rep. Nate** will sponsor the bill on the floor.  
**Chairman Harris** turned the gavel over to **Vice Chairman Addis**.



**RS 28325:**

**Rep. Harris** said **RS 28325** is proposed conformity legislation presented to the committee year to year. Many states conform to the Idaho Revenue Code on an ongoing basis while some, like Idaho, do not. States can conform to all of it, some of it or none of it. Some years the only change is the effective date for full conformity, which, according to statute, is the goal. Conformity is what occurs in the federal realm in calculating the total gross income on the federal Form 1040 which is transferred to the Idaho Form 40. There were a lot of changes in the federal 2017 Tax Cut and Jobs Act (TCJA) that impacted Idaho conformity both negatively and positively, and Idaho conformity with the federal CARES Act and December 2020 Stimulus Bill this year have a positive impact for taxpayers and a negative impact to the Idaho General Fund.

Changes that apply to federal income tax calculations that lead to the gross income number are: the age for stopping contributions and taking distributions from IRAs changes from 70½ to 72 years of age; a charitable contribution of \$300 that happens before schedule A and "above the line"; the deduction for charitable contributions has risen from 60% to 100% of taxable income; operating interest that businesses can deduct from their taxable income increased from 30% to 50% for tax years 2019 and 2020; the threshold for medical expenses is changed from 10% to 7.5% of adjusted gross income; employers can gain a tax advantage by paying tuition for their employees, and the temporary ability of employers to pay student loans is extended; the non-residential property depreciation schedule for 39 years has been adjusted to 30 years; business meal deduction expenses went up from 50% to 100%; allowance of an extra depreciation expense for NASCAR and other motor sports facilities; allowance of additional expenses allowed for live theaters; extension of expanded deductions for expenses available to investors in "Empowerment Zones" expanded by the TCJA and overseen by the Idaho Department of Commerce; and relaxed rules for depreciation of non-Indian owned businesses residing on an Indian reservation.

There are several other changes that are not very significant. There is one item to which Idaho will not conform, which is the most expensive piece of full conformity. It is where non-corporate pass-through and Sub Chapter S Corporation businesses are allowed to take \$250,000 of loss for a single person or \$500,000 if filing jointly in a given year and carry that forward year to year. Conformity to the new adjustment means there is not a limit to the \$250,000 singly or the half million dollars jointly, but the full loss may be taken in 2020 as well as in 2019 and 2018 by an amended return that takes the loss in those years in the same manner. The cost for Idaho to conform to this section is very expensive at about 55% of the entire cost of conformity. Because these are loss carry forwards, the state will eventually reap those revenues, but to have them take a huge hit in a single year is too much to take. It is preferable to see those revenues more evenly distributed, so Idaho will allow what is currently allowed and not allow the go back to take the full amount of the loss for previous years. The cost savings for non-conformance to this section would save Idaho approximately \$26 million per year.

In response to committee questions, **Chairman Harris** stated he did not know the cost of conformity to Idaho last year.

**MOTION:**

**Rep. Gestrin** made a motion to introduce **RS 28325**. **Motion carried by voice vote.**

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

**H 14:**

**Rep. Okuniewicz** stated **H 14** is to change the term "municipality" to "taxing district." The reason for the change is some municipalities do not levy taxes, and the change to code is to exclude them from being able to file for bankruptcy. **H 14** repeals sections of code no longer necessary because of the change.

In response to committee questions, **Rep. Okuniewicz** replied he did not know the reason for the emergency clause or specific reasons for deletions of portion of code.

**MOTION:** **Rep. Chaney** made a motion to send **H 14** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Okuniewicz** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:39 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 01, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28342</a>	Local Government, Uniform Accounting	Rep. Jim Addis
<a href="#">H 20</a>	Property Tax, Medical Deduction	Rep. Aaron von Ehlinger
<a href="#">H 32</a>	Sales Tax, Manufactured Homes	Rep. Ben Adams

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 01, 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:** None

**GUESTS:** Jack Lyman, Idaho Manufactured Housing; Carson Tester, Westerberg & Associates; Jake Cluff, BB&A; Jacinta Rig, Lobby Idaho; Josh Whitworth, Idaho State Controller's Office; and Francoise Cleveland, AARP.

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

**RS 28342:** **Rep. Addis** presented **RS 28342**, which is legislation promoting uniformity and transparency for local taxing districts. The genesis for **RS 28342** came from **Brandon Woolf**, Idaho State Controller, who collected, organized and cataloged data from all Idaho state agencies and made it clear and transparent to every Idaho taxpayer how the state was spending their tax dollars. **RS 28342** extends this transparency to all Idaho local tax districts. Just as important as transparency is uniformity. **RS 28342** creates a Committee on Uniform Accounting and Transparency for Local Governmental Entities, made up of the Idaho State Controller and members of the Idaho Legislature, whose primary purpose is to monitor uniform accounting and taxing mandates by cooperatively developing a uniform accounting, budgeting and financial reporting system and manual for local government agencies. It does not tell local taxing districts how much to spend or what to spend it on and only reports on how their allocations are spent. It will be the duty of the Idaho State Controller to do the heavy lifting and create systems which will transfer data to the new reporting system so that cities and counties will not have difficulties with it. **Rep. Addis** presented data on the aggregate return on investment for Idaho property taxpayers. The 2021 supplemental request for \$88,000 allows the Idaho State Controller the ability to have data for the fall 2021.

In response to committee questions, **Rep. Addis** replied that the rollout would begin with education. They are required by statute to be as uniform as possible and will plan on larger taxing districts rolling out sooner. It is important to allow local taxing districts to do things as usual until their time to roll over.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 28342**. **Motion carried by voice vote.**

**H 20:** **Rep. von Ehlinger** said **H 20** allows for a \$4,000 standardized medical deduction for seniors in what is known as circuit breaker, without seniors having to provide documentation of medical expenses. If seniors have more than \$4,000 worth of medical expenses they can still provide documentation. The proposed legislation is great for privacy for seniors and reduces the work of the Idaho State Tax Commission (ISTC). **H 20** would cost the state about \$100,000 which was calculated by using how many people are on the cusp of qualifying for the threshold.

In response to committee questions on whether there were any requirements that those already receiving tax-paid health care would not qualify for the deduction, **Rep. von Ehlinger** responded there were no restrictions of which he is aware. He further responded that he did not know why the costs were placed on the Idaho General Fund rather than local governments. Regarding questions on whether there would be a decrease in agency budgets based upon any savings realized, Rep. von Ehlinger indicated it could be recommended to ISTC.

**ORIGINAL MOTION:**

**Rep. Chaney** made a motion to **HOLD H 20** in committee.

**SUBSTITUTE MOTION:**

**Rep. Necochea** made a substitute motion to send **H 20** to the floor with a **DO PASS** recommendation.

**Rep. Necochea** spoke in support of **H 20** saying it would streamline the process and save money. She also said a circuit breaker is not a tax shift.

**Rep. Chaney and Rep. Moyle** spoke in opposition to **H 20** saying there is no such thing as a property tax cut, just a tax shift. Because of IRA requirements, some seniors could be disqualified from circuit breakers and have the tax burden shift to them. The shift comes up from income tax to property tax.

**ROLE CALL VOTE ON SUBSTITUTE MOTION:**

Roll call vote was requested. **Substitute motion failed by a vote of 3 AYE and 14 NAY. Voting in favor** of the Substitute Motion: **Chairman Harris and Reps. Necochea and Ruchti. Voting in opposition** to the motion: **Reps. Addis, Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, and Weber**

**VOTE ON ORIGINAL MOTION:**

**Chairman Harris** called for a vote on the original motion to **HOLD H 20** in committee. **Motion carried by voice vote.**

**H 32:**

**Rep. Adams** stated **H 32** corrects confusion caused by an ISTC audit that viewed the sale of a new manufactured home to a retailer not as a wholesale transaction but as a sale to a customer. A manufacturer sells to a retailer who presents a valid resale certificate and sales tax is paid by the retailer when the home is sold to the ultimate consumer based on 55% of the sales price. The purpose of **H 32** is to clarify that any sale of new manufactured home by a licensed manufacturer to a licensed retailer with a resale certificate is exempt from sales tax. **H 32** clarifies that items incorporated in the manufactured home as component parts will be included in the wholesale price and taxed at 55%, whereas a part added by a retailer will be subject to sales tax at 100% of its value. **H 32** changes language references from 'mobile' to 'manufactured' home.

**MOTION:**

**Rep. Addis** made a motion to send **H 32** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Adams** will sponsor the bill on the floor.

**Jack Lyman** spoke in support of **H 32**.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:40 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, February 02, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Idaho State Tax Commission Supplementals	Alex J. Adams, Department of Financial Management
<a href="#">H 58</a>	Income Tax Conformity	Rep. Steven C. Harris, Chairman House Revenue and Taxation Committee

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

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COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 02, 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) Hartgen, Adams  
**GUESTS:** Jake Cluff, BB&A.

**Chairman Harris** called the meeting to order at 9:03 a.m.

**Alex Adams**, Administrator, Division of Financial Management, discussed managing the uncertainty of Idaho's revenue forecast. He reviewed the evolution of the revenue forecast for FY2021, including forecast updates prepared for a deficit, revenue sources and funds used to cut the Idaho General Fund, a spending cut of five cents on the dollar, revenue coming in stronger than predicted under a global pandemic, and decreased agency spending due to COVID-19 restrictions. He said stronger revenue than forecast and lower spending resulted in excess revenue which the Governor chose to invest in the future in the Building Idaho's Future program. The Building Idaho's Future investment package includes transportation infrastructure, water and agriculture infrastructure, broadband and economic development, education investments, public safety and capital construction and repair projects. He stated broadband and economic development would be germane to this committee. Two Idaho State Tax Commission (ISTC) supplementals are a part of that package: \$15 million of CARES Act funds for cash grants to small businesses and Idahoans who have been disproportionately impacted by the COVID-19 pandemic, and \$647,200 for rent reduction. He indicated the Governor would work with the Legislature to establish appropriate parameters to ensure the small business grants are targeted to those with significant pandemic-related impacts.

In response to committee questions, **Administrator Adams** said the CARES Act funds are limited by federal statutes and cannot be used to backfill loss revenue choices but cover direct un-budgeted COVID-19 expenses. He cautioned using small business grants for landlords' collection of rents because under the federal COVID-19 relief, Idaho is eligible for \$200 million for state rental assistance. He informed the committee the ISTC was chosen to administer the program because an organization used to dealing with a large influx of applications was needed, and last year ISTC administered a small business program the Governor created, and they did so with very limited technical issues juxtaposed to technical problems from another agency. He discussed the reduction in ISTC's rental at the Chinden Campus, which is an ongoing rescission of \$647,200 that can be used for other purposes, and compared the rental costs of the Chinden Campus and the Capital Mall to state agencies.

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

**H 58:** **Chairman Harris** said a conformity bill is done each year to align development of the initial number on Idaho Form 40, adjusted gross income, with the Internal Revenue Code. The first line on Idaho's Form 40 is taken from the last line of the federal Form 1040 and follows federal tax code definitions. This is typical across the nation, with some states having rolling conformity year to year and some voting once a year to conform. This year, full conformity involves large changes, the cost of which is disadvantageous to states but a \$26 million advantage to taxpayers. Full conformity would cost Idaho \$60 million. Conformity includes adjustments resulting from the 2017 Tax Cuts and Jobs Act being affected by the CARES Act and the December 2020 Stimulus Bill. Idaho is not conforming to one item. Current codes limit a non-corporate pass-through and Sub Chapter S Corporation businesses from taking \$250,000 of loss, for a single person, or \$500,000, if filing jointly, in a given year and carrying that forward year to year. Idaho will hold to the current limits. This will bring the cost of conformity by Idaho down from \$60 million to \$26 million. The Statement of Purposes for the proposed legislation shows the effects for FY2022.

**MOTION:** **Rep. Dixon** made a motion to send **H 58** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Chairman Harris** will sponsor the bill on the floor.

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

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:33 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary



**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Friday, February 05, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>Docket No.</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>35-0101-2001</u></a>	Income Tax Administrative Rules	Cynthia Adrian, Income Tax Policy Specialist, Idaho State Tax Commission
<a href="#"><u>35-0201-2001</u></a>	Tax Commission Administration and Enforcement Rules	Cynthia Adrian
<a href="#"><u>35-0103-2001</u></a>	Property Tax Administrative Rules	Kathlynn Ireland, Property Tax Specialist, Idaho State Tax Commission
<a href="#"><u>35-0109-2001</u></a>	Idaho Beer and Wine Taxes Administrative Rules	Tom Shaner, Tax Research Manager, Idaho State Tax Commission

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, February 05, 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:** None

**GUESTS:** Tom Shaner, Idaho State Tax Commission (ISTC); Cynthia Adrian, ISTC; Kathlynn Ireland, ISTC; Jeremy Pisca, Idaho Beer and Wine Distributors Association; and Carson Tester, Westerberg and Associates.

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

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the January 28, 2021 meeting and the February 1, 2021 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the February 2, 2021 meeting. **Motion carried by voice vote.**

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

**DOCKET NO. 35-0101-2001:** **Cynthia Adrian**, Income Tax Policy Specialist, ISTC, said proposed changes to the Income Tax Administrative Rules begin with Rule 075, which amends a table identifying the Idaho tax rates and income tax brackets for five years by adding tax brackets adjusted for inflation for calendar year 2020 and removing the brackets for calendar year 2015 to keep the table to five years of data. Rule 263 adds tax year 2020 to a five-year table for the amount of guaranteed payments that are sourced as compensation for services. Pursuant to **H 550** passed in 2020, Rule 799 adds the new credit for employer contributions to employee's Idaho College Savings accounts to the list of prioritized tax credits. Rules 940, 943, 944 and 945 extend the small employer investment tax credits to the year 2030 in accordance with the passage of **H 510** in 2020.

In response to committee questions, **Ms. Adrian** said the Consumer Price Index is used to measure inflation.

**MOTION:** **Rep. Kauffman** made a motion to approve **Docket No. 35-0101-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0201-2001:** **Cynthia Adrian** stated **Docket No. 35-0201-2001** is an interest rate docket that adds the interest rate and revenue ruling for the calendar year 2020 to a table that has been kept up to date since 1981 with historical data removed to display only 5 years of data.

**MOTION:** **Rep. Dixon** made a motion to approve **Docket No. 35-0201-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-2001:** **Kathlynn Ireland**, Property Tax Specialist, ISTC, stated proposed rule changes entirely delete Rule 701 because requirements verifying a person is lawfully present in the United States were enacted into statute with the passage of **H 381** making the section unnecessary. Rule 803 was amended to conform with **H 354** passed during the 2020 legislative session that instructed taxing districts to reserve accrued foregone amounts. In 2018, **H 450** passed requiring taxing districts to disclaim foregone amounts. In accordance with **H 354** the word "disclaim" was changed to "reserve" or "reservation" in several places in Rule 803. A table instructing taxing districts how to disclaim foregone amounts is completely deleted. An additional amendment follows **H 103** passed in 2019 which requires information about the expiration date of any voter approved levy be demonstrated on the ballot measure. **H 587**, a statutory amendment passed in 2020, allowing urban renewal districts to receive property tax dollars paid on increment value within a revenue allocation area if there is an agreement between the urban renewal agency and the highway district was added.

**MOTION:** **Chairman Harris** made a motion to approve **Docket No. 35-0103-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0109-2001:** **Tom Shaner**, Tax Research Manager, ISTC, informed the committee of a long-standing rule requiring beer and wine distributors to give the ISTC the option of witnessing large scale destruction of inventory as part of audit requirements or to account for missing inventory. Although ISTC did not always choose to witness such destruction, they had the option to do so. Due to COVID-19, some distributors needed to destroy more inventory this year, and they asked to have the requirement waved with the ISTC relying upon information in the records instead. Rule 13.02 is amended to allow reporting of inventory destruction without ISTC personnel being present.

In response to committee questions, **Mr. Shaner** replied distributors could do what they did in the past in the event of a fire or flood and submit a policy report.

**MOTION:** **Rep. Gestrin** made a motion to approve **Docket No. 35-0109-2001**. **Motion carried by voice vote.**

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

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:23 a.m.

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Representative Addis  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 08, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	City Budgeting	Kelley Packer, Executive Director, Association of Idaho Cities; and John Evans, Mayor of Garden City

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 08, 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) Chaney  
**GUESTS:** Carson Tester, Westerberg and Associates.

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

**Kelley Packer**, Executive Director, Association of Idaho Cities, gave a brief summary of city budgets saying they are service organizations providing water, sewer, garbage, public safety, parks, libraries, roads and bridges, and snow removal, as well as administration of various utility needs and operational services for infrastructure. Idaho cities have service, growth, geographical and population differences. She said cities use six revenue streams: enterprise fees, which are limited to use for the specific services charged; state liquor distributions; sales tax revenue sharing; highway distribution funds earmarked for transportation needs; fines; and property taxes. Revenue streams fund savings, including restricted enterprise funds, rainy day funds and capital improvement savings. Cities with new development charge impact fees for increased service needs but not for day-to-day needs.

In response to committee questions regarding impact fees, **Ms. Packer** replied any city can choose to use impact fees which are set by city councils. She said cities had been unaware that new construction was driving up costs for existing residents, which was caused by a formula set by the state, and cities support changing it. She did not know the percentage of cities using impact fees to pay for new growth as opposed to putting it to existing taxpayers or how many cities use and don't use impact fees. She informed the committee she would provide that information.

**Ms. Packer** further responded to committee questions regarding non-enterprise fund balances by saying she would provide the number of cities with them and the exact dollar amounts.

**John Evans**, Mayor of Garden City, and Legislative Chairman, Association of Idaho Cities, reiterated and expanded on Idaho cities' general fund revenue sources mentioned by **Ms. Packer** and included fees for service, such as permits and licensing fees; grants; and franchise fees that benefit local jurisdictions whose right of ways and or public property is being used for private enterprise for profit or a utility governed by the utilities commission. He said property tax is allowed to increase year over year by 3% over the previous year's levy or the highest levy over the previous three years, to which cities are allowed to add the value of new growth construction revenue, computed currently at the assessed value of the new construction multiplied by the previous year's levy rate which creates a dollar amount added to the base budget. He indicated service loading for new growth comes before the revenue is received.

**Mayor Evans** replied to committee questions stating franchise fees go into the general fund and are not specifically earmarked for roads.

In response to further committee questions, **Mayor Evans** said impact fees occur at permitting and do not supplement current city obligations. He responded to questions on how the occupancy tax ties into the impact fee on the front end and new construction, by saying the impact fee is not connected because it is a capacity expansion component bought into as a fixed asset necessity, whereas occupancy and new construction taxes relate to service provision expense. He indicated the occupancy tax is not at full value until the annual assessment process is completed and a tax bill issued, and the value that comes on the tax roll is determined the January following occupancy. The occupancy tax is an estimate and does not impact the new construction roll. It is a gap filler between the time of occupancy and assessment completion.

**Mayor Evans** said he would provide a written response to committee questions on whether the occupancy tax or the new construction rolls come a full year after occupancy or whether the occupancy tax comes in January of the year occupied and is prorated. He told the committee that in addition to providing the timing of the occupancy tax and new construction, he would report on whether the estimated occupancy tax is readjusted the following year. Mayor Evans also indicated he would provide the committee with information on the growth rate of Idaho cities compared to unincorporated county areas.

**Mayor Evans** continued by saying city revenues include grants, and property tax is generally 45-60% of city revenues. The majority of city expenses are staffing related because cities are service organizations with insurance being a big expense. Cities have a small capital component. Per Idaho Code, cities are mandated to have a city attorney and prosecutor, which is the only state mandate and for which cities bear the expense.

Answering another question, **Mayor Evans** said passing bonds to pay for new growth is a valid discussion point for a complicated issue involving cash versus interest and risk management analyses.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 10:16 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, February 10, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28376</a>	Tax Appeals, Hearings	Rep. Linda Wright Hartgen
<a href="#">RS28409</a>	Veterans, Property Tax Reduction	Rep. Brooke Green
<a href="#">H 73</a>	Local Government, Uniform Accounting	Rep. Jim Addis and Rep. Wendy Horman

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 10, 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) Nichols

**GUESTS:** Fred Birnbaum, Idaho Freedom Foundation; Miguel Legarreta, Associated Taxpayers of Idaho; Brody Aston, Westerberg and Associates; Phil McGrane, Ada County.

**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 5, 2021 meeting. **Motion carried by voice vote.**

**RS 28376:** **Rep. Linda Wright Hartgen** said **RS 28376** is an amendment from the Idaho Board of Tax Appeals, in accordance with the Red Tap Reduction Act, that keeps transparency and deletes one paragraph not used in 25 years. There is no fiscal impact.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28376**. **Motion carried by voice vote.**

**RS 28409:** **Rep. Brooke Green** said **RS 28409** amends existing law to allow a qualified veteran who has applied for, and been granted, the existing veteran special property tax reduction to transfer that reduction or occupancy tax benefit to their new home as long as the application and granting of the reduction happens before April 15. This allows the property tax reduction benefit to follow the veteran rather than stay with the home, preventing non-veterans who have no qualifying service-related disability from reaping the benefits.

In response to committee questions, **Rep. Green** acknowledged **RS 28409** has a pro-noun issue, and the Idaho State Tax Commission has indicated there will be no costs to existing property owners.

**MOTION:** **Rep. Ruchti** made a motion to introduce **RS 28409** with the following changes: change pronoun references to be gender neutral throughout Idaho Code §63-702.

**Chairman Harris** questioned whether the Legislative Service Offices's drafting style was within the committee's purview.

**SUBSTITUTE  
MOTION:** **Rep Necochea** made a substitute motion to introduce **RS 28409**. **Motion carried by voice vote.**



**H 73:**

**Rep. Jim Addis** presented **H 73** as legislation promoting uniformity and transparency for local taxing districts and governmental entities to account for budgets and spending in a like manner. The Idaho State Controller (Controller) collects, organizes and publicizes the expenditures of all state agencies on the Transparent Idaho website, so Idaho taxpayers can know how their taxes are spent. **H 73** proposes to do the same with all Idaho taxing districts and authorizes the Controller to create a uniform accounting manual, require all taxing districts to account for their spending, and post the data it collects on Transparent Idaho. Transparency helps local elected officials because it allows for benchmarking, so a city can see how other cities handle spending. It is invaluable for efficiency. Rep. Addis shared that neither the Idaho Association of Counties nor the Legislative Services Office (LSO) were able to provide him data on how many unfunded state mandates there are and how much it costs cities, counties and local taxing districts because they use different accounting methods and ledger systems at the local level. To make proper policy decisions, the state needs to start with correct and uniform data. Combining transparency and uniform data provides a powerful tool for both local elected officials and property tax payers. **H 73** does not tell anyone how to spend their money, although transparency affects behavior. Rep. Addis shared the fiscal cost to the state for implementation and ongoing administration utilizing four FTEs. The Controller will build the program, and there is a 5-year roll out. Small local districts are not intended to change what they are doing, but to work with the Controller's Office.

**Rep. Addis** introduced **Rep. Wendy Horman** who said **H 73** will provide transparency with a higher degree of security for school districts who will post specific fields of financial data to the Transparent Idaho website instead of the local school district website. This information is already public record and puts no new burden on the school districts. They will continue to upload data on the Idaho System of Educational Excellence where it will be transferred to the Controller's Office for posting on Transparent Idaho. She outlined the amounts and sources of school district funding involved. They hope to get some data uploaded this year. Analyses of spending in Idaho and data in an accessible format for taxpayers, local officials and legislators are critical needs. The data is no good without assistance in analyzing it, so the new FTE in the Legislative Services Office is urgent. Idaho has FTE vacancies in each agency which may be able to help make a net reduction or a net zero in total FTEs overall.

In response to committee questions, **Rep. Addis** said 44 counties, 202 cities, 177 school districts and 1,112 other taxing districts will be reporting data within five years. Any savings will pass through to taxpayers, and the new committee formed under **H 73** would be permanent. He explained the reason for the committee is the subject is a living subject and the document a living document which will change over time. It is important that legislators, as the elected voice of the people, have a voice in addressing those changes. Rep. Addis also explained the new FTE for LSO would continue to have the auditing and fining authority it currently has.

**Josh Whitworth**, Chief Deputy, Controller's Office, said the Controller is currently working on how to bring Idaho's local districts onto Transparent Idaho. Pulling data together with many local districts and putting it online involves a lot of up front, back and forth effort, as well as help to ensure the data is accurate. Data changes, laws change, new expenditures change, so the process is ongoing. **H 73** is valuable legislation because transparency creates a culture of openness, increases accountability and provides data-driven decision making. The cost estimate includes FTEs for business analysts to help gather information, put it into a format for local districts, and provide ongoing help. One FTE is for software programming because experts are needed that can provide fixes and solutions over

time. It would be a good investment in the long run, without which the burden would transfer to local districts.

**Rep. Weber** spoke in support of **H 73** saying it would help local elected officials to understand the often confusing budgets and different accounts.

Also speaking in support of **H 73** were **Miguel Legarreta** President, Associated Taxpayers of Idaho, and **Phil McGrane**, Ada County Clerk. Mr. Legarreta stated he works with property tax, which is very complex, difficult to understand, and involves a great deal of data that he spends months gathering and compiling every year. He needs to have the ability to look at the budget side of the equation and specific budget data is not available. He sees a whole host of district budgets each year and has to contact each district individually for the information. Transparent Idaho has billions of easily searchable data points that give consistency of reporting. Without consistency in reporting, it is impossible to do a comparative analysis of budgets.

Answering committee questions, **Mr. Legarreta** said it is difficult to compare budgets from one year to the next in the same district, but once we have uniform accounting, it will no longer be an issue.

**Mr. McGrane** said Ada County voluntarily participates with the Controller because they recognize transparency is important so the public can know what is done with their money. **H 73** gives the public tools to look at transaction data and budget information.

**Fred Birnbaum**, Freedom Foundation, spoke in opposition to **H 73** saying if four FTEs could be found to reduce costs to true net zero then he would withdraw his objections to the proposed legislation. He has concerns with passing **H 73** first and then trying to find FTEs.

**Rep. Horman** closed by saying a commitment to net zero FTEs over all cannot be made until the Joint Finance Appropriations Committee starts the budget setting process, but she would encourage moving **H 73** forward.

**Rep. Addis** closed by saying having information will empower the person working his job to see the data they need, and the data will ensure that better decisions are made for Idaho taxpayers.

**MOTION:**

**Rep. Hartgen** made a motion to send **H 73** to the floor with a **DO PASS** recommendation.

**Rep. Necochea** spoke in opposition saying she would rather start with a pilot rather than commit to the full project.

Answering committee questions **Rep. Addis** said **H 73** will not increase expenses at the local level, and he expects the new committee will try to figure out the infrastructure to work with local governments.

**VOTE ON MOTION:**

**Chairman Harris** called for a vote on the motion to send **H 73** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Addis** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 10:45 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, February 11, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	County Budgeting	Seth Grigg, Idaho Association of Counties
	Local Taxing District Expenditures	Keith Bybee, Deputy Division Manager, Budget and Policy Analysis, Legislative Services Office

***If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 11, 2021  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Harris, Vice Chairman Addis, Representatives Moyle, Gestrin, Dixon, Kauffman, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, Weber, Necochea, Ruchti  
**ABSENT/  
EXCUSED:** Representatives Adams, Nichols, Chaney  
**GUESTS:** Carson Tester, Westerberg and Associates.

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

**Seth Grigg** of Idaho Association of Counties presented on County Budgeting. The differences between cities and counties were outlined; county services are defined by statute, serve legislative and executive functions, and are funded through dedicated and general funds. Mr. Grigg discussed the structure of county governments' budget cycles including the breakdown of expenditures and revenues. The largest county expenditures were cited as jails and Sheriffs' offices. General fund revenue streams were reviewed excluding enterprise operations like landfills. Transportation expenses and revenues as well as intergovernmental revenue sources were also presented.

**Mr. Grigg** discussed how rural areas are burdened by tourism on federal lands for which they do not receive funds and cannot levy taxes. Allocation of property tax and Idaho's counties' budget based system for determining rates were addressed. Forgone property taxes in relation to new construction as well as notice and hearing procedures to levy the forgone taxes was explained. Occupancy tax was described as separate from new construction tax because a new building may be occupied partially in a given year. The tax commission doesn't track occupancy tax that is collected and remitted by counties. Mr. Grigg discussed the different levies counties are authorized for by the legislature and how some are dedicated and can be capped. He reported that justice levies are always capped and are currently operating at max. A map of new construction property tax revenue comparison per county demonstrated that some areas are growing in population while others are shrinking. Rural counties are not seeing an increase in revenues but are still needing to fund the same essential services.

In response to committee questions, **Mr. Grigg** discussed how funds are allocated in regards to highway districts and liquor sales. Capacity for jails was briefly reviewed. Costs attributed to new growth have not been reported according to Mr. Grigg. He confirmed that school property tax only exists in bonds and levies. Concerns about levy rates driving up existing property taxes for home owners in areas of growth were expressed by committee. Mr. Grigg explained county commissioners' temporary and permanent override options.

**Mr. Grigg** clarified occupancy tax as one-time funds that are reflected as new construction fees. When asked who is tracking and overseeing how occupancy tax is brought in and spent at the city level, Mr. Grigg reported that every county should be tracking that but there currently is no mechanism for transparency. He did not have updated data from the state tax commission on forgone amounts but will produce a report when data is received. Mr. Grigg predicts an increase in forgone property taxes. There was additional questioning on how new development effects existing residences' property tax and whether it was a budget issue. The differences between a perfect and volatile market based system were used to explain the consistency in levy rates for new and existing construction.

**Keith Bybee** presented on Local Taxing District Expenditures for FY 2019. The data analysis came from 1,200 audits. The expenditures were broken down by taxing district for the whole state to show the percentage of property tax used to fund each district. Local Expenditures by Fund Source contained an error under the Road & Highway taxing district; it should include county roads and bridge districts. Mr. Bybee said he would supply the correct information. Total city and county expenditures were reviewed by funding source percentage.

In response to committee questions, **Mr. Bybee** discussed alternative revenue sources outside of property tax like state, franchise fees, and solid waste. Expenditures that are over 100% of their budgets may have been projected lower than tax levied that year. When asked if analysis has been done on the difference between property tax replacement and the tax that would have been due in the absence of the 2013 personal property tax exemption, Mr. Bybee responded that he had not heard of any. He cited difficulty tracking incoming funds; Identifying each funding source in the audit would be too cumbersome. Audits have some fund source info but don't have complete information on program budgets.


**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:15 a.m.

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Representative Harris  
Chair

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Beth Norton  
Secretary



Legislative Services Office



Budget & Policy Analysis

# Local Taxing District Expenditures

Presentation to House Revenue and Taxation  
February 11, 2021

1

## 2019 Expenditures by Taxing District

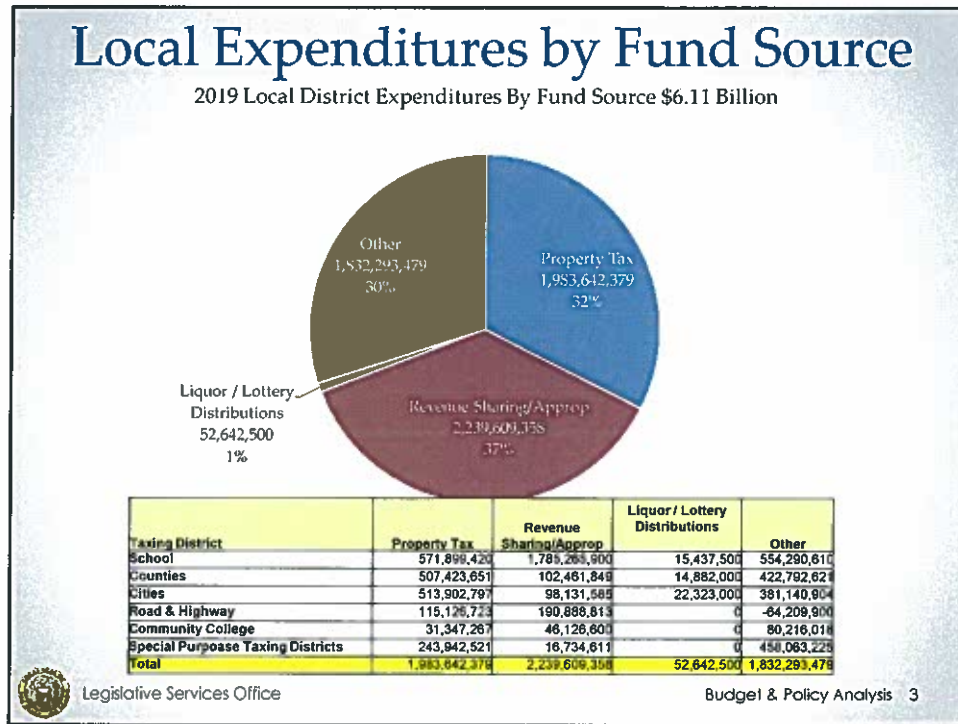
Taxing District	2019 Expenditures	Property Tax	% Expenditures from PTAX
School	2,929,893,430	571,899,420	19.5%
Counties	1,047,560,121	507,423,651	48.4%
Cities	1,015,498,266	513,902,797	50.6%
Hospital	287,486,499	9,002,417	3.1%
Road & Highway	241,605,638	115,126,723	47.6%
Community College	157,689,885	31,347,267	19.9%
Urban Renewal	133,365,189	73,500,000	55.1%
Fire	95,283,566	78,482,253	82.4%
Ambulance	55,594,398	28,144,365	50.6%
Sewer & Water	52,451,146	3,752,412	7.2%
Library	35,324,520	27,066,697	76.6%
Regional Airport	12,408,977		0.0%
Recreation	11,330,825	6,207,140	54.8%
Waste Disposal	9,945,571		0.0%
Cemetery	8,483,669	6,577,071	77.5%
Auditorium	8,806,577	15,819	0.2%
Mosquito Abatement	5,882,954	8,254,310	140.3%
Port of Lewiston	1,588,390	405,000	25.3%
Flood Control Districts	1,353,568	744,434	55.0%
Extermination	694,300	1,071,220	154.3%
Drainage	448,361		0.0%
Community Infrastructure Districts	260,785	589,448	226.0%
Watershed	21,056	129,939	617.1%
<b>Total</b>	<b>6,108,187,716</b>	<b>1,983,642,379</b>	<b>32.5%</b>



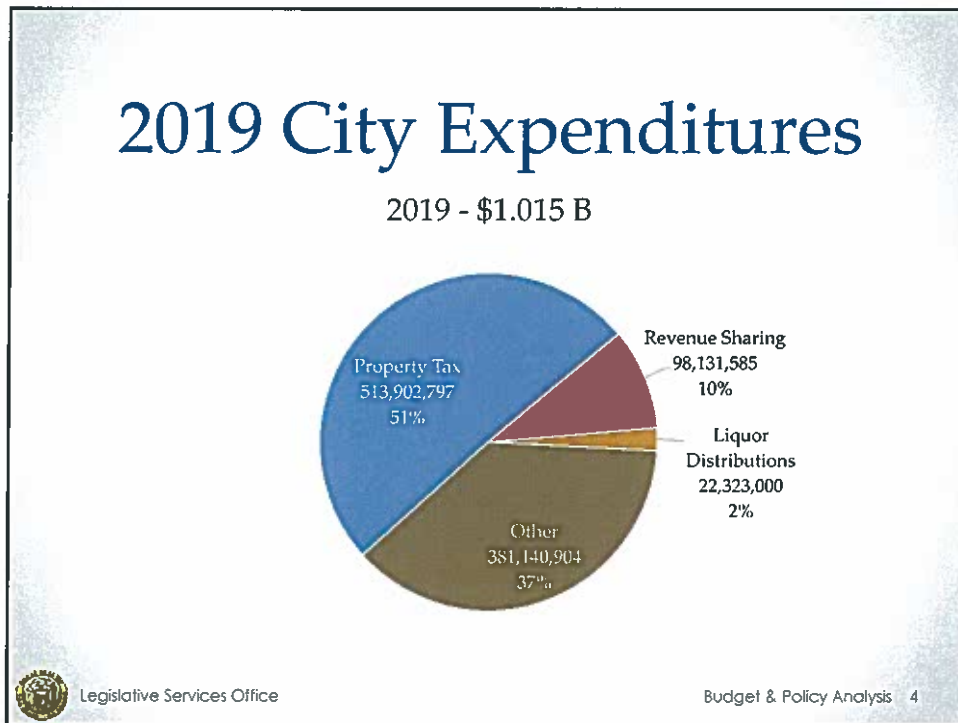
Legislative Services Office

Budget &amp; Policy Analysis 2

2



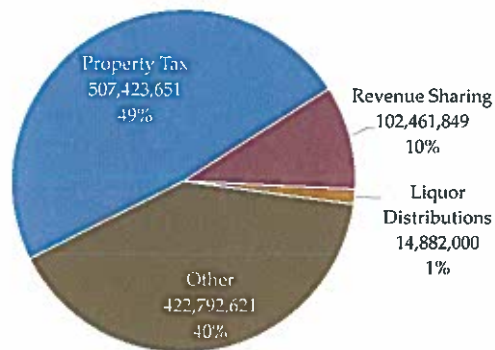
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4

# County Expenditures

2019 - \$1.047 B



Legislative Services Office

Budget & Policy Analysis 5

5

Please feel free to contact me with any questions at  
(208)334-4739 or [kbybee@lso.idaho.gov](mailto:kbybee@lso.idaho.gov)

Keith Bybee, Deputy Division Mgr.  
Budget and Policy Analysis  
Legislative Services Office



Budget & Policy Analysis 6

6





AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 15, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28483</a>	Sales Tax Exemptions	Rep. Marc Gibbs
<a href="#">RS28542</a>	Taxable Income, Business Losses	Rep. Steven C. Harris
<a href="#">H 119</a>	Tax Appeals, Hearings	Rep. Linda Wright Hartgen
Docket No. <a href="#">36-0101-2000</a>	Idaho Board of Tax Appeal Rules	Rep. Jim Addis

***Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)***

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 15, 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) Chaney, Gestrin, Ruchti

**GUESTS:** Representative Marc Gibbs, District 32.

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

**RS 28483:** **Rep. Marc Gibbs** said **RS 28483** amends Idaho Code §63-3622 with the intention of putting the burden of establishing a sales tax exemption or resale certificate on the purchaser and not the seller. Amendments to Idaho Code §63-3622(d) also remove the responsibility for audits from the seller to the purchaser providing an exemption or resale certificate. There is no fiscal impact.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 28483**. **Motion carried by voice vote.**  
**Chairman Harris** turned the gavel over to **Vice Chairman Addis**.

**RS 28542:** **Rep. Harris** presented **RS 28542** saying it is a trailer to **H 58** which conformed the Idaho income tax code to the federal Internal Revenue Code (IRC). One portion of **H 58** did not conform to the net operative losses portion of the IRC, although it has done so in past years. **RS 28542** adds a paragraph instructing Idahoans what they must do for net operating losses.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28542**. **Motion carried by voice vote.**

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

**H 119:** **Rep. Hartgen** informed the committee **H 119** is consistent with The Red Tape Reduction Act and seeks to simplify and remove language from Idaho Code §63-3809. It also eliminates Idaho Code §63-3809(3) because it serves no purpose and has not been used for years. There is no fiscal note since the proposed legislation is just procedural.

In response to committee questions, **Ms. Hartgen** said the intended purpose of eliminating the section is to remove redundant language.

**MOTION:** **Rep. Dixon** made a motion to send **H 119** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Hartgen** will sponsor the bill on the floor.

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

**DOCKET NO.  
36-0101-2000:** **Rep. Addis** stated **Docket No. 36-0101-2000** has to do with Idaho Board of Tax Appeals. If property owners are not satisfied with a decision of their local board of equalization on their home assessment, they can appeal to the Idaho Board of Tax Appeals. The proposed changes remove a fee provision and do not impose or increase any charges.

**MOTION:** **Rep. Dixon** made a motion to approve **Docket No. 36-0101-2000**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:10 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, February 16, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28556</a>	Income and Sales Tax Relief	Rep. Steven C. Harris

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

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

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, February 17, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 120</a>	Veterans, Property Tax Reduction	Rep. Brooke Green
<a href="#">H 170</a>	Taxable Income, Business Losses	Rep. Steven Harris
<a href="#">H 171</a>	Sales Tax Exemptions	Rep. Marc Gibbs

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)



MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 17, 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:** None

**GUESTS:** Jake Cluff, Ben Brocksome & Associates; Russ Westerberg, Westerberg and Associates; Patty Schmit, VPT; Larry Skawinski; and Miguel Legarreta, Associated Taxpayers of Idaho.

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

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the February 11, 2021 meeting. **Motion carried by voice vote.**

**H 120:** **Rep. Brooke Green** said **H 120** allows a qualified veteran, who has applied for and been granted an existing veteran's special property tax reduction, to transfer the reduction or occupancy tax benefit to their new home. The benefit would then follow the veteran, rather than stay with the home for a period of time, preventing non-veterans from benefitting from someone else's service. The benefit is \$1320, there is no cost for the transfer from one residence to another, and it is done through coordination with the Idaho State Tax Commission after online application with a local assessor. October 5th is the deadline for transfer because levy rates will be set in subsequent weeks.

Answering committee questions, **Rep. Green** discussed the qualifications for the benefit set forth in Idaho Code § 63-705A, differentiating it from the circuit breaker program and Idaho Code §63-107, which would be the appropriate statute to amend to expand benefits. The general property tax reduction (PTR), or circuit breaker, provides benefits for persons with disabilities and seniors, and has an income requirement that the veteran's special property tax reduction does not. To qualify for the PTR, as well as the veterans special property tax reduction program, the home needs to have a homeowner's exemption in place. She said the redundancy in language in Idaho Code §63-702 and Idaho Code § 63-705A is to capture the specifications pertaining to PTR and allows veterans to qualify for PTR and the veteran's special property tax reduction. If a veteran has both the benefits and moves into a new home, both benefits would be transferable.

**Lawrence Skawinski** spoke in support of **H 120** saying he is a veteran who moved, and his existing veteran's special property tax reduction did not transfer. There was no recourse for redress except through legislative change.

In answering committee questions, **Rep. Green** said if a veteran does not transfer the veteran's special property tax benefit, the maximum time it could remain with a non-veteran homeowner is one year.

**MOTION:** **Rep. Ruchti** made a motion to send **H 120** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Green** will sponsor the bill on the floor.

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

**H 170:** **Rep. Steven Harris** presented **H 170** saying **H 58**, passed by the Legislature, was legislation conforming Idaho with the federal Internal Revenue Code (IRC), although it did not conform completely with the IRC regarding treatment of net operating loss carry forward for non C corporation pass-through corporations. **H 170** amends Idaho Code §63-3022 allowing and providing handling instructions for businesses to carry forward their net operating losses in the future.

**MOTION:** **Rep. Kauffman** made a motion to send **H 170** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Harris** will sponsor the bill on the floor.

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

**H 171:** **Rep. Marc Gibbs** said **H 171** puts the audit burden on a buyer of goods when there is an ST-101 Resale Certificate [Attachment 1] on file with the seller. The person buying the goods should be responsible for any tax that may be due as a result of misusing an ST-101 to claim an exemption to which he is not entitled. **H 171** does not increase any exemption currently allowed by the Idaho State Tax Commission (ISTC) or state tax code. It puts the burden of establishing a sales tax exemption or resale certificate on the purchaser and not the seller. It also shifts the burden for the audit trail from the buyer to the seller. Rep. Gibbs shared the history of a local implement dealer who was deemed liable in a five-year audit by the ISTC and held responsible for uncollected sales tax for an improperly issued ST-101. **H 171** puts the burden on the person claiming the exemption which is the intent of the law.

In response to committee questions, **Rep. Gibbs** replied he did not know if an ST-104NR would be covered in addition to the ST-101 in **H 171**, and did not know ISTC's procedure for auditing online Amazon sales.

**Tom Shaner**, Tax Research Manager, ISTC, was called on by the committee to address questions on **H 171**, and said, currently, a properly filled out ST-101 does shift the burden, and he understands ISTC does look at the person claiming the exemption and not just retailers, unless the retailer did not collect an ST-101.

**MOTION:** **Rep. Moyle** made a motion to send **H 171** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Gibbs** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:43 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary



# Form ST-101 Sales Tax Resale or Exemption Certificate

Buyer's name			Seller's name		
Address			Address		
City	State	ZIP Code	City	State	ZIP Code

**Seller:** Each exemption a customer claims on this form might have special rules (see instructions). It's your responsibility to learn the rules. You must charge tax on goods that don't qualify for a claimed exemption.

**Buyer:** Complete the section that applies to you.

**1. Buying for Resale.** I'll sell, rent, or lease the goods I'm buying in the regular course of my business.

- a. List the primary nature of your business \_\_\_\_\_ . Describe the products you sell, rent, or lease \_\_\_\_\_ .
- b. Check the box that applies:  Idaho registered retailer; seller's permit number \_\_\_\_\_  
(required - see instructions)
- Wholesaler only; no retail sales  Retailer selling only through a marketplace facilitator  Out-of-state retailer, no Idaho business presence
- Idaho registered prepaid wireless service seller; E911 fee permit number \_\_\_\_\_  
(required - see instructions)

**2. Producer Exemptions** (see instructions). I'm in the business of producing \_\_\_\_\_  
I'll put the goods that I'm buying to an exempt use in the business selected below.

- Broadcasting  Logging  Publishing free newspapers
- Production Exemption (check all that apply):
- Fabricating  Hunting or fishing operation  Mining  Ranching
- Farming  Manufacturing  Processing

**3. Exempt Buyers.** All purchases are exempt and no permit number is required. Check the box that applies.

- |  |   |  |  |
|--|---|--|--|
| <input type="checkbox"/> Advocates for Survivors of Domestic Violence and Sexual Assault, Inc. | <input type="checkbox"/> Blind Services Foundation, Inc.                                  | <input type="checkbox"/> Emergency medical services (EMS) agencies ( <i>nonprofit only</i> ) | <input type="checkbox"/> Museums ( <i>nonprofit only</i> )                           |
| <input type="checkbox"/> American Indian tribes  | <input type="checkbox"/> Canal companies ( <i>nonprofit only</i> )                        | <input type="checkbox"/> Forest protective associations                                      | <input type="checkbox"/> Qualifying health organizations (see instructions for list) |
| <input type="checkbox"/> American Red Cross  | <input type="checkbox"/> Centers for independent living                                   | <input type="checkbox"/> Government (U.S./Idaho)   | <input type="checkbox"/> Schools ( <i>nonprofit only</i> )                           |
| <input type="checkbox"/> Amtrak  | <input type="checkbox"/> Children's free dental service clinics ( <i>nonprofit only</i> ) | <input type="checkbox"/> Hospitals ( <i>nonprofit only</i> )                                 | <input type="checkbox"/> Senior citizen centers                                      |
|  | <input type="checkbox"/> Credit unions (state/federal)                                    | <input type="checkbox"/> Idaho Foodbank Warehouse, Inc.                                      | <input type="checkbox"/> Volunteer fire departments                                  |

**4. Contractor Exemptions** (see instructions).

- a. Invoice, purchase order, or job number that corresponds with this project \_\_\_\_\_
- b. City and state where job is located \_\_\_\_\_
- c. Project owner name \_\_\_\_\_
- d. This exempt project is (check appropriate box):
- In a nontaxing state. (To qualify, materials must become part of the real property.)
- An agricultural irrigation project.
- For production equipment owned by a producer who qualifies for the production exemption.
- A certified data center project.

**5. Other Exempt Goods and Buyers** (see instructions).

- |  |  |
|--|--|
| <input type="checkbox"/> Aerial tramway component or snowmaking/grooming equipment   | <input type="checkbox"/> Livestock sold at a public livestock market   |
| <input type="checkbox"/> American Indian buyer holding Tribal ID No. _____<br>You can't use this form for vehicle or vessel purchases (see instructions) | <input type="checkbox"/> Medical items that qualify (see instructions)                                       |
| <input type="checkbox"/> Certified data center   | <input type="checkbox"/> Pollution control items   |
| <input type="checkbox"/> Church buying goods for food bank or to sell meals to members   | <input type="checkbox"/> Research and development goods  |
| <input type="checkbox"/> Food bank or soup kitchen buying food or food service goods   | <input type="checkbox"/> Other goods or entity exempt by law under the following statute<br>(required) _____ |
| <input type="checkbox"/> Heating fuels   |  |
| <input type="checkbox"/> Irrigation equipment and supplies used for agriculture  |  |

**By signing this form, I certify** that the statements I made on this form are true and correct. I know that submitting false information can result in criminal and civil penalties.

Buyer's signature	Buyer's name (please print)	Title
Buyer's federal EIN or driver's license number and state of issue		Date

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, February 18, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28294</a>	Sales Tax, Nonresidents, Vehicles	Rep. Terry Gestrin
<a href="#">RS28354</a>	Property Value, Assessment	Rep. Jim Addis
<a href="#">RS28504C1</a>	Income, Property Tax Reduction	Senator Melissa Wintrow
<a href="#">RS28565</a>	Income Tax, Federal Relief Monies	Rep. Dustin Manwaring
<a href="#">RS28612</a>	State Tax Commission	Rep. Dustin Manwaring

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 18, 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) Nichols

**GUESTS:** Jeff Cluff, BB & A.

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

**RS 28294:** **Rep. Terry Gestrin** said **RS 28294** is necessary as a result of changing practice by the Idaho State Tax Commission (ISTC) regarding how Idaho treats out-of-state businesses when they purchase vehicles, including off road vehicles, snow mobiles, cars, trucks and boats. Non-resident Individuals who purchase vehicles in Idaho and domicile, title and register them out of state are not required to pay Idaho sales tax. For many years, businesses were treated the same. **RS 28294** redefines statutory language so businesses are treated the same as individuals. There are many businesses and corporations outside of Idaho that buy a variety of vehicles in Idaho, who will stay in their home state to purchase the vehicles if they get taxed after the fact. Idaho income tax will suffer because vehicle dealers in Idaho will lose business if the proposed changes are not made.

**MOTION:** **Rep. Okuniewicz** made a motion to introduce **RS 28294**. **Motion carried by voice vote.**

**RS 28354:** **Rep. Jim Addis** presented **RS 28354** saying it allows Idaho property owners who have purchased a home in the past 12 months in an arms length transaction to use that value for assessment purposes on appeal and does not force disclosure. Proof of an arms length transaction can only be used on a voluntary appeal of a residential property assessment value. The term 'arms length value' is a legal term meaning a willing buyer, a willing seller, where no inside information can be used for that value and is a true definition of *ad valorem*. The proposed legislation eliminates some of the vagaries of the current mass assessment processes, which looks at percentages of compliance whereas in *ad valorem*, what I paid is what I paid.

**MOTION:** **Rep. Cannon** made a motion to introduce **RS 28354**. **Motion carried by voice vote.**

**RS 28504C1:** **Senator Melissa Wintrow** said Idaho certifies a homeowner to be a Certified Family Home (CFH) when they provide a safe, family style living environment and 24-hour, seven-day-a-week care for adults with physical or mental disabilities. CFHs keep vulnerable adults out of institutions which is good for Idaho fiscally since reimbursement for care to a CFH is \$54 a day compared to \$297 a day by an institution. There are approximately 2,200 CFHs in Idaho of which about 200 constitute low-income residences. The approximate \$17,000 a year a CFH receives for care of an individual is counted as income by Idaho and puts them above the threshold to qualify for Idaho's circuit breaker property relief program. The federal government does not count these funds as income for federal income tax purposes. **RS 28504C1** would allow the homeowner of a CFH to exempt the payment they

receive from Idaho to care for someone in their home from income counted toward an application for the circuit breaker.

In response to committee questions, **Senator Wintrow** replied that the \$17,000 reimbursement is straight-up income allowing no deductions, and CFH homes are subject to audits to ensure their certification qualifications are met.

**MOTION:** **Rep. Adams** made a motion to introduce **RS 28504C1**. **Motion carried by voice vote.**

**RS 28565:** **Rep. Dustin Manwaring** informed the committee **RS 28565** deals with federal relief monies, allowing Idaho taxpayers who either received an Idaho Rebounds for Small Business Grant or received a PPP loan in 2020 that was forgiven to subtract that from their taxable income. The fiscal impact is not known because the new federal money is not ongoing lost revenue to the state.

**Rep. Manwaring** declared a Rule 80 possible conflict.

Answering committee questions, **Rep. Manwaring** said the Rebound for Small Business Grants and PPP loans are different from other grants provided by the federal government because they are one-time money from Cares Act funds and just cover 2020. Idaho decided to allocate and give some of the funds through the Idaho Rebounds Program as grants and had money directly distributed through the Small Business Administration and individual banks through PPP loans which later could be forgiven and deducted from the borrower's Idaho taxable income. **Rep. Manwaring** indicated he would provide more specific information to the committee on the fiscal impact of **RS 28565**.

**MOTION:** **Rep. Ruchti** made a motion to introduce **RS 28565**. **Motion carried by voice vote.**

**RS 28612:** **Rep. Manwaring** stated **RS 28612** clarifies the Chairman of the Idaho State Tax Commission must have the advice and consent of the ISTC before assigning responsibility for personnel, budgetary or fiscal matters away from the ISTC. Secondly it provides any unilateral actions of the Chairman must be reviewed by the full commission upon the request of a commissioner. Changes in **RS 28612** will help the ISTC work as a governing body. **Rep. Manwaring** had concerns upon reviewing Idaho Code §63-102 which prompted him to bring the proposed legislation.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 28565**. **Motion carried by voice vote.**

**Chairman Harris** presented the page, **Nate DeMordaunt** with a gift from the committee and letters of recommendation and thanks.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:21 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Friday, February 19, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28600</a>	Taxes, Rebuttable Presumption	Rep. Dustin Manwaring
<a href="#">RS28436</a>	Person Property Tax Exemption	Rep. Mike Moyle

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

Rep Okuniewicz  
Rep von Ehlinger  
Rep Weber  
Rep Necochea  
Rep Ruchti

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, February 19, 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:** None

**GUESTS:** Russ Westerberg and Brody Aston, Westerberg and Associates; John Sheldon, S & R; and Jake Cluff, BB&A.

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

**RS 28600:** **Rep. Dustin Manwaring** presented **RS 28600** saying it allows taxpayers to document expenditures, either a deduction or a credit, by providing a banking or credit card statement and having that stand as evidence of an expenditure. If there is some competent evidence otherwise, there is a rebuttable presumption, and an examining agency could determine it is not an expenditure. The proposed legislation is a good practice for the treatment of evidence from the taxpayer.

In response to committee questions, **Rep. Manwaring** replied currently taxpayers need to have actual receipts.

**Rep. Addis** spoke in support of **RS 28600** because every year he loses evidence in heat sensitive receipts.

**MOTION:** **Rep. Addis** made a motion to introduce **RS 28600**. **Motion carried by voice vote.**

**RS 28436:** **Rep. Mike Moyle** said that business personal property tax ties into the whole concept of personal property. He explained how personal property coming on the rolls at a certain rate depreciates and, as it depreciates, shifts to real property, such as when a company buys equipment that depreciates and shifts to the homeowner's property. **RS 28436** tries to end that. **Rep. Moyle** shared how Idaho has tried to stop that over the years by first exempting agricultural personal property and reimbursing the taxing districts so they are held harmless, and later exempting personal property purchases of over \$3,000. More recently, the first \$100,000 in value on personal property was exempted, which was a good thing because it exempted close to 90% of all personal property, which was reimbursed by the state. **RS 28436** takes the next step regarding business personal property and ends the issue for good, but does it over time. Starting January 2022, all the personal property collected by the taxing districts will be identified and an amount for which taxing districts need to be reimbursed set. All personal property purchased after January 1, 2022 becomes exempt. Property already on the rolls, will be paid back by the state one tenth at a time for the next 10 years, so the districts are held harmless and reimbursed for the revenue they receive at that time.

In response to committee questions, **Rep. Moyle** replied that Idaho Code §63-602LL on page 10 of **RS 28436** addresses the treatment of operating property. He further replied that revenue lost to the state will be reduced taxes by Idaho businesses.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 28436**.



**Rep. Necochea** spoke **in opposition** to **RS 28436** saying the \$100,000 exemption in the compromise of 2013 exempted most businesses, but even at that fixed level of replacement revenue, shifted taxes onto homeowners over time. The proposed legislation will create another factor shifting taxes onto homeowners at a time when Idahoans are struggling with property taxes.

**Rep. Moyle** closed by saying the tax shift comes on now and if not stopped, equipment comes on, depreciates off, and the homeowner pays for it. **RS 28436** is good for the homeowners.

**VOTE ON  
MOTION:**

**Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:09 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 22, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 211</u></a>	Property Value, Assessment	Rep. Jim Addis
<a href="#"><u>H 213</u></a>	Income Tax, Federal Relief Moneys	Rep. Dustin Manwaring
<a href="#"><u>H 214</u></a>	State Tax Commission	Rep. Dustin Manwaring
<a href="#"><u>H 212</u></a>	Income, Property Tax Reduction	Senator Melissa Wintrow

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 22, 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:** None

**GUESTS:** Art Evans, Medicaid; Fred Birnbaum, Idaho Freedom Foundation; Russ Westerberg, RMP; Brad Wills, Twin Falls Assessors Office; Lincoln Smyser; Brody Aston, Westerberg and Associates; Jake Cluff, BB&A; and Pam Waters, Idaho State Tax Commission (ISTC).

**Chairman Harris** called the meeting to order at 9:03 a.m.

**Chairman Harris** introduced and welcomed the page, **Isabella O'Neill** to the committee.

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the February 10, 2021 meeting. **Motion carried by voice vote.**

**H 211:** **Chairman Harris** announced **H 211** would not be before the committee due to the absence of the sponsor.

**H 213:** **Rep. Dustin Manwaring** said **H 213** allows Idaho Rebound for Small Businesses (Rebound) program cash grants to be subtracted from taxable income. It also clarified that forgiven Paycheck Protection Program (PPP) loans are not taxable for state income tax purposes. The funds are COVID-19 relief funds that are not taxable federally. The funds went directly to small businesses of under fifty people, to independent contractors, and self-employed individuals and are not ongoing state revenue.

Answering committee questions, **Rep. Manwaring** said if Rebound grants were taxable, the estimated cost would be \$4.96 million, but they are not taxable at the federal level. Dollar amount estimates cannot be made for forgiven PPP loans because the impacts are unknown since borrowers can apply for forgiveness anytime up to the maturity date of the loan.

**MOTION:** **Rep. Dixon** made a motion to send **H 213** to the floor with a **DO PASS** recommendation.

**Fred Birnbaum**, Idaho Freedom Foundation, spoke **in opposition** to **H 213** indicating he would possibly withdraw his objections to **H 213** upon specific clarifications of his concerns with the fiscal note where it says the cash grants and loans forgiveness are one-time money for revenue and emergency rental program assistance funds are included in taxable income because it is replacement income. He does not understand the distinction. He said it should be more clear.

**Rep. Manwaring** closed by saying Idaho Code §63-3022(u) treats emergency rental assistance program funds differently than one-time PPP or other relief grants because landlords who receive the funds are getting replacement income from those getting rental assistance, and the intent was not to give them a tax break because it is replacement income upon which they would otherwise be paying tax.

**Chairman Harris, Reps. Necochea, Ruchti, Chaney, Manwaring, Cannon, Weber and Nichols** declared a Rule 80 possible conflict.

**Rep. Nichols** spoke in support of **H 213** but indicated clarification regarding rental assistance should be made to the legislation before final hearing.

**VOTE ON MOTION:**

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

**H 214:**

**Rep. Dustin Manwaring** said **H 214** clarifies the ISTC chairman must have the advice and consent of the ISTC before assigning away administrative authority for personnel, budgetary or fiscal matters of the ISTC. Also, any unilateral actions taken by the chairman may be reviewed by the full ISTC upon the request of an ISTC commissioner. The changes ensure the ISTC will be held to the standards of other Idaho governing boards or bodies with administrative authority, and the paid commissioners and chairman are able to fulfill their responsibility and duties according to law and legislative intent. The chairman remains the administrative head but would be subject to the advice, consent and review of the full ISTC for his unilateral decisions before he can assign away the full, statutory authority of the ISTC. **Rep. Manwaring** could not find any other agencies run this way, and the legislation is a matter of good government and governance at the ISTC that ensures the statute is followed the way it was intended.

**MOTION:**

**Rep. Chaney** made a motion to send **H 214** to the floor with a **DO PASS** recommendation.

**Rep. Chaney** spoke in support of **H 214** saying Idaho Code §63-102 has been misinterpreted in a way allowing it to circumvent the statute and get around the legislature by mooting the requirement for minority party representation, allowing the Governor to replace the entire commission whenever he chooses rather than giving the commissioners independence with set terms, and bypassing the commission by setting them up as a post-decision review board. The statute has been on the books and followed correctly for years which evidences the intent of the statute was well articulated, however, it is the legislatures responsibility to clarify the statute which **H 214** does.

**VOTE ON MOTION:**

**Motion carried by voice vote. Rep. Manwaring** will sponsor the bill on the floor.

**H 212:**

**Senator Wintrow** presented **H 212** saying Certified Family Homes (CFH) provide 24-hour care and enact learning outcomes for adults with developmental or physical disabilities. CFHs provide an environment that is family-oriented, caring and homey versus an institution environment, as well as saves Idaho money by paying CFH homes about \$54 a day for care compared to \$265 a day for care in an institution. Circuit breaker relief in Idaho has an income threshold of under \$31,900 annually. CFH homeowners want to apply for the circuit breaker without their Medicaid payments for care for people with disabilities applying toward their Idaho income. The federal government does not treat the payments as income, and **H 212** proposes Idaho not treat the payments as income. The legislation does not guarantee they receive the circuit breaker. Only about 200 of the approximately 2,200 CFH homes would be impacted. **Senator Wintrow** indicated the fiscal analysis from the Legislative Services Office of Budget and Policy was on the very high side of what she thinks the fiscal note would actually be.

In response to committee questions, **Senator Wintrow** replied she did not know how many CFH homes cared for family members, and the number of homes altogether has decreased to approximately 2,200. She further said CFH homeowners do not get to deduct expenses for food, laundry or other basic necessities they supply from their income.

**Art Evans**, Bureau Chief, Development and Disability Services, Idaho Department of Health and Welfare (Bureau), spoke **in support of H 212**, informing the committee that approximately 1,800 of the people served by the Bureau are in CFHs. The state divisions overseeing licensing certify the homes, and the homeowners apply for Medicaid to set up goals, services and reimbursement. CFHs are the least expensive and most cost effective service the Bureau has to keep people out of institutions. The federal government has emphasized closing state institutions and moving those in need of their services into the community to live lives that would reflect how we all live.

Answering committee questions, **Mr. Evans** replied he did not know how many family members were in CFHs, and the estimates of the fiscal impact are hard to determine because there are no demographics upon which to make an estimate.

**Rep. Nichols** declared a Rule 80 possible conflict.

**Joann Vasko** spoke as a Certified Family Homeowner **in support of H 212** saying if the CFH falls in disrepair, the Idaho Department of Health and Welfare will not allow a person with disabilities in the home. The CFH program allows Idahoans to keep their family members with disabilities in their home.

**Senator Wintrow** closed by saying CFHs are a small subsidy that doesn't cost much money.

**MOTION:**

**Rep. Adams** made a motion to send **H 212** to the floor with a **DO PASS** recommendation.

**Rep. Moyle** spoke **in opposition to H 212** questioning why exceptions should not extend to other disability resources, social security, and military benefits.

**Rep. Adams** spoke **in support of H 212** indicating this committee had helped veterans with circuit breakers and should help others.

**VOTE ON MOTION:**

**Motion carried by voice vote. Rep. Necochea** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:54 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, February 23, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 210</a>	Sales Tax, Nonresidents, Vehicle	Rep. Terry Gestrin
<a href="#">H 211</a>	Property Value, Assessment	Rep. Jim Addis
<a href="#">H 217</a>	Taxes, Rebuttable Presumption	Rep. James D. Ruchti

***Public Testimony Will Be Taken by Registering Through the Following Link:***  
***[Registry to Testify](#)***

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 23, 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) Manwaring

**GUESTS:** Jake Cluff, BB&A; Brad Wills, Twin Falls County Assessor; Linda Knight; and Justin Baldwin.

**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 16, 2021 meeting. **Motion carried by voice vote.**

**H 210:** **Rep. Terry Gestrin** said **H 210** relates to sales and use taxes charged to out-of-state purchasers of cars, motorcycles, trucks, trailers, snowmobiles, all-terrain vehicles and off-highway vehicles (vehicles) who take and title them out of state. The Idaho State Tax Commission (ISTC) changed their policies regarding taxing corporations and businesses from outside Idaho for vehicle purchases. **H 210** clearly defines in statute that a corporation or business not formed in Idaho, with owners who are citizens of another state, be treated the same as out-of-state individuals for sales tax purposes on purchases of vehicles. Any individual or corporation who buys vehicles cannot operate them in Idaho for more than 90 days of time anytime during a year. Many people from Washington and Oregon cross the border into Idaho to purchase vehicles and this legislation will help Idaho businesses.

In response to committee questions, **Rep. Gestrin** replied even though California charges Idahoans taxes on vehicles purchased in California, it is better for Idaho not to tax out-of-state purchasers because Idaho businesses would lose business from vehicle purchasers from Oregon, which does not charge sales tax,

**Rep. Addis** declared a Rule 80 possible conflict.

**MOTION:** **Rep. Dixon** made a motion to send **H 210** to the floor with a **DO PASS** recommendation.

**Rep. Addis** spoke in support of **H 210** saying people will not come to Idaho to buy vehicles which would hurt Idaho businesses, and the policy needs to be changed.

**VOTE ON  
MOTION:** **Motion carried by voice vote. Rep. Gestrin** will sponsor the bill on the floor.

**H 211:**

**Rep. Jim Addis** presented **H 211** which states if, on appeal, a residential property owner has evidence they purchased property in the previous 12 months in an arm's length transaction, that arm's length transaction price shall be considered market value for the property for assessment purposes in the coming year. Rep. Addis defined an arm's length transaction as a business deal where buyers and sellers act independently, without influence, in their own self interest, not under pressure from the other party, and having no preexisting relationship with each other. It ensures there is no collusion between the buyer and seller and the properties are priced at their fair market value. He shared a copy of the Kootenai County Board of Equalization Comparable Property Sales Form [Attachment A] that defines an *ad valorem* assessment that is basically the same as an arm's length transaction. Idaho Code §63-205 says market value for assessment purposes shall be determined according to the requirements of the title or the rules promulgated by the ISTC, and **H 211** puts the determination into statute, taking it out of rules which can change anytime. It does not keep an assessor from rightfully looking at and valuing property additions or otherwise change the way assessors do their job, but it changes the right of a taxpayer on appeal, rightfully aligning a property owners arm's length transaction value with the existing *ad valorem* assessment definition of market value currently in statute.

Answering committee questions, **Rep. Addis** said in current law, a homeowner goes back to the value of the home on January 1st of the past year which becomes the value for the next year. The twelve-month period is valid because the assessors use the entire period to develop and make a wholly valid value to put on a property. Assessors that use a mass appraisal process that looks at a large group of properties and applies percentages which can be on or off is a concern. The best way to get a true market value is to have a fee appraisal done. Idaho is clear on what market value is, and **H 211** aligns with that.

**MOTION:**

**Rep. Okuniewicz** made a motion to send **H 211** to the floor with a **DO PASS** recommendation.

**Brad Wills**, Twin Falls County Assessor, spoke **in support** of **H 211** saying Idaho county assessors are not opposed to the legislation because they already use arm's length transactions to determine values, but with forty-four assessors in forty-four counties they will not implement it the same way without some clarifications. He would ask that he and **Brian Sender**, the Canyon County Assessor, have a chance to work with **Rep. Addis** to add clarity regarding what kind of sales price documentation they are allowed to ask for since Idaho is a non-disclosure state. Typically they ask for a purchase and sales agreement or a closing statement from a title company. Also, clarification is needed regarding time adjusted sales. They do appraisals based on the values as of the first day of January in the year in which the property taxes are levied, and they time adjustment both fee appraisals and mass appraisals to compare sales in January to sales in June to sales in December because in an appreciating market, values can be vastly different. Additional clarity is needed regarding the timing of "the previous 12 months" because it is important they adjust to that January 1st lien date.

In response to committee questions, **Mr. Wills** replied that the clarifications could not be done by rule changes.

**Justin Baldwin**, Gooding County Assessor, also spoke **in support** of **H 211** saying he would echo **Mr. Wills** regarding the importance of time adjustment and would like to see language added addressing a time adjustment.



**Rep. Addis** closed saying proof of transactions vary as does ways to buy and sell property, and the documentation is up to those at the local level to decide. The time frame is set in statute and has not or is not being changed. The mass appraisal system is a necessary evil in valuation of what in increase in value could be and can be valid in most situations but a what-I-paid valuation is clear, simple and transparent. **H 211** makes the appeal process easier and fairer for the taxpayer.

**Rep. Necochea** spoke in opposition to **H 211** saying it should be amended because the legislation gives opportunities for buyers to appeal back value for 12 months while existing homeowners do not have that option, which would shift the tax burden to those living in the same house over time.

**VOTE ON MOTION:**

**Motion carried by voice vote. Rep. Addis** will sponsor the bill on the floor.

**H 217:**

**Rep. James D. Ruchti** said **H 217** creates a rebuttable presumption that a taxpayer's statement or invoice from a credit card company or other financial institution reflecting their expenditure serves as evidence the expenditures were made by the taxpayer. In sharing evidence such as a statement in front of a tribunal, that presumption would be correct, but it is rebuttable and can be overcome by an auditor with evidence otherwise. The legislation sets tax policy to reflect the modern way finances are done.

**MOTION:**

**Rep. Addis** made a motion to send **H 217** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Manwaring** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:40 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

# KOOTENAI COUNTY BOARD OF EQUALIZATION

## Comparable Property Sales Form

<b>Parcel No.</b>	<b>AIN No.</b>			
<b>Name:</b>				
<b>Like Property Sales (Comparables)</b>				
Parcel No.	Total Acres	Sale Date	Sale Price	Comments
A.				
B.				
C.				
D.				

In Idaho, the Assessor is required by state law to place the current fair market value on all taxable properties on a yearly basis. (Other states: current market price as opposed to current market value. Also, bear in mind, that Idaho is not a full disclosure state.) The current market value determined by an appraisal process compiled from analyzing and considering all three approaches to value: cost, sales comparison and income and your specific personal property all resulting in your assessed value.

For *ad valorem* assessment the definition of market value is found in Idaho Code § 63-201(15): "Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

In order to be effective in an appeal, you must support your position of your property being assessed incorrectly. In the current year, the subject property must be assessed at its full market value as of January 1, 2019, per Idaho Code § 63-205. Please do not submit comparable sales which are after this date.

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, February 25, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS28623</u></a>	Property Assessments, Agriculture	Rep. Aaron von Ehlinger
<a href="#"><u>RS28665</u></a>	Public Art Expenditures	Rep. Aaron von Ehlinger
<a href="#"><u>RS28674</u></a>	Income Tax, Federal Relief Monies	Rep. Dustin Manwaring

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 25, 2021

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

**PLACE:** Room EW42

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

**ABSENT/  
EXCUSED:** None

**GUESTS:** Carson Tester, Westerberg and Associates; Lincoln Smyser; and Jake Cluff, BB&A.

**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 17, 2021 and the February 18, 2021 meetings. **Motion carried by voice vote.**

**RS 28623:** **Rep. Aaron von Ehlinger** presented **RS 28623** saying there has been limited reports of assessors taxing property in a classification where it should not be taxed. He provided an example of a farmer's field that is a big square with a circle in it that is cultivated ground. In each corner of the big square there is empty non-used space which some assessors have classified as either commercial or residential property for taxing purposes. **RS 28623** prevents that practice.

In response to committee questions, **Rep. von Ehlinger** said property that holds agricultural equipment, such as a barn or silo cannot be classified as commercial or residential. He further replied that property being farmed with irrigation sprinklers on four corners is not at issue for being reclassified. He indicated assessors do not go out to proclaim that land as commercial or residential because it will always be agricultural.

**MOTION:** **Rep. Adams** made a motion to introduce **RS 28623**.

In response to committee questions regarding whether the use of solar panels on pivot corners of agricultural property would be considered commercial or agricultural, **Rep. von Ehlinger** indicated he would provide the committee with information responsive to the question.

**VOTE ON  
MOTION:** **Motion carried by voice vote.**

**RS 28665:** **Rep. von Ehlinger** said the purpose of **RS 28665** is to adopt higher standards to fund art projects with taxpayer dollars and allow the public more input in the decision process. For art project expenditures using tax payer dollars under \$10,000, the proposed legislation would require a two-thirds majority of an elected body. If the cost of the art project is over \$10,000, the expenditure would require a two-thirds majority of qualified electors and to be put on the ballot for an election to be held in May or November. He stated holding an election gives people more of a voice in taxpayer-funded public displays.

**Rep. von Ehlinger** informed the committee, in response to their questions, that the election dates of May and November are set forth in Idaho Code § 34-106(1)a & b.

**MOTION:** **Rep. Dixon** made a motion to introduce **RS 28665**.

**Rep. Weber** and **Rep. Hartgen** spoke in opposition to **RS 28665** saying big projects are usually inclusive of public comment, include private donations by the community, should remain local without involvement by the heavy hand of the state, and the costs of an election could exceed the cost of the art project.

**Rep. Adams** spoke in support of **RS 28665** saying that every taxpayer dollar is important, especially where economic hardship is a reality and property taxes are up over 10%.

**Rep. von Ehlinger** closed by saying the proposed legislation is not being heavy handed because the only involvement by the state would be in enacting **RS 28665**, which allows Idahoans to vote on what goes on in their towns. He shared with the committee that he checked with the Nez Perce County Clerk and was advised the cost of adding public art funding to the ballot would be negligible.

**Motion carried by voice vote.**

**VOTE ON MOTION:**

**RS 28674:**

**Rep. Dustin Manwaring** stated **RS 28674** changes the language in **H 213**, previously passed in this committee, to make it clear that all one-time federal relief monies provided to Idaho businesses in 2020, whether from Rebound Idaho Small Business Grants, forgiven Paycheck Protection Program loans or Economic Injury Disaster Loan advance funds, are non-taxable. The only exception is emergency rental assistance program funds.

**MOTION:**

**Rep. Addis** made a motion to introduce **RS 28674**.

**SUBSTITUTE MOTION:**

**Rep. Hartgen** made a motion to introduce **RS 28674** and recommend it be sent directly to the Second Reading Calendar.

**Rep. Moyle** spoke in support of **RS 28674** saying the committee already heard testimony on this matter, and it makes sense to go to second reading calendar.

**VOTE ON SUBSTITUTE MOTION:**

**Motion carried by voice vote. Rep. Manwaring** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:18 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, March 02, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28636</a>	Taxes, Depreciable Property	Rep. Clark Kauffman
<a href="#">RS28694</a>	Board of Tax Appeals, Hearings	Rep. Mike Moyle
<a href="#">RS28292C1</a>	Property Taxes, Urban Renewal	Rep. Jim Addis

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 02, 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) Chaney, Nichols, Adams, Okuniewicz

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

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

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the February 19, 2021 and the February 25, 2021 meetings. **Motion carried by voice vote.**

**RS 28636:** **Rep. Kauffman** presented **RS 28636** saying it solves the problem of trying to remedy unintended consequences of phantom income caused by passive activity when a bonus depreciation is claimed for federal purposes, but is then limited for application of some of the loss rules. The simple solution is to say that Idaho income will be adjusted annually for the difference between the amount of bonus depreciation actually deducted on the federal return and the amount computed using the standard depreciation for Idaho purposes. The proposed legislation appears straight forward, but there are a lot of moving parts towards resolution, so certified public accountants will be a part of any full hearing presentation.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 28636**. **Motion carried by voice vote.**

**RS 28694:** **Rep. Moyle** said the current administrative rules for the Idaho Board of Tax Appeals (Board) allow only an individual or their attorney to appear before the Board. A person should be able to have representation of their own choosing whether it is a family member, an appraiser or someone else. **RS 28694** allows an individual and whoever they choose to represent them to appear before the Board.

**MOTION:** **Rep. Dixon** made a motion to introduce **RS 28694**. **Motion carried by voice vote.**

**RS 28292C1:** **Rep. Addis** advised the committee he is withdrawing **RS 28292C1** and presenting **RS 28292C2**.

**RS 28292C2:** **Rep. Addis** stated **RS 28292C2** deals with urban renewal and follows on the heels of **H 587** passed by the legislature last year. The proposed legislation is voluntary and allows local taxing districts to choose whether they will keep or distribute increment to a URD. **RS 28292C2** tells local taxing districts they can decide how to use the increment funds.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28292C2**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:08 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary



AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, March 03, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 252</a>	Property Assessments Agriculture	Rep. Aaron von Ehlinger

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 03, 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) Dixon

**GUESTS:** Bradford Wills, Twin Falls County Assessor; and Russ Hendricks, Idaho Farm Bureau.

**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 22, 2021 meeting. **Motion carried by voice vote.**

**H 252:** **Rep. Aaron von Ehlinger** presented **H 252** saying it revises the definition of land actively devoted to agriculture to include pivot corners or land that is used to support the agricultural use of the qualifying property, such as land that is used for agricultural commodities or equipment. Both the Idaho State Tax Commission and Idaho Farm Bureau have assured him neither solar panels nor irrigation on the corners of agricultural land are a problem. The use of solar panels and how much electricity they use is addressed elsewhere in code.

**Bradford Wills**, Twin Falls County Assessor, indicated Idaho Code §63-602k was changed last year to say land actively devoted to agriculture shall not be valued as development property until the use changes and the land is no longer actively devoted to agriculture. This is already in code and is being followed, so he is concerned about the reason for the change. He is specifically concerned about the term "land that is used in tandem." He would like **Rep. von Ehlinger** to address whether that means a bunkhouse housing agricultural workers next to the farm on land qualifying as agricultural is considered just agricultural.

**Russ Hendricks**, Idaho Farm Bureau, spoke **in support** of **H 252** saying it is a simple bill to ensure land utilized for agricultural purposes continues to be considered agricultural land. He indicated that most assessors get it right, but there are some who do not, which has resulted in some Farm Bureau members' agricultural land used to store hay or equipment being classified as commercial. Some assessors have interpreted the definition of agricultural land to mean land used for production of crops or actively grazed, with storage of hay or other uses being classified as commercial.

**Rep. von Ehlinger** closed and said land used in tandem with land qualifying under Idaho Code §63-604(1) shall be "appraised, assessed and taxed as land actively devoted to agriculture" for only two reasons: if it has pivot corners; and, is primarily used to store agricultural commodities, equipment, or both. It doesn't say anything about farm workers or barracks for farm workers.

**MOTION:** **Rep. Adams** made a motion to send **H 252** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. von Ehlinger** will sponsor the bill on the floor.

adjourn:            There being no further business to come before the committee, the meeting adjourned at 9:11 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, March 04, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28676</a>	Income Tax, SALT	Rep. Doug Okuniewicz
<a href="#">H 277</a>	Board of Tax Appeals, Hearings	Rep. Mike Moyle
<a href="#">H 276</a>	Taxes, Depreciable Property	Rep. Clark Kauffman
<a href="#">H 278</a>	Property Taxes, Urban Renewal	Rep. Jim Addis

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 04, 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) Chaney

**GUESTS:** Russell Westerberg, CCDC; David Cooper, Mike Lindstrom, Mathew Grow and Ken McClure, Idaho Society of Certified Public Accountants (ISCPA); Jason Kreizenbeck, Ball Ventures; David Lehman, Meridian Development Corporation (MDC); Seth Griegg, Idaho Association of Counties (IAC).

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

**RS 28676:** **Rep. Doug Okuniewicz** said the Tax Cuts and Jobs Act of 2017 (TCJA) limited how much state and local income tax (SALT) could be deducted from earnings before calculating federal income tax owed. In 2020, the Internal Revenue Service (IRS) issued a revenue proclamation saying they would accept a full deduction of SALT paid by qualifying filers if the state in which they live has tax laws in place that allow SALT deductions to be paid and deducted as business expenses at the pass-through entity level, such as an LLC, S Corporation or partnership. This moves the TCJA standard deduction from an individual filer's personal income to their business filing level. Consistent with specific IRS guidance, **RS 28676** will allow owners, partners, members and qualified shareholders in partnerships, and LLCs to deduct all other SALT at the pass-through entity level rather than allowing the smaller TCJA deduction on their individual returns. It is revenue neutral to the State of Idaho, allowing only qualified Idaho business owners to deduct their SALT from their federal returns without reducing the tax they pay to the State of Idaho.

Responding to committee questions, **Rep. Okuniewicz** said **RS 28676** was drafted cooperatively by an Idaho State Tax Commission attorney and a Certified Public Accountant relying upon some model legislation from other states.

**MOTION:** **Rep. Manwaring** made a motion to introduce **RS 28676**. **Motion carried by voice vote.**

**H 277:** **Rep. Mike Moyle** said currently, only a taxpayer or their attorney are allowed to appear on appeal before the Idaho Board of Tax Appeals (IBTA). **H 277** adds a new section, Idaho Code §63-3810A, that allows a taxpayer to appear or be represented by another person of their choosing in hearings or rehearings of their appeal before the IBTA.

**MOTION:** **Rep. Dixon** made a motion to send **H 277** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Okuniewicz** will sponsor the bill on the floor.

**H 276:**

**Rep. Clark Kauffman** stated **H 276** remedies some unintended consequences of phantom income caused by passive activity when bonus depreciation is limited but then added back as income on the Idaho income tax return. **H 276** provides a simple solution that says Idaho income will be adjusted annually for the difference between the amount of the bonus depreciation that is actually deducted on the federal return and the amount computed using the standard depreciation schedule for Idaho purposes. Some recent audit results have indicated that Idaho requires an adjustment to income even though there was no benefit derived from the bonus depreciation at the federal level which is what causes the phantom income.

**Rep. Kauffman** introduced **Ken McClure**, ISCPA, who said Idaho de-coupled from bonus depreciation enacted at the federal level in 2002, resulting in not allowing this accelerated depreciation in Idaho that is allowed at the federal level. The excess of the bonus depreciation that can't be taken because Idaho did not conform to federal law is not allowed in Idaho so it gets added back into the taxpayer's basis and income even if they cannot take it at the federal level. There are limitations of what can be deducted in some circumstances at the federal level and even if a bonus depreciation can't be deducted, the basis has to be reduced by that amount. If an asset is sold, it has the effect of increasing the gain in an inappropriate way, as well as adding it to income.

**David Cooper**, Certified Public Accountant, presented the case of a partner in a project that was audited by the ISTC who proposed a tax on losses relating to his interest on the project. The tax return reported his business non-passive income and passive losses from the project. The passive loss for federal purposes was larger because of a bonus depreciation election that was made by the partnership. The passive loss on the state return was smaller, but in both cases the losses were passive and not deducted for either federal or state purposes. His tax return was prepared correctly. Mr. Cooper met with the ISTC auditor and told him the taxpayer received no reduction in federal taxable income, so the state taxable income and the federal taxable income was all the income, excluding 100% of any loss from the project, which is what it should be under Idaho law when conformed to the federal law. This is not real income, and there should be no tax upon it. There is no deduction for bonus depreciation claimed in Idaho's return. The tax collected is on phantom income that is never recovered, and it is unjust.

Answering committee questions, **Mr. Cooper** said he thinks the tax issue is raised and collected upon only at audit. **H 276** is not retroactive, but anyone with a pending tax case will have it resolved because the legislation recognizes the law has unintended consequences and is not being applied as intended.

**Michael Lindstrum**, CPA, and **Matthew Grow** CPA, spoke in support of **H 276** affirming it is a technical correction to a statute that de-coupled Idahoans from federal bonus depreciation and is a fair solution that should remedy the problem.

**MOTION:**

**Rep. Hartgen** made a motion to send **H 276** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.

**H 278:**

**Rep. Jim Addis** stated **H 278** allows local taxing districts to withhold their increment from or have the ability to pass on their increment to an Urban Renewal District (URD) if they so choose. It does not impact any current URD or URD increment but only affects new URDs created or expanded after the legislation takes effect. It does not force a taxing district to withhold their increment. The collaboration required between the elected officials and their URD boards will lead to better URDs, URD policy and better policy for the taxpayer. **H 278** provides another tool to pay for new growth, allows developers to develop, but helps relieve existing taxpayers of the excess burden of paying for future new growth.

**MOTION:**

**Rep. von Ehlinger** made a motion to send **H 278** to the floor with a **DO PASS** recommendation.

**Rep. Kauffman** raised concerns about language on Page 2, Lines 37-39 of the legislation where it states the agreement entered into by the taxing district and urban renewal agency shall be submitted to the ISTC and the county clerk by the highway district when it should say taxing district.

In response to committee questions, **Rep. Addis** replied the decision to enter into an agreement between the taxing district and the URD can only be made at the time of the creation of the URD or upon extension of the termination date or size of a current URD. Good urban renewal will not be effected and bad urban renewal might be slowed down. Most urban renewal boards are not elected. The number of taxing districts involved would vary depending upon the size of the URD and could involve overlapping districts. The increment stays with the taxing district unless there is an agreement to pass it through to the URD.

**Seth Grigg**, IAC, indicated the IAC does not have an official position at this time. The advantage of **H 278** is that it requires more dialog between the URD and the respective taxing districts. In a situation where the projects are very targeted and spur major economic development, county commissioners would be supportive. Expansive urban renewal projects consuming considerable real estate without project definitions that impact revenue coming into the county would benefit from withholding increment. The legislation would help target how urban renewal is used and can have economic benefits.

**David Lehman**, MDC, spoke **in opposition** to **H 278** saying the plain reading of the legislation would place the responsibility on the highway districts, rather than the taxing districts, to submit an agreement to the counties and ISTC, which would give veto power to the highway districts who choose not to submit the agreement. Mr. Lehman said he had policy concerns where some counties want to enter into an agreement for URD projects while some do not. Upon completion of the URD project when the new economic development and infrastructure goes onto the tax roles as new construction, will the entity who did not participate in the funding of the project still be a beneficiary of the increased property values when collecting taxes on that property? This creates an unfair advantage and a disincentive to taxing districts to join in an agreement.

Responding to committee comments and questions, **Mr. Lehman** said **H 278** needs to correct the technical problem of who is responsible for reporting the agreement to the county and ISTC and needs a prohibition on taxing districts who don't enter into an agreement from collecting the increased revenue resulting from the new construction and higher value of the properties. If the concern is limiting liability to property taxpayers, then eliminating the ability of those districts that did not participated in the URD from collecting the increased property taxes based on the new value of the property is tax relief. All taxing districts are sent notice when a URD is planned, although usually no one shows up. He indicated he would provide the committee with a list of URDs that will end in five years.

**Brent Tolman**, President, Development Association of Idaho, and **Mark Mitten**, Executive Director, Burley Development Authority, spoke **in opposition** to **H 278** stating there are serious questions regarding the reporting process, and there is no language that the agreements entered into are for the long-term life of the plan which can encumber city councils with long-term debt. URDs create jobs from which the state receives sale and income taxes.

In response to committee questions, **Mr. Tolman** responded that current legislation enables URDs to issue bonds for certain projects involving public improvements. Some urban renewal boards are made up of elected officials and some are appointments by elected officials.

**Rep. Addis** closed by stating **H 278** needs some correction. He doesn't think taxing districts would be entitled to profit from agreements they did not enter, but it would be an easy correction to make. Taxing districts who cannot afford the services required by new growth because it is spent on urban renewal is the major reason for the legislation.

**Reps. Cannon and Adams** spoke in support of **H 278** because existing property owners are bearing responsibility for growth, and this will lower their taxes. It brings more people to the table and it is good to have more eyes on urban renewal projects.

**SUBSTITUTE MOTION:**

**Rep. Gestrin** made a substitute motion to send **H 278** to General Orders.

**AMENDED SUBSTITUTE MOTION:**

**Rep. Manwaring** made an amended substitute motion to **HOLD H 278** in committee.

**Reps. Manwaring and Ruchti** spoke in support of the amended substitute motion.

**Rep. Moyle** spoke in support of the substitute motion.

**ROLL CALL VOTE ON AMENDED SUBSTITUTE MOTION:**

Roll call vote was requested. **Amended substitute motion failed by a vote of 4 AYE, 9 NAY and 4 Absent/Excused. Voting in favor** of the amended substitute motion: **Reps. Manwaring, Weber, Necochea and Ruchti. Voting in opposition** to the amended substitute motion: **Chairman Harris, Vice Chairman Addis, and Reps. Moyle, Gestrin, Kauffman, Adams, Cannon, Okuniewicz and von Ehlinger. Reps. Chaney, Dixon, Nichols and Hartgen were absent/excused.**

**VOTE ON SUBSTITUTE MOTION:**

**Motion carried by voice vote. Rep. Addis** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 10:24 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary



**AMENDED AGENDA #2**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Monday, March 08, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28726C1</a>	Property Tax Deferral Program	Senator C. Scott Grow
<a href="#">RS28764</a>	Property Tax Deductions	Rep. von Ehlinger
<a href="#">RS28765</a>	Public Art Expenditures	Rep. von Ehlinger

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

Rep Okuniewicz  
Rep von Ehlinger  
Rep Weber  
Rep Necochea  
Rep Ruchti

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 08, 2021

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

**PLACE:** Room EW42

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

**ABSENT/  
EXCUSED:** Chairman Harris, Vice Chairman Addis, Manwaring

**GUESTS:** Lincoln Smyser.

**Rep. Moyle** called the meeting to order at 9:00 a.m.

**RS 28726C1:** **Senator C. Scott Grow** said **RS 28726C1** is a property tax effort to help Idaho seniors and persons with disabilities by amending provisions of the property tax deferral. **RS 28726C1** increases household income limits, adjusts the interest rate, includes properties that are part of a trust and increases the total amount of funding available from the State of Idaho. The interest rate is changed from a fixed 6% rate to an annual rate of 2% as adjusted by the Idaho State Tax Commission (ISTC) yearly pursuant to Idaho Code § 63-3045. The total amount available from the State of Idaho to pay property taxes is raised from \$500,000 to \$5 million. The proposed legislation recognizes the existence of an emergency and is retroactive. The property tax deferral allows residents to tap into their property's increased valuation as long as they have sufficient equity and qualify to have their property taxes paid by Idaho, but it does not put a lien on their property. There is no cost to Idaho because the \$5 million a year is recoverable upon the death of the applicant.

In response to committee questions, **Senator Grow** replied the interest now is 2%, and every year it will match the amount set by the ISTC for unpaid income taxes. The household income threshold of \$50,000 seems reasonable. **RS 28726C1** does not replace the circuit breaker but is an additional opportunity to help people with high property taxes. Idaho cannot force repayment until the death of the claimant or upon sale of the residence.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28726C1**. **Motion carried by voice vote.**

**RS 28764:** **Rep. Aaron von Ehlinger** presented **RS 28764** saying it updates and reforms the circuit breaker to allow for medical costs to be deducted from claimants' income, increases the maximum amount from \$1,320 to \$1,500 annually and puts in an asset test similar to the Supplemental Nutrition Assistance Program (SNAP). **RS 28764** will allow up to \$20,000 more in assets than SNAP. The reason for the changes are due to multiple homeowners with millions of dollars in assets taking advantage of the circuit breaker. Idaho residents who qualify for the circuit breaker and for the tax deferral in **RS 28726C1** can take advantage of both to lower their property taxes.

Answering committee questions, **Rep. von Ehlinger** said the asset test only kicks in if a claimant's house is over the median household value for each county. This works in a market with increasing values because when the values go up so does the median home value.

**MOTION:** **Rep. Okuniewicz** made a motion to introduce **RS 28764**.

**Rep. von Ehlinger** stated he would provide information about the asset test's treatment of pension retirement accounts held by small business owners.

**VOTE ON MOTION:**

**Motion carried by voice vote.**

**RS 28765:**

**Rep. von Ehlinger** stated **RS 28765** updates proposed legislation he presented earlier regarding taxpayer funding of public art displays. He said the previous threshold of \$10,000 is increased to \$25,000. Any proposed public art displays below the \$25,000 threshold require city council approval and any projects above the threshold require the approval of 60% of the public in a May or November election.

**MOTION:**

**Rep. Nichols** made a motion to introduce **RS 28765**.

**Rep. Hartgen** and **Rep. Weber** spoke in opposition to the motion to introduce **RS 28765** saying it is heavy-handed treatment of local municipalities. Local officials should not be restricted from raising funds for projects, and they are held responsible for how they spend funds through the voting process.

**SUBSTITUTE MOTION:**

**Rep. Weber** made a substitute motion to return **RS 28765** to the sponsor.

**Rep. von Ehlinger** closed by agreeing that it is a local issue, but there should be no problem in engaging with the public in direct democracy. He said art is the most non-vital and frivolous service cities and counties provide, especially when some local jurisdictions say they don't have funds for property tax relief

**Rep. Necochea** spoke in support of the substitute motion saying a 60% threshold is a lot, and art projects create beauty and economic vibrancy in their communities.

**ROLL CALL VOTE ON SUBSTITUTE MOTION:**

Roll call vote was requested on the substitute motion. **Substitute motion failed by a vote of 6 AYE and 8 NAY and 3 Absent/Excused. Voting in favor** of the substitute motion: **Reps. Chaney, Kauffman, Hartgen, Weber, Necochea** and **Ruchti. Voting in opposition** to the motion: **Reps. Moyle, Gestrin, Dixon, Nichols, LaNier, Cannon, Okuniewicz** and **von Ehlinger. Chairman Harris, Vice Chairman Addis** and **Rep. Manwaring** were absent/excused.

**ROLL CALL VOTE ON ORIGINAL MOTION:**

Roll call vote was requested on the original motion. **Original motion carried by a vote of 9 AYE and 5 NAY and 3 Absent/Excused. Voting in favor** of the original motion: **Reps. Moyle, Gestrin, Dixon, Nichols, Kauffman, LaNier, Cannon, Okuniewicz** and **von Ehlinger. Voting in opposition** to the original motion: **Reps. Chaney, Hartgen, Weber, Necochea** and **Ruchti. Chairman Harris, Vice Chairman Addis** and **Rep. Manwaring** were absent/excused.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:28 a.m.

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Representative Mike Moyle  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, March 09, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 295</a>	Income Tax, SALT	Rep. Doug Okuniewicz
<a href="#">RS28792</a>	Income Tax, SALT	Rep. Okuniewicz

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams(LaNier)  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 09, 2021

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

**PLACE:** Room EW42

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

**ABSENT/  
EXCUSED:** Representative Adams, Representative Kauffman

**GUESTS:** Jason Kreizenbeck, Ball Ventures LLC, Liza Leonard, Ball Ventures, Brian Parkinson, Ball Ventures, Jake Cluff, BB&A/AIC, Jeff McCray, ISTC, Rick Smith, Hawley Troxell.

**Chairman Harris** called the meeting to order at 9:01 a.m.

**H 295:** **Rep. Okuniewicz** presented **H 295**.

**Jason Kreizenbeck**, Ball Ventures LLC, spoke **in support** of the bill. He explained this is something they have been working on since the winter to help Idahoans take advantage of federal tax deductions. He highlighted how this bill would be revenue neutral to the state.

**Brian Parkinson**, Director of Taxation, Ball Ventures LLC, spoke **in support** of the bill. He explained the bill was revenue neutral to the state and was completely voluntary. He explained the \$10,000 limit currently on deductions and showed how this bill would allow electing businesses to claim state income taxes deductions above the current SALT limitation. He explained further there are eight states with similar laws in place and 5 states with similar proposed legislation. He again noted the bill would be revenue neutral to the state, would stimulate the local economy and increase overall state revenue.

In response to committee questions, **Mr. Parkinson** explained this is an advantageous bill and he could not think of a strong instance where a company could benefit from not taking advantage of it. He further explained the current \$10,000 limit runs out quickly for many companies, and this bill would help them with federal tax savings.

**Rick Smith**, Hawley Troxell, spoke **in support** of the bill. As a tax lawyer and CPA, Mr. Smith explained he has heard nothing but good things about this bill. Key things he pointed out included this legislation treating small businesses the same as larger businesses. It allows LLCs to conduct their business the same as a C Corporation, which he views as more fair.

In response to committee questions **Mr. Smith** and **Mr. Parkinson** explained how sole proprietors might be able to use this legislation. Furthermore, Mr. Parkinson outlined the differences between the bill and new RS explaining there was a circular calculation in the first bill that has been altered in the new RS, and there was a credit that was considered refundable in the bill which has been struck in the RS to be consistent with other legislation.

**Rep. Okuniewicz** closed by asking the committee to hold the bill and motion for the following RS to be introduced.

**MOTION:** **Rep. Addis** made a motion to **HOLD H 295** in committee. **Motion carried by voice vote.**

**RS 28792:** **Rep. Okuniewicz** presented **RS 28792** to the committee explaining it is the updated version of the previous bill and asked for it to be introduced and sent to the Second Reading Calendar.

**MOTION:** **Rep. Gestrin** made a motion to introduce **RS 28792** and recommend it be sent directly to the Second Reading Calendar. **Motion carried by voice vote.** **Rep. Okuniewicz** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:23 a.m.

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Representative Harris  
Chair

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Kennedy Jones  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, March 10, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28797</a>	Property Tax Study Committee	Rep. Jim Addis, Sen. Jim Rice
<a href="#">H 309</a>	Property Tax Deferral Program	Sen. C. Scott Grow, Rep. Aaron von Ehlinger
<a href="#">H 310</a>	Property Tax Reduction	Sen. C. Scott Grow, Rep. Aaron von Ehlinger
<a href="#">H 311</a>	Public Art, Approval	Rep. Aaron von Ehlinger, Sen. Regina Bayer

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 10, 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) Chaney

**GUESTS:** Justin Baldwin, Gooding County Assessor; Kathy Griesmyer, City of Boise; Courtney Gilbert, Sun Valley Museum of Art; Claudia McCain, Ketchum Arts Commission; Solomon Sahlein, Sector Seventeen; April VanDeGrift; Byron W. Folwell, Byron W. Folwell, Architect; and Dan Beyer, Trademark Creative.

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

**RS 28797:** **Rep. Jim Addis** said **RS 28797** is continuation of the work the Property Tax and Revenue Expenditures Interim Committee did. They met five times and focused on three areas of concern or improvement, which resulted in two pieces of legislation this session. The committee was always intended to last two years because of the property tax reform subject matter.

**MOTION:** **Rep. Hartgen** made a motion to introduce **RS 28797**. **Motion carried by voice vote.**

**H 311:** **Rep. von Ehlinger** presented **H 311** as an amended version of earlier legislation addressing taxpayer funding of public art displays. **H 311** raises the financial threshold triggering a public vote to \$25,000 per public art project and changes a two-third majority approval requirement to 60% of voters. He opined that public art needs to be at the bottom of the list for government funding with the preferable funding consisting of donations and grants. He provided examples of three art projects in Idaho that were either controversial with some local citizens, overly expensive or required public funding to remove them. Rep. von Ehlinger said funds expended on public art could provide millions of dollars of property tax relief. The legislation does not stop funds being spent on public art displays, but gives local citizens a say in it through direct democracy.

Answering committee questions, **Rep. von Ehlinger** said under **H 311** local citizens would be presented certain projects with a total cost for approval.

**Kathy Griesmyer**, Government Affairs Director, Boise, introduced **Karl LeClaire** Boise Public Art Program Manager, to provide information on the public engagement involved in Boise's City Hall structure.

**Karl LeClaire**, Public Art Program Manager, City of Boise, addressed the costs and public input in the selection of the art which involved teams, committees, community halls and a call for community proposals. After six months of publishing the project proposals, the final project was selected in a public vote.



**Courtney Gilbert**, Sun Valley Museum of Art; **Claudia McCain**, Ketchum Arts Commission; **Solomon Sahlein**, Sector Seventeen; **April VanDeGrift**; **Bryon Folwell**, Byron W. Folwell, Architect; and **Dan Beyer**, Trademark Creative, spoke in **opposition** to **H 311** saying it is state overreach; cities have processes with public involvement and notice already in place with many layers of oversight; local entities could lose funds by having to pay for advance work or enter into an agreement on art projects not approved by voters; local art displays are often partner projects drawing upon private funds or donations; public art has positive economic impact, bringing non-Idaho visitors to stay and spend; public art provides employment for many artists, architects, engineers, landscapers, those in construction trades and others; public art discourages graffiti and associated removal expenses; and it is not possible to get 60% approval on anything, including non-art items like infrastructure.

**Rep. von Ehlinger** closed saying if people want a public art project, they will have an opportunity to say so, not in a special election, but in a May or November election. The cost is negligible to add to an existing ballot.

**MOTION:**

**Rep. Okuniewicz** made a motion to send **H 311** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION:**

**Rep. Weber** made a motion to **HOLD H 311** in committee.

**Reps. Kauffman, Hartgen, Weber** and **Adams** spoke in **support** of the substitute motion, saying **H 311** is heavy-handed overreach that preempts local control and adds unnecessary administrative costs. Art plays a significant role in building our communities and history

**Reps. Cannon** and **Adams** spoke in **support** of the original motion.

**Rep. Moyle** stated it concerns him when it is said local leaders should decide and voters should not make the decision. He has no problem with voters deciding. He is concerned about not allowing private donations. The legislation needs to be adjusted to address concerns regarding private donations coming in, which don't need to go to the vote of the people,

**AMENDED SUBSTITUTE MOTION:**

**Rep. Moyle** made an amended substitute motion to send **H 311** to General Orders.

**Rep. Ehlinger** agreed that some adjustments should be made, and supports sending **H 311** to General Orders.

**ROLL CALL VOTE ON AMENDED SUBSTITUTE MOTION:**

Roll call vote was requested. **Amended substitute motion carried by a vote of 8 AYE and 7 NAY and 2 Absent/Excused. Voting in favor** of the motion: **Chairman Harris, Vice Chairman Addis** and **Reps. Moyle, Gestrin, Nichols, Cannon, Okuniewicz** and **Ehlinger. Voting in opposition** to the motion: **Reps. Kauffman, Adams, Hartgen, Weber, Necochea** and **Ruchti. Reps. Chaney** and **Dixon** were absent/excused.

**H 309:** **Senator C. Scott Grow** presented **H 309** which amends the property tax deferral by increasing the qualifying federal adjusted income levels to \$50,000, includes properties that are a part of a trust or life estate, and changes the interest rate from 6% to be consistent with the interest rate the Idaho State Tax Commission (ISTC) charges for other issues, which is currently 2%. Applicants need to have sufficient equity in their home, but with rising appraisal values, they can end up with \$100,000 in additional equity. The overall levy was limited to \$500,000 and is being raised to \$5 million, which would allow \$2,000 benefits to 2,500 applicants. This is not a cash payment by the state, but a loan to a property owner who is in a position that they cannot pay their property taxes. A lien is put on the homes qualifying for the deferral. As people sell their home or are deceased, the lien would be exercised, and the taxes paid by Idaho would be refunded back to Idaho. An emergency clause is added back to January 1, 2021.

In response to committee questions, **Senator Grow** replied the ISTC will publicize the property tax deferral program. Seniors can apply directly with the ISTC and because it is a loan, qualification is simple and faster than applying for the circuit breaker. Sufficient equity means the property is not security for a reverse mortgage, home equity or line of credit loan, but a home with a first mortgage qualifies. As long as there is equity in the home, the lien will be intact, and when there is not enough equity, Idaho will cease paying the property taxes.

**MOTION:** **Rep. Addis** made a motion to send **H 309** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Ehlinger** will sponsor the bill on the floor.

**H 310:** **Rep. von Ehlinger** said **H 310** amends the current circuit breaker by raising the benefit from \$1,320 to \$1,500. It adds a deduction from the income requirements for standard medical care costs of \$4,000, or, alternatively, the total cost of medical care to the extent not reimbursed. A resource limitation test is added based upon the Supplemental Nutrition Assistance Program (SNAP) but allows \$20,000 in liquid and non-liquid assets. The asset test is only triggered if the applicant's home value is above the median assessed value in that county. The purpose of the resource testing is to cut down on those with a million dollars in assets from receiving the circuit breaker.

**Justin Baldwin**, Gooding County Assessor, spoke **in opposition** to **H 310**. He informed the committee they have a residential median home value of \$134,362 using 2020 values, which will be higher in 2021. Of their 382 circuit breaker applicants only sixty, or 16%, would qualify for the resource limitation test. Of sixty, ten qualify for the full circuit breaker payment based on income and actual taxes and six, based on their income, have a circuit breaker payment of less than \$500. In some counties, 50% of 360 applicants would need individual resource assessments. He provided an example of the impact of **H 310** on dry land farmers with assets and no cash who sell their assets to pay taxes, lowering their income and assets in the process.

**Mr. Baldwin** also expressed administrative concerns regarding who will perform appraisals of the land and vehicle evaluations, as well as personal property assessments, if needed. He said an assessment or evaluation is a time-dated opinion upon which there can be disagreement, and the legislation does not address an appeal process, who would conduct it or pay for it or the funding for additional staff. He said he does not know any millionaires who have circuit breakers.

**Rep. Moyle** spoke **in support** of **H 310** saying it concerns him when someone has assets, whether they are worth millions or hundreds of thousands of dollars, and the state subsidizes their property tax, which means taxpayers would be subsidizing their inheritance.

**Chairman Harris** said that due to time constraints, **H 310** will be carried over to the meeting of March 11, 2020, at 9:00 a.m. and that **Francoise Cleveland's** opportunity for public testimony will be set over until then.

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 10:26 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Friday, March 12, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS28827</a>	Tax Relief	Representative Steven Harris

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris  
Vice Chairman Addis  
Rep Moyle  
Rep Chaney  
Rep Gestrin  
Rep Dixon

Rep Nichols  
Rep Kauffman  
Rep Adams  
Rep Cannon  
Rep Hartgen  
Rep Manwaring

Rep Okuniewicz  
Rep von Ehlinger  
Rep Weber  
Rep Necochea  
Rep Ruchti

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 12, 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) Ruchti

**GUESTS:** Brody Aston, 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 March 8, 2021 meeting.  
**Motion carried by voice vote.**

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

**RS 28827:** **Rep. Steven Harris** said **H 199**, previously presented to this committee, reduced income tax brackets, as well as had sales tax relief. **RS 28827** turns the sales tax relief into a tax rebate. He presented information on the sources and amount of those resources that will be used to fund the proposed tax relief, as well as the sources of funding that will not be used. In February of this year, Idaho exceeded its estimated tax collection by \$114 million. **RS 28827** brings down the top tax bracket from 6.925% to 6.5% and lowers all the brackets, of which there are seven, with the lower brackets coming down with larger percentages. The first bracket comes down 12%. It is a tax break for everyone who pays taxes. Rep. Harris shared information on the percentage of income collected in specific brackets, and said the proposed relief is an ongoing reduction of about \$170 million per year. The second portion of **RS 28827** provides a tax rebate. A rebate is not a transfer payment, a subsidy or a transfer of wealth. A rebate is tax money from the state being returned to taxpayers. A taxpayer who files a return with zero liability would receive a rebate. The rebate is \$50 per taxpayer and dependent, so the rebate for a family of four would be \$200. Taxpayers with liability who pay income tax can claim a rebate of 9% of their 2019 tax return or \$50 per person and dependent, whichever is greater. The rebate for a taxpayer with \$2,500 of tax liability would be \$225.00. It can be looked at as a rebate of income tax, sales tax or property tax. A rebate of \$200 for a family of four represents about \$37,000 in sales taxable purchases based on a 9% rebate. If that family of four has no income upon which to pay taxes and spends less than \$37,000, their rebate is greater than 9%.

Answering committee questions, **Rep. Harris** said the income tax credit and the grocery tax apply to a taxpayer's liability, and lowering the income tax brackets does not touch that. He also replied to questions regarding the application of restrictions placed upon state tax relief by the new federal American Rescue Plan Act by saying the funding for this tax relief is not coming from past or present federal Cares Act funds but from Idaho state sales and income tax. The funds are not federal replacement money but money sitting in Idaho's coffers, and the appropriate thing to do is to return it to Idaho citizens.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 28827**.

In response to committee questions, **Rep. Harris** said **RS 28827** is not welfare, transfer or subsidy legislation but tax relief legislation that does not address subsidies, backfills or transfers. It takes existing tax revenue and distributes it as a rebate instead.

**Rep. Necochea** spoke **in opposition** to **RS 28827** saying she has some serious concerns about the way the tax rebate is constructed because it seems to hit middle income taxpayers much harder and rewards the wealthy with a much larger rebate compared to the \$50 for low-income taxpayers.

**Reps. Nichols** spoke **in support** of **RS 28827** but said she would like to see a legal opinion regarding impacts of the American Rescue Plan Act.

**VOTE ON  
MOTION:**

**Motion carried by voice vote.**

**ADJOURN:**

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

There being no further business to come before the committee, the meeting adjourned at 9:26 a.m.

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Representative Addis  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, March 16, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">HCR 15</a>	Property Tax Study Committee	Rep. Jim Addis
<a href="#">H 332</a>	Tax Relief	Rep. Steven Harris

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 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:** Miguel Legarreta, Associated Taxpayers of Idaho (ATI); Alex LaBeau, Idaho Association of Commerce and Industry (IACI); John Evans, Association of Idaho Cities (AIC); Kathy Dawes; and Alejandra Cerna Rios, Idaho Center for Fiscal Policy (ICFFP).

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

**HCR 15:** **Rep. Jim Addis** said **HCR 15** authorizes the continuation and completion of the Property Tax and Revenue Expenditures Interim Committee to study property taxes and property tax expenditures. Last year the committee came up with three legislative proposals. Passing **HCR 15** will allow the committee to continue and engage in other topics. The estimated fiscal cost is \$15,000, which he believes is overstated.

In response to committee questions, **Rep. Addis** said the committee met five times last year and focused on three pieces of proposed legislation, with the first uniform and transparency legislation now before the Governor to sign into law. A current senate bill on tax reduction is the fruit of the committee. Unfunded balances where communities hold large balances was also a focus of the committee. The committee helps get a consensus to pass legislation.

**MOTION:** **Rep. Dixon** made a motion to send **HCR 15** to the floor with a **DO PASS** recommendation.

**Rep. Chaney** spoke in opposition to **HCR 15** saying that although he respects the hard work the committee did, frequently interim committee legislation does not make it through the legislative process and can have the function of taking away other options.

**VOTE ON  
MOTION:** **Motion carried by voice vote. Rep. Addis** will sponsor the bill on the floor.

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

**H 332:** **Rep. Harris** said **H 332** is tax relief and tax rebate legislation. The tax relief portion of the legislation brings the top tax bracket down to 6.5% for both the individual and corporate brackets, which is down from 6.925% and is about a 6% tax reduction. It brings all others tax brackets down percentage wise. The rate changes begin January 1, 2021 due to an emergency clause. Rep. Harris gave examples and explained how the tax rebate works. Those who filed taxes in 2020 will receive a \$50 per nose count for those who are claimed on their tax return or about 9% of their taxes paid in 2019, whichever is greater. The tax rebate portion of the legislation takes \$220 million, money Rep. Harris opines has been overpaid through income and sales tax, and returns it to the taxpayer through a check in 2021. Although Idaho November, December and January revenues were over their projections, with



February revenues being 65% over projections, **H 332** does not rely on that, the current Idaho bottom-line balance of \$500 million or money planned to be deposited into rainy-day funds. The \$220 million utilized for tax rebates and the \$170 million in bracket tax relief provides nearly \$400 million in tax relief, much of which is already available. The Tax Relief Fund will provide \$110 million in ongoing funding for the bracket reduction. The other portion comes from money earmarked for tax relief in the Governor's budget. The one time tax relief comes from \$180 million sitting in the Tax Relief Fund for tax relief purposes, as well as an addition \$40 million in the Governor's January budget that comes from IRS non-conformity legislation we passed in **H 58**. The non-conformance in **H 58** picked up approximately \$63 million. The intent of **H 332** is to return to taxpayers money they already paid in taxes and not to tax the system by being unreasonable or extreme.

**Miguel Legarreta**, ATI, provided an illustration of the potential impact of **H 332** on Idaho families. A family of two working parents with two children under 18 years of age, with an income of \$98,748, which is \$74,662 after deductions would save \$300, or 6.4%, in state taxes owed through reducing the tax bracket rates. The same family would be better off taking a rebate of a 9% one-time reduction, which would result in a return of \$391 for 11.6% of their taxes. The total state taxes owed by that family is reduced from \$3,849 to \$3,158, after credits, for an 18% savings in total or \$691 and reduces the effective tax rate from 3.9 to 3.2%.

**Alex LeBeau**, President, IACI, said IACI has not taken a formal position but most likely will support **H 332** because it almost perfectly fits the recommendations IACI challenged the House and Senate to make in 2017 with a proposal that would have dealt with income tax brackets. In 2017, they proposed a top bracket of 6.4% but 6.5% is awfully close.

**John Evans**, AIC, spoke in opposition to **H 332** saying a primary concern is the sunset provision in this legislation that would limit the inclusion of Wayfair funds into the sales tax distribution formula, which is a major source of revenue for cities that can ease the pressure of property taxes currently being scrutinized by the legislature this year. Internet sales are becoming an increasing percentage of total sales which erodes one of the stable revenue sources cities have.

In response to committee questions, **Mr. Evans** replied cities do not get the money now and, under current law, the sunset provision comes off in 2023 or 2024. He replied further that he is aware of transportation legislation that would give local governments twice what they would have gotten with the sunset provision removed but it has not become law, the issues are not being looked at holistically, and cities' reliance on a piece of legislation has been compromised. He said removal of sunset provisions can put more pressure on property tax.

**Rep. Moyle** commented he hoped AIC would support **H 332** because it gives local government twice the money now versus part of the money in four years, everyone needs a little tax relief, and cities need to live within their means because the state cannot keep subsidizing them with sales tax, alcohol tax and general funds.

**Kathy Dawes**, Moscow, and **Alejandra Cerna Rios**, ICFFP, spoke in opposition to **H 332** saying tax relief is not wanted until Idaho can maintain a general uniform system of free public schools, fund bridges and other infrastructure, fund broadband and make investments in other core services. Ms. Cerna Rios indicated the ICFFP is concerned about potential loss of state fiscal relief funds due to leverage of the American Recovery Fund Act which would prohibit states from using federal fiscal aid alongside a net reduction of the sales tax base or be subject to a claw back in an equivalent amount. She said of \$1.2 billion dollars in federal fiscal aid currently set aside for Idaho, a claw back in the amount of the costs of this legislation could reduce Idaho's allocation to \$800 million. The United States Department of Treasury

has not issued guidance on how these particular cases will be handled and other states have hit pause on making tax changes in order to receive more guidance.

**MOTION:** **Rep. von Ehlinger** made a motion to send **H 332** to the floor with a **DO PASS** recommendation.

**Rep. Harris** closed saying one of the reasons for the goal of 6.4% mentioned by **Mr. LaBeau** is that Idaho has very high income tax rates. Idaho has income tax, sales tax and property tax. In the range of what most people earn, \$30,000 to \$100,000, Idaho has the fourth highest marginal tax rate in the nation. **H 332** brings Idaho in line with appropriate income tax rates.

Answering committee questions regarding Tax Relief Fund projections for the next three to four years, **Rep. Harris** said the anticipated balance of \$180 million on July 1, 2021 will be higher than the budget estimate of \$105 million, although \$135 million is expected. If the reason for the higher numbers is more people shopping from home, that pattern can change back causing the numbers to drop, but, if online shopping becomes a new normal, the \$105 million projection this year could become \$110 or \$120 million. In years to come \$135 million will not be the high-water mark.

**Rep. Necochea** spoke **in opposition** to **H 332** saying the tax relief is inequitable. Idahoans are asking for property tax relief, and **H 332** makes permanent changes in the sales distribution formula which can increase property taxes over time. The funds could be used for infrastructure or long-term education funding, and until there is guidance on the American Recovery Fund Act, the legislation could jeopardize relief to Idaho businesses and community.

**VOTE ON MOTION:** **Motion carried by voice vote. Rep. Harris** will sponsor the bill on the floor.

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

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:43 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, March 18, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">S 1105</a>	Property Tax Statements, Bonds & Levies	Senator Doug Ricks; Representative Jon O. Weber
<a href="#">RS28868</a>	Income Tax	Representative Gayanne DeMordaunt

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 18, 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) Chaney, Dixon, von Ehlinger

**GUESTS:** Carson Tester, Westerberg and Associates; Julia Dondero and Annalise Devries, Idaho Farm Bureau; and Sara Westbrook, Idaho Association of Counties.

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

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the March 4, 2021 and the March 9, 2021 meetings. **Motion carried by voice vote.**

**S 1105:** **Rep. Jon Weber** presented **S 1105**, which deals with transparency in bonds and levies on property tax bills in Idaho. At the time a bond or levy from a taxing district is certified with county commissioners, the taxing district shall present information about the bond and levy to the county treasurer, including the expiration date of the bond or levy, and the treasurer will place a link on the property tax bill directing bill recipients to a website explaining the bond or levy and providing its expiration date. This information must be archived on the county website.

**MOTION:** **Rep. Addis** made a motion to send **S 1105** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Weber** will sponsor the bill on the floor.

**RS 28868:** **Rep. Mike Moyle** informed the committee on March 17, 2021, the Internal Revenue Service announced they were extending the date for individuals to file their tax returns to May 17, 2021. **RS 28868** extends the date for filing Idaho's tax return, for this year only, from April 15, 2021 to May 17, 2021 in conformity with the federal action.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 28868**.

**SUBSTITUTE  
MOTION:** **Rep. Weber** made a motion to introduce **RS 28868** and recommend it be sent directly to the Second Reading Calendar.

**VOTE ON  
SUBSTITUTE  
MOTION:** **Chairman Harris** called for a vote on the substitute motion to introduce **RS 28868** and recommend it be sent directly to the Second Reading Calendar. **Motion carried by voice vote.** **Reps. De Mordaunt** and **Moyle** will sponsor the bill on the floor.

**Rep. Necochea** advised the committee the hearing continued on **H 310** has not been scheduled. She said that even though **H 310** has technical issues, it has some positive amendments regarding circuit breakers.

**MOTION:** **Rep. Necochea** made a motion to send **H 310** to General Orders.

**Chairman Harris** said **H 310** is not on the agenda, and he is concerned with the nature of the motion in the absence of **H 310**'s sponsor, **Rep. von Ehlinger**.

**Rep. Moyle** informed the committee the motion is hostile and against process.

**SUBSTITUTE  
MOTION:** **Rep. Moyle** made a substitute motion to **HOLD H 310** in committee.

**Rep. Necochea** spoke **in support** of the original motion saying even though **H 310's** sponsor was absent, there is not much time remaining to hear the legislation.

**VOTE ON  
SUBSTITUTE  
MOTION:**

**Chairman Harris** called for a vote on the substitute motion. **Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting adjourned at 9:17 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, April 07, 2021**

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 171aaS</a>	Sales Tax Exemptions <i>(Committee concurrence on Senate Amendments—no further testimony will be taken)</i>	Rep. Marc Gibbs

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

Rep Okuniewicz
Rep von Ehlinger
Rep Weber
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, April 07, 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) Nichols  
**GUESTS:** None  
**Chairman Harris** called the meeting to order at 9:00 a.m.  
**MOTION:** **Rep. Weber** made a motion to approve the minutes of the March 10, 2021 and March 12, 2021 meetings. **Motion carried by voice vote.**  
**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the March 18, 2021 meeting. **Motion carried by voice vote.**  
**Chairman Harris** explained the procedure for concurrence or non-concurrence of legislation passed by the House, amended by the Senate and returned to the House for further proceedings.  
**H 171aaS:** **Rep. Marc Gibbs** said **H 171aaS** passed comfortably in the House and is before the committee again for consideration of the Senate amendments. The Senate made two amendments. The first and most significant amendment was suggested by the Idaho State Tax Commission and amends **H 171aaS** to require the addition of a purchaser's federal employer identification number or driver's license number and state of issuance to other information a purchaser shall show on an exemption certificate. The Senate Local Government and Taxation Committee also amended language to add "exemption certificate or resale certificate" throughout the body of the text to make the legislation more readable. Rep. Gibbs asked the committee to concur with the Senate amendments to **H 171aaS**.  
**UNANIMOUS  
CONSENT  
REQUEST:** **Rep. Gestrin** made a unanimous consent request to Concur with the Senate amendments to **H 171aaS**. There being no objection, the request was granted. **Rep. Gibbs** will sponsor the bill on the floor.  
**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:10 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, April 14, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 252aaS</a>	Property Assessments Agriculture - Concurrence with Senate Amendments	Rep. Aaron von Ehlinger

(No further testimony will be taken)

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

Rep Okuniewicz
Rep von Ehlinger
Rep Weber
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, April 14, 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:** Vice Chairman Addis, Chaney, Gestrin, Dixon, Nichols

**GUESTS:** None

**Rep. Harris** called the meeting to order at 8:59 a.m.

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the March 16, 2021 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the April 7, 2021 meeting. **Motion carried by voice vote.**

**H 252aaS:** **Rep. Aaron von Ehlinger** said the Senate amendment to **H 252aaS** cleans up the original language to close up loopholes that could be an issue for assessors. Senator Ricks, Farm Bureau and some Idaho assessors worked on the amendments and did a good job. The amendment changes "land that is used in tandem with land" to "land that is contiguous to land." The language changes also specify that the land is not being used for commercial or residential purposes.

**MOTION:** **Rep. Kauffman** made a motion to Concur with the amendments made in the Senate to **H 252aaS**. **Motion carried by voice vote.** **Rep. von Ehlinger** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:04 a.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
2:30 pm or Upon Adjournment of the House Resources and Conservation  
Committee  
Room EW42  
Monday, May 03, 2021

Limited public seating will be available in the committee room. For members  
of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 389</a>	Property Tax	Rep. Mike Moyle
<a href="#">H 390</a>	ERAP Payment, Idaho State Tax Commission	Rep. Dustin Manwaring

Public Testimony Will Be Taken by Registering Through the Following Link:  
[Registry to Testify](#)

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris      Rep Nichols  
Vice Chairman Addis      Rep Kauffman  
Rep Moyle      Rep Adams  
Rep Chaney      Rep Cannon  
Rep Gestrin      Rep Hartgen  
Rep Dixon      Rep Manwaring

COMMITTEE SECRETARY

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email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, May 03, 2021

**TIME:** Upon Adjournment of the House Judicial Rules and Administration Committee

**PLACE:** Room EW42

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

**ABSENT/  
EXCUSED:** None

**GUESTS:** Brian Stender, Zack Wagoner, and Chris Yamamoto, Canyon County; Deborah Kling and Rick Hagaboam, City of Nampa; and Francoise Cleveland, AARP.

**Chairman Harris** called the meeting to order at 2:56 p.m.

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the April 14, 2021 meeting. **Motion carried by voice vote.**

**H 389:** **Rep. Moyle** said property taxes have been discussed for several years. He reiterated legislative attempts to resolve the issues, and said it is time to slow down the pain of the shift and burden upon Idaho citizens. **H 389** will solve some problems and help slow down some of the shift and is based upon ideas from members of the committee, Idaho Farm Bureau, Idaho Realtors, the Idaho Association of Commerce and Industry, the Association of Idaho Cities, and the Idaho Association of Counties.

There are only two ways to lower property taxes. One is to shift and the other is to constrain the budget. **H 389** provides property tax relief by raising the homeowner's exemption from \$100,000 to \$125,000, and increasing the circuit breaker property tax break for seniors and disabled veterans to \$1,500 from the current \$1,320. In 2022, it will change the way the circuit breaker is done and who can qualify by saying if a home's assessed value exceeds 125% of the county's median, the owner will be given the option of the property tax deferral program. By doing that, hopefully, it can be increased again next year. Sometimes homes worth millions are taking advantage of the circuit breaker which was never intended. In 2022, it increases the exemption on personal property tax. It does not do away with personal property tax but increases the exemption from \$100,000 to \$250,000 and eliminates the transient personal property tax, which is hard to track. **H 389** places a cap of 8% on local government property tax budget growth, which will affect a few, but not many, districts. There is one exemption, if an urban renewal district dissolves, it allows 80% of the urban renewal to come in above the cap. It reduces the amount of forgone money that a taxing district can take, limiting it to 1% of ongoing but allowing 3% for a one-time capital purchase.

**H 389** addresses stakeholder concerns regarding changes in classification by saying that entry of an improved property market value does not go on the new construction roll until improvements are made, which in Canyon County is about 20%. This will reduce property taxes going forward until something is built that would take up the burden and not shift it to others. This bill is a start that will help the taxpayer, but eventually the issue of budgets will need to be addressed because you can only shift the tax burden so much.

In response to committee questions, **Rep. Moyle** provided examples of classification changes where developers build by agricultural or forest property, the assessor raises its value by reclassifying it as development property which goes on the new construction roll, and then the property goes back to its original classification resulting in extra expense to the property owner. He stated **H 389** prevents this from happening until improvements are made. Rep. Moyle said the General Fund will pick up the costs for the first year of the circuit breaker, and the second year the 125% of median qualification will fund the increase from the bottom. It is hoped the circuit breaker can be increased the second year as well. It is a way to do an asset test without defining each asset and is done to rule out the state subsidizing million dollar homes.

He further responded that raising the homeowners exemption may not provide relief because some taxing districts do not have agricultural or commercial land to shift the tax to. Some taxpayers will see a lot of relief at the 25% raise and some won't see any because it will fall back on the unprotected portion of their property since there is no one to shift it to and the burden falls back on the homeowner.

Speaking in opposition to **H 389** were **Debra Kline**, Mayor of Nampa; **Richard Hogaboam**, Chief of Staff for the Mayor of Nampa; **Brian Stender**, Canyon County Assessor; **Zack Wagoner**, Canyon County Clerk's Office; and **Francoise Cleaveland**, Associate director of AARP Idaho, who said legislation that raises the homeowners exemption by up to 50% needs to be brought forward; the value of seniors' homes has increased tremendously, but their income has not; the tax shift has not been equitable with commercial properties seeing tax reductions while residential properties are seeing tax increases; cities provide services for new construction so it should not be taken; eliminating contribution from new growth will eliminate public safety for citizens; most of the increase in property taxes are funding shifts from the largest property homes; the homeowner's exemption is losing its value and \$125,000 would only help homes valued at \$250,000 or more and homes \$200,000 or less would pay more property tax; and not everyone has equity in their home to qualify for the circuit breaker with the bill's eligibility cap and median assessment requirement.

**Brian Stender** said Canyon County has seen a tremendous shift with a substantial increase in the residential sector versus commercial and agricultural areas for several years. He wants the homeowners exemption to be \$150,000, or 55%, to allow for more exemption on the bottom end to overcompensate for adjusting the levy rate. Their assessed values will increase 25-30% this year on average and have a range between 15-40%. Residential homeowners will see a substantial increase in their tax bill even if there is no increase from the taxing districts. An exemption of \$150,000 would not stop the shift to residences with these increases and tax bills would go up but not as much with a \$125,000 exemption. The circuit breaker will help. The budget portion of the bill involves a lot of calculations which increases the chance of errors. He would like to see **H 389** held for more modification.

Replying to committee questions **Mr. Stender** said he is not opposed to equity of homes being considered in qualifying for the circuit breaker, but needs more specific information on setting the median. He further responded that a homeowners' exemption of \$150,000 would hold property taxpayers where they are this year, but residential values will go up faster than the \$125,000 exemption. He opined commercial investors will benefit the most from this bill. With the homeowner's exemption, Idahoans located in areas of primary agricultural or timber property will see an increase in their property taxes. Agricultural property is calculated on an income method by use and there already is a difference in their apportioned assessment.

**Mr. Stender** introduced **Mr. Wagoner** to respond to committee questions regarding the amount of urban renewal increment in Canyon County that goes to the urban renewal district as opposed to staying in the budget to pay for police and firefighter services. Mr. Wagoner responded that approximately \$8 million in taxes paid are allocated to urban renewal agencies.

**Rep. Moyle** closed testimony by saying the Canyon County Assessor has the ability to go after large businesses that are paying less property tax by not basing their assessment on the worth of their buildings but can assess them on their income level. City budgets are out of control, and assessors could be doing this to control budgets. Some of the districts have nowhere to shift the homeowners exemption no matter the amount. If it helps the homeowner, the business or farmer are going to pay the bill. There is no tax relief in the homeowners exemption. It is local budgets and assessors who choose not to go after assessing commercial businesses who are creating the property tax problem. This bill doesn't do away with all property tax, but is a start in the right direction, it stops the shift when a new house is built everyday, and it fixes some urban renewal problems. It is the best compromise to be reached among the many stakeholders involved.

**ORIGINAL MOTION:**

**Rep. Gestrin** made a motion to send **H 389** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION:**

**Rep. Nichols** made a substitute motion to send **H 389** to General Orders.

**Chairman Harris and Reps. Weber, Hartgen, Kauffman, Okuniewicz** spoke **in support** of the original motion saying the homeowner's exemption shifts the burden to the most vulnerable Idahoans such as renters, the bill cuts taxes for homeowners with an 8% budget cap, takes 90% off of new construction and 80% of urban renewal development.

**Reps. Nichols, Adams, and Necochea** spoke **in support** of the substitute motion saying it does not provide enough relief to keep people in their homes, they would like to see a sunset on the 25% homeowner's exemption, and it takes people off of the circuit breaker program.

**VOTE ON SUBSTITUTE MOTION:**

**Chairman Harris** called for a vote on the substitute motion to send **H 389** to General Orders. **Motion failed by voice vote.**

**VOTE ON ORIGINAL MOTION:**

**Chairman Harris** called for a vote on the original motion to send **H 389** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**H 390:**

**Rep. Manwaring** presented **H 390** stating it is a trailer bill to **H 251** that says one-time federal relief money is not to be taxed. There were concerns raised in **H 251** that if money went directly to a tenant and not to a landlord, they would be taxed. **H 390** clarifies that if the payments go directly to the tenant they are not taxed. Once it is paid to the utility provider or landlord, they will pay taxes on it. **H 390** also clarifies **H 214** by adding legislative intent language regarding how the Idaho State Tax Commission (ISTC) is to operate and clarifying the authority of the ISTC.

**MOTION:**

**Rep. Chaney** made a motion to send **H 390** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Manwaring** will sponsor the bill on the floor.

**Chairman Harris** thanked the Secretary, **Lorrie Byerly** for her service and presented her with a gift.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 4:11 p.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
Upon Adjournment of the Floor  
Room EW42  
Wednesday, May 12, 2021

Limited public seating will be available in the committee room. For members of the public to observe the meeting, please click on the following link:

<https://www.idahoptv.org/shows/idahoinsession/>

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SUBJECT	DESCRIPTION	PRESENTER
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Approval of the Minutes

***If you have written testimony, please provide a copy to the committee secretary.***

COMMITTEE MEMBERS

Chairman Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Lorrie Byerly  
Room: EW46  
Phone: 332-1125  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, May 12, 2021  
**TIME:** Upon Adjournment of the Floor  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, Vacant, Weber, Necochea, Ruchti  
**ABSENT/  
EXCUSED:** Reps. Moyle, Chaney, Adams and Ruchti.  
**GUESTS:** None  
**MOTION:** **Chairman Harris** called the meeting to order at 4:34 p.m.  
**Rep. Necochea** made a motion to approve the minutes of the May 3, 2021 meeting. **Motion carried by voice vote.**  
**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 4:35 p.m.

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Representative Harris  
Chair

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Lorrie Byerly  
Secretary