

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 20, 2012

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Corder, Vice Chairman Johnson, Senators Hill, McKenzie, Hammond, Siddoway, Rice, Werk, and Bilyeu

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies, and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

Chairman Corder called the meeting to order at 2:10 p.m.

H 584AA To Provide for Continuation of the Homestead Exemption for a Time Certain Upon the Owner's Beneficiary's, Partner's, Member's, or Shareholder's Death if Certain Circumstances Occur. **Chairman Corder** introduced **Senator Winder**. **Senator Winder** said this legislation allows, in case of the death of the homeowner, to make the exemption valid for the year in which they die and one year after. This allows the executor time to settle the estate.

Chairman Corder introduced **Michael Johnson**, who spoke in support. **Mr. Johnson** said if a person dies on December 30, the tax exemption would go away January 1 of the next year and the relatives would have to pay more tax. It could take a year or more to settle an estate.

MOTION: **Senator Hammond** made a motion to send H 584 aa to the floor with a Do Pass recommendation. **Senator Bilyeu** seconded. **Senator Hill** said there was a concern with the fiscal note. It is hard to estimate what the impact would be, but there are a lot of tax bills that have the same issue. The motion carried by Voice Vote. **Senator Winder** will be the floor sponsor.

H 515AA To Provide that Each Agency, Department and Commission Shall Seek to Minimize the Number of Certain Printed Copies. **Chairman Corder** introduced **Representative Nonini**. **Representative Nonini** said all legislators receive a number of written reports over the course of the session and if those reports are sent electronically, it could save the state money in printing costs.

Chairman Corder introduced **Ty Palmer**, who spoke in support. **Mr. Palmer** said he has noticed that legislators receive a large amount of mail consisting of annual reports that are required to be submitted. If these were sent electronically, the state could save money by not printing and mailing these documents. This does not change the requirement that the documents need to be submitted. This bill does not limit the amount of copies produced, but rather the copies must be requested before they are printed.

Senator Hill asked if the Division of Financial Management (DFM) is in support of this legislation. **Mr. Palmer** said they are.

Chairman Corder introduced **Wayne Hammon**, Director, DFM, who spoke in support. **Mr. Hammon** said they already require documents electronically from the departments.

Chairman Corder introduced **Jan Sylvester**, who spoke in opposition. **Ms. Sylvester** said this bill is redundant, vague and overreaching. There are different types of electronic format and this bill does not specify a particular one. There is no definition as to how a "commission shall seek to limit the number of copies".

Senator Hill asked if she were opposed to the concept of having agencies submit these reports in electronic format or if the concern is with the verbiage of the bill. **Ms. Sylvester** said she is opposed to the bill, what is currently in code is what the state needs. It is very easy to overwrite a current version of an electronic document with an earlier version.

MOTION: **Senator Werk** said this legislation does not have clear language; however, this is a good concept. **Senator Werk** made a motion to send H 515 aa to the floor with the Do Pass recommendation. **Senator Hammond** seconded. **Senator Bilyeu** asked if the language in the bill is repeated or if it applies to different items. **Mr Palmer** said the first section discusses the performance reports and the second section is related to strategic plans. The motion carried by Voice Vote. **Senator Werk** will be the floor sponsor.

H 653 To Provide that if the Date for Filing any Report, Claim, Tax Return Statement or Other Document, falls upon a Saturday, Sunday, a Legal Holiday or, in Matters Arising Under the State Income Tax Law, a Holiday Recognized by the IRS, such Acts Shall be Considered Timely if Performed on the Next Business Day. **Chairman Corder** introduced David Langhorst, Chairman, State Tax Commission.

Chairman Langhorst said the current code was set up to extend deadlines, but it didn't explicitly extend the due date for amended returns. There is a three-year statute of limitations and if someone filed on the last day of those three years, the returns were flagged by the system as being late.

Senator Hill said this legislation has to do with any reports filed in the office; however when the legislation discusses holidays recognized by the IRS, the Income Tax documents are the only ones included. Is that confusing for a taxpayer who has a sales tax form due, but the income tax form would not be due because of an IRS holiday. **Chairman Langhorst** said the language is meant to construe Chapter 30, but the rulemaking process will take the other forms into consideration. If this legislation is not passed, the appeals would be settled, because the taxpayers' cases are compelling.

MOTION: **Senator Werk** made a motion to send H 653 to the consent calendar with a Do Pass recommendation. **Senator Hill** seconded, and the motion carried by Voice Vote. **Senator Corder** will be the floor sponsor.

H 634 To Clarify the Credit for Taxes Paid to Other States. **Chairman Corder** introduced **Ken McClure** representing the Idaho Society of Certified Public Accountants. **Mr. McClure** said this is a housekeeping bill; it deals with how the income of a taxpayer that earns income in a number of different states is taxed. If the taxpayer is a resident of the state of Idaho, the taxpayer pays income tax on all income in Idaho and pays income in each of the states where they earn income. The taxpayer would then get a credit in Idaho for the lesser of the amount actually paid to the other state or the amount of the percentage of income which is earned in another state.

Texas income tax is called a franchise tax and has been treated as income tax by Idaho. However, there have been different interpretations as to whether it should be. This legislation will define what the requirements will be for receiving a credit. This change will entitle an Idaho taxpayer to a credit for taxes paid to Idaho for the portion of the taxes that were paid to Texas. The Tax Commission believes the fiscal note should be a loss of \$205,000 rather than a loss of \$125,000.

MOTION: **Senator Siddoway** made a motion to send H 634 to the floor with a Do Pass recommendation, with a correction to the fiscal note to read \$205,000. **Senator Hammond** seconded, and the motion carried by Voice Vote. **Senator Siddoway** will be the floor sponsor.

MINUTES APPROVAL: **Senator Bilyeu** made a motion to approve the minutes of March 8, 2012. **Senator Siddoway** seconded, and the motion carried by Voice Vote.

ADJOURNMENT: **Chairman Corder** adjourned the meeting at 2:45 pm.

Senator Corder
Chairman

Jo Ann Bujarski
Secretary