

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 05, 2013

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Wood(35), Representatives Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo, Burgoyne, Erpelding, Meline

**ABSENT/
EXCUSED:** None.

GUESTS: Roger Batt, Idaho Grape Growers & Wine Producers; Tyler Mallard, Risch Pisca; Nate Clayville, DFM; Mike Chakarun, Idaho State Tax Commission; Sean Ellis, Capital Press; Russell Westerberg, The American Way; Sen. Roy Lacey; Rep. Donna Pence; Elizabeth Criner, NWFPA; Jeremy Pisca, Idaho Beer & Wine Distribution Association.

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

MOTION: **Rep. Wood(35)** made a motion to approved the minutes of February 4, 2013.
Motion carried by voice vote.

H 87: **Roger Batt**, Idaho Grape Growers and Wine Producers presented **H 87** which clarifies that the Wine Excise Tax to be paid by a winery is due upon the actual sale of the wine and not the transfer. The Idaho State Tax Commission is supportive of this change and there is no known opposition.

MOTION: **Rep. Trujillo** made a motion to send **H 87** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Crane** will sponsor the bill on the floor.

H 51: **Sen. Roy Lacey** presented **H 51**. This is a proposed Value-Added Agriculture Bill that would provide a tax credit of up to 30% for Idaho farmers and ranchers who provide additional processing facilities within the state. There is a cap of \$500,000 and the credit may be utilized by claiming up to one half of the tax liability to the State of Idaho, per year, until the cap is realized. The tax credit can be claimed for a period of up to 14 years. This proposed legislation would sunset in 2018, but would not apply to claiming the tax credit. Sen. Lacey stated that there is wide industry support for this legislation.

Rep. Pence spoke on the fiscal note and indicated while it's difficult to quantify, it will have a positive impact. **Sen. Lacey** responded to a question by clarifying that the tax credit is possible for qualified new value added agriculture ventures, as well as current businesses that expand. Rep. Pence covered the multiplier of 2.5 for each job created explaining that it is the resultant impact or ripple effect projected to occur. Sen. Lacey reiterated that the intent is new job creation. The tax credit is an additional tool that may be combined with other incentives. In response to questions on the projected fiscal impact examples, Sen. Lacey stated that the Dept. of Labor had reviewed the examples and felt the income, tax rate, and multiplier used were conservative. This proposed legislation would potentially be available for small business as well as large, so there is not a minimum amount of investment required.

Sen. Lacey stated that value added agriculture investments was used as a starting point for two reasons; agriculture is currently the largest commodity in Idaho and a majority of product is currently being shipped out of state. The bill is written to support Idaho products.

MOTION: Rep. Anderson(31) made a motion to **HOLD H 51** in committee.

ROLL CALL VOTE: Rep. Barrett requested a roll call vote on **H 51**. **Motion carried by a vote of 9 AYE, 6 NAY, 1 Absent/Excused.** Voting in favor of the motion: **Reps. Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen and Patterson.** Voting in opposition to the motion: **Rep. Kauffman, Trujillo, Burgoyne, Erpelding, Meline and Collins.** Rep. Wood(35) was absent/excused.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:53 a.m.

Representative Collins
Chair

Kathleen A. Simko
Secretary