

## MINORITY REPORT

### HOUSE AND SENATE DEMOCRATS, MEMBERS JOINT SALES TAX TASK FORCE

February 24, 2004

Senator Hal Bunderson  
Representative Dolores Crow  
Co-Chairs  
Joint Sales Tax Task Force  
State Capitol  
Boise, Idaho

Dear Senator Bunderson and Representative Crow:

As we have discussed at our several task force meetings, in establishing the joint task force, the Speaker of the House and the President Pro Tem of the Senate stated that there was a need for the Legislature to consider the introduction of a broader based tax on a consumption of services not as a major source of new revenue, but rather as a means to reform the entire sales tax structure and its relevance to the present global economy. As a result, the Speaker and Pro Tem convened this task force with the following general charge:

“To examine Idaho’s sales and use tax structure in light of the evolution of the state’s economy from a products-based economy to a service-side economy, and to recommend changes to make Idaho’s sales tax structure more relevant to that evolution in today’s global economy.”

The Speaker and Pro Tem stated in the task force proposal that it was being formed “with an eye to making recommendations to the Second Regular Session of the 57<sup>th</sup> Idaho Legislature.”

The undersigned members of this bipartisan task force feel very strongly that the task force failed to undertake or perform its clearly stated responsibility set forth in the charge. We believe that the original draft of the proposed task force report delivered to the members on January 5, 2004, provided basis upon which informed recommendations could have been made by the task force. In our view, the Idaho State Tax Commission did an excellent job in gathering and presenting information covering all aspects of the current sales tax laws and their application. In addition, the analyses made by the Commission staff covering sales tax application and exemptions in other states, including those states that impose a tax on some services, was also very helpful. The assistance provided to the task force by the Legislative Services Office was likewise of great value.

As we have informed the task force members and LSO, we feel that the revisions made to the January 5 draft of the report in several instances include editorial opinions, statements, evaluations, criteria, etc., that were neither presented to nor discussed by the task force during meetings. In addition, the report was not reviewed by professionals in the field of economics or tax policy for accuracy. As a result, our participation in presenting the report to the Legislature is

not intended nor should it be construed to be an endorsement or approval of the revisions made in the revised draft of the task force report delivered to the members on January 20, 2004.

We are very disappointed that the task force, for whatever reason, did not perform the responsibilities it was given in the Speaker's and Pro Tem's charge. We believe it was essential for the members of the task force to have been able to meet and discuss in detail the arguments enumerated in the original report, both pro and con, covering Idaho's sales tax and its exemptions and exclusions, in an attempt to arrive at a consensus as to the specific recommendations to be made to the Legislature. Adjourning the task force sine die prior to fully discussing all of the information presented and making the requested recommendations, in our opinion, was an abdication of our responsibility under the charge to the task force, and does not serve the interests of the citizens of the state of Idaho.

Sincerely,

---

Senator Edgar Malepeai

---

Representative Wendy Jaquet

---

Senator Fred Kennedy

---

Representative Margaret Henbest

cc: Speaker of the House Bruce Newcomb  
President Pro Tem Robert Geddes  
Mike Nugent, Legislative Services Office