

# House Revenue & Taxation Committee

Minutes  
2008



## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 9, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative Wood  
Representative Schaefer

**GUESTS:** Philip Homer, Idaho Association of School Administrators; Daniel John, Idaho State Tax Commission; Randy Nelson, Associated Taxpayers of Idaho; Bill Babcock, Citizen; Ben Simpson Citizen; Jack Lyman, Idaho Miners Association; Russ Hendricks Idaho Farm Bureau; Robin Nettinga, IEA.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the Secretary to take a verbal roll call.

Chairman Lake introduced himself, Secretary, Marsha Palmer, and Page, Bailey Lake. Chairman Lake requested that guests of the committee introduce themselves.

Chairman Lake referred Committee Members to their Minute Books where a paper entitled - Principals for Evaluating Tax Deductions, Credits and Exemptions in the State of Idaho had been attached. Chairman Lake encouraged the Committee to read and use these principals as proposals come before the Committee to assist in an evaluation which will result in good policy.

Chairman Lake assigned the following Subcommittees:

Subcommittee #1 - Rules - Representative Collins, Chairman;  
Representatives Harwood, Bedke, and Ruchti.

Subcommittee #2 - Credits & Exemptions - Representative Raybould,  
Chairman; Representatives Schaefer, Roberts, and Saylor.

Subcommittee #3 - TBA - Representative Smith, Chairman;  
Representatives Barrett, Hart, and Jaquet.

Subcommittee #4 - TBA - Representative Clark, Chairman:  
Representatives Wood, Moyle, and Killen.

Chairman Lake asked Representative Collins to comment on the Rules Subcommittee meeting. Representative Collins stated the committee would meet at 9:00 a.m. on Thursday, January 10, 2008. Representative Collins stated it is his goal to move through the rules

review quickly and to finish on January 10<sup>th</sup>, if possible.

Chairman Lake mentioned that all presenters from the Tax Commission had been notified of the Rules Subcommittee meeting date and time and requested that the Secretary follow-up with the presenters to confirm their attendance.

Chairman Lake asked the committee if there was any controversial legislation to be discussed. Representative Clark mentioned the Tax Commission is coming back this year with a streamlined sales proposal that should be discussed. Chairman Lake asked Dan John - Idaho Tax Commission - to comment on the legislation. Mr. John explained that the bill is very similar to last year's bill except that it is clearer and shorter. Mr. John state he would be happy to speak with any of the Committee Members to answer their questions.

**ANNOUNCEMENTS** The Revenue & Taxation Committee will not meet on Thursday, Friday, or Monday, January 10, 11, and 14, 2008.

The Rules Subcommittee will meet on Thursday, January 10, 2008 at 9:00 a.m. in Room 240.

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

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

Subcommittee #1 - Rules

**DATE:** January 10, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Collins, Representatives Harwood and Ruchti

**ABSENT/  
EXCUSED:** Representative Bedke

**GUESTS:** Janice Boyd, Jim Husted, and Alan Dornfest - Idaho Tax Commission

Chairman Collins called the meeting to order at 9:00 a.m. and a silent roll call was taken by the secretary.

Chairman Collins recognized Janice Boyd, Jim Husted, and Alan Dornfest, State Tax Commission, Tax Policy Specialists to present the Idaho State Tax Commission Administrative Pending Rules. (See attached complete document of 2008 House Revenue and Taxation Pending Rules - Administrative Rules Review.)

**Docket No.** Docket No. 35-0101-0701 - Income Tax - presented by Janice Boyd.  
**35-0101-0701**

**Rule 006:** Amend Rule 006 to identify the Multistate Tax Commission (MTC) website as the location where the MTC regulations incorporated by reference can be accessed.

**Rule 031:** Amend Rule 031 to include information on what federal forms must be included in the Idaho return filed by a nonresident alien.

**Rule 032:** Amend Rule 032 to address issues related to the taxation of members of the uniformed services. Changed title page from Armed Forces to Uniformed Services. Clarified rules to conform with Federal Law.

**Rule 075:** Amend Rule 075 to add tax table for 2007.

**Rule 108:** Amend Rule 108 to conform to 2007 HB 239, which amended Idaho Code section 63-2022. HB 239 requires a taxpayer to include in Idaho taxable income the amount transferred from an Idaho college savings account to a qualified tuition program operated by a state other than Idaho.

**Rule 121:** Amend Rule 121 to clarify the calculations related to the state tax rounding calculations. Example text did not match the example given, so text was corrected.

**Rule 125:** New rule to address issues related to bonus depreciation as a result of 2007 HB 13. The new rule helps to explain how the legislative changes are to be applied.

**Rule 255:** Amend Rule 255 to clarify the calculations related to the proration of exemptions and deductions of part-year residents and nonresidents that require rounding.

**Rule 275:** Amend Rule 275 to be consistent with 2007 HB 15. The bill clarified when nonresident individuals are not required to pay Idaho income tax on investment income from Idaho investment partnerships.

**Rule 285:** New rule to conform with 2007 HB 17. The bill clarified the tax due by S corporations on built-in gains and excess net passive income.

**Rule 286:** New rule to conform with 2007 HB 17. The bill clarified the tax due by S corporations operating within and without Idaho.

**Rule 582:** Amend Rule 582 to conform with 2007 HB 141. The bill repealed the income tax exemption to banks and financial institutions that did not maintain an office in Idaho and conducted only limited activity in Idaho. The bill requires any bank or financial institutions that has activity in Idaho, even if they do not have an office in Idaho, must pay taxes.

**Rule 641:** Amend Rule 641 language to be consistent with language in Rule 600 regarding intercompany eliminations for a water's edge report and a worldwide report. Textual changes only.

**Rule 700:** Amend Rule 700 to clarify the calculations related to the credit for tax paid to another state that require rounding.

**Rule 714:** Amend Rule 714 to clearly explain the options for computing investment tax credit.

**Rule 746:** Amend Rule 746 to remove references to Paragraph 745.04.a., which was removed from Rule 745 in 2006 rulemaking.

**Rule 765:** New rule promulgated due to 2007 HB 177. The bill allowed a new income tax credit for capital investment in biofuel infrastructure. Rule 765 addresses the tax years when the credit is allowed, when the qualified investment must be placed in service, what qualified investments include, limitations on claiming the credit, the carryover period, taxpayers entitled to the credit, and how the credit passes through to owners of pass-through entities.

**Rule 766:** New rule promulgated due to 2007 HB 177. The bill allowed a new income tax credit for capital investment in biofuel infrastructure. Rule 766 addresses recapture.

**Rule 767:** New rule promulgated due to 2007 HB 177. The bill allowed a new income tax credit for capital investment in biofuel infrastructure. Rule 767 address record-keeping requirements.

**Rule 799:** Amend Rule 799 to conform to 2007 HB 177. Changes to the rule add the biofuel investment tax credit to the priority list of credits contained in this rule.

**Rule 800:** Amend Rule 800 to delete information regarding Idaho Form 40EZ which is no longer available to be used by individuals in filing their Idaho return.

**Rule 880:** Amend Rule 880 to add capital losses and Idaho credits in the discussion of a timely claim for refund. The taxpayer must establish the basis for the credit or refund and the amount of the overpayment.

**Rule 946:** Amend Rule 946 to reflect statutory change regarding recapture for the Idaho small employer.

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**MOTION:**

Representative Ruchti moved to **approve Docket No. 35-0101-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No. 35-0201-0701**

Docket No. 35-0201-0701 - Tax Commission Administration and Enforcement Rules - presented by Janice Boyd.

**Rule 155:** Amend Rule 155 to remove references to code sections in the title of the rule that are no longer applicable.

**Rule 310:** Amend Rule 310 to add the interest rate for calendar year 2008, which is 7%.

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Motion:**

Representative Harwood moved to **approve Docket No. 35-0201-0701** and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No. 35-0102-0603**

Docket No. 35-0102-0603 - Sales and Use Tax - presented by Jim Husted.

Rule 068: Amend Rule 068 due to rate changes for sales tax from 5% to 6%. This rule was published as a temporary rule last year.

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Motion:**

Representative Ruchti moved to **approve Docket No. 35-0102-0603** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No.  
35-0102-0701**

Docket No. 35-0102-0701 - Sales Tax- presented by Jim Husted.

**Rule 010:** Amend rule 010 to define “tax rate” as the current rate in effect; define “fleet” to be one or more vehicles registered under the International Registration Plan; and to change the reference to the “Uniform Building Code” to the “International Building Code.”

A discussion was held to determine whether the State of Idaho changed the business code or only changed the name. Chairman Collins asked Mr. John to provide information on the Committee’s questions and tabled the vote on **Docket No. 35-0101-0701** until Mr. John could provide these answers.

**Rule 015:** Amend Rule 015 to clarify that pumps supplying water to land and buildings will generally be considered fixtures and pumps used in manufacturing and other industrial or commercial processes will generally be considered personal property and will, therefore, qualify for the production exemption.

**Rule 041:** Amend Rule 041 to eliminate references to a specific rate.

**Rule 058:** Amend Rule 058 to reflect the current tax rate and to change the words “gross receipts” to “total sales.”

**Rule 063:** Amend Rule 063 to change the 5% rate to 6%.

**Rule 073:** Amend Rule 073 to change references to the tax rate in the examples to 6%.

**Rule 085:** Amend Rule 085 to clarify that the primary purpose of organizations claiming the exemption must be the provision of free dental care to children; that equipment must be for the provision of free dental care to children; and that children are persons under the age of 18.

**Rule 106:** Amend Rule 106 to change the word “average” to “clean” and change the “average retail price” to the “clean retail price.”

**Rule 107:** Amend Rule 107 to incorporate the definition of “trailer” in the Motor Vehicle Code.

**Rule 109:** Amend Rule 109 to clarify when an increase in the permit fee for amusement devices will be effective.

**Rule 117:** Amend Rule 117 to add language to clarify refund claims must state the amount of the refund.

**Rule 135:** New rule to specify the exemption of sales of snow grooming and snow making component parts.

Discussion was held on the ski industry's comments on the rule change.

**Rule 136:** New rule that deals with rebates paid to real estate developers of qualified shopping centers and to specify that retailers located in a qualifying shopping center must file a separate return for that location only.

Chairman Collins postponed voting on this docket until the Committee receives and answer from Mr. John on their questions for Rule 010.

**Docket No.  
35-0109-0701**

Docket No. 35-0109-0701 - Kitchen and Table Wine Tax - presented by Jim Husted.

**Rule 013:** Amend Rule 013 to change the word "wholesaler" to "distributor" and the words "unfit for beverage purposes" to "unfit for sale."

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Motion:**

Representative Harwood moved to **approve Docket No. 35-0109-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No.  
35-0110-0701**

Docket No. 35-0110-0701 - Cigarette and Tobacco Products Tax - presented by Jim Husted.

**Rule 010:** Amend Rule 010 to add a definition of "person" to the cigarette and tobacco tax rules that is similar to the definition in the Sales Tax Act.

**Rule 013:** Amend Rule 013 to change the word "indicia" to "stamps."

**Rule 014:** Amend Rule 014 to change the work "indicia" to "stamps."

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

Representative Ruchti moved to **approve Docket No. 35-0110-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No.  
35-0111-0701**

Docket No. 35-0111-0701 - Unclaimed Property Tax - presented by Jim Husted.

**Rule 010:** Amend Rule 010 to clarify that the words "tax" and "return" in the Idaho Income Tax statues mean "unclaimed property" and "report of unclaimed property."

Discussion held regarding would the new language have any impact on

the period to claim the unclaimed property. It was advised by Mr. Husted that this language has no impact on the ten (10) year provision to make a claim.

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Motion:**

Representative Harwood moved to **approve Docket No. 35-0111-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No.  
35-0103-0701**

Docket No. 35-0103-0701 - Property Tax - presented by Alan Dornfest.

**Rule 802:** Temporary rule to be consistent with legislative changes implemented by HB79. The bill changed the definitions of incremental and increment to be synonymous; changed wording for consistency with other rules; and provides a provision for listing new construction that has been missed on the current year's new construction roll.

Chairman Collins asked if there is a statute of limitations on listing new construction that has been missed. Mr. Dornfest said there was no time limit but records have only existed as far back as 1995 for new construction. Representative Ruchti asked if normally there is a statute of limitations for all tax laws. Mr. Dornfest replied that in property tax there is no rule for limitations.

**Rule 803:** Temporary rule to be consistent with legislative changes implemented by HB1 (8/2006) and HB178 providing directions for calculation of the maximum property tax funds for tort funds for school districts and directions related to interim mosquito abatement districts.

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Motion:**

Representative Ruchti moved to **approve Docket No. 35-0103-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Docket No.  
35-0103-0702**

Docket No. 35-0103-0702 - Property Tax - presented by Alan Dornfest.

**Rule 006:** Amend Rule 006 to update references to appropriate and current editions of guides used to determine the values of recreational and certain other vehicles.

**Rule 131:** Amend Rule 131 to provide followup procedures when categories in compliance in March final ratio study are discovered to be out of compliance following completion of county board of equalization action.

**Rule 314:** Amend Rule 314 to provide cross references for timely

availability of income/expense data on income producing property for completion of appraisals for the property roll.

**Rule 315:** Amend Rule 315 to be consistent with legislative changes from HB 1. Proposed amendments restrict the Commission's responsibility to provide school district adjusted value to apply to the Boise School District only.

Representative Harwood asked is there was only one school district in Boise. Mr. Dornfest said there are many school districts in Boise but only one goes by the name of Boise School District.

**Rule 404:** Amend Rule 404 to provide cross references, clarify what property at thermal energy electricity generation facilities is situs property, and correct pipeline mileage reporting directions. Everything in this rule codifies current practice and we have routine participation. There were no comments to the Tax Commission on these particular changes.

**Rule 405:** Amend Rule 405 to provide cross references and directions relating to apportionment of property at thermal energy electricity generation facilities.

**Rule 415:** Amend Rule 415 to change the date for county treasurers to submit property tax rate information applicable to railcar fleets under \$500,000.

**Rule 509:** Amend Rule 509 to provide a cross reference to rules and statues that provide procedures for correction of taxable values resulting from errors after county commissioners have taken action and to limit school district abstracts to the Boise School District to be consistent with HB1.

**Rule 510:** Amend Rule 510 to provide directions for assigning categories for home sites and when property has multiple uses.

**Rule 511:** Amend Rule 511 to provide directions for assigning categories for improvement categories with multiple uses. One category for land and different category for the home on the land.

**Rule 603:** New rule to implement requirements of HB 69 to provide directions for calculating the value of the portion of property not permitted the religious property exemption.

Discussion held regarding what "used or leased for business purposes" meant in a practical sense.

**Rule 609:** Amend Rule 609 to correct references and add examples for clarification of homeowner's exemption for partial ownership.

**Rule 610:** Amend Rule 610 to correct references to Rule 609.

**Rule 645:** Amend Rule 645 to provide directions for assigning categories for home sites.

**Rule 700:** Amend Rule 700 to add cross reference and example for clarification of calculating benefits for partial ownership.

**Rule 701:** New rule promulgated to provide procedures for county officials and claimants to provide documentation necessary to verify that claimants are lawfully present in the United States to comply with the provisions of SB 1157.

Discussion held regarding the whether the procedures would still given individual's access to the circuit breaker exemption. Mr. Dornfest believed the procedures would be sufficient but could not give a definitive answer until the Commission had some experience with the process.

**Rule 717:** Amend Rule 717 to comply with the requirements of SB 1157 requiring the claimant to present information enabling the state tax commission to prove that the claimant is lawfully present in the United States.

**Rule 804:** Amend Rule 804 to correct cross references and implement HB1 (8/2006)) removing allocation of part of taxes levied on urban renewal district increments to school districts.

**Rule 805:** Amend Rule 805 to implement HB1 (8/2006), restricting the budget increase penalty for school districts so that it applies only to their tort funds.

**Rule 809:** New rule to provide a time line for state tax commission review and approval and procedures for correction of taxable value resulting from errors when county commissioners take action under Section 63-809, I.C.

**Rule 811:** New rule to clarify the responsibilities of county auditors to compute the total tax charge by taxing district and the responsibilities of county treasurers to compute individual property tax due on each parcel of property.

**Rule 966:** Amend Rule 966 to correct a cross reference and wording to be consistent with other rules.

**Motion:**

Chairman Collins asked if anyone in the room wished to testify on the docket. Chairman Collins asked if there were any questions from the Committee.

**Adjourn:**

Representative Ruchti moved to **approve Docket No. 35-0103-0702** as written and refer it to the full committee. The motion **passed** on a voice vote.

There being no further business before the Committee, Chairman Collins adjourned the meeting at 11:10a.m.

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Representative Gary Collins  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 15, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Smith(24), Raybould, Clark, Harwood, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Wood, Roberts, Bedke, Moyle

**GUESTS:** Ted Spangler and Dan John, Idaho State Tax Commission.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested that the secretary take a silent roll call.

**Minutes:** Representative Collins moved to accept the minutes as written for January 9, 2008. Representative Clark requested a space be added between two words on the second page and moved to accept the amended minutes for January 9, 2008. The motion **passed** on a voice vote.

Chairman Lake recognized Dan John from the Idaho State Tax Commission.

**RS 17396** RS 17396 - Retention of Tax Records - presented by Dan John.

This Bill relates to the retention of State tax records that have been stored in a different medium than the way they were received, such as a digital image of a paper document. The bill allows hard copy records to be destroyed after they have been reproduced electronically rather than keeping the hard copy records for one year.

Representative Schaefer inquired about backup of the electronic records. Mr. John stated the Commission had several forms of backup of the data all kept offsite.

**Motion:** Representative Clark moved to introduce RS 17396. The motion **passed** on a voice vote.

Chairman Lake recognized Mr. John.

Mr. John stated that the Tax Commission would provide amended SOPs for the RS legislation before the Committee that would reflect both Mr. John and Mr. Spangler as the sponsors of the RS legislation.

**RS 17397** Property tax and taxing district boundaries - presented by Ted Spangler.

This bill relates to the administration of property tax when a taxing

district changes boundaries.

A discussion was held regarding legal descriptions, the use of professional or nonprofessional surveyors, and urban renewal agencies compliance with the bill.

**Motion:** Representative Clark moved to introduce RS 17397. The motion **passed** on a voice vote.

**RS 17384** Update references to the Internal Revenue Code - presented by Mr. John.

This bill is the annual bill to update references to the Internal Revenue Code (IRC). The bill will conform the Idaho income tax to changes made to the IRC after January 1, 2007, including "The Small Business and Work Opportunity Tax Act of 2007."

**Motion:** Representative Smith moved to introduce RS 17384. The motion **passed** on a voice vote.

**RS 17345** Tax Remitted to the Permanent Building Fund - presented by Ted Spangler.

This bill updates the ten dollar Permanent Building Fund Tax that taxpayers pay with their Idaho income tax returns. The bill updates the outdated statute that talks about to whom that tax applies. The bill updates the code to get rid of old terminology. The updates reflect the changes in law that occurred elsewhere.

**Motion:** Representative Raybould moved to introduce RS 17345. The motion **passed** on a voice vote.

**RS 17343** Income tax withholding - presented by Dan John.

This bill simplifies the year-end income tax withholding reports employers now must file with the State Tax Commission. This bill combines the two filing dates for employers into one filing date at the end of February thereby eliminating a duplicate filing.

**Motion:** Representative LaFavour moved to introduce RS 17343. The motion **passed** on a voice vote.

**RS 17324** Income tax - provide a correct code reference - presented by Dan John.

This bill corrects an erroneous cross-reference between two sections of the Idaho Code.

**Motion:** Representative Jaquet moved to introduce RS 17324. The motion **passed** by a voice vote.

**RS 17322** Unclaimed property tax - presented by Ted Spangler.

This bill clarifies the interest rate applicable under the Uniform

Unclaimed Property Act. This bill corrects an error in the statute where a subsection was swept from the Act which should not have been deleted.

**Motion:** Representative Sayler moved to introduce RS 17322. The motion **passed** on a voice vote.

**Announcements:** The Revenue & Taxation Committee will meet on Wednesday, January 16, 2008 at 9:00 a.m. to continue with review of RS s before the Committee.

**Adjourn:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:30a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

MINUTES

**HOUSE REVENUE AND TAXATION COMMITTEE**  
Subcommittee #1 - Rules

**DATE:** January 15, 2008

**TIME:** 8:30 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Collins, Representatives Harwood and Ruchti

**ABSENT/  
EXCUSED:** Representative Bedke

A quorum being present, Chairman Collins called the meeting to order at 8:30 a.m.

**MINUTES:**

**Docket No. 35-0102-0701** Docket No. 35-0102-0701 was held from the January 10, 2008 meeting for further clarification. There were no further objections to the docket.

**Motion:** Representative Ruchti moved to **approve Docket No. 35-0102-0701** as written and refer it to the full committee. The motion **passed** on a voice vote.

**Adjourn:** There being no further business before the committee, the meeting was adjourned at 8:40 a.m.

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Representative Gary Collins  
Chairman

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Marsha Palmer  
Secretary





## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** January 16, 2008
- TIME:** 9:00 a.m.
- PLACE:** Room 240
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(3), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti
- ABSENT/  
EXCUSED:** None
- GUESTS:** Senator Brad Little; Ted Spangler and Dan John, Idaho State Tax Commission; Rodger Sorensen, Idaho Transportation Department.
- A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested that the secretary take a silent roll call.
- MINUTES:** Representative Raybould moved to accept the minutes as written for January 15, 2008 after amending a spelling error on page 2. The motion **passed** on a voice vote.
- Chairman Lake recognized Ted Spangler from the Idaho State Tax Commission.
- RS 17398** RS 17398 - Updates to the exemption in the Sales Tax Act for medical prescriptions - presented by Ted Spangler.
- This legislation updates the exemption in the Sales Tax Act for medical prescriptions. 1) to clarify that the exemption now applies to all practitioners authorized to prescribe, including physician assistants; 2) include dental fillings in the exemption.
- MOTION:** Representative Jaquet moved to introduce RS 17398. The motion **passed** on a voice vote.
- Chairman Lake recognized Senator Brad Little.
- RS 17521** RS 17521 - Definition of Retailer relating to Sales and Use Tax - presented by Senator Brad Little.
- This legislation amends the Idaho Code to provide that a "retailer engaged in business in the state" must collect taxes on its internet sales.
- Representative Clark moved to introduce RS 17521. The motion **passed** on a voice vote.
- RS 17395** RS 17395 - Streamlined Sales Tax Project - presented by Dan John.

This legislation allows Idaho to participate with other states in the Streamlined Sales Tax Project (SSTP). This legislation charges the State Tax Commission to prepare for the next legislative session.

A discussion was held regarding the pros and cons of the legislation.

**MOTION:** Representative Smith moved to introduce RS 17395.

**SUBSTITUTE MOTION:** Representative Clark moved to return RS 17395 to the sponsor.

A roll call voted was called by Chairman Lake on the substitute motion to return RS 17395 to the sponsor.

**ROLL CALL VOTE:** Voting **AYE** - Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood (35), Clark, Harwood, Bedke, and Hart.

Voting **NAY** - Chairman Lake, Vice Chair Collins, Representatives Smith, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**Substitute Motion passed 10 - 8.** RS 17395 will be returned to the sponsor.

**RS 17383** RS 17383 - Cigarette and tobacco products - presented by Dan John.

The legislation makes three updates to the statutes relating to taxes on cigarette and tobacco products. 1) changes the provision for automatic expiration of cigarette tax permits; 2) modifies the definition of "wholesale sales price"; 3) adds a tobacco products use tax to require payment of taxes on products purchased from unlicensed sellers such as internet and catalog sellers.

**MOTION:** Representative LeFavour moved to introduce RS 17383. The motion **passed** on a voice vote. Representative Barrett voted **Nay**.

**RS 17337** RS 17337 - Fuel tax for aviation gasoline and jet fuel - presented by Rodger Sorensen.

This legislation would increase the fuel tax for aviation gasoline and jet fuel by 1.5 cents per gallon.

**MOTION:** Representative Smith moved to introduce RS 17337. The motion **passed** on a voice vote. Representatives Barrett and Moyle voted **Nay**.

**ANNOUNCEMENTS** The Revenue and Taxation Committee will meet on Thursday, January 17, 2008 at 9:00 a.m. in Room 240

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:55a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

MINUTES

**HOUSE REVENUE AND TAXATION COMMITTEE**

**DATE:** January 17, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(3), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** None

**GUESTS:** Dan John, Idaho State Tax Commission

**RS 17542** RS 17542 - Sales Tax Exemptions relating to equipment to produce certain newspapers - Presented by Dan John.

Chairman Lake recognized Dan John.

Idaho Code 63-3622T. This legislation was enacted in 1979. Normal newspapers that are for sale will still enjoy the exemption. This exemption repeal is intended to be for free newspapers that derive their income from advertising.

A discussion was held as to the merits of the proposed legislation.

**MOTION:** Representative LeFavour moved to return RS 17542 to the sponsor.

**SUBSTITUTE  
MOTION:** Representative Ruchti made a substitute motion to introduce RS 17542.

A roll call vote was called by Chairman Lake on the substitute motion to introduce RS 17542.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Representatives Wood(35), Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Vice Chair Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Clark, Harwood, and Bedke.

**Substitute motion to introduce RS 17542 failed 10 - 8.**

Chairman Lake call for a voice vote on Representative LeFavour's motion to return RS 17542 to the sponsor. The motion passed on a voice vote.

**RS 17542 will be returned to the sponsor.**

**RS 17543** Sales Tax Exemptions relating to aerial passenger tramways and

snowgrooming and snowmaking equipment - presented by Dan John.

This legislation will repeal Section 63-3622Y, Idaho Code, - Snowgrooming and Snowmaking Equipment Sales Tax Exemption. This legislation was enacted in 1995. Idaho Code 63-3622Y exempts the taxes imposed on personal property that will become a component of an aerial passenger tramway and snowgrooming and snowmaking equipment purchased and used by the owner or operator of a downhill ski area.

A discussion was held on the merits of the legislation

**MOTION:** Representative Roberts moved to return RS 17543 to the sponsor.

**SUBSTITUTE MOTION:** Representative Smith moved to introduce RS 17543.

Chairman Lake called for a roll call vote on Representative Smith's motion to introduce RS 17543.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Representatives Smith, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Vice Chair Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, and Hart.

**Substitute Motion to introduce RS 17543 failed 11 - 7.**

Chairman Lake called for a voice vote on Representative Roberts' motion to return RS 17543 to the sponsor. The motion **passed** on a voice vote.

Representatives Smith, Saylor, Jaquet, LeFavour, Killen, and Ruchti asked to be recorded as voting **NAY**.

**RS 17543 will be returned to the sponsor.**

**RS 17548** RS 17548 - Sales Tax Exemptions relating to funeral services - presented by Dan John.

This legislation will repeal Section 63-3622U, Idaho Code, - Personal Property related to Funeral Services (Caskets) Sales Tax Exemption. This legislation was enacted in 1977. Refers to licensed funeral establishments only.

A discussion was held as to the merits of the legislation.

**MOTION:** Representative Harwood moved to return RS 17548 to the sponsor.

**SUBSTITUTE MOTION:** Representative LeFavour moved to introduce RS 17548.

Chairman Lake call for a roll call vote on Representative LeFavour's

motion to introduce RS 17548.

**ROLL CALL VOTE:** Voting **AYE** - Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chair Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, and Hart.

**Substitute motion to introduce RS 17548 failed 13 - 5.**

Chairman Lake called for a voice vote on Representative Harwood's motion to return RS 17548 to the sponsor. The motion **passed** on a voice vote.

Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti asked to be recorded as voting **NAY**.

**RS 17548 will be returned to the sponsor.**

**RS 17549**

RS 17549 - Sales Tax Exemptions relating to money-operated dispensing equipment - presented by Dan John.

This legislation will repeal Section 63-3622ii, Idaho Code, related to the vending machines Sales Tax Exemption. This legislation was enacted in 1990. The fiscal impact would be less than \$10,000 a year.

A discussion was held on the merits of the legislation.

**MOTION:** Representative Barrett made a motion to return RS 17549 to the sponsor.

Chairman Lake called for a roll call vote on Representative Barrett's motion to return RS 17549 to the sponsor.

**ROLL CALL VOTE:** Voting **AYE** - Vice Chair Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Clark, Harwood, Bedke.

Voting **NAY** - Chairman Lake, Representatives Wood(35), Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**Motion to return RS 17549 to the sponsor passed 10 - 8.**

**RS 17549 will be returned to the sponsor.**

**RS 17551**

17551 - Sales Tax relating to tangible personal property sold through a vending machine - presented by Dan John.

This legislation will repeal Section 63-3613, Idaho Code, that deals with tangible personal property with sales of less than a dollar and 1 cent (\$1.01) but more than 11 cents (\$0.11) through a vending machine. Fiscal impact is \$2,549,000. This legislation was enacted in 1977.

RS

It is listed as an exemption but it is really a methodology for computing the sales price taxable value on products sold for more than \$0.11 or less than \$1.01.

**MOTION:** Representative Smith moved to introduce RS 17551.

**SUBSTITUTE MOTION:** Representative Barrett moved to return RS 17551 to the sponsor.

Chairman Lake called for a roll vote on Representative Barrett's motion to return RS 17551 to the sponsor.

**ROLL CALL VOTE:** Voting **AYE** - Representatives Barrett, Moyle, and Bedke.

Voting **NAY** - Chairman Lake, Vice Chair Collins, Representatives Schaefer, Smith, Raybould, Roberts, Wood(35), Clark, Harwood, Hart, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

**Substitute Motion to return RS 17551 to the sponsor failed 15 - 3.**

Chairman Lake called for a voice vote on Representative Smith's motion to introduce RS 17551. The motion **passed** on a voice vote.

Representative Barrett asked to be recorded as voting **NAY**.

**RS 17550** RS 17550 - Sales Tax relating to motor vehicle manufacturer's rebate - presented by Dan John.

This legislation will repeal Section 63-3613 paragraph 8, Idaho Code, that deals with rebates on motor vehicles. Fiscal impact is \$666,000. This legislation was enacted in 1999 when rebates were offered.

**MOTION:** Representative Raybould moved to return RS 17550 to the sponsor. The motion **passed** on a voice vote.

Representatives Hart, Saylor, Jaquet, LeFavour, and Ruchti asked to be recorded as voting **NAY**.

**RS 17550 will be returned to the sponsor.**

**ANNOUNCEMENTS** The Revenue and Taxation Committee will meet on Friday, January 18, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:30a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 18, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Gary Collins, Representatives Barrett, Moyle, Schaefer, L. Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Smith (24), Roberts, Clark, Rutchti

**GUESTS:** Dan John, Ted Spangler, Idaho State Tax Commission; Mr. Jim Adams, Veterans' Services.

A quorum being present Chairman Lake called the meeting to order at 9 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Hart moved to accept the minutes as written for January 17, 2008. The motion **passed** on a voice vote.

**BILL # H0340** Chairman Lake recognized Mr. Dan John, Idaho State Tax Commission. Mr. John referred to the bill as relating to the retention of tax records that have been stored in a different medium than the way in which they were received. It amends section 63-218, Idaho Code.

**MOTION:** Representative Raybould moved to send **H0340** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Raybould will sponsor the bill.

**BILL #H0341** Chairman Lake recognized Mr. Ted Spangler, Idaho State Tax Commission. Mr. Spangler explained in the current law, occasionally there are deficiencies and irregularities in boundary descriptions which introduce ambiguities and administrative complexities that make determining exactly which property is subject to a district's levies difficult or impossible. This bill clarifies the State Tax Commission's authority to reject inadequate maps and legal descriptions thereby requiring submission of boundaries that comply with Idaho laws relating to boundaries. Mr. Spangler replied to questions from the committee.

**MOTION:** Representative Hart moved to send **H0341** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Hart will sponsor the bill.

**BILL #H0342** Chairman Lake called upon Mr. Dan John. Mr. John described the bill as an update to the references to the Internal Revenue Code (IRC). The bill will conform the Idaho Income tax to changes made to the IRC after

January 1, 2007 including "The Small Business and Work Opportunity Tax Act of 2007".

- MOTION:** Representative LeFavour moved to send **H0342** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative LeFavour will sponsor the bill.
- BILL #H0343** Chairman Lake recognized Mr. Ted Spangler. Mr. Spangler explained the bill updates the ten dollar Permanent Building Fund Tax that taxpayers pay with their Idaho income tax returns. It changes an obsolete reference to "tax option corporations" to the current "S Corporation" and clarifies when S Corporations, estates and trusts and other pass-through entities are not required to pay the tax. Questions from the committee were addressed by Mr. Spangler.
- MOTION:** Representative Collins moved to send **H0343** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Collins will sponsor the bill.
- BILL #H0344** Chairman Lake recognized Mr. Dan John. Mr. John described the bill as a simplification of the year-end income tax withholding reports employers now must file with the State Tax Commission. Currently employers must file January 31<sup>st</sup> of each year and report again the last day of February. This bill combines the two filings into a single return which will be due on the last day of February. This change will be effective for filings in 2009 and beyond.
- MOTION:** Representative Barrett moved to send **H0344** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Barrett will sponsor the bill.
- BILL #H0345** Chairman Lake called on Mr. Dan John to present the bill. The bill corrects an erroneous cross reference between two sections of the Idaho Code.
- MOTION:** Representative Harwood moved to send **H0345** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Harwood will sponsor the bill.
- BILL#0346** Chairman Lake recognized Mr. Ted Spangler to present the bill. This bill clarifies the interest rate applicable under the Uniform Unclaimed Property Act. Current law contains conflicting provisions on interest rates. The Act contains a rate of 12% but inadvertently also includes by reference the different rate contained in the Idaho Income Tax Act, which currently is 7%. This bill retains the rate originally included in the Uniform Unclaimed Property Act by excluding reference to the interest rate in the Income Tax Act. Mr. Spangler replied to questions from the committee.
- MOTION:** Representative Killen moved to send **H0346** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Killen will sponsor the bill.

**BILL #0349**

Chairman Lake called on Mr. Jim Adams who represented the Veteran's Services. This bill asks for a check- off box on the State Income Tax returns for people receiving tax refunds to donate money to be used by the Idaho Division of Veterans Services to support programs for Idaho veterans. This will allow Idaho taxpayers to easily donate funds to assist veterans throughout the State of Idaho. Mr. Adams listed various programs which are in need of funding, especially as the WWII. Korean and Vietnam veterans age and enter veterans' hospitals and homes. Education of returning Iraq veterans, male and female, as to facilities and aid which is available is an important part of this funding. Discussion followed with committee members.

**MOTION:**

Representative LeFavour moved to send **H0349** to the floor with a do pass recommendation. Motion **passed** by a voice vote. Representative Saylor will sponsor the bill.

**ADJOURN:**

Chairman Lake announced the next meeting will be at 9:00 a.m. on Monday, January 21, 2008. There being no further business to come before the committee, the meeting was adjourned at 10:00 a.m.

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Representative Dennis Lake  
Chairman

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Peggy Heady  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 21, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(3), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Clark, Harwood, Bedke, LeFavour

**GUESTS:** Senator Brad Little; Dan John, Idaho State Tax Commission; John DeThomas, Idaho Transportation Department.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Sayler asked for a correction to be made to the last page inserting "or those who did not have tax refunds wishing to make additional contributions." Representative Killen moved to accept the minutes as amended. The motion **passed** on a voice vote.

Chairman Lake recognized Dan John.

**BILL # H0357** H0357 - Update exemption in sales tax act for medical prescriptions - presented by Dan John.

This bill updates the exemption in the Sales Tax Act for medical prescriptions. It amends section 63-3622N, Idaho Code, to clarify that the exemption applies to all practitioners authorized to prescribe including physician assistants. This bill also includes dental fillings as part of the exemption.

The bill would reduce sales tax revenue by \$150,000 per year.

Chairman Lake asked if there were any questions from the Committee.

**MOTION:** Representative Wood moved to send **H0357** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Wood will sponsor the bill.

**BILL # H0358** Updates to the statutes relating to taxes on cigarettes and tobacco products - presented by Dan John.

This bill makes three updates to the statutes: 1) changes the provision for automatic expiration of cigarette tax permits. A permit will now expire after twelve months of reporting no cigarette purchases or sales,

rather than no tax. This allows a person required to report activity, but having no tax, to retain a permit. 2) modifies the definition of "wholesale sales price." The change excludes sales by a manufacturer to a related wholesaler because related party sales may not be at true market prices; and 3) adds a tobacco products use tax to require payment of taxes on products purchased from unlicensed sellers such as internet and catalog sellers.

Chairman Lake asked if there were any questions from the Committee.

A question was asked about how the Tax Commission would find out about products sold through the internet and catalogs. Mr. John responded that the Tax Commission receives reports under the Jenkins Act regarding who is selling products in Idaho.

**MOTION:**

Representative Smith moved to send **H0358** to the floor with a do pass recommendation. Motion **passed** on a voice vote. Representative Smith will sponsor the bill.

Chairman Lake recognized John DeThomas.

**BILL # H0359**

Increase in the fuel tax for aviation gasoline and jet fuel - presented by John DeThomas.

This bill would increase the fuel tax for aviation gasoline and jet fuel by 1.5 cents per gallon. This would raise the fuel tax paid by the distributor to seven (7) cents per gallon for aviation gasoline and to six (6) cents per gallon for jet fuel. The increase would result in increased revenue of approximately \$429,000 annually to the State Aeronautics Fund.

Chairman Lake asked if there were questions from the Committee.

A question was asked if the extra revenue would go to all airports in some fashion. Mr. DeThomas explained that they have historically provided grants using various methodologies. The Committee wanted to know if the State Aeronautics Fund was a dedicated fund. Mr. DeThomas answered that they were a dedicated fund with some administrative support from the Transportation Department.

The Committee questioned whether any studies have been done on the possibility of jet liners filling up in another state where the fuel was cheaper, thereby, resulting in loss of revenue. Mr. DeThomas stated there were no formal studies, but the probability of companies air freighting fuel from cheaper states would be very small due to the prohibitive cost of freighting fuel.

The Committee asked if the \$429,000 per year would be used to help the seven airports that have been exempted. Mr. DeThomas answered yes they would want to reinstate the aid to those airports.

**MOTION:**

Representative Wood moved to send **H0359** to the floor with a do pass recommendation.

**SUBSTITUTE**

Representative Jaquet moved to hold **H0359** for time certain until

**MOTION:** Friday, January 25, 2008 to allow time to gather additional information. The motion **passed** on a voice vote. **H0359** will be held until January 25, 2008 and will be the first bill on the agenda.

Chairman Lake recognized Senator Brad Little.

**BILL #H0360** Amend Section 63-6311, Idaho Code, to provide that a “retailer engaged in business in this State be defined as any retailer with substantial nexus in this State” - presented by Senator Brad Little.

Senator Little requested the bill be held in Committee to allow him time to consult with legal counsel on several issues.

Chairman Lake directed the bill be held until Friday, January 25, 2008.

**ANNOUNCEMENT:** The Revenue and Taxation Committee will meet on Tuesday, January 22, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:30a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 22, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(3), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Schaefer, Roberts, Bedke

**GUESTS:** Gerald Hunter, Idaho Housing & Finance Association; Gloria Mabbutt, Department of Commerce; Greg Naylor; Mercy Housing Idaho; Tom Lay, Neighborhood Housing Services; Rebecca Helzel, Arch Community Housing Trust.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Vice Chair Collins moved to approve the minutes for January 21, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Vice Chair Collins.

Vice Chair Gary Collins presented his letter to Chairman Lake and the Committee stating that the Rules Subcommittee reviewed the rules put forth by the Tax Commission and recommends that all pending and fee rules be approved.

**MOTION:** Representative Clark moved to accept the Subcommittee's recommendation. The motion **passed** on a voice vote.

Chairman Lake told the Committee that the Final Report from the Legislative Council Interim Committee - Tax Exemptions 2007 was included in their folders for their information.

Chairman Lake recognized Representative Clark.

**RS 17536** RS 17536 - relating to the distribution of monies in the State Liquor Account - presented by Representative Jim Clark.

This bill amends the existing provision relating to the distribution of monies in the State Liquor Account for the purpose of expanding misdemeanor drug courts. The distribution from the Liquor Account to the Substance Abuse Treatment fund would be increased by \$1,210,000. The distribution from the Liquor Account to the Drug court, Mental Health Court, and Family Court Services Fund would be increased by \$811,300.

With these changes, it is estimated that an additional 275 offenders can be admitted to misdemeanor drug and DUI courts. The fiscal impact to the general fund would be a reduction of \$2,021,300 in fiscal year 2009.

Chairman Lake asked if there were any questions from the Committee.

**MOTION:**

Representative Wood moved to introduce RS 17536. The motion **passed** voice vote.

Presentation with regard to homes for working families - introduced by Representative Jacquet.

Gerald Hunter, Idaho Housing and Finance Association.

Mr. Hunter referred the Committee to his handout - Workforce Housing in Idaho. He talked about the difference between workforce housing and affordable housing stating that households earning from 80% to 140% of the Area Median Income were not eligible for federal assistance, but would benefit from workforce housing options.

The Committee asked questions regarding mobile and modular homes, transportation issues, and whether subsidized housing kept the wage rates low. Mr. Hunter responded that his organization was addressing all these issues in an attempt to provide viable options.

Gloria Mabbutt, Department of Commerce

Ms. Mabbutt stated the gap between housing costs and wages is huge and a need for workforce housing has emerged quickly and dramatically throughout the State. Workers cannot afford to live where they work, they must commute. They are away from their families for more time and are investing less money into their local communities.

Craig Naylor - President Mercy Housing Idaho

Mr. Naylor spoke about his role in the coalition. He spoke about how the coalition looked at workforce housing and the next steps for the coalition. The coalition will be creating tools to implement the recommendations and have the stakeholders develop a consensus that the community supports.

The Committee asked about the funding source for the coalition. Mr. Naylor stated funding came from varied sources depending on the community.

Tom Lay - Executive Director for Neighborhood Housing Services

Mr. Lay stated there is no one answer to the problem of workforce housing, but all options were necessary to build vibrant communities. A healthy housing industry will help all industries prosper.

Rebecca Helzel - Arch Community Housing Trust

Ms. Helzel referred the Committee to her handouts and played a DVD regarding workforce housing.

The Committee asked about strategies for identifying land suitable for workforce housing.

Ms. Helzel stated her organization was working closely with BLM and others to identify available land.

Chairman Lake recognized Representative Killen.

**RS 17669**

RS 17669 - Legislation to enable certain religious, charitable, or fraternal organizations to utilize the property tax exemptions presently codified in Idaho Law - presented by Representative Killen.

The existing language establishes the criteria by which an entity qualifies for such exemptions, but limits the class of eligible entities to either a "corporation or society." The proposed legislation extends the exemption to qualified LLCs.

**MOTION:**

Representative Barrett moved to introduce RS 17669. The motion **passed** on a voice vote.

**ANNOUNCEMENT:**

The Revenue and Taxation Committee will meet on Wednesday, January 23, 2008.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:35a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 23, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative Wood

**GUESTS:** Dan John, Tax Commission; Jerry Weber, Canteen Vending; Tom Boyer; Treasure Valley Vending.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Saylor moved to approve the minutes for January 22, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake gave the Committee some background information regarding the legislation being presented for hearing today.

Chairman Lake recognized Dan John.

**BILL # HB0367** Legislation to repeal Section 63-3613 9 (e), Idaho Code, that deals with tangible personal property with sales of less than a dollar and 1 cent (\$1.01), but more than 11 cents (\$0.11) through a vending machine - presented by Dan John.

Mr. John stated this legislation would strike the computation dealing with vending machine sales of less than a dollar. The tax is currently computed by multiplying the price paid by the vendor to the wholesaler by 117% and assessing 6% on that amount rather than using the 6% sales tax on the full retail price.

The Committee asked Mr. John if it is functionally possible to know the real figure of sales out of vending machines rather than using a calculated number. Mr. John stated the Tax Commission has nothing that computes that out in detail, but the companies would know that figure. If the Tax Commission were doing an audit, then they would see those figures detailed out by the company.

Chairman Lake recognized Jerry Weber, Canteen Vending.

Mr. Weber spoke on behalf of the industry asking the Committee not to repeal the exemption as it would negatively impact the industry. Mr. Weber stated the industry would have to raise the price of goods sold in

vending machines if the exemption was repealed and they have to pay sales tax on those sales. If the prices are increased, the sales go down, and the industry would pay less sales tax to the State. Mr. Weber stated he believed the exemption will become extinct in a few years because eventually all products sold out of vending machines will be more than a dollar to cover rising costs.

The Committee asked questions relating to how Canteen Vending reports their sales to the Tax Commission. Mr. Weber stated the company uses a two-tier system detailing out sales using the 117% calculation and sales using the 6% sales tax.

Chairman Lake recognized Mr. Boyer, Treasure Valley Coffee.

Mr. Boyer commented on the industry's use of more sophisticated vending machines and the cost of buying those machines. Mr. Boyer commented on the problems with charging the consumer more money in the vending machines because of the loss of the exemption. These problems included more sophisticated equipment for making change.

The Committee asked questions relating to rising costs, inflation, and profit margins.

**MOTION:**

Representative Barrett moved that HB 0367 be Held in Committee. Representatives Raybould, Roberts, and Hart spoke in support of the motion.

**SUBSTITUTE MOTION:**

Representative Jaquet moved to send HB 0367 to General Orders with an amendment changing the maximum money for the exemption from \$1.01 to \$0.99.

**AMENDED SUBSTITUTE MOTION:**

Representative LeFavour moved to send HB 0367 to the floor with a Do Pass recommendation.

**ROLL CALL VOTE AMENDED SUBSTITUTE MOTION:**

Voting **AYE** - Representatives Harwood, LeFavour, and Killen.

Voting **NAY** - Chairman Lake, Vice Chair Collins, Representatives Barrett, Schaefer, Smith, Raybould, Roberts, Clark, Bedke, Hart, Sayler, Jaquet, and Ruchti.

Not voting - Representatives Moyle and Wood.

**Amended Substitute Motion failed 13 - 3.**

**ROLL CALL VOTE SUBSTITUTE MOTION:**

Voting **AYE** - Chairman Lake, Representatives Smith, Sayler, Jaquet, Killen, and Ruchti.

Voting **NAY** - Vice Chair Collins, Representatives Barrett, Schaefer, Raybould, Roberts, Clark, Harwood, Bedke, Hart, and Le Favour.

Not voting - Representatives Moyle and Wood.

**MOTION: Substitute Motion failed 10 - 6.**

The original motion **passed** on a voice vote.

Representatives Smith(24), Sayler, LeFavour, Jaquet, Killen, and Ruchti asked to be recorded as voting **NAY**.

**ANNOUNCEMENT:**

The Revenue and Taxation Committee will meet on Thursday, January 24, 2008.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:50 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 24, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** None

**GUESTS:** Representative Bob Nonini; Sharon Burke, Idaho Association of Counties

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Smith moved to approve the minutes for January 23, 2008 as amended. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Nonini.

**RS 17584** RS 17584 - Legislation to allow a cooperative service agency for multiple school districts to have access to the same voting procedures as taxing districts for the purposes of authorizing the facilities levy.

This bill would change subsection 3 of Section 33-317, Idaho Code, to allow all of the votes within the shared service agency's boundaries to be combine for the purposes of determining passage of the facilities levy. Representative Nonini presented cost saving data regarding special education services mandated by Federal Law. By sharing services, districts can significantly reduce their individual share of providing these services.

The Committee asked questions relating to election dates, economic growth, and economic development. The Committee asked for specific data to be presented with regard to population and historic track records of shared service agencies should the bill be returned to the Committee for a hearing.

**MOTION:** Representative Clark moved to introduce RS 17584. The motion **passed** on a voice vote.

Chairman Lake recognized Sharon Burke.

**RS 17649** RS 17649 - Legislation to authorize the State Tax Commission to conduct a cadastral certification program.

This bill will authorize the State Tax Commission to conduct a cadastral certification program. Currently, the tax commission is performing this function, but statute does not specifically authorize them to provide a certification for those attending and completing the program. This bill does not create a new requirement, it simply codifies the tax commission's authority to certify county cadastral specialists, cartographers, or mappers as trained in certain mapping technology.

**MOTION:**

Representative Bedke moved to introduce RS 17649. The motion **passed** on a voice vote.

**ANNOUNCEMENT:**

The Revenue and Taxation Committee will meet on Friday, January 25, 2008 at 9:00 a.m.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:15 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 25, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives, Schaefer, Wood, Clark, Bedke

**GUESTS:** Senator Brad Little; John DeThomas, Idaho Transportation Department Aeronautics Division; Bill Miller, Idaho Aviation Association; Larry Taylor, Idaho Aviation Association; Richard Demarest, Dean, St. Michael's Episcopal Cathedral.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Killen moved to approve the minutes for January 24, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized John DeThomas.

**BILL # HB 0359** HB 0359 relating to fuel tax for aviation gasoline and jet fuel.

Mr. DeThomas referred the Committee to his handout detailing historic and revenue data previously requested by the Committee. Mr. DeThomas stated the bill would increase the fuel tax for aviation gasoline and jet fuel by 1.5 cents per gallon. This would raise the fuel tax paid by the distributor to seven (7) cents per gallon for aviation gasoline and to six (6) cents per gallon for jet fuel.

Mr. DeThomas stated that aviation tax revenues have been static. This, coupled with inflation, has forced the Idaho Transportation Department Aeronautics Division to reduce support to airports and aviation activities throughout the state. Aviation fuel taxes have not been increased since 1991. This bill would allow ITD to reinstitute discontinued aviation support programs.

The fiscal impact of increasing the aviation and jet fuel taxes would result in an increase in revenue of approximately \$429,000 annually to the State Aeronautics Fund.

The Committee asked Mr. DeThomas about federal funding percentages and other sources of revenue for airports. Mr. DeThomas stated the

federal funding percentages have historically been 10%, but after the Twin Towers collapse, Congress reduced it to 5%. That reduction was due to expire in 2007, but has stalled in Congress. Mr. DeThomas also stated that airports have the ability to charge a passenger facilities charge, fees for snow removal, and fees for paving to be used as additional sources of income.

Mr. DeThomas mentioned that the Committee had some concern that raising the fuel tax would result in airlines refueling in cheaper states. He presented a cost analysis computing the cost of carrying extra weight due to fuel ferrying which would cost more than the extra tax.

Chairman Lake recognized Bill Miller.

Mr. Miller presented a handout to the Committee and spoke about his background and current position as Vice President, Government Affairs, with Idaho Aviation Association. Mr. Miller urged the Committee recommend a do pass for HB 0359.

Chairman Lake recognized Larry Taylor.

Mr. Taylor, President of Idaho Aviation Association, told the Committee that the Association unanimously supported this bill because they believe we must do all we can to keep this agency financially healthy as they do a good job.

**MOTION:**

Representative Smith moved to send **HB 0359** to the floor with a do pass recommendation.

**ROLL CALL VOTE:**

Voting **AYE** - Chairman Lake, Vice Chair Collins, Representatives Smith, Raybould, Roberts, Harwood, Hart, Sayler, LeFavour, Killen, and Ruchti.

Voting **NAY** - Representatives Barrett, Moyle and Jaquet.

Absent/Excused - Representatives Schaefer, Wood(35), Clark, and Bedke.

**The motion passed 11 - 3.**

Representative Smith will sponsor the bill.

**BILL # HB 0360**

Chairman Lake recognized Senator Brad Little

HB 0360 - amends Section 63-3611 of the Idaho Code to provide a definition for a retailer engaged in business in this State.

Senator Little stated what the legislation does is to provide that a retailer engaged in business in this state be defined as any retailer with substantial nexus in this state. It also creates a new Section 63-3615A of the Idaho Code to define substantial nexus for any retailer having a franchise or licensee operating under its trade name or owned by the same entity or corporation in the State of Idaho be required to collect

taxes from its customers.

**MOTION:**

The State Tax Commission's best estimate of the current revenue gain from passage of this bill is \$500,000. Senator Little further stated that the State Tax Commission believes that the bulk of revenue would come from big box corporations.

Representative LeFavour moved to send HB 0360 to the floor with a do pass recommendation.

The motion **passed** on a voice vote.

**BILL # HB0387**

Representative Ruchti will sponsor the bill.

Chairman Lake recognized Representative Bill Killen.

HB 0387 - enables certain religious, charitable, or fraternal organizations to utilize the property tax exemptions presently codified in Idaho law.

Representative Killen stated the legislation would add LLCs to the class of legal entities that may apply for the property tax exemption. LLCs are less expensive to set up than regular corporations and they have less expense with regard to filing returns and paperwork.

Representative Killen stated if we reduce the cost of compliance for the charitable organizations, that will allow more money for their charitable contributions. The Committee asked for a real world example of how a religious organization would use this bill.

Representative Killen asked Richard Demarest, Dean of St. Michael's, to speak to the Committee regarding this example. Mr. Demarest told the Committee that the church had purchased the Carnegie Library building in downtown Boise solely for the purpose of expanding their ministry. They were immediately able to open the building to the city's homeless population. They have continued to house the homeless as well as use the building for various church programs. They were surprised to be denied the property tax exemption and, when they discovered the Idaho Youth Ranch was denied as well, they brought the proposed legislation to Representative Killen.

**MOTION:**

Chairman Lake asked Dan John, State Tax Commission, if he saw any issues with the legislation. Mr. John stated he has had no complaints from the Tax Commission as to the legislation. He further stated that all the bill does is change the structure of the organization and to allow them to be an LLC versus a regular corporation.

Representative Moyle moved to send **HB 0387** to the floor with a do pass recommendation.

The motion **passed** on a voice vote.

**ANNOUNCEMENT**

Representative Killen will sponsor the bill.

The Revenue and Taxation Committee will not meet on Monday, January 28, 2008 but will meet again on Tuesday, January 29, 2008 at 9:00 a.m.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:10 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** January 29, 2008
- TIME:** 9:00 a.m.
- PLACE:** Room 240
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti
- ABSENT/  
EXCUSED:**
- GUESTS:** Donald Dietrich, Department of Commerce; Representative Bob Nonini; Mark Cotner, Director, COSSA; Jim Doramus, Superintendent; Dan Arriola, Superintendent, Wilder; Phil Homer, Legislative Advisor, IASA;
- A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.
- MINUTES:** Representative Smith moved to approve the minutes for January 25, 2008 as written. The motion **passed** on a voice vote.
- Chairman Lake recognized Donald Dietrich.
- RS 17614** RS 17614 - legislation to simplify one of the restrictions for qualifying to claim the incentives contained in the Small Employer Incentive Act.
- Mr. Dietrich stated the current computation used to determine the average wage of new employees is overly restrictive. The current formula excludes from the computation wages earned that are less than \$12/hour while including the employee in the computation. This restriction eliminates most companies from qualifying for the incentives. The estimated fiscal impact is between \$50,000 and \$100,000 to the general fund.
- Chairman Lake asked Dan John, Tax Commission, if this was simply a problem with the original language. Mr. John stated the way the restriction is written, it is overly restrictive. To offset on employee earning \$11.99/hour, you must have employees earning over \$31/hour.
- The Committee asked Mr. John if the legislation is rewritten, could a CEO making a large amount of money offset minimum wage jobs. Mr. John stated no computations are included for employees earning over \$48/hour.
- The Committee asked Mr. John if companies had to notify the Tax Commission if they are going to claim the incentive. Mr. John replied

that the legislation did provide that companies had to notify the Tax Commission if they were going to claim the incentive. Mr. John further stated there was no penalty assessed to the company should it not notify the Tax Commission of its intention to claim the incentive.

**MOTION:**

Representative Clark moved to introduce RS 17614. The motion **passed** on a voice vote.

Representative LeFavour asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative Bob Nonini.

**BILL # HB 0418**

HB 0418 - legislation relating to Cooperative Service Agencies.

Representative Nonini told the Committee this section of code was enacted in 1969. Representative Nonini talked about the Committee's concerns from the print hearing that if they five districts ran an election under the current code, how do we know it wouldn't pass.

Representative Nonini stated we don't know, but the fear is that if it doesn't pass in one district, that consortium could fall out of the federal matching dollars cycle and may not be able to get back into the cycle for four or six years.

Representative Nonini stated the COSSA program was highly successful with a tech placement rate of 97% and a savings of \$2M on special education programs mandated by Federal law.

Chairman Lake recognized Mark Cotner.

Mr. Cotner stated the only revision to the code was to subsection 3 that all patrons of the member school districts be considered as one district for purposes of building a facility. He further stated they are not establishing a new district, members could leave the consortium if they so chose.

The Committee questioned Mr. Cotner about how a district could opt out of the consortium and what the repercussion would be to taxpayers if voting as one district. Representative Bedke observed that one district could control 4 districts and visa versa.

Chairman Lake recognized Superintendent Doramus.

Mr. Doramus stated the school board voted to support the proposed legislation as they saw it as a realistic opportunity to build a much-needed facility. In response to the Committee's question, Mr. Doramus stated that the collective members of the Board of COSSA all supported the proposed legislation.

Chairman Lake recognized Superintendent Arriola.

Mr. Arriola stated the Wilder School District was in support of the proposed legislation. Mr. Arriola stated that the Albertson's grant given

to COSSA a few years ago made it possible to provide equipment, but did not address the need for a new facility. He stated COSSA is unique in that they have no other way to fund facilities.

The Committee asked Mr. Areola if this was a way to receive additional tax revenue. Mr. Areola answered yes to the question.

Chairman Lake recognized Phil Homer.

**MOTION:**

Mr. Homer stated that the Idaho Association of Administrators wished to go on the record as favoring the proposed legislation.

Representative Clark moved to send HB 0418 to the floor with a do pass recommendation.

Members of the Committee made statements opposing the motion stating their concerns with the opt out and opt in procedures and that the taxpayers would still be obligated until the next levy election even if the district opted out. Committee members also expressed concerns that it was not clear that the levy would not pass using the current language in the code as it had not been tested, there having not been a vote using the current 66 2/3 vote requirement in each District. Members of the Committee also stated the consortium already has the ability to pass levies so what this legislation would do is make it easier to get additional tax.

Members of the Committee made statements in favor of the motion stating that COSSA was doing a great job and the members of the consortium knew the pros and cons of the COSSA organization before they decided to join.

**SUBSTITUTE MOTION:**

The Committee discussed the option of amending the legislation to include opt out options and asked Representative Nonini if he would be agreeable to amending the legislation. Representative Nonini agreed.

**ROLL CALL VOTE:**

Representative Smith moved to hold HB 0418 to a time certain until February 6, 2008.

Voting **AYE** - Chairman Lake, Vice Chair Collins, Representatives Moyle, Schaefer, Smith, Raybould, Wood, Clark, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Representatives Barrett, Roberts, and Harwood.

**The substitute motion passed 15 - 3.**

HB 0418 will be held in committee to a time certain until February 6, 2008.

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Wednesday, January 30, 2008 at 9:00 a.m.

**ADJOURN:**

Chairman Lake stated that RS 17560C1 and HB 0419 originally scheduled for today would be first on the agenda on Wednesday, January 30, 2008.

There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:28 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** January 30, 2008
- TIME:** 9:00 a.m.
- PLACE:** Room 240
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti
- ABSENT/  
EXCUSED:**
- GUESTS:** Russell Westerberg, Affordable Rental Housing Association; Kerry Ellen Elliott, IAC; Representative Bayer; Donna Peterson, Idaho Association of County Treasurers
- A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.
- MINUTES:** Vice Chairman Collins moved to approve the minutes for January 29, 2008 as written. The motion **passed** on a voice vote.
- Chairman Lake recognized Kerry Ellen Elliott.
- BILL # HB 0419** HB 0419 - legislation relating to the State Tax Commission Cadastral Certification Program.
- Ms. Elliott stated this bill does one simple thing. It codifies the training for Cadastral Specialists into Idaho Law. It simply formalizes the process already being done by the Tax Commission. It does not add any new requirements for the specialists.
- MOTION:** Representative Clark moved to send HB 0419 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.
- Vice Chairman Gary Collins will sponsor the bill.
- Chairman Lake recognized Russell Westerberg.
- RS 17711** RS 17711 - legislation to exempt Section 42 Low Income Housing Tax Credit (LIHTC) from assessment.
- Mr. Westerberg gave a history of where LIHTC came from, how it was used, and why the proposal to exempt them from assessment is before the Committee today.

Mr. Westerberg stated the Low Income Housing Tax Credit (LIHTC) is the primary vehicle for production of affordable rental housing in Idaho. Without some clear policy in statute regarding the assessment of LIHTC properties, many low income rental properties will be forced into foreclosure and private investment in LIHTC projects will decline or cease and the need for affordable rental housing in communities across Idaho will not be met. The proposal before the Committee takes the LIHTC off the table but does not otherwise attempt to tell the assessor how to determine the taxable value of affordable rental properties.

**MOTION:** Representative Moyle moved to introduce RS 17711. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Bayer.

**RS 17707C1**

RS 17707C1 - legislation relating to the Grocery Tax Credit.

Representative Bayer, on the Chairman's request, addressed the legislation paragraph by paragraph.

Members of the Committee asked questions about whether the fiscal impact on the Statement of Purpose was unique for each year or cumulative. Representative Bayer answered the fiscal impact was cumulative and that the cumulative figures were arrived at by crunching numbers through a grid taking into account demographics.

A question was asked as to the amount per family for the grocery tax. Representative Bayer answered it was approximately \$90 per person.

**MOTION:** Representative Raybould moved to introduce RS 17707C1. The motion **passed** on a voice vote.

Chairman Lake recognized Donna Peterson.

**BILL # HB 0420**

HB 0420 - legislation relating to property tax payment methods.

Ms. Peterson stated the law currently states that property taxes must be paid in lawful money. The treasurers want to include debit and credit cards as another way to pay the taxes.

Members of the Committee asked questions regarding who would pay the convenience fees and the amounts of those fees. Ms. Peterson stated decisions as to who would pay the fees and the amounts of those fees would depend on each taxing district and their relationship with their financial institution.

**MOTION:** Representative LeFavour moved to send **HB 0420** to the floor with a **do pass** recommendation.

The motion **passed** on a voice vote.

Representative Jaquet will sponsor the bill.

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Thursday, January 31, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:40 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** January 31, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Roberts, Bedke, and Jaquet

**GUESTS:** Representative Wood(27); Representative Clark; Mike Mason, Vice President of Administration, College of Southern Idaho

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Raybould moved to approve the minutes for January 30, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Wood(27).

**RS 17560 C2** RS 17560 C2 - legislation to increase federal Medicaid funding.

Representative Wood(27) stated this bill will increase federal Medicaid funding by assessing certain private hospitals the amount necessary to match the federal funds available for reimbursement to private hospitals. These dollars will enhance existing below-cost reimbursement to hospitals, thereby reducing the losses hospitals incur when they treat Medicaid patients. Additionally, the mitigation of some of these losses will lessen the impact of cost-shifting to private payers and insurers. Representative Wood(27) further stated there is no fiscal impact to the general fund.

Members of the Committee asked questions regarding the definition of public and private hospitals. Representative Wood(27) stated a public hospital is defined as a governmental hospital, all other hospitals are defined as private. Members of the Committee asked if there was known opposition to the bill. Representative Wood(27) replied that as of this date, he knew of no opposition to the bill.

**MOTION:** Representative LeFavour moved to introduce RS 17650 C2. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Clark

**BILL # HB 0386**

HB 0386 - legislation to amend existing provisions relating to the distribution of moneys in the State Liquor Account for the purpose of expanding misdemeanor drug courts.

Representative Clark stated that the distribution from the Liquor Account to the Substance Abuse Treatment fund would be increased by \$1.2M. The distribution from the Liquor Account to the Drug Court, Mental Health Court, and Family Court Services Fund would be increased by \$811,000. With these changes, it is estimated that an additional 275 offenders can be admitted to misdemeanor drug and DUI courts.

Members of the Committee asked questions regarding dedicated funds versus general funds. Members of the Committee asked if the purpose of this bill was to guarantee these funds rather than risk being denied in appropriations. Representative Clark answered yes. Members of the Committee asked why a dedicated fund for these funds is appropriate. Representative Clark stated that historically it has always been done this way.

Chairman Lake stated the Committee needed more time to compare the proposed legislation with what is already in the budget.

**MOTION:**

On motion of Chairman Lake, HB 0386 will be held for one legislative day.

Chairman Lake recognized Mike Mason.

**BILL # HB 0400**

HB 0400 - legislation to increase the amount of money transferred annually to the community college fund.

Mr. Mason stated that Idaho Code allows for \$300,000 to be transferred annually to the community college account. Over the past 25 years, the College of Southern Idaho and North Idaho College have each received \$150,000 from this account. With the addition of the College of Western Idaho, the fund will now be split equally between three community colleges rather than two. This will result in a loss of \$50,000 for CSI and a loss of \$50,000 for NIC.

Mr. Mason stated that this legislation will increase the amount transferred from the Liquor Account to \$600,000 which would provide \$200,000 annually to the three existing community colleges. An additional \$300,000 would be taken from the liquor fund to meet this increase.

**MOTION:**

Representative Clark moved to hold HB 0400 for one legislative day. The motion **passed** on a voice vote.

Representative LeFavour asked to be recorded as voting **NAY**.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Friday, February 1, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:30 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 1, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Ruchti

**GUESTS:** Mike Mason, Vice President of Administration, College of Southern Idaho

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Smith moved to approve the minutes for January 31, 2008 as written. The motion **passed** on a voice vote.

**BILL # HB 0386** Chairman Lake spoke to the Committee about the issues with the bill. He stated the issue is not the merits of the drug courts but, rather, is it appropriate to divert the money from the liquor account instead of going through the appropriations process.

Members of the Committee expressed concern about circumventing the appropriations process. Members of the Committee also voiced their support of the drug courts and their work and mentioned there is definitely a nexus between the liquor fund and the drug courts. Members of the Committee also stated we need to provide stability to the drug courts in the event of a economic downturn. The drug courts are taking people off the would be prison roles and are saving money.

Members of the Committee asked for an explanation of the money to be allocated to the Substance Abuse Treatment Fund. Representative Clark stated it is not enough to fund just the courts, we have to fund for treatment as well to hopefully solve some of the problems before hand.

**MOTION:** Representative Hart moved to send **HB 0386** to the floor with a **do pass**. The motion **passed** on a voice vote.

Representative Clark will sponsor the bill.

Chairman Lake recognized Mike Mason.

**BILL # HB 0400** HB 0400 - legislation to increase the amount of money transferred annually to the community college fund.

Mr. Mason stated that Idaho Code allows for \$300,000 to be transferred annually to the community college account. Over the past 25 years, the College of Southern Idaho and North Idaho College have each received \$150,000 from this account. With the addition of the College of Western Idaho, the fund will now be split equally between three community colleges rather than two. This will result in a loss of \$50,000 for CSI and a loss of \$50,000 for NIC.

Mr. Mason stated that this legislation will increase the amount transferred from the Liquor Account to \$600,000 which would provide \$200,000 annually to the three existing community colleges. An additional \$300,000 would be taken from the liquor fund to meet this increase.

**MOTION:** Representative LeFavour moved to send **HB 0400** to the floor with a **do pass**.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, smith, Raybould, Roberts, Clark, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen.

Voting **NAY** - Representatives Barrett, Wood(35), and Harwood.

Absent/Excused - Representative Ruchti

**The motion passed 14 - 3 - 1.**

Chairman Lake will sponsor the bill.

Chairman Lake recognized Representative Jaquet.

**RS 17480**

RS 17480 - legislation to make technical corrections to the State's Bond Levy Equalization law for school districts.

Representative Jaquet stated that when the amendments of 2004 were passed, the intention was to allow school districts that were refinancing projects previously subsidized through the State's old safe schools facilities programs to get the better of the two subsidies. This was done so as not to punish the districts for participating in the old program as opposed to waiting for the new bond Levy Equalization program. However, as the 2004 legislation was written, it prevented school districts that had participated in "safe school" programs from participating in the "Levy Equalization" program. This discriminates against districts who participated in the old program.

This proposal corrects this deficiency by clarifying that the amendments added in 2004 apply only to the actual projects that were previously subsidized under the old programs and not to new projects in the same school district.

**MOTION:**

**ANNOUNCEMENT** Representative Bedke moved to introduce RS 17480. The motion **passed** on a voice vote.

The Revenue and Taxation Committee will meet on Monday, February 4, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:35 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 4, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Bayer; Amber Corner, Catholic Charities; Claire Cox, citizen; Melissa Miles, citizen; Vivian Parrish, Idaho Interfaith Roundtable Against Hunger; Roland Wolfe, citizen; Rick Groft; citizen; Sharon York, citizen; Laurie White, citizen; Mark McLagon, ELCA Church; Ryan Davidson, citizen; Michael Gollaher, citizen; Nathan Barry, citizen; Paul Venable, citizen; Susan Vernable, citizen; Brian Fisher, citizen.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Collins moved to approve the minutes for February 1, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Bayer.

**BILL # HB 0439** HB 0439 - legislation relating to the Grocery Tax Credit.

Representative Bayer addressed concerns about the complexity and fairness of the bill. Representative Bayer addressed each section and subsection of the bill. The bill gives specific provisions for people who would not typically qualify such as those receiving food stamps or not having enough income to file a tax return. The bill also gives a provision to individuals who want to donate their credit to existing funds such as to help low income residents pay energy costs.

Members of the Committee asked about the amount of sales tax Idaho collects from tourists. Representative Bayer estimated it would be between \$10M and \$15M annually. Members of the Committee asked about what, if any, administrative costs would occur to implement the changes in this bill. Representative Bayer and Dan John, Tax Commission, both stated the administrative mechanisms were already in place and costs were currently being absorbed.

Chairman Lake recognized Amber Corner.  
Ms. Corner, a legislative advocate intern for Catholic Charities of Idaho

and the Roman Catholic Diocese of Boise, spoke in favor of the bill but requested the Committee consider removing the pro-rated amount of credit a Food Stamp recipient can receive based on the amount of assistance they receive in a month. Ms. Corner stated the current Food Stamp allotment does not provide people enough purchasing power to make it through a month to meet their basic nutritional needs and, consequently, they still pay significant out-of-pocket expenses on food.

Chairman Lake recognized Claire Cox.

Ms. Cox stated the bill is a good bill, but not good enough. She urged the Committee to vote against this bill and move forward with a bill to eliminate grocery tax completely.

Chairman Lake recognized Melissa Miles.

Ms. Miles urged the Committee to vote against this bill stating groceries are not a want but a need and should not be taxed.

Chairman Lake recognized Vivian Parrish.

Ms. Parrish, representing the Idaho Interfaith Roundtable Against Hunger, spoke in support of the bill stating it responds to the need of the most vulnerable Idaho families. Her organization also supports the credit being indexed to keep up with the rising cost of food. She stated that as the legislation indexes over time, it is their concern that money not be taken out of education or other social services to pay for this credit.

Chairman Lake recognized Roland Wolfe.

Mr. Wolfe stated the bill was bias in its design as it benefitted only middle and upper income people and neglected to address the needs of people who are below the poverty line. Mr. Wolfe urged the Committee to vote against the bill.

Chairman Lake recognized Rick Groff.

Mr. Groff spoke in favor of the bill stating it would help people like his son who, because of his life issues, is not eligible for the tax credit yet he is a person who most needs and deserves the credit.

Chairman Lake recognized Sharon York.

Ms. York voiced support for some elements of the bill and concern for other elements. She spoke in support of expansion of the bill for low income Idahoans.

Chairman Lake recognized Laurie White.

Ms. White urged the Committee not to pass this bill and to consider a grocery elimination tax bill stating taxing food is essentially wrong.

Chairman Lake recognized Mark McLagon.

Mr. McLagon, pastor of the Evangelical Church of America in Meridian, spoke in favor of the bill and expressed concern about the rising number of families that are having a hard time keeping food on the table. His church's number one priority is hunger. The economy is making it harder for people to get nutritional food to their families.

Chairman Lake recognized Ryan Davidson.

Mr. Davidson stated he objected to the bill on principal as it was too complex and confusing. He urged the Committee to remove the tax at the cash register. Mr. Davidson believed the bill would end up hurting people rather than helping them because of its complexity.

Chairman Lake recognized Michael Gollaher.

Mr. Gollaher, who is a disabled veteran, stated he would probably be one of the people to benefit from the bill but opposed it because it was repressive. He would prefer to not have any tax on food.

Chairman Lake recognized Nathan Barry.

Mr. Barry stated he was a Page here two years ago and he opposes the bill because it is a complicated solution to a simple problem. Instead of giving back the money, it should not be taken in the first place.

Chairman Lake recognized Paul Venable.

Mr. Venable spoke in opposition of the bill stating it is wrong to tax what is required for life. People are asking for relief at a time of economic downturn. The bill is complex and would be costly to administer. It would be a much better solution to eliminate the tax at the cash register. Mr. Venable addressed the issue of losing revenue in the state should the tax be eliminated altogether stating the elimination could be a tiered elimination at 1.5 percent per year over 4 years and might not have such damaging effects as thought.

Chairman Lake recognized Brian Fisher.

Mr. Fisher, Executive Director of the Idaho Values Alliance, supported the legislation stating his organization is prepared to support any bill that would reduce the cost of food to Idahoans. His organization would support the elimination of the tax altogether because they feel the government is not providing enough help to people who are trying to put food on their table.

Chairman Lake recognized Susan Venable.

Ms. Venable spoke in opposition of the bill stating it does not eliminate taxes but instead takes money from citizens who earn it and gives it to people who did not earn it not as a matter of wanting to support the poor, but as a method of equalizing.

Chairman Lake recognized Representative Bayer.

**MOTION:** Representative Bayer addressed issues expressed during the hearing. Members of the Committee asked Representative Bayer and Dan John question relating to the definition of food. Mr. John suggested that the streamlined tax definition of food was the most commonly used.

**SUBSTITUTE MOTION:** Representative Wood(35) moved to send **HB 0439** to the floor with a **do pass** recommendation.

**AMENDED SUBSTITUTE MOTION:** Representative Hart moved to **hold HB 0439** in committee.

**ROLL CALL VOTE AMENDED SUBSTITUTE MOTION:** Representative Roberts moved to send HB 0439 to the floor without recommendation.

Voting **AYE** - Vice Chairman Collins, Representatives Moyle, Schaefer, Raybould, Roberts, Wood(35), and Bedke.

Voting **NAY** - Chairman Lake, Representatives Barrett, Smith, Clark, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti.

**ROLL CALL VOTE SUBSTITUTE MOTION:** **The motion failed 11 - 7.**

Voting **AYE** - Representatives Barrett, Smith, Clark, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Raybould, Roberts, Wood(35), and Bedke.

**ANNOUNCEMENT** **The motion passed 10 - 8.**

**HB 0439 will be held in Committee.**

The Revenue and Taxation Committee will meet on Tuesday, February 5, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 11:15 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 5, 2008

**TIME:** 9:00 a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Senator Brent Hill; Suzanne Budge, Working Lands Coalition;  
Representative Clark

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Collins moved to approve the minutes for February 4, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Senator Hill.

**RS 17512** RS 17512 - legislation relating to sales tax on personal property tax.

Senator Hill stated that current Idaho law appears to charge sales tax on personal property tax if paid through a lease. This legislation provides that charges for personal property tax added to the rents paid by a lessee of tangible personal property are not subject to sales tax as long as the lease period is at least one year and the property tax is separately stated. Senator Hill stated that it is estimated that sales tax receipts will decrease by approximately \$400,000.

**MOTION:** Representative Bedke moved to **introduce RS 17512**. The motion **passed** on a voice vote.

Chairman Lake recognized Suzanne Budge.

**RS 17695** RS 17695 - legislation relating to the Ranch, Farm, and Forest Protection Act.

Ms. Budge stated the Ranch, Farm, and Forest Protection Act would provide a tax credit to owners of agricultural and forest land who voluntarily agree not to develop lands important to fish and wildlife. Ms. Budge further stated the eligible lands must remain available for continued agricultural and forestry uses. An advisory board will review each proposed use of the tax credit to ensure that it meets wildlife

objectives and to safeguard against misuse of the tax credit. The maximum amount of tax credits authorized annually will not exceed \$3 million.

Members of the Committee asked Ms. Budge to give examples of a conservation entity. Ms. Budge stated those entities were defined in Idaho Code 63-4502 subsection 5. Members of the Committee asked Ms. Budge why she felt that there so much interest in the state in support of this legislation. Ms. Budge replied that the group spent a year working on the proposed legislation and, during that time, they did extensive polling asking detailed questions regarding elements of funding and approaches to the credit.

Members of the Committee questioned whether a landowner could come out with more credits than the value of the land taking into account other state and federal credits. Ms. Budge stated the advisory committee and the triple barriers of the legislation itself would prevent that happening. She stated the taxpayer is always going to give more under the proposed legislation.

**MOTION:**

Representative Smith moved to introduce RS 17695.

**ROLL CALL VOTE:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representative Schaefer, Smith, Raybould, Roberts, Clark, Harwood, Hart, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Representatives Barrett, Moyle, Wood(35), and Bedke.

**The motion passed 14 - 4.**

**RS 17786**

RS 17786 - legislation relating to Urban Renewal Law.

Chairman Lake recognized Representative Clark.

Representative Clark stated this change in Urban Renewal Law will prohibit revenue from any special levy or bond issue as well as levies for judgments from being distributed to an Urban Renewal District. He stated the funds levied for the special purpose will be distributed and expended for the special purpose specified on the levy ballot. There will be no impact on the state's general fund.

**MOTION:**

Representative Hart moved to introduce RS 17786. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Clark.

**RS 17780**

RS 17780 - legislation relating to increasing a budget for the construction and maintenance of highways and bridges.

Representative Clark stated this legislation would allow a county highway

system, a county-wide highway district, or a highway district that has operated with a levy rate of less than 50% of the limit established by law for the construction and maintenance of highways and bridges to increase the budget amount for that purpose by ten percent (10%). This legislation specifies that an election must be held for the budget increase, specifies dates for the election, and places a ten (10) year sunset on the increased levy. There would be no fiscal impact to the state general fund.

Members of the Committee questioned why the legislation was written to remove the 66 2/3 percent majority to pass the budget increase and replacing it with a simple majority. Representative Clark stated it was to make it easier to pass the levy. Representative Clark stated he would have no issued with changing the language to 66 2/3. He stated if the RS was introduced to print, he would bring back the amended legislation to the bill hearing.

Members of the Committee questioned Representative Clark as to why the levy had failed in the past if the need was so great. Representative Clark stated it was a statewide need, but still difficult to pass.

**MOTION:**

Representative Barrett moved to return RS 17780 to the sponsor.

**SUBSTITUTE MOTION:**

Representative Jaquet moved to introduce RS 17780.

**ROLL CALL VOTE  
SUBSTITUTE MOTION:**

Voting **AYE** - Vice Chairman Collins, Representatives Schaefer, Clark, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Representatives Barrett, Smith, Raybould, Roberts, and Wood(35).

Absent/Excused - Representatives Moyle and Bedke.

**ANNOUNCEMENT**

**The motion passed 10 - 6 - 2.**

The Revenue and Taxation Committee will meet on Wednesday, February 6, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:50 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 6, 2008

**TIME:** 9:00 a.m

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Roberts and Clark

**GUESTS:** Donald Dietrich, Department of Commerce; Jason Hancock, State Department of Education; Phil Homer, IASA; Representative Wendy Jaquet

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Raybould moved to approve the minutes for February 5, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Donald Dietrich.

**BILL # H 0431** H 0431 - legislation simplifying one of the restrictions for qualifying to claim the incentives contained in the Small Employer Incentive Act.

Mr. Dietrich stated that the current computation used to determine the average wage of new employees in excess of ten is overly restrictive. The current formula excludes from the computation wages earned that are less than \$12 an hour while including the employee in the computation. Mr. Dietrich further stated that to offset one employee earning less than \$12 an hour, the employer must have the equivalent of one employee earning more than \$31 an hour. This provision eliminates most companies from qualifying for the incentives. The fiscal impact is estimated to be \$50,000 to \$100,000 to the general fund.

Members of the Committee asked questions relating to the number of companies that could take advantage of the incentives in the Act should the proposed legislation be passed and what incentives the companies would actually receive.

Mr. John responded that the Tax Commission had been put on notice from two companies so far that they intended to attempt to qualify for the incentives either under the old legislation or the proposed legislation.

Representative Bedke asked Mr. Dietrich to provide the Committee with a one page document stating the criteria needed to qualify for the incentive and a comparison of what companies could receive before and after the proposed legislation. Mr. Dietrich replied he would be able to provide that

information to the Committee.

Members of the Committee expressed concern about health insurance and health benefits. A discussion was held relating to health care issues.

Responding to a question from the Committee, Mr. John stated that the legislation sounded good when it was first drafted, but once in practice, it was found that the computation used was overly restrictive.

**MOTION:** Representative Jaquet moved to **hold H 0431 to a time certain of Monday, February 11, 2008** to allow Mr. Dietrich time to prepare the comparison and for Members of the Committee to research issues surrounding health care benefits. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Jaquet.

**BILL # H 0457** H 0457 - legislation to make technical corrections to the state's Bond Levy Equalization law for school districts.

Representative Jaquet stated that when the amendments of 2004 were passed, these amendments inadvertently applied this standard not only to the old, previously subsidized projects, but any new projects as well. This legislation corrects that deficiency.

Mr. Hancock stated that the bill deals with technical corrections that need to be made as a result of some changes a few years ago. When the amendments of 2004 were passed, the intention was to allow school districts that were refinancing projects previously subsidized through the state's old safe schools facilities program, HB 315, to get the better of the two subsidies so as not to punish the districts for participating in the old program.

Mr. Hancock further stated that after those amendments to the Bond Levy Equalization program, which provided a sliding scale of assistance, were passed, the seven school districts affected - Troy, Fremont, Minidoka, Wendell, Boundary, Wallace, and Whitepine - realized they would have been better off not participating in the HB 315 Legislation. Mr. Hancock stated the problem was that the language was written so broadly that if these districts passed a bond completely unrelated to the Bond Levy Equalization program, they would not receive a bond equalization subsidy.

Members of the Committee asked if the seven school districts noted in the legislation were the only ones affected by the language. Mr. Hancock stated yes, the original seven were the only ones affected.

**MOTION:** Representative Raybould moved to send **H 0457** to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, February 7, 2008 at 9:00 a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:45 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 7, 2008

**TIME:** 9:00 a.m

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Bolz; Teresa Baker, Ada County Attorney; Gary Raney; Ada County Sheriff; Mayor Nancolas; Craig King, Clark County Sheriff; Chris Smith, Sheriff; Representative Trail; Mark Havens, Gritman Medical Center Foundation.

A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.

**MINUTES:** Representative Jaquet asked that the minutes for February 6, 2008 be held in order to make some changes. Seeing no objection, Chairman Lake held the minutes until the next scheduled meeting, Monday, February 11, 2008.

Chairman Lake recognized Representative Bolz.

**RS 17638C1** RS 17638C1 - Legislation relating to providing funds through the Athletic Commission for the promotion of amateur boxing in Idaho.

Representative Bolz stated this is not a new tax, it is just shifting some of the funds that are already being collected. The legislation provides for up to 5% of the funds already being collected by the Athletic Commission to be used for amateur boxing promotion. He further stated that last year the Athletic Commission generated \$56,576.00 in revenue from ticket sales. This would have provided \$2,828.00 that could have been used for amateur boxing promotion.

Members of the Committee asked a question about how the funds would be used to promote amateur boxing. Representative Bolz replied it would be used mostly for advertising.

**MOTION:** Representative Raybould moved to introduce RS 17638C1. The motion **passed** on a voice vote.

Chairman Lake recognized Mark Havens.

**RS 17470** RS 17470 - Legislation relating to income tax credits. To provide a state income tax credit for charitable contributions made by a taxpayer to the Gritman Medical Center.

Chairman Lake stated to the Committee that this legislation opens a new area and, should it pass, there would be a large number of organizations wanting to go through the same door.

Mr. Havens stated the tax credits were already in Idaho Code and this legislation would add the Gritman Medical Center's Rehabilitation, Wellness Center, and Adult Day Health Programs or their foundations to the Section 63-3029C list of charitable organizations allowing taxpayers who donate to charitable organizations to receive a state income tax credit.

Members of the Committee asked questions relating to current funding for the Center, the accreditation process for the Center, and whether the Center charges fees for its services.

Mr. Havens replied that the Center does charge for its services, which are mostly for senior citizens, and that they have not gone through the JCAHO accreditation process as it is very expensive.

Chairman Lake placed RS 17470 before the Committee. There being no motions made by the Committee, Chairman Lake determined to hold RS 17470 in Committee. No objections were made.

Chairman Lake recognized Teresa Baker.

**BILL # HB 0447**

HB 0447 - legislation to increase the emergency communications fee collected by counties or 911 service areas by \$.25 to a maximum of \$1.25 per line per month.

Ms. Baker stated the Idaho Legislature took the important first step in 2004 when it established the Idaho Emergency Communication Commission (IECC) to evaluate and assist emergency communication centers around the state. She stated that citizens expect the same level of service throughout the state regardless of how they are contacting area 911 centers either by land lines or wireless telephones.

Ms. Baker talked to the map handout stating that in the areas marked with red, you can call 911 but the emergency center cannot tell what your telephone number is or your location. If you are calling from a yellow area, the emergency center has enhanced automatic number location and location identification. Green areas indicate Phase II where emergency centers can pinpoint your wireless telephone location to within 50 feet.

Ms. Baker stated the plan was to bring all counties in the state up to Phase II and believed that would take four (4) years. She stated that the Commission estimated it would take two (2) years to bring red counties up to the yellow enhanced status. Ms. Baker stated that the Commission is also taking into account the cost for next generation needs such as 911 text messaging.

Members of the Committee asked Ms. Baker questions relating to current funding, auditing of the Commission, and future cell service provisions by the industry.

Ms. Baker responded that it is estimated that it will take \$4M to bring all counties up to yellow status and another \$4M to bring the counties up to green status. Ms. Baker stated all Commissioners are appointed by the Governor and financial statements are legislatively reviewed by House State Affairs and Senate State Affairs and are audited under the Department of the Military. Ms. Baker further stated that improved service and new tower installations were up to the industry to provide.

Chairman Lake recognized Gary Raney.

Sheriff Raney talked about enhanced technology and public safety stating technology saves lives. Sheriff Raney acknowledged that technology was expensive, but some savings would be realized as technology would allow more efficient emergency responses by police and fire personnel and would allow the emergency centers to staff less dispatchers.

Chairman Lake recognized Mayor Nancolas.

Mayor Nancolas reminded the Committee that three (3) years ago, the Legislature created emergency response ability in Idaho. In that three years, it has been realized that Idaho is far behind the curve in providing good emergency response. It benefits all the citizens of Idaho to have the entire state in the green status.

Chairman Lake recognized Chris Smith.

Sheriff Smith stated that the red and yellow counties typically have one dispatcher on duty. In a critical incident, time is of the essence. Sheriff Smith also stated that in emergencies people often do not know their location or they cannot articulate their emergency. Enhanced service will greatly assist emergency response crews.

Chairman Lake recognized Craig King.

Sheriff King stated the need for enhanced service for use by the search and rescue teams in rural areas is essential. In response to a question from the Committee, Sheriff King stated that expansion of cell phone coverage and towers continues to increase on a daily basis in his rural area.

**MOTION:** Representative Wood (35) moved to send HB 0447 to the floor with a **do pass** recommendation.

**SUBSTITUTE MOTION:** Representative Moyle moved to send HB 0447 to general orders for amendment with a three (3) year sunset clause.

**AMENDED SUBSTITUTE MOTION:** Representative Killen moved to send HB 0447 to general orders for amendment with a five (5) year sunset clause.

**ROLL CALL VOTE ON** Voting **AYE** - Chairman Lake, Representatives Barrett, Smith, Raybould, Roberts, Saylor, LeFavour, Killen, and Ruchti.

**AMENDED  
SUBSTITUTE  
MOTION:**

Voting **NAY** - Vice Chairman Collins, Representatives Moyle, Schaefer, Wood(35), Clark, Harwood, Bedke, Hart, and Jaquet.

**The motion failed on a tie vote 9 - 9.**

**ROLL CALL  
VOTE ON  
SUBSTITUTE  
MOTION:**

Voting **AYE** - Vice Chairman Collins, Representatives, Moyle, Schaefer, Raybould, Clark, Harwood, Bedke, and Hart.

Voting **NAY** - Chairman Lake, Representatives Barrett, Smith, Roberts, Wood(35), Saylor, Jaquet, LeFavour, Killen, and Ruchti.

**The motion failed 10 - 8.**

**ROLL CALL  
VOTE ON  
MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Smith, Raybould, Roberts, Wood(35), Clark, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Representatives Moyle, Harwood, Bedke, and Hart.

The motion to send HB 0447 to the floor with a **do pass** recommendation **passed 14 - 4.**

**ANNOUNCEMENT**

The Revenue and Taxation Committee will not meet on Friday, February 8, 2008 but will reconvene on Monday, February 11, 2008 at 9:00a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the Committee at 10:45a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 11, 2008
- TIME:** 9:00 a.m
- PLACE:** Room 240
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti
- ABSENT/  
EXCUSED:** Representative Roberts
- GUESTS:** Representative Nonini; Donald Dietrich, Department of Commerce; Representative Saylor; Representative Hart; Gerald Hunter, IHFA; Royce Chigbrow, Department of Revenue; Tom Mamshreck; Caleb Roupe; Brad Britzman; Georgia Plishke, Washington County Assessor; Russ Westerberg, Affordable Housing.
- A quorum being present, Chairman Lake called the meeting to order at 9:00 a.m. and requested the secretary to take a silent roll.
- MINUTES:** Representative Jaquet moved that the minutes for February 6, 2008 be accepted as corrected. The motion **passed** on a voice vote.
- Chairman Lake recognized Representative Nonini.
- BILL # H 0418** HB 0148 - Legislation relating to a cooperative service agency.
- Representative Nonini briefly explained the bill stating the legislation would allow a cooperative service agency that has already been created and includes multiple school districts to have access to the same voting procedures as taxing districts for the purposes of authorizing the facilities levy currently authorized in Section 33-317, Idaho Code.
- Representative Nonini presented the Amendment to Section 1 with opt out language as requested by the Committee at the first hearing meeting.
- MOTION:** Representative Smith moved to send HB 0418 to general orders with the proposed amendment attached. The motion **passed** on a voice vote.
- Representative Nonini will sponsor the bill on the floor.
- Chairman Lake recognized Donald Dietrich.
- BILL # H 0431** HB 0431 - Legislation to simplify one of the restrictions for qualifying to claim the incentives contained in the Small Employer Incentive Act.
- Mr. Dietrich presented additional information as requested by the Committee in the first hearing on the bill. He also included an informational page which had been presented to the JFAC Committee

reflecting 20 companies and a break down of their salaries. Mr. Dietrich stated he met with Representatives Saylor, Jaquet, and LeFavour as requested. Representative Jaquet stated she spoke with the Department of Insurance and the section on insurance in the proposed legislation is adequate.

**MOTION:** Representative Moyle moved to **send HB 0431** to the floor with a **do pass** recommendation. The motion **passed** on a voice vote. Representative LeFavour wished to be recorded as voting **NAY**.

Representative Moyle will sponsor the bill on the floor.

Chairman Lake recognized Representative Saylor.

**BILL # HB 0438** HB 0438 - legislation relating to Low Income Housing tax credits.

Representative Saylor stated this proposed legislation would prevent U.S.C. section 42 low income housing tax credits from being used for assessment purposes. Adoption of this legislation would foster the continued existence and additional construction of affordable rental housing in Idaho. Representative Saylor stated that Idaho does have an affordable housing issue and this proposed legislation would create a consistent policy in the state which would prevent tax credits being used for assessment purposes. Representative Saylor spoke to his handout noting how 24 states have addressed this issue.

Chairman Lake recognized Gerald Hunter.

Mr. Hunter spoke to his handout stating that the tax credit brings equity into these developments. Section 42 property tax credits create blocks of equity which reduce debt and achieve lower rents. Mr. Hunter stated that the essence of the legislation is to clarify how property should be calculated with regard to value. He stated that if we include the tax credits in the equation, it would place some housing projects under economic stress and may even push some projects into bankruptcy.

Members of the Committee asked for clarification of the tax credit investor process. Mr. Hunter replied that a developer puts together a proposal and submits it to the Housing Association. The Association looks at the financial components to see if the developer qualifies for the tax credit award. If awarded, the developer must convert those credits to cash and does this by selling the credits to banks and other financial institutions. This process takes place nationwide and is much like buying treasury bonds.

Chairman Lake recognized Royce Chigbrow.

Mr. Chigbrow stated there was a hearing on a proposed rule dealing with these tax credits, but they withdrew the rule stating it was not their job as a commission to legislate in this arena. Mr. Chigbrow stated we need legislation for counties to follow when assessing these low income housing units. Chairman Lake asked Mr. Chigbrow if he thought this legislation was a reasonable solution to the problem. Mr. Chigbrow answered, yes.

Members of the Committee asked Mr. Chigbrow what was the value of the tax credits statewide. Mr. Chigbrow with the Chairman's permission deferred to Mr. Hunter. Mr. Hunter stated it was a \$3.9M allocation which would total \$29M over the years. That represented \$25M in equity investments.

Chairman Lake recognized Tom Manshreck.

Mr. Manshreck stated he was from the development community and that most of his renters were people who are starting out in their careers or seniors such as working class or modestly retired individuals. This program is distinguished from the old program where the government owned the property. Mr. Manshreck further stated that without this credit, developers will not be attracted to provide low income housing.

Members of the Committee asked Mr. Manshreck if the developments must have a low income housing component or is this just a superior investment. Mr. Manshreck answered that most new developments must have a low income component. There are profit and non-profit organizations in the state seeking to provide low income housing. If this legislation fails, we could lose that resource and give the low income housing to another state.

Chairman Lake recognized Caleb Roupe.

Mr. Roupe is an affordable housing builder based in Eagle and Nampa. He asked the Committee to look at this bill from another perspective, that being what the neighboring states are doing. For instance, in Montana they exempt section 42 properties completely. Mr. Roupe stated that on average Idaho runs 20% to 30% higher on property taxes than in neighboring states. As property taxes are a large component of the builder's budget, that particular operating expense needs to be stable.

Chairman Lake recognized Brad Britzman.

Mr. Britzman, an attorney, stated that investors that purchase these tax credits are not necessarily only profit motivated. None of the money initially goes into the developers pocket but, instead, goes to building the project.

Member of the Committee asked for other reasons to invest rather than for profit. Mr. Britzman stated diversity of portfolios and an opportunity to support affordable housing in Idaho.

Chairman Lake recognized Georgia Plischke.

Ms. Plischke voiced opposition to the bill stating section 42 housing credits should be included in assessing the value of a property. She spoke to unfair competition and additional burdens on the police and fire departments when the section 42 housing units are not paying an equal share. Ms. Plischke stated that all projects are not equal and granting this exemption would give free money to this group who would be competing with investors who do pay their fair share.

A member Committee expressed difficulty understanding why the funding mechanism should affect the value of the property. They asked Ms. Plischke if two homeowners bought next door to each other but one homeowner got a better financing package, would that affect the values of their houses. Ms. Plischke answered, no.

Chairman Lake recognized Russell Westerberg.

Mr. Westerberg spoke in favor of the legislation stating that it is an act of fairness to provide clarity and guidance on how the assessor values low income properties.

Chairman Lake recognized Representative Hart.

Representative Hart stated that the credits are essentially a grant and an attempt to provide incentives. The rents are not secured by the Government, only the tax credit is guaranteed by the Government. This is a public policy question on how the credits should be handled from an accounting point of view.

**MOTION:** Representative Raybould moved to **send HB 0438** to the floor with a **do pass** recommendation. The motion **passed** on a voice vote. Representative Wood(35) wished to be recorded as voting **NAY**.

Representatives Hart and Saylor will sponsor the bill on the floor.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, February 12, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the Committee at 10:35a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 12, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Chairman Lake, Representatives Moyle, Roberts, and Bedke

**GUESTS:** Senator Hill; Representative Clark; Tony Poinelli, IAC.

A quorum being present, Vice Chairman Collins called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Killen moved to accept the minutes for February 7, 2008 as written. The motion **passed** on a voice vote.

Representative Harwood moved to accept the minutes for February 11, 2008 as written. The motion **passed** on a voice vote.

Vice Chairman Collins recognized Senator Hill.

**BILL # HB 0469** HB 0469 - legislation relating to charging sales tax on personal property if paid through a lease.

Senator Hill stated that this legislation provides that charges for personal property tax added to the rents paid by a lessee of tangible personal property will not be subject to sales tax as long as the lease period is at least one year and the property tax is separately stated. The estimated fiscal impact on the general fund is approximately \$400,000.

Senator Hill spoke to his handout detailing generally the difference between a lease and a purchase of equipment. He stated that what HB 469 does is eliminate sales tax on property tax. Even with the proposed legislation, a lessee would be paying more than if the equipment was purchased outright, but that is a choice that any consumer has to make.

**MOTION:** Representative Clark moved to send **HB 0469** to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

Representative Clark will sponsor the bill on the floor.

Vice Chairman Collins recognized Representative Clark. With Vice Chairman Collins' permission, Representative Clark turned the podium over to Tony Poinelli.

**BILL # HB 0470** HB 0470 - legislation related to Urban Renewal Law.

Mr. Poinelli stated that this bill will exempt revenue from any special levy or bond issue as well as levies for judgments from distribution to an Urban Renewal District. The funds levied for special purposes will be distributed and expended for the special purpose specified on the levy ballot.

Mr. Poinelli talked about subparagraphs a - d with regard to levies for refunds and credits certified after December 31, 2007; levies permitted and certified after December 31, 2007; levies for voter approved general obligation bonds of any taxing district and plant facility reserve fund levies passed after December 31, 2007; and levies included within the boundaries of a revenue allocation area by a change in the boundaries of either the revenue allocation area or any taxing district after December 31, 2007.

Members of the Committee asked for clarification of subparagraph d with regard to the apparent retroactive component. Mr. Poinelli stated that levies that were passed prior to December 31, 2007 would still continue and those revenue allocation areas would still continue to get revenue generated.

**MOTION:** Representative Barrett moved to send **HB 0470** to the floor with a **do pass** recommendation.

**ROLL CALL VOTE:** Voting **AYE** - Vice Chairman Collins, Representatives Barrett, Schaefer, Smith, Raybould, Wood, Clark, Harwood, Hart, Sayler, LeFavour, Killen, Ruchti.

Voting **NAY** - Representative Jaquet.

Absent/Excused: Chairman Lake, Representatives Moyle, Roberts, and Bedke.

**The motion passed 13 - 1 - 4.**

Representative Clark will sponsor the bill on the floor.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Wednesday, February 13, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Vice Chairman Collins adjourned the meeting at 9:25a.m.

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Representative Gary Collins  
Vice Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 13, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Roberts, and Bedke

**GUESTS:** Stephen West, U.S. Geothermal Inc.; Representative Harwood

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Killen moved to accept the minutes for February 12, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Stephen West.

**RS 17722** RS 17722 - legislation relating to include producers of geothermal energy under the identical tax provisions as producers of wind energy.

Mr. West referred to his cover letter handout stating he was in front of the Committee on behalf of U. S. Geothermal Inc., an Idaho company engaged in the exploration and development of geothermal resources for the purpose of energy product.

Mr. West stated that Geothermal owns and operates a production facility in Raft River. The facility produces a maximum of 15.8 megawatts and sells the power to Idaho Power under a PURPA agreement. The Raft River project has an estimated potential of approximately 100 megawatts production at full build out.

Mr. West stated RS 17722 was patterned after House Bill 189 which became law during the 2007 legislative session. HB 189 changed the method of taxation on producers of wind energy from a property tax to a tax on production. He further stated this proposed legislation would afford the same conditions for producers of geothermal energy. The legislation would also make the tax change retroactive to January 1, 2008.

Members of the Committee asked for clarification on properties exempt from taxation and the purpose of the emergency clause. Mr. West stated an example of properties exempt from taxation would be transportation vehicles that moved the energy through the process. Mr. West stated the emergency clause would be used to take advantage of tax structuring this year by making the legislation retroactive to January 1, 2008.

A member of the Committee asked for a presentation at the bill hearing with regard to operating property and what will come to the cash account. Mr. West stated it would be his pleasure to bring that information to the Committee.

**MOTION:** Representative LeFavour moved to send **introduce** RS 17722. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Harwood.

**RS 17488C1** RS 17488C1 - legislation relating to the property circuit breaker tax.

Representative Harwood stated that currently certain married individuals living apart are being denied the circuit breaker property tax relief. These individuals either do not know what their spouse's income is and/or have no information as to where their spouse is located. Representative Harwood gave some real world examples of people who have living situations that would preclude them from qualifying for this tax credit.

**MOTION:** Representative Jaquet moved to **introduce** RS 17488C1. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, February 14, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:15a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 14, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Labrador

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Harwood moved to accept the minutes for February 13, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Harwood.

**RS 17643** RS 17643 - legislation relating to tax refund expiration dates.

Representative Harwood stated that under current law, income tax refunds expire after three years while balances are due forever. This bill would allow an individual to use a refund credit to pay taxes, penalties, or interest payments for up to ten years.

**MOTION:** Representative Hart moved to **introduce** RS 17648. The motion **passed** on a voice vote. Representative LeFavour asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative Jaquet.

Representative Jaquet stated that with the Chairman's permission, she would give an overview of the four proposed bills she was bringing before the Committee today and then address each individually.

Chairman Lake approved.

Representative Jaquet spoke to her handout regarding the ranking or point system for purchase priority, the Blaine County Housing Authority guidelines, and graph developed by Homes for Working Families. Representative Jaquet stated that people need to live where they work and the lack of affordable workforce housing could destroy communities over time.

**RS 17747C1** RS 17747C1 - legislation relating to the development of affordable workforce housing.

Representative Jaquet stated this legislation would establish the requirement for owners or developers obtaining a residential building permit to develop or ensure the development of affordable workforce housing either onsite or on a site deemed eligible by the governing board. This legislation may require the owner or developer to pay a fee in lieu of onsite or eligible site development of affordable workforce housing.

A member of the Committee asked what type of in lieu fee would be assessed on a multi-million dollar home. Representative Jaquet stated that the ordinances were different throughout the county and it would be a local decision based on local needs.

A member of the Committee asked why this in lieu fee could not be done by a local ordinance. Representative Jaquet stated the ordinance was struck down by local authorities as the in lieu fee had not been authorized by the legislature.

A member of the Committee stated that since there was affordable housing in the country already, why do we need this legislation, why not use the existing system? Representative Jaquet stated that the legislation is needed in order to give the option of an in lieu cash fee for the developers rather than the developers having to actually developing the affordable housing.

**MOTION:** Representative Saylor moved to **introduce** RS 17747C1. The motion **passed** on a voice vote. Representatives Barrett and Bedke asked to be recorded as voting **NAY**.

**RS 17606C1** RS 17606C1 - legislation relating to a tax levy for affordable housing.

Representative Jaquet stated this legislation will amend chapter 2, title 50 of Idaho Code concerning a tax levy for affordable housing. The legislation will provide for a voter-approved property tax levy which is not to exceed one-tenth of one percent of the market value on certain residential property. Representative Jaquet further stated that the proceeds of the tax levy will be used for the funding of capital projects, including affordable housing.

Chairman Lake asked if this legislation had passed an Attorney General's opinion. Representative Jaquet stated she had not asked for the AG to give an opinion. A member of the Committee expressed concern as to the restrictions in the bill regarding specific employees and specific businesses receiving the levy money which seemed discriminatory.

**MOTION:** Representative LeFavour moved to **introduce** RS 17606C1.

**SUBSTITUTE MOTION:** Representative Raybould moved to **return RS 17606C1 to the sponsor for amendments**.

**AMENDED SUBSTITUTE MOTION:** Representative Smith moved to **return RS 17606C1 to the sponsor**.

**ROLL CALL** Voting **AYE:** Chairman Lake, Vice Chairman Collins, Representatives

**VOTE ON  
AMENDED  
SUBSTITUTE  
MOTION:**

Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Sayler, Killen, and Ruchti.

Voting **NAY**: Representatives Jaquet and LeFavour.

**The motion passed 16 - 2.**

**RS 17606C1 will be returned to the sponsor.**

**RS 17829**

RS 17829 - legislation relating to the existing development impact fee statute by adding affordable workforce housing as an option.

Representative Jaquet stated workforce housing is defined as housing that is affordable to families whose incomes do not exceed eighty percent of the median income for the service area or areas within the jurisdiction of the governmental entity for employees of the city, county, school district, political subdivision or certain employers.

A member of the Committee asked a question about the point system regarding who determines how the points are awarded. Representative Jaquet stated the local community has decided on this system at public hearings.

**MOTION:**

Representative Killen moved to **introduce RS 17829**.

**ROLL CALL  
VOTE:**

Voting **AYE**: Representatives Smith, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood, Clark, Bedke, and Hart.

Absent/Excused: Representative Harwood.

**The motion failed 11 - 6 - 1.**

**RS 17829 will be returned to the sponsor.**

**RS 17828**

RS 17828 - legislation relating to county local option sales taxes.

Representative Jaquet stated this legislation will amend Idaho Code relating to county local option sales taxes and remove a sunset date. The legislation will expand uses of the funds to capital improvement projects including affordable workforce housing.

Representative Jaquet further stated the legislation will continue to shift a portion of the tax burden from the property owners of a county to the visitors partaking of the services of the county. The legislation continues to provide that one-half of the proceeds of sales taxes collected will be used for the purpose of funding capital projects such as affordable workforce housing and the other one-half for property tax relief.

Members of the Committee expressed concern about individuals paying for tax relief for people in another district and what complaints, if any,

Representative Jaquet had from local businessmen with regard to the local sales tax.

**MOTION:** Representative Roberts moved to **return RS 17828 to the sponsor.**

**SUBSTITUTE MOTION:** Representative LeFavour moved to **introduce RS 17818.**

**ROLL CALL VOTE ON** Voting **AYE:** Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**SUBSTITUTE MOTION:** Voting **NAY:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Bedke, and Hart.

Absent/Excused - Representative Harwood.

**The motion failed 12 - 5 - 1.**

Motion to **return RS 17828** to the sponsor **passed** on a voice vote. Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti asked to be recorded as voting **NAY**.

**RS 17828 will be returned to the sponsor.**

Chairman Lake recognized Representative Labrador.

**RS 17528C1** RS 17528C1 - legislation relating to a Local Improvement District (LID).

Representative Labrador stated this legislation would amend sections 50-1722 and 50-1725 of the Idaho code to require a vote before a Local Improvement District (LID) could issue and/or reissue bonds, registered warrants, or interim warrants.

A member of the Committee asked about the need for this legislation. Representative Labrador stated the City of Eagle is attempting to buy a water district and they want to purchase this without a vote of the people. Some of the residents who would have to pay an assessment for this purchase would not benefit from the water as they have their own wells and tanks.

**MOTION:** Representative Barrett moved to **introduce RS 17528C1**. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will not meet on Friday, February 15, 2008 but will reconvene on Monday, February 18, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:30a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 18, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative Clark

**GUESTS:** Representative King; Senator Bilyeu; Tom Katsilometes, Athletic Commission; Stephen West, CENTRA Consulting; Kerry Hawkley, U. S. Geothermal, Mr. Rose, CENTRA Consulting; Dan John, Idaho State Tax Commission.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Smith moved to accept the minutes for February 14, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative King.

**RS 17709C1** RS 17709C1 - legislation to expand the Circuit Breaker to provide relief for the next tier of property taxpayers.

Representative King stated the Circuit Breaker is well used by qualified low income citizens whose annual income is \$28,000 or less. However, the property tax deferral, which is an extension of the Circuit Breaker, has had only three (3) applicants in two (2) years.

Representative King stated that this legislation would expand the Circuit Breaker to provide relief for the next tier of property taxpayers. It allows a property tax deferral for seniors 65 years of age or older and other eligible applicants as defined by code whose annual income is less than \$40,000 a year. A lien is attached to the home and, when the home transfers title, the state receives the deferred property tax.

Chairman Lake asked Representative King if there is a cap on the property tax deferral and, if so, where in the bill is that language contained.

Representative King stated the language was already part of the circuit breaker code. Mr. John stated that there was no cap on the deferral in the code. Chairman Lake suggested that if the legislation was introduced, the Statement of Purpose would need to be corrected.

**MOTION:** Representative LeFavour moved to **introduce** RS 17709C1. The motion **passed** on a voice vote.

Chairman Lake recognized Senator Bilyeu.

**BILL # HB 0490** HB 0490 - legislation relating to Amateur Boxing.

Senator Bilyeu stated this legislation was brought to her by a big supporter of boxing in Bannock County who is concerned about the opportunities for amateur boxing. The purpose of this legislation is to provide funding through the Athletic Commission for promotion of amateur boxing in Idaho. With the Chairman Lake's permission, Senator Bilyeu yielded the podium to Tom Katsilometes.

Chairman Lake recognized Tom Katsilometes.

Mr. Katsilometes stated that the Athletic Commission collects 5% of the gate from all professional fights in the state. This money historically was spent on operating expenses of the Commission. Now that those costs are being absorbed internally, the Commission would have some money from the 5% to put towards the promotion of amateur boxing in the state.

**MOTION:** Representative Raybould moved to **send** HB 0490 to the floor with a **do pass recommendation**. The motion **passed** on a voice vote.

Representative Bolz will sponsor the bill on the floor.

Chairman Lake recognized Stephen West.

**BILL # HB 0529** HB 0529 - legislation relating to geothermal energy.

Mr. West stated this legislation serves to amend HB 189 to include producers of geothermal power under the same tax provisions as production of wind energy. Mr. West stated that geothermal energy is a clean, environmentally friendly renewable power source. This is an issue of fairness. Wherever possible, renewable energy projects should be on equal footing in terms of how they are taxed to ensure equal treatment.

Mr. West further stated that renewable energy projects are unable to recover costs in the same manner as "brown energy" companies because there are no associated fuel costs (natural gas, coal) that can be deducted. Thus, a more environmentally friendly energy process is inhibited by higher costs in the existing tax structure.

Members of the Committee asked questions relating to the language in the bill defining operating property definitions. Chairman Lake asked Dan John if the Tax Commission had an issue with the confusing language. Mr. John stated the Tax Commission has no position on this legislation other than the bill shows no fiscal impact. Mr. John stated he signed up to testify today because the Tax Commission felt that there would and should be a fiscal impact as a result of this legislation.

A member of the Committee asked Tony Poinelli, Idaho Association of Counties, if the association has had a chance to review this legislation. Mr. Poinelli stated the association had reviewed the legislation and had one

concern. If there were two projects, one a wind energy project and one a geothermal project, would the Commission have to pick one or the other. Mr. Poinelli stated it had been determined that the language did not read that way.

A member of the Committee asked about the size of the footprint of a geothermal plant. Mr. West deferred to Mr. Hawkley who stated the current unit used about 3.5 square miles, but the entire project would use 10 square miles.

**MOTION:** Representative Hart moved to **send** HB 0529 to the floor with a **do pass recommendation**.

**SUBSTITUTE MOTION:** Representative LeFavour moved to **send HB 0529 to general orders for amendment**.

**AMENDED SUBSTITUTE MOTION:** Representative Jaquet moved to **hold HB 0529 to time certain of Thursday, February 21, 2008** so that an amendment could be drafted relating to clarifying the confusing language as to definitions of operating property. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, February 19, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:50a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 20, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative LeFavour

**GUESTS:** Representative Labrador; Dan John, Tax Commission.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Harwood moved to accept the minutes for February 18, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Jaquet.

**BILL # HB 0534** HB 0534 - legislation concerning the development of affordable workforce housing.

Representative Jaquet stated the bill would have made more sense in the context of the other three bills she had introduced. Since the other three bills did not survive, Representative Jaquet stated she needed to do more work on this legislation.

**MOTION:** Representative Jaquet asked for unanimous consent from the Committee to **hold HB 0534 in Committee**. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Labrador.

**BILL # HB 0535** HB 0535 - legislation relating to Local Improvement Districts.

Representative Labrador stated he needed more time to work on the legislation and that he was not sure if he would amend the current bill or present a new bill.

**MOTION:** Representative Labrador moved to **hold HB 0535 time certain** until Monday, February 25, 2008. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Harwood.

**BILL # HB 0530** HB 0530 - legislation relating to married couples living apart with regard to the Circuit Breaker.

Representative Harwood stated this legislation would be to allow certain individuals living apart who would normally qualify for the circuit breaker to

qualify even though they do not know their spouse's income and/or have no information as to where their spouse is located. This legislation would follow IRS Code Sections 2 C and 7003B, bringing Idaho Code in line with the IRS Code regarding the circuit breaker.

**MOTION:** Representative Wood moved to **send HB 0530** to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

**BILL # HB 0533** HB 0533 - legislation relating to extending income tax refund expiration dates.

Representative Harwood stated that under current law, income tax refunds expire after three (3) years, while balances are due forever. Under this legislation, the three year expiration date is extended out to ten (10) years. The taxpayer would not be able to receive the refund in cash but, instead, could apply it to taxes due and/or penalties.

Members of the Committee asked Dan John about the statute of limitations regarding income tax refunds. Mr. John stated that the three year expiration date has been in the code for many years. Extending the time to 10 years, allows someone who deliberately does not file a tax return to thumb their nose at the system. Chairman Lake asked Mr. John if this legislation also applies to taxpayers legitimately filing their tax returns. Mr. John stated that if taxpayers are filing their tax returns they have the option to carryforward their excess holdings. This legislation only applies to taxpayers who have not filed their returns.

A member of the Committee asked Mr. John about investment credits. Mr. John stated that any investment credit can be carried forward for 14 years and this legislation only applies to taxpayers who have not filed a tax return.

**MOTION:** Representative Hart moved to **send HB 0533** to the floor with a **do pass recommendation**.

**SUBSTITUTE MOTION:** Representative Smith moved to **hold HB 0533**. The motion **passed** on a voice vote.

Representatives Barrett, Schaefer, Wood(35), Hart, and Harwood asked to be recorded as voting **NAY**.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, February 21, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:40a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 21, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Senator Davis; Ken Burgess, Veritas Advisor; Stephen West, CENTRA Consulting.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Jaquet moved to accept the minutes for February 20, 2008 as amended. The motion **passed** on a voice vote.

Chairman Lake recognized Senator Davis.

**BILL # S 1355** S 1355 - legislation to increase the allowed exemption for a motor vehicle from \$3,000 to \$5,000.

Senator Davis stated that no matter how financially troubled an individual is, under law that individual is allowed to retain certain property from judgment creditors. Idaho Code contains a series of items protected from judgment creditors. This bill addresses the exemption for motor vehicle equity and changes the exemption from \$3,000 to \$5,000.

**MOTION:** Representative LaFavour moved to **send S 1355** to the floor with a **do pass** recommendation.

Chairman Lake recognized Ken Burgess.

**RS 17939** RS 17939 - legislation to provide an economic development incentive for new manufacturing facilities construction and development in designated rural development areas in the state of Idaho.

Mr. Burgess stated the legislation would grant the board of county commissioners authority to offer property tax exemptions for a maximum of five (5) years to a taxpayer who spends a minimum of \$3,000,000 for a new manufacturing facility in rural areas.

Mr. Burgess further stated that the taxpayer must demonstrate significant economic benefits that will accrue to the county from such property development. The legislation prohibits counties from increasing assessed valuation of the property until such time as property taxes are actually collected on the project.

A member of the Committee asked how the \$3M figure was developed. Mr. Burgess stated that it was developed in consultation with the Department of Commerce. The thinking was that the \$3M figure would be substantial enough to ensure that the company asking for the exemption met the level of a serious business endeavor that would not fail and leave the county.

A member of the Committee asked about the manufacturing facility's impact on the infrastructure in that it would put a demand on the infrastructure without paying property taxes to support the needs of the infrastructure. Mr. Burgess stated it was their belief that revenue would be generated from construction costs and from the cottage industry that would grow up around the manufacturing facility.

Mr. Burgess stated it was their intent to allow the county commissioners to make decisions based on the needs of the county and not be overly restrictive with the legislation.

**MOTION:** Representative Bedke moved to **introduce** RS 17939. The motion **passed** on a voice vote.

Chairman Lake recognized Stephen West.

**BILL # HB 0529** HB 0529 - legislation relating to producers of geothermal energy.

Mr. West presented the amendment to H 529 which made the intent of the bill clearer with regard to the language concerning machinery equipment. Mr. West presented a handout previously requested by the Committee and spoke to the economic data from the handout.

**MOTION:** Representative Smith moved to **send HB 0529 to general orders** with the amendment attached. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will not meet on Friday, February 22, 2008, but will reconvene on Monday, February 25, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:35a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 25, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Clark and Ruchti

**GUESTS:** Tim Solomon, Executive Director, Regional Development Agency; Mike Moore; Tammy Zokan; Garret Nancoles, Mayor, Caldwell; Russ Hendricks, Idaho Farm Bureau; Representative Labrador.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Harwood moved to accept the minutes for February 21, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Tim Solomon.

**RS 17924** RS 17924 - legislation to include in the production exemption processing materials for the production of energy.

Mr. Solomon stated the legislation would expand the scope of the production exemption for businesses primarily engaged in processing materials used for the production of fuel.

Members of the Committee asked what types of fuel and where would the production of this fuel would take place. Mr. Solomon stated the current project was for nuclear fuel reprocessing in eastern Idaho, but the legislation has far bigger applications and gives an opportunity for Idaho to open doors to greater capital advancement.

**MOTION:** Representative Bedke moved to **introduce** RS 17924. The motion **passed** on a voice vote. Representative LeFavour asked to be recorded as voting **NAY**.

**RS 17926** RS 17926 - legislation to add the New Capital Investments Incentive Act.

Mr. Solomon stated the purpose of the legislation was to induce major new capital investment in the state of Idaho. It is important to open the door to capital investment.

**MOTION:** Representative Bedke moved to **introduce** RS 17926. The motion passed on a voice vote. Representative LeFavour asked to be recorded as voting **NAY**.

Chairman Lake noted that the hearing on RS 17924 and RS 17926 would be held on Thursday, February 28, 2008 at the J.R. Williams Building in the West Conference Room. Chairman Lake also noted that the discussion would be held to the bills before the Committee and not the pros and cons of nuclear energy.

Chairman Lake recognized Senator Hill.

**RS 17885** RS 17885 - legislation relating to income tax law regarding long-term capital gains.

Senator Hill stated the legislation would put Idaho tax law in line with federal tax law with regard to long-term capital gains in pass-through entities. The Internal Revenue Code provides that capital assets transferred to a new or existing pass-through entity retain the tax basis and holding period of the transferor. Therefore, when the entity disposes of the assets, it is entitled to long-term capital gain treatment based on the transferor's holding period.

**MOTION:** Representative Barrett moved to **introduce** RS 17885. The motion **passed** on a voice vote.

**RS 17962** RS 17962 - legislation relating to the method of determining the income of part-year residents.

Senator Hill stated this legislation clarifies the language regarding part-year residents. The legislation would prevent taxpayers from being taxed twice for the same income. If a taxpayer earns income in another state and pays taxes on that income in that state, they get a credit for those taxes on their Idaho tax form if they are full year residents of Idaho. However, part-time residents don't get the same credit and end up being double taxed. This legislation would rectify that situation. This legislation would also bring Idaho tax code in line with the federal tax code regarding this issue.

**MOTION:** Representative LeFavour moved to **introduce** RS 17962. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Labrador.

**BILL # HB 0535** HB 0535 - legislation relating to a Local Improvement District (LID).

Representative Labrador stated that since the last meeting, he has had many conversations with city leaders and he realized that an amendment to the original bill with new language may need to be drafted.

Members of the Committee asked questions regarding the new language and asked for further explanation on the original bill.

Chairman Lake recognized Mike Moore.

Mr. Moore, an attorney representing the City of Eagle, spoke against the proposed legislation stating the current LID system had worked for many years and would continue to work in the future. Mr. Moore spoke to the

process currently being used stating homeowners have many opportunities to voice their objection to the assessed levy.

Chairman Lake recognized Tammy Zokan.

Ms. Zokan, an attorney representing the City of Eagle, spoke against the proposed legislation. Ms. Zokan stated she did not believe it was good policy to create statewide change for just one project - in this case the purchase of a water system for the City of Eagle. Ms. Zokan also spoke about the process giving the public ample time to speak to the assessments before the city assesses the levy.

Chairman Lake recognized Garret Nancoles.

Mayor Nancoles stated he was representing the City of Caldwell as well as the Association of Idaho Cities. He spoke against the legislation because he believed the 200 cities in the state have used the LID legislation successfully over the years and felt it was a valuable policy.

Chairman Lake recognized Russ Hendricks.

Mr. Hendricks spoke in favor of the legislation with the proposed amendment stating the current law provides a loophole that may not have been intended. Mr. Hendricks would like to see these assessments put to the vote of the people.

**MOTION:** Representative Wood moved to **send HB 0535 to general orders** with the amendment.

**SUBSTITUTE MOTION:** Representative Killen moved to **hold HB 0535 time certain until Wednesday, February 27, 2008** at which time Representative Labrador will bring to the Committee a new RS with the changed language.

**ROLL CALL VOTE ON SUBSTITUTE MOTION:** Voting AYE - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Smith, Raybould, Roberts, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, and Killen.

Voting NAY - Representatives Barrett, Schaefer, and Wood.

Absent/Excused - Representatives Clark and Ruchti.

**The motion passed 13 - 3 - 2.**

**HB 0535 will be held time certain until Wednesday, February 27, 2008.**

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, February 26, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:35a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 26, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Roberts, Clark, and Bedke

**GUESTS:** Representative Vander Woude; Representative Shirley.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for February 25, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Hart.

**RS 17804C2** RS 17804C2 - legislation relating to Urban Renewal Districts.

Representative Hart stated the purpose of the legislation is to provide the State Tax Commission authority to check submittals for newly proposed and expanding urban renewal districts and competitively disadvantaged border community areas for compliance with Idaho Code.

Representative Hart further stated that the legislation specifically addresses the existing requirement in Idaho Code that mandates that the base assessment rolls do not exceed ten percent (10%) of the current assessed valuation of all taxable property within the municipality. The legislation would also limit the life span of expanded revenue allocation areas to 24 years.

Representative Hart stated the legislation also prohibits urban renewal districts, taxing districts, and competitively disadvantaged border community areas from utilizing "shoestring" boundary configurations.

Members of the Committee asked Representative Hart for additional information they would like to see at the hearing and asked that he be prepared to respond to their questions at the hearing

**MOTION:** Representative Barrett moved to **introduce** RS 17804C2. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Vander Woude.

**RS 17552C1** RS 17552C1 - legislation relating to state income tax deductions for tuition

payments.

Representative Vander Woude stated this legislation provides for a state income deduction for Idaho taxpayers with regards to tuition payments made to an accredited school within the state. Representative Vander Woude stated the legislation gives specifics as to who qualifies for this deduction and the timeframe for claiming the deduction. He also stated the maximum deduction would be \$5,000 per taxpayer.

A member of the Committee asked for clarification on the fiscal note and asked that it be reworded.

**MOTION:** Representative Barrett moved to **introduce** RS 17552C1. The motion passed on a voice vote.

Chairman Lake recognized Representative Shirley.

**RS 17750C1** RS 17750C1 - legislation to allow a taxpayer to make a donation to the Special Olympics Idaho Fund.

Representative Shirley stated this legislation would allow a taxpayer to make a donation to the special Olympics Idaho Fund at the time of filing the taxpayer's Idaho tax return. The donation would reduce the taxpayer's refund by the donor's specified amount or increase the tax payer's payment by the specified amount.

Representative Shirley stated the moneys in the fund would be appropriated to the Idaho Chapter of special Olympics for athletic programs and health screenings for Idaho children and adults with developmental disabilities.

**MOTION:** Representative Jaquet moved to **introduce** RS 17750C1. The motion **passed** on a voice vote.

**RS 17964** RS 17964 - legislation to clarify the tax-exempt status of the Idaho Digital Learning Academy.

Representative Shirley stated this legislation is to clarify the tax-exempt status of the Idaho Digital Learning Academy. The Idaho Digital Learning Academy was created by the legislature in 2002 in Title 33, Chapter 55 to provide choice, accessibility, flexibility, quality, and equity in curricular offerings for students in this state.

Representative Shirley stated that the IDLA's tax exempt status presently is under a host district. The IDLA's enrollment growth now warrants its independence from a host district. This proposed legislation clarifies IDLA's tax-exempt status independently from a host district.

**MOTION:** Representative Jaquet moved to **introduce** RS 17964 and send it directly to the second reading calendar. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Wednesday, February

26, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:40a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 27, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Roberts, Clark, and Schaefer

**GUESTS:** Representative Labrador; Rep. Vander Woude; Jeremy Pisca; Representative King; William Bonner, AARP.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Jaquet moved to accept the minutes for February 26, 2008 as amended. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Labrador.

**RS 18038** RS 18038 - legislation relating to Local Improvement Districts (LIDs)

Representative Labrador presented a new RS having made significant changes to H 535 previously heard by the Committee. Questions raised by some cities in Idaho as to the legality of a vote of just property owners and an opinion by the Attorney General prompted some significant changes to the previous bill.

Chairman Lake stated that because there were significant changes to the previous bill, the new bill should come back to the Committee for a public hearing.

**MOTION:** Representative Wood moved to **introduce** RS 18038. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Moyle.

**RS 17901** RS 17901 - legislation to amend Idaho Code with regard to limiting a taxing district's budget.

Representative Moyle stated that this legislation will amend Chapter 8, Title 63, of Idaho Code to allow by a vote of the people that a taxing district's budget could be limited, thus lowering property taxes. This legislation would exempt school budgets.

Representative Moyle stated budget limitation elections may be initiated by residents equal to or exceeding ten percent (10%) of the number of voters

voting at the last election of the taxing district. The budget limitation vote must pass by a 66 2/3% or more majority.

**MOTION:** Representative Barrett moved to **introduce** RS 17901. The motion passed on a voice vote. Representative Jaquet asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative Vander Woude.

**RS 18019** RS 18019 - legislation to require a criminal background check as part of a name change application.

Representative Vander Woude stated the proposed legislation would amend Idaho Code, Section 7-802, making a criminal background check a part of the application for a petitioner's change of name.

**MOTION:** Representative Harwood moved to **introduce** RS 18019 and refer it to the House Judiciary, Rules & Administration Committee. The motion **passed** on a voice vote. Representatives Barrett, Smith, Jaquet, and LeFavour asked to be recorded as voting **NAY**.

Chairman Lake recognized Jeremy Pisca.

**RS 18009** RS 18009 - legislation relating to the creation of Community Infrastructure Districts (CIDs).

Mr. Pisca stated that growth needs to pay for itself. A CID would allow the state of Idaho to create special taxing districts to prefund developmental impact fees. The CID would be tied to impact fee-eligible projects only, such as highways, roads, bridges, sewer and water treatment facilities, police, fire, and other public safety facilities.

Mr. Pisca further stated the infrastructure that would be financed must be set forth in a development agreement between the city and the developer, but would be under local control of the projects.

Members of the Committee asked questions regarding a CID's relationship to state departments such as the Idaho Transportation Department, who collects the administrative fees, how homeowners are notified that the property they are purchasing has a tax liability connected with it, and how the developer would handle impact fees should some of the houses in the new development remain empty.

Mr. Pisca noted that if the legislation is introduced, there would be experts who could better answer those questions at the public hearing on the bill.

**MOTION:** Representative Raybould moved to **introduce** RS 18009. The motion **passed** on a voice vote. Representatives, Barrett, LeFavour, and Killen asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative King.

**BILL # HB 0544** HB 0544 - legislation to expand the Circuit Breaker definition for qualifications for deferred property tax.

Representative King stated the property tax deferral, which is an extension of the Circuit Breaker, has only had three (3) applicants in two (2) years. This bill expands the Circuit Breaker definition for qualifications for deferred property tax. It allows a property tax deferral for seniors 65 years of age or older and other eligible applicants as defined by code whose annual income is less than \$40,000.

Representative King spoke to her handouts with details about the application and a comparison chart of annual payments to local taxing districts versus taxpayer repayments. Chairman Lake asked Representative King to reword the fiscal statement as previously discussed.

Chairman Lake recognized William Bonner.

Mr. Bonner stated AARP is in support of this bill as currently written because it does encourage older Idahoans to stay in their homes longer by giving them a deferral on their property taxes.

**MOTION:** Representative LeFavour moved to send HB 0544 to the floor with a **do pass** after the correction is made to the fiscal note. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, February 28, 2008 at 9:00a.m. in the J.R. Williams building.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:55a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 28, 2008

**TIME:** 9:00a.m.

**PLACE:** J. R. Williams Building, West Conference Room

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Andrea Shipley, Snake River Alliance; Doug Paddock, citizen; Rod Fuger, Idaho Builders and Trades Union; Jared Fuhrman, Mayor City of Idaho Falls; Mike Virtue, Mayor, City of Blackfoot; Robert Poyser, AREVA; Tim Soloman, RDA; Robb Chiles, Idaho Falls Chamber of Commerce; John Watts, ICA; Alex Labeau, IACI; Randy Nelson; ATI; Jerry Peterson, Building Trades; Lane Allgood; Eric Simpson; Lee Radford, Grow Idaho Falls; Joe Weatherby, citizen.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for February 27, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Robert Poyser.

Mr. Poyser stated he appears before the Committee today at the suggestion of Grow Idaho Falls to explain his role as Project Manager for site selection for AREVA. He stated AREVA is committed to responsible development of clean nuclear energy.

The selection process began by reviewing 200 potential sites across the United States. Fifty (50) sites were then reviewed in detail. Idaho is one of five (5) final sites and remains in competition with the proposed facility to be located in the Bonneville area.

Members of the Committee questioned Mr. Poyser on safety issues, transportation issues, and the criteria used to pick the final sites. Several Members of the Committee asked if this legislation did not pass, would Idaho still be considered as a potential site. Mr. Poyser stated AREVA would weigh the results of the decisions made here today against other states and other sites in the final selection.

Chairman Lake recognized Tim Solomon.

**BILL # HB 561** HB 561 - legislation to amend Idaho Code Section 63-3622D to include processing materials for the production of energy.

Mr. Solomon stated that the purpose of the legislation today is to open the doors of Idaho to more frequent and more sizeable capital investment. HB 561 amends production exemption legislation already in place in Idaho. The bill broadens the eligibility criteria.

Currently, Section 63-3622D exempts from sales and use taxes tangible personal property that is primarily and directly used or consumed in or during a manufacturing, processing, mining, farming, or fabricating operation. Also exempted are personal property that becomes part of the final product; various chemicals and catalysts that are a part of the food processing industry; and safety equipment and supplies required by a federal or state agency.

Mr. Solomon stated HB 561 simply applies the same exemptions in the current legislation to business concerns that are engaged in making fuel for energy production.

**BILL # 562**

HB 562 - legislation to add the New Capital Investments Incentive Act to provide incentives for major capital investment in Idaho.

Mr. Solomon stated that new capital investment is defined as a minimum \$1 billion investment made during the seven (7) year period by the acquisition, construction, improvement, or installation of real or personal property related to new plant and building facilities at a project site in an Idaho county.

As indicated with HB 561, HB 562 does not impose a tax shift. It is an inducement to attract new capital investment into the state. If a business does not move to Idaho, the state loses nothing it had previously. If a business does locate to the state and meets the qualifications for exemption, the state gains up to \$400M in taxable property as well as significant economic impact to the local community and the state driven by jobs and business-to-business and business-to-consumer transactions.

Chairman Lake recognized Andrea Shipley.

Ms. Shipley appeared on behalf of the Snake River Alliance and spoke in opposition to HB 561 and 562. Ms. Shipley stated the Alliance was concerned that the exemptions in HB 561 as currently written fail to meet the principles for evaluating tax deductions and exemptions recommended by the Legislature's Interim Committee on Tax Exemptions.

Ms. Shipley further stated that the Alliance believes that state tax policies, including exemptions and rebates, often serve to encourage some behaviors or economic activities while also discouraging others. The Alliance believes that by implementing this legislation, the Legislature is signaling its desire to lure an industry to Idaho without first fully understanding the social, economic, or environmental impacts that the industry may bring.

Chairman Lake recognized Mayor Fuhriman.

With the Chairman's permission, Mayor Fuhriman, City of Idaho Falls, read a letter from the Bonneville County Commissioners in support of HB 561

and HB 562. Mayor Fuhriman then spoke in favor of the two bills stating it is important to the state of Idaho that a business wants to invest over a billion dollars in the state. Our communities need new jobs and we have to attract and retain high tech jobs and industries.

Chairman Lake recognized Robb Chiles.

Mr. Chiles, representing the Idaho Falls Chamber of Commerce, spoke in favor of the two bills. He stated that the Chamber feels this will give us more tools to recruit new businesses to Idaho. Idaho needs to become more competitive and these tax incentives will assist the counties and the state in attracting new business to Idaho.

Chairman Lake recognized Rod Fuger.

Mr. Fuger, representing Idaho Building Trades Council, spoke in favor of the two bills stating we need to bring big industry to Idaho in order to keep jobs and to build the economy.

Chairman Lake recognized John Watts.

Mr. Watts, representing the Idaho Chamber of Commerce Alliance, spoke in favor of the two bills stating it would create new jobs and the payroll for these new jobs would outweigh any property tax lost.

Chairman Lake recognized Alex LaBeau.

Mr. LaBeau, representing the Idaho Association of Commerce and Industries, spoke in favor of the two bills stating he viewed Idaho's economy as a big engine and these tools are the mechanics on this engine. Idaho needs various tools, not one tool works best. This is the right tool to add to the tool box and a good way to proceed.

Chairman Lake recognized Doug Paddock.

Mr. Paddock, a concerned citizen, spoke in opposition to the two bills stating that in order for the plant to function, it would involve massive and dangerous transportation of radioactive elements through Idaho. He also expressed concern about the how the byproducts of this process would be stored.

Chairman Lake recognized Mayor Virtue.

Mayor Virtue, City of Blackfoot, spoke in favor of the two bills stating it would open the door for economic development in the area. He stated that any firm willing to move into Idaho and bring a billion dollar business should get some exemptions. Economic development plays a key role for our children and grandchildren to find employment and stay in the state.

Chairman Lake recognized Randy Nelson.

Mr. Nelson, representing the Association of Taxpayers, spoke in favor of the HB 562. Mr. Nelson spoke to his handout which gave details on statewide exemption values.

Chairman Lake recognized Jerry Peterson.

Mr. Peterson, speaking on behalf of Idaho Building Trade, spoke in favor of the two bills stating this legislation would encourage more high paying jobs not only for their tradesmen, but for technical jobs as well.

Chairman Lake recognized Lane Allgood.

Mr. Allgood, speaking on behalf of the Partnership for Science and Technology, spoke in favor of the two bills stating that any business proposal brought forth by AREVA would be scrutinized to ensure it meets the standards of the state. His organization has studied the AREVA proposal and have met with AREVA leadership and would welcome them as neighbors.

Chairman Lake recognized Eric Simpson.

Mr. Simpson is an employee of CWI which is the contractor responsible for cleaning up the INL site. Mr. Simpson stated they are literally working themselves out of a job, but most of the workers wish to remain in Idaho. He supports the two bills because they send a clear message to high tech corporations that Idaho is open for business.

Chairman Lake recognized Lee Radford.

Mr. Radford, speaking on behalf of Grow Idaho Falls, stated Bonneville County supports both of these bills because they are important for the well-being of the state. This uranium project is a once-in-a-lifetime opportunity. The construction of the plant would bring jobs to the community and the operation of the plant would provide long-term jobs to the community.

Chairman Lake recognized Peter Richards.

Dr. Rickards, representing himself, spoke in opposition of the two bills noting health concerns with regard to the toxicity of depleted uranium and the effects on cells and gene expression profiles.

Chairman Lake recognized Joe Weatherby.

Mr. Weatherby, a concerned citizen, spoke in opposition to the two bills stating we should target tax breaks for existing companies. We should take care of our own first, and we should be careful of what industries we attract.

Members of the Committee held a discussion relating to property tax values and safety issues. A member of the Committee stated HB 561 seemed to be consistent with tax policy that we have initiated extending sales and use tax exemptions.

A member of the Committee stated that he was a proponent of nuclear energy but felt HB 562 was more of an issue of fairness. He did not see a big distinction between new and existing capital. He also felt that AREVA would fit under other statutes already in Idaho Code.

Members of the Committee asked Dan John several questions about provisions in the property tax law.

**MOTION:** Representative Clark moved to **send HB 0561** to the floor with a **do pass recommendation**. The motion passed on a voice vote. Representative LeFavour asked to be recorded as voting **NAY**.

**MOTION:** Representative Bedke moved to **send HB 0562** to the floor with a **do pass recommendation**.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood, Clark, Harwood, Bedke, and Hart.

Voting **NAY** - Representatives Smith, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**The motion passed 12 - 6.**

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Friday, February 29, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:45a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** February 29, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Bayer; Ken Burgess, Veritas; Max Vaughn, IAC; Suzanne Budge, SBS Associates; Emma Atchley, Rancher; Mark Lundquist, Farmer; Dennis Murphy Idaho Working Lands; Marie Bulgin, U of I, IWGA.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for February 28, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Bayer.

**RS 18028** RS 18028 - legislation relating to increasing the Food Tax Credit.

Representative Bayer stated this proposed legislation does not have an index attached to it, but rather has scheduled increases. It also has a provision that the Executive Branch can direct the State Tax Commission to suspend the scheduled tax credit increase in times of financial hardship for the state.

Members of the Committee asked questions relating to the food stamp displacement and to the correctness of the fiscal note.

Chairman Lake stated to the Committee that he is on record that if the Executive Branch brings forth a grocery tax proposal, he will hear all proposed grocery tax pieces of legislation. However, if the Executive Branch does not bring forth a grocery tax proposal, he will not hear any other pieces of legislation. Since the Executive Branch has not brought forth any proposed legislation, the legislation before the Committee today is all we have to deal with now.

Members of the Committee stated their desire to do away with the grocery tax at the cash register. A member of the Committee stated that everyone in the room knows we want to make a change in the grocery tax, but if we do not pass this bill before the Committee, we will go home having done nothing. This is a place to start.

A Member of the Committee asked if this was the Governor's Bill.

Representative Bayer stated it was not.

**ORIGINAL  
MOTION**

Representative Raybould moved to **introduce** RS 18028 and **send it directly to the second reading calendar.**

**SUBSTITUTE  
MOTION:**

Representative Jaquet moved to **introduce** RS 18028.

**AMENDED  
SUBSTITUTE  
MOTION:**

Representative Hart moved to return RS 18028 to the sponsor.

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

Voting **AYE** - Representatives Barrett, Smith, Clark, Harwood, Hart, and LeFavour.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Raybould, Roberts, Wood(35), Bedke, Sayler, Jaquet, Killen, and Ruchti.

**The motion failed 12 - 6.**

**ROLL CALL  
VOTE ON  
SUBSTITUTE  
MOTION:**

Voting **AYE** - Representatives Smith, Clark, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood, and Bedke

**The motion failed on a tied vote 9 - 9.**

**ROLL CALL  
VOTE ON  
ORIGINAL  
MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Raybould, Roberts, Wood, and Bedke.

Voting **NAY** - Representatives Barrett, Smith, Clark, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**The motion failed 10 - 8.**

**MOTION:**

Representative Roberts moved to **introduce RS 18028 for a public hearing on Monday, March 3, 2008.**

**The motion passed 12 - 6.**

Chairman Lake recognized Ken Burgess, Veritas.

**BILL # HB 550**

HB 550 - legislation relating to providing an economic development incentive for new manufacturing facilities in designated rural development areas

Mr. Burgess stated this legislation will provide counties with a critical tool to attract, maintain, and expand business in all parts of Idaho. It provides greater local control over the types of economic development local officials wish to attract to their counties.

Chairman Lake recognized Max Vaughn, Minidoka County Assessor

Mr. Vaughn, representing IAC, spoke in favor of the legislation stating they believe it is relevant to have local control at the County Commissioner's office. This legislation gives the County Commissioners the ability to make decisions affecting their counties.

Members of the Committee asked questions relating to whether or not a certain industry would qualify for the incentives. Dan John, State Tax Commission stated that if a company produces a product for sale, it would qualify.

**MOTION:** Representative Roberts moved to **send HB 550** to the floor with a **do pass recommendation**.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, and Killen.

Voting **NAY** - Representatives Sayler, Jaquet, LeFavour, and Ruchti.

**The motion passed 14 - 4.**

Chairman Lake recognized Suzanne Budge, SBS Associates.

**BILL # HB 467** HB 467 - legislation related to the Ranch , Farm, and Forest Protection Act.

Ms. Budge stated the Ranch, Farm, and Forest Protection Act is intended to help keep Idaho's rural working lands working and give the State of Idaho a tool to meet the state's most important wildlife objectives.

Ms. Budge stated this proposal would provide a State income tax credit of up to 50% of the value of voluntary donations of conservation easements. To qualify, these voluntary donations would have to further state wildlife objectives or include important fish and wildlife habitat. The tax credit would be capped at \$500,000 per donation. Each use of the tax credit would be reviewed by a governor-appointed board to ensure that it meets the State's objectives. The tax credit would be refundable. Recipients of the credit could get a refund for the portion of the credit that exceeds their tax liabilities.

Chairman Lake recognized Emma Atchley, a rancher.

Ms. Atchley, representing Idaho Working Lands, spoke in favor of the bill stating her family is 4<sup>th</sup> generation farmers. They have six full-time employees and several part-time employees. They contribute to the local economy as one of the top 10 taxpayers in Fremont county. Ms. Atchley stated this bill is aimed at a number of middle class people who would be able to take advantage of this tax credit when they would not qualify for the federal tax credit.

Chairman Lake recognized Mark Lundquist, a farmer.

Mr. Lundquist, representing Idaho Working Lands, spoke in favor of the bill stating that he has been a farmer all his life as were his mother and father. He stated that It is a wonderful way of life and a great way to raise children,

but he has struggled over the years to make a living. He made a decision to put an easement on some of his land on the Snake River by the Snake River Bridge in Swan Valley so that land will always be preserved exactly as it is today. This tax incentive is not retroactive so it would not apply to his land, but it might help others to preserve some of the lands that still need preserving.

Chairman Lake recognized Dennis Murphy, a citizen.

Mr. Murphy, representing Idaho Working Lands, spoke in favor of the bill by taking the Committee step-by-step through the process to receive the tax credit.

A member of the Committee asked if Mr. Murphy thought the process was fair if all who qualify may not get the credit. Mr. Murphy stated he felt there would be a competition among the landowners who wanted the tax credit, but some might not be as qualified as others. Mr. Murphy further stated the \$3M cap might not be the right number, but it was a place to start.

Chairman Lake recognized Marie Bulgin, a citizen.

Ms. Bulgin, representing U of I, IWGA, spoke in favor of the bill stating that rural land is disappearing. Her 80 acre farm is now surrounded by developments. A bill like this would be very helpful to convince people to stay in business rather than sell their property. If we do not encourage these people to stay in business, we will all lose.

Chairman Lake stated that the Committee would continue to hear testimony on HB 467 on Monday, March 3, 2008.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Monday, March 3, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:50a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 3, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative LeFavour

**GUESTS:** Jim Little; Sharon Kiefer; Drew Eggers; Dave Torell; Wally Butler; Nate Helm; Representative Stevenson; Representative Mathews; Representative Bayer; Nathan Barry; Roland Wolfe; Ryan Davidson; Amber Corner; Ruth Schneider; Vivian Parrish; Lenny Riccio;

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Smith moved to accept the minutes for February 29, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Jim Little.

**BILL #HB 467** HB 467 - legislation related to the Ranch, Farm, and Forest Protection Act.

Jim Little, a rancher representing the Idaho Cattle Association, spoke in favor of the bill stating the coalition has been working on the bill for two years because they felt it was important to ensure that the rancher's perspective on how these easements are done and administered would be well represented. Mr. Little stated there is significant public benefit in keeping these open spaces.

Chairman Lake recognized Sharon Kiefer.

Ms. Kiefer, representing Idaho Fish and Game, spoke in favor of the bill stating the Commission had discussed the legislation and had voted to support this bill. She stated the bill provides continued support for hunting, trapping, and fishing. Ms. Kiefer stated this tax credit benefits the state economy in many ways.

A member of the Committee asked Ms. Keifer about farm land being used to access public land. Ms. Keifer stated the Commission has some very robust access programs and this legislation is complimentary to those programs.

Representative Moyle stated that while he is in favor of the concept, there is a perception in the public that this bill will save and protect farm lands

and, if what we want to do is preserve farm lands, this bill will not accomplish that task. Ms. Kiefer stated this tax credit would be competitive and the bill would allow the Committee to chose the best of the best and farm land with limited wildlife resources would not be chosen to participate.

Chairman Lake recognized Drew Eggers.

Drew Eggers, a farmer, representing Food Producers of Idaho, spoke in favor of the bill stating he was a 4<sup>th</sup> generation farmer in Western Ada County. Mr. Eggers acknowledged that the bill is not a cure all for protecting farms and ranches, but it would be a step in the right direction.

Chairman Lake recognized Dave Turell.

Mr. Turell, Land Program Manager for The Rocky Mountain Elk Foundation, spoke in favor of the bill stating the Foundation supported the bill because they see it as a tool to move the State of Idaho into the future. This bill would assist the State with the challenges it faces today to preserve the lifestyle we value. Mr. Turell further stated the easements could be adapted and modified over time to assure the long-term protection of our farm and ranch lands.

Chairman Lake recognized Wally Butler.

Mr. Butler, representing the Idaho Farm Bureau, spoke in favor of the bill stating the bill is not a subsidy, it's a commitment. Mr. Butler further stated the coalition that worked together for two years on this legislation is unprecedented. It's a broadbased coalition and none of the individuals are getting everything they want, but they came together with a compromise to bring this legislation that they believe is a win-win for the State of Idaho.

Chairman Lake recognized Nate Helm.

Mr. Helm, representing Sportsmen for Fish and Wildlife, spoke in favor of the bill stating the sportsmen in Idaho want an abundant game population and think this bill is the proper use of tax dollars.

Chairman Lake recognized Representative Stevenson.

Representative Stevenson spoke in favor of the bill stating the legislation does not serve everyone in the State, but does serve those in need.

**ORIGINAL  
MOTION**

Representative Smith moved to **send HB 467** to the floor with a **do pass recommendation**.

**SUBSTITUTE  
MOTION:**

Representative Bedke moved to **hold HB 467** in Committee.

**AMENDED  
SUBSTITUTE  
MOTION:**

Representative Roberts moved to **send HB 467 to general orders with a proposed amendment**.

A Member of the Committee spoke in favor of the Substitute Motion stating

the bill does not do what the public at large thinks the legislation will accomplish. A Member of the Committee spoke in favor of the Original Motion stating it is important to the State of Idaho to be proactive and this bill is a good start.

A Member of the Committee spoke in favor of the Amended Substitute Motion stating the amendments would make the bill more workable.

A Member of the Committee spoke in favor of the Original Motion stating the bill was the result of a lot of hard work and hard thinking by an extremely broad coalition of citizens of Idaho who have the best interest of those groups at heart.

Responding to a question from the Committee, Dan John, Tax Commission stated that nothing in this bill would preclude someone from out of state receiving the tax credit and/or rebate.

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

Voting **AYE** - Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood, Clark, Harwood, Bedke, and Hart.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Smith, Saylor, Jaquet, Killen, and Ruchti.

Absent/Excused - Representative LeFavour

**The motion passed 10 - 7 - 1.**

Chairman Lake recognized Representative Mathews.

**RS 18026**

RS 18026 - legislation to prevent the addition of new construction from causing an inadvertent tax shift to other properties.

Representative Mathews stated that currently, when new construction property is added to the budgets of local taxing districts, it is added at the previous year's levy rate. If the current year's levy rate is declining, this means that the new construction adds extra money to the budget, based on the previous year's higher rate. This increased budget is then paid by all property taxpayers and the shift effect is cumulative.

Representative Mathews stated this legislation prevents the tax shift from accumulating, by causing the extra, tax-shifted money to be subtracted from the next year's budget before any budget increase calculations are made.

**MOTION:**

Representative Bedke moved to **introduce** RS 18026. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Bayer.

**BILL # HB 588**

HB 588 - legislation relating to the Food Tax Credit.

Representative Bayer gave a brief overview of the bill stating this is the best compromise we have for this legislative session. Representative Bayer stated the Governor has indicated he will not endorse the bill, but

can live with it should it reach his desk.

Chairman Lake recognized Nathan Barry.

Mr. Barry, an Idaho business owner, spoke in opposition of the bill because he does not believe this bill is a true solution to the problem.

Chairman Lake recognized Roland Wolfe.

Mr. Wolfe, citizen, spoke in opposition of the bill stating it is biased and cumbersome. Mr. Wolfe does not believe we need more tax code.

Chairman Lake recognized Ryan Davidson.

Mr. Davidson, citizen, spoke in opposition to the bill stating it is overly complicated. Mr. Davidson stated the tax code is already too large, we do not need more tax code.

Chairman Lake recognized Amber Corner.

Ms. Corner, representing the Catholic Charities, spoke in favor of the bill stating we cannot afford to end this legislative session without addressing the tax on food. Ms. Corner stated, however, the Catholic Charities were still concerned that not enough has been done in this bill to address the needs of food stamp recipients.

Chairman Lake recognized Ruth Schneider.

Ms. Schneider, representing the Idaho Interfaith Roundtable Against Hunger, spoke in favor of the bill stating she, too, was concerned that not enough is being done for food stamp recipients.

Chairman Lake recognized Vivian Parrish.

Ms. Parrish, representing the Idaho Interfaith Roundtable Against Hunger, spoke in favor of the bill stating even though the legislation is a compromise, we do need relief this year.

Chairman Lake recognized Lenny Riccio.

Mr. Riccio, citizen, spoke in opposition to the bill stating that the bill does not do enough to assist people who are hungry and that the bill puts all the power with the Governor's office.

Chairman Lake recognized Jim Alexander.

Mr. Alexander, citizen, spoke in opposition of the bill stating that he appreciated the Committee's attempt to help people, but that the relief would not come until next year.

Chairman Lake recognized Senator Fulcher.

Senator Fulcher stated this bill is the result of approximately two years of work and represents a middle ground. We can pass this legislation, or do

nothing. Senator Fulcher stated he understood the argument for wanting to eliminate the sales tax on food altogether, but it is not fiscally viable for this year.

**MOTION:** Representative Raybould moved to **send HB 588** to the floor with a **do pass recommendation**.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Raybould, Roberts, Wood, Bedke, Sayler, Jaquet, Killen, and Ruchti.

Voting **NAY** - Representatives Barrett, Smith, Clark, Harwood, and Hart.

Absent/Excused - Representative LeFavour.

**The motion passed 12 - 5 - 1.**

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, March 4, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 11:30 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 4, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Alex LaBeau; Representative Shirley; Representative Labrador; Tony Poinelli; Randy Nelson; Matt Roette; Duane Rasmussen; Russ Hendricks; Tammy Zokan; Leanna Whitney

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Raybould moved to accept the minutes for March 3, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Alex LaBeau.

**RS 17950C2** RS 17950C2 - legislation relating to personal property tax.

Mr. LaBeau, representing Idaho Association of Commerce and Industry, stated the proposed legislation is to phase out the personal property tax which applies to business machinery, tools, furnishing, equipment, and some fixtures over the next five years.

Mr. LeBeau stated the five-year phase out starting in FY 2010 will be in 20% increments until all of the personal property tax paid by business is eliminated and the State is fully reimbursing local governments. To be phased in each year, the State revenue will need to exceed 104% of the previous year's revenue.

**MOTION:** Representative Clark moved to **introduce** RS 17950C2. The motion **passed** on a voice vote. Representative LeFavour asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative Shirley.

**BILL # HB 569** HB 569 - legislation relating to the Special Olympics Idaho Fund.

Representative Shirley stated the purpose of this legislation is to allow a taxpayer to make a donation to the Special Olympics Idaho Fund at the time of filing the taxpayer's Idaho Tax return. The donation would reduce the taxpayer's refund by the donor's specified amount or increase the taxpayer's payment by the specified amount.

**MOTION:** Representative Jaquet moved to **send** HB 569 to the floor with a **do pass recommendation**. The motion **passed** on a voice vote.

Representative Shirley will sponsor the bill on the floor.

Chairman Lake recognized Representative Labrador.

**BILL # HB 577** HB 577 - legislation relating to Local Improvement Districts (LIDs).

Representative Labrador stated this is a good bill. The bill attempts to take into consideration the needs of the cities while protecting the interests of the taxpayers. It allows people to make a decision, it gives power to the people.

A Member of the Committee asked Representative Labrador if he had the support of the Association of Cities and city mayors. Representative Labrador stated that they might oppose the legislation because it changes the law. However, he stated that he had changed the legislation to support every issue they have raised.

Chairman Lake recognized Russ Hendricks.

Mr. Hendricks, representing the Idaho Farm Bureau, spoke in favor of the bill stating the Farm Bureau believes it corrects the law to remove a loop hole that an LID can be created that could cause indebtedness on taxpayers.

Chairman Lake recognized Tammy Zokan.

Ms. Zokan, representing the City of Eagle, spoke in opposition to the bill stating the changes in the bill do not give the citizens the right to decide whether or not they can be assessed. Ms. Zokan stated that the people can and should vote out any elected official who they feel is not properly representing the taxpayer. She further stated that government entities will be discouraged from creating an LID if there is no guarantee that they will be able to borrow the money to pay themselves back.

A Member of the Committee asked if there was an emergency in the City of Eagle which promoted their wish to buy the water company. Ms. Zokan answered that there had been no declaration of an emergency rather that the Eagle Water Company wanted to sell their water company to the City of Eagle at what the City felt was a fair price.

Chairman Lake asked Ms. Zokan what part of the legislation she opposed. Ms. Zokan stated the legislation adds additional work before the local government can create an LID and that she felt that additional work was unnecessary.

**MOTION:** Representative Barrett moved to **send** **HB 577** to the floor with a **do pass recommendation**.

Representative Barrett spoke to her motion stating people who sell bonds prefer that the process be as easy as possible and taxpayers who could not afford to pay the assessment would most likely not be able to hire an

attorney to protest the assessment.

**ROLL CALL  
VOTE:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, and LeFavour.

Voting **NAY** - Representatives Smith, Saylor, Jaquet, Killen, and Ruchti.

**The motion passed 13 - 5.**

Representative Labrador will sponsor the bill on the floor.

Chairman Lake recognized Representative Wills.

**BILL # HB 579**

HB 579 - legislation relating to limitation of property taxes.

Representative Wills stated that this legislation will amend Chapter 8, Title 63, Idaho Code to allow a taxing district's budget to be limited. This legislation would be by a vote of the people and could result in the lowering of property taxes. School budgets would be exempt.

Representative Wills further stated a petition may be initiated by 10% of the voters voting at the last election of the taxing district. Budget limitations would need to pass by a 66 2/3% majority of people voting in the budget limitation election.

Chairman Lake recognized Tony Poinelli.

Mr. Poinelli, representing the Idaho Association of Counties, spoke in opposition to the bill stating that the vast majority of County responsibility is not discretionary, it is mandatory. Many of the funding sources for these responsibilities are property tax money.

Chairman Lake recognized Lenna Whitney.

Ms. Whitney, Treasurer, City of Mountain Home, spoke in opposition to the bill stating that she analyzed the bill by asking what is the worst that can happen should the bill become law. Ms. Whitney stated that under this bill that even after the budget has been completed, a group of citizens whose property taxes have risen, could hold an election and reduce the budget. This would force the City to make drastic cuts in the already completed budget.

Chairman Lake recognized Randy Nelson.

Mr. Nelson, representing the Association Taxpayers of Idaho, spoke to the statistics in his handout. Chairman Lake asked Mr. Nelson's opinion of the bill and Mr. Nelson stated he was in the middle of the road on the legislation.

**MOTION:**

Representative Barrett moved to send HB 579 to the floor with a **do pass recommendation**.

Representative Barrett spoke to her motion stating this is a tool in the

taxpayer's tool chest. Representative Moyle spoke in favor of the motion stating the cities can easily have an election to raise taxes and the people should have a tool to lower their own taxes.

**SUBSTITUTE MOTION:**

Representative Jaquet moved to **hold HB 579** in Committee.

**ROLL CALL VOTE ON SUBSTITUTE MOTION:**

Voting **AYE** - Representatives Jaquet, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, Hart, Sayler, and LeFavour.

**The motion failed 15 - 3.**

The motion to **send HB 579** to the floor with a **do pass recommendation passed** on a voice vote. Representatives Jaquet, Killen, and Ruchti asked to be recorded as voting **NAY**.

Representative Wills will sponsor the bill on the floor.

Chairman Lake recognized Representative Hart.

**BILL # HB 568**

HB 568 - legislation relating to Urban Renewal Districts.

Representative Hart stated the purpose of this legislation is to provide the State Tax Commission with authority to check submittals for newly proposed and expanding urban renewal districts and competitively disadvantaged border community areas for compliance with Idaho Code.

Representative Hart spoke to his handouts and addressed the key points of the legislation.

Chairman Lake stated that the Committee would hear testimony from the out of town guests, but would not hold a vote today. Additional people wishing to testify would be heard tomorrow, Wednesday, March 5 and the Committee could then make motions on the bill.

Chairman Lake recognized Duane Rasmussen.

Mr. Rasmussen, an attorney representing himself, spoke in favor of the bill stating that it was his opinion that the Urban Renewal District laws needed adjusting to make them more fair and equitable.

Chairman Lake recognized Matt Roette.

Mr. Roette, an attorney representing himself, spoke in favor of the bill stating he felt the Urban Renewal Districts needed more accountability and reporting requirements.

Chairman Lake stated that HB 568 would be first on the agenda tomorrow.

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Wednesday, March 5, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 11:10 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 5, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Teresa Molitor; John Watts; Mark Rivers; Liza Carberry; Donna Peterson.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 4, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Teresa Molitor.

**BILL # 568** HB 568 - legislation relating to Urban Renewal Districts.

Ms. Molitor, representing Lake City Development Corporation, Jerome Urban Renewal Agency, and Meridian Development Corporation, spoke in opposition of the bill stating Urban Renewal Districts are not corporate welfare, but rather an economic development tool to improve the lives of Idahoans.

Ms. Molitor stated that HB 568 is more than a simple tweak of the Urban Renewal Law. She further stated there is no reason to modify the code when there seems to be no issue with the existing code. Ms. Molitor stated the reporting requirements of the bill would increase the costs to County Assessors and Local Government.

Ms. Molitor gave an example of an Urban Renewal District assisting a local school with infrastructure improvements by accessing the school through "shoestringing."

Chairman Lake recognized John Watts.

Mr. Watts, representing the Idaho Chamber of Commerce Alliance, spoke in opposition of the bill stating that while the Alliance does support Urban Renewal Districts, the Alliance wishes to continue to advocate for the effectiveness of the Urban Renewal Districts.

Mr. Watts stated that the Alliance objected to the section of the bill speaking to amendments being subject to the same time period as the original bill. The Alliance would prefer to see the time periods for

amendments to be specific to the amendments themselves.

Mr. Watts further stated that the shoestring process when used appropriately is a very good tool, but when used inappropriately can be very dangerous.

Chairman Lake recognized Mark Rivers.

Mr. Rivers, a real estate developer representing himself, spoke in opposition to the bill giving real world examples of the benefits of Urban Renewal Districts. Mr. Rivers stated he was the developer on the BoDo Project in downtown Boise and would not have been able to make the investment in the project without the assistance of the Urban Renewal District. Mr. Rivers further stated Urban Renewal Districts are not corporate welfare, but actually benefit the local economy and districts that need improvements.

Chairman Lake recognized Representative Hart.

Representative Hart spoke to questions from the Committee and talked about amendments to the bill he wished to make.

**MOTION:** Representative Wood moved to **send HB 568 to general orders with the proposed amendments.**

**SUBSTITUTE MOTION:** Representative Jaquet moved to **hold HB 568 in Committee.**

**ROLL CALL VOTE ON SUBSTITUTE MOTION:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Smith, Raybould, Roberts, Clark, Bedke, Saylor, Jaquet, LeFavour, Killen, Ruchti.

Voting **NAY** - Representatives Barrett, Schaefer, Wood(35), Harwood, Hart.

**The motion passed 13 - 5.**

Chairman Lake recognized Representative Hart.

**BILL # S1385** S 1385 - legislation relating to disposal of county property.

Representative Hart stated the intent of the legislation is to change the current tax deeding process. This bill would reduce the delinquency time for subjecting a property to the issuance of a tax deed from three (3) to two (2) years.

Representative Hart stated the bill would also establish a process for distributing any excess proceeds after the county has conducted an auction to sell the property because of delinquent taxes. The new process would require all parties of interest to be notified within 30 days of the sale and requires them to respond to the county in writing within 60 days of being provided notice to claim proceeds. After payment to all such parties, all remaining excess funds would be returned to the owner(s) of record.

Chairman Lake recognized Donna Peterson.

Ms. Peterson, treasurer representing IACT, spoke in favor of the bill and answered a question from the Committee regarding junior lien holders. Ms. Peterson stated senior lien holders would be paid before junior lien holders.

**MOTION:** Representative Clark moved to **send S 1385** to the floor with a **do pass recommendation**. The motion **passed** on a voice vote. Representatives Barrett, Wood(35), and Harwood asked to be recorded as voting **NAY**.

Chairman Lake recognized Liza Carberry.

**BILL # HB 549** HB 549 - legislation relating to transferring moneys from Idaho's College Savings Plan to a qualified tuition program.

Ms. Carberry, representing the State Treasurer's office, stated the College Saving Program legislation passed in the 2000 Legislative Session. This program allows Idahoans to save for qualified tuition programs. There is a significant tax advantage to being located in the State of Idaho.

Ms. Carberry stated that the College Saving Program Board noted that there had been an increase in account owners making a deposit to their account, taking the generous Idaho tax deduction, and then quickly rolling the funds into another state's program. In response, the Legislature enacted Idaho Code 63-3022(p) which requires that rollovers be taxed.

Ms. Carberry stated that provision had the unintended consequence of taxing all rollovers. This bill limits the period in which a rollover is taxed to twelve (12) months after the funds are deposited and provides that an account owner is only taxed on deposits made by the account owner.

**MOTION:** Representative Jaquet moved to **send HB 549** to the floor with a **do pass recommendation**. The motion **passed** on a voice vote.

Chairman Lake stated the first bill to be heard on Thursday would be HB 578.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, March 6, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:30 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 6, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Jeremy Pisca; Carter Froelich; Valencia Bilyeu; Susan Buxton.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Raybould moved to accept the minutes for March 5, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Jeremy Pisca.

**BILL # 578** HB 578 - legislation relating to Community Infrastructure Districts (CIDs).

Mr. Pisca, representing the Idaho Association of Realtors, presented the bill stating Idaho is a high-growth state not able to keep up with the infrastructure demands of the high growth. The purpose of this bill is to create a new tool to fund public infrastructure in advance of new development.

Mr. Pisca stated CIDs may only be formed within a city's municipal boundaries or in unincorporated areas designated within a city's comprehensive plan with the city's consent.

Mr. Pisca stated only public infrastructure providing a regional or community-wide benefit may be funded through a CID. A district development agreement must be established between property owners and the local jurisdiction to provide both parties with assurance that implementation of the CID will be mutually agreeable.

Mr. Pisca further stated 100% of the property owners in a proposed district must petition the local government to establish the CID and adopt a general plan for the district.

If the CID is established within a city, three members of the City Council will be the governing board. If the CID is established within a county, three members from the County Commissioners will be the governing board. If the CID is established in a city and a county, then a blended governing board of City Council members and County Commissioners with a tie vote being broken by the area that contains the most land mass.

The CID is a separate political subdivision apart from the local jurisdiction. Therefore, the governing board would be acting separately from their duties as council members or commissioners.

A Member of the Committee asked a for clarification on what is excluded from community infrastructure. Mr. Pisca answered it would be side streets, curbs, gutters, and sewer connections to individual houses. Mr. Pisca further stated the intention of the CID is to provide for funds for infrastructure that benefits the whole community.

Members of the Committee asked questions about full disclosure to property owners and protection of the property owners. Mr. Pisca yielded to Mr. Froelich. Mr. Froelich stated much depends on the type of bond. If it is a special assessment bond, the developers would be responsible for the assessments on lots not sold and vacant homes. If it is a general obligations bond, it is going to encompass the entire district and, to the extent the developer is not paying his prorata share, the homeowners who are still paying their property taxes, will pick up his share.

Mr. Pisca stated the disclosure to potential property owners regarding being in a CID is atypical of the disclosure language usually used. This language goes above and beyond what is normally required.

Chairman Lake recognized Valencia Bilyeu.

Ms. Bilyeu, an attorney representing the City of Boise, spoke in opposition to the bill stating the bill does not clearly define what improvements are excluded. She also expressed concern about the conflict of interest issues of the governing board being made up of City Council members and County Commissioner members.

Chairman Lake recognized Susan Buxton.

Ms. Buxton, an attorney, spoke in favor of the bill stating it is a good step and a good tool to assist local governments.

Chairman Lake asked Ms. Buxton to return tomorrow, Friday, March 7, 2008 to continue her testimony before the Committee as the Committee needed to adjourn in order to report to the House floor for the session.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Friday, March 7, 2008 at 9:00a.m. in Room 240.

**ADJOURN:** Chairman Lake adjourned the meeting at 10:05 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 7, 2008

**TIME:** 9:00a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Susan Buxton; JoAnn Butler; John Eaton; Senator Bastain; Joe Barton.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 6, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Susan Buxton.

**BILL # 578** HB 578 - legislation relating to Community Infrastructure Districts (CIDs).

Ms. Buxton, at the request of the Chairman, returned for questions on her testimony of March 6, 2008. Chairman Lake asked Ms. Buxton if she wished to comment on what effect the lawsuit talked about yesterday has on the legislation we are considering today.

Ms. Buxton stated she was not prepared to give a legal opinion, but felt that the legislation adequately addressed the concerns of the lawsuit.

A Member of the Committee asked who Ms. Buxton was representing at the hearing. Ms. Buxton stated her firm represents 23 cities, but she was not representing any one of them per se.

Chairman Lake asked Ms. Buxton if any of the 23 cities represented by her firm had expressed opposition to this legislation. Ms. Buxton stated none of them had expressed opposition to this legislation.

Chairman Lake recognized JoAnn Butler.

Ms. Butler, an attorney, spoke in favor of the legislation. Ms. Butler stated she has represented the Harris Family in the development of Harris Ranch and has been involved in community planning issues for landowners and developers.

Ms. Butler stated that growth needs to pay for growth, but that growth cannot be paid for in a piecemeal process. Paying in arrears for growth is not the optimum way to pay for growth. Being able to plan for

infrastructure in advance of development will ensure that growth pays for growth.

Chairman Lake recognized John Eaton.

Mr. Eaton, representing the Idaho Association of Realtors, spoke in favor of the bill stating this legislation is a mechanism that will finance development in advance of construction. This legislation also necessitates that infrastructure plans must be put in the comprehensive plan.

Mr. Eaton gave two real-world examples speaking about a development that required a bridge in order to access the development or a city that required a freeway interchange before the development could be built. Both the bridge and interchange were too expensive for the developer to build. This legislation would provide a financial tool to pay for the bridge or the interchange.

Mr. Eaton also addressed Committee concerns regarding the disclosure statements given to home buyers at closing informing them that they are buying a home under a CID. He stated these disclosures were clear and easily understandable by the average homeowner. He also stated it is the realtor's responsibility to inform their clients of these types of issues.

A Member of the Committee asked Mr. Eaton if the section on the definition of qualified electors had been vetted through bond experts. Mr. Eaton asked Mr. Pisca to answer the question. Mr. Pisca stated that the section had been reviewed by competent legal counsel. A Member of the Committee asked if the legislation had been vetted through the Attorney General's office. Mr. Pisca stated it had not been looked at by the Attorney General's office.

Chairman Lake recognized Senator Bastian.

Senator Bastian spoke in favor of the bill stating that in previous years he has opposed this type of legislation, but now supports this bill because the language is different. Senator Bastian stated that we should not ask long-term residents of a city or county to pay for infrastructure needs caused by new development.

Chairman Lake recognized Joe Barton.

Mr. Barton spoke to the bill stating this is a tool that both the large and small developers can use to build necessary infrastructure. He further stated the developers would be held to a very high standard by the CID governing board.

Mr. Barton stated he would support an amendment to the bill that restricts the boundaries stating he believes the CID should be allowed statewide.

A Member of the Committee asked Mr. Barton if he believed removing that restriction would be making the legislation too broad. Mr. Barton stated it would be broad, but would not be out of control.

Chairman Lake stated that the Committee would hear from Mr. Pisca on

Monday, March 10, 2008 for final statements and questions. After that, the Chair would entertain motions from the Committee.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Monday, March 10, 2008 at 8:30a.m. in Room 240.

**ADJOURN:** Chairman Lake adjourned the meeting at 10:10 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 10, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative Bedke

**GUESTS:** Jeremy Pisca; Representative Black; Senator Hill.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 7, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Jeremy Pisca.

**BILL # 578** HB 578 - legislation relating to Community Infrastructure Districts (CIDs).

Mr. Pisca stated the intent of this legislation was to find ways to finance impact-eligible infrastructure ahead of development.

Mr. Pisca addressed several issues of concern heard over the two days' of testimony. 1) No city has to agree to a formation of a CID. It is optional. It is the city's decision to incur the indebtedness. The city makes the decision what to construct.

2) It was asked if this legislation would survive a Blaha challenge. Mr. Pisca stated that it would and that Blaha is not applicable to this legislation.

3) Mr. Pisca addressed annexation issues stating voluntary annexation must be tied to an annexation plan.

4) Mr. Pisca stated that the discussion regarding including schools in the CID was discussed and vetted during the drafting of the legislation. The conclusion was that there exists in Idaho code today mechanisms for schools to do just what this legislation is attempting to do for the rest of the city or county. Therefore, it was decided not to include schools in the legislation.

**MOTION:** Representative Clark moved to **send** HB 578 to the floor with a **do pass** recommendation.

**SUBSTITUTE  
MOTION:** Representative Jaquet moved to **send HB 578 to general orders** with the proposed amendment.

Representative Jaquet spoke to her motion stating the amendment would resolve the issues large cities have regarding providing services to the annexed areas.

A Member of the Committee debated against the amendment stating the bill already addresses the annexation issue.

A Member of the Committee debated for the amendment stating the amendment was necessary to protect large cities from paying for infrastructure for unincorporated areas.

**ROLL CALL  
VOTE ON  
SUBSTITUTE  
MOTION:**

Voting **AYE** - Representatives Moyle, Schaefer, Smith, Wood, Hart, Sayler, Jaquet, and Killen.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Raybould, Roberts, Clark, Harwood, LeFavour, and Ruchti.

Absent/Excused - Representative Bedke.

**The motion failed 9 - 8 - 1.**

**ROLL CALL  
VOTE ON  
ORIGINAL  
MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Smith, Raybould, Roberts, Wood, Clark, Harwood, Sayler, and Ruchti.

Voting **NAY** - Representatives Barrett, Moyle, Schaefer, Hart, Jaquet, LeFavour, Killen.

Absent/Excused - Representative Bedke.

**The motion passed 10 - 7 - 1.**

Chairman Lake recognized Representative Clark.

**HOUSE  
CONCURRENT  
RESOLUTION  
#45**

Representative Clark stated the resolution authorizes the Legislative Council to establish an interim committee to study Idaho's property tax systems, including the expenditure of property tax revenues, to determine if such expenditures might more reasonably be covered from other revenue sources. In addition, the interim committee would make recommendations to provide property tax relief while encouraging economic development, meeting the needs of local governments, and furthering the improved administration of Idaho's criminal justice, juvenile justice, and court systems.

**MOTION:**

Representative Jaquet moved to **send** House Concurrent Resolution #45 to the floor with a do pass recommendation. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Black.

**RS 18047**

RS 18047 - legislation to exclude property owners from a modified Local Improvement District.

Representative Black stated this proposed legislation is intended to replace HB 518. The purpose of the legislation is to allow the sponsoring

governing body an option to exclude property owners from a modified Local Improvement District by a vote of a majority of the City Council members.

A Member of the Committee asked if there was language in the legislation if a property owner decides they need the services and want to opt back into the LID. Representative Black stated that was the intent of the legislation, but it was not necessarily spelled out.

**MOTION:** Representative Jaquet moved to **introduce** RS 18047. The motion **passed** on a voice vote.

**HB 518** HB 518 - legislation relating to a modified Local Improvement District.

**MOTION:** Representative Raybould **moved to hold HB 518** in Committee. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Hart.

**RS 18082** RS 18082 - legislation relating to Urban Renewal Districts.

Representative Hart stated this RS is very similar to HB 518 which was held in Committee. The intent of the bill does not change at all, but instead the new RS presents clearer language that will address some of the concerns from the Members of the Committee.

A Member of the Committee asked about developing a criteria for shoestring annexation. Representative Hart stated his earlier draft had a shoestring definition, but based on a recommendation from the Tax Commission, he removed it from the draft. In addition, Representative Hart stated there is no definition for a shoestring annexation in federal code or in any of the 50 states.

**MOTION:** Representative Barrett moved to **introduce** RS 18082.

**SUBSTITUTE MOTION:** Representative Roberts moved to **introduce RS 18082 to the 2<sup>nd</sup> reading calendar**.

**AMENDED SUBSTITUTE MOTION:** Representative LeFavour moved to **introduce RS 18082 to general orders** with the shoestring amendment.

**ROLL CALL VOTE ON** Voting **AYE** - Representatives Sayler, LeFavour, Killen, and Ruchti.

**AMENDED SUBSTITUTE MOTION:** Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwoode, Hart, and Jaquet.

Absent/Excused - Representatives Moyle and Bedke.

**The motion failed 12 - 4 - 2.**

**ROLL CALL VOTE ON** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Raybould, Roberts, Wood, Clark, Harwood, and Hart.

**SUBSTITUTE MOTION:** Voting **NAY** - Representatives Smith, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Absent/Excused - Representatives Moyle and Bedke.

**The motion passed 10 - 6 - 2.**

Chairman Lake recognized Senator Hill.

**RS 18001** RS 18001 - legislation to conform the Idaho income tax law to changes made to the Internal Revenue Code.

Senator Hill stated this proposed legislation will conform the Idaho Income Tax law to changes made to the Internal Revenue Code after January 1, 2008, including the Economic Stimulus Act of 2008. Senator Hill further stated conformity with the Act accelerates the deduction for depreciable assets by increasing the election to expense the assets and by providing for bonus depreciation. In addition, the bill exempts the amounts of property deducted as bonus depreciation from Idaho investment tax credit.

Members of the Committee asked questions about the fiscal note. Senator Hill stated there would be no fiscal impact in 2008. He further stated the fiscal impact noted for future years was the best estimate based on what we project business will do with regard to depreciation.

A Member of the Committee asked what would happen if we did not pass this legislation. Senator Hill stated it would be very difficult for most businesses as they would need two sets of depreciation schedules, one for the state and one for the federal government.

**MOTION:** Representative Raybould moved to **introduce RS 18001 to the 2<sup>nd</sup> reading calendar.**

**SUBSTITUTE MOTION:** Representative Jaquet moved to **introduce** RS 18001.

**ROLL CALL VOTE ON THE SUBSTITUTE MOTION:** Voting **AYE** - Representatives Barrett, Smith, Harwood, Hart, Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Schaefer, Raybould, Roberts, Wood, and Clark.

Absent/Excused - Representatives Moyle and Bedke.

**The motion passed 9 - 7 - 2.**

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, March 11, 2008 at 8:30a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:55 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 11, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representative Wood

**GUESTS:** Alex LaBeau; Vicki Meadows; Ken Estep; Doug Glascock; Amy Wynn; Dallas Clinger.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Sayler moved to accept the minutes for March 10, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Alex LaBeau.

**BILL # 599** HB 599 - legislation relating to personal property tax.

Mr. LaBeau stated this legislation was brought by a business coalition and it deals with the elimination of personal property tax on tools, machinery, furnishings, equipment, and fixtures.

Mr. LaBeau stated that studies have indicated that the elimination of the tax would result in significant economic stimulus for both business and the personal income of Idaho citizens.

Mr. LaBeau spoke to his handout stating these were the latest budget numbers and show the true reality of what the impact of eliminating this tax would be on local governments. Mr. LaBeau asked the Members of the Committee to look at the total ramifications of the tax elimination rather than looking at just the personal property tax level of the local government budget.

Mr. LaBeau walked the Committee through the proposed legislation stating the purpose is to phase out the tax over five years. Elements of the legislation include an immediate and retroactive exemption of all new personal property purchased since January 1, 2008.

The remaining personal property on the books prior to that date will be assessed for 2008. This process will establish the actual gross dollar amount that will be repaid by the state to local government throughout the phase out and into perpetuity.

Mr. LaBeau further stated that the five year phase out starting in Fiscal Year 2010 will be in twenty percent (20%) increments until all of the personal property tax paid by business is eliminated and the state is fully reimbursing local governments. Each year the state revenue will need to exceed four percent (4%) for each increment to be phased in. Mr. LaBeau stated there should be immediate savings to counties that will no longer have to track and assess many of these depreciating assets of the businesses starting in FY 2009.

A Member of the Committee asked if there were provisions in federal and state code that already exempt small items such as pencils and staplers from personal property tax. Mr. John, Tax Commission, stated that currently there were no exemptions from personal property tax for small items such as pencils and staplers.

A Member of the Committee asked how will you keep the cities and counties whole through perpetuity if there is no growth in state revenue. Mr. LaBeau stated the legislation requires growth in excess of 4% annually. If the state revenue grows only 2%, then that 20% gets backloaded.

A Member of the Committee asked Mr. LaBeau for a clarification of operating equipment. Mr. LaBeau stated this legislation would divide the operating equipment into two categories, real and personal. This will allow the tax commission to treat all operating equipment the same for all businesses.

Chairman Lake recognized Vicki Meadows.

Ms. Meadows, Commission Chair of Power County, spoke in opposition to the bill stating their estimated tax base loss due to this legislation would be 40%. Ms. Meadows stated if the county loses 40% of their tax base, their only remedy will be to cut services and people as well as raise taxes on real property.

Ms. Meadows stated in addition to tax base lose, this legislation will reclassify property. The proposed definitions are so broad that in some cases, the only real property left will be the dirt on which the business sits.

Chairman Lake recognized Ken Estep.

Mr. Estep, Power County Commissioner, spoke in opposition to the bill stating that the offset dollars would not go into L2 and the legislation caps the L2 money.

Chairman Lake asked Mr. Estep about Ms. Meadows' handout stating that he did not believe it took into consideration the replacement dollars from the state. Mr. Estep agreed that the handout did not take into consideration the replacement dollars and that the figures were also based on zero growth.

Chairman Lake recognized Doug Glascock.

Mr. Glascock, Power County Assessor, spoke in opposition of the bill

stating that the county will lose large amounts of tax value because of this legislation. The taxing districts ability to bond will also be affected by the passage of this bill. The end result will be cities and counties will have to cut services.

Chairman Lake recognized Amy Wynn.

Ms. Wynn, Mayor of American Falls, spoke in opposition to the bill stating the city's levy will be based on a smaller amount. Ms. Wynn also stated that she had concern about the state's general fund being able to find the money for the replacement dollars considering the shortfalls in the general fund money.

Chairman Lake recognized Dallas Clinger.

Mr. Clinger, member of the Power County School Board, spoke in opposition to the bill stating an estimated tax base loss of 40% impacts jobs by putting people out of work. Mr. Clinger proposed leaving the tax base intact by not capping the L2. Under the proposed legislation, if the L2 is capped, it would not leave enough to cover expenses.

Chairman Lake thanked the guests for their input on the proposed legislation and stated that testimony on the bill would continue tomorrow.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Wednesday, March 12, 2008 at 8:30a.m. in Room 240.

**ADJOURN:** Chairman Lake adjourned the meeting at 9:55 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 12, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Alex LaBeau; Jim Reed; Pat Charlton; Phil Homer; Harold Ott; Randy Nelson; John Watts.

A quorum being present, Chairman Lake called the meeting to order at 9:00a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 11, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Jim Reed.

**BILL # 599** HB 599 - legislation relating to personal property tax.

Mr. Reed, Superintendent of the Weiser School District, spoke in opposition to the bill stating that school districts are being affected by increased costs. Mr. Reed stated the proposed reduction of property tax revenues would have long-term effects to the school district. Mr. Reed suggested taking a year to study the proposed legislation and its long-term effects on local government.

Chairman Lake recognized Pat Charlton.

Mr. Charlton, Assistant Superintendent of the Vallivue School District, spoke in opposition to the bill stating the district was concerned that this bill would affect their ability to pass school bonds.

A Member of the Committee asked Randy Nelson if the reduction in bonding capacity would be replaced by the money from the State. Mr. Nelson stated that the replacement money would go to any levy already passed.

Chairman Lake recognized Phil Homer.

Mr. Homer, with the Chairman's permission, read testimony from Rich Bauscher, Superintendent of the Middleton School District.

Mr. Bauscher, through his written testimony, spoke in opposition to the bill stating it would have a negative affect on most every school district's levy

rate as well as on many of their bonding capacities. Mr. Bauscher stated that if this legislation had passed last year, it would have taken away 1/3 of the 33% the school district gained back from full market value as a result of HB 210 passed last year. Losing 11% of market value would cost approximately \$90M.

Chairman Lake recognized Harold Ott.

Mr. Ott, Middleton School District, spoke in opposition to the bill stating passage of this bill would decrease the market value and decreased market value equals a tax rate increase. This would place an unfair burden on homeowners. In addition, the capacity of the district to run supplemental bond issues is diminished.

Chairman Lake asked Mr. Ott why he believed passage of this bill increases the need to run a supplemental bond. Mr. Ott replied he meant to state that it would be harder to pass a supplemental bond. Chairman Lake asked Mr. Ott if it was his understanding that from 2010 to 2014 that the capacity diminishes 20% each year. Mr. Ott replied, yes, that was his understanding

Chairman Lake recognized Randy Nelson.

Mr. Nelson, legislative advisor for Associated Taxpayers of Idaho, spoke to the statistical data in both of his handouts. Members of the Committee asked for clarification with regard to the data.

Concerning the homeowners exemption, a Member of the Committee asked Mr. Nelson if there was a shift in taxes from business property to homeowners prior to the 2005 increase. Mr. Nelson replied that the shift has been going on for some time because residential property values have grown so much faster than business properties.

A Member of the Committee asked Mr. Nelson if his figures took into account the new definitions of personal property in this legislation. Mr. Nelson stated he had not used the new definitions.

Chairman Lake recognized John Watts.

Mr. Watts, representing the Idaho Chamber of Commerce Alliance, spoke in favor of the bill stating most companies would use the tax savings to invest back into their companies and their employees. The Chamber believes the economic stimulus of those investments would offset the lost revenue.

Mr. Watts presented the Idaho Chamber of Alliance survey from their members regarding the elimination of the Personal Property tax and asked that it be included in the record.

Chairman Lake recognized Billy Knorpp.

Mr. Knorpp, a small business owner representing NFIB, spoke in favor of the bill stating the balloted members of the NFIB voted 75% to support this legislation. Mr. Knorpp stated the current reporting mechanism takes too

much time and is cumbersome. He also stated that if a business receives money back as a result of the legislation it would most likely put the money back into the business. On the other hand, the personal property tax now paid by the business is likely to be passed to the consumer.

Chairman Lake recognized Alex LaBeau.

Mr. LaBeau stated that with the proposed amendment, the tracking criteria would remain the same. Mr. LaBeau stated this legislation is larger than just an incentive, it is a policy to eliminate an onerous tax.

Chairman Lake recognized Dan John.

Members of the Committee asked Mr. John about future bonds. Mr. John stated that bonds that are existing today will receive replacement dollars.

A Member of the Committee asked about the formula for replacement dollars. Mr. John stated there is a standard formula used for replacement dollars.

A Member of the Committee asked Mr. John when the homeowners exemption was raised from \$50,000 to \$75,000 and then indexed, was there a tax shift onto agriculture and personal property. Mr. John replied yes, that is correct.

A Member of the Committee asked Mr. John if he would agree that the housing price index was a shift, but a shift for equity. Mr. John replied yes, that was the decision of this Committee.

**MOTION:** Representative Raybould moved to **send** HB 599 to the floor with a **do pass recommendation**.

**SUBSTITUTE MOTION:** Representative Killen moved to **send HB 599 to amended orders with his proposed amendment**.

Representative Killen spoke to his amendment stating it was more fiscally responsible. Representative Killen stated the record keeping burden was not removed by this amendment.

Representative Smith asked Representative Killen about the fiscal note. Representative Killen stated the fiscal impact was \$9.4M annually.

Representative Barrett spoke in favor of the original motion stating when we did this tax cut for agriculture we made an implied commitment that we would continue the same for everyone. She further stated tax cuts stimulate the economy.

Representative Clark spoke in favor of the original motion stating that the legislation provides that if growth is not greater than 4%, nothing happens

Representative LeFavour spoke in favor of the substitute motion stating that most of the tax breaks from this legislation would go to a very small group of business.

Representative Roberts spoke in favor of the original motion stating this would be instrumental in attracting new business to the state.

Representative Jaquet spoke in favor of the substitute motion stating the agriculture exemption amounted to \$12 or \$13M while this exemption would be approximately \$120M, a significant difference.

Representative Saylor spoke in favor of the substitute motion stating the Committee had not heard any testimony on behalf of the bill from school districts or counties because this bill will make levies more difficult in the future. This legislation will shift the tax responsibility to the taxpayers.

**ROLL CALL ON  
SUBSTITUTE  
MOTION:**

Voting **AYE** - Representatives Smith, Wood, Hart, Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Raybould, Roberts, Clark, Harwood, and Bedke.

**The motion failed 10 - 8.**

**ROLL CALL ON  
ORIGINAL  
MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Clark, Harwood, and Ruchti.

Voting **NAY** - Representatives Wood, Bedke, Hart, Saylor, Jaquet, LeFavour, and Killen.

**The motion passed 11 - 7.**

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Thursday, March 13, 2008 at 8:30a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 10:30 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 13, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Senator Hill; Jason Coronado; Randy Nelson; Jason Hancock.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 12, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Senator Hill.

**BILL # 615** HB 615 - legislation to update Idaho Code.

Senator Hill stated the bill was to update references to the Internal Revenue Code to conform the Idaho Income Tax law to changes made to the Internal Revenue Code after January 1, 2008 including the "Economic Stimulus Act of 2008."

Senator Hill stated conformity with the Act accelerates the deduction for depreciable assets by increasing the election to expense the assets and providing for bonus depreciation. In addition, the bill exempts the amounts of property deducted as bonus depreciation from Idaho investment tax credit.

**MOTION:** Representative Clark moved to **send** HB 615 to the floor with a **do pass recommendation**.

Representative Lake will sponsor the bill on the floor.

**BILL # HB 563** HB 563 - legislation relating to long-term capital gains in pass-through entities.

Senator Hill stated this bill will conform the Idaho Income Tax law regarding long-term capital gains in pass-through entities to the Internal Revenue Code (IRC).

The IRC provides that capital assets transferred to a new or existing pass-through entity retain the tax basis and holding period of the transferor. This bill would correct Idaho statute to require the transferor to be a

member of the pass-through entity for at least 12 months (24 months for certain capital assets) even if the transferor had owned the assets far longer than the time required to qualify for long-term capital gain treatment.

Senator Hill stated this bill has to do with fairness and compliance and, in his opinion, the current statute was an oversight that needs to be corrected.

Chairman Lake asked Senator Hill what brought this oversight to his attention. Senator Hill stated it was brought to his attention by an accountant in Pocatello. Senator Hill stated that the pass-through capital gains situation does not come up very often, but, when it does, it has devastating results for the taxpayer.

Chairman Lake asked Dan John, Tax Commission, if he provided the fiscal impact to Senator Hill and how many cases of this scenario are being audited by the tax commission. Mr. John stated he did provide the fiscal note to Senator Hill and that there are a number of cases the Tax Commission is auditing closely due to the cycle of capital gains caused by inflation in land values.

**MOTION:** Representative Smith moved to **send** HB 563 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

Representative Smith will sponsor the bill on the floor.

**BILL # HB 564** HB 564 - legislation relating to the method of determining the income of a part-year resident.

Senator Hill stated the statutes governing the taxation of residents allow a credit for taxes paid in other states on the same income that must be included in Idaho taxable income. In 1995, the language in the statute was changed to state income earned while taxpayer is "domiciled" in Idaho. The Tax Commission appropriately states the taxpayer must abide by the what the law says. The issue surrounds the interpretation of the words "domicile" and "residing." This bill will add back the words, "or residing."

Senator Hill asked the Chairman's permission to yield the podium to Jason Coronado, a CPA, who would provide explanation to the Committee about the differences in the law regarding the words "domicile" and "residing."

Chairman Lake recognized Jason Coronado.

Mr. Coronado, Partner, Deloitte Tax LLP, spoke to his handout stating HB 564 clarifies the law related to taxation of part-year residents. Mr. Coronado stated that the word "domicile" in legal terms was a permanent fixture, a place you would call home. The word "residing" in legal terms could be a vacation home or some place temporary. Mr. Coronado stated this bill would correct the inequity in taxation of income for part-time residents. Mr. Coronado stated that if a person resided in Idaho for 90 days or more, they would be considered a part-time resident.

**MOTION:** Representative LeFavour moved to **send** HB 564 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

Representative LeFavour will sponsor the bill on the floor.

Chairman Lake recognized Representative Mathews.

**BILL # HB 594**

HB 594 - legislation regarding new construction causing an inadvertent tax shift to other properties.

Representative Mathews stated that currently when new construction property is added to the budgets of local taxing districts, it is added at the previous year's levy rate. If the current year's levy rate is declining, this means that the new construction adds extra money to the budget, based on the previous year's higher rate. Representative Mathews further stated that this increased budget is then paid by all property taxpayers and it is cumulative.

Representative Mathews stated that this bill would prevent this tax shift from accumulating by causing the extra tax-shifted money to be subtracted from the next year's budget before any budget increase calculations are made.

Chairman Lake recognized Jason Hancock.

Mr. Hancock, representing himself, stated this bill identifies certain profiles of communities and taxing districts that have experienced tax shifts as a result of growth. He stated that if a community is experiencing increasing property values, that will drive down their levy. In any given year, the amount of shift that is going on in the state of Idaho is relatively small, but the cumulative values are what is being addressed by this bill.

Mr. Hancock spoke to his spreadsheet noting two counties - Bannock and Madison. Bannock County has more population, but did not have significant value growth. Consequently, their levy rate did not go down and they had no shift to existing property values. Madison County, however, is a smaller county but experienced \$123,000 worth of shift because new construction and values were driving down levy rates. Extrapolated out, the cumulative effect over 10 years to Madison County would be \$1.4M.

Chairman Lake asked Mr. Hancock if this only works when the taxing district is taking full advantage of their allowed rate increase of 3%. Mr. Hancock stated that was essentially correct. Also, if a taxing district was not taking their 3% increase, they would have an accumulated foregone balance.

Chairman Lake recognized Randy Nelson.

Mr. Nelson, legislative advisor for Associated Taxpayers of Idaho, spoke to the statistical data in his handouts. Members of the Committee asked for clarification with regard to the data.

**MOTION:**

Representative Wood moved to **send** HB 594 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.  
Representative Jaquet asked to be recorded as voting **NAY**.

Chairman Lake recognized Representative Moyle.

**RS 18097**

RS 18097 - is a constitutional amendment to allow the Legislature to authorize counties or cities to levy a sales and use tax within their jurisdiction.

Representative Moyle stated the sales or use tax would need approval of two-thirds of the qualified electors of a county or city voting.

Representative Moyle stated the amendment was written in broad terms to protect taxpayers. He stated it should be harder to raise taxes than in the current system.

Representative Moyle spoke to Governor Otter's letter to Chairman Lake wherein the Governor stated his support of an amendment to the Idaho Constitution to be placed on the November 2008 ballot authorizing local-option sales tax authority.

Representative Moyle stated that there is trailer legislation for this amendment for roads and transportation and that debate will take place later.

**MOTION:**

Representative Roberts moved to **introduce** RS 18097.

**ROLL CALL  
VOTE:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, and Hart.

Voting **NAY** - Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti.

**The motion passed 13 - 5.**

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Friday, March 14, 2008 at 8:30a.m. in Room 240.

**ADJOURN:**

Chairman Lake adjourned the meeting at 10:15 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 14, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Snodgrass; Sunny Freeman; Roy Eiguren; Jim Hansen; Nate Mitchell.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Raybould moved to accept the minutes as corrected for March 13, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Representative Moyle.

**HJR #4** House Joint Resolution #4 - an amendment to Article VII of the Constitution of the state of Idaho.

Representative Moyle stated this change to the Constitution would allow the Legislature to authorize counties or cities to levy a sales and use tax within their jurisdictions. Such sales or use tax would need approval of two-thirds of the qualified electors of a county or city voting.

A Member of the Committee asked Representative Moyle about trailer legislation. Representative Moyle stated if this amendment passes, there will be trailer legislation to follow. He further stated that Governor Otter has made it clear that if this amendment does not pass, he will veto any other bills. Therefore, there is no reason to spend time and energy on any legislation prior to the amendment vote.

A Member of the Committee asked what specific steps would be necessary for a city to levy a local option tax. Representative Moyle stated it would have to qualify by a two-thirds vote in a November election.

As a follow-up, the Committee Member asked if the legislature would have to approve that local option tax. Representative Moyle stated yes, they would.

A Member of the Committee asked Representative Moyle if he would agree that this amendment makes a barrier to cities who want to make changes by using the local option tax. Representative Moyle stated no, the city could still go back to the voters and ask for the changes using the two-

thirds vote standard rather than the 60% standard.

A Member of the Committee stated that the amendment does not address the issue of public transportation or growth and asked what in this amendment moves that process forward. Representative Moyle stated it is the “chicken or the egg” argument. If we do not pass this amendment, we will not move further local option taxes for transportation.

Chairman Lake recognized Sunny Freeman.

Ms. Freeman, a citizen representing herself, spoke in opposition to the amendment stating she was concerned that the amendment is limited to cities or counties rather than an entire region. Ms. Freeman stated we need to give authority to a regional transportation authority rather than individual cities and counties.

Representative Moyle, in response to Ms. Freeman’s concerns, stated that Ada County voted overwhelmingly to approve the Community College while Canyon County did not approve the Community College. Yet, Canyon County is now paying the taxes for the college they did not approve.

Chairman Lake recognized Roy Eiguren.

Mr. Eiguren, representing Valley Regional Transit, spoke in opposition to the amendment stating the constitutional amendment is not necessary. Mr. Eiguren stated the Valley Regional Transit has been working for the past five years studying options for funding for public transportation. We have worked hard to develop a broad-based, statewide coalition to support our goal of establishing a funding source.

Mr. Eiguren further stated that he has been authorized by the Coalition Members to present their positions on the amendment.

The Idaho Association of Counties supports the amendment on the basis that it provides clear authority for the Legislature to authorize local options sales tax and acts within appropriate standards.

The Association of Idaho Cities opposes the amendment because it is too restrictive.

The Boise Metro Chamber of Commerce opposes the amendment based on the lack of a regional approach.

The Ada/Canyon Metropolitan Planning Association (Compass) has no position.

The Valley Ride and the other coalition members oppose the amendment because the 66 2/3 majority threshold is not appropriate, and because they believe funding transportation projects should be approached regionally.

A Member of the Committee asked Mr. Eiguren to clarify his rationale against individual cities and counties having jurisdiction over their own area. Mr. Eiguren stated that a transportation system serves a region not just an individual city or county.

A Member of the Committee asked Mr. Eiguren if there was anything in this amendment that would prohibit two cities or two counties from forming a region to fund transportation. Mr. Eiguren stated no, there was not.

Chairman Lake recognized Jim Hansen.

Mr. Hansen, representing United Vision for Idaho, spoke in opposition to the amendment stating he would echo the opinions of Mr. Eiguren. He further stated communities should have the ability to work together across jurisdictions. Mr. Hansen stated he believed the best tax is one that is shared by the most people for the benefit of all.

Chairman Lake recognized Nate Mitchell.

Mr. Mitchell, Mayor of Star, Idaho, spoke in favor of the amendment stating that he believed the amendment will address the sideboard issues effectively.

A Member of the Committee asked Mr. Mitchell if his comments represented the views of the Star City Council members. Mr. Mitchell stated he was not here representing the City Council.

**MOTION:** Representative Roberts moved to **send** HJR 4 to the floor with a **do pass** recommendation.

**SUBSTITUTE MOTION:** Representative Ruchti moved to **send HJR 4 to general orders with a proposed amendment.**

Representative Ruchti spoke to his motion stating he wanted to replace the two-thirds majority with a 60% majority. He stated that the whole local tax option process has been a compromise. This body agrees that local option tax is the best way to address transportation needs. The compromise of lowering the threshold to 60% is just another compromise in the process.

Representative Barrett spoke in favor of the original motion stating the 66 2/3 majority is there to protect the taxpayers.

Representative LeFavour spoke in favor of the substitute motion stating we have allowed a local option tax to pass with 60% majority. The amendment, without the proposed change, would stand in the way of local option authority and the Legislature would have to grant each use of the local option tax.

Representative Raybould spoke in favor of the original motion stating if you can not convince 66 2/3 of the people in a community to vote for something, then perhaps you should either redo the plan or go out into the community and talk to the people. If the people believe it is a good idea, they will vote for the plan.

Representative Clark spoke in favor of the original motion stating the majority has always been 66 2/3, why change now.

Representative Jaquet spoke in favor of the substitute motion stating that the proponents of the amendment stated we need to make raising taxes

harder. She did not understand why we should make it harder and stated that the local option tax system had been upheld in court two times. Representative Jaquet stated we do not need a constitutional amendment because we could make all these changes with legislation.

Representative Harwood spoke in favor of the original motion stating that without this, the people in the rural area would have to give up their right to govern themselves for the greater good of the big city next door. Representative Harwood said Mark Twain once said, "If you rob Peter to pay Paul, you will have Paul's full support."

Representative Bedke spoke in favor of the original motion stating he wanted to address the issues of "easier and harder." "Harder" means you have a tight plan with broad approval which gives you a greater chance of success. "Easy" is divisive.

Representative Moyle spoke in favor of the original motion stating the Constitution is the organic law of the state. This amendment is the right building block or corner stone. It protects all Idahoans. This is about empowering the people.

Representative Saylor spoke in favor of the substitute motion stating his city does oppose the amendment mostly because of the 66 2/3. He further stated we do not need this amendment because we can do this already through legislation.

Representative Collins spoke in favor of the original motion stating Canyon County has been brought up a number of times and used as an example of a small county being overruled by the larger Ada County. He stated Canyon County voters would support a good idea and have supported many school bonds in the past. Canyon County is conservative as a whole, but they will vote to raise taxes if they are convinced that the plan is needed and is a good plan.

Representative Wood spoke in favor of the original motion stating that the Constitution was set up to protect the minority. This amendment does that and there is nothing wrong with giving the voters a chance to vote on their own taxes.

Representative Roberts spoke in favor of the original motion stating that this is a House Joint Resolution. No one in this Committee, the House, or the Senate gets to make the final decision. This will be our suggestion to the voters and, if they agree, it will then be embedded in the Constitution.

**ROLL CALL  
VOTE ON  
SUBSTITUTE  
MOTION:**

Voting **AYE** - Representatives Saylor, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Wood, Clark, Harwood, Bedke, and Hart.

**The motion failed 13 - 5.**

**ROLL CALL**

Voting AYE - Chairman Lake, Vice Chairman Collins, Representatives,

**VOTE ON  
ORIGINAL  
MOTION:**

Barrett, Moyle, Schaefer, Smith Raybould, Roberts, Wood, Clark, Harwood, Bedke, and Hart.

**The motion passed 13 - 5.**

Chairman Lake recognized Representative Snodgrass.

**RS 18060C1**

RS 18060C1 - legislation to clarify the Idaho Impact Fee Law.

Representative Snodgrass stated the proposed legislation clarifies that the definition of "development" under the Idaho Development Impact Fee law does not include public facilities constructed by taxing districts.

Representative Snodgrass also stated that in the emergency clause at the end of the legislation the words "and retroactively to January 1, 2007" needed to be removed.

**MOTION:**

Representative Bedke moved to introduce RS 18060C1 amended to strike the words "and retroactively to January 1, 2007." The motion **passed** on a voice vote.

Chairman Lake stated that HB 617 would be first on the agenda for Monday, March 17, 2008

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Monday, March 17, 2008 at 8:30a.m. in Room 240.

**ADJOURN:**

Chairman Lake adjourned the meeting at 10:00 a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 17, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Lynn Tominaga; James Talbot; Wendy Matson; Kerry Ellen Elliott; Lisa Hughes.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

Chairman Lake recognized Lynn Tominaga.

**BILL # 617** HB 617 - legislation to allow a sponsoring governing body an option to exclude property owners from a modified Local Improvement District.

Mr. Tominaga, Chairman Lindsey Lateral Water Users Association, stated that the Lindsey Lateral Association has the oldest water rights in the Boise system. The system is over 50 years old and has had no major repairs done in that time. The Association commissioned an engineering company to do a study on costs to replace the system or repair the existing system.

The Association has tried to form an LID for approximately 1 ½ years. When a public hearing was held before the City Council, there were 62 protestors out of a total of 400 homeowners. The demographics in the area consist of low income people, seniors on a fixed income, and young couples with small children.

Mr. Tominaga stated this legislation was an attempt to give these low income people an "opt out" option. The language in the new legislation allows the City Council to exempt people from the LID

Chairman Lake asked Mr. Tominaga what happens if we do nothing. Mr. Tominaga stated the system, without repairs or replacement, could last only another 10 or 15 years.

A Member of the Committee asked Mr. Tominaga what would each individual homeowner have to pay to replace the existing system and how would that compare with the water cost to the homeowner to stay with United Water. Mr. Tominaga stated it would be approximately \$4,000 per homeowner over a 20 year loan, which could be \$250 or \$300 a year. United Water's cost would be relatively the same per year, but Mr. Tominaga stated he believed the cost from United Water would go up over the 20 years, which would cost the homeowner more in the long run.

Chairman Lake recognized James Talbot.

Mr. Talbot, a citizen, spoke in opposition to the bill stating it gives too much power to a governing body, in this case the City Council. Mr. Talbot presented demographic information received from the City's 2006 Planning data stating that in his neighborhood, 15% of the people are on fixed incomes, 20% of the people are on food stamps and welfare, and the median income is \$28,000. The cost of replacing the system or repairing the system is too much for these low income people to pay.

Chairman Lake recognized Wendy Matson.

Ms. Matson, a citizen, spoke in opposition to the bill stating she believed she fell into the category of middle low income people and would not be allowed to opt out by the City Council even though she could not afford the cost. Ms. Matson stated she is already struggling with property taxes and cannot afford additional money to fix or repair this system.

Chairman Lake recognized Kerry Ellen Elliott.

Ms. Elliott, representing the Idaho Association of Counties, stated the Association does not have formal position on the bill, but does have some concerns. The Association has some issues with the process. The bill provides for remodification of a modified district by a simple decision of the City Council or the County Commissioners.

Ms. Elliott further stated that the modified LID should be under the same standard as when the LID was first formed, by agreement of 100% of the homeowners.

Chairman Lake recognized Lisa Hughes.

Ms. Hughes, a citizen and a member of the Lindsey Lateral Water Association, spoke in opposition to the bill stating the power to exclude or include homeowners should lie with the homeowners not the City Council. Ms. Hughes stated she did not have a problem with people being excluded as long it was by unanimous consent of the homeowners who would be responsible for paying the excluded member's share.

**MOTION:** Representative Smith moved to **hold HB 617 in Committee**. The motion **passed** on a voice vote.

Chairman Lake introduced the following RS legislation by stating that all the legislation came out of the Interim Committee meetings in the summer. Chairman Lake stated public hearings would be necessary on all of the proposed legislation.

**RS 17561**

RS 17561 - legislation to repeal Title 63, Chapter 29 of Idaho Code dealing with the Corporate Headquarters Incentive Act of 2005.

- MOTION:** Representative Raybould moved to **introduce** RS 17561. The motion **passed** on a voice vote.
- RS 17523** RS 17523 - legislation to repeal Section 63-3029 I of Idaho Code which grants an additional 3% investment tax credit for qualified broadband equipment.
- MOTION:** Representative Barrett moved to **introduce** RS 17523. The motion **passed** on a voice vote.
- RS 17540** RS 17540 - legislation to repeal Section 63-3622S of Idaho Code which deals with radio and television broadcasting equipment sales tax exclusion.
- MOTION:** Representative Hart moved to **introduce** RS 17540. The motion **passed** on a voice vote.
- RS 18123** RS 18123 - legislation to repeal Section 63-3029G of Idaho Code which grants a 5% tax credit for research activities.
- MOTION:** Representative Barrett moved to **introduce** RS 18123. The motion **passed** on a voice vote.
- ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Tuesday, March 18, 2008 at 9:00a.m. in Room 240.
- ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:35a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 19, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:**

**GUESTS:** Representative Snodgrass, Will Berg, Randy Nelson, Dan John.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Jaquet moved to accept the minutes for March 14, 2008 as written. Representative Collins moved to accept the minutes for March 17, 2008 as written. The motions **passed** on a voice vote.

Chairman Lake turned the Committee over to Vice Chairman Collins.

Vice Chairman Collins recognized Representative Snodgrass.

**BILL # HB 656** HB 656 - legislation relating to the Idaho Development Impact Fee law.

Representative Snodgrass stated this bill clarifies that the definition of "development" under the Idaho Development Impact Fee law does not include public facilities constructed by taxing districts.

A Member of the Committee asked Representative Snodgrass why the cities and counties cannot simply waive the impact fees. Representative Snodgrass yielded the podium to Will Berg.

Vice Chairman Collins recognized Will Berg.

Will Berg, Community Liaison for the City of Meridian, stated Ada County Highway District does not want to collect fees. An attorney from ACHD has stated that nothing in Idaho Code gives them the authority to waive these fees.

A Member of the Committee asked Representative Snodgrass if this applies to all taxing districts, if the CID bill passes into law, would HB 656 apply to CIDs. Representative Snodgrass yielded to Randy Nelson. Mr. Nelson stated that according to Idaho statute, an entity or unit with the statutory authorization to levy a property tax would be affected by this bill. Since a CID can levy a property tax, yes, it would fall under this new legislation.

A Member of the Committee asked Representative Snodgrass if a facility was built to promote activities and the highway leading to the facility need to be widened to accommodate the growth of the facility, how would the taxpayers pay for the impact of the activity center other than from impact fees.

Representative Snodgrass stated that there are several mechanisms that would be available such as a developer may be required to pay for the highway. Representative Snodgrass yielded to Eric Exline.

Vice Chairman Collins recognized Eric Exline.

Mr. Exline, Meridian Schools Public Information officer, stated the school district was in favor of the bill because even though ACHD does not impose impact fees on the school district, they do require the school district to mitigate the cost of widening the highways and putting in stop lights. The school district does have an obligation to take care of these things, but does not feel it is right to take bond revenue to pay for these improvements.

**MOTION:** Representative LeFavour moved to **send** HB 656 to the floor with a **do pass** recommendation.

**SUBSTITUTE MOTION:** Representative Smith moved to **send** HB 656 to **general orders**.

Substitute Motion **passed** on a voice vote. Representatives Schaefer, Wood, Killen, and LeFavour asked to be recorded as voting **NAY**.

Vice Chairman Collins recognized Representative Lake.

**BILL # HB 661** HB 661 - legislation to repeal Title 63, Chapter 29 of Idaho Code dealing with the Corporate Headquarters Incentive Act of 2005.

Representative Lake stated this section of code was created for a specific company at a particular time and had gone past its usefulness. Representative Lake walked the Committee through each section of the Chapter.

**MOTION:** Representative Jaquet moved to **send** HB 661 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote.

**BILL # HB 662** HB 662 - legislation to repeal Section 63-3029I of Idaho Code which grants an additional 3% investment tax credit for qualified broadband equipment.

Representative Lake stated he would need to change the fiscal note from \$3.4M to \$578,000 based on new data. Representative Lake stated when this exemption was first enacted, the legislature was trying to get broadband to people throughout Idaho.

**MOTION:** Representative Jaquet moved to **send** HB 662 to **general orders**.

**SUBSTITUTE MOTION:**

Representative Schaefer moved to **send** HB 662 to the floor with a **do pass** recommendation.

**AMENDED SUBSTITUTE MOTION:**

Representative Roberts moved to **hold** HB 662 in Committee.

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

Voting **AYE** - Representatives Barrett, Raybould, Roberts, and Wood.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Smith, Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen and Ruchti.

**The motion failed 14 - 4.**

**ROLL CALL VOTE ON SUBSTITUTE MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Moyle, Schaefer, Smith, Raybould, Clark, Bedke, Hart, LeFavour, and Ruchti.

Voting **NAY** - Representatives Barrett, Roberts, Wood, Harwood, Sayler, Jaquet, and Killen.

**The motion passed 11 - 7.**

**BILL # HB 664**

HB 664 - legislation to repeal Section 63-3029G of Idaho Code dealing with tax credits for research activities.

Representative Lake stated that the interim committee felt that this would be a good piece of legislation to look at with regard to repealing the exemption.

A Member of the Committee asked Representative Lake how many businesses have taken advantage of this particular exemption. Representative Lake stated it has been used over time and the use is growing. The cost to the State is approximately \$1.4 million.

A Member of the Committee asked Representative Lake was it the interim committee's intention to have businesses that have used the tax credits that are being repealed come back to the Committee to justify the credits again.

Representative Lake stated it was his sense that the reason the interim committee picked this piece of legislation as a tier one credit to exam was because in 2001 when this exemption was enacted, we had a particular firm that was debating whether or not to conduct research activities in Idaho and it was created for that firm.

Representative Lake stated the question is not whether the companies are taking advantage of the credit, the question is would the companies be conducting research because it was good for the company not because they were receiving the tax credit.

Representative LeFavour stated she was concerned that there was no one from industry to speak to the legislation.

Representative Jaquet asked Dan John if there were federal tax incentives for research and development. Mr. John stated there were, but a business had to have a tax liability in order to claim them.

**MOTION:** Representative Jaquet moved to **send** HB 664 to the floor with a **do pass** recommendation. The motion **passed** on a voice vote. Representative Wood asked to be recorded as voting **NAY**.

Vice Chairman Collins recognized Representative LeFavour.

**RS 18091** RS 18091 - legislation to simplify Idaho's statutes addressing exemptions to the sales tax.

Representative LeFavour stated the proposed legislation replaces the sales tax statute with a streamlined version. It creates uniform exemptions. It creates criteria an organization must meet. It changes the credit for non-profit organization for direct services who can then apply for a refund of sales tax.

Chairman Lake asked Representative LeFavour was it her understanding that we would get the bill printed this session and move forward with the legislation next session.

Representative LeFavour stated she had given the proposed legislation to several non-profit organizations who would be ready to testify at a hearing this session.

**MOTION:** Representative Jaquet moved to **introduce** RS 18091. The motion **passed** on a voice vote. Representative Bedke asked to be recorded as voting **NAY**.

Vice Chairman recognized Representative Hart.

**RS 17998C1** RS 17998C1 - legislation relating to the Right of Way Preservation Fund.

Representative Hart stated it was his intention to get the bill printed and to work on the legislation over the summer. The proposed legislation would allow purchase of right-of-way land ahead of the need for the land thereby allowing the land to be purchased at a reduced rate. The legislation would create a fund that could be used to buy this land and which could ultimately be reimbursed by the federal government. Representative Hart stated this legislation would be an opportunity to save the state of Idaho millions of dollars.

**MOTION:** Representative Saylor moved to **introduce** RS 17998C1. The motion **passed** on a voice vote.

**ANNOUNCEMENT** The Revenue and Taxation Committee will not meet on Thursday, March 20, 2008, but will reconvene on Friday, March 21, 2008 at 8:30a.m.

**ADJOURN:** There being no further business before the Committee, Vice Chairman Collins adjourned the meeting at 10:10a.m.

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Representative Gary Collins  
Vice Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 21, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Wood and Jaquet

**GUESTS:** John Watts, Jeremy Pisca.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Raybould moved to accept the minutes for March 19, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized John Watts.

**RS 18137** RS 18137 - legislation relating to bond limits for library districts.

Mr. Watts, representing the Idaho Library Association, stated this proposed legislation increases the bond limit for library districts from 4/10th of one percent (1%) up to two percent (2%) of assessed value within this new district. This new cap will provide library districts a larger value base from which to request voters to approve general obligation bonds for library capital projects.

Mr. Watts stated he was attempting to get this bill introduced and that he would work with legislators during the months up to the next session regarding this legislation.

**MOTION:** Representative Bedke moved to **introduce** RS 18137. The motion **passed** on a voice vote. Representative Barrett asked to be recorded as voting **NAY**.

Chairman Lake recognized Jeremy Pisca.

**RS 18135C2** RS 18135C2 - legislation relating to CIDs.

Mr. Pisca, representing the Idaho Association of Realtors, stated that the Committee had heard three or four days of testimony on HB 578 regarding Community Infrastructure Developments. Representative Killen requested an opinion on HB 578 from the Attorney General's office. The Attorney General did have some concerns regarding the language in HB 578 and the constitutionality of the bill.

Mr. Pisca worked with the concerns of the Attorney General's office and crafted the language to satisfy those concerns. The result is this new RS.

Mr. Pisca walked the Committee through the concerns of the Attorney General's office.

1) the AG was concerned about the provision regarding qualified electors. The language on page 3, line 13 is changed to read, "Qualified elector" means a person who possesses all of the qualifications required of electors under the general laws of the state of Idaho and: (a) Resides within the boundaries of a district or a proposed district....(b) is an owner of real property that is located within the district....."

2) Under 578 only landowners would get notice. On page 4, line 51, the language has been changed to read, "such notice shall also be mailed to each district resident and each owner of real property in the district..."

3) On page 15, line 34 the language has been changed to read, "A copy of such notice shall also be mailed to each district resident and each owner of real property in the district..."

4) The Attorney General's office had concern about the "one man, one vote" concept. Under HB 578, there was a voting calculation based on how much land was owned. The language on page 16, line 45, has been changed to read, "(I) each resident qualified elector shall be entitle to one (1) vote; and (ii) each owner qualified elector shall be entitle to one (1) vote..."

**MOTION:** Representative Raybould moved to **introduce** RS 18135C2 and send it **to the second reading calendar**.

**SUBSTITUTE MOTION:** Representative Moyle moved to **introduce** RS 18135C2.

**AMENDED SUBSTITUTE MOTION:** Representative LeFavour moved to **hold** RS 18135C2 in Committee.

**ROLL CALL VOTE ON** Voting **AYE** - Representative LeFavour.

**AMENDED SUBSTITUTE MOTION:** Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith, Raybould, Roberts, Clark, Harwood, Bedke, Hart, Sayler, Killen, and Ruchti.

Absent/Excused: Representatives Wood and Jaquet.

**The motion failed 15 - 1 - 2.**

**ROLL CALL VOTE ON** Voting **AYE** - Representatives Barrett, Moyle, Bedke, Hart, LeFavour, and Killen.

**SUBSTITUTE MOTION:** Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Schaefer, Smith, Raybould, Roberts, Clark, Harwood, Sayler and Ruchti.

Absent/Excused: Representatives Wood and Jaquet.

**The motion failed 10 - 6 - 2.**

**ROLL CALL ON  
ORIGINAL  
MOTION:**

Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Schaefer, Smith, Raybould, Roberts, Clark, Harwood, Saylor and Ruchti.

Voting **NAY** - Representatives Barrett, Moyle, Bedke, Hart, LeFavour, and Killen.

Absent/Excused - Representatives Wood and Jaquet.

**The motion passed 10 - 6 - 2.**

**ANNOUNCEMENT**

The Revenue and Taxation Committee will not meet on Monday, March 24, 2008.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 8:50a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 25, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Sayler, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Roberts, Bedke, and Ruchti

**GUESTS:** Roy Eiguren

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Collins moved to accept the minutes for March 21, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Roy Eiguren.

**RS 18139C1** RS 18139C1 - legislation relating to Local Option Sales and Use Tax.

Mr. Eiguren, representing Valley Regional Transit, spoke in favor of the bill stating it was designed to provide broad authority to cities and counties throughout the state to levy local option sales and use tax.

Mr. Eiguren presented the legislation to the Committee section by section highlighting the sections regarding the authority to levy the tax and the mechanisms to levy the tax. Chairman Lake asked Mr. Eiguren if the 1% cap was a hard cap or a cumulative cap. Mr. Eiguren stated that it was a hard cap.

Members of the Committee asked questions regarding the term of the tax. Mr. Eiguren stated it was up to the city or county to determine what the term of the proposed tax would be and, when the term ended, the city or county would have to bring another proposed plan to a vote of the people.

**MOTION:** Representative Raybould moved to **introduce RS 18139C1 to general orders.**

**SUBSTITUTE  
MOTION:** Representative Jaquet moved to **introduce RS 18139C1.**

**AMENDED  
SUBSTITUTE  
MOTION:**

Representative Barrett moved to **return RS 18139C1 to the sponsor.**

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

Voting **AYE** - Representatives Barrett and Harwood.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Schaefer, Smith, Raybould, Wood, Clark, Hart, Saylor, Jaquet, LeFavour, and Killen.

Absent/Excused - Representatives Moyle, Roberts, Bedke, and Ruchti.

**The motion failed 12 - 2 - 4.**

**VOTE ON  
SUBSTITUTE  
MOTION:**

The motion **passed** on a voice vote. **RS 18139C1 will be introduced.**

**ANNOUNCEMENT**

The Revenue and Taxation Committee will meet on Wednesday, March 26, 2008 at 8:30 a.m. in Room 240.

**ADJOURN:**

There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:05a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 26, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle, Wood, and Bedke

**GUESTS:** Roy Eiguren; Billy Knorpp; Wilke Myers; Randy Nelson.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Smith moved to accept the minutes for March 25, 2008 as written. The motion **passed** on a voice vote.

Chairman Lake recognized Roy Eiguren.

**HB 688** HB 688 - legislation relating to Local Option Sales and Use Tax.

Mr. Eiguren, representing Valley Regional Transit, spoke in favor of the bill stating it was designed to provide broad authority to cities and counties throughout the state to levy local option sales and use tax.

Chairman Lake recognized Billy Knorpp.

Mr. Knorpp, representing himself and NFIB, spoke against the bill stating 84% of the membership of NFIB on a recent poll had no desire to have local option taxes no matter what was being funded.

A Member of the Committee asked Mr. Knorpp to read the question put forth in the polling to the membership. With Chairman Lake's permission, Mr. Knorpp stated the question was, "Should local government be allowed to impose local sales taxes to fund transportation."

Chairman Lake recognized Wilke Myers.

Mr. Myers, representing the Independent Auto Dealers Association, spoke against the bill stating it puts people from a county with local option sales tax at a substantial disadvantage with regards to marketing.

Chairman Lake recognized Randy Nelson.

Mr. Nelson, representing the Associated Taxpayers of Idaho, spoke to his

handout stating the information was based on reports from the Tax Commission for 2005. Amounts shown on the tables for 2006 were an estimate.

Mr. Nelson stated that specifically relating to H 688, it is good that the authority to implement the tax requires a two-thirds majority at a November election date. There will be a better voter turnout and a stronger measure of support for what is being proposed.

Mr. Nelson further stated he believed it is good that the revenues from the tax may be used for any city or county purpose. With so many local taxing districts, having cities and/or counties entering into cooperative agreements with the state and other local district authorities keeps the local option tax system and statute less complex and also encourages more cooperation and priority use of the local option taxes for roads, parks, transit, libraries, and schools.

Chairman Lake recognized Kent Just.

Mr. Just, representing the Idaho Chamber Alliance, spoke in favor of the bill stating the Alliance has never been afraid to let local people make local decisions.

Representative Jaquet asked Mr. Just to comment on the impact of the regional shopping center on Twin Falls. Mr. Just stated that when he was the Director of the Twin Falls Chamber of Commerce, it was discussed that it was a "burden" that a city had to bear if there were a lot of people coming in to shop at the shopping center who were expecting services but who did not pay property tax. Mr. Just stated he has supported reducing property taxes, but does support this bill as well.

**MOTION:** Representative Jaquet moved to **send** HB 688 to the floor with a **do pass** recommendation.

Chairman Lake stated that the Committee will meet tomorrow to discuss and vote on HB 688 and the new RS 18162 which changes HB 688 with regard to property tax relief.

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet on Thursday, March 27, 2008 at 8:30 a.m. in Room 240.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:10a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** March 27, 2008

**TIME:** 8:30a.m.

**PLACE:** Room 240

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith(24), Raybould, Roberts, Wood(35), Clark, Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen, Ruchti

**ABSENT/  
EXCUSED:** Representatives Moyle and Roberts

**GUESTS:** Ron Crane; Rick Skinner.

A quorum being present, Chairman Lake called the meeting to order at 8:30a.m. The secretary took a silent roll.

**MINUTES:** Representative Jaquet moved to accept the minutes for March 26, 2008 as amended. The motion **passed** on a voice vote. Representative Clark asked to be recorded as voting **NAY**.

**HB 688** HB 688 - legislation relating to Local Option Sales and Use Tax.

**MOTION:** Representative Jaquet moved to **send** HB 688 to the floor with a **do pass recommendation**.

The motion **passed** on a voice vote. Representatives Schaefer, Raybould, Wood, Clark and Harwood asked to be recorded as voting **NAY**.

Chairman Lake will sponsor the bill on the floor.

**RS 18162** RS 18162 - legislation relating to Local Option Sales and Use Tax. This is replacement legislation for SB 1385 which was vetoed by the Governor.

**MOTION:** Representative Smith moved to **return** RS 18162 to the sponsor. The motion **passed** on a voice vote.

**RS 18148** RS 18148 - legislation relating to the disposal of County Property.

**MOTION:** Representative Clark moved to **send RS 18148 to the second reading calendar**. The motion **passed** on a voice vote.

Representative Hart will sponsor the bill on the floor.

Chairman Lake recognized Ron Crane.

**SB 1485** SB 1485 - legislation relating to the Bond Bank Authority.

Mr. Crane stated this bill is intended to clarify that sales tax, liquor tax, or other revenues which are distributed to municipalities throughout the State are subject to intercept by the State Treasurer if those municipalities fail to

make payment on loans to the municipalities from the Idaho Bond Bank Authority.

Chairman Lake recognized Rick Skinner.

Mr. Skinner, an attorney, spoke as the author of the bill. Mr. Skinner walked the Committee through the bill detailing the changes.

A Member of the Committee asked Mr. Skinner about a reference in the bill to a repealed statute stating that when the new books are printed, this repealed statute will not be in them, yet this bill references the section.

Mr. Skinner stated that the legislation cannot be retroactive to include bonds already out there, so reference to the repealed section is necessary. Mr. Skinner stated that while it may take a little research, the repealed section could be found.

Chairman Lake asked Mr. Skinner if this intercept has ever been used. Mr. Skinner replied it has not.

A Member of the Committee asked Mr. Skinner why this intercept authority could not be part of the contractual agreement between the Bank Bond Authority and the municipality. Mr. Skinner stated a contractual agreement had been used in the past for some things, but a contractual agreement cannot be used for water and sewer bonds.

**MOTION:** Representative Killen moved to **send** SB 1485 to the floor with a **do pass recommendation**. The motion **passed** on a voice vote.

Representative Clark will sponsor the bill on the floor.

Chairman Lake asked the Committee for unanimous consent to hold the following bills in Committee:

HB 468 - Highway district tax levy limits  
HB 578 - Community Infrastructure Districts  
HB 583 - Private school tuition tax deduction  
HB 663 - Repeal sales tax exemption for TV broadcast equipment  
HB 674 - Sales tax, exempt organizations  
HB 675 - Right-of-Way Preservation Fund  
HB 679 - Bond limits for library districts

There were no objections.

**MOTION:** Representative LeFavour moved to **send** SB 1400a to the floor with a **do pass recommendation**.

**ROLL CALL VOTE:** Voting **AYE** - Representatives Sayler, Jaquet, LeFavour, Killen, and Ruchti.

Voting **NAY** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Smith, Raybould, Wood, Clark, Harwood, and Hart.

Absent/Excused - Representatives Moyle, Roberts, and Bedke.

**The motion failed 10 - 5 - 3.**

**ANNOUNCEMENT** The Revenue and Taxation Committee will meet at the call of the Chairman for all future meetings.

**ADJOURN:** There being no further business before the Committee, Chairman Lake adjourned the meeting at 9:05a.m.

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Representative Dennis Lake  
Chairman

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Marsha Palmer  
Secretary

## MINUTES

### HOUSE REVENUE AND TAXATION COMMITTEE

**DATE:** April 1, 2008

**TIME:** Upon recess of the House

**PLACE:** Room 316

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Schaefer, Smith (24), Raybould, Roberts, Wood (35), Clark Harwood, Bedke, Hart, Saylor, Jaquet, LeFavour, Killen Ruchti

**ABSENT/  
EXCUSED:** Moyle, Smith (24)

**GUESTS:** Ted Spangler, Dan John, Idaho State Tax Commission, Alex LeBeau, IACI, Senator Brent Hill.

Chairman Lake called the meeting to order at 11:30 a.m. and requested the secretary take a silent roll.

**MOTION:** Representative Raybould moved to approve the minutes of March 26, 2008 with one correction - page 2 change 'every' to 'ever'. **Motion passed** by voice vote.

**BILL # H 599A** Chairman Lake announced he requested Representative Clark and Senator Hill appear before the committee to explain H 599A and to refer to the Senate amendments. He called upon Representative Clark to describe the changes in the engrossed bill. Representative Clark examined the bill extensively explaining the changes page by page. Discussion from committee members followed.

Chairman Lake recognized Mr. Alex LeBeau, IACI for comments. Mr. LeBeau rose in non-concurrence of the amendments describing a problem with "63-602KK, Property Exempt from Taxation – certain personal property." that has the addition of the words on line 14 & 15 as written "and which is not operating property".

Also Mr. LeBeau pointed out the elimination of the language on lines 23 - 28 in the original RS17950E1 commenting that will have an impact on small businesses and cause a trigger point. Without that provision, it is not eliminating a bad tax.

Ted Spangler rose to address the committee discussing the Federal Tax Act which prohibits discriminatory taxation. He continued, explaining the difference of the tax against commercial and industrial business and prohibiting of exempted property and the States roll in this process. He commented on how this complex issue can always be a debatable subject. Discussion among committee members followed regarding fiscal impact, growth, assessors, change in tax collection, triggers caused by growth, and depreciated property.

Senator Hill spoke in summary of the Senate Amendment to H.B. No. 599 as amended .

Representative Durst commented in favor of the Senate amendments and the need to support small businesses in Idaho.

**MOTION:** Representative Clark Moved to non-concur with the Senate amendments and request the speaker appoint a committee to confer with a similar committee from the Senate.

**ROLL CALL VOTE:** Voting **AYE** - Chairman Lake, Vice Chairman Collins, Representatives Barrett, Schaefer, Raybould, Roberts, Clark, Harwood, Bedke, Hart

Voting **NAY** - Representatives Wood (35), Saylor, Jaquet, LeFavour, Killen, Ruchti

**Motion** to non-concur with Senate Amendments to H 599A **passed**.

There being no further business to come before the committee meeting was adjourned at 12:25 p.m.

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Representative Dennis M. Lake  
Chairman

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Peggy Heady  
Secretary