

House Revenue & Taxation Committee

Minutes
2010



MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: January 14, 2010

TIME: 9:00a.m.

PLACE: Room EW42

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

Chairman Lake called the meeting to order at 9:00 a.m. All members were present.

**ABSENT/
EXCUSED:** None

GUESTS: Benjamin Davenport, Risch/Pisca, McKinsey Miller, Gallatin, Randy Nelson, ATI, Martin Bilbao, Connolly Smyer, Russell Westerberg, Westerberg & Assoc., Mike Ferguson, DFM, Skip Smyser, Russ Hendods, Farm Bureau.

Chairman Lake made announcements of assignments to subcommittees as follows:

Subcommittee 1-Rules

Rep. Gary Collins, Chairman
Rep. Phil Hart
Rep. Grant Burgoyne

Subcommittee 2-Sales Tax and Exemption

Rep. Dell Raybould, Chairman
Rep. Robert Schaefer
Rep. Scott Bedke
Rep. George Sayler

Subcommittee 3-Income Tax and Credits

Rep. Leon Smith, Chairman
Rep. Lenore Barrett
Rep. Ken Roberts
Rep. James Ruchti

Subcommittee 4-Property Tax

Rep. Jim Clark, Chairman
Rep. JoAn Wood
Rep. Mike Moyle

Rep. Bill Killen

RS19129 **Dan John**, appearing as a spokesman for the Tax Commission, presented **RS19129** which relates to income taxes. He explained that this would amend the Idaho Income Tax Act to specify dates for filing information returns (Form 1099s) It would also authorize the State Tax Commission to provide by rule a different date no earlier than the date required by the Internal Revenue Code for filing equivalent federal returns in a non-electronic format.

MOTION: **Rep. Clark** moved to introduce **RS19129**.

SUBSTITUTE MOTION: **Rep. Smith** made a substitute motion to send RS19129 to the second reading calendar. **Motion carried on a voice vote.**

RS19142 **Bill Von Tagen** appearing as spokesman for the Tax Commission presented **RS19142** which relates to income taxes. It corrects a problem with the statute of limitations relating to income tax refunds

MOTION: **Rep. Clark** moved to introduce **RS19142**; **motion carried by voice vote.**

RS19143 **Ted Spangler**, Deputy Attorney General, appearing as spokesman for the Tax Commission, presented **RS19143** to the committee. There was some discussion between **Rep. Moyle** and **Mr. Spangler** as to whom he represented **Rep. Moyle**, replied that he will speak with Mr. Spangler at another time in order to get clarification on whom he is representing. **Ted Spangler**, then introduced **RS19143**, stating that this would relate to income taxes, dealing with net operating losses. The bill will permit a net operating loss carryover to survive a merger subject to the limitations of sections 381 & 382 of the Internal Revenue Code and to normal rules of apportionment applicable to multi state income. This would represent no changes to existing law. **Ted Spangler**, answered questions from the committee.

MOTION: **Rep. Clark** moved to **introduce RS19143, motion carried by voice vote.** **Chairman Lake** asked **Mr. Spangler** to bring more examples of corporations to help explain to the committee. **Ted Spangler** agreed to provide more information and details at the bill hearing.

RS19151 **Ted Spangler** introduced **RS19151**, stating that this bill related to income taxes. It would change the way the tax is reported and paid by non-residents earning Idaho taxable income from "pass-through entities." limited liability companies are limited and worthy of a discussion at a later date. **Ted Spangler**, answered questions from the committee about the specific definition of, "pass-through entities."

MOTION: **Rep. Smith** moved to introduce **RS19151, motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, **Chairman Lake** adjourned at 9:52 a.m. .

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: January 18, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

MEMBERS: Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24) Bedke, Harwood, Saylor, Killen, Ruchti, Burgoyne, Rusche

**ABSENT/
EXCUSED:** Rep. Barrett, Rep Clark, Rep Hart

GUESTS: Martin Bilbao, Connolly/Smyer, Val Brooks, Idaho CU League, Brent Olmstead, MPI, Dustin Hurst, Idahoreporter.com, Will Ledbetter, MPI, Jeff Church, Veritas Advisors, Sarah Fuhriman, Roden Law Office, Randy Nelson, ATI.

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

RS19163C1 **Dan John** appearing as spokesman for the Tax Commission presented **RS19163C1** which relates to motor fuel taxes.

MOTION: **Rep. Raybould** moved to introduce **RS19163C1**. **Motion carried on a voice vote.**

RS19166 **Ted Spangler** appearing as spokesman for the Tax Commission presented **RS19166**, which modifies Idaho's Unclaimed Property Act. This allows the unclaimed property administrator (the State Tax Commission) a period of 5 years to hold escheated property before turning the property over to the public school endowment fund.

MOTION: **Rep. Smith** moved to introduce **RS19166**. **Motion carried on a voice vote.**

RS19187 **Dan John** appearing as spokesman for the Tax Commission presented **RS19187**, which makes three updates to the Idaho Income Tax Act regarding college savings account rollovers. Making only amounts that were deducted on the account owner's income tax return for the year of the transfer and the prior taxable year.

MOTION: **Rep Wood** moved to introduce **RS19187**. **Motion carried on a voice vote.**

RS19212 **Ted Spangler**, appearing as spokesman for the Tax Commission presented **RS19212**, which relates to sales taxes. It clarifies the calculation of the credit or refund payable to a retailer who writes off a bad

debt relating to a purchase on which he has remitted sales tax to the state.

MOTION: **Rep. Smith** moved to introduce **RS 19212**. **Motion carried on a voice vote.**

RS19213 **Dan John**, appearing as spokesman for the Tax Commission presented **RS19213**, which relates to income taxes, amending laws relating to capital gains and the definition of "real property." He asked that the Statement of Purpose be modified to change the section numbers. They will provide a new statement of purpose.

MOTION: **Rep. Rusche** moved to introduce **RS19213**. **Motion carried on a voice vote.**

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

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: January 19, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

MEMBERS Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche

**ABSENT/
EXCUSED:** Chairman Lake, Rep. Roberts

GUESTS: Derek Santos, DFM, Randy Nelson, API, Jeremy Pisca, Risch/Pisca, Phil Homer, IASA.

Vice Chairman Collins called the meeting to order at 9:00 a.m. **HB383** listed on today's agenda was removed by the sponsor.

HB381: **Ted Spangler**, from the Idaho State Tax Commission, presented **HB381**. **Mr. Spangler** provided a handout giving a technical explanation of this bill, and answered questions from the committee regarding the issue of multi-state mergers of corporations.

MOTION: **Rep. Killen** made a motion to send **HB381** to the floor with a **DO PASS** recommendation, **motion carried by voice vote**. **Rep. Bill Killen** will sponsor the bill on the floor.

HB382: **Ted Spangler**, presented bill **HB382**, that relates to income taxes, to provide definitions of the terms "pass-through entity" and "owner of interest in a pass-through entity." **Mr. Spangler** also provided a handout containing further technical explanation of the bill. Page 1 section one gives a definition provision to provide a definition for "pass-through entity," defining pass-through entities as a partnership, as defined in Section 63-3006B, Idaho Code. This includes all entities electing to be taxed as a partnership for federal income tax purposes. The new section, Section 63-3035B, Idaho Code, will provide a system of back-up withholding for non-resident owners of pass-through entities who do not elect to have Idaho tax paid by the entity. The effective date will be January 1, 2011.

MOTION: **Rep. Raybould** moved to hold **HB382**. **Motion carried on a voice vote**.

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

Rep. Gary Collins
Vice Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE
Collins Rules Subcommittee

DATE: January 19, 2010

TIME: 8:00 a.m.

PLACE: Room EW42

MEMBERS: Chairman Collins, Rep. Phil Hart, Rep. Grant Burgoyne.

GUESTS: Ted Spangler, STC, Janice Boyd, STC, Moe Therren, Mtn States, Tom Mannrdeck, Thomas Development, Steve Rector, IHFA, Dan John, STC, Gene Kuehn, STC, Drew Thomas, Risch Pisca, Tony Smith Eiguren Public Policy, Rick Anderson, ISTC, Alan Dornfest, STC.

Meeting was called to order at 8:00 a.m. by **Chairman Collins**.

DOCKET NO: **Janice Boyd**, Tax Policy Specialist, State Tax Commission, presented
35-0101-0901 the Income Tax Administrative Rules.

Rule 075 amended to add the tax brackets for calendar year 1009, and remove the information for calendar year 2004 so only 5 years of historical data is retained in the rule

Rule 173, amended to include trusts and estates in the general discussion of the Idaho capital gains deduction and pass-through entities.

Rule 201, amended to modify how a taxpayer can make the election to forego the net operating loss carryback by removing the option of attaching the federal election.

Rule 252, amended to provide nonresidents with general rules on how deductions should be calculated in computing Idaho aadjusted gross income.

Rule 273, amended to provide that unemployment compensation for nonresidents is sourced to the state that paid it.

Rule 450, amended so that the directions to taxpayers on how to make intercompany eliminations is consistent with requirements in Rules 600 and 641.

Rule 570, is applicable to multistate corporations and is being amended to provide that commissions and fees related to the sale of another taxpaer's real property are sourced to the state where the property related to the commission and fees is located.

Rule 640, is being amended consistent with House Bill3, which was passed by the 2009 legislature.

Rule 641, is being amended to state that the filing of a protective 1120-F return by itself will not constitute the filing of a federal return for purposes of the water's edge combined report.

Rules 700 and 701, are being amended consisten with House Bill 232 as amended, which was passed by the 2009 Idaho Legislature.

Rule 711, is being amended to correct terms and delete obsolete information relating to the tax paid by and S corporation.

Rule 765, is being modified to note the reduction required to qualified investment for grants received from the rural Idaho economic development biofuel infrastructure matching grant fund.

Rule 771, is being amended to include the grocery credit amounts for 2009.

Rule 824, is being amended to correct terms and delete obsolete information relating to the tax paid by an S corporation

Rule 874, is being amended to require all W-2's to be filed with the State Tax Commission by the last day of February.

Rules 940, 943, 944, and 945, are being amended consistent with House Bill 242, which was passed by the 2009 Legislature.

Ms. Boyd answered questions from the committee.

Chairman Collins and the committee determined that more information was needed before approval of this docket. Therefore, the committee is going to postpone voting on **Docket No. 35-0101-0901** until tomorrow's sub-committee meeting.

DOCKET NO:35-0102-0901

Jim Husted, Tax Policy Specialist, State Tax Commission presented the Idaho Sales And Use Tax Administrative Rules **Docket No. 35-102-0901** to the committee.

Rule 012, is being amended to state specifically that contractors who install materials into real property are consumers of the property.

Rule 037, is being amended to provide the definition of "transportation of freight or passengers" and to adopt the statutory language requiring that the aircraft buyer must provide services indiscriminately to the public and that the aircraft is used to transport people or property from one location on the ground or water to another.

Rule 094, is being amended to strike the words “zoos and museums” as admissions to nonprofit zoos and museums are exempt from tax under Section 63 36220(1), Idaho Code.

Rule 107, is being amended to strike the tire pressure requirement for ATV’s and to clarify that the new resident exemption applies not only to motor vehicles but to privately owned aircraft and off-road vehicles.

Rule 128, is being amended to state that the seller has no duty or obligation to collect taxes in regard to any sale for which he has a valid certificate regardless of whether the purchaser properly or improperly claimed the exemption, unless the sale can be considered to be taxable as matter of law in the particular instance claimed on the resale certificate.

Rule 136, is being amended to state that after a developer has identified the location and boundaries of the center, identified the qualifying retailers, and has met the expenditure requirements the Commission will start depositing 60% of the sales tax revenue from the center into the Demonstration Pilot Project Fund.

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: **Rep. Burgoyne** moved to recommend approval of **Docket No. 35-0102-0901** to the full committee. **The motion passed by voice vote.**

DOCKET NO:35-0109-0901 **Jim Husted**, Tax Policy Specialist, representing the Idaho State Tax Commission also presented **Docket No. 35-0109-0901** to the committee.

Rule 16, is being amended to allow for quarterly, semiannual, and annual returns for distributors and wine direct shippers who are remitting small amounts (less than \$600 per reporting period) of tax.

Jim Husted, answered questions from the committee.

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

MOTION: **Rep. Burgoyne** moved to recommend approval of **Docket No. 35-0109-0901** to the full committee. **The motion passed by voice vote.**

DOCKET NO: 35-0112-0901 **Jim Husted**, Tax Policy Specialist, with the Idaho State Tax Commission, presented the committee with **Docket No. 35-0112-0901**.

Rule 17 is being amended to allow for quarterly, semiannual, and annual returns for beer wholesalers who are remitting small amounts (less than \$600 per reporting period) of tax. Reporting period other than monthly became permissible when HB012 was enacted.

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.

Rep. Hart moved to recommend approval of **Docket No. 35-0112-0901** to the full committee. **The motion passed by voice vote.**

ADJOURN: There being no further business to come before the committee, **Chairman Collins** adjourned the meeting at 8:50 a.m.

Rep. Gary Collins

Chairman

Tori Shockey

Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** January 20, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche
- GUESTS:** Ken McClure, ISCPA, Steven Shaw, Connolly & Smyser, Melissa Nelson, ISCPA, John Larson, ISCPA, Lindsey Wright, Givens/Pursley, Will Ledbetter, MPI, Derek Santos, DFM, Russ Hendricks, Farm Bureau, Phil Homer, IASA, Senator Brent Hill, Val Brooks, ICUL, Dustin Hurst, Idahoreporter.com, Drew Thomas, Risch/Pisca.
- Meeting was called to order at 9:00a.m. by **Chairman Lake**. All members were present.
- MOTION:** **Rep. Wood** moved to approve the minutes of the January 14th meeting as written; **motion carried on a voice vote.**
Rep. Smith moved to approve the minutes of the January 18th meeting, with the following correction: On page 2, paragraph 2, should say Rep. Smith moved to introduce, and not Rep. Smith to introduce. **Motion passed with a voice vote.**
- HB382:** This bill was introduced at yesterday's meeting by **Ted Spangler**, representing the Idaho Tax Commission. This bill relates to income taxes. It changes the way the tax is reported and paid by non-residents earning Idaho taxable income from "pass-through-entities
- MOTION:** **Rep. Smith** made a motion to send **HB382** to the floor with a **do pass** recommendation. **Motion passed on a voice vote.** **Rep. Smith** will sponsor the bill on the floor.
- HB384:** **Dan John**, presented **HB384** to the committee which relates to motor fuel taxes. Amending the name of the term "motor fuel" to include ethanol, ethanol blended fuel, gasoline blend stocks and natural gasoline.
- MOTION:** **Rep. Roberts** made a motion to send **HB384** to floor with a **do pass** recommendation. **Motion passed on a voice vote.** **Rep. Roberts** will sponsor the bill on the floor.
- HB385** **Ted Spangler** presented **HB385** relating to Idaho's Unclaimed Property Act, to the committee. He provided additional technical explanation of **HB385**. Copies of this explanation are attached.
Chairman Lake asked if there were any questions from the committee.

Ted Spangler, addressed questions from the committee.

MOTION: **Rep. Wood** made a motion to send **HB385** to the floor with a **do pass** recommendation. **Motion passed on a voice vote.**
Rep. Wood will sponsor the bill on the floor.

HB386 **Ted John**, presented **HB386** to the committee, which provides three updates to the Idaho Income Tax Act.
Chairman Lake asked if anybody had questions or wanted to testify.
Ken McClure, testified in opposition to **HB386**, with particular objection to section 529 of the bill.
John Larsen, and **Senator Brent Hill**, also testified in opposition to **HB386.**
Rep. Wood asked additional questions of **Senator Hill**, inquiring about Section 529 of the bill that would make it retroactive to Jan 1, 2008.

MOTION: **Rep. Smith** moved to send bill **HB386** to general orders to reflect changes and also amend the fiscal note to \$50,000. **Motion passed on a voice vote.** **Rep. Smith** will sponsor the bill on the floor and he will also be in charge of the amending process.

HB388 **Dan John**, representing Idaho Tax Commission, presented **HB388**, which relates to income taxes, amending the law relating to the new employee credit to incorporate the definition of "revenue-producing enterprise." Also amending the law relating to the deduction for certain Idaho capital gains by adding a definition of "real property."

MOTION: **Rep. Jim Clark** moved to send **HB388** to the floor with a **do pass** recommendation. **Motion passed on a voice vote.** **Rep. Clark** will sponsor the bill on the floor.

ADJOURN: No more business to come before the committee. **Chairman Lake** adjourned the meeting at 10:05 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE
COLLINS RULES SUBCOMMITTEE

DATE: January 20, 2010

TIME: 8:00 a.m.

PLACE: Room EW42

MEMBERS: Chairman Gary Collins, Rep. Grant Burgoyne, Rep. Phil Hart

GUESTS: Tom Mannschreck, Thomas Developments, Gene Kuehn, Idaho Assessor Associate, Dave Navarro, State Tax Commission, Janice Boyd, State Tax Commission, Alan Dornfest, State Tax Commission, Rick Anderson, STC, Steve Rector, IHFA, Bill Von Tagen, STC, Moe Therrien, Mtn. State Appraisal, Steve Fiscus, STC, Randy Nelson, ATI.

Meeting was called to order at 8:00a.m. by **Chairman Collins**. All members were present.

DOCKET NO:35-0101-0901 **Janice Boyd**, Tax Policy Specialist, from the Idaho State Tax Commission, presented **Docket No. 35-0101-0901** to the committee.

Rule 075, is being amended to add the tax brackets for calendar year 2009, and remove the information for calendar year 2004 so only 5 years of historical data is retained in the rule. Idaho Code section 63-3024 establishes the tax rates for individuals, trusts and estates and requires adjusting the income tax brackets annually for the effects of inflation.

Rule 173, is being amended to include trusts and estates in the general discussion of the Idaho capital gains deduction and pass-through entities. It had been inadvertently left out from the rule.

Rule 201, is being amended to modify how a taxpayer can make the election to forego the net operating loss carryback by removing the option of attaching the federal election. This will eliminate confusion when a taxpayer has attached a federal return that includes the federal election but does not want to make the election for Idaho. The rule also clarifies that if a net operating loss is required to be carried back, if the statute of limitations has expired on the carryback year, a refund will not be allowed in the closed taxable year.

Ms. Boyd answered questions from the committee.

The committee asked further questions of **Ms. Boyd**.

Rule 252, is being amended to provide nonresidents with general rules on how deductions should be calculated in computing Idaho adjusted gross income. This includes information for the following groups of deductions: 1) Deductions directly related to specific items of income or property, 2) Deductions allowed based on qualifying types of income, and

3) Deductions that do not relate to specific items of income or to the earning of qualifying income. Specific examples are also included.

Rule 273, is being amended to provide that the unemployment compensation for nonresidents is sourced to the state that paid it. By sourcing this income based on the state of the payor, the taxpayer will know with certainty whether or not the income is Idaho source.

Rule 450, is being amended so that the directions to taxpayers on how to make intercompany eliminations is consistent with requirements in Rules 600 and 641. Eliminating all intercompany transactions in some cases may not properly reflect the factors, so this provision is being modified.

Rule 570, is applicable to multistate corporations and is being amended to provide that commissions and fees related to the sale of another taxpayer's real property are sourced to the state where the property related to the commission and fees is located. This will be an easier determination for taxpayers and the Tax Commission than using costs of performance.

Rule 640, is being amended consistent with House Bill 3, which was passed by the 2009 Idaho Legislature. The bill amended Idaho Code section 63-3027B to clarify that one qualified corporation within the water's edge group who makes the election binds the other corporations to that election, including corporations added to the combined group in years after the initial election. The rule also clarifies the filing requirements of the election form and that a corporation that is not part of a unitary group cannot make the water's edge election.

Rule 641, is being amended to state that the filing of a protective 1120-F return by itself will not constitute the filing of a federal return for purposes of the water's edge combined report.

Rule 700 and 701, are being amended consistent with House Bill 232 as amended, which was passed by the 2009 Idaho Legislature. The bill amended Idaho Code section 63-3029 to allow a resident trust or estate an income tax credit for taxes paid to other states. Examples of the calculations for trusts and estates are being added to Rule 700. Rule 701 is being amended to add information addressing income subject to tax by both states with regard to estates and trusts.

Rule 711, is being amended to correct terms and delete obsolete information relating to the tax paid by an S corporation. A sentence clarifying the times when a lessee may claim the investment tax credit is also being added.

Rule 824, is being amended to correct terms and delete obsolete information relating to the tax paid by an S corporation.

Rule 874, is being amended to require all W-2s to be filed with the State Tax Commission by the last day of February. This will facilitate the state's ability to verify the information on the W-2 prior to issuing refunds.

Rules 940, 943, 944, and 945, are being amended consistent with the House Bill 242, which was passed by the 2009 Legislature. The bill amended the Idaho Small Employer Incentive Act by extending the incentives through 2020.

MOTION: **Rep. Hart** made a motion to recommend the approval of **Docket No. 35-0101-0901**, to the full committee, with the exception of **Rule 201**.

SUBSTITUTE MOTION: **Rep. Burgoyne**, offered a substitute motion to recommend approval of **Docket No. 35-0101-0901**, by the full committee. **The motion passed on a voice vote.** **Rep. Hart** opposed the motion.

DOCKET NO: 35-0103-0902 **Alan Dornfest**, Tax Policy Specialist, with the State Tax Commission, presented **Docket No. 35-0103-0902**, to the committee.

Rule 006, updates references to appropriate and current editions of guides and professional standards used to determine values of certain property and to measure assessment level and uniformity and updates the dates of guides and standards used as reference.

Rule 126, amends the property tax certification program to clarify that candidates must pass at least two of the appraisal courses listed in the rule. The certification requirement for the property tax appraiser candidate is not clear in existing Rule 126.

Rule 217, is being restored to address market value without reference to section 42 low income properties. Assessment procedures for section 42 low income housing properties are being written in Rule 220.

Rule 220, is a new rule that explains how to appraise section 42 properties including the role of the Tax Commission in the gathering of information and the cap rate determination.

Alan Dornfest, with the Idaho Tax Commission addressed and answered questions from the committee.

Rep. Collins asked if anybody wished to testify on **Rule 220**.

Tom Mannzscreck, representing Thomas Developments, testified, in support of **Rule 220**.

Tom Mannzscreck, answered questions from the committee.

Gene Kuehn, representing the Idaho Assessors Association, testified in opposition to **Rule 220**

Moe Therrien, representing Mountain State Appraisal, testified in support of **Rule 220**, referencing his attached packet of information. He stated that **Rule 220** is reasonable and concise in the appraisal of Section 42 low income properties.

Rep. Hart and **Rep. Burgoyne**, asked further questions of **Moe Therrien**. **Mr. Dornfest** addressed further concerns of the committee. **Rep. Hart** questioned **Mr. Dornfest** further suggesting that changing the statute would be a better plan than changing the rule.

MOTION: **Rep. Hart** recommended approval of **Rule 220** to the full committee. **Rep Burgoyne** voiced his support of the motion. **Motion passed with a voice vote.**

Mr. Dornfest continued presenting **Docket No.35-0103-0902**, to the committee. **Rule 225**, is being amended to require the Tax Commission to notify the urban renewal agency of the pending dissolution of a revenue allocation area.

Rule 302, is being amended to explain that eligibility has to have been established if the property declaration list (application for exemption) has been filed the previous year and requires the affidavit to include the aggregate value of the personal property so that an amount to be paid by the state may be determined.

ADJOURN: There being no more time for the subcommittee to meet, **Chairman Collins** adjourned the meeting at 8:55a.m.

Representative Gary Collins
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE
COLLINS SUBCOMMITTEE

DATE: January 25, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

MEMBERS: Chairman Collins, Rep. Hart, Rep. Burgoyne

GUESTS: Alan Dornfest, State Tax Commission, Gene Kuehn, County Assessor, Randy Nelson, ATI, Janice Boyd, STC, Ted Spangler, STC, Brent Olmstead, MPI, Ken McClure, Gwens Pursley.

Chairman Collins called the meeting to order at 9:00a.m. All members were present.

DOCKET NO: 35-0103-0902

Alan Dornfest, Tax Policy Specialist, representing the State Tax Commission continued presenting **Docket No. 35-0103-0902**, to the committee.

Rule 317, makes January 1 the date for establishing market value for determining the occupancy value upon which the tax is based.

Rule 609, is being amended to require the Assessor to notify the Tax Commission of those who have erroneously claimed the homeowner's exemption.

Rule 626, is being amended to provide the reporting process to be used by the taxpayer as a result of **HB083** which enables the taxpayer to file an affidavit rather than a personal property declaration each year.

Rep. Hart questioned **Mr. Dornfest** about appreciation and market value. **Mr. Dornfest** answered the questions from the committee.

Rule 802, is being amended to state that when a taxing district annexes parcels, the annexation value may be included on the new construction roll, but the new construction roll can not include the value of new construction that has been included in the annexation value. This addresses areas of urban renewal.

Chairman Collins, questioned **Mr. Dornfest** about areas that would be affected by the urban renewal area of this particular rule.

Rule 988, is being amended to require that the personal property declaration form be filed for taxpayers who are eligible for and expect to receive the benefit of the Qualified Investment Exemption (QIE).

Rule 989, is being amended to define the due date as irrespective of any

income tax extensions that may have been granted.

Rep. Hart questioned **Mr. Dornfest** about what groups are a part of the Idaho Tax Commission's rules committee. **Mr. Dornfest** clarified that groups are informed and particular industries are involved in the rule making process at his monthly rule committee meeting.

MOTION: **Rep. Burgoyne**, moved to recommend approval of **Docket No. 35-0103-0902**, to the full committee. **Motion carried on a voice vote.**

DOCKET NO: 35-0103-0903 **Alan Dornfest**, Idaho Tax Commission, presented the committee with **Docket 35-0103-0903**.

Rule 801, is being amended to provide and explain the formula to compute the voter test which is the sum of the COSA's first year amount divided by last year's market value for assessment purposes and the amount of the existing plant facilities fund levy divided by last year's market value for assessment purposes. The proper handling of urban renewal increment value is also explained in the rule.

Chairman Collins questioned **Mr. Dornfest** as to the effect of this rule in areas of urban renewal.

Rule 804, is being amended to implement **SB1091** to include longer than two year school temporary supplemental funds and the Cooperative Service Agency Plant Facility funds in the list of funds to be ineligible for allocation to urban renewal agencies.

MOTION: **Rep. Hart** moved to recommend approval of **Docket No. 35-0103-0903**, to the full committee. **Motion carried on a voice vote.**

DOCKET NO: 35-0201-0901 **Ted Spangler**, Idaho Tax Commission, presented the committee with **Docket No. 35-0201-0901**.

Ted Spangler, presented **Rule 500** to the committee. **Rule 500** is being amended to address "settlements" rather than "compromises," defines "disputed liability," "doubt as to collectability" and "economic hardship" based on language in Rev. Proc, 2003-71. **Rule 500** also adds "promotion of effective tax administration" as an additional ground for settlement. Administration and Enforcement **Rule 500** was reviewed by the Legislative committees in 2009 as a temporary rule. There are no changes from the rule reviewed last year to this version. As stated last year, **Rule 500** is being amended to improve the explanation of the grounds that the Tax Commission considers when it receives settlement offers. It replaces the term "compromise" with "settlement," defines "disputed liability," "doubt as to collectability," and "economic hardship" based on language in federal Revenue Procedure 2003-71, and adds "promotion of effective tax administration" as an additional circumstance when the Tax Commission

may settle case.

Rep. Burgoyne, presented questions to **Mr. Spangler** about **Rule 500**, specifically about the taxpayer's responsibility and burden in this amended version. Paying particular attention to subsection C, economic hardship.

Mr. Spangler, answered questions about this economic hardship in relationship to the taxpayer.

Rep. Burgoyne submitted a hypothetical case scenario to **Mr. Spangler**, asking if there is anything preventing the Tax Commission from settling with the taxpayer whom simply refuses to pay their taxes.

Rep. Burgoyne, asked further questions of **Mr. Spangler**, dealing with the topic of confidentiality, particularly with the subsection dealing with a disputed liability and settlements.

Ted Spangler, address and explained the concerns about transparency.

Rep. Hart asked who would be doing the negotiating in the settlements that are referred to in this rule.

MOTION:

Rep. Burgoyne, moved to recommend rejecting **Rule 500**. **Rep.**

Burgoyne stated that subsection b, "when determining the reasonable collection potential of a case, the Commission will take into account the taxpayer's reasonable basic living expenses", needs better definition.

Rep. Burgoyne also stated that he had some concerns about the questions of confidentiality, dealing with unfair competitive advantage.

Rep. Hart, stated that he thinks these cases can be considered at the discretion of the Tax Commission.

Ted Spangler responded to the dispute and availability of producing information. Not uncommon for taxpayers to respond that providing further information is too burdensome. **Ted Spangler** also responded to the fuzziness of the language on collectability. **Mr. Spangler** recognizes that the language is a bit unclear, and stated that the Tax Commission sought clarity with other agencies and the IRS. **Rep. Hart**, stated that when income tax was first implemented all returns were published.

Ted Spangler answered saying that this was changed over concerns of privacy and confidentiality for citizens and businesses.

SUBSTITUTE MOTION:

Rep. Hart, moved to approve **Rule 500**, and recommend it to the full committee. **Motion carried on a voice vote**. **Rep. Burgoyne** is recorded as voting nay.

DOCKET NO: 35-0201-0901

Janice Boyd, Tax Policy Specialist presented **Docket No. 35-0201-0901**, to the rules committee.

Rule 005, is being amended to correct the address of the new Twin Fall's field office.

Rule 200, is being repealed and replaced with new Rules 200, 201, 202, 203, and 204. Negotiated rulemaking was undertaken to modify the rule that addressed the examination of books, witnesses, and discovery. The new rules basically incorporate the Federation of tax Administrators' model recordkeeping and retention regulation and some of Oregon's rules on

providing copies of documents. Rule 201 also retains Subsection 200.02, Failure to Comply and Subsection 200.04, Cost Reimbursement to a Third-Party.

Rule 201, recordkeeping and production requirements(pg 122-125), new administration and enforcement Rule 201 provides information on how a taxpayer must provide books and records for review. The rule contains a subsection that discusses machine-sensible records, including information on electronic data interchange requirements, electronic data processing systems requirements, and business process information. Rule 201 also retains Subsections 200.02

Rep. Hart, questioned **Ms. Boyd**, about this rule. **Ms. Boyd** provided answers to the committee's questions.

Rule 202, is a proposed rule amendment. New Administration and Enforcement **Rule 202** provides alternative methods in which a taxpayer can provide access to the Tax Commission of its machine-sensible records. It allows the Tax Commission and the taxpayer to agree on other methods not listed in the rule for providing access to the machine-sensible records.

Rule 203, New Administration and Enforcement **Rule 203** discusses the maintenance and storage of records. It recommends, but doesn't require, using the National Archives and Record Administration's standards. The rule also discusses the taxpayer's responsibility and discretionary authority, and the effect on hard-copy recordkeeping requirements.

Rule 204, New Administration and Enforcement Rule 204 discusses taxpayer's ability to convert hard-copy documents to other various formats for record storage and retention purposes. It provides information on the requirements of storage-only imaging systems.

Rule 310, is being amended to clarify what a perfected protest is and to define "unperfected protest." Administration and Enforcement Rule 320 discusses filing a protest and contains information

Rule 320, is being amended to add the interest rate and applicable Revenue Ruling for calendar year 2010 to the table that identifies this information by year. Definition of "perfected protest", and "unperfected protest"

Rule 704, is being amended to add the Alcohol Beverage Control Bureau of the Idaho State Police to the list of disclosure agreements and Section 23-907, Idaho Code to the title of the rule.

MOTION:

Rep. Hart moved to recommend **Docket 35-0201-0901**, for approval to the full committee with the exclusion of Rule 500, which was already voted on and approved by the subcommittee. **Motion carried with a voice vote.**

DOCKET NO: 35-0201-0902

Ted Spangler, Idaho Tax Commission, presented the committee with Docket 35-0201-0902.

Rule 501, administration and enforcement **Rule 501**, is a new rule being promulgated pursuant to 2009 **SB 1128**, which modified Idaho Code section 63-3048 to provide that the Tax Commission “shall promulgate administrative rules in compliance with chapter 52, title 67, Idaho Code, to implement the provisions of this section.” **Rule 501** details the procedures the Tax Commission will follow to comply with the requirements and controls necessary when the Commission settles an administrative proceeding (“a tax protest”) in which the amount exceeds \$50,000.

Ted Spangler, answered questions from the subcommittee.

MOTION:

Rep. Hart recommended approval of **Docket No. 35-0201-0902**, to be sent to the full committee. **Motion carried with a voice vote.** **Rep. Burgoyne** was recorded as being in opposition of this motion.

ADJOURN:

There being no further business before the committee, **Chairman Collins** adjourned the meeting at 10:34 a.m.

Representative Gary Collins
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: January 26, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Jeff Church, Veritas Advisors, Ted Spangler, Idaho Tax Commission, Bill von Tagen, Idaho Tax Commission, Benjamin Davenport, Risch Pisca, Derek Santos, DFM, Pam Eaton, Idaho Retailers Association, Colby Cameron.

Meeting was called to order at 9:00 a.m. by **Chairman Lake**. All members were present.

MOTION: **Rep. Sayler** moved to approve the minutes of Jan. 19. **Motion carried on voice vote.** **Rep. Smith** moved to approve minutes Jan. 20. **Motion carried on voice vote.**

HB383 **Ted Spangler**, representing the Idaho State Tax Commission, presented **HB383** to the committee.

MOTION: **Chairman Lake**, stated that **HB383** will be held in committee, due to the fact that it is being reintroduced in **RS19369**.

RS 19369 **Bill von Tagen**, presented **RS19369** to the committee. This RS replaces **HB383**, relating to income taxes, amending Idaho Code Section 63-3072, discussing the statute of limitations of three years to file amended returns, and allowing exceptions for no return filed or when a fraudulent return is filed. This bill corrects a problem with the statute of limitations relating to income tax refunds. Presently, under certain circumstances, it is possible for a taxpayer to file an amended return after the right to seek administrative or judicial review of an assessment has expired. This initiates a new round of appeals. This process can, in theory, continue indefinitely, thereby defeating the purpose of the statute of limitations. **Bill von Tagen** answered questions from the committee.

MOTION: **Rep. Collins** moved to introduce **RS19369**. **Motion carried on voice vote.**

RS 19292

Rep. Branden J. Durst presented **RS19292** to the committee. This legislation modifies Section 63-36220 Idaho Code to provide non-profit homeless shelters in Idaho a sales tax exemption beginning July 1, 2010 and ending June 30, 2012. Other homeless shelters across the state would be candidates for this tax exemption.

Rep. Durst answered questions from the committee about the fiscal note and if other charities would be able to benefit from this exemption.

MOTION:

Rep Ruchti moved to introduce **RS19292**. **Motion carried on a voice vote.**

HB387

Ted Spangler, from the Idaho Tax Commission, presented **HB387**, to the committee. This bill relates to sales taxes, clarifying the calculation of the credit or refund payable to a retailer who writes off a bad debt relating to a purchase on which he has remitted sales tax to the state.

He stated that the retail community needs more time and explanation of this bill, also giving an example of automotive sales and the taxes that are written off for bad debt.

Ted Spangler, yielded further questions to **Randy Tilley**, also of the Idaho State Tax Commission. He answered questions from the committee, reiterating that most of these cases come from automotive dealers.

MOTION:

Rep Raybould moved to hold **HB387** in committee subject to the call of the chair. **Motion carried on voice vote.**

Rep. Burgoyne, asked further questions of **Mr. Spangler**, wanting to know who would benefit from this refund, the financier, or the business owner.

ADJOURN:

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

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 3, 2010
- TIME:** 9:00a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Saylor, Killen, Ruchti, Burgoyne, Rusche
- GUESTS:** Will Rainford, Interfaith Sanctuary, Christine Tiddens, Catholic Charities, Bill Roscoe, Boise Rescue Mission, Phil Homer, Idaho Association of School Administrators, Steve Rector, Idaho Housing and Finance Association, Randy Nelson, Associated Taxpayers Of Idaho, Dan John, State Tax Commission, Derek Santos, DFM, Matt Kaiserman.
- Meeting was called to order at 9:00 a.m. by Chairman Lake.
- MOTION:** **Rep. Smith** moved to **approve the minutes of January 26, 2010.**
Motion carried by voice vote.
- RS19393:** **Robert L. Aldridge**, representing the Trust & Estate Professionals of Idaho, Inc. presented **RS19393**, to the committee. This legislation will amend the Uniform Probate Code; to provide for construction of certain formula clauses. This legislation is particularly important at this time, due to Congress's inactivity in dealing with the estate tax at the federal level.
- MOTION:** **Rep. Roberts** moved to introduce **RS1939**. After the motion was made there were further questions from the committee. **Mr. Aldridge**, clarified that this legislation would only apply until federal legislation is enacted.
Motion carried by voice vote.
- RS19394:** **Robert L. Aldridge**, representing the Trust & Estate Professionals of Idaho Inc., also introduced **RS19394** to the committee. This legislation amends Idaho Code providing for constituting certain income distributed to beneficiaries of an estate or trust as Idaho Source Income. This legislation is a companion bill to **HB382**, resolving the problem of a large number of estate trusts that are being moved out of the state to avoid taxation onto the beneficiaries.
- MOTION:** **Rep. Barrett**, moved to introduce **RS19394**, with the possible correction to the wording on the Statement of Purpose. **Motion carried by voice vote.**
Rep. Burgoyne, asked for further clarification of the nature of the constitutional problem and if there have been any court rulings dealing with this issue. **Mr. Aldridge** will bring further information about this legislation to the hearing on the bill.

HB 435:

Rep. Branden J. Durst, presented **HB435** to the committee. This legislation modifies Section 63-36220, Idaho Code, to provide non-profit homeless shelters in Idaho a sales tax exemption beginning July 1, 2010 and ending June 30, 2012

Will Rainford, representing Interfaith Sanctuary, testified in support of **HB435**. **Mr. Rainford** testified that Interfaith Sanctuary serves 150 people per day, at the cost of \$5 per person, with the ultimate goal being to end their homelessness. Interfaith Sanctuary purchased staples, such as toilet paper, oatmeal and general supplies, paying over \$600 in sales taxes on these purchases. If the homeless shelters didn't have to pay sales tax then they could provide an additional 120 bed nights to the homeless community. **Mr. Rainford**, provided three personal stories of how the homeless people in this community are being served by the many homeless shelters in Idaho.

Christine Tiddens, representing Catholic Charities, testified in support of **HB435**. Due to the economic conditions that exist today, Catholic Charities has been forced to turn some members of the homeless community away. **Ms. Tiddens** testified that Catholic Charities supports this bill giving tax relief to the homeless shelters across Idaho.

Rep. Roberts expressed concerns about the \$15,000 fiscal impact on this bill, questioning where the additional money would come from in order to meet the fiscal impact of this bill.

Rep. Smith asked additional questions of **Ms. Tiddens** regarding the fiscal impact of this bill.

Bill Roscoe, representing The Boise Rescue Mission, also testified in support of **HB435**. **Mr. Roscoe** testified that in the last quarter of 2009, the Mission saw an increase of 35% in the numbers of people seeking shelter over the same period the year before. **Mr. Roscoe** shared with the committee that his shelter does not seek or receive any governmental funding, stating that all of their money comes from fund-raising and the generous members of the community. **Mr. Roscoe** ended his testimony by extending an invitation to the committee to come visit and tour the Boise Rescue mission.

Rep. Durst, summed up the testimony reiterating the dire situation for Idaho's homeless, and suggesting that the two year sales tax exemption is the perfect solution to this problem.

MOTION:

Rep. Burgoyne, moved to send **HB435**, to the floor with a **DO PASS** recommendation.

Rep. Ruchti, spoke in support of **HB435**, saying that this legislation is a good model for sales tax exemption.

Rep. Clark expressed concerns about the exemptions and suggested that the bill be sent to a subcommittee to deal with the sunset exemptions that now exist.

SUBSTITUTE MOTION:

Rep. Roberts offered a Substitute Motion to **send HB435 to the subcommittee** in order to discuss the sunset tax exemptions existing in this bill.

There was further discussion by the committee concerning sunset exemptions.

ROLL CALL VOTE:

Rep. Roberts requested a **roll call vote**. By a vote of **3 aye and 15 nay**, the motion **failed**. Voting in the affirmative: **Reps. Roberts**,

Wood, and Clark. Voting in the negative: **Reps. Lake, Collins, Barrett, Moyle, Raybould, Schaefer, Smith, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, and Rusche.**

**ORIGINAL
MOTION:**

A vote was called on the original motion, it **passed on a voice vote.**

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 9:36 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: February 4, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Joie McGarvin, Westerberg & Associates, Bill vonTagen, Idaho State Tax Commission, Phil Homer Idaho Association of School Administrators, Ed Hawley, Administration Rules, Randy Nelson, Associated Taxpayers of Idaho, Jeff Church, Veritas Advisors, Cindy Hedge, AFL CIO, Benjamin Davenport, Risch Pisca, Tony Smith, Eiguren Public Policy.

Meeting was called to order at 9:00 a.m. by Chairman Lake.

MOTION: **Rep. Collins** moved to approve minutes of Jan 20; **motion carried by voice vote.**

MOTION: **Rep. Saylor** moved to approve minutes of Feb 3; **motion carried by voice vote.**

Chairman Lake turned the gavel over to **Rep. Collins** to conduct the business of the Rules Subcommittee.

MOTION: **Rep. Hart** moved to approve the subcommittee minutes of Jan 19; **motion carried by voice vote.**

MOTION: **Rep. Burgoyne** moved to approve the subcommittee minutes of Jan 20; **motion carried by voice vote.**

MOTION: **Rep. Hart** moved to approved the subcommittee minutes of Jan 25; **motion carried by voice vote.**

**COLLINS
SUBCOMMITTEE
REPORT:** **Rep. Collins**, Chairman of the rules subcommittee, and the members of the subcommittee, **Rep. Phil Hart**, and **Rep. Grant Burgoyne**, recommended approval of all pending rules from the Idaho State Tax Commission, with the exception of Rule 136, which was rejected at the request of the Idaho State Tax Commission, to the committee. **Rep. Burgoyne** clarified to the committee that he was in opposition to approving the rules due to his strong objection to Rules 500 and 501.

Chairman Lake again chaired the committee.

MOTION: **Rep. Collins** moved to **approve the rules as recommended by the**

subcommittee. Motion carried by voice vote. Rep. Burgoyne requested that he be recorded as voting nay.

RS19358C2: **RS19358C2** that was listed on today's agenda was returned to the sponsor at the request of the sponsor.

RS19359C2: **Rep. Rusche**, presented **RS19359C2**, to the committee. This legislation relating to income taxation; is to provide a short title; to provide legislative intent; Amending Title 63, Idaho Code, by the addition of a new chapter 47, title 63, Idaho Code, to define terms, to provide a venture capital tax credit, to provide limitations and other provisions on credits against income taxes, to provide recapture and to provide for administration; declaring an emergency and providing retroactive application and a sunset date. This legislation is an attempt to draw capital to small businesses, giving incentives to individuals by offering them a tax credit on earnings.
Rep. Rusche, clarified the definition of a venture capitalist, to the committee.

MOTION: **Rep. Burgoyne** moved to introduce **RS19359C2. Motion carried by voice vote. Rep. Barrett** requested that she be recorded as voting nay.

HB436: **Bill von Tagen**, representing the Idaho State Tax Commission, presented **HB436** to the committee. This bill relates to income taxes; amending Section 63-3072, Idaho Code, to delete references to estimated payments and to provide a statute of limitations when the state tax commission has made an assessment; declaring an emergency and providing retroactive application. This legislation was formerly **HB383**.
Mr. von Tagen answered questions from the committee about situations of fraud and the statute of limitations that is to be applied in these situations. **Rep. Hart** asked for clarification from **Mr. von Tagen** about the part of the bill that states, "when the tax commission makes an assessment for a period where a return has not been filed, a credit or claim for refund may only be made by filing an amended return within three years from the original due date of the return." **Rep. Hart** will stand in opposition to **HB436**, due to the question he has about the statute of limitations not being fair to the taxpayers and that he also thinks that the bill may be unconstitutional.

MOTION: **Rep. Rusche** moved to send **HB436** to floor with a **DO PASS** recommendation.

ROLL CALL VOTE: **Rep. Lake** requested a **roll call vote**. By a vote of **9 aye and 9 nay**, the motion **failed**. Voting in the affirmative: **Reps. Lake, Raybould, Roberts, Smith, Saylor, Killen, Ruchti, Burgoyne, Rusche**. Voting in the negative: **Reps. Collins, Barrett, Moyle, Schaefer, Wood, Clark, Bedke, Harwood, Hart**.

ADJOURN: There being no more business to come before the committee, Chairman Lake adjourned the meeting at 9:38 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: February 8, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Joie McGarvin, Western Aircraft, Dustin Hurst, Idahoreporter.com, Russell Westerberg, Western Aircraft, Robin Nettinga, Idaho Education Association, Bill Connors, Boise Metro Chamber, Dan John, Idaho Tax Commission, Tracy Warren, DD Council, Phil Homer, Idaho Association of School Administrators, Joe Reiden, Rachel Raiden, Bryaen Dimmick, Jill Young, Valerie Crawford, Cameron Cutler, Will Ledbetter, MPI, Cheryl Roberts, Dalene M. Banks, Sheree Cooper, Tammy Maxwell, Tony Poinelli, IAC, Denise Wetzel, Randy Nelson, Associated Taxpayers of Idaho, Jeff Church, Veritas Advisors, John Watts, Ray Spark, Boise Metro Chamber, Colby Cameron, Sullivan & Reberger, Dave Whaley, Idaho AFL-CIO, Jeremy Pisca, Risch/Pisca, Suzanne Budge, SBS Associates LLC.

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

MOTION: **Rep. Burgoyne** moved to approve the minutes of Feb. 4. **Motion carried by voice vote.**

RS19409C1: **Representative Bayer** presented **RS19409C1** to the committee. This legislation is to expand and clarify an economic development incentive as used by any board of county commissioners within the state of Idaho for a new plant and building facilities.
Rep. Killen asked about the impact that this legislation would have on the general fund. There was further discussion among the committee members about the rule governing the fiscal impact of legislation. **Rep. Killen** will report to the committee, whether the fiscal impact needs to illustrate not only the effect of the particular legislation to the general fund, but would also include the fiscal impact to all levels of government.

MOTION: **Rep. Barrett** moved to introduce **RS19409C1**. **Motion carried by voice vote.**

RS19427: **Rep. Labrador** presented **RS19427** to the committee. This legislation amends existing law to provide when a local improvement district is created by resolution of the city council that no bonds registered warrants or interim warrants in an amount of \$250,000 or more may be issued unless such issuance is approved, either by not less than sixty percent or more of the resident owners of taxable property within the district or two-thirds of the owners of taxable property subject to assessment within such local improvement district voting on the question at an election called for that purpose.

MOTION: **Rep. Barrett** moved to introduce **RS19427**. **Motion carried by voice vote.**

RS19454C1: **Rep. Moyle** presented **RS19454C1** to the committee. The purpose of this legislation is to create new, good paying jobs at Idaho businesses specializing in repair and maintenance of large, business jets by eliminating the disadvantage an Idaho business has competing with similar businesses located in states that do not impose taxes installed on parts in large, turbine powered aircraft owned by non residents.

MOTION: **Rep. Raybould** moved to introduce **RS19454C1**. **Motion carried by voice vote.**

ADJOURN: No further business to come before the meeting **Chairman Lake** adjourned the meeting at 9:12 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: February 10, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Kathy Gardner, Idaho Hunger Relief Task, Rick Groff, Idaho Interfaith Round Table, Ruth Schneider, Idaho Interfaith Round Table, Bridget Morrisroe-Aman, Mike Brassey, Idaho Bankers Association, Bob Aldridge, Trust & Estate Professionals of Idaho, Inc., Sheila Ames, Boise Unitarian Universalist Fellowship, Michelle Larsen, Mary Chant, Community Action Partnership Association of Idaho, Christina Zamora, CAPAI, Dawn Justice, Idaho Bankers Association, Mike Sullivan, U.S. Bank, Sam Haws, Idaho State Tax Commission, Karen Perren, CAPAI, Bridget Colpitts , CAPAI, Breland Draper, Jeff Church, Veritas Advisors, Phil Homer, IASA, Derek Santos DFM, Tony Smith, Eiguren Public Policy, Gideon Tolman, Governor's Office, Michelle Shobe, Melissa Nelson ISCPA, Randy Nelson, Association of Idaho Taxpayers.

The meeting was called to order at 9:00 a.m. by **Chairman Lake**.

MOTION: **Rep. Collins** moved to approve the minutes of February 8; **motion carried by voice vote**.
Rep. Killen reported back to the committee his research into the rule that governs the fiscal statement on legislation. **Rep. Killen** found the answer to the fiscal impact question, in Joint Rule 18, however, the practical use of the fiscal impact is generally just placed on new legislation when it effects the General Fund.

PRESENTATION: **Commissioners Sam Haws**, and **David Langhorst** presented the committee with the annual report of the Idaho State Tax Commission. **Commissioner Sam Haws** and **Commissioner David Langhorst** answered questions from the committee regarding the current economic downturn and the effect of the slow economy on the thirty vacant positions that exist at the tax commission. Commissioners also answered questions from the committee about the Idaho's Tax Gap, 2009, Estimating Idaho's Tax Gap and Developing Strategies To Reduce It, and the State Tax Commission Business Plan, Compliance Initiative FY2011, that they provided for the committee members. The commissioners clarified to the committee that the effect of new legislation dealing with streamline sales tax, and e-commerce in Idaho, and the possible increases to the state's revenue, was still unknown at this time.

RS19532: **Rep. Raybould** presented **RS19532** to the committee. This amendment to SECTION 63-3622FF is necessary to comply with the Federal Food Stamp Act administered by the U.S. Department of Agriculture that is funding the Federal Food Conservation and Energy Act Coupons. **Rep.**

Raybould reiterated that without Idaho's specific notation of this federal program in the statute, federal funds to Idaho recipients would be withheld.

MOTION: **Rep. Killen** moved to send **RS19532** to the second reading calendar. **Motion carried by voice vote. Rep. Raybould will sponsor the bill on the floor.**

HB471: **Robert Aldridge** representing Trust & Estate Professionals of Idaho, Inc. presented **HB471** to the committee. This legislation amends existing law relating to income tax to provide for constituting certain income distributed to beneficiaries of an estate or trust as Idaho source income. **Mr. Aldridge** referred to the handout he provided for **HB471** which further explains the problem with double taxation to estates.

MOTION: **Rep. Burgoyne** moved to send it to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Burgoyne will sponsor the bill on the floor.**

HB472: **Robert Aldridge**, also presented **HB472** to the committee. This legislation relates to the uniform probate code, adding to provide for construction of certain formula clauses. **Mr. Aldridge** clarified to the committee that without this legislation estates are wide open for problems due to the failure of Congress to act regarding this matter.

MOTION: **Rep. Smith** moved to send **HB472** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Smith will sponsor the bill on the floor.**

ADJOURN: There being no further business to come before the committee, Chairman Lake adjourned the meeting at 10:12 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 11, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche
- GUESTS:** John J. Williams, BPA, Steve Millard, IHA, Lyn Darrington, Boise Airport, Phil Homer, IASA, John Watts, Veritas Advisors, Jeff Church, Veritas Advisors, Derek Santos, DFM, Brian Kane, Attorney General, Randy Nelson, ATI, Ray Stark, Boise Chamber of Commerce.
- Meeting was called to order at 9:00 a.m. by **Chairman Lake**.
- MOTION:** **Rep. Harwood** moved to approve the minutes of Feb 10; **motion carried by voice vote.**
- RS19343:** **Rep. Fred Wood** presented **RS19343**, to the committee. This joint resolution amends Article VIII, Section 3C of the Idaho Constitution to clarify the ability of county and district hospitals to incur indebtedness. **Rep. Fred Wood** clarified to the committee that should the hospital default on payment of the bond, that the taxpayers would not be liable for repayment to the bond company. **Rep. Fred Wood** yielded questions to **Brian P. Kane**, Assistant Chief Deputy to the Attorney General of the State of Idaho. **Mr. Kane** also reassured the committee that should the hospital default on the bond payment, that the taxpayers would not be responsible for repaying the debt.
- MOTION:** **Rep. Raybould** moved to introduce **RS19232**. **Motion carried by voice vote.**
- RS19507:** **Rep. Fred Wood** presented **RS19507** to the committee. This is an amendment creating Section 3E to allow subdivisions and regional airport authorities to incur debt, without voter approval. **Rep. Fred Wood** answered questions about the definition of an airport and the language that is contained in the legislation. Again, **Rep. Fred Wood**, yielded questions to **Mr. Kane** to go over the more technical definitions that are outlined in the legislation.
- MOTION:** **Rep. Smith** moved to introduce **RS19507**, with a possible correction to the title. **Motion carried by voice vote.**
- RS19555:** **Rep. Fred Wood** also presented **RS19555** to the committee. This is an amendment adding Section 3D to confirm authority that a city owning a municipal power system may enter into long-term power supply contract

without an authorizing election.

MOTION: **Rep. Clark** moved to introduce **RS19555** with a correction to the statement of purpose. **Motion carried by voice vote.**

ADJOURN: There being no more business to come before the committee, **Chairman Lake** adjourned the meeting at 9:36 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 12, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Bedke, Harwood, Hart, Sayler, Killen, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Leon Smith, Rep. JoAn Wood, Rep. Jim Clark, Rep. James Ruchti.
- GUESTS:** Joie McGarvin, Western Aircraft, Allen Hoyt, Western Aircraft, Russell Westerberg, Western Aircraft, Dan John, Idaho State Tax Commission, Phil Homer, IASA, Derek Santos, DFM, Emily Anderson, Governor's Office, Randy Nelson, Associated Taxpayers of Idaho.
- The meeting was called to order at 9:03 a.m. by **Chairman Lake**.
- MOTION:** **Rep. Collins** moved to approve the minutes of Feb 11 as written; **motion carried by voice vote.**
- HB387:** **Dan John** representing the Idaho State Tax Commission, requested that **HB 387** be held in committee.
- MOTION:** **Rep. Raybould** moved to **HOLD HB387** in committee; **motion carried by voice vote.**
- HB488:** **Rep. Rusche** presented **HB488** to the committee. This bill adds to the existing law to provide for a rebate of sales or use tax paid for certain aircraft repairs.
Allen Hoyt, the CEO of Western Aircraft, testified in support of **HB488**. He presented a power point slide presentation clarifying his businesses need for this legislation.
Russell Westerberg, also spoke on behalf of Western Aircraft, testifying in support of **HB488**, and recommended passing this legislation saying that it was right approach. **Mr. Hoyt**, answered questions from the committee clarifying the amount of money that his business would be receiving with the passage of this new legislation.
- MOTION:** **Rep. Burgoyne** moved to send **HB488** to the floor with a **DO PASS** recommendation; **motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:31 a.m. by **Chairman Lake**.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: February 15, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Rep. Jim Patrick, Garret Mancolas, Mayor of Caldwell, Don Johnson, Idaho State Grange, Ray Stark, Boise Chamber, John Watts, Chamber Alliance, Bill Connors, Boise Chamber, Dan John, Idaho State Tax Commission, John Reuter, Bert Harley, IEA, Jeff Church, Veritas Advisors, Susan Buxton, Phil Bandy, Mayor City of Eagle, Zach Houge, Emily Anderson, Governors Office, Phil Homer, IASA, David Swindell, City of Pocatello, Troy Tymesen, City of Coeur d'Alene, Bill Nichols, Tom Dale, Mayor City of Nampa, Elwood Kleaver, BVEP, Skip Smyser, Alex LaBeau, David Ferdinand, James Williams, Farm Bureau, Mike Reynoldson, Micron, Russ Hendricks, Farm Bureau Dick Rockrohr, CNB, Inc. Jayson Ronk, IACI, Brent Olmsteadm MPI, Tony Poinelli, IAC, Jeremy Pisca, Risch/Pisca, Ben Davenport, Risch/Pisca

The meeting was called to order at 9:00 a.m. by **Chairman Lake**.

MOTION: **Rep. Collins** moved to approve the minutes of Feb 12; **motion carried by voice vote.**

HB489: **Rep. Labrador** presented **HB489** to the committee. This legislation applies to when a Local Improvement District is created by resolution. If the amount exceeds \$250,000.00, it must be approved by two-thirds majority vote of the people.

Rep. Labrador answered questions from the committee dealing with the three situations under which a Local Improvement District can be created, and he also spoke to how this legislation would effect the current law that now exists in regards to the formation of Local Improvement Districts.

Representative Patrick, Don Johnson, Russ Hendricks, and Dick Rockrohr all testified in support of **HB489**, speaking to the difficulty with the part of the current law that gives the LID, once formed, the ability to bond for improvements and levy assessments and liens on property owners within the district. The problem is that it allows the Local Improvement Districts to avoid the constitutionally required 2/3 majority vote. The committee questioned the supporters of **HB489**, asking specifically how this legislation would improve the conditions in their cities

Vice Chairman, Rep. Collins, took over the gavel and assumed the duties of the chair.

Garret Mancolas, John Reuter, David Swindell, Troy Tymesen, and Bill Nichols testified in opposition to **HB489**, stating that local city councils had the best interests of their cities, and that the passage of this bill would create expensive and confusing elections, that would eventually

lead to overruling the local city leadership. Those in opposition also reiterated the fact that the government that governs the best is the one that is the closest to the people. The committee extensively questioned those who testified in opposition to **HB489**, specifically focusing on the process that a city goes through in order to appropriately include the citizens in the Local Improvement Districts decisions, i.e; hearings and public meetings. **Chairman Dennis Lake**, once again, assumed the gavel and resumed the duties of the chair.

Rep. Labrador, summed up his presentation and answered more questions from the committee. He ended his statements by asking the committee to consider protecting the citizens of Idaho, not the interests of elected officials, stating that this legislation brings about collaboration from all interested parties.

MOTION: **Rep. Bedke** moved to send **HB489** to general orders to undergo the amending process.
Rep Burgoyne, and Rep. Ruchti both spoke in opposition to **HB489** suggesting that the committee should hold **HB489** in committee.

MOTION: **Rep. Wood** moved to adjourn the meeting; **motion carried by voice vote**. **Rep. Barrett** wished to be recorded as voting nay.

ADJOURN: The meeting was adjourned at 10:40a.m.by **Chairman Lake** .

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: February 16, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: David Ferdinand, Canyon County Commissioner, Elwood Kleaver, Boise Valley Economic Partnership, Jay Howell, Idaho Freedom Foundation, Bill Connors, Boise Metro Chamber, Dustin Hurst, Idaho Reporter, Brian Kane, Jayson Ronk, IACI, Phil Homer, IASA, Phil Kushlan, CCDC, Tony Poinelli, IAC, Will Ledbetter, MPI, Dan John, Idaho Tax Commission, Ray Stark, Boise Metro Chamber, Zach Hauge, Randy Nelson, ATI, Jeremy Pisca, Risch/Pisca, John Watts, James Williams, Idaho Farm Bureau, Jenny Oberst, NASW, Jonell Rangel, NASW, Colby Cameron, Sullivan & Reberger.

Meeting was called to order at 9:00 a.m. by **Chairman Lake**.

MOTION (HELD OVER FROM 2/15/10): **Rep. Bedke** moved to send **HB489** to general orders to undergo the amending process.

SUBSTITUTE MOTION: **Rep. Moyle** moved to **HOLD HB489** in committee at the call of the chair. **Motion carried by voice vote.**

RS19670: **Rep. Fred Wood** presented **RS19670** to the committee. This legislation amends Article VIII of the constitution of the State of Idaho, by adding a new section 3D to confirm the authority that a city owning a municipal power system may enter into long-term power supply, transmission and other agreements with the Bonneville Power Administration and other suppliers, without the need for an authorizing election.

MOTION **Rep. Roberts** moved to introduce **RS19670**. **Motion carried by voice vote**

HB490: **Representative Bayer** presented **HB490** to the committee. The purpose of this legislation is to amend existing law to provide that a board of county commissioners may declare that all or a portion of the market value of a defined project based on investment in new plant and building facilities meeting certain tax incentive criteria shall be exempt from property taxation. **Rep. Bayer** answered questions from the committee pertaining to the question about the impact this would have to the more rural areas of Idaho. **Rep. Bayer**, explained that this legislation would provide a complementary and not a competitive

relationship between Idaho's rural and urban areas.

David Ferdinand, representing the Canyon County Commissioners, **Elwood Kleaver**, Chairman of the Boise Valley Economic Partnership, **John Watts**, representing the Idaho Chamber Alliance, and **Tony Poinelli**, representing the Idaho Association of Counties, all testified in support of **HB490**. They support **HB490** because of the bill's flexibility for both urban and rural areas giving them the ability to individually design their projects based on some predictability of revenue and expenses.

MOTION: **Rep. Barrett** moved to send **HB490** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Wood** requested to be recorded as voting nay.

SUBCOMMITTEE APPOINTMENTS: **Chairman Lake** appointed the Urban Renewal Subcommittee as follows: Chairman, Rep. Leon Smith, Rep. Lenore Barrett, Rep. Ken Roberts, Rep. Gary Collins, Rep. Phil Hart, Rep. George Saylor, Rep. James Ruchti.

RS19570: **Chairman Dennis Lake** presented **RS19570** to the committee. This legislation is the first comprehensive statutory overhaul of chapter 20, title 50, Idaho Code, the Urban Renewal Law since the Law's enactment in 1965 and of chapter 29, title 50, Idaho Code, the Local economic Development Act since the Act's enactment in 1988. The purpose of this legislation is to reform and modernize the Law and the Act to improve these important economic tools which allow the development of local/regional economies as well as the economy of the state as a whole. **Rep. Lake** explained to the committee that all of the legislation pertaining to Urban Renewal would be referred to the Urban Renewal Subcommittee for further examine and study. This committee will be given a few weeks in order to closer review and analyze this extensive legislation.

Motion: **Rep. Clark** moved to introduce **RS19570**. **Motion carried by voice vote.**

RS19325: This legislation provides that when revenues exceed the funds necessary to service the bonds issued by an Urban Renewal Agency, the excess funds will be distributed back to those taxing districts within the agency's boundaries.

RS19415C1: This legislation amends Idaho Code, Title 50, Chapters 20 and 29. The bill allows for a sixty (60) day public comment and public hearing process in the application by an Urban Renewal Agency to seek approval for an Urban Renewal plan, or when an Urban Renewal plan or Competitively Disadvantaged Border Community Area seeks to create a revenue allocation area. Currently there is no process that exists in Idaho Code that allows for a public hearing process at the time of application for these entities.

RS19440: This legislation is to require that a municipality shall hold an election of

qualified electors in a proposed Urban Renewal Area, providing that it should be approved by a majority of those voting upon the question, to exercise the authority of an Urban Renewal Agency.

RS19485: This legislation amends Idaho Code 50-2905. The bill requires additional information to be included in the plan offered by an Urban Renewal Agency at the time the initial plan is submitted to the local governing body for the creation of a Revenue Allocation Area. The additional information pertains to the base assessment role and the total assessed value of the municipality who created the Urban Renewal Agency.

RS19487: The purpose of this legislation is to update specific sections of Idaho Code that govern Idaho in the area of urban renewal. This amendment will modify Idaho Code section 50-2006 to allow for the election of urban renewal board members, terms of office, eligibility and the filling of vacancies.

RS19325
RS19415C1
RS19440
RS19485
RS19487:

Rep. Smith moved to introduce **RS19325, RS19415C1, RS19440, RS19485, RS19487. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:14 a.m. by **Chairman Lake.**

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 17, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Bedke, Harwood, Hart, Saylor, Ruchti, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Lake, Rep. Clark, Rep. Killen
- GUESTS:** Greg Laragan, ITD, Dan John, State Tax Commission, Ted Spangler, State Tax Commission, Sara Schmidt, SCC, Steve Miller, IASCO, Derek Santos, DFM, Jeff Church, Veritas Advisors, Dan Olberding, Idaho Grain Producers Association, Wayne Newbill, Idaho Association of SCDs, Benjamin Davenport, Risch/Pisca.
- The meeting was called to order at 9:00 a.m. by **Vice Chairman Collins**.
- RS19595:** **Rep. Collins** presented **RS19595** to the committee. This concurrent resolution would reject a section of a pending rule of the Tax Commission relating to the Idaho Sales and Use Tax Administrative Rules as being not consistent with legislative intent. The effect of this resolution, if adopted by both houses, would be to prevent the amended language in the section from going into effect.
- MOTION:** **Rep Moyle** moved to send **RS19595** to the second reading calendar. **Motion carried by voice vote.**
- RS19549C1:** **Rep. Roberts** presented **RS19549C1** to the committee. This legislation relates to the Soil Conservation Commission, providing for necessary amendments to existing code pertaining to soil conservation districts and the state tax commission. **Rep. Roberts** answered questions from the committee about whether the legislation was reached by consensus from the affected parties.
- MOTION:** **Rep. Moyle** moved to introduce **RS19549C1**, referring it to the House Agriculture Committee. **Motion carried by voice vote.**
- RS19609:** **Rep. Henderson** presented **RS19609** to the committee. This legislation defines the procedures to allow the Idaho Transportation Dept. to solicit and award contracts using design-build or construction manager/general contractor methods of procurement for highway projects. **Rep. Henderson** answered questions from the committee regarding contractor competition and the fairness of awarding contracts. **Rep. Henderson** also addressed the committee telling them that this legislation was introduced last year but was not passed due to a problem with an amendment on the bill.

- MOTION:** **Rep. Harwood** moved to introduce **RS19609**, referring it to the House Transportation Committee. **Motion carried by voice vote.**
- RS19631:** **Rep. Hart** presented **RS19631** to the committee. This legislation amends existing law relating to the Local Economic Development Act to revise provisions relating to plans for revenue allocation areas and to provide for opting out of proposed plans. **Rep. Hart** clarified to the committee, about which districts this legislation would apply to. **Rep. Hart** also acknowledged that this RS was very similar to another RS that he is proposing and that they conflict with one another. However, he will leave it up to the subcommittee to decide which one they will submit for approval to the full committee.
- MOTION:** **Rep. Barrett** moved to introduce **RS19631**, referring it to the Urban Renewal Subcommittee for further review. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, **Vice Chairman Collins** adjourned the meeting at 9:29 a.m.

Representative Gary Collins
Vice Chairman

Tori Shockey
Secretary

MINUTES

**HOUSE REVENUE AND TAXATION COMMITTEE
SMITH URBAN RENEWAL SUBCOMMITTEE**

DATE: February 18, 2010

TIME: 8:30 a.m.

PLACE: Room EW42

MEMBERS: Chairman Leon Smith, Rep. Barrett, Rep. Collins, Rep. Hart, Rep. Saylor, Rep. Ruchti.

**ABSENT/
EXCUSED:** Rep. Roberts

GUESTS: Benjamin Davenport, Risch/Pisca, Zach Hauge, Capital West, Joie McGovern, Westerberg & Associates.

The meeting was called to order at 8:34, by **Chairman Smith**.

Chairman Smith opened the meeting by welcoming the committee and opening it up to discussion and suggestions about handling the legislation that is before the subcommittee. **Chairman Smith** announced that the next meeting of the subcommittee will be Tuesday, February 23, at this time bills will be introduced and testimony will be heard.

Rep. Ruchti asked if there was anybody who would be able to give a brief description and definition of specific terms regarding Urban Renewal. There was further discussion as to who could do this brief presentation, and it was brought to the committee's attention that Ryan Armbruster was involved in drafting the legislation and that he would be a good person to perform this duty.

The committee also discussed the format that will be used for testimony at next Tuesday's meeting.

John Watts spoke on behalf of the Idaho Chamber of Commerce Alliance, and said that he could bring their vision of the composite bill.

ADJOURN: There being no further business to come before the subcommittee, **Chairman Smith** adjourned the meeting at 8:54 a.m.

Representative Leon Smith
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 22, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. James Ruchti
- GUESTS:** Dan John, State Tax Commission, Jeff Church, Veritas Advisors, Phil Homer, IASA, Randy Nelson, ATI, Ray Stark, Boise Metro Chamber, Derek Santos, Benjamin Davenport, Risch/Pisca, John Watts, Chamber Alliance, Bruce Newcomb, Courtney Kirchner.
- The meeting was called to order at 9:02 a.m., by **Chairman Lake**.
- MOTION:** **Rep. Collins** moved to approve minutes of Feb 15 as corrected; **motion carried by voice vote.**
- MOTION:** **Rep. Collins** moved to approve minutes of Feb 16; **motion carried by voice vote.**
- MOTION:** **Rep. Sayler** moved to approve minutes of Feb 17; **motion carried by voice vote.** **Rep. Clark** was recorded as voting nay.
- RS19225:** **Senator Brent Hill** presented **RS19225** to the committee. This legislation allows victims of fraudulent investment arrangements such as Ponzi schemes to utilize unused losses when calculating net operating loss carry-overs. In accordance with the federal tax code, Idaho allows a deduction for such losses as a theft loss. To the extent the losses are greater than the taxpayer's taxable revenues, they can be carried over to offset the profits of other years as part of a net operating loss under federal law. Idaho, however, does not allow such losses to be considered in the calculation of net operating losses. This bill allows the inclusion of such excess losses when computing Idaho net operating losses, thus permitting up to \$100,000 to be "carried back" two years and the remainder to be deducted in future years ("carried forward") until exhausted to a maximum of twenty years. **Senator Hill** answered questions from the committee about the impact of the fiscal note on the General Fund. **Senator Hill** also clarified why the retroactive date was made for January 2008, and also spoke to the net operating loss in Idaho law differing from that of the definition at the federal level.
- MOTION:** **Rep. Clark** moved to introduce **RS19225**; **motion carried by voice vote.**

INTRODUCTION: **Chairman Lake** introduced the new page, Rebecka Seward. She is from Boise and is looking forward to learning more about the legislature.

RS19646: **Bruce Newcomb**, yielded to his intern, **Courtney Kirchner**, to present **RS19646** to the committee. The purpose of this bill is to create a provision that allows for unique private-public partnerships in the construction of improvements on university property without utilizing state funding. Clarification of existing new construction roll tax exemption and general tax exemption language is necessary to ensure the success of such projects. Providing that such improvements exist in the capacity of university operations, as approved by the State Board of Education, they will remain tax exempt. Conversion of such improvement into non-university operations shall negate the exempt status for said improvements.

MOTION: **Rep. Raybould**, moved to introduce **RS19646**; **motion carried by voice vote.**

RS19667: **Rep. Rusche** presented **RS19667** to the committee. This Act provides a \$2,000 tax credit for permanent new employees who are paid over \$35,000 per year and receive health care benefits (the qualifying employee must be employed full time for a minimum of nine months with pay equaling more than \$35,000 annually before the credit can be sought).

MOTION: **Rep. Collins** moved to introduce **RS19667**; **motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:25 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION SMITH SUBCOMMITTEE

- DATE:** February 23, 2010
- TIME:** 8:30 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Smith(24), Vice Chairman Collins, Representatives Barrett, Roberts, Hart, Saylor, Ruchti.
- GUESTS:** Wayne Hoffman, Idaho Freedom Fund, Kathy Sims, District 4, Matt Hunter, Idaho Chambers Alliance, John Watts, Chambers of Commerce, Tom Lien, Post Falls Urban Renewal Agency, Bobbi Rollins, Post Falls Urban Renewal Agency, Dan John, State Tax Commission, Sara Baker, Ada County Highway District, Monica Clements, Rachel S. Gilbert, Boise Taxpayers, Don Brandt, Russell Westerberg, CCDC, Zach Hauge, Capitol West, Melinda Anderson, City of Twin Falls, Rober Seiber, Capitol West, Lucas Baumbach, Gideon Tolman, Governor's Office, Ryan Armbruster, CCDC, Tony Poinelli, IAC, Miguel Legarreta, Ada County Association of Realtors, Max Vaughn, Minidoka County Assessor, Gary Marks, Ketchum Urban Renewal Agency, Steve Dale, ACHD, Neil Colwell, Avista Corp., Julie Pipal, Ray Stark, Boise Chamber, Dan Gooton, Dave Alldredge, D.S. Maifland, Glenn Koch, Koch Inc.
- Chairman Smith** called the meeting to order at 8:34 a.m.
- Rep. Collins** moved to approve the minutes of Feb. 18; **motion carried by voice vote.**
- PRESENTATION:** **Ryan Armbruster**, representing Elam & Burke, P.A. presented an overview of all of the urban renewal legislation that is before the subcommittee (See attached agency discussion). Mr. Armbruster, answered questions from the committee concerning how this new legislation would effect the current law that is now in place.
- H570:** **Rep. Kren** presented **H570**, this legislation is to require that a municipality shall hold an election of qualified electors in a proposed urban renewal area, providing that it should be approved by a majority of those voting upon the question, to exercise the authority of an urban renewal agency. Rep. Kren clarified to the committee whom would be eligible to vote in this election. He also answered questions from the committee regarding the cost of elections and how that would impact the fiscal note.
- H572:** **Rep. Hart** presented **H572** which updates specific sections of Idaho Code that govern Idaho in the area of urban renewal. This amendment will modify Idaho Code section 50-2006 to allow for the election of urban renewal board members, terms of office, eligibility and filling of vacancies. Rep. Hart answered questions from the committee regarding the issue of unelected officials being able to spend the taxpayers money.

- H569:** **Rep. Hart** presented **H569** to the committee. This legislation amends Idaho Code, Title 50, Chapter 20 and 29. The bill allows for a sixty day public comment and public hearing process in the application by an Urban Renewal Agency to seek approval for an urban renewal plan, or when an Urban Renewal Plan or Competitively Disadvantaged Border Community Area seeks to create a revenue allocation area. Currently there is no process that exists in Idaho Code that allows for a public hearing process at the time of application for these entities. Rep. Hart clarified to the committee that currently the public is excluded from the urban renewal process and this legislation would give the public more input into the decision making process concerning urban renewal
- H568:** **Rep. Labrador**, presented **H568**, this proposed legislation provides for when revenues exceed the funds necessary to service the bonds issued by an Urban Renewal Agency, the excess funds be distributed back to those taxing districts within the agency's boundaries. Rep. Labrador clarified to the committee that all types of revenue would be encompassed with this legislation
- H571:** **Rep. Hart** presented **H571** to the committee, this legislation amends Idaho Code 50-2905. The bill requires additional information to be included in the plan offered by an Urban Renewal Agency at the time the initial plan is submitted to the local governing body for the creation of a Revenue Allocation Area. The additional information pertains to the base assessment role and the total assessed value of the municipality who created the Urban Renewal Agency. This bill also allows for any taxing district whose geographical boundaries overlap with the boundaries of a revenue allocation area by way of approving a resolution of support or disapproval. The legislation will only allow those revenue allocation areas to be created when a majority of the affected taxing districts approve the creation of the revenue allocation area. Rep. Hart clarified to the committee that the taxing districts should have the right to opt out and that this would raise the bar by involving the entire community with the urban renewal plan.
- H578:** **Rep. Hart** presented **H578** to the committee. This legislation amends existing law relating to the Local Economic Development Act to revise provisions relating to plans for revenue allocation areas to provide for opting out of proposed plans. Rep. Hart again clarified to the committee that the public is left out of the urban renewal plans and that they need to be included in all aspects of the urban renewal process.
- H567:** **Rep. Lake** presented **H567** to the committee. This legislation amends and adds to existing law to revise powers and duties and authority of urban renewal agencies. Rep. Lake explained to the committee that this legislation is intended to reform and modernize important economic tools, which are one of the only remaining tools to stimulate redevelopment and development of local/regional economies, as well as the economy of the state as a whole.
Mr. Armbruster yielded to questions from the committee reiterating

that the language in **H567** was taken from a variety of other states including Utah and Oregon, thus creating legislation that would be similar to the states surrounding Idaho.

Russell Westerberg representing Capital City Development, spoke in support of **H567**. He clarified to the committee that this legislation was a combined effort by many players with a wide variation of perspectives and viewpoints. This legislation was an honest effort by the CCDC to respond to criticism of current urban renewal. Mr. Westerberg ended his testimony reiterating that he supported this legislation as it stands on it's merits today and encouraged the committee to support this legislation also, claiming that it is the best tool to move Idaho forward into the next 20 years.

Dan Gookin, from Couer D' Alene, Idaho testified in opposition to **H567, H568, H570, and H572** claiming that this legislation is sponsored by the Capital City Development Corporation and that it was akin to the fox guarding the henhouse. Mr. Gookin testified in support of **H569, H571, and H578**.

Max Vaughan the Minidoka County Assessor, testified in opposition to **H567**, with general concern with chapter 32, and all the additional new, broad language, that leaves it open for scrutiny.

Gary Marks, Executive Director of The Ketchum Urban Renewal Agency, testified in opposition to **H567**, stating that there was both good and bad in this bill. He clarified that the bill fails to address the term of 5 years for the commissioner. Elections are held for other city council positions every 4 years so he suggests that the language be changed to coincide with other elected officials. Mr. Marks also expressed concern with the bill that adding land area to a urban renewal agency should be higher than 15%, he suggested that it be raised to 25%.

Bobbi Rawlins, representing The Post Falls Urban Renewal Agency testified in support of **H567**. However, she is opposed to the remaining urban renewal bills, **H570, H572, H569, H568, H571, and H578**, due to the fact that this legislation attempts to micro manage local city councils and mayors. Ms. Rawlins also testified that there is a major problem with the political aspects of having elections, stating that it would destroy the economic tool of Idaho cities.

Tom Lien representing The Post Falls Urban Renewal Agency , testified in support of **H567**. Mr. Lien addressed his concerns that the legislation requires elections of urban renewal agency commissioners. He feels that this would be a difficult process and that getting people to run for these positions would be a difficult. With time running out for the subcommittee meeting, in lieu of more testimony, Mr. Lien provided a summary of his testimony on all of the other legislation for the committee to review (See attached copy).

Matt Hunter, representing the Idaho Chamber Alliance, testified in opposition to **H567**. The concern he has with this particular bill is the problem with there being a limit of 12 years for the urban renewal

agency to pay back the bonds for the project. He suggested that this would be hard for smaller communities to comply with and suggested that 20 years was a more reasonable time frame. With no time for remaining testimony Mr. Hunter submitted a written copy of his testimony (see attached copy).

ADJOURN: **Chairman Smith** adjourned the meeting at 10:36 a.m.

Representative Leon Smith
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE SMITH URBAN RENEWAL SUBCOMMITTEE

DATE: February 24, 2010

TIME: 8:30 a.m.

PLACE: Room EW42

MEMBERS: Chairman Smith, Vice Chairman Collins, Representatives Barrett, Roberts, Hart (Rep. Vick), Sayler, Ruchti.

**ABSENT/
EXCUSED:** Rep. Phil Hart

GUESTS: Scott Bybee, Jerome Urban Renewal Agency, Ryan Armbruster, CCDC, Wayne Hoffman, IFF, Rachel Gilbert, Maurice Clements, Don Brandt, Jeff Church, Veritas Advisors, Zach Hauge, Capital West, Sara Baker, Ada County Highway District, Benjamin Davenport, Risch/Pisca, Dan John, Idaho State Tax Commission, Gideon Tolman, Governor's Office, Tony Berns, Lake City Development Corporation, Teresa Molitor, Lake City Development Corporation, Russ Hendricks, Farm Bureau, Harlan Mann, Phil Homer, IASA, Melinda Anderson, City of Twin Falls, Neil Colwell, Avista Corp., ElJay Waite, Caldwell Urban Renewal Agency, Ray Stark, Boise Chamber of Commerce.

The meeting was called to order at 8:33 a.m. by **Chairman Smith**. Substitute for Rep. Hart is Rep. Steve Vick.

H567: **Ryan Armbruster**, representing Elan & Burke, P.A. presented a brief overview of **H567**. This legislation amends and adds to existing law to revise powers and duties and authority of urban renewal agencies. Mr. Armbruster specifically spent time explaining the eminent domain section of this legislation that is on page 9 lines 11-48. He also focused on specific pages of the bill referring to a diagram explaining pages 27-32 in **H567** (see attached diagram). Mr. Armbruster further addressed concerns that had been brought up concerning **H571 & H578**, focusing on taxing districts being able to opt out of proposed urban renewal plans. Another concern Mr. Armbruster addressed was that of the composition of the Urban Renewal Boards that is referred to on page 3 of **H567** and he also addressed the issue of term limits for these members. Mr. Armbruster stressed the fact that this legislation has been vetted through many different experts in the state of Idaho and that it is close to the legislation that was written by the Capital City Development Corporation, except for two key issues. In the CCDC's original language they set a term to be set at 20 and 24 years. Representative Lake's version of the bill makes it a 12 and 20 year provision. Representative Lake also changed the percentage that the urban renewal land area of the revenue allocation area when added to the land areas included in other revenue allocation areas of the sponsoring municipality does not exceed at the time the revenue allocation area is adopted a figure equal to fifteen percent (15%) of the total land area of that sponsoring municipality. The CCDC had set this percentage at 25%. Mr. Armbruster answered many questions from

the committee pertaining to page 65 line 24 of **H567**, in regards to a grandfather clause. He also addressed the specific issue of the rewrite on page 50 of the bill referring to funding transit systems with urban renewal funds, specifically relating to the issue of the trolley that is now being discussed in Boise. Mr. Armbruster stated that it would be appropriate for a portion of the cars cost if it was a legitimate use to promote economic development.

Wayne Hoffman, Executive Director of Idaho Freedom Foundation, testified in opposition to **H567**, stating that this isn't the correct way to pass legislation in Idaho. He feels that this legislation would be in direct conflict with Idaho's open meeting law, and he disagrees with the new language that involves the conflict of interest rule in the new language. He also claimed that the new urban renewal language provides for an urban renewal agency to exist in every city in Idaho, and that this is certainly unnecessary. He is further troubled by page 40 lines 33-36 which deals with the powers that are granted to the urban renewal agencies. Referring specifically to the language that says, "every urban renewal agency shall have all the powers necessary or convenient to carry out and effectuate the purposes and provisions of this act," saying that this language is too broad and has potential for too much power being given to this governing body. Mr. Hoffman is also very concerned about the language on page 54, line 35 of **H567** which allows urban renewal agency to use nonrevenue allocation of funds for purposes of transit systems including bus system, streetcars, and light rail and other rail systems. Mr. Hoffman also addressed his concern with the eminent domain part of the bill, stating that he can't see the significance of putting it in the legislation if it has never been used. Mr. Hoffman did testify in support of the elections that are suggested in some of the urban renewal legislation, and that he feels that voting on urban renewal projects by the citizens with a 2/3 majority would be the right thing to do.

Rachel Gilbert, a former Idaho legislator, testified in support of **H570** which attempts to reign in the power of urban renewal agencies and she is pleased to see about the election of commissioners. Ms. Gilbert testified in opposition to **H567**, referring to the area of the bill that allows the urban renewal agencies to allocate fund for the purpose of transit systems such as, streetcars, light rail, and train systems. Therefore, she thinks that **H567** is specifically written to address the issues that are now going on in Boise. Ms. Gilbert feels that with the reinvestment part of this bill that the entire city of Boise will be under urban renewal rule, with the taxpayers paying the bill. She further begged the committee to look very closely at this legislation and see that urban renewal does not spread like a cancer across this state. She reiterated that this subcommittee is the only entity that can stop this blight on our property tax rolls.

Morris Clements, a former Idaho legislator, testified in support of **H570** with some corrections to allow all people in the entire county to vote on urban renewal issues, due to the fact that the entire county is affected by urban renewal projects. Mr. Clements stated that it is inappropriate for the government to be involved in an economic development area, people in the districts need to be able to vote and provide their input on the issue. Mr. Clements also stated that urban renewal is unconstitutional, and that his only option at this point is to appeal to the committee. He will submit

his objections to **H567** for the committee to review.

Don Brandt testified in opposition to **H567** stating that something needs to be done with urban renewal and that the best thing to do would be to repeal all of the legislation pertaining to urban renewal and to let the private sector take care of solving these problems. He stated that is really boils down to if you believe in the private sector or the government. Urban renewal gives more power to the government and is open to abuse. Mr. Brandt also stands in opposition to **H567**, because the urban renewal agency can tax everybody in the county even though some taxpayers will not benefit from the urban renewal improvements. He also believes that there must be a 2/3 majority vote of the people to make up for the voters who aren't paying the property taxes. He believes that giving the private sector control is the proper way to make improvements and there needs to be a bond or expand **H570** in order to give the vote to the people.

Sara Baker, representing the Ada County Highway District testified in support **H568**, particularly in support of Section 505 which allows for the rebate of revenue allocation funds. The Ada County Highway District commissioners have voted unanimously to support this bill.

Tony Berns, Executive Director of Lake City Development Corporation of Coeur d'Alene, testified in opposition to **H571** and **H578** because LCDC does not support the proposals to have taxing districts vote on the establishment of urban renewal districts, nor their ability to "opt out" of urban renewal districts. Mr. Berns further testified in opposition to **H570** and **H572**, explaining that LCDC does not agree with the legislation that would require countywide elections of board members, nor the proposal to require a public vote for the establishment of urban renewal districts. In regards to **H569**, LCDC feels that the current 30 day comment period in urban renewal statutes is sufficient to embrace any stakeholder input to the planning process. Mr. Berns also testified in opposition to **H568**, due to the fact that this proposed legislation hinders the ability of an urban renewal agency to utilize a "pay as you go" formula for financing debt obligations. As for **H567**, LCDC agrees that Idaho should "update" its urban renewal law, and they like the approach of creating separate criteria for disadvantaged areas and economic development areas. However, they have concerns about some of the sections that have been amended from the legislation that the LCDC had originally embraced. Mr. Berns also testified that the LCDC initially supported the proposed term of 20 years for districts focusing on economic development. The proposed 12 year term is too short from an economic standpoint. LCDC also has issue of not being able to amend geographic areas, and having no ability to "shoe string". LCDC is willing to consider a new geographic area statute limitation, however, if a geographic area limitation is imposed LCDC supports a 25% area limitation not the currently proposed 15% area limitation.

Mr. Berns answered questions from the committee regarding the definition of deleterious land deterioration and whether this urban renewal legislation is tax neutral, which Mr. Berns, believes that it is tax neutral regarding the taxpayer.

Harlan Mann, a community development consultant, testified in

opposition to **H578** due to the fact that the opting out procedure will not work, and this would create disputes between taxing districts. In regards to **H572**, Mr. Mann does not see how the election process could be workable to city councils. Regarding **H569** he believes that a 60 day comment and review period is appropriate and that adding another 30 days would be restrictive to planners and they may just abandon the project. Mr. Mann also had an issue with **H567**, in the part of restricting revenue allocation areas may not be amended to extend it's boundaries to add additional revenue allocation areas. He feels that this is unusually restrictive and will hurt existing projects.

Scott Bybee, Jerome Urban Renewal Agency, Agency for the City of Buhl, testified in support of **H567**, with the modifications to the limiting language that changes the project term from 20 to 12 years. He feels that opportunities will be lost if these modifications are enacted with this and will limit flexibility, and this will in affect their future business.

Melinda Anderson, City of Twin Falls Economic Director, testified in favor of **H567**, however she feels that the provision that was added to give a 12 year time limit is too restrictive. She would like the 20 year term put back in the legislation. Ms. Anderson also feels that the 15% geographic limit is also a concern in this legislation. She stated that **H570**, **HB572**, **H569**, **H571**, **H578**, and **H567** addresses all of these issues.

Rep. Barrett commented that this agency wants it all and wants it now and that is very troubling.

ADJOURN: The meeting was adjourned by **Chairman Smith** at 10:42 a.m.

Representative Leon Smith
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION SMITH SUBCOMMITTEE

DATE: February 25, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

MEMBERS: Vice Chairman Collins, Representatives Barrett, Roberts, Smith(24), Hart,(Vick) Saylor, Ruchti.

**ABSENT/
EXCUSED:** Rep. Phil Hart

GUESTS: Maurice Clements, Jeff Church, Veritas Advisors, Ryan Armbruster, Capital City Development Corporation, Phil Homer, Idaho Association of School Administrators, Gideon Tolman, Governor's Office, Teresa Molitor, Lake City Development Corporation & Jerome Urban Renewal Agency, Roger Seiber, Capital West, Zach Hauge, Capital West.

The meeting was called to order at 9:02 a.m. by **Chairman Smith**.

**CONTINUED
PUBLIC
TESTIMONY:** **Neil Colwell**, representing the Avista Corporation, testified in opposition to, **H568, H569 H570, H571, H572, H578**. He testified in support of **H567**, with the change to the number of years that a project can be finished, leaving the original language of 20 years instead of the new addition of 12 years in this legislation.

ElJay Waite, Chairman of the Caldwell Urban Renewal Agency, testified in support of **H567**, urging the committee to modernize current urban renewal legislation. He also testified in support of **H568, H569, H571**. Mr. Waite testified in opposition to **H570, H572** and **H578** stating that he didn't think that the voters would be more educated than public officials charged with urban renewal duties, and he reiterated that the it would add unnecessary time and cost delays. Mr. Waite answered questions from the committee about how elections would destroy the urban renewal agency's ability to get projects up and running.

Ryan Armbruster, representing Capital City Development Corporation, closed the testimony providing a summation of **H567**. Mr. Armbruster addressed concerns that were raised about all of the urban renewal legislation testimony. He particularly addressed terms that needed defined and the problem that was brought up that the legislation would conflict with open meeting laws, and that there could be potential conflict of interest from urban renewal commissioners. In closing he urged the subcommittee to review and examine the **H567** carefully and to update urban renewal legislation with passage of this bill. Mr. Armbruster answered additional concerns from the committee with reference to the rebate of funds to the taxing districts and he addressed how the current streetcar issue would be affected by this new urban renewal legislation, saying that it would not change how this issue would be handled.

With the completion of public testimony, **Rep. Smith** then presented the subcommittee with the three options that were in front of them. The first option being to hold all seven of the bills and to assign them to an interim committee for further review. The second option was to vote up or down on each bill and then make the recommendations to the committee. The last option being to go ahead and use **H567** as a template and go through this bill voting on major provisions of the bill, considering **H570, H572, H569, H568, H571, and H578** using them as a tool for revisions or amendments to add to **H567**.

Rep. Ruchti stated that he preferred the third method in order to integrate all of the concerns and changes with the different pieces of legislation. He recommended to the subcommittee that they table all of the first six bills, **H570, H572, H569, H568, H572, H578** and work with **H567**

Rep. Barrett stated that she would not support **H567** as a template and would prefer to vote on all of the bills separately.

Rep. Saylor spoke saying that he preferred the third option which continues with the intent of **H567** to update and modernize the urban renewal processes. He also stated that considering all of the first six bills would not move urban renewal ahead.

Rep. Roberts suggested that he is not in favor of using **H567** as a template. He wants to look at each bill individually or take all of the legislation as a whole and draft a new bill to present during this session, using the existing code.

Rep. Vick (Hart) stated that his preference would be to vote on the bills individually.

Rep. Collins said that he leaned towards choosing option three.

MOTION: **Rep. Ruchti** moved that **H567** be accepted and used by the committee as a template and recommend that the other six bills **H570, H572, H569, H568, H571, and H578** be tabled and held in committee.

SUBSTITUTE MOTION: **Rep. Barrett** offered a substitute motion to deal with each bill individually and vote either up or down on them. She stated again that she cannot support using **H567** as a template.

AMENDED SUBSTITUTE MOTION: **Rep. Roberts** offered an amended substitute motion to have the committee vote individually on **H570, H572, H569, H568, H571** and **H578** and then vote on **H567** based on the outcome of these votes, allowing further discussion and consideration of **H567**.

ROLL CALL VOTE ON AMENDED SUBSTITUTE MOTION: **Rep. Roberts** requested a **roll call vote** on the amended substitute motion. By a vote of **5 aye and 2 nay**, the motion **passed**. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Vick (Hart)**. Voting in the negative: **Reps. Saylor, and Ruchti**.

MOTION: **Rep. Roberts** moved to adjourn.

ADJOURN: **Chairman Smith** adjourned the meeting at 10:22 a.m.

Representative Leon Smith
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** February 26, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Hart
- GUESTS:** Kevin Satterlee, Boise State University, Jeff Church, Veritas Advisors, Mark Browning, State Board of Education, Elizabeth Criner, Simplot, Derek Santos, DFM, Benjamin Davenport, Risch/Pisca, Phil Homer, Idaho Association of School Administrators.
- Chairman Lake** called the meeting to order at 9:02 a.m.
- MOTION:** **Rep. Collins** moved to approve the minutes of Feb. 22; **motion carried by voice vote.**
- HB489:** This legislation amends existing law to provide for when a local improvement district is created by resolution of the city council that no bonds, registered warrants or interim warrants in an amount of \$250,000 or more may be issued unless such issuance is approved, either by not less than sixty percent or more of the resident owners of taxable property within the district or two-thirds of the owners of taxable property subject to assessment within such local improvement district voting on the question at an election called for that purpose.
- MOTION:** **Rep. Raybould** moved to **HOLD HB489** in committee. **Motion carried by voice vote.**
- RS19290C3:** **Rep. Sayler** presented **RS19290C3**, to the committee. This legislation amends Title 63, Chapter 30 in order to create an easy opportunity for people to donate to the Idaho Opportunity Scholarship Fund. It is not a tax liability or a tax credit.
Rep. Sayler clarified to the committee the question of whether this was a tax liability or a tax credit and exactly how it would be itemized.
- MOTION:** **Rep. Raybould** moved to introduce **RS19290C3**; **motion carried by voice vote.**
- RS19705:** **Rep. Labrador** presented **RS19705** to the committee. This legislation amends existing law to provide when a local improvement district is created by resolution of the city council that no bonds, registered warrants or interim warrants in an amount of \$500,000 or more may be issued unless such issuance is approved by a specific percentage of resident

owners of taxable property voting on the question.

Rep. Labrador explained to the committee the constitutional problems in the current LID legislation.

MOTION: **Rep. Wood** moved to introduce **RS19705**. **Motion carried by voice vote**. **Rep. Burgoyne** requested to be recorded as voting nay.

HB596: **Bruce Newcomb** of Boise State University and **Kevin Satterlee**, legal council for Boise State University, presented **HB596** to the committee. The purpose of this bill is to create a provision that allows for unique private-public partnerships in the construction of improvements on university property without utilizing state funding. Clarification of existing new construction roll tax exemption and general tax exemption language is necessary to ensure the success of such projects.
Mr. Satterlee answered questions from the committee regarding the company that will be building the student housing and the ramifications if they default on the loan. He also clarified to the committee that the building will be fully insured for any damages that may occur to the facility. It was suggested that this bill be sent to general orders to be amended. On page 3 of the printed bill, in line 7, following "land" insert: "used exclusively"; also in line 7, delete "dining"; and also in line 7, following "housing" insert: ", college or university operated dining".

MOTION: **Rep. Roberts** moved to send **HB596** to general orders. **Rep. Moyle** seconded the motion. **Motion carried by voice vote**.

HB597: **Rep. Rusche** presented **HB597** to the committee. He explained that small businesses account for over 80% of the jobs created in Idaho. **Rep. Rusche** answered questions from the committee pertaining to how many times this tax credit can be use. He specified that it is a one time only tax credit. **Rep. Roberts** asked if **Dan John** would yield to a question, in reference to the use of this credit. **Dan John** stated that this credit was very restrictive and wouldn't be widely used.

MOTION: **Rep. Bedke** moved to send **HB597** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote**.

ADJOURN: With no further business to come before the committee **Chairman Lake** adjourned the meeting at 9:51 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES
HOUSE REVENUE AND TAXATION COMMITTEE
SMITH URBAN RENEWAL SUBCOMMITTEE

DATE: March 1, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

MEMBERS: Chairman Smith, Vice Chairman Collins, Representatives Barrett, Hart, Saylor, Ruchti.

GUESTS: Ray Stark, Boise Chamber of Commerce, Phil Homer, Idaho Association of School Administrators, Ryan Armbruster, Capital City Development Corporation, & Elam & Burke, Jeff Church, Veritas Advisors, Gideon Tolman, Governor's Office, Zach Hauge, Capital West, Benjamin Davenport, Risch/Pisca, John Watts, Chamber of Commerce, Roger Seiber, Capital West, Elizabeth Criner, Veritas Advisors, Teresa Molitor, Lake City Development Corporation, Jerome Urban Renewal Agency.

Chairman Smith called the meeting to order at 9:06 a.m.

MOTION: **Rep. Saylor** moved to approve minutes of Feb 25th; **motion carried by voice vote.** **Rep. Hart** moved to approve minutes of Feb 23; **motion carried by voice vote.** **Rep. Roberts** moved to approve minutes of Feb 24; **motion carried by voice vote.**

MOTION: **Rep. Saylor** moved to **HOLD HB570** in subcommittee.

SUBSTITUTE MOTION: **Rep. Barrett** moved to send **HB570** to the main committee with a **DO PASS** recommendation.

AMENDED SUBSTITUTE MOTION: **Rep. Hart** moved to **HOLD HB570** in committee subject to the call of the chair.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **4 aye and 3 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Hart.** Voting in the negative: **Reps. Smith, Saylor, Ruchti.**

MOTION: **Rep. Hart** moved to **HOLD HB572** in committee.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Saylor, Ruchti.**

MOTION: **Rep. Hart** moved to send **HB569** to full committee with a **DO PASS** recommendation, with the intention of sending it to general orders for corrections and amendments.

AMENDED MOTION: **Rep. Saylor** moved to **HOLD HB569** in committee subject to the call of the chair.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Sayler, Ruchti.**

MOTION: **Rep. Collins** moved to **HOLD HB568** in committee subject to call of the chair.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Sayler, Ruchti.**

MOTION: **Rep. Hart** moved to **HOLD HB571** in committee subject to the call of the chair.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Sayler, Ruchti.**

MOTION: **Rep. Sayler**, moved to **HOLD HB578** in committee subject to the call of the chair.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Sayler, Ruchti.**

MOTION: **Rep. Collins** moved to consider approval of **HB567** subject to committee amendments which will be individually considered, voted and passed by a majority of the full committee.
Rep. Roberts, will support the motion, but wondered if this bill should be split into two separate pieces of legislation.
Rep. Hart, asked if **Mr. Armbruster** could yield to questions from the subcommittee. **Mr. Armbruster** stated that the new chapter 32 is a restatement of the first 21 pages of the bill. **Mr. Armbruster** told the subcommittee that these two sections could stand on their own from a legal standpoint.

ROLL CALL VOTE: **Rep. Smith** requested a roll call vote. By vote of **7 aye and 0 nay**, the motion passed. Voting in the affirmative: **Reps. Collins, Barrett, Roberts, Smith, Hart, Sayler, Ruchti.**

Rep. Smith asked the committee whom would be interested in serving on the task force. Every member of the subcommittee said that they wished to serve on the urban renewal task force.

ADJOURN: With no additional business to come before the subcommittee **Chairman Smith** adjourned the meeting at 9:47 a.m.

Representative Leon Smith
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 3, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Ruchti, Burgoyne, Rusche.
- ABSENT/
EXCUSED:** Rep. Killen
- GUESTS:** Jeff Church, Veritas Advisors, Rick Michael, Roy Mink, Derek Santos, DFM, Ken Harward, Association of Idaho Cities, Phil Homer, Idaho Association of School Administrators, Senator Heinrich, Ray Stark, Boise Chamber, Jason Kreizenbeck, Governor's Office, Lyn Darrington, City of Boise.
- Chairman Lake** called the meeting to order at 9:03 a.m.
- MOTION:** **Rep. Burgoyne** moved to approve the minutes of Feb. 26; **motion passed with a voice vote.**
- S 1319:** Special tax levy for certain ambulance districts.
- MOTION:** **Rep. Barrett** moved to **HOLD S 1319** in committee; **motion passed with a voice vote.**
- RS 19741:** **Senator Leland G. Heinrich** presented **RS19741** to the committee. The purpose of this bill is to enable the Washington County Ambulance district to continue operating and utilizing the same levy rate they have been using without mandatory reversion to a lower one based upon changing market value. This maintains the original intent of the legislation adopted in 1976.
- MOTION:** **Rep. Clark** moved to introduce **RS19741**; **motion carried with a voice vote.**
- RS 19452C3:** **Jason Kreizenbeck**, Chief of Staff for the governor's office, presented **RS19452C3** to the committee. This legislation temporarily increases the existing income tax credit for donations to organizations located within the State of Idaho to help them cope with recent budget reductions. For individual taxpayers, the tax credit remains equal to 50% of the contribution, but would be limited to 50% (rather than 20%) of the taxpayer's total Idaho income tax liability. The maximum annual amount of the credit is increased from \$100 (\$200 on a jointly-filed return) to \$500 (\$1,000 on a jointly filed return). For corporate taxpayers, the tax credit remains equal to 50% of the contribution and limited to 10% of the corporation's total Idaho income tax liability. The maximum annual credit is increased from \$1,000 to \$5,000. All provisions enacted by this

legislation will sunset in five years. **Mr. Kreizenbeck** answered questions from the committee regarding the fiscal note, stating that he will bring more information from the state tax commission at the bill's hearing.

- MOTION:** **Rep. Clark** moved to introduce **RS19452C3**; **motion carried by voice vote.**
- H 616:** **Rep. Labrador** presented **H 616** to the committee. This legislation amends existing law to provide for when a local improvement district is created by resolution of the city council that no bonds, registered warrants or interim warrants in an amount of \$500,000 or more may be issued unless such issuance is approved by a specific percentage of resident owners of taxable property voting on the question.
Rep. Labrador stated that it is time that property owners have a right to decide if their taxes are going to be increased.
Rep. Labrador answered questions from the committee regarding the city councils role in forming LID's and how there has been abuse in the past.
- MOTION:** **Rep. Wood** moved to send **H 616** to the floor with a **DO PASS** recommendation. **Rep. Smith** argued against this motion, stating that public outcry is a weapon that can adequately be used against the elected officials.
- SUBSTITUTE MOTION:** **Rep. Smith** moved to **HOLD H 616** in committee. **Rep. Burgoyne, Rep. Saylor** and **Rep. Clark** spoke in support of the substitute motion. **Rep. Moyle**, spoke in support of the original motion, because he believes that there is a problem and it is this committee's duty to solve the problem.
Ken Harward yielded to questions from the committee, about the levying process. He gave a hypothetical example of how property owners are levied within local improvement districts.
- ROLL CALL VOTE:** **Chairman Lake** requested a **roll call vote**. By a vote of **6 aye and 11 nay**, the motion **failed**. Voting in the affirmative: **Reps. Smith, Clark, Saylor, Ruchti, Burgoyne, and Rusche**. Voting in the negative: **Reps. Lake, Collins, Barrett, Moyle, Raybould, Roberts, Schaefer, Wood, Bedke, Harwood, and Hart**.
- ORIGINAL MOTION:** **Rep. Wood** moved to send **H 616** to the floor with a **DO PASS** recommendation. **Motion passed with a voice vote**. **Reps. Smith, Clark, Saylor, Ruchti, Burgoyne, and Rusche** requested that they be recorded as voting nay.
- ADJOURN:** No further business to come before the committee, **Chairman Lake** adjourned the meeting at 10:10 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 8, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Saylor, Killen, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Barrett and Rep. Ruchti
- GUESTS:** Phil Homer, Idaho Association of School Administrators, Joanna Gilfoy, PERSI, Don Drum, PERSI, Greg Owen, Weiser Ambulance District, Rick Michael, Washington County Commissioner, Bob Fick, Idaho Department of Labor, Jeff Church, Veritas Advisors, Cindy Hodge, AFL-CIO, Derek Santos, DFM, Karen Echeverria, ISBA, Senator Lee Heinrich, Randy Nelson, ATI, John Watts, Chambers of Commerce, M. Alex Neiwirth, Idaho Association of Government Employees, Zach Hauge, Capitol West, Senator Brent Hill, Jason Kreizenbeck, Governor's Office.
- The meeting was called to order at 9:01 a.m. by **Chairman Lake**.
- MOTION:** **Rep. Collins** moved to approve minutes of March 3; **motion carried by voice vote**.
- RS 19658:** **Bob Fick** presented **RS19658** to the committee. This legislation makes two changes in the chargeability provisions of the unemployment insurance law. The first involving eligible unemployment benefit claimants who also receive workers' compensation benefits would treat workers' compensation benefits received for lost wages as earnings assessed against the calculation of the weekly unemployment benefit. The second involving laid-off workers who have entered approved training courses would relieve the chargeable employer of further responsibility for unemployment benefit payments if the employer offers the laid-off worker suitable employment and the worker turns it down because the worker wants to complete the approved training.
- Mr. Fick** answered questions from the committee pertaining to students who are going to night school and if this will affect their eligibility under this new legislation.
- MOTION:** **Rep. Moyle** moved to introduce **RS19658**. **Motion carried by voice vote**.
- RS19753** **Rep. Smith (24)** presented **RS19753** to the committee. This legislation corrects an error that was put in place in 2006 when the sunset

provisions of the Small Lawsuit Resolution Act was removed. It acts retroactively to Jan 1, 2003 to avoid problems with legal actions commenced and finished in the last few years.

- MOTION:** **Rep. Rusche** moved to introduce **RS19753**.
- SUBSTITUTE MOTION:** **Rep. Clark** presented a substitute motion; moving to send **RS19753** to the second reading calendar. **Motion carried by voice vote.**
- RS19233:** **RS19233** that was listed on today's agenda was removed at the Chairman's request.
- RS19717:** **Karen Echeverria** representing the Idaho School Boards Association, presented **RS19717** to the committee. The purpose of this legislation is to amend Idaho Code 59-1302 to exempt any person not under contract with a school district or charter school, who on a day-to-day basis works as a substitute teacher replacing a contracted school teacher and is paid a substitute wage as established by district policy from the definition of 'employee' under the Public Employees Retirement System section of Idaho Code. It would also exempt any person who, on a day-to-day basis works as a substitute assistant replacing a staff instruction assistant or a staff library assistant and is paid a substitute wage as established by district policy from the definition of 'employee' under the Public Employees Retirement System section of Idaho Code.
- Ms. Echeverria**, answered questions from the committee regarding the specific employees whom would be effected under this legislation.
- MOTION:** **Rep. Moyle** moved to introduce **RS19717**; **motion carried by voice vote.**
- RS19648C1:** **Rep. Roberts** presented **RS19648C1** to the committee. This legislation amends sections of Idaho Code to revise what may be placed on the new construction roll, provides for corrections to the roll, and revises how the three percent (3%) increase in property tax budgets is calculated.
- Rep. Roberts** answered questions from the committee regarding the fiscal impact of this legislation to taxpayers.
- MOTION:** **Rep. Bedke** moved to introduce **RS19648C1**; **motion carried by voice vote.**
- H629:** **Senator Heinrich** from District 8 presented **H629** to the committee. The purpose of this bill is to enable the Weiser ambulance district to continue operating and utilizing the same levy rate they have been using without mandatory reversion to a lower one based upon changing market value. This maintains the original intent of the legislation adopted in 1976.

Senator Heinrich answered questions from the committee regarding the current levy rates in place for the Weiser Ambulance District.

Greg Owen, director of Weiser Ambulance District testified in support of **H629**. He explained how the district operates, and that they stand to lose 35%, on property taxes. These losses will make it difficult for the district to continue having a paramedic go to each emergency call.

Mr. Owen answered questions from the committee asking if his board had considered alternative solutions such as user fees and other means of raising money without effecting property taxes.

Rick Michael testified in support of **H629**, stating that this legislation would advance the saving of lives, and it would only affect the Weiser Ambulance District and will not raise taxes.

Senator Heinrich closed the testimony saying that this legislation was intended to cure the problem that was brought to light by the Idaho State Tax Commission.

Senator Heinrich yielded questions to **Randy Nelson**, representing the Associated Taxpayers of Idaho, concerning how many districts will be affected by this legislation. He provided two handouts which displayed the exact amounts that other ambulance districts have used to levy taxes. (See Attached)

MOTION: **Rep. Killen** moved to send **H629** to the floor with a **DO PASS** recommendation.

ROLL CALL VOTE: **Chairman Lake** requested a roll call vote. By a vote of **4 aye and 12 nay**, the motion failed. Voting in the affirmative: **Reps. Schaefer, Wood, Killen, Rusche**. Voting in the negative: **Reps. Lake, Collins, Moyle, Raybould, Roberts, Smith (24), Clark, Bedke, Harwood, Hart, Saylor, Burgoyne**.

H630: **Jason Kreizenbeck** presented **H630** to the committee. This legislation increases the existing income tax credit for donations to the following organizations located within the State of Idaho to help them cope with recent budget reductions. Organizations temporarily receiving increases in the existing income tax credit for donations, Public and nonprofit private K-12 schools and universities in Idaho, Idaho Public Broadcasting, Idaho State Historical Society, Idaho libraries and museums. The bill also temporarily adds the following to the list of eligible donees: Idaho Commission of Hispanic Affairs, Idaho Commission for the Blind and Visually Impaired, Idaho Council on Developmental Disabilities, Idaho State Independent Living Council, Idaho Council for the Deaf and Hard of Hearing.

Senator Hill testified in support of **H630**, and answered questions pertaining to the fiscal note on this legislation

Derek Santos and **Dan John** also gave testimony as to how the fiscal

note was calculated.

MOTION: **Rep. Smith** moved to send **H630** to the floor with a **DO PASS** recommendation, with possible changes to the sunset provisions in the statement of purpose. **Motion carried by voice vote.**

ADJOURN: With no further business to come before the committee, **Chairman Lake** adjourned the meeting at 10:41 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 10, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche
- GUESTS:** Jeff Church, Veritas Advisors, Kent Lauer, Idaho Farm Bureau Federation, Steve Thomas, Idaho Association of Health Plans, Julie Taylor, Blue Cross of Idaho, Martin Bilbao, Connolly Smyser, Joie McGarvin, America's Health Insurance Plans, John Watts, Chamber Alliance.
- The meeting was called to order at 9:00 a.m. by **Chairman Lake**.
- RS 19597C2:** **RS 19597C2** that was listed on today's agenda was withdrawn at the request of the sponsor.
- RS 19795:** **Steve Thomas**, representing Idaho Association of Health Plans presented **RS 19795** to the committee. This legislation is a trailer bill to H 432 which was adopted by both the House and Senate earlier this session and has been signed by the Governor. The purpose of the trailer bill is to modify the definition of "carrier" to address a technical issue identified by the Department of Insurance and also an issue affecting foreign insurers. The further purpose of the trailer bill is to provide clear authority to the Department to impose and collect the mandatory assessments for the vaccines purchased by the State and administered to children residing in Idaho and covered by health insurance and health benefit plans in other states.
- MOTION:** **Rep. Collins** moved to introduce **RS 19795** and send it to the second reading calendar. **Motion carried by voice vote.**
- RS 19776:** **Rep. Hart** presented **RS 19776** to the committee. This is a resolution in honor of world class cyclist Kristin Armstrong, of Boise Idaho, who won the gold medal in the Individual Time Trial at the 2008 Summer Olympic Games.
- MOTION:** **Rep. Rusche** moved to introduce **RS 19776** and send it to the second reading calendar. **Motion carried by voice vote.**
- RS 19233:** **Rep. Smith** and **Rep. Killen** presented **RS 19233** to the committee. This legislation would allow the Idaho State Tax Commission to participate in discussions with twenty-six other participating states (including bordering states of Washington, Wyoming, Utah and Nevada) regarding the Streamlined Sales Tax Project (SSTP). The objective of SSTP is to simplify and modernize sales tax policies and procedures to make it easier for out-of-state internet and mail order vendors to collect and remit

sales tax to the various participating states. As a result, it is anticipated that the U.S. Congress will allow the states to collect appropriate sales taxes from internet and mail order sales to buyers residing within each state. This legislation allows Idaho to be a participant in crafting and approving the Streamline Sales Tax Agreement, but it does not allow Idaho to sign the agreement. Approval for Idaho to sign the agreement will require separate legislation in a future legislative session.

Rep. Smith (24) answered questions from the committee regarding the fiscal note and he also answered inquiries in regards to the executive order that was signed in 2005, relating to the Streamline Sales Tax Project.

MOTION: **Rep. Rusche** moved to introduce **RS 19233**.

ROLL CALL VOTE: **Rep. Lake** requested a **roll call vote**. By a vote of **10 aye and 8 nay**, the motion **passed**. Voting in the affirmative: **Reps. Lake, Collins, Raybould, Smith, Wood(35), Saylor, Killen, Ruchti, Burgoyne, Rusche**. Voting in the negative: **Reps. Barrett, Moyle, Roberts, Schaefer, Clark, Bedke, Harwood, Hart**.

ADJOURN: With no further business to come before the committee **Chairman Lake** adjourned the meeting at 9:29 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 11, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Ruchti
- GUESTS:** Emily Anderson, Governor's Office, Jeff Church, Veritas Advisors, Benjamin Davenport, Risch/Pisca, Zach Hauge, Capitol West, Wayne Hoffman, Idaho Freedom Foundation, Ray Stark, Boise Metro Chamber, Roger Seiber, Capitol West, Teresa Molitor, Lake City Development Corporation, Jerome Urban Renewal Agency.
- Chairman Lake** called the meeting to order at 9:07 a.m.
- Rep. Collins** moved to approve the minutes of March 8; **motion carried by voice vote.** **Rep. Killen** moved to approve the minutes of March 10; **motion carried by voice vote.**
- RS 19309C4:** **Rep. Eskridge** presented **RS 19309C4** to the committee. This legislation clears up ambiguity on what foundations and organizations are eligible for the tax credit in 63-3029A. It clarifies that donations to foundation or organizations that are not a formal organization of an elementary, secondary or higher education but still directly support these institutions are eligible for the tax credit.
- Rep. Eskridge** answered questions from the committee pertaining to the use of the word "sole" on line 31, page one of the bill. Mr. Eskridge will provide more information on the exclusiveness of this language for the public hearing of this legislation.
- MOTION:** **Rep. Harwood** moved to introduce **RS 19309C4**. **Motion carried by voice vote.**
- RS 19807:** **Rep. Smith** presented a summary of the Urban Renewal Subcommittee's decisions regarding all of the urban renewal legislation. Rep. Smith presented **RS 19807** to the committee as a compilation of the work of the subcommittee.
- Rep. Smith** answered the committee's questions regarding this new draft and gave suggestions for the amending language for the replacement RS that will be given in lieu of **RS 19807**. Rep. Smith will gather all of the suggestions and submit a new RS for the next meeting of the committee.

- MOTION:** **Rep. Raybould** moved that **RS 19807** be returned to the sponsor in order to make corrections. **Motion carried by voice vote.**
- H 570:** This legislation provides for holding an election of Urban Renewal Agency members.
- H 572:** This legislation deletes provisions for appointment of an urban renewal agency commissioner, and provides for election of urban renewal agency commissioners.
- H 569:** This legislation requires urban renewal agencies to provide notice for public comment and provides for public hearings for consideration of public comment.
- H 568:** This legislation provides that excess annual revenue allocation area revenues be returned to taxing districts.
- H 571:** This legislation revises the Local Economic Development Act providing provisions relating to plans for revenue allocation areas.
- H 578:** This legislation revises Local Economic Development Act to provide provisions relating to plans for revenue allocation areas and providing for opting out of proposed plans.
- H 567:** This legislation amends and adds to existing law to revise powers and duties and authority of urban renewal agencies.
- MOTION:** **Rep. Clark** moved to **HOLD H 570, H 572, H 569, H 568, H 571, H 578, H 567**, in committee at the recommendation of the subcommittee. **Motion carried by voice vote.** **Rep. Barrett** and **Rep. Schaefer** requested to be recorded as voting nay.
- H 645:** **Rep. Roberts** presented **H 645** to the committee. This legislation amends sections of Idaho Code to revise what may be placed on the new construction roll, provides for corrections to the roll, and revises how the three percent (3%) increase in property tax budgets is calculated.
- Rep. Roberts** answered questions from the committee regarding the additional language on lines 36-40 on page 2 of the bill and also in reference to the length of time that property can be added to or removed from these rolls.
- Rep. Roberts** agreed to send this bill to general orders for amending with the addition of language on page 1 line 28: Add "(f) (iii) of this subsection.
- MOTION:** **Rep. Moyle** moved to send **H 645** to general orders to be amended. **Motion carried by voice vote.**

ADJOURN: With no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:57 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: March 15, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

**ABSENT/
EXCUSED:** Rep. Hart

GUESTS: David R. Frazier, Jeff Church, Veritas Advisors, Darin DeAngeli, Boise Public Schools, Ann DeAngeli, Phil Homer, IAA, Gideon Tollman, Governor's Office, Tony Poinelli, IAC, Ray Stark, Boise Chamber of Commerce, Teresa Molitor, LCDC/JURA, Paul Alldredge.

Meeting was called to order at 9:00 a.m. by **Chairman Lake**.

RS 19807C1: **Rep. Smith (24)** introduced **RS19807C1** to the committee. This legislation is a first substantial comprehensive statutory overhaul of chapters 20 and 29, Title 50, Idaho Code, the Urban Renewal Law (the "Law") since the Law's enactment in 1965. The purpose of the legislation is to amend the Law to reflect the work of the subcommittee on Urban Renewal and some technical changes to be effective, July 1, 2010 and for the Urban Renewal Board composition effective January 1, 2011. This act will apply to all existing urban renewal agencies and urban renewal plans. It modifies chapter 20 and 29, Title 50, Idaho Code, into one new general chapter.

Rep. Smith (24) answered questions from the committee regarding the possible creation of an alter ego of the city council with the new language the has the board serve at the pleasure of the mayor and the city council.

MOTION: **Rep. Killen** moved to introduce **RS19807C1**. **Rep. Barrett** expressed her support for this motion. **Motion carried by voice vote.**

H 665: **Rep. Eskridge** presented **H 665** to the committee. This legislation clears up ambiguity on what foundations and organizations are eligible for tax credit in 63-3029A. It clarifies that donations to foundations or organizations that are not a formal organization of an elementary, secondary or higher education but still directly support these institutions are eligible for tax credit.

Rep. Eskridge answered questions from the committee regarding the language on line 31 of page one regarding the use of the word "sole", when discussing supporting organizations. Rep. Eskridge explained how this language would not affect higher education institutions.

Darin Deangeli, representing the Boise Public Schools Education Foundation, testified in support of **H 665**. He specifically stated that this bill would have no fiscal impact on the General Fund.

MOTION: **Rep. Burgoyne** moved to send **H 665** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee **Chairman Lake** adjourned the meeting at 9:38 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: March 16, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Darcy James, Christopher Rants, Maint Street Fairness Coalition, Jeff Church, Veritas Advisors, Joie McGarvin, John Watts, Chambers Alliance, Dan John, Idaho State Tax Commission, Phil Homer, Idaho Association of School Administrators, Suzanne Budge, National Federation of Independent Business, Pam Eaton, Idaho Retailers Association, Ray Stark, Boise Chamber.

The meeting was called to order at 9:01 a.m. by **Chairman Lake**.

MOTION: **Rep. Smith** moved to approve the minutes from March 11; **motion carried by voice vote**. **Rep. Collins** moved to approve the minutes of March 15; **motion carried by voice vote**.

H 658: **Rep. Killen** presented **H 658** to the committee. This legislation would allow the Idaho State Tax Commission to participate in discussions with twenty-six other participating states (including bordering states of Washington, Wyoming, Utah and Nevada) regarding the Streamlined Sales Tax Project (SSTP). The objective of SSTP is to simplify and modernize sales tax policies and procedures to make it easier for out-of-state Internet and mail order vendors to collect and remit sales tax to the various participating states. As a result, it is anticipated that the U.S. Congress will allow the states to collect appropriate sales taxes from Internet and mail order sales to buyers residing within each state. This legislation allows Idaho to be a participant in crafting and approving the Streamlines Sales Tax Agreement, but it does not allow Idaho to sign the agreement. Approval for Idaho to sign the agreement will require separate legislation in a future legislative session. This would give the Idaho State Tax Commission a seat at the table in discussions of streamlining sales tax.

Rep. Smith also addressed the committee reiterating that passing this legislation would not change anything currently within the law, it would just give a voice to Idaho regarding this sales tax issue.

Darcy James, testified in support of **H 658**, stating that she supports this legislation because small businesses need to be competitive with the internet and mail order businesses. The passage of this legislation will erase an unfair advantage that internet merchants now have.

Christopher Rants, former Speaker of the House in Iowa, representing The Mainstreet Fairness Coalition, testified in support of **H 658**, stating

that this legislation will help to remedy the unfair burden that local retailers now have in order to compete with online and catalog sales. He explained to the committee that this would allow Idaho to come together with other states and discuss the appropriate method to collect sales tax on internet sales.

Mr. Rants explained the definition of destination versus origin states, stating that Idaho is considered a destination state. With an origin state, the taxes are collected at the origin of the sale and with a destination state, tax is collected at the destination of the purchase.

Rep. Moyle questioned Mr. Rants asking if he is a registered lobbyist in the state of Idaho. Mr. Rants has not yet registered, but stated he will register today if required.

Mr. Rants addressed the questions from the committee concerning state sovereignty and how this would affect the states rights and privileges. Mr. Rants clarified that there will be no federal action without state support.

John Watts, representing, Idaho Chamber Alliance, testified in support on **H 658**. He urged the committee to vote YES on **H 658** to help main street businesses to compete in this new electronic age. (See attached testimony).

Mr. Watts answered questions from the committee regarding the expense that would be added to local retailers in remitting taxes to other states and also how this would give Idaho a seat at the table in discussions. He also answered questions about how much local businesses are losing to internet sales. Mr. Watts explained that Idaho is losing 30-50 million dollars a year in revenues from internet and catalog sales.

Pam Eaton, representing the Idaho Retailers Association, testified in support of **H 658**. She stated that this legislation is just a first step to study and start answering questions and giving Idaho a say in this matter of fairness. Ms. Eaton answered questions from the committee regarding the issue of fairness and how this legislation would level the playing field for local retailers.

Rep. Killen and **Rep. Smith(24)** summed up the testimony and answered questions from the committee regarding the fiscal note and how much this would cost Idaho.

Dan John, from the Idaho State Tax Commission yielded to the questions from the committee regarding the fiscal note on this legislation. He stated that the tax commission already attends these meetings on an infrequent basis, and the cost would be relatively minimal.

Rep. Moyle expressed concerns about the costs of changing statutes and enacting legislation in order to change Idaho law. He asked Mr. John if he could bring the number of statutes and rules that would need to be changed in order to better assess the costs that will occur if this legislation is passed.

MOTION: **Rep. Raybould** moved to **HOLD H 658** in committee for time certain, to be readdressed on Thursday, March 18, 2010. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee **Chairman Lake** adjourned the meeting at 10:27 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 17, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood, Clark, Bedke, Harwood, Hart, Sayler, Killen, Ruchti, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Wood, Rep. Hart
- GUESTS:** Larry Pegg, Wayne Hoffman, Idaho Freedom Foundation, Maurice Clements, Jack Sibbach, Sun Valley Resort, Sharon Ullman, Ada County Commissioner, Larry Helzel, President Ketchum City Council, Harlan Mann, Zach Hauge, Capitol West, Roger Seiber, Capitol West, Jeff Church, Veritas Advisors, Ray Stark, Boise Metro Chamber, Ryan Armbruster, Capitol City Development Corporation, Stephanie Bonney, Susan Buxton, City of Harrison, Scott Turlington, Meridian Urban Renewal, Max Vaughn, Minidoka County Assessor, Jack Lyman, Idaho Mining Association, John Watts, Chamber Alliance, Teresa Molitor, LCDC/JURA, Darryl Speiser.

Meeting was called to order at 9:04 a.m. by **Chairman Lake**.

- RS 19828:** **Rep. Rusche** presented **RS19828** to the committee. The Idaho Small Business Venture Capital Investment and Jobs Act helps create Idaho Jobs by increasing access to capital for small business (less than 20 employees) by offering a 50% tax credit on capital gains from venture capital investments in qualifying small Idaho businesses. The act includes a five-year sunset. This legislation could create a substantial number of new Idaho jobs in the first year.
- MOTION:** **Rep. Raybould** moved to introduce **RS 19828**. **Motion carried by voice vote.**
- RS 19850:** **RS 19850** was removed from today's agenda at the sponsor's request.
- H 672:** **Rep. Smith** presented **H 672** to the committee. This legislation is a first substantial comprehensive statutory overhaul of chapters 20 and 29, Title 50, Idaho Code, the Urban Renewal Law (the "Law") since the Law's enactment in 1965. The purpose of the legislation is to amend the Urban Renewal Law to reflect primarily administrative changes to be effective, July 1, 2010 and the changes in the Urban Renewal Board composition effective January 1, 2011. This act will apply to all existing urban renewal agencies and urban renewal plans. It modifies chapter 20 and 29, Title 50, Idaho Code, into one new general chapter.

Rep. Smith answered questions from the committee regarding the removal of urban renewal board members affirming that this bill is not

contradictory to Idaho's Code of Ethics.

Larry Pegg, testified in opposition to **H 672**. Mr. Pegg is opposed to any kind of urban renewal legislation and would like to ultimately see legislators working towards completely phasing out all urban renewal statutes.

Wayne Hoffman, Executive Director of the Idaho Freedom Foundation, testified in opposition to **H 672**. Mr. Hoffman had concerns about the section of this bill that deals with voice voting at board meetings, fearing that this may be in violation with the Idaho open meeting law. Mr. Hoffman also was in disagreement with the definition of deteriorated land, which allows the definition of blighted land to include open farmland.

Maurice Clements testified in opposition to **H 672**, claiming that the committee shouldn't amend a bad bill, requesting that the committee repeal all urban renewal legislation. (See Attached Testimony)

Sharon Ullman, Ada County Commissioner, testified in opposition to **H 672**. Ms. Ullman shared with the committee that her constituents had grave concerns about urban renewal and she spoke of the injustices that exist with some urban renewal boards. Ms. Ullman declared that urban renewal is unconstitutional, and if taxpayers continue subsidizing urban renewal projects, there needs to be stricter restrictions and tighter oversight. She suggested that an interim committee be formed in order to study this issue with the ultimate goal to create greater restraints on urban renewal boards.

Jack Sibbach representing Sun Valley Resort, testified in opposition to **H 672**. He indicated that if the effective date of July 1, 2010 wasn't extended out until Jan 1, 2011, then the resort would be unable to move ahead with their current urban renewal projects. Mr. Sibbach answered questions from the committee regarding the particular area of blight that was being considered for urban renewal, saying that this legislation will not grandfather in Sun Valley's proposed urban renewal project.

Larry Helzel, President of Ketchum City Council, testified in opposition to **H 672**. He testified that his community desperately needs additional jobs that urban renewal would bring, however this legislation would have unintended consequences and be a deal breaker for projects already in the works.

Harlan Mann testified in opposition to **H 672**. He testified that there were a few good compromises in this legislation, but that the prohibition of amending urban renewal plans, will undercut urban renewal agencies and prohibit them from adding onto or creating workable projects.

Stephanie Bonney, an attorney who serves as bond council for urban renewal boards, testified in opposition of **H 672**, stating that this new legislation would prohibit cities from using a pay as you go system. Ms. Bonney answered questions from the committee regarding the issue of alter ego and the new provisions put in place to remove board members.

Susan Buxton, an attorney representing the City of Harrison, testified in opposition to **H 672**, saying that this legislation will not create jobs and encourage tourism, which is gravely needed in her community.

Scott Turlington representing Meridian Development Corporation, testified in opposition to **H 672**. He testified that his board liked the increase in transparency contained in this new bill, but was still concerned about the removal of urban renewal board members without cause. Mr. Turlington also has concerns with page 21 of the bill that requires urban renewal agencies to return leftover monies to the taxing districts.

Max Vaughn, Minidoka County Assessor, testified in support of **H 672**. He applauded the committee for their hard work and dedication to this important issue.

John Watts representing the Idaho Chamber Alliance, testified on **H 672** stating that progress had been made and he recognized the hard work of the committee and the subcommittee. Mr. Watts had concerns with the area of the legislation that deals with the removal of urban renewal board members and the prohibition of amending urban renewal plans.

Ryan Armbruster, representing Capital City Development Corporation, testified in opposition to **H 672**. Mr. Armbruster thanked the chairman and the committee for the reform and attempt to modernize this lengthy legislation. However, there are still many problems left that this bill does not address. Mr. Armbruster pointed to the new chapter that was added to **H 567**, saying that the addition of this chapter would help to alleviate many of the questions that exist with **H 672**.

MOTION: **Chairman Lake** requested anonymous consent to **HOLD H 672** subject to the call of the chair.

ADJOURN: There being no more time available, **Chairman Lake** adjourned the meeting at 10:27 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: March 18, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

GUESTS: Jeff Church, Veritas Advisors, Dana Kelly, State Board of Education, John Watts, Chamber Alliance.

Chairman Lake called the meeting to order at 9:02 a.m.

MOTION: **Rep. Collins** moved to approve the minutes of March 16; **motion carried by voice vote.**

RS 19850C1: **Rep. Denney** presented **RS 19850C1** to the committee. This legislation amends 31-3908, Idaho Code, to revise provisions relating to the authorization to levy a special tax in certain counties where an ambulance service district was created and provides for an emergency clause.

MOTION: **Rep. Rusche** moved to introduce **RS19850C1** sending it to the second reading calendar. **Motion carried by voice vote.**

H 658: This legislation would allow the Idaho State Tax Commission to participate in discussions with twenty-six other participating states (including bordering states of Washington, Wyoming, Utah and Nevada) regarding the Streamlined Sales Tax Project (SSTP). The objective of SSTP is to simplify and modernize sales tax policies and procedures to make it easier for out-of-state Internet and mail order vendors to collect and remit sales tax to the various participating states. As a result, it is anticipated that the U.S. Congress will allow the states to collect appropriate sales taxes from Internet and mail order sales to buyers residing within each state. This legislation allows Idaho to be a participant in crafting and approving the Streamlined Sales Tax Agreement, but it does not allow Idaho to sign the agreement. Approval for Idaho to sign the agreement will require separate legislation in a future legislative session.

Dan John was asked by the committee to provide the statutes and rules that would have to be changed if Idaho joined this project. Mr. John presented the committee with an extensive list of changes that would need to be done to bring Idaho into conformation with future streamlined sales tax legislation. (See Attached)

Rep. Moyle requested that Dan John provide a more extensive report so that the legislators would be completely aware of the fiscal impact of this bill.

Rep. Smith and **Rep. Killen** closed the testimony with a summation of the states that are currently involved in this project. (See Attached Map).

- MOTION:** **Rep. Raybould** moved to send **H 658** to the floor without recommendation.
- SUBSTITUTE MOTION:** **Rep. Smith** moved to send **H 658** to the floor with a **DO PASS** recommendation. There was continued conversation amongst the committee members regarding the accuracy of the fiscal note on **H 658**.
- ROLL CALL VOTE ON THE SUBSTITUTE MOTION:** **Rep. Lake** requested a **roll call vote** on the substitute motion. By a vote of **8 aye and 10 nay**, the motion failed. Voting in the affirmative: **Reps. Lake, Collins, Smith, Saylor, Killen, Ruchti, Burgoyne, Rusche**. Voting in the negative: **Reps. Barrett, Moyle, Raybould, Roberts, Schaefer, Wood, Clark, Bedke, Harwood, Hart**.
- ROLL CALL VOTE ON THE ORIGINAL MOTION:** **Rep. Lake** requested a **roll call vote** on the original motion. By vote of **9 aye and 9 nay**, the motion failed. Voting in the affirmative: **Reps. Lake, Collins, Raybould, Smith, Saylor, Killen, Ruchti, Burgoyne, Rusche**. Voting in the negative: **Reps. Barrett, Moyle, Roberts, Schaefer, Wood, Clark, Bedke, Harwood, Hart**.
- H 615:** **Rep. Saylor** presented **H 615** to the committee. This legislation amends Title 63, Chapter 30 in order to create an easy opportunity for people to donate to the Idaho Opportunity Scholarship Fund. It is not a tax liability or a tax credit.
- MOTION:** **Rep. Burgoyne** moved to send **H 615** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.**
- ADJOURN:** With no further business to come before the committee **Chairman Collins** adjourned the meeting at 9:51a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 22, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Schaefer, Smith(24), Wood, Clark, Bedke, Sayler, Killen, Ruchti, Burgoyne, Rusche
- ABSENT/
EXCUSED:** Rep. Roberts, Rep. Harwood, Rep. Hart.
- GUESTS:** Jeremy Chou, Intermountain Forest Association, Zach Hauge, Capitol West, Benjamin Davenport, Risch/Pisca, John Watts, Watco Companies, Jeff Church, Veritas Advisors, Ray Stark, Boise Metro Chamber, Courtney Washburn, Idaho Conservation League, Jeremy Pisca, Potlatch Corporation, Jane Wittmeyer, Clearwater Paper Company, Alex LaBeau, Idaho Association of Commerce & Industry, Brent Olmstead, Milk Producers of Idaho, McKinsey Miller, Gallatin Public Affairs, Jayson Ronk, Idaho Association of Commerce & Industry, Kerry Ellen Elliot, Idaho Association of Counties, Phil Homer, Idaho Association of School Administrators, Kyle Breitenberg, Suzanne Budge, National Federation of Independent Business, Neil Colwell, Avista Corporation.
- The meeting was called to order at 9:02 by **Chairman Lake**.
- MOTION:** **Rep. Smith** moved to approve subcommittee minutes from March 1; **motion carried by voice vote**. **Rep. Raybould** moved to approve minutes of March 17, with the following correction to page 3 of the minutes with the last motion. The motion should say, "Chairman Lake requested unanimous consent to HOLD H672 in committee subject to the call of the chair". **Rep. Rusche** moved to approve the minutes from March 18; **motion carried by voice vote**.
- RS 19694:** **Jeremy Chou**, representing Givens Pursley, introduced **RS 19694** to the committee. The purpose of this legislation is to provide for a tax incentive for woody biomass, which would otherwise be left in the forest or on the rangeland, to be used by energy producing facilities.
- Mr. Chou** answered questions from the committee regarding the definition of yard waste and also the \$10.00 per green ton that would be credited under this legislation.
- MOTION:** **Rep. Clark** moved to introduce **RS 19694**. **Motion carried by voice vote**.
- RS 19704C2:** **John Watts**, representing Veritas Advisors, presented **RS 19704C2** to the committee. The purpose of this legislation is to provide a twenty percent investment tax credit to taxpayers investing in infrastructure construction and structural components to build real property, facilities, plants, and

tangible projects. A taxpayer claiming this credit is not eligible for the investment tax credit at 63-4403. Investment credits can be only fifty percent of the taxpayer's tax liability and can be carried forward for seven years. There is a recapture period and the effective date is January 1, 2011 and sunsets in five years January 1, 2016.

Mr. Watts answered questions from the committee regarding who would qualify for this credit and if residential housing is applicable under this credit.

MOTION: **Rep. Smith** moved to introduce **RS 19704C2**. **Motion carried by voice vote.** **Rep. Clark** requested to be recorded as voting nay.

RS 19875: **Rep. Jaquet** presented **RS 19875** to the committee. The purpose of this legislation is to promote economic growth, job creation, and rural economic development by offering tax credits to Idaho eligible applicants that invest in: 1. High efficiency combined heat and power facilities. 2. Renewable energy resource facilities. 3. Sustainable building practice facilities. The legislation will ensure a reliable and stable statewide energy system, maintain Idaho's low cost energy supply, protect Idaho's public health, and promote the development of renewable energy resources in this state. The legislation requires a pre-certification from the Office of Energy Resources and an application to the tax commission. The amount of the credit allowable to the taxpayer shall be 25% of the certified cost of the facility and no more than \$20,000,000 million of the certified cost of a facility may be eligible for tax credits. The legislation takes effect in January of 2011, allowing ample time for rule making and has a 10 year sunset. The maximum amount of the credit to be claimed per year shall not exceed 7% of the qualified expenditure. 5% of the income tax credits each year shall be paid to the Office of Energy Resources for administration. The tax credits are transferable as per rule of the OER.

MOTION: **Rep. Wood** moved to introduce **RS 19875**. **Motion carried by voice vote.**

RS 19885: **Dan John**, representing the Idaho State Tax Commission, presented **RS 19885** to the committee. This bill relates to income taxes. It 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 that affect taxable years beginning during 2010. Section 2 of the bill insures that provisions fo the IRC that expired on December 31,2009, and are expected to be extended by Congress for taxable year 2010 (but have not yet been extended) are included to insure continuity with Idaho's policy of conforming to the IRC's definition of taxable income. Identifying specific sections of the IRC to which the bill will conform the Idaho Income Tax Act prevents an open-ended adoption of provisions of federal law enacted in 2010 that the Idaho Legislature has not had an opportunity to review. Details of expiring provisions of th IRC are found in the publication "List of Expiring Federal Tax Provisions" prepared by the staff of the congressional Joint Committee of Taxation dated January 29, 2010 (publication JCX-3-10).

MOTION: **Rep. Moyle** moved to introduce **RS 19885** and send to the second

reading calendar. **Motion carried by voice vote.** **Rep. Burgoyne** and **Rep. Ruchti** requested to be recorded as voting nay.

H 686: **Rep. Rusche** and **Rep. Killen** presented **H 686** to the committee. The Idaho Small Business Venture Capital Investment and Jobs Act helps create Idaho jobs by increasing access to capital for small business (less than 20 employees) by offering a 50% tax credit on capital gains from venture capital investments in qualifying small Idaho businesses. The act includes a five-year sunset. This legislation could create a substantial number of new Idaho jobs in the first year.

Rep. Rusche answered questions from the committee about the number of employees that are required to meet the small business definition.

MOTION: **Rep. Raybould** moved to send **H 686** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:56 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

DATE: March 23, 2010

TIME: 9:00 a.m.

PLACE: Room EW42

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

**ABSENT/
EXCUSED:** Rep. Bedke

GUESTS: Jeff Church, Veritas Advisors, Teresa Molitor, Lake City Development Corporation, Jerome Urban Renewal Agency.

The meeting was called to order at 9:02 by **Chairman Lake**.

MOTION: **Rep. Collins** moved to approve the minutes from March 22; **motion carried by voice vote.**

H 672: This legislation is a first substantial comprehensive statutory overhaul of chapters 20 and 29, Title 50, Idaho Code, The Urban Renewal Law since the Urban Renewal Law's enactment in 1965. The purpose of the legislation is to amend the Urban Renewal Law to reflect primarily administrative changes to be effective, July 1, 2010 and for Urban Renewal Board composition effective January 1, 2011. This act will apply to all existing urban renewal agencies and urban renewal plans. It modifies chapter 20 and 29, Title 50, Idaho Code, into one new general chapter.

Rep. Smith spoke to the creation and necessity of passing **H 672** and he also explained to the committee that this legislation isn't perfect, but does advance the issue of overhauling current urban renewal legislation. Rep. Smith suggested that the committee move this bill forward in order to see the urban renewal issue advanced into the next legislative session.

There was discussion amongst the committee about whether this one comprehensive bill should be split into several smaller bills in order for the committee to advance issues that they favor and to remove issues that are problematic.

The committee members spoke further to the issue of legislation being brought forward next session in order to rework current urban renewal legislation and to give advanced notice to urban renewal agencies that they can expect upcoming changes to current urban renewal laws.

The committee agreed that it is best that **H 672** continue to be held in committee and that it be dealt with further in the next legislative session.

ADJOURN: There being no further business to come before the committee **Chairman Lake** adjourned the meeting at 9:52 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary

MINUTES

HOUSE REVENUE AND TAXATION COMMITTEE

- DATE:** March 29, 2010
- TIME:** 9:00 a.m.
- PLACE:** Room EW42
- MEMBERS:** Chairman Lake, Vice Chairman Collins, Representatives Barrett, Moyle, Raybould, Roberts, Schaefer, Wood, Clark, Bedke, Harwood, Saylor, Killen, Ruchti, Burgoyne, Rusche.
- ABSENT/
EXCUSED:** Rep. Smith(24), Rep. Hart.
- GUESTS:** Bill Connors, Boise Chamber, Elwood Kleaver, Boise Valley Economic Partnership, Ray Stark, Boise Metro Chamber, Jayson Ronk, Idaho Association of Commerce & Industry, Suzanne Budge, SBS Association, National Federation of Independent Business.
- Chairman Lake** called the meeting to order at 9:06 a.m.
- MOTION:** **Rep. Collins** moved to approve the minutes of March 23; **motion carried by voice vote.**
- H 707:** **Rep. Hagedorn** presented **H 707** to the committee. Idaho Employment Act (IDEA): Idaho's business income tax is second highest in the west only to California in creating roadblocks to keeping and recruiting new business and jobs to Idaho, with the understanding that corporations report income under Idaho's Corporate Tax and S-Corps, LLC's and PLLC's report income under Individual Income Tax. An independent project to study various methods of reducing this tax roadblock was undertaken in 2009. The conclusion was that to attract more business and jobs to Idaho and to assist in making current Idaho businesses healthy, that a business tax reduction to 4.9% for both corporate and individual income tax be taken over a ten year period. Reducing this tax will enable Idaho's current businesses to re-invest and create jobs while also more readily attracting out-of-state business providing more jobs and off-setting state revenue over that ten year period.
- Rep. McGeachin**, also presented testimony in support of **H 707**. She provided a packet of information including various maps showing where Idaho ranks in unemployment rates.
- Elwood Kleaver** chairman of the Boise Valley Economic Partnership testified in support of **H 707**. The main goal to of this partnership is to attract and maintain good paying jobs in Boise and the entire state. The Boise Valley Economic Partnership recommends this multi-year cascading plan to reduce the income tax rate starting in 2012.
- Rep. Hagedorn** answered questions from the committee regarding Idaho's position of competitiveness with surrounding states, and he further explained the issue of the opting out language in this bill.

MOTION: Rep. Barrett moved to **HOLD H 707** in committee. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 10:06 a.m.

Representative Dennis Lake
Chairman

Tori Shockey
Secretary