

**AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, January 12, 2011**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Introductions	Chairman Lake
	Rules Subcommittee Assignments	Chairman Lake
	Tax Commission Seminar	Dan John

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Dennis Lake  
Vice Chair Gary Collins  
Rep Lenore Barrett  
Rep Mike Moyle  
Rep Dell Raybould  
Rep Ken Roberts  
Rep Robert Schaefer  
Rep Leon Smith  
Rep JoAn Wood

Rep Scott Bedke  
Rep R. Harwood  
Rep Vito Barbieri  
Rep Clifford Bayer  
Rep Julie Ellsworth  
Rep Marc Gibbs  
Rep William Killen  
Rep Grant Burgoyne  
Rep John Rusche

COMMITTEE SECRETARY

Bev Bean  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 12, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** EW 42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Representative(s) Barrett  
**GUESTS:** Dan John, State Tax Commission; Bob Uebelher, Connolly & Smyser; Russ Hendricks, Farm Bureau; Randy Nelson, ATT; Daniel Wolf, SEIU/NAGE; Bill Roden, Hopkins-Rodin

Meeting was called to order at 9:03 am by Chairman Lake.

Chairman Lake made announcements of assignments to subcommittees as follows:

**Subcommittee 1- Rules**

Rep. Gary Collins, Chairman  
Rep. Vito Barbieri  
Rep. Grant Burgoyne  
Rep. Clifford Bayer

**Subcommittee 2 — Sales Tax and Exemptions**

Rep. Dell Raybould, Chairman  
Rep. Robert Schaefer  
Rep. Scott Bedke  
Rep. William Killen

**Subcommittee 3 — Income Tax and Creditsw**

Rep. Leon Smith, Chairman  
Rep. Lenore Barrett  
Rep. Ken Roberts  
Rep. Grant Burgoyne

**Subcommittee 4 — Property Tax**

Rep. R. Harwood, Chairman  
Rep. JoAn Wood  
Rep. John Rusche  
Rep. Marc. Gibbs

**Tax  
Commission  
Seminar** Dan John appearing as spokesman for the Tax Commission presented an overview of state and local tax revenues for 2010 and responded to questions from Committee Members.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:55 am.

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Representative Lake  
Chair

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Bev Bean  
Secretary

**AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, January 13, 2011**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Tax Commission Seminar	Dan John, Tax Commission

COMMITTEE MEMBERS

Chairman Dennis Lake  
Vice Chair Gary Collins  
Rep Lenore Barrett  
Rep Mike Moyle  
Rep Dell Raybould  
Rep Ken Roberts  
Rep Robert Schaefer  
Rep Leon Smith  
Rep JoAn Wood

Rep Scott Bedke  
Rep R. Harwood  
Rep Vito Barbieri  
Rep Clifford Bayer  
Rep Julie Ellsworth  
Rep Marc Gibbs  
Rep William Killen  
Rep Grant Burgoyne  
Rep John Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 13, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Representative(s) Schaefer  
**GUESTS:** Dan John, State Tax Commission

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

**TAX  
COMMISSION  
SEMINAR** **Dan John** appearing as spokesman for the Idaho Tax Commission presented the Idaho State Tax Return and gave a detailed explanation of each line item on the form for the edification of Committee members.

**ADJOURN** There being no further business to come before the committee, Chairman Lake adjourned the meeting at 10:32 am.

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Representative Lake  
Chair

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Bev Bean  
Secretary

**AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Monday, January 17, 2011**

<b>BILL NO.</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<b>RS 20017</b>	Relating to internal revenue code, property tax relief. Clarifies income computation for "legally separated."	Dan John, Idaho Tax Commission
<b>RS 20019C1</b>	Makes technical corrections to the cigarette & tobacco taxes.	Dan John, Idaho Tax Commission
<b>RS 20020C1</b>	Relating to income taxes. Makes corrections to HB 382 passed in 2010.	Dan John, Idaho Tax Commission
<b>RS 20025</b>	Relating to sales tax. Clarifies that airplanes used in Idaho are transient equipment.	Dan John, Idaho Tax Commission
<b>RS 20026</b>	Relating to fuels tax. Clarifies canceling a distributor's license when they fail to comply with bonding requirements.	Dan John, Idaho Tax Commission
<b>RS 20027C1</b>	Eliminates requirement to do a forest management cost study every 5 years.	Dan John, Idaho Tax Commission
<b>RS 20028C1</b>	Makes technical corrections to motor fuels tax.	Dan John, Idaho Tax Commission
<b>RS 20047</b>	Relating to property taxes.	Dan John, Idaho Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Bedke
Vice Chair Collins	Rep Harwood
Rep Barrett	Rep Barbieri
Rep Moyle	Rep Bayer
Rep Raybould	Rep Ellsworth
Rep Roberts	Rep Gibbs
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 17, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Roberts, Wood(35), Rusche

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

**Chairman Lake** called the meeting to order at 9:00 am.

**RS 20017** **Dan John** appearing as a spokesman for the Tax Commission presented **RS 20017** which relates to property tax relief. This change will make it clear that individuals who are "legally separated" from their spouse are not required to include the income of the spouse when computing income for purposes of property tax relief.

**MOTION** **Rep. Ellsworth** moved to introduce **RS 20017**. **Motion carried on voice vote.**

**RS 20019C1** **Dan John** appearing as spokesman for the Tax Commission presented **RS 20019C1** which makes technical corrections to the cigarette and tobacco taxes. It would add "delivery seller" to the definition of wholesaler bringing Idaho into conformity with federal law. It deletes reference to any substitute tobacco products and eliminates a question as to whether tobacco cessation products should be taxed as tobacco products. The definition of wholesale sales price is expanded to include any person and place of business and will no longer include vending machines.

**MOTION** **Rep. Schaefer** moved to introduce **RS 20019C1**. **Motion carried on voice vote.**

**RS 20020C1** **Dan John** appearing as spokesman for the Tax Commission presented **RS 20020C1** which relates to income taxes and makes corrections to HB 382 passed by the 2010 Legislature. These changes deal with how distributions from pass-through entities are taxed and relate only to non-residents. It would not allow a non-resident with additional income to that from a pass-through entity to forego withholding. It would change the requirement to withhold from actual distributions of income from pass-throughs to when the income is required to be reported on the taxpayer's individual return. This proposal also clarifies the computation of reportable income from the sale of a publicly traded partnerships.

**MOTION** **Rep. Collins** moved to introduce **RS 20020C1**. **Motion carried on voice vote.**

**RS 20025** **Dan John** appearing as spokesman for the Tax Commission presented **RS 20025** which clarifies that airplanes that are a business asset and used in Idaho are to be treated as transient equipment and taxed as such. Mr. John responded to questions from the Committee regarding personal use of aircraft and method of determining the tax.

**MOTION** **Rep. Bedke** moved to introduce **RS 20025**. **Motion carried on voice vote.**

**RS 20026** **Dan John** appearing as spokesman for the Tax Commission presented **RS 20026** which relates to fuels taxes. This provision gives clear direction to the Tax Commission for canceling a distributor's license when the distributor fails to comply with bonding requirements.

**MOTION** **Rep. Burgoyne** moved to introduce **RS 20026**. **Motion carried on voice vote.**

**RS 20027C1** **Dan John** appearing as a spokesman for the Tax Commission presented **RS 20027C1** which eliminates the requirement that a forest management cost study be conducted every five years. It would require a periodic study when evidenced by trends and when deemed necessary by the Tax Commission. It also amends the section relating to membership in the CFTM reflecting the dissolution of the Intermountain Forest Association.

**MOTION** **Rep. Smith** moved to introduce **RS 20027C1**. **Motion carried on voice vote.**

**RS 20028C1** **Dan John** appearing as a spokesman for the Tax Commission presented **RS20028C1** which makes technical corrections to the motor fuels tax amending certain terms and definitions.

**MOTION** **Rep. Bedke** moved to introduce **RS 20028C1**. **Motion carried on voice vote.**

**RS 20047** **Dan John** appearing as a spokesman for the Tax Commission presented **RS 20047** relating to property tax exemptions. It clarifies the exemption for new capital investment and sets forth requirements for recapture of the exemption if the taxpayer fails to qualify for the exemption.

**MOTION** **Rep. Moyle** moved to introduce **RS 20047**. **Motion carried on voice vote.**

**ADJOURN** There being no further business to come before the meeting **Chairman Lake** adjourned the meeting at 9:35 am.

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Representative Dennis Lake  
Chair

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
COLLINS SUBCOMMITTEE  
Rules Subcommittee  
8:30 A.M.  
Room EW42  
Tuesday, January 18, 2011

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DOCKET NO.	DESCRIPTION	PRESENTER
<b>35-0101-1002</b> <b>35-0101-1003</b>	Income Tax Administrative Rules	Janice Boyd Tax Policy Specialist Tax Commission
<b>35-0201-1001</b>	Tax Commission Administration and Enforcement Rules	Janice Boyd Tax Policy Specialist Tax Commission
<b>35-0102-1001</b> <b>35-0102-1002</b>	Idaho Sales and Use Tax Administrative Rules	Dan John, Tax Policy Administrator Tax Commission
<b>35-0103-1003</b>	Property Tax Administrative Rules	Alan Dornfest, Tax Policy Supervisor Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Gary Collins

Rep Grant Burgoyne

Rep Vito Barbieri

Rep Clifford Bayer

Rep Gary Collins

COMMITTEE SECRETARY

Bev Bean

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**COLLINS SUBCOMMITTEE**  
Rules - Collins

**DATE:** Tuesday, January 18, 2011  
**TIME:** 8:30 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Collins, Representatives Barbieri, Burgoyne, Bayer  
**ABSENT/  
EXCUSED:**  
**GUESTS:** Janice Boyd, Tax Commission; Dan John, Tax Commission; Alan Dornfest, Tax Commission

The meeting was called to order at 8:00 am by **Chairman Collins**.

**DOCKET NO:** **Janice Boyd**, Tax Policy Specialist, State Tax Commission, presented the Income  
**35-0101-1002** Tax Administrative Rules.

**Rule 032** amended to conform to changes to the Servicemembers Civil Relief Act. It exempts from Idaho income tax the income earned from services performed in Idaho by qualifying spouses of servicemembers stationed in Idaho.

**Rule 075** amended to add the tax brackets for calendar year 2010, and remove the information for calendar year 2005 so only 5 years of historical data is retained in the rule.

**Rule 108** amended to limit the amount added to taxable income for rollovers to other state's college savings accounts to the amount deducted in the current and prior tax years and to conform to HB 386a passed in 2010.

**Rule 165** amended to replace the terms mental retardation and impairments with intellectual disability and limitations, consistent with legislative changes and to conform to HB 1330 passed in 2010.

**Rule 170** relating to Idaho capital gains deduction amended to add information related to the ordinary income limitation. Guidance is added on how to allocate the recharacterization of capital gains to ordinary income. Information related to tax year 2001 is being removed.

**Rule 171** amended to specifically identify items that don't qualify for capital gains deduction and to conform with HB 388 passed in 2010.

**Rule 172** relating to capital gains deduction for revenue producing enterprise amended to expand the subsection on nonqualifying activities and to add examples related to a taxpayer with multiple activities and to conform with HB 388 passed in 2010.

**Rule 200** relating to net operating loss for corporations amended to remove the language that is now included in the statute. An example of how net operating losses of unitary combined corporations are computed and applied against income in carryback years is being added to the rule.

**Rule 201** amended to include excess net passive income as income that may be offset with a net operating loss carried over from years an S corporation was a C corporation.

**Rule 253** is applicable to non-residents and part-year residents and limits the amount required to be added to taxable income for rollovers to other state's college savings accounts to the amount actually deducted in the current and prior tax year and to conform with HB 386a passed in 2010.

**Rule 255** amended to add local income taxes and general sales tax to the exception to the federal itemized deductions allowed to non-residents and part year residents to conform to Idaho Code.

**Rule 261** amended to change the sourcing of income from resident estates and trusts that a nonresident must include in income subject to Idaho tax and to conform with HB 471 passed in 2010.

**Rule 290** relating to backup withholding by a pass-through entity (including trusts and estates in certain situations) amended to remove obsolete information, clarifying who can make the election and how it is made and to conform with HB 382a passed in 2010.

**Rule 291** amended to add detailed information on the computation of Idaho taxable income for tax paid by pass-through entities for officers, directors, owners or beneficiaries and to conform with HB 382a passed in 2010

**Rules 720 & 721** relating to the credit for Idaho research activities amended to remove obsolete information relating to tax years beginning in 2001 since the statute of limitations has expired on all the years credit earned in the tax year 2001 could be carried to.

**Rule 745** relating to capital gains deduction amended to remove specific information regarding qualifying and non-qualifying activities and a reference to Rule 172 in being added where this information can now be found.

**Rule 746** relating credit for qualifying new employees amended to remove references to tax years beginning on and after 2004 and to address consistency in the computation of qualifying new employees.

**Rules 755, 756, 757 & 758** relate to the credit for qualifying new employees for tax years beginning in 2001 only. Since the statute of limitations has expired on the years credit could be carried to, the rules are being repealed.

**Rule 771** amended to include the grocery credit amounts for 2010. Conforms to Idaho Code which provides for a yearly increased of \$10 until the grocery tax credit reaches \$100.

**Rule 830** amended so that the due date for all information returns required to filed with the State Tax Commission is the last day of February, the same as the due date for W-2's.

**Rule 840** being repealed to eliminate the campaign funding check-off option on the Idaho individual income tax return consistent with HB 379 passed in 2010.

**Rule 860** amended to conform to HB 615 passed in 2010 which allows taxpayers to make a donation to the opportunity scholarship program on their tax returns. Rule 860 addresses donations to trust accounts.

**Rule 874** amended to require the Idaho withholding permit number on the copy of Forms W-2 submitted to the Tax Commission.

**Rule 877** relating to backup withholding by pass-through entities amended to conform with HB 382a passed in 2010. This new rule discusses the withholding requirement, exception to withholding, certification of residency and consequences of failing to file or remit backup withholding.

**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. 35-0101-1002** to the full committee. **The motion passed by voice vote.**

**DOCKET NO-  
35-0101-1003**

**Janice Boyd**, Tax Policy Specialist, State Tax Commission, also presented **Docket No. 35-0101-1003**.

**Rule 280** addresses partnerships and information that a partner will need to compute Idaho taxable income.

**Rule 286** addresses S Corporations and information they must provide to a shareholder in order for the shareholder to compute Idaho taxable income.

**Janice Boyd** 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 additional questions from the committee.

**MOTION**

**Rep. Barbieri** moved to recommend approval of **Docket No. 35-0101-1003** to the full committee. **The motion passed by voice vote.**

**DOCKET NO-  
35-0201-1001**

**Janice Boyd**, Tax Policy Specialist, State Tax Commission, presented the Administration and Enforcement Rules.

**Rule 153** promulgated to adopt the Internal Revenue Service alternative methods allowed to tax preparers for signing income tax returns.

**Rule 155** amended to address the methods allowed for filing motor fuels tax returns electronically and the risks of disclosure when doing so.

**Rule 310** amended to add the interest rate and applicable Revenue Ruling for calendar year 2011.

**Janice Boyd** 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 additional questions from the committee.

**MOTION**

**Rep. Barbieri** moved to recommend approval of **Docket No. 35-0201-1001** to the full committee. **The motion passed by voice vote.**

**DOCKET NO-  
35-0102-1001**

**Dan John**, Tax Policy Administrator, State Tax Commission, presented the Sales and Use Tax Administrative Rules.

**Rule 012** amended to state that charges for rock crushing are not taxable when the crushed rock is secured on a construction site and used as backfill on the same site.

**Dan John** 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 additional questions from the committee.

**MOTION**

**Rep. Barbieri** moved to recommend approval of **Docket No. 35-0102-1001** to the full committee. **The motion passed by voice vote.**

**DOCKET NO-  
35-0102-1002**

**Dan John**, Tax Policy Administrator, State Tax Commission, also presented **Docket No. 35-0102-1002**.

**Rule 37** amended to add provision that a limited liability company (LLC) or other legal entity formed by an Idaho resident under the laws of another state primarily for the purpose of purchasing and owning one (1) or more airplanes is not a nonresident.

**Rule 114** amended to state that purchases of food made with coupons or any other authorized form of payment under federal law are exempt from the sales tax.

**Rule 136** relating to rebates paid to certain real estate developers amended to state when the Commission will start depositing 60% of the sales tax revenue from the center into the Demonstration Pilot Project Fund. It also amends the language and expenditure requirements to conform to Idaho Code.

**Dan John** 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 additional questions from the committee.

**Rep. Bayer** moved to recommend approval of **Docket No. 35-0102-1002** to the full committee. **The motion passed by voice vote.**

## MOTION

### DOCKET NO- 35-0103-1003

**Alan Dornfest**, Tax Policy Supervisor, State Tax Commission, presented the Property Tax Administration Rules.

**Rule 006** amended to update references to editions of manuals used to determine the value of recreational and certain other vehicles and railcars.

**Rule 114** amended to update the dates of guides and standards used as references. Deletes requirement for Assessor's to report personal property by NAICS code.

**Rule 131** amended to provide procedures for conducting equalization ratio studies and to allow a follow-up ratio study of secondary categories if they are likely to be out of compliance as a result of assessment changes.

**Rule 317** relating to occupancy tax on new constructed improvements on real property amended to explain that for the funds listed in Idaho Code Section 50-2908, the occupancy tax is not distributed to the urban renewal during the year in which the urban renewal revenue allocation is formed, however, the occupancy tax raised for all other funds is distributed to the urban renewal.

**Rule 609** relating to homeowners property exemption amended to update the references and price indices used each year to adjust the maximum homeowner's exemption.

**Rule 610** relating to property exempt from taxation on residential improvements amended to define Multidwelling or Multipurpose Building and Related Land and requires that the related land value be included in the determination of the exemption amount.

**Rule 613** relating to property exempt from taxation — speculative portion of value of agricultural land amended to add definition of "economic rent" to say that the rent attributable to exempt irrigation equipment is not included in economic rent.

**Rule 614** relating to speculative portion of value of agricultural land amended to provide guidance to appraisers for when crop share or cash rent analysis should be applied in determining value of agricultural land.

**Rule 802** amended to explain how to compute the amount of urban renewal increment value to be included on the new construction roll in the year in which a portion of a revenue allocation area is de-annexed.

**Rule 961** amended to explain that the value and classification of a homesite adjacent to forest lands will be valued independently from the adjacent forest lands.

**Rule 989** relating to qualified investment exemption (QIE) recapture amended to provide instructions on how to compute the pro-rated portion of the funds when computing the levy upon which a QIE recapture is to be based.

**Alan Dornfest** 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 additional questions from the committee.

**MOTION**

**Rep. Burgoyne** moved to recommend approval of **Docket No. 35-0103-1003** 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 9:50 am.

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Representative Gary Collins  
Chair

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Bev Bean  
Secretary

**AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, January 20, 2011**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<b>RS20144</b>	Relating to home owner's exemption for property tax while the owner is away due to military, humanitarian or religious service.	Rep. Lynn Luker
<b>H0006</b>	Relating to internal revenue code, property tax relief. Clarifies income computation for "legally separated".	Dan John, Idaho Tax Commission
<b>H0007</b>	Makes technical correction to the cigarette & tobacco taxes.	Dan John, Idaho Tax Commission
<b>H0008</b>	Relating to income taxes. Would disallow the election for payment of tax by pass-through entities to non-residents who have additional taxable Idaho income.	Dan John, Idaho Tax Commission
<b>H0009</b>	Relating to sales tax. Clarifies that airplanes used in Idaho are transient equipment and taxed as such.	Dan John, Idaho Tax Commission
<b>H0010</b>	Relating to fuels tax. Clarifies canceling a distributor's license when they fail to comply with bonding requirements.	Dan John, Idaho Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
 Vice Chair Collins  
 Rep Barrett  
 Rep Moyle  
 Rep Raybould  
 Rep Roberts  
 Rep Schaefer  
 Rep Smith(24)  
 Rep Wood(35)

Rep Bedke  
 Rep Harwood  
 Rep Barbieri  
 Rep Bayer  
 Rep Ellsworth  
 Rep Gibbs  
  
 Rep Killen  
 Rep Burgoyne  
 Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 20, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Rep. Bedke, Wood  
**GUESTS:** Rep. Lynn Luker; Dan John, State Tax Commission

**Chairman Lake** called the meeting to order at 9:00 am.

**MOTION:** **Rep. Collins** moved to approve the minutes of January 13 and January 17; **motion carried by voice vote.**

**RS 20144:** **Representative Luker** presented **RS 20144** to the committee. The purpose of this legislation is to clarify the status of a resident homeowner's homestead exemption for property tax while the owner is away from the primary dwelling place due to military, humanitarian or religious service. It also clarifies that the exemption continues during absence for such service and allows the home to be leased so long as the owner intends to return upon conclusion of the service or does not otherwise establish a different primary dwelling place. If the owner obtains a homestead exemption for a different location, the owner would not be allowed this exemption. In response to a question from **Chairman Lake**, **Mr. Luker** stated that this legislation is supported by the Association of Idaho Counties.

**MOTION:** **Rep. Barrett** moved to introduce **RS 20144**. **Motion carried on voice vote.**

**H 6:** **Dan John** appearing as spokesman for the Tax Commission presented **H 6** which relates to property tax relief provisions known as the "circuit breaker" and clarifies income computation for "legally separated." This change will make it clear that individuals who are "legally separated" from their spouse are not required to include the income of the spouse when computing income for purposes of property tax relief.

**MOTION:** **Rep. Burgoyne** moved to send **H 6** to floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Barbieri** will sponsor the bill on the floor.

**H 7:** **Dan John** appearing as spokesman for the Tax Commission presented **H 7** which would make technical corrections to cigarette and tobacco taxes. It would add "delivery seller" to the definition of wholesaler bringing Idaho into conformity with federal law. It deletes reference to any substitute tobacco products which clarifies that tobacco cessation products are not taxed as tobacco products. The definition of wholesale sales price is expanded to include any person and place of business and will no longer include vending machines. In response to a question, **Mr. John** indicated this would have no impact on sales of tobacco products on tribal lands as the State has no jurisdiction on tribal lands.

**MOTION:** **Rep. Collins** moved to send **H 7** to floor with a **DO PASS** recommendation. Motion carried by voice vote. **Rep. Ellsworth** will sponsor the bill on the floor.

**H 8:** **Dan John** appearing as spokesman for the Tax Commission presented **H 8** which relates to income taxes. It relates only to non-residents and how distributions from pass-through entities are taxed. It would not allow a non-resident with additional income to that from a pass-through entity to forego withholding. It would change the requirement to withhold from actual distributions of income from pass-throughs to when the income is required to be reported on the taxpayer's individual return. **Mr. John** responded to questions from the Committee clarifying provisions in the bill.

**MOTION:** **Rep. Smith** moved to send **H 8** to floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Smith** will sponsor the bill on the floor.

**H 9:** **Dan John** appearing as spokesman for the Tax Commission presented **H 9** relating to sales tax which clarifies that airplanes that are a business asset and used in Idaho are to be treated as transient equipment and taxed as such. This bill conforms to the current practice of the Idaho State Tax Commission. In response to questions from committee members, **Mr. John** explained how the tax is calculated and clarified what constitutes business activity. In response to a question from **Chairman Lake**, **Mr. John** confirmed that this bill is not a new taxing event, but conforms the code to current practice. The taxable event is triggered not by where the airplane is purchased but when the business activity occurs.

**MOTION:** **Rep. Roberts** moved to **HOLD H 9 in committee.** **Motion carried on voice vote.** **Rep. Killen** and **Rep. Rusche** requested that they be recorded as voting against the motion.

**H 10:** **Dan John** appearing as spokesman for the Tax Commission presented **H 10** relating to fuels taxes. This legislation is an attempt to clear up language and remove a conflict in the fuels tax code regarding revocation of licenses for motor fuel distributors when the distributor fails to comply with bonding requirements. It will enable the Tax Commission to more effectively administer the bonding requirements for fuel distributors.

**MOTION:** **Rep. Killen** moved to send **H 10** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Bayer** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the meeting, **Chairman Lake** adjourned the meeting at 9:45 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Monday, January 24, 2011**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<b>RS 19993</b>	Construction projects of cooperative service agencies.	Sen. John W. Goedde
	<b>Report from Collins Subcommittee on Rules</b>	Rep. Collins
	Rules from the Idaho State Tax Commission (approved by subcommittee)	
<b>Docket No. 35-0101-1002</b>	Pending income tax administration rules	
<b>Docket No. 35-0101-1003</b>	Pending income tax administration rules	
<b>Docket No. 35-0201-1001</b>	Pending tax commission administrative and enforcement rules	
<b>Docket No. 35-0102-1001</b>	Pending sales and use tax administrative rules	
<b>Docket No. 35-0102-1002</b>	Pending sales and use tax administrative rules	
<b>Docket No. 35-0103-1003</b>	Pending property tax administration rules	
<b>H 11</b>	Relating to taxation of forest lands — forest management cost study.	Dan John, State Tax Commission
<b>H 12</b>	Technical corrections relating to taxation of motor fuels.	Dan John, State Tax Commission
<b>H 13</b>	Relating to property taxes. Clarifies exemption for new capital investment.	Dan John, State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
 Vice Chair Collins  
 Rep Barrett  
 Rep Moyle  
 Rep Raybould  
 Rep Roberts  
 Rep Schaefer  
 Rep Smith(24)  
 Rep Wood(35)

Rep Bedke  
 Rep Harwood  
 Rep Barbieri  
 Rep Bayer  
 Rep Ellsworth  
 Rep Gibbs  
 Rep Killen  
 Rep Burgoyne  
 Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 24, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne (Herzfeld), Rusche

**ABSENT/  
EXCUSED:** Representative(s) Killen

**GUESTS:** Dan John, State Tax Commission; Sen John Goedde

The meeting was called to order at 8:00 am by **Chairman Lake**.

**RS 19993:** **Sen. Goedde** presented **RS 19993** to the committee. H 253 was passed into law two sessions ago which allowed expenditures for authorized construction projects and to provide that no debt service costs be incurred. The language of HB 253 restricted any actual start of construction until after all the funds had been collected. This change would allow construction of these projects to be started as funds are collected, streamlining the process still without incurring debt or associated costs. **Sen. Goedde** responded to questions from Committee members clarifying aspects of the bill.

**MOTION:** **Rep. Bedke** moved to introduce **RS 19993. Motion carried on voice vote.**

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

**MOTION:** **Rep. Bayer** moved to approve the subcommittee minutes of January 18; **motion carried by voice vote.**

**COLLINS  
SUBCOMMITTEE  
REPORT:** **Rep. Collins**, Chairman of the rules subcommittee, and the members of the subcommittee, **Rep. Grant Burgoyne, Rep. Clifford Bayer and Rep. Vito Barbieri**, recommended approval of all pending rules from the Idaho State Tax Commission.

**Chairman Lake** again chaired the meeting.

**MOTION:** **Rep. Collins** moved to **approve the rules as recommended by the subcommittee. Motion carried by voice vote.**

**H 11:** **Dan John** appearing as spokesman for the Tax Commission presented **H 11** which eliminates the requirement that a forest management cost study be conducted every five years. It would require a periodic study when evidenced by trends and when deemed necessary by the Tax Commission. In response to a question from **Rep. Roberts, Mr. John** explained that this was a methodology study only and land values are adjusted on an annual basis. In response to a question from **Rep. Harwood, Mr. John** stated that this study cost the state an estimated \$100,000 each time it was performed. He also stated that the forest owners and counties had input on this bill.

**MOTION:** **Rep. Roberts** moved to send **H 11** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Roberts** will sponsor the bill on the floor.

**H 12:** **Dan John** appearing as spokesman for the Tax Commission presented **H 12** which makes technical corrections to the motor fuels tax amending certain terms and definitions. This bill adds ethanol and natural gasoline to the definition of petroleum products in Section 1, changes the terms gasoline and aircraft engine fuel to motor fuels in Sections 2 & 3, changes the term vendor to distributor in Sections 4 & 5, and changes the terms gasoline, aircraft engine fuel, or special fuel to motor fuels in Sections 6, 7 & 8. These changes conform to statute and inserts language more commonly used. In response to a question from **Rep. Smith, Mr. John** explained that this bill represents terminology and definition corrections only to bring into conformity with statute and current practice.

**MOTION:** **Rep. Smith** moved to send **H 12** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Gibbs** will sponsor the bill on the floor.

**H 13:** **Dan John** appearing as spokesman for the Tax Commission presented **H 13** which relates to property tax exemptions. This bill adds clarifying language to the tax exemption for new capital investment which allows the net taxable value of all property in excess of \$400 million be exempt from property taxation if the taxpayer makes a qualifying new capital investment of at least \$1 billion. This bill clarifies the definition of qualifying property and amends "project period" to begin when the taxpayer furnishes a letter to the County Commissioners rather than at the first inspection of a permanent building. "Project site" is more clearly defined. The "qualifying period" changed from 7 years to 84 months to ensure the full 7 years. **Mr. John** confirmed for **Rep. Moyle** that this legislation was primarily addressing terminology corrections.

**MOTION:** **Rep. Moyle** moved to send **H 13** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Chairman Lake** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the Committee, **Chairman Lake** adjourned the meeting at 9:43 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Wednesday, January 26, 2011

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<b>RS20049</b>	Streamlined Sales Tax Project	Rep. Smith
<b>H 30</b>	Homeowners exemption – owner away due to military, humanitarian or religious service.	Rep. Luker

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)

Rep Bedke  
Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 26, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne (Herzfeld), Rusche  
**ABSENT/  
EXCUSED:** None  
**GUESTS:** Rep. Luker; Tony Poinell, Idaho Association of Counties

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

**MOTION:** **Rep. Smith** moved to approve the minutes of January 20, 2011; **motion carried by voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of January 24, 2011; **motion carried by voice vote.**

**RS 20049:** **Rep. Smith** presented **RS 20049** to the committee. This legislation would allow the Idaho State Tax Commission to participate in discussions with 24 other participating states regarding the Streamlined Sales Tax Project (SSTP). The objective of the 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. 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 legislation session. This bill would authorize someone from the Tax Commission to attend meetings 3 or 4 times a year to collect information and report back to the Committee about possible sales tax legislation needed in order to participate in the SSTP. In response to a questions from committee members, **Rep. Smith** stated that the fiscal impact of this legislation would be \$3,000 - \$5,000 per year for travel costs to attend the meetings. He also noted that it was estimated that Idaho loses approximately \$35 million a year in uncollected sales taxes from internet and mail order vendors who do not have residency in Idaho.

**MOTION:** **Rep. Rusche** moved to introduce **RS 20049**.

**ROLL CALL VOTE:** **Chairman Lake** requested a roll call vote. By a vote of **12 aye and 6 nay, the motion passed.** Voting in the affirmative: **Reps. Lake, Collins, Raybould, Roberts, Smith (24), Wood, Bedke, Killen, Burgoyne, Rusche, Ellsworth, Gibbs.** Voting in the negative: **Reps. Barrett, Moyle, Schaefer, Harwood, Barbieri, Bayer.**

**H 30:** **Rep. Luker** presented **H 30** to the committee. The purpose of this legislation is to clarify the status of a resident homeowner's homestead exemption from property tax while the owner is away from the primary dwelling place due to military, humanitarian or religious service. It also clarifies that the exemption continues during absence for such service and allows the home to be leased so long as the owner intends to return upon conclusion of the service or does not otherwise establish a different primary dwelling place. If the owner obtains a homestead exemption for a different location, the owner would not be allowed this exemption. **Rep. Luker** provided copies of a letter from Aaron Hueth who was not able to be present to testify in person, who related the loss of his homeowner's exemption when he served in the Peace Corps in Kazakhstan. In response to questions from the Committee, **Rep. Luker** indicated there was no cost to this legislation but that it preserves an exemption that is already in the statutes. Responding to a question from **Rep. Rusche**, **Rep. Luker** stated that the term "humanitarian and religious service" is not defined in the statute but that most people are able to recognize those activities.

**MOTION:** **Rep. Barrett** moved to send **H 30** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the meeting, **Chairman Lake** adjourned the meeting at 9:30 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, January 27, 2011

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 35</u></a>	Cooperative Service Agencies - construction project expenditures	Sen. Goedde

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
Rep Killen  
Rep Burgoyne  
Rep Rusche

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 27, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs, Killen, Burgoyne (Herzfeld), Rusche  
**ABSENT/  
EXCUSED:** Rep. Bayer, Rep. Roberts  
**GUESTS:**

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

**MOTION:** **Rep. Collins** moved to approve the minutes of January 26, 2011; **motion carried by voice vote.**

**H 35:** **Sen. Goedde** presented **H 35** to the committee. This bill makes one change to H 253 which was passed into law two sessions ago and allowed expenditures for authorized construction projects with no debt service costs incurred. The language of HB 253 restricted any actual start of construction until after all the funds had been collected. This change would allow construction of these projects to be started as funds are collected, streamlining the process still without incurring debt or associated costs. **Sen. Goedde** responded to several questions from Committee members relating to contingencies in the bill in the event insufficient property taxes are collected to cover costs to subcontractors. **Senator Goedde** will obtain information whether the levies approved for these construction projects are a fixed or floating dollar amount.

**MOTION:** **Chairman Lake** moved to hold **H 35** until time certain, namely, February 1, 2012, when **Sen. Goedde** will provide additional information in response to questions from the committee. **Motion carried without objection.**

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:21 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Tuesday, February 01, 2011

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 35</u></a>	Cooperative Service Agencies - construction project expenditures	Sen. Goedde

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 01, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Rep. Schaefer  
**GUESTS:** Ben Wolfinger, Coeur d'Alene Chamber of Commerce; Todd Christensen, Coeur d'Alene Chamber of Commerce;

The meeting was called to order at 9:12 am by **Chairman Lake**.

**MOTION:** **Rep. Collins** moved to approve the minutes of the January 27, 2011 meeting, with the following correction: Page 1, paragraph 4, the motion was carried "without objection" and not "by voice vote". **The minutes were approved as corrected by voice vote.**

**H 35:** **Senator Goedde** returned with additional information relating to this bill which would allow construction of approved projects to begin as funds are collected instead of waiting until all monies are in the bank. School districts would be able to take advantage of low construction costs and complete construction a year earlier, still without incurring debt or associated costs. In response to earlier questions from the committee, Senator Goedde indicated that since the ballot approved by the voters for the construction is a fixed amount, the levy rate would be adjusted upward if property valuations go down in order to collect the full amount approved. He also indicated that the construction contract contains contingency funds which should be adequate to cover a declining levy collection or delinquencies. Senator Goedde answered several questions from the committee relating to funding limits, levy caps and liability to contractors if sufficient funds are not generated through these levies due to declining property values. **Ben Wolfinger** a member of the Coeur d'Alene Chamber of Commerce spoke **in support of H 35** citing the positive economic impacts it would have on his community by allowing construction to begin on school facilities one year earlier and additionally taking advantage of lower construction costs in this down economy. **Todd Christensen**, President & CEO of the Coeur d'Alene Chamber of Commerce, testified **in support** of this bill which would strengthen his local economy by allowing construction to begin now on a "pay as you go" basis. **Rep. Raybould** expressed his concern about approving legislation that would allow work to commence dependent on future tax revenues especially in these uncertain economic times.

**MOTION:** **Rep. Smith** moved to send **H 35** to the floor with a **DO PASS** recommendation.

**Rep. Barrett opposes** this legislation. She feels it is bad fiscal policy and the current statute is adequate. **Chairman Lake** iterated his **support for H 35** since it will get money into the local economy sooner and he sees no downside to these changes. **Rep. Bedke spoke in support** of the bill stating the contractors who choose to proceed on these contracts should bear the risk of non-payment due to lower tax collections. **Rep. Rusche** is pleased to see school districts working together to become more efficient through shared services and facilities and he **will support** this bill. **Rep. Moyle** does not think this legislation is good tax policy and is therefore **opposed**. **Rep. Burgoyne** is concerned about moving from having the money before you begin construction to a "pay as you go" mode and will therefore **oppose** this bill.

**ROLL CALL  
VOTE:**

A **Roll call vote** was requested. **Motion failed, 7 aye and 10 nay. Voting in favor** of the motion: Chairman Lake, Reps. Smith (24) , Wood (35), Bedke, Killen, Rusche and Barbieri. **Voting in opposition** to the motion: Vice Chairman Collins, Reps. Barrett, Moyle, Raybould, Roberts, Harwood, Burgoyne, Bayer, Ellsworth and Gibbs.

**ADJOURN**

There being no further business to come before the committee, Chairman Lake adjourned the meeting at 9:54 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, February 03, 2011

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS20291</u></a>	Tax rebate - new jobs incentive	John Watts, Veritas Advisors
<a href="#"><u>RS20253</u></a>	Annual conformity bill to update references to the Internal Revenue Code	Dan John, State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke  
Rep Harwood

Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 03, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Dan John, State Tax Commission; John Watts, Idaho Chamber Alliance;

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

**MOTION:** **Rep. Collins** moved to approve the minutes of February 1, 2011; **motion carried by voice vote.**

**RS 20291:** **John Watts**, representing the Idaho Chamber Alliance, presented **RS 20291** to the committee. The purpose of this legislation is to provide an incentive to employers to create new jobs in Idaho. The Idaho Chamber Alliance is comprised of 19 Chamber of Commerce offices throughout the state. Mr. Watts explained that the one thing the Chamber Alliance heard as they traveled around the state was the need to create new jobs in Idaho without affecting the General Fund. This bill attempts to do that. This legislation will allow an employer to receive a portion of the new employee withholding already paid to the state that can be reinvested into the business and create more new jobs. This legislation will return 4% of a new employee's gross wage to the employer as an incentive for creating a job that pays \$12 per hour or more with benefits. This legislation would be budget neutral as the 4% withholding is in the median range, thereby allowing the state to collect more than it returns for higher paying jobs while returning more than received for lower paying jobs.

In answer to committee questions, **Mr. Watts** explained that any employer could take advantage of this tax credit as long as the new position pays \$12/hour or more, has benefits and is documented as an FTE higher than last year. He also explained that this is a refundable tax credit which will be paid to the employer in the event their tax liability is less than the credit received.

Responding to committee questions about language in the Statement of Purpose which is not contained in the bill proper relating to taxable year vs. calendar year and the \$12/hour pay threshold, **Chairman Lake without objection will hold RS 20291 in Committee** while changes are made to remove inconsistencies and clarify language in the bill.

**RS 20253:** **Dan John** appearing as spokesman for the Tax Commission, presented **RS 20253** which is the annual bill to conform the Idaho Income Tax Act to changes made to the Internal Revenue Code as amended by the "tax relief, unemployment

insurance reauthorization and job creation act of 2010" and as amended by the "small business jobs act of 2010." This legislation will not conform Idaho Code changes made to subsection (k) of Section 168 of the IRC regarding bonus depreciation. **Rep. Barrett** asked what provisions in the legislation were occasioned by the Health Care Act. Mr. John explained that the Act allows parents to have children up to the age of 27 on their health care plan which would raise taxable income. The Health Care Act specifically states this does not create taxable income and we are conforming the Idaho Code to do the same.

**MOTION:** **Rep. Roberts moved to send RS 20253 to the second reading calendar, motion carried by voice vote. Rep. Barrett** requested she be recorded as voting in opposition to the motion.

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

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Tuesday, February 08, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>RS20291C1</u></a>	Tax rebate - new jobs incentive	John Watts, Idaho Chamber Alliance
<a href="#"><u>RS20296</u></a>	Urban Renewal	Rep. Leon Smith
<a href="#"><u>RS20246</u></a>	New Construction Property Tax Roll	Rep. Ken Roberts

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 08, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Representative(s) Bayer  
**GUESTS:** Dick Williams, President, Shell Wind Energy; Kevin Simmons, Director of Business Development, Shell Wind Energy.

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

**MOTION:** **Rep. Collins** moved to approve the minutes of February 3, 2011; **motion carried by voice vote.**

**RS 20291C1:** **John Watts** representing the **Idaho Chamber Alliance** presented **RS 20291C1** to the committee. This legislation will allow an employer to receive a portion of the new employee withholding already paid to the state that can be reinvested into the business and create more new jobs. It will return 4% of a new employee's gross wage to the employer as an incentive for creating a job that pays \$12 per hour or more, has benefits and is documented as an FTE higher than last year. This bill creates a refundable tax credit which will be paid to the employer in the event their tax liability is less than the credit received. This tax credit will sunset in 3 years, after that the current job investment tax credit for higher paying jobs will remain. In response to committee questions, **Mr. Watts** acknowledged that the anticipated neutral fiscal impact could be affected if there are more lower paying as opposed to higher paying jobs created but there is no way to quantify just how many jobs and at what salaries this credit will generate.

**MOTION:** **Rep. Bedke** moved to introduce **RS 20291C1**. **Motion carried on voice vote.**

**RS 20296:** **Rep. Leon Smith** presented **RS 20296** to the Committee. Last year, a subcommittee of this committee reviewed an array of urban renewal bills and based on that review submitted a compromise bill which no one liked and died in committee. This legislation is an attempt to address those areas of concern from last year's Urban Renewal proposals. Rep. Smith explained this bill will (1) change the length of term for Urban Renewal Board members from 5 years to 2 years with a limit of 4 terms; (2) require board members to live within the "area of operation"; (3) will not allow expansion of an urban renewal area by boundary or duration; (4) does not allow inclusion of agricultural land unless it has been unused for at least 3 years; and (5) changes the the Urban Renewal Plan maximum term limit from 24 years to 20 years. This bill will also establish a policy for reviewing accumulated funds not designated for obligations and consideration of returning funds to the

taxing districts on a pro rata basis. **Rep. Smith** responded to committee questions clarifying aspects of this legislation.

**MOTION:** **Rep. Moyle** moved to introduce **RS 20296**. **Motion carried on voice vote.**

**RS 20246:** **Rep. Roberts** presented **RS 20246** which deals with the new construction property tax roll. This legislation is to clean up language in **H 645** which was passed last year. Counties are required to reduce their property valuation if there is a reduction in value of property due to (1) a change in land use classification, (2) a court ordered tax appeal, or (3) it was erroneously included on the tax roll. This bill establishes a 5-year look-back time period for taxing districts to make changes to their new construction property tax roll under these circumstances. In response to a question from **Rep. Rusche** about any fiscal impact on county governments, **Rep. Roberts** stated that county governments would not see any financial effect unless they looked back further than 5 years which is highly unlikely.

**MOTION:** **Rep. Moyle** moved to introduce **RS 20246**. **Motion carried on voice vote.**

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:46 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, February 10, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#">H 126</a>	Tax rebate - new jobs incentive	John Watts, Idaho Chamber Alliance
<a href="#">H 124</a>	New construction property tax roll	Rep. Ken Roberts
<a href="#">H 113</a>	Circuit breaker tax appeals	Tony Poinelli, Idaho Association of Counties

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 10, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** Representative(s) Barbieri, Bayer  
**GUESTS:** Tony Poinelli, Idaho Association of Counties

The meeting was called to order at 9:03 am by **Chairman Lake**.

**H 126:** **John Watts** representing the **Idaho Chamber Alliance** presented **H 126** which is designed to provide an incentive to employers' to create new jobs. This legislation will return 4% of a new employee's gross wage to the employer for each job created that pays at least \$12/hour, has benefits and is documented as an FTE higher than the previous year. This tax credit is refundable which will be paid to the employer in the event his tax liability is less than the credit received. This legislation will sunset in three years after which only the job investment tax credits for higher paying jobs will remain. **Rep. Raybould** noted that the fiscal note attached to this legislation indicates no negative impact and he feels this is misleading depending on the types of jobs created .He questions whether the jobs being created will generate enough high paying jobs to offset the lower paying jobs.

**MOTION:** **Rep. Burgoyne** moved to send **H 126** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE  
MOTION:** **Rep. Moyle** moved to send **H 126** to the floor with a **DO PASS** recommendation and a revised fiscal note that reflects the unknown financial impact depending on the numbers of high paying to low paying jobs created. Several committee members expressed reluctance to vote on this motion without seeing the final wording of the fiscal note.

**MOTION  
WITHDRAWAL:** **Rep. Burgoyne** withdrew his motion.

**SUBSTITUTE  
MOTION  
WITHDRAWAL:** **Rep. Moyle** withdrew his motion.

Without objection, **Chairman Lake** will defer further discussion on **H 126** until later in the meeting while committee members draft a new fiscal note more accurately reflecting the financial impact.

**H 124:** **Chairman Lake** indicated that the sponsor of this legislation has requested this item be held in committee. Without objection, **Chairman Lake will hold H 124** in committee at the call of the Chair.

**H 113:** **Tony Poinelli** appearing as spokesman for the Idaho Association of Counties presented **H 113** regarding the circuit breaker property tax reduction program. The purpose of this legislation is to remove the requirement for the Board of County Commissioners to review and approve individuals that would qualify for the Circuit Breaker Property Tax Reduction Program. Since the Tax Commission has the final authority on these applications, this would remove the county commissioners from one step in the process. This legislation would still have the county assessor provide and receive the applications and then send those applications to the State for either approval or denial. This takes the middle man out of the process and also provides additional time, from 14 to 28 days, for claimants to appeal the tax commission decision. **Mr. Poinelli** yielded to **Dan John** of the Idaho State Tax Commission to respond to a question from **Rep. Wood** regarding location of appeal hearings and whether the taxpayer is required to travel to Boise. **Dan John** explained that most administrative appeals are handled through correspondence. The Tax Commission also tries to accommodate those who live in remote locations if they have someone in the area who can conduct the hearing.

**MOTION:** **Rep. Killen** moved to send **H 113** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote.** **Rep. Killen** will sponsor the bill on the floor. **Rep. Wood (35)** requested that she be recorded as voting against the motion.

**H 126:** **Chairman Lake** resumed consideration of **H 126** from earlier in the meeting. Chairman Lake presented the new fiscal note drafted by the committee which reads: "The fiscal impact of this legislation is unknown because the ratio of high paying jobs created to low paying jobs created will determine the increase or decrease to the general fund. The increase of personal income tax and sales tax paid by the new employees' should also enhance the general fund."

**MOTION:** **Rep. Burgoyne** moved to send **H 126** to the floor with a **DO PASS** recommendation and the revised fiscal note reflecting that the fiscal impact of this legislation is unknown because the ratio of high paying jobs created to low paying jobs created will determine the increase or decrease to the general fund. **Motion carried on voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:49 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Monday, February 14, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">S 1052</a>	Sales & use fees - service members not domiciled in Idaho	Sen. Tim Corder
<a href="#">H 124</a>	New construction property tax roll	Rep. Ken Roberts

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Barbieri
Vice Chair Collins	Rep Bayer
Rep Barrett	Rep Ellsworth
Rep Moyle	Rep Gibbs
Rep Raybould	
Rep Roberts	Rep Killen
Rep Schaefer	Rep Burgoyne
Rep Smith(24)	Rep Rusche
Rep Wood(35)	
Rep Bedke	
Rep Harwood	

COMMITTEE SECRETARY

Bev Bean  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 14, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Reps. Collins, Ellsworth

**GUESTS:**

The meeting was called to order at 9:03 am by **Chairman Lake**.

**MOTION:** **Rep. Raybould** moved to approve the minutes of February 8, 2011; **motion carried by voice vote**.

**S 1052:** **Sen. Tim Corder** presented **S 1052** to the committee. Current federal law prohibits the collection of sales or use fees from service members not domiciled in Idaho. Current Idaho law requires the Tax Commission to collect use fees from spouses of service members if a vehicle is registered in both names and the spouse becomes a temporary resident of Idaho for longer than 90 days. This legislation amends the law to include the spouses of active service members who are exempt from paying these taxes and brings Idaho law into conformity with federal law. **Sen. Corder** yielded to **Dan John** of the Idaho State Tax Commission to respond to a question from **Rep. Roberts** who asked for an explanation of the difference between "use fees" and "sales tax". Mr. John explained that the use tax is a complimentary tax to the sales tax and reflects who remits the money to the state. If an individual buys a vehicle in Nevada, pays Nevada's sales tax and then moved to Idaho with 90 days of that purchase, they will be charged a use tax in Idaho but will get credit for the sales tax they paid in Nevada resulting in no tax liability. If they bought a vehicle in Oregon which does not have a sales tax and then move to Idaho within 90 days of that purchase, they would owe a use tax equal to the state sales tax.

**MOTION;** **Rep. Wood** moved to send **S 1052** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote**. Rep. Wood will sponsor the bill on the floor.

**H 124:** **Rep. Ken Roberts** presented **H 124** to the Committee. This legislation is to clean up language in **H 645** which was passed last year regarding the new construction property tax roll. Counties are required to reduce their property valuation if there is a reduction in the value of property due to (1) a change in land use classification, (2) a court ordered tax appeal, or (3) it was erroneously included on the tax roll. This bill establishes a 5-year look-back time period for taxing districts to make changes to their new construction property tax roll under these circumstances. Rep. Roberts stated he had worked with the counties in drafting this legislation and they have agreed to this 5-year lookback time frame.

**MOTION:** **Rep. Moyle** moved to send **H 124** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote**. Rep. Roberts will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:16 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Wednesday, February 16, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20309</a>	Installed airplane parts taxation	Sen. Chuck Winder
<a href="#">RS20422</a>	Idaho Individual Income Tax Return Form 40	Sen. Diane Bilyeu

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 16, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Sen. Chuck Winder; Sen. Diane Bilyeu; Russ Westerberg, Western Aircraft;

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

**MOTION:** **Rep. Collins** moved to approve the minutes of the February 10, 2011 meeting, with the following correction: On page 2, paragraph 3, **H 26 should be corrected to read H 126**. **By voice vote, the minutes were approved as corrected.**

**MOTION:** **Rep. Harwood** moved to approve the minutes of the February 14, 2011 meeting; **motion carried by voice vote.**

**RS 20309:** **Sen. Chuck Winder** presented **RS 20309** to the committee. This legislation will make the taxation of parts installed on qualifying aircraft owned by non-residents consistent with taxation of parts installed as components of aircraft manufactured in Idaho and sold to non-residents. It is designed to generate jobs for a local business that is a very significant employer. The purpose of this amendment to existing law is to eliminate the disadvantage an Idaho business has competing with similar businesses located in states that do not impose taxes on parts installed on large, turbine powered aircraft owned by non-residents. This does not change the taxation of parts installed on aircraft owned by Idaho residents. This legislation sunsets in 5 years.

**MOTION:** **Rep. Moyle** moved to introduce **RS 20309**. **Motion carried on voice vote**

**RS 20422:** **Sen. Diane Bilyeu** presented **RS 20422** to the committee. She explained that this legislation was initiated in an effort to improve collection of sales tax on internet and mail order purchases. Currently, Idaho's Individual Income Tax Form 40, line 30 asks taxpayers to voluntarily report "sales/use tax due on mail order, internet and other non-taxed purchases." This legislation would provide that this line be in bold lettering and the term "internet" will be moved to the beginning of that line. This bill would also provide that tax returns not providing this information will be rejected. **Rep. Bedke**, questioned the need for the provision to reject a tax return if this information is not provided. In response, **Chairman Lake** commented that he would like to hear from the Tax Commission when this comes up for formal hearing at which time the Committee may decide to modify this provision. Responding to questions from **Reps. Bedke & Harwood**, Sen. Bilyeu will bring a sample tax return form showing the wording and highlighting as proposed by her legislation when this is next brought before this committee.

**MOTION:**        **Rep. Ellsworth** moved to introduce **RS 20309**. **Motion carried on voice vote.**  
**Rep. Barrett** requested that she be recorded as voting against the motion.

**ADJOURN:**        There being no further business to come before the committee, **Chairman Lake**  
adjourned the meeting at 9:16 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, February 17, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20299C2</a>	City Revenue Bonds	Rep. Fred Wood
<a href="#">RS20419</a>	Surplus line insurance premium tax	Woody Richards, Surplus Line Association

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 17, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Smith(24)

**GUESTS:** Rep. Wood; Woody Richards, Surplus Lines Association;

The meeting was called to order at 9:05 a.m. by **Chairman Lake**.

**RS 20299C2:** **Rep. Wood (27)** presented **RS 20299C2** to the committee. The purpose of this proposed legislation is to bring Idaho statutes into conformity with provisions approved by voters in the 2010 election, which amended the Idaho Constitution relating to revenue bonds. This legislation enables cities to issue electric revenue bonds with the assent of a majority of voters and enables political subdivisions of state and regional airport authorities to issue airport and special facility revenue bonds. It also provides that these bonds would be solely payable from revenues derived from or relating to these projects and will not be secured by the city, state or any political subdivision. Special facility bonds would be additionally secured by a deed of trust, mortgage or other lien on the financed facilities. In response to questions regarding bondholder liability in the case of airport and special facility revenue bonds issued to private parties, **Rep. Wood (27)** explained that although the bonds are held by the airport or the airport authority, the bondholder on whose behalf the bonds were sold assumes all the risk in the case of any default.

**MOTION:** **Rep. Raybould** moved to introduce **RS 20299C2**. **Motion carried on voice vote.** **Rep. Barrett** requested that she be recorded as voting **NAY**.

**RS 20419:** **Woody Richards**, representing the Surplus Line Association, presented **RS 20419**. Rep. Lake explained that this bill was brought to the Revenue & Taxation Committee because there is a provision in Section 5 relating to taxes. If this Committee approves introduction of this bill, he intends to have the Speaker refer the legislation to the House Business Committee for further consideration. **Mr. Richards** explained that this legislation is to conform Idaho's Surplus Line Law to the provisions of "The Nonadmitted and Reinsurance Reform Act ("NRRA"), which was passed in 2010 in order to simplify purchase of surplus line coverage nationwide. Surplus line insurance typically involves risks of an unusual or unique nature and is written by insurers not admitted to do business in the state of Idaho. Among other things, this legislation provides that premium tax will be paid on the entire property and casualty premium only when Idaho is the insured's home state. Prior to passage of the NRRA, premium tax was allocated and paid to multiple states whenever the risk was in more than one state. This legislation is intended to capture as much of the premium tax as possible for the State of Idaho. **Mr. Richards** responded to several questions from committee members.

**MOTION:**           **Rep. Ellsworth** moved to introduce **RS 20419** and recommend referral to the House Business Committee. **Motion carried on voice vote.**

**Chairman Lake** acknowledged the good service provided by **Sage Lake**, the committee's page, during this portion of the legislative session and thanked her on behalf of the committee.

**ADJOURN:**           There being no further business to come before the Committee, the meeting was adjourned at 9:24 a.m..

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Tuesday, February 22, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">H 172</a>	Installed airplane parts taxation	Sen. Chuck Winder
<a href="#">H 178</a>	City Revenue Bonds	Rep. Fred Wood

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 22, 2011  
**TIME:** 9:00 A.M.  
**PLACE:** Room EW42  
**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche  
**ABSENT/  
EXCUSED:** None  
**GUESTS:** Sen. Chuck Winder; Jeff Mihalic, President - Western Aircraft Maintenance; Joie McGarvin & Colleen Back, Western Aircraft Maintenance; Russ Westerberg, Western Aircraft Maintenance; Ray Stark, Boise Metro Chamber of Commerce

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

**MOTION:** **Rep. Collins** moved to approve the minutes of the February 16, 2011 meeting; **motion carried by voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the February 17, 2011 meeting; **motion carried by voice vote.**

**H 172:** **Senator Winder** explained that this legislation is about new jobs and helping an existing business in our state to better compete. He introduced **Jeff Mihalic**, President of Western Aircraft Maintenance, who presented **H 172** to the committee. This bill exempts sales tax on parts installed during maintenance or modification of out-of-state private aircraft. Existing legislation already exempts sales tax on parts installed on new and commercial aircraft. This legislation would eliminate the disadvantage to Idaho businesses competing with similar businesses located in states that do not impose taxes on parts installed on these aircraft. Mr. Mihalic noted the every one of their major competitors now benefit from a state tax exemption on installed parts. Passage of this legislation would allow his company to grow at a rate that would create 10 to 12 new employees the first year. The increase in their payroll base and a return to profitability would more than offset the sales tax lost with this exemption.

**MOTION:** **Rep. Burgoyne** moved to send **H 172** to the floor with a **DO PASS** recommendation. Rep. Burgoyne spoke in favor of this bill indicating that it is the job of the Legislature to help Idaho businesses create new jobs in this economy. **Motion carried by voice vote.** Reps. Burgoyne and **Moyle** will co-sponsor the bill on the floor.

**Chairman Lake** introduced **Trent Duenas**, the Committee's new Page for the second half of the legislative session.

**H 178:** **Rep. Wood (27)** presented **H 178** to the committee. This bill is brings Idaho Statutes into conformity with provisions approved by voters in the 2010 election, which amended the Idaho Constitution relating to revenue bonds. This legislation enables cities to issue electric revenue bonds with the assent of a majority of voters and enables political subdivisions of state and regional airport authorities to issue airport and special facility revenue bonds. It also provides that these bonds would be solely payable from revenues derived from or relating to these projects and will not be secured by the city, state or any political subdivision. Special facility bonds would be additionally secured by a deed of trust, mortgage or other lien on the financed facilities. In response to a question from **Rep. Wood (35)** asking whether these bonds would be available for wind turbines, Rep. Wood (27), replied this legislation was written with the future in mind so that it would encompass any technological advances in the power generation industry as well as alternative energy forms but that it only applies to municipal systems.

**MOTION:** **Rep. Raybould** moved to send **H 178** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Wood (27)** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:50 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Wednesday, February 23, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>RS20445</u></a>	Cigarette Excise Tax	Speaker Denney
<a href="#"><u>RS20176C1</u></a>	School district budget stabilization levies	Chairman Lake
<a href="#"><u>S 1053</u></a>	Certification to Assessor regarding agricultural land	Sen. Corder
<a href="#"><u>S 1079</u></a>	State tax refund extension for active duty military	Sen. Corder

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 23, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Speaker Denney; Senator Corder

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

**RS 20445:** **Speaker Denney** presented **RS 20445**. This proposed legislation provides for the taxation of cigarettes sold on Indian reservations in Idaho to the extent allowed by the United States Constitution. It also provides for a credit for applicable taxes imposed by a tribe and an exemption for cigarettes purchased by an enrolled member of the tribe on his reservation. Responding to a question from **Rep. Rusche** inquiring if this legislation had been reviewed by the Attorney General, **Speaker Denney** indicated that this legislation was drafted by the Attorney General's office. He was not aware if the Attorney General's office conferred with the tribes when drafting this legislation.

**MOTION:** **Rep. Raybould** moved to introduce **RS 20445** with the following grammatical change to the RS: on page 3, line 22, insert the word "the" between "of" and "alternative". **Motion carried on voice vote.**

**Chairman Lake** turned the gavel over to **Vice Chairman Collins**.

**RS 20176C1:** **Chairman Lake** presented **RS 20176C1**. This proposed RS removes the authority for four school districts (McCall/Donnelly, Blaine, Swan Valley and Avery) to authorize budget stabilization levies. Rep. Lake explained that in 2006 these districts were collecting more money with their property tax levy than was being allocated through the state equalization formula. When **H 1** was passed in 2006, these districts were allowed to continue collecting these levies. This legislation is being proposed in response to patrons in these districts who would like the opportunity to vote on school tax levies. This proposed legislation would require these four districts to obtain voter approval to continue the additional funding raised through Budget Stabilization levies, as all other school districts do, through the supplemental levy election process.

**MOTION:** **Rep. Bedke** moved to introduce **RS 20176C1**. **Motion carried on voice vote.**  
**Vice Chairman Collins** turned the gavel back to **Chairman Lake**.

**S 1053:** **Sen. Corder** presented **S 1053** to the committee. This legislation clarifies the date for annual certification to the assessor for lands actively devoted to agriculture qualifying for exemption from taxation. The cutoff date for filing for this exemption is March 15th in the Rule. This bill will put that date in the statute and clarify that this only applies to parcels of five acres or less. **Rep. Roberts**, questioned the need to re-apply for this exemption every year or if this should be the responsibility of the Assessor to obtain this information. **Sen. Corder** indicated that many of these parcels would be changing rapidly and annual certification would provide the Assessor accurate information. Several committee members expressed concern with putting additional filing requirements on the small landowners and perhaps they should be treated the same as the larger than five acres owners who do not have to prove how much they produce each year on the agricultural parcel. **Rep. Raybould** commented that he would like to see line 36 on page 1 include the qualifier "within a platted subdivision" which would be a lot less onerous to those out in the country. **Rep. Roberts** stated he felt there was a need to address this issue but would like to see the onus placed on the county to obtain this information. He feels we should apply the same language we use with large parcels – "actively engaged in agriculture" – and employ a 3-year appraisal process or let a change in zoning trigger the notification to the Assessor's office. **Chairman Lake** commented that it was not that long ago that the separation was made between the large and small parcels. He does not believe the committee wants to amend Section (b) at this time. Because of objections he has received regarding the date of March 15, he would be able to support this legislation if the Committee decides to change the date, but not if the concept is amended. **Rep. Moyle** agreed that this legislation is needed but can be better worded, but Section (b) should not be amended.

**MOTION:** **Rep. Roberts** moved to send **S 1053** to General Orders to be amended. Arguing against the motion, **Rep. Killen** cited his experience working in Valley County where there were some very creative property owners with five acres or less who were trying to qualify. Some were legitimate but many were not. He believes this bill keeps everyone honest and it simply codifies current practice.

**SUBSTITUTE MOTION:** **Rep. Killen** moved to send **S 1053** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION WITHDRAWN:** **Rep. Killen** withdrew his substitute motion.

**VOTE ON ORIGINAL MOTION:** **Chairman Lake** called for a vote on the original motion, to send **S 1053** to General Orders with amendments; **motion carried on voice vote.**

**S 1079:** **Sen. Corder** presented **S 1079** to the committee. This bill will extend the statute of limitations for which active duty military personnel may receive a state refund due them. An Idaho guardsman who was due a state tax refund was stationed in a combat zone for three years. When he returned, he could not claim his refund as the statute of limitations had been exceeded. This bill will conform Idaho's statute to federal law which extends the statute of limitations for filing for a tax refund to the period of time they are in the combat zone plus six months.

**MOTION:** **Rep. Roberts** moved to send **S 1079** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Collins** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:49 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, February 24, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20460</a>	Newly constructed residential improvements - occupancy status	Seth Grigg, Association of Counties

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 24, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Moyle, Wood(35)

**GUESTS:** Seth Grigg, Idaho Association of Counties;

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

**MOTION:** **Rep. Raybould** moved to approve the minutes of the February 22, 2011 meeting; **motion carried on voice vote.**

**RS 20460:** **Seth Grigg**, representing the Idaho Association of Counties, presented **RS 20460** to the committee. This proposed legislation was developed with a number of county commissioners and assessors to address situations where counties are not receiving timely notice of occupancy of newly constructed residential improvements. This will establish a process whereby a form is mailed annually by the county assessor to verify whether or not newly constructed residential improvements have been occupied.

**MOTION:** **Rep. Roberts** moved to introduce **RS 20460**; **motion carried on voice vote.**  
Rep. Roberts will bring additional information when this comes before the committee for a full hearing relating to: (1) property tax vs. occupancy tax, (2) how and when new home construction goes on the tax rolls, and (3) an estimate of the number of notices assessor's would be sending out each year.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:14 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Tuesday, March 01, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>H 197</u></a>	School district budget stabilization levies	Chairman Lake
<a href="#"><u>RS20456C1</u></a>	Motor vehicle use fees - non-resident students	Rep. Bedke
<a href="#"><u>RS20489C1</u></a>	Gratuities - sales tax exemption	Rep. Bayer

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 01, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Rep. Jaquet; Tom Archie, MD; Wayne Hoffman, Idaho Freedom Foundation; Robert Crosby, Sun Valley Board of Realtors; Russ Hendricks, Farm Bureau; Lonnie Barber, Blaine Co. School District; Julie Dahlgren, John Blackman and Mike Chatterton, Blaine Co. School District; Jim Leski; Dan Krahn, Owner, Krahns McCall; Bill Weida, McCall Donnelly School District; Lyle Nelson, City of McCall; Rick Fereday, May Hardware, McCall; Rory Veal, Zack Morrow and John Fronk, Students at McCall Donnelly High School; Jim Foudy, Principal, Barbara Morgan Elementary, McCall; David Carey, Hotel McCall & Jug Mtn. Ranch; Glen Szymoniak, McCall Donnelly School District; Kent Lauer, Idaho Farm Bureau

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

**MOTION:** **Rep. Collins** moved to approve the minutes of the February 23, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the February 24, 2011 meeting; **motion carried on voice vote.**

**Chairman Lake** turned the gavel over to **Vice Chairman Collins**.

**H 197:** **Chairman Lake** presented **H 197**. This legislation restores the right to vote on local supplemental tax levies for four school districts (McCall/Donnelly, Blaine, Swan Valley and Avery). He explained that in 2006 when **HB 1** was passed, these districts were allowed to continue collecting budget stabilization levies without voter approval since they were collecting more money through their property tax levy than was being allocated through the state equalization formula. In retrospect, this was not a good decision. This bill will require these four districts to get voter approval to continue the additional funding as all other school districts do. To require some districts to get voter approval and not others could also be a possible violation of Title 9 of the Idaho Constitution. He stated that the only purpose of this legislation is to require a vote on supplemental local tax levies.

**Rep. Jaquet** spoke in opposition to this legislation. She indicated that this goes against the agreement that was made in 2006 upon the passage of **HB 1**. The requirement that these school districts go to their electorate every two years to approve this funding introduces an instability in the school budgeting process that was not there before. In response to questions from the committee, **Rep. Jaquet** estimated that in her community approximately 45% of the homes are owned by non-residents, but she felt that the resident voters would be supportive of these tax levies. Her objection stems from the fact that this bill reneges on an agreement that was reached in 2006.

The following persons gave testimony **in opposition to H 197** citing the following objections: (1) it will detract from the desirability of moving to these areas, (2) it will negatively affect the ability of these school districts to recruit teachers; (3) it will destabilize the school budgeting process, (4) the School Board already has the power to reduce levies and they are elected to office; and (5) the decline in the quality of education will negatively affect property values in these communities: **Tom Archie, Robert Crosby, Lonnie Barber, Julie Dahlgren, Mike Chatterton, Jim Leski, John Blackman, Dan Krahn, Bill Weida, Lyle Nelson, Rick Feredy, Rory Veal, Zack Morrow, John Fronk, Jim Foudy, David Carey and Glen Szymoniak.**

**Russ Hendricks and Wayne Hoffman** spoke **in support of H 197** stating that it was a matter of fairness in that this legislation would require these four districts to put their school district budget stabilization levy to a vote of the people every two years just as every other district in the state.

**Rep. Lake** summarized the intent of this legislation which is to require voter approval on tax levies. Responding to a comment made during testimony that perhaps every two years is too often to require electorate approval, **Rep. Lake** stated that the Committee could take that issue up but it is not a part of this legislation.

**MOTION:** **Rep. Raybould** moved to send **H 197** to the floor with a **DO PASS** recommendation.

**Rep. Rusche** spoke in opposition to this proposal as he felt that to change this now would not allow for a reasonable transition and would threaten the school budgeting process. He would like to see this legislation held in committee. **Rep. Barbieri and Rep. Harwood** explained they would **support H 197** as they believe it is important for the electorate to approve these levies. **Rep. Burgoyne** spoke **in opposition** to this bill because he felt every two years is too often to take these matters to the electorate and would prefer to see a five year requirement instead. **Rep. Killen** spoke **in opposition** because it would undermine the stability of the school districts. He has heard from a lot of people who are opposed but very few who support. **Rep. Roberts** voiced his **support** indicating that he disagrees with those who state this is a non-issue with the patrons in these school districts. He believes the patrons are beginning to understand this issue, and he has received feedback from his constituents supporting this bill. He noted that about 65% of the homes in Valley County are owned by non-residents, but they have a strong history of supporting supplemental levies in the McCall/Donnelly school district.

**ROLL CALL VOTE:** A **roll call vote** was requested. **Motion passed, 15 aye and 3 nay. Voting in favor** of the motion: Chairman Lake, Reps. Collins, Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood (35), Bedke, Harwood, Barbieri, Bayer, Ellsworth and Gibbs (Wheeler). **Voting in opposition** to the motion: Reps. Killen, Burgoyne and Rusche. **Rep. Lake** will sponsor the bill on the floor.

**RS 20456C1:** **Rep. Bedke** presented **RS 20456C1** to the committee. This proposed legislation would exempt all full-time, non-resident students from use fees on their motor vehicle as long as the student has registered or licensed the vehicle in their home state. Currently, students are liable for this use fee after their vehicle is in the state for 90 days of cumulative use in any one 12-month period.

**MOTION:** **Rep. Ellsworth** moved to introduce **RS 20456C1. Motion carried on voice vote.**

**RS 20489C1:** **Rep. Bayer** introduced **Pam Eaton**, President of the Idaho Retailers and Idaho Restaurant and Lodging Association to present **RS 20489C1** to the committee. She explained that this legislation adds language to the statute to clarify that the sales price does not include a gratuity or a tip when serving meals, and therefore, is not taxed. This language is consistent with the rule which exempts services from sales tax. In the past, when a gratuity was added to the bill it was taxed but if a cash tip was left, it was not taxed. This bill resolves that discrepancy.

**MOTION:** **Rep. Bayer** moved to introduce **RS 20489C1**. **Motion carried on voice vote.**  
**Vice Chairman Collins** turned the gavel back over to **Chairman Lake**.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 11:59 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Wednesday, March 02, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>H 194</u></a>	Sales tax rebate - media production projects	Tom Williamson, Idaho Film Producer
<a href="#"><u>H 200</u></a>	Newly constructed residential improvements - occupancy status	Seth Grigg, Idaho Assoc. of Counties
<a href="#"><u>RS20515</u></a>	District hospital law - incurring indebtedness	Steve Millard, Idaho Hospital Assn.

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 02, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Moyle, Bedke, Ellsworth

**GUESTS:** Dan Allers, Idaho Cinematic Education; Tom Williamson, Idaho Producer; Arnie Ittreeide, Jericho Pictures; Ben Shedd, Idaho Film Producer; Nick Corbin, BSU Film/media student; Karen Ballard, Department of Commerce; Derek Santos, Dept. of Financial Mgt.; Peg Owens, Department of Commerce, Ray Amaya, 670 KBOI AM; Steve Millard, Idaho Hospital Association

The meeting was called to order at 9:05 a.m. by **Chairman Lake**.

**H 194:** **Tom Williamson**, an Idaho Film Producer, presented **H 194** to the committee. This legislation extends until July 1, 2016 the rebate of sales tax on purchases of personal tangible property when a minimum of \$200,000 is expended on a media production project in Idaho over a 36-month period.

**Karen Ballard**, Tourism Administrator, Idaho Department of Commerce, gave testimony **in support** of the bill stating that this is the only incentive offered for media production companies to select Idaho for their film projects. She emphasized that even though this is a very modest incentive, it provides the basis for conversations with these media production companies on how cost effective bringing their production to Idaho will be. **Mr. Arnie Ittreeide**, a filmmaker and educator at NNU, explained that Idaho is at a disadvantage when it comes to attracting these media projects to the state as the neighboring states of Oregon and Utah both have instituted very aggressive cash and other incentives targeting this industry. He also noted that about 50% of his film students would like to stay and work in Idaho but leave the state after graduation due to lack of work. He urged the committee to **support** this legislation.

**Mr. Dan Allers**, Owner of Idaho Cinematic Equipment, also spoke **in support** of this bill. In response to questions from committee members, **Mr. Williamson** stated that to date only one company has applied for the rebate. There were two productions done in Idaho in the last year which have yet to apply for the rebate.

**MOTION:** **Rep. Wood** moved to send **H 194** to the floor with a **DO PASS** recommendation; **motion carried on voice vote**. **Reps. Barrett and Harwood** requested that they be recorded as voting **nay**. **Rep. Rusche** will sponsor the bill on the floor.

**H 200:** **Chairman Lake** indicated that the sponsor has requested that **H 200** be held in committee. Without objection, Chairman Lake will **hold H 200 in committee** subject to the call of the Chair.

**RS 20515:** **Steve Millard**, of the Idaho Hospital Association, presented **RS 20515**. The purpose of this legislation is to remove the conflict in the district hospital law that was created with the passage of **HJR 4** in last November's election which amended Idaho's Cconstitution allowing hospitals to incur indebtedness without an election as long as no ad valorem taxes are used to pay for the indebtedness. The language being proposed in this bill mirrors the language contained in the constitutional amendment. This legislation would also increase from \$100,000 to \$500,000 the contract limitation when a vote is required.

**MOTION:** **Rep. Rusche** moved to introduce **RS 20515; motion carried on voice vote.**

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

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, March 03, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">H 213</a>	Gratuities - sales tax exemption	Pam Eaton Idaho Retailers; Idaho Lodging & Restaurant Assn.
<a href="#">H 214</a>	Motor vehicle use fees - non-resident students	Rep. Bedke

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs (Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 03, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Moyle, Harwood, Ellsworth

**GUESTS:** Pam Eaton, Idaho Lodging & Restaurant Assn.; Kevin Settles, Bardenay Restaurant; Ray Amaya, 670 KBOI FM

The meeting was called to order at 9:07 a.m. by **Chairman Lake**.

**H 213:** **Pam Eaton**, appearing as spokesman for Idaho Restaurant & Lodging Association and the Idaho Retailers Association, presented **H 213**, which adds language to Idaho statute to clarify that sales price shall not include a gratuity or tip when serving meals, and therefore, is not taxed. This bill corrects a tax discrepancy in the statute and makes it clear that services are exempt from sales tax. She explained that since a gratuity goes entirely to the servers, who in turn pay taxes on those tips, this legislation corrects a double taxation issue. Ms. Eaton stated she felt that this legislation is good public policy and good tax policy and requested the Committee's favorable consideration of this bill.

**MOTION:** **Rep. Burgoyne** moved to send **H 213** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote. Rep. Bayer** will sponsor the bill on the floor.

**H 214:** **Rep. Bedke** presented **H 214**. This legislation would exempt all full-time, non-resident students from use fees on their motor vehicle as long as the student has registered or licensed the vehicle in their home state. Rep. Bedke explained that use tax applies to vehicles when they are in the state for 90 days in any consecutive 12 month period. Out-of-state, full-time students are reported by vigilante auditors or neighbors and the use tax then becomes due on their vehicle. He noted that he does not believe this is in the spirit of the law and this legislation would correct this problem by exempting these tuition-paying students from that tax.

**MOTION:** **Rep. Roberts** moved to send **H 214** to the floor with a **DO PASS** recommendation. **Motion carried on voice vote. Rep. Bedke** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, **Chairman Lake** adjourned the meeting at 9:19 am.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Monday, March 07, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">H 217</a>	District hospital law - Incurring indebtedness	Steve Millard, Idaho Hospital Assn.
<a href="#">RS20518C1</a>	Cooperative Service Agencies – construction project expenditures	Rep. Nonini

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs (Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 07, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Wood(35), Bedke

**GUESTS:** Shelley Shannon, Idaho Health Facilities Authority; Phil Homer, Idaho Association of School Administrators

The meeting was called to order at 9:03 a.m. by **Chairman Lake**.

**MOTION:** **Rep. Raybould** moved to approve the minutes of the March 1, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 2, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Raybould** moved to approve the minutes of the March 3, 2011 meeting; **motion carried on voice vote.**

**H 217:** **Steve Millard**, of the Idaho Hospital Association, presented **H 217**. Mr. Millard explained that this legislation relates to **HJR 4** which was approved by the voters in last November's election which amended Idaho's Constitution allowing hospitals to incur indebtedness without election as long as no ad valorem taxes are used to pay for the indebtedness. It retains the requirement of an election if indebtedness is to be payable from tax revenue. It also retains the ability of district hospitals to incur indebtedness through the Idaho Health Facilities Authority, which indebtedness also cannot be payable from ad valorem tax revenue. The language being proposed in this bill would correct conflicts in the statute and mirrors the language contained in the constitutional amendment. This bill deals only with district hospitals and not county hospitals.

In response to a question, Mr. Millard explained that the Idaho Health Facilities Authority was established to provide assistance to hospitals in obtaining capital expenditure financing through tax exempt borrowing and is funded entirely through the fees they charge the health facilities that are utilizing the financing.

**Shelley Shannon**, Executive Director, Idaho Health Facilities Authority, spoke in support of this bill but wanted the committee to be aware that there would no longer be a requirement that the Authority provide its expertise and oversight for revenue financings by health districts.

**MOTION:** **Rep. Raybould** moved to send **H 217** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Rep. Wood (27)** will sponsor the bill on the floor.

**RS 20518C1:** **Rep. Nonini** presented **RS 20518C1**. Rep. Nonini remarked that this proposed legislation is a remake of **H 35** that **Senator Goedde** and he presented to this committee several weeks ago. At that time, this committee expressed some concerns with this bill. It has now been rewritten with new language that he believes will alleviate the earlier concerns expressed. Two sessions ago, **H 253** was passed into law which allowed expenditures for authorized construction projects providing that no debt service costs be incurred. The language of **H 253** restricted any actual start of construction until after all the funds had been collected. This proposed legislation will allow construction to be started as funds are collected, which will streamline the process without incurring debt or associated costs.

**MOTION:** **Rep. Ellsworth** moved to introduce **RS 20518C1**; **motion carried on voice vote.**

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

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
8:30 A.M.  
Room EW42  
Tuesday, March 08, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20569</a>	Records disclosure exemptions	Mike Reynoldson, Micron Technology
<a href="#">RS20553</a>	Industrial Commission, premium tax	Rep. Block

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 08, 2011

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Roberts, Wood(35), Bedke

**GUESTS:** None.

The meeting was called to order at 8:32 a.m. by **Chairman Lake**.

**RS 20569:** **Mike Reynoldson**, Manager of Government Affairs for Micron Technology, presented **RS 20553**. The purpose of this proposed legislation is to clarify the law concerning confidential information provided to taxing agencies for property tax assessment purposes. Mr. Reynoldson explained that every year Micron discloses detailed information about its personal property and machinery to tax authorities when they file their income tax return. This legislation is being proposed to protect against other companies gaining access to this information in order to gain propriety information about the company and its cutting edge technology. This bill would exempt these records from disclosure and prescribe procedures for identifying such documents. **Rep. Raybould** stated he felt this was a very important piece of legislation that is needed by companies such as Micron in order to protect these records from competitors seeking to gain an advantage in the marketplace. Although he will support introducing this legislation for printing, **Rep. Burgoyne** noted that he has some concerns with language in the bill and will discuss in greater detail when this comes before the committee for hearing.

**MOTION:** **Rep. Raybould** moved to introduce **RS 20569**; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 7, 2011 meeting; **motion carried on voice vote.**

**RS 20553:** **Chairman. Lake** presented **RS 20553** on behalf of **Rep. Block**. This proposed legislation would grant Idaho companies a reduction in premium taxes from 2.5% to 2% of the net premiums collected on workers compensation policies (or premiums that would have been collected for self-insured companies) for a period of two years. The Industrial Commission has build up a residual balance in excess of their projected needs in this fund and this will provide some tax relief to sureties and self-insured employers for calendar years 2012 and 2013. This tax reduction will be passed on to businesses in the form of lower workers' compensation insurance

premiums for all Idaho employers. **Rep. Rusche** inquired if the operations of the Industrial Commission are funded by this tax. Chairman Lake will provide that information when this matter comes back before the Committee.

**MOTION:** **Rep. Ellsworth** moved to introduce **RS 20553; motion carried on voice vote.**

**ADJOURN:** There being no further business to come before the Committee, the meeting was adjourned at 8:45 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Wednesday, March 09, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20386C3</a>	Big game auction tags	Rep. Moyle; Rep. Wills
<a href="#">H 236</a>	Cooperative service agencies - construction project expenditures	Rep. Nonini

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 09, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke (Bedke), Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Wood(35)

**GUESTS:** Dean Haagenson, Kootenai Technical Education Campus; Randy Nelson, President of Associated Taxpayers of Idaho

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

**MOTION:** **Rep. Raybould** moved to approve the minutes of the March 8, 2011 meeting; **motion carried on voice vote.**

**RS 20386C3:** **Rep. Moyle** presented **RS 20386C3**. He stated that his RS came from a coalition of sportsmen although it was not totally supported by all of the group. The purpose of this proposed legislation is to provide authority to the Fish and Game Commission to designate limited big game tags for auction. Funds received from the auction would be directed to the Fish and Game Department for use toward hunter access, big game management projects, habitat management projects and research and planning activities to facilitate habitat solutions. The tags would be taken from the nonresident tag pool thereby not diminishing resident hunting opportunity. This proposed legislation would designate up to three elk, deer and antelope tags respectively and only one moose, wild sheep and mountain goat tag per year.

**MOTION:** **Rep. Burgoyne** moved to introduce **RS 20386C3**; **motion carried on voice vote.**

**H 236:** **Rep. Nonini** presented **H 236** which deals with expenditures for authorized construction projects of cooperative service agencies. This bill makes one change to **H 253** which was passed into law two sessions ago and allowed expenditures for authorized construction projects with no debt service costs incurred. The language of **H 253** restricted any actual start of construction until after all the funds had been collected. This change would allow construction of these projects to be started as funds are collected, streamlining the process still without incurring debt or associated costs.

This bill was originally before this committee as **H 35** at which time the committee expressed concern that contingencies were not included in the event that property values fell to the extent that insufficient taxes were collected to pay the subcontractors. **Rep. Nonini** noted that language has now been included to alleviate those concerns. This bill requires the instructions to bidders to include notice of the funding method and schedule. The bidder instructions must also clearly state that if all moneys are not collected according to the schedule provided, the contractor may not be paid in a timely manner. These instructions would also include the statement that the cooperative service agency accepts no liability and will pay no interest on unpaid balances.

**Dean Haagenson**, representing Kootenai Technical Educational Campus, spoke **in support** of this bill. He related how the business community saw a need for vocational training, raised the money to buy the land and then passed the levy

needed to finance construction. This bill will allow construction to begin one year earlier thereby taking advantage of lower construction costs in this down economy as well as provide a positive economic impact to the community.

**Randy Nelson**, representing the Associated Taxpayers of Idaho, presented statistics showing that the risk of not collecting enough taxes to cover the costs of these facilities is extremely remote as property values would have to fall by at least 80% for that to happen.

**MOTION:** **Rep. Raybould** moved to send **H 236** to the floor with a **DO PASS** recommendation; **motion carried on voice vote. Reps. Barrett, Moyle, Schaefer and Barbieri** requested that they be recorded as voting **Nay. Rep. Nonini** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the Committee, the meeting was adjourned at 9:24 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Thursday, March 10, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">RS20560C1</a>	Renewable energy rebates	Rep. Eskridge

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

Bev Bean  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 10, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke (Bedke), Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Moyle, Roberts, Bayer

**GUESTS:** Teresa Molitor, Idahoans for Responsible Wind Energy; Dar Olberding, Idaho Grain Producers Assn.; Neil Colwell, Avista Corp.; Ken Miller, Snake River Alliance; John Foster, Strategies 360

The meeting was called to order at 9:03 a.m. by **Chairman Lake**.

**RS 20560C1:** **Rep. Eskridge** presented **RS 20560C1**. This proposed legislation deals with the rebate of sales and use tax for purchases of machinery and equipment used in generating electricity using fuel cells, low impact hydro, wind, geothermal resources, biomass, cogeneration, sun or landfill gas as the principal source of power. In 2007, **H 250** was passed which put in place this sales tax rebate. Rep. Eskridge cited two separate economic studies which showed the benefits to the state of the rebate outweighed its costs. He also noted that all of the states that surround Idaho either do not have a sales tax, or provide a sales tax exemption for renewable energy equipment purchases. This legislation proposes to extend the sunset date by 3.5 years until December 31, 2014. This would allow the renewable developers that have invested millions of dollars in project development but that have been slowed or stopped in ordering equipment and claiming the rebate, to not be tax disadvantaged while the PUC crafts a new set of rules for renewable energy developers.

**MOTION:** **Rep. Wheeler** moved to introduce **RS 20560C1**; **motion carried on voice vote**. **Reps. Barrett, Schaefer** and **Wood** requested that they be recorded as voting **in opposition** to the motion.

**ADJOURN:** There being no further business to come before the Committee, the meeting was adjourned at 9:19 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

**AMENDED #1 AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, March 15, 2011**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 239</u></a>	Records disclosure exemptions	Mike Reynoldson, Micron Technology
<a href="#"><u>RS20508C1</u></a>	Grocery Tax Credit	Rep. Bayer
<a href="#"><u>RS20595</u></a>	Income tax credit - new employees	Mark Warbis, Governor's Office

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke(Bedke)	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 15, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Mike Reynoldson, Terry Accordino, Rick Smith and Michael McIntyre - Micron Technology; Ray Stark and Bill Connors, Boise Metro Chamber; Kent Lauer, Idaho Farm Bureau; Elwood Kleaver, Boise Valley Econ. Development; Jack Lyman, Idaho Mining Association

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

**MOTION:** **Rep. Smith** moved to approve the minutes of the March 9, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 10, 2011 meeting; **motion carried on voice vote.**

**H 239:** **Mike Reynoldson** presented **H 29**. This legislation is being proposed to protect the detailed personal property and machinery lists that are required to be filed each year with the Assessor's Office. Because these lists contain comprehensive information about a company's machinery, amortization schedules, and process equipment, they need to be protected against a competitor gaining access to this data which could divulge propriety information and cutting edge technology. This bill would exempt these records from disclosure and prescribe procedures for identifying such documents. Responding to committee questions as to how much information now available to the public will be designated confidential by this legislation, Mr. Reynoldson pointed out that the bill spells out certain basic information such as property owner name, mailing address, legal description, assessed value, etc. that would always remain in the public domain.

**MOTION:** **Rep. Raybould** moved to send **H 239** to the floor with a **DO PASS** recommendation; **motion carried on voice vote.** **Reps. Burgoyne, Killen and Wheeler** requested that they be recorded as voting **Nay.** **Rep. Moyle** will sponsor the bill on the floor.

**RS 20508C1:** **Rep. Bayer** presented **RS 20508C1**. He explained that this proposed legislation is intended to delay the incremental increase in the grocery tax credit for the tax year 2011. This is being recommended by the Governor as a factor to balance the FY 2012 budget and it would generate \$15 million to the general fund. He also pointed out that this is a delay in an incremental increase and not a step backwards. Responding to committee questions, **Rep. Bayer** affirmed that this revenue has been included in the JFAC budget.

**MOTION:** **Rep. Smith** moved to send **RS 20508C1** to the second reading calendar.

**Rep. Burgoyne** stated that he would be voting **against** this proposal. He feels this is a tax increase that affects those people who can least afford it. **Rep. Barbieri** voiced his support although he also considers this a tax increase.

**ROLL CALL  
VOTE:**

A roll call vote was requested on the motion to introduce **RS 20508C1. Motion passed, 14 aye and 3 nay. Voting in favor** of the motion: Chairman Lake, Reps. Collins, Barrett, Moyle, Raybould, Schaefer, Smith, Wood(35), Bedke, Rusche, Barbieri, Bayer, Ellsworth and Wheeler. **Voting in opposition** to the motion: Reps. Harwood, Killen and Burgoyne. **Rep. Bayer** will sponsor the bill on the floor.

**RS 20595:**

**Mark Warbis**, of the Governor's office presented **RS 20595**. Mr. Warbis stated that this RS represents the Governor's commitment to encourage Idaho businesses to add more jobs. As he has traveled around the state, the Governor heard most Idahoans tell him that new jobs are the priority for improving Idaho's economy. This proposed legislation is called the Hire One Act and it provides a refundable tax credit to employers for adding new employees. The amount of the credit is based on the employer's rating by the Department of Labor for payment of unemployment insurance taxes. Positive rated employers would receive a refundable tax credit equal to 6%, standard rated employers 4% and deficit rated employers 2% of the new employee's gross wages. It also focuses its encouragement on the hardest-hit areas by setting a \$15.00/hour minimum qualifying wage in counties with less than 10% employment and \$12.00/hour for counties with 10% or greater unemployment.

**MOTION:**

**Rep. Wood** moved to introduce **RS 20595; motion carried on voice vote.**

**ADJOURN:**

There being no further business to come before the Committee, the meeting was adjourned at 9:45 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
8:30 A.M.  
Room EW42  
Thursday, March 17, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">H 250</a>	Renewable energy rebates	Rep. Eskridge

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 17, 2011

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** The sign-in sheet will be retained with the minutes in the committee's office until the end of the session. Following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Services Library.

The meeting was called to order at 8:30 a.m by **Chairman Lake**.

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 15, 2011 meeting; **motion carried on voice vote.**

**H 250:** **Rep. Eskridge** presented **H 250**. This bill provides a rebate of sales and use tax for purchases of machinery and equipment used in generating electricity using fuel cells, low impact hydro, wind, geothermal resources, biomass, cogeneration, sun or landfill gas as the principal source of power. This rebate was originally enacted in 2007 and this legislation would extend the sunset date by 3.5 years until December 31, 2014. Rep. Eskridge noted that all states surrounding Idaho have superior quality renewable resource incentive programs and pointed out that this would allow the renewable developers that have invested in project development but that have been slowed or stopped in ordering equipment to not be tax disadvantaged while the PUC crafts a new set of rules for renewable energy developers. He urged support for this limited extension of a moderate tax rebate that has helped both developers and the state.

**John Church**, economic consultant hired by Exergy Development, spoke **in support** of this bill. He presented the results of his study which showed that Exergy's construction of 300 megawatts of wind energy over the two-year construction phase of the project would create 650 new jobs and generate \$120 million in additional tax revenues.

**Rich Hahn**, representing Idaho Power Company, spoke **against H 250** stating that the amount of wind energy coming online will have negative impacts on the reliability of the electrical system and that Idaho Power customers will ultimately pay increased power supply costs.

**Peter Richardson**, representing Exergy Development, urged **support** of this legislation. He noted that Idaho Power's opposition to this bill is unfounded as these small power developers pay Idaho Power to integrate their product into the system.

**Anne Detrick**, a resident of Idaho Falls, gave testimony **against** this legislation. She moved to Idaho 4 years ago and bought her retirement property. She has

subsequently watched 75 turbines go up on the property adjacent to her land and feels that unchecked growth of wind turbines will have a negative effect on property values and the quality of life in Idaho.

**Doug Glaspey**, Founder, COO and Director, U.S. Geothermal, testified **in support** of this bill. Their Raft River geothermal project cost \$52 million of high risk capital which has had a big impact on the economy from a very small power plant. He stated that geothermal developers strongly support this legislation but also urged Idaho to prepare a long-term plan dealing with renewable energy resources and incentives.

**Jeff Townsend**, a resident of Bonneville County, spoke **against H 250**. He feels that these funds can better be utilized on education or other worthy projects since wind development already receives cash grants from the federal government. Renewable resource developers also receive preferential tax treatment since they pay taxes on their production as opposed to paying property tax, which represents a 75% reduction in tax revenue to the state.

**James Carkulis**, president of Exergy Development Idaho, urged **support** of this bill. He indicated that his company has taken the lead and placed successful projects in the state using these reasonable and prudent incentives. He acknowledged problems have been encountered but his company has been sensitive to the siting of wind farms and works closely with landowners to get their consent.

**Marvin Kerbs**, owner of Riedesel Engineering in Twin Falls, **supports** these energy rebates. His firm has been able to survive during this economic downturn in large part due to the business provided by renewable energy developers who have taken advantage of these rebates.

**Trent Talbot** and **Troy Talbot**, property owners and dry land farmers in Bonneville Co., spoke **in support** of this legislation. They are property owners in the Meadowcreek Project. They pointed out that a small minority of people in Bonneville county oppose wind energy development citing noise, harm to wildlife, health risks and lower property values as to why they oppose. Residing directly adjacent to a wind farm in operation, the Talbots said none of these arguments were true. Their experience has been that wildlife is more abundant, noise has not been an issue and their property values have not been affected adversely. They urged the committee to support as it will help small farmers such as themselves stay in business.

**John Faulkner**, Sawtooth Grazing Association, gave testimony **in support** of **H 250**. Mr. Faulkner noted that Camas County does not have enough energy and his association currently has a small hydro project in Bliss. The Association also has a contract with Exergy to buy wind power and their hydro plant supplies power when wind is not available.

**Scott Montgomery**, President of Cedar Creek Wind, urged **support** of **H 250**. His company has five different wind projects underway near Idaho Falls for a total of 133 megawatts of power. Their projects are bottlenecked at the PUC. They had expected approval months ago but they have now missed the window of time to qualify for the sales tax rebate. These rebates are crucial to the success of their projects and they will have to re-evaluate the viability of these projects if the rebates are not renewed.

**ADJOURN:** As there are additional witnesses who have yet to give testimony, at 9:56 am the meeting was adjourned until 8:30 am on Friday, March 18th.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

**AMENDED #1 AGENDA**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**8:30 A.M.**  
**Room EW42**  
**Friday, March 18, 2011**

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<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H250</u></a>	Renewable energy rebates	Rep. Eskridge

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COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke(Bedke)

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs (Wheeler)  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 18, 2011

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** Bjorn Doskeland, Windland; Cassandra Koerner; Benjamin Davenport, Risch Pisca; Kelly Aberasturi, Owyhee County Commissioner; Dawn Marie Cardwell, Blackhawk Wind Project; Dave Aizpitarte, Bionomics Environmental/Exergy;

The meeting was called to order at 8:34 a.m. by **Chairman Lake**.

**H 250:** **Chairman Lake** explained that this committee will continue taking testimony on **H 250** from those who signed up to testify. He has been contacted by proponents and opponents of this bill who have been negotiating their differences and at the end of testimony, he intends to ask for a motion to hold this bill in Committee until Wednesday, March 23, 2011 in order to allow time for those negotiations to be finalized. At that time, the committee will deliberate and act on this legislation.

**Leif Elgethun**, Founder & Managing Member of E-Newables, an energy systems consulting firm, spoke in favor of **H 250**. He has worked with Idaho companies on Idaho projects and this incentive is responsible for bringing projects and jobs to Idaho.

**Rich Rayhill**, co-founder of Ridgeline Energy, developed the 125 megawatt Wolverine Project in Idaho Falls. His company was not even in the running for this project until he was able to pass on savings from the tax rebates which was responsible for his company being awarded the bid. Mr. Rayhill highlighted the positive economic impacts this one project had on Bonneville County through increased tax revenues and jobs for local residents. He also stated that research done to date has not found any compelling data that proximity to a wind farm results in a decline in property values. In fact, the data appears to indicate minimal if any effect. Responding to a question from the committee regarding any studies done on turbine noise, Mr. Rayhill stated that no health impacts have been found relating to noise and that the noise is imperceptible once you are 1000 feet from the turbine. When asked how much longer he thinks these tax rebates are necessary, Mr. Rayhill feels the sunset date of 2014 will be adequate and that he does not envision coming back to the legislature to ask for another extension. He urged the Committee's **support** of this legislation.

**Russ Hendricks**, spoke on behalf of the Idaho Farm Bureau and indicated that the members are in **support** of this bill. Farm Bureau members rely on a dependable and reliable source of energy and feel it makes sense to develop our own renewable energy resources since Idaho doesn't have resources such as coal and gas.

**Wayne Hoffman**, Idaho Freedom Foundation, expressed **opposition** to this legislation. His organization does not approve of manipulation of the free market which he feels this bill does. The Foundation believes it would be more fair to

decrease the corporate tax rate.

**Neil Colwell**, representing Avista Corporation, spoke in opposition to **H 250**. He is opposed to this tax rebate because the renewable energy developers are realizing a good return on their investment and these projects would be built whether these rebates were available or not. He would also like to see these energy developers pay property taxes like other companies instead of being taxed on their production.

**Rep. Roberts** voiced his concerns with setting energy policy in this committee. He would like to know what percentage of our baseload is comprised of intermittent power such as wind. As we encourage or incentivise renewable energy that is intermittent, if the baseload is not adequate when the wind is not blowing, we are then faced with buying energy from another utility at higher prices. He feels we may be encouraging a policy which may be against the energy policy of the State.

**Ron Williams**, Williams, Bradbury, spoke in **support** of this bill. He questioned data given in earlier testimony relating to avoided cost and PURPA premiums.

**Rep. Eskridge** summarized reasons to support this legislation. One is an issue of fairness. the PUC has delayed these developments and this 40-month extension of these rebates would allow these projects with long lead times to be completed. He emphasized that he anticipates that this is the final extension of this rebate and without it, he believes developers will leave and pursue developments elsewhere.

**MOTION:**

**Rep. Roberts** moved to **hold H 250** until time certain, namely, March 23, 2011 in order to allow interested parties the opportunity to resolve differences of opinion on this bill; **motion carried on voice vote.**

**ADJOURN:**

There being no more business to come before the Committee, the meeting was adjourned at 10:06 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Monday, March 21, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>RS20637</u></a>	Income tax credit - new employees	Mark Warbis, Governor's Office
<a href="#"><u>H 279</u></a>	Income tax credit - new employees	Mark Warbis, Governor's Office
<a href="#"><u>RS20447</u></a>	Income tax credit - capital investment	Dan John, State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

Bev Bean  
Room: EW53  
Phone: (208) 332-1125  
email: bbean@house.idaho.gov

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 21, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Roberts, Wood(35)

**GUESTS:** Miguel Legarreta, Ada County Association of Realtors; Suzanne Budge, National Federation of Independent Business

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

**RS 20447:** **Dan John** presented **RS 20447** which makes technical corrections to the Income Tax Credit for Capital Investments. This proposed legislation clarifies that the credit is not allowed for investments in property for which a deduction has been allowed under section 168(k) or section 179 of the Internal Revenue Code in arriving at Idaho taxable income. **Rep. Rusche** asked if taxpayer's had the choice to claim this tax credit or the bonus depreciation. Mr. John explained that the bonus depreciation was carved out of the conformity bill this year and is therefore not available to Idaho taxpayers.

**MOTION:** **Rep. Smith** moved to send **RS 20447** to the second reading calendar. **Motion carried on voice vote.** **Rep. Harwood** will sponsor the bill on the floor.

**Chairman Lake** explained that both **RS 20637** and **H 279** before the committee today deal with the same subject. When **H 279** was introduced and printed, a typographical error occurred resulting in a paragraph being omitted in the printed bill. Therefore, we have a new **RS 20637** which is the corrected version of **H 279**. We will, therefore, take testimony and hear **H 279** today. Afterwhich, **Chairman Lake** will entertain a motion to hold this bill in committee. **RS 20637** will then be considered for approval and sending to second reading calendar.

**H 279:** **Mark Warbis** presented **H 279** which provides for a refundable tax credit to encourage Idaho businesses to reinvest in personnel and add more jobs. This bill addresses concerns voiced with a previous bill regarding the requirement that new employees must have employer provided health care benefits and the adequacy of those benefits. This legislation specifies that the State Tax Commission will determine if the benefits provided are adequate to qualify. Another concern was that no provisions were made for those companies who were good citizens and made a priority of keeping people on the job. There is now a tiered credit which is based on the employer's rating by the Department of Labor for payment of unemployment insurance taxes. Positive rated employers would receive a refundable tax credit equal to 6%, standard rated employers 4% and deficit rated employers 2% of the new employee's gross wages. This bill also focuses its encouragement on the hardest-hit areas by setting a \$15.00/hour minimum qualifying wage in counties with less than 10% employment and \$12.00/hour qualifying wage for counties with 10% or greater unemployment This legislation would replace the existing jobs credit provisions and would sunset in three years.

**Don Dietrich**, Director, Idaho Department of Commerce, spoke **in favor** of this legislation which would be an important recruiting tool as his department works

to bring more jobs and companies to Idaho. **Roger Madsen**, Director, Idaho Department of Labor, also spoke **in favor** of this bill. He noted that this legislation would also have a positive impact on the unemployment insurance fund for every person that was hired and taken off the unemployment rolls. Responding to questions from the committee, **Mr. Madsen** acknowledged that this tax credit would apply to out of state companies and hopefully will encourage them to create jobs in Idaho.

**Suzanne Budge**, representing the National Federation of Independent Business, gave testimony **in support** of **H 279** because it gives the members of the National Federation some incentives to hire new people and she is pleased with the efforts of the Governor's staff in drafting this legislation.

**MOTION:** **Rep. Raybould** moved to **HOLD H 279** in committee. **Motion carried on voice vote.**

**RS 20637:** **Mark Warbis**, presented **RS 20637**, a corrected version of **H 279**, which had a sentence missing in its first printing. **RS 20637** includes the 2% refundable tax credit for deficit rated employers. This provision was included in the Statement of Purpose for **H 279** but was inadvertently omitted from the body of the bill.

**MOTION:** **Rep. Rusche** moved to send **RS 20637** to the second reading calendar. **Motion carried on voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:30 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
8:30 A.M.  
Room EW42  
Wednesday, March 23, 2011

SUBJECT	DESCRIPTION	PRESENTER
<a href="#">H 250</a>	Renewable energy rebates	Rep. Eskridge

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake  
Vice Chair Collins  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Roberts  
Rep Schaefer  
Rep Smith(24)  
Rep Wood(35)  
Rep Bedke

Rep Harwood  
Rep Barbieri  
Rep Bayer  
Rep Ellsworth  
Rep Gibbs(Wheeler)  
  
Rep Killen  
Rep Burgoyne  
Rep Rusche

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 23, 2011

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** None

**GUESTS:** The sign-in sheet will be retained with the minutes in the committee's office until the end of the session. Following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Services Library.

The meeting was called to order at 8:40 a.m. by **Chairman Lake**.

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 17, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 18, 2011 meeting; **motion carried on voice vote.**

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 21, 2011 meeting; **motion carried on voice vote.**

**H 250:** **Chairman Lake** explained that **H 250** is before this committee today after two days of hearings. At the conclusion of those hearings, the bill was held in committee while interested parties attempted to resolve their differences. During these discussions, other issues emerged such as how the Public Utilities Commission (PUC) deals with Public Utilities Regulatory Policies Act (PURPA) qualifying facilities. He explained that this bill being considered today should only deal with the renewable energy sales tax rebate. Those other issues raised should be sorted out in separate legislation. Responding to a question from **Rep. Wood** regarding how this committee should proceed, Chairman Lake voiced his preference for the committee to continue to hold **H 250** in committee and introduce two new pieces of legislation. The first would deal with the sales tax rebate and the sideboard dates that were agreed to. The second piece of legislation would relate to the other issues such as the PUC and PURPA concerns that emerged during the recent discussions.

**MOTION:** **Rep. Smith** moved to hold **H 250** in committee.

**Rep. Burgoyne** asked if **Rep. Eskridge** would be amenable to sending **H 250** to General Orders for amendment. **Rep. Eskridge** indicated he would prefer to present a new RS which would incorporate just the agreed upon sideboards.

**Rep. Roberts** commented that it is the responsibility of this committee to set public tax policy in a responsible manner. He feels the committee needs to know why the PUC has slowed or put brakes on these energy developers. He is concerned that balancing baseload power with intermittent power such as wind is creating higher rates for our customers. He does not want to create tax policy which promotes an industry that is causing other adverse effects elsewhere.

**Chairman Lake** stated that it may be beneficial to have a representative from the PUC come before this committee to provide the information asked for by **Rep. Roberts** and to have a discussion on these issues. Chairman Lake indicated he

would yield to the committee's preference on this matter. He also commented that the real question before this committee is whether renewable energy will be built with or without tax incentives. If the projects in the pipeline are going to go forward without consideration of the rebate, then why should we extend this incentive. This legislation affects a small group of developers who are currently in the que with renewable energy development projects. **Rep. Roberts** responded that those few developers represented a sizable amount of megawatts and he is concerned that this intermittent power throws off the baseline balance.

**Rep. Bayer** shares the same concerns as **Rep. Roberts**. He feels it would be appropriate to review the mission policy from 2005 on renewable energy development to see what we have accomplished and explore what would take place regardless of any further tax policy. It is prudent to understand what the implications are before we renew these tax benefits.

**Rep. Killen** asked if **Chairman Lake** would be comfortable having the RS dealing with the sales tax come forward and continue to hold this bill in committee. **Chairman Lake** would like to see both the RS on the sales tax rebate and the RS dealing the PUC and other issues to come before this committee at the same time. **Rep. Bedke** agreed that both pieces of legislation should come before this committee at the same time but that they should be treated as standalone bills and one should not augment nor modify the other. **Chairman Lake** agreed and felt it would be beneficial for these two bills to travel through the legislative process together.

**Rep. Wood** expressed concern that this bill deals with all forms of renewable energy including geothermal and biomass which are relatively early in their development stage. She questioned whether we should treat the more mature energy development the same as these newer technologies that are emerging. **Chairman Lake** responded that this legislation does buy the newer technologies some time and that it is in the purview of the Environment, Energy and Technology committee to consider those kind of issues.

**VOTE ON  
MOTION:**

**Chairman Lake** called for a vote on the motion. **Motion carried on voice vote.** **Reps. Barrett, Burgoyne, Killen, Rusche and Schaefer** requested they be recorded as voting **nay**.

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:40 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
9:00 A.M.  
Room EW42  
Monday, March 28, 2011

<u>SUBJECT</u>	<u>DESCRIPTION</u>	<u>PRESENTER</u>
<a href="#"><u>RS20698</u></a>	Renewable energy rebates; PURPA agreements	Rep. Eskridge
<a href="#"><u>RS20704</u></a>	Renewable energy rebates	Rep. Roberts
<a href="#"><u>H 313</u></a>	Individual income tax form	Rep. Ellsworth Sen. Bilyeau

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

Bev Bean  
Room: EW53  
Phone: (208) 332-1125  
email: [bbean@house.idaho.gov](mailto:bbean@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 28, 2011

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith(24), Wood(35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Representative(s) Barbieri

**GUESTS:** Ken McClure, Idaho Society of Certified Public Accountants.

The meeting was called to order at 9:18 a.m. by **Chairman Lake**.

**MOTION:** **Rep. Collins** moved to approve the minutes of the March 23, 2011 meeting, with the following correction: On page 2, paragraph 5, Rep. Burgoyne will be recorded as voting **NAY** on the motion for **H 250**. **By voice vote, the minutes were approved as corrected.**

**RS 20698:** **Rep. Eskridge** presented **RS 20698** regarding sales and use tax rebates for renewable energy projects. He explained that this is compromise legislation that was arrived at after discussions between energy developers and utilities. This proposed legislation would extend the sales tax rebate for all renewable energy developers until December 31, 2014 but that wind and solar energy developers must have by October 31, 2011 a power purchase agreement with the Public Utilities Commission in order to be eligible for the rebate. This, in effect, only allows those wind and solar power projects currently in the queue to take advantage of this incentive. Language is also included dealing with eligibility for avoided cost rates under PURPA (Public Utility Regulatory Policies Act). **Rep. Eskridge** expects that if these tax rebates are not extended that there is a good possibility Idaho will lose some of the projects currently in development. This proposed legislation would sunset on December 31, 2014.

**MOTION:** **Rep. Bedke** moved to introduce **RS 20698**. **Motion carried on voice vote.**

**RS 20704:** **Rep. Roberts** presented **RS 20704** which is very similar to **RS 20698** in that it extends the renewable energy sales tax rebate until 12/31/2014 for renewable energy projects except for wind and solar projects. Rep. Roberts explained that the purpose of these rebates several years ago was to encourage and help new industries and technologies develop in Idaho. He believes that wind and solar industries are now well developed and therefore do not need these incentives.

**MOTION:** **Rep. Bayer** moved to introduce **RS 20704**.

Responding to **Rep. Rusche's** questions, **Rep. Roberts** expressed his concern with the intermittent nature of solar and wind power in that it puts baseload energy, which is consistent, out of balance.

**ROLL CALL  
VOTE:** **Chairman Lake** requested a **roll call vote**. **Motion carried, 11 aye and 6 nay**. **Voting in favor** of the motion: Reps. Barrett, Moyle, Raybould, Roberts, Schaefer, Smith, Wood, Bedke, Harwood, Bayer & Ellsworth. **Voting in opposition** to the motion: Reps. Lake, Collins, Killen, Burgoyne, Rusche and Wheeler.

Several committee members expressed interest in having someone from the Public Utilities Commission as well as the Governor's office come before the committee to answer questions on this issue. **Chairman Lake** has had discussions with the PUC regarding appearing before this committee. Although it may be legally problematic for any of the commission members to appear, **Chairman Lake** will inquire if the PUC legal counsel might be the more appropriate individual to come before the committee. He also encouraged members of the this committee to individually contact PUC Commissioners for information and questions dealing with renewable energy issues.

**H 313:** **Chairman Lake** explained that this bill had not yet been referred to the Revenue and Taxation Committee and would be placed back on the agenda at such time as it is received for consideration.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:42 a.m.

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary

AGENDA  
HOUSE REVENUE & TAXATION COMMITTEE  
8:30 A.M.  
Room EW42  
Wednesday, March 30, 2011

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<b>Presentation</b>	Overview of alternative energy	Randy Lobb Public Utilities Comm.
<a href="#"><u>RS20716</u></a>	Renewable energy rebates; PURPA agreements	Rep. Eskridge
<a href="#"><u>H 321</u></a>	Renewable energy rebates; PURPA agreements	Rep. Eskridge
<a href="#"><u>H 322</u></a>	Renewable energy rebates	Rep. Roberts
<a href="#"><u>H 313</u></a>	Individual income tax form	Rep. Ellsworth Sen. Bilyeau

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Lake	Rep Harwood
Vice Chair Collins	Rep Barbieri
Rep Barrett	Rep Bayer
Rep Moyle	Rep Ellsworth
Rep Raybould	Rep Gibbs(Wheeler)
Rep Roberts	
Rep Schaefer	Rep Killen
Rep Smith(24)	Rep Burgoyne
Rep Wood(35)	Rep Rusche
Rep Bedke	

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 30, 2011

**TIME:** 8:30 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Lake, Vice Chairman Collins, Representative(s) Barrett, Moyle, Raybould, Roberts, Schaefer, Smith (24), Wood (35), Bedke, Harwood, Barbieri, Bayer, Ellsworth, Gibbs (Wheeler), Killen, Burgoyne, Rusche

**ABSENT/  
EXCUSED:** Rep. Wheeler

**GUESTS:** Dawn Marie Cardwell, Blackhawk Wind Energy; Armand Eckert, Magic Wind; Bjorn Doskeland, Windland; John J. Williams, Bonneville Power Administration; Will Hart, Idaho Consumer Owned Utility Association; Ken McClure, Idaho Society of CPA's; Dar Olberding, Interconnect Solar; Bill Piske, Interconnect Solar; Russ Hendrickws, Idaho Farm Bureau; Neil Colwell, Avista Corp.; Teresa Molitor, Idahoans for Responsible Wind Energy

The meeting was called to order at 8:31 a.m.

**MOTION:** **Rep. Collins** moved to approve the minutes of March 28, 2011; **motion carried on voice vote.**

**Randy Lobb**, Staff Administrator, Public Utilities Commission, gave an overview of the Public Utility Regulatory Policy Act and recent activities of the PUC relating to renewable energy pricing methodologies in Idaho. Mr. Lobb responded to committee questions about pending and current renewable energy projects in development.

**RS 20716:** **Chairman Lake** explained that this RS is a replacement for **H 321** and corrects some technical language that was confusing. **Rep. Eskridge** presented **RS 20716** which is compromise legislation reached through negotiation with the renewable energy developers and the investor-owned utilities which provides a brief window of time until October 31, 2011 for wind and solar developers to obtain signed power purchase contracts and be eligible to receive the sales tax rebate. He explained that this is a 4-month extension of this sales tax rebate for solar and wind contract approval, for all other forms of renewable energy this legislation provides a 40 month extension. **Rep. Eskridge** requested the committee send **RS 20715** directly to the floor with a do pass recommendation.

**Roy Eiguren**, representing Exergy, spoke as a member of the coalition that negotiated this consensus legislation. He emphasized that this is a four month extension of the sales tax rebate only for wind and solar which would allow those developers who have already invested considerable time and money to qualify for this rebate. He urged the committee send directly to the second reading calendar.

**Bjorn Doskeland**, Windland, **Russ Hendricks**, Idaho Farm Bureau Federation, and **Rich Hahn**, Idaho Power Company, all testified in support of this legislation and responded to questions from the committee.

**MOTION:** **Rep. Ellsworth** moved to send **RS 20716** to the second reading calendar.

**Rep. Barbieri** and **Rep. Bayer** expressed concerns with how these rebates will affect the baseload energy and what energy policy should be regarding development of renewable energy. **Rep. Barrett** feels we should stop subsidizing energy developers and help the consumer. She will vote against the motion. **Rep. Bedke** lauded the efforts of all stakeholders who participated in this consensus legislation and urged support. **Rep. Roberts** said he does feel those developers whose projects had signed power purchase contracts by 12/14/2010 deserve the additional time to achieve commercial operation of the generating facility in order to qualify for the sales tax rebate. He would support an amended bill which would allow this rebate only for those developers who were in the queue by 12/14/2010 and cannot support moving that qualifying date to October 31, 2011 which this bill does.

**SUBSTITUTE MOTION:**

**Rep. Roberts** offered a substitute motion to introduce **RS 20716** and send directly to General Orders with amendments.

**VOTE ON SUBSTITUTE MOTION:**

Roll call was requested on the substitute motion. Substitute motion **FAILED, 4 aye, 13 nay, 1 absent and excused. Voting in favor** of the substitute motion: Reps. Barrett, Roberts, Wood and Bayer. **Voting in opposition** to the substitute motion: Chairman Lake, Reps. Collins, Moyle, Raybould, Schaefer, Smith, Bedke, Harwood, Killen, Burgoyne, Rusche, Barbieri and Ellsworth. Rep. Wheeler was absent and excused.

**VOTE ON ORIGINAL MOTION:**

Roll call was requested on the original motion, to send **RS 20716** to the second reading calendar. Motion **CARRIED, 12 aye, 5 nay, 1 absent and excused. Voting in favor** of the motion: Chairman Lake, Reps. Collins, Moyle, Raybould, Schaefer, Smith, Bedke, Killen, Burgoyne, Rusche, Barbieri, and Ellsworth. **Voting in OPPOSITION** to the motion: Reps. Barrett, Roberts, Wood, Harwood and Bayer. Rep. Wheeler was absent and excused. **Rep. Eskridge** will sponsor the bill on the floor.

**H 321:**

Without objection, **Chairman Lake** will **HOLD H 321** in committee.

**H 322: MOTION:**

**Rep. Roberts** moved to **HOLD H 322** in committee. **Motion carried on voice vote. Reps. Barrett and Wood** requested they be recorded as voting nay.

**H 313:**

**Rep. Ellsworth** presented **H 313**. The purpose of this legislation is to direct the Idaho State Tax Commission to modify the Idaho Individual Tax Return Form 40 to facilitate the reporting of sales and use tax on purchases made online or out of state. She responded to committee questions about the instructions for this line on the tax form and the effect of this legislation on personnel and operations at the Tax Commission.

**Ken McClure**, representing the Idaho Society of Certified Public Accountants, spoke **in opposition** to this bill, citing the need for additional taxpayer education before beginning more stringent compliance.

In response to concerns that the legislation is faulty in that it does not revise or amend any Idaho Code, **Chairman Lake** suggested **Rep. Ellsworth** confer with the legislation drafter to see if this should more appropriately be a Proclamation or Concurrent Resolution. **Rep. Ellsworth** requested Chairman Lake hold this bill in committee for time certain. **Rep. Barrett** objected.

**Rep. Burgoyne** spoke in support of this bill, noting it was about fairness. The current practice is unfair to those taxpayers who do pay taxes on their internet and mail-order purchases and to Idaho retailers who are at a tax disadvantage.

**MOTION:**

**Rep. Smith** moved to **HOLD H 313** in committee.

**SUBSTITUTE MOTION:**

**Rep. Bedke** offered a substitute motion to **HOLD H 313** in committee, **subject to call of the Chair**.

**VOTE ON  
SUBSTITUTE  
MOTION:**

**Rep. Barrett** requested a roll call on the substitute motion to **hold H 313** in committee subject to call of the Chair. The substitute motion **FAILED, 8 NAY, 8 AYE, 1 absent and excused. Voting in favor** of the substitute motion: Chairman Lake, Reps. Collins, Bedke, Killen, Burgoyne, Rusche, Bayer and Ellsworth. **Voting in opposition** to the substitute motion: Reps. Barrett, Raybould, Roberts, Schaefer, Smith, Wood, Harwood and Barbieri. Rep. Wheeler was absent and excused.

**VOTE ON  
ORIGINAL  
MOTION:**

**Chairman Lake** called for a vote on the original motion to **HOLD H 313** in committee. **Motion carried on voice vote.**

**ADJOURN:**

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

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Representative Dennis Lake  
Chairman

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Bev Bean  
Secretary