

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 26, 2012
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Corder, Vice Chairman Johnson, Senators Hill, McKenzie, McGee, Hammond, Werk, and Bilyeu
ABSENT/ EXCUSED: Senator Siddoway

NOTE: The sign-in sheet, testimonies, and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

Chairman Corder called the meeting to order at 3pm.

H 362 Relating to Taxes, to Provide for Mailing Notices of Deficiency Determination by First Class Mail Rather than by Registered or Certified Mail. **Chairman Corder** introduced **Dan John** of the Idaho State Tax Commission. **Mr. John** said current law requires the Tax Commission to send certain notices to taxpayers by certified mail. Approximately 35% of all certified mail is returned as unclaimed. See attachment #1. The only mailing that would be changed is for notices of deficiency only and the legislation sunsets in June 30, 2013. This would allow the Tax Commission to analyze the effectiveness of the change. This change could save the Tax Commission approximately \$200,000 per year.

Chairman Corder introduced **Randy Tilley**, Division Administrator for the Audit Collections Division of the Idaho State Tax Commission, to discuss in more detail the changes to House Bill 362. See attachment #2. **Mr. Tilley** said the person will be contacted by telephone at least twice. If there is no response, a Notice of Deficiency will be sent.

Chairman Corder asked what is the percentage of phone calls are you not able to make contact. **Mr. Tilley** said the Tax Commission would leave a message if the person is not available, asking for a return call.

Vice Chairman Johnson asked how the taxpayer knows how long they have to respond to a notice. **Mr. Tilley** said it is based on the postmark date of the letter and the taxpayer receives an exact date by which they need to respond. The obligation of the Tax Commission is to send a letter to the last known address; however, the staff will try to find a more recent address for the taxpayer.

MOTION: **Senator McGee** made a motion to send House Bill 362 to the floor with a Do Pass. **Senator Bilyeu** seconded and the motion carried by Voice Vote. **Senator McGee** will be the floor sponsor.

H 356 Relating to Property Taxes, to Remove the Requirement that the County Board of Equalization Shall Grant or Deny Applications for Property Tax Exemptions. **Mr. John** said the requirement to approve all exemptions annually is flawed. This bill is a clean up of current statute, because there are not always written documentation for all exemptions. See attachment #3. The deadline for making application is April 15.

Senator Hammond asked why the State is not uniform in requiring an application for all exemptions. **Mr. John** replied there are other provisions in Idaho Code that do not require an application.

Senator Werk said if this bill is clean up, are processes being changed or is everything statutorily correct. **Mr. John** said it eliminates a provision that doesn't work and puts exemptions in the same code section.

MOTION: **Vice Chairman Johnson** made a motion to send House Bill 356 to the floor with a Do Pass. **Senator Werk** seconded and the motion carried by Voice Vote. **Vice Chairman Johnson** will be the floor sponsor.

H 360 Relating to Taxation; To Authorize the State Tax Commission to Accept Payment of Taxes by Means of the Electronic Payment Processor. **Mr. John** said this statute is being amended to also allow payments to be made to electronic payment transaction processors. This legislation allows the Tax Commission to not pay credit card fees. See attachment #4.

MOTION: **Senator McKenzie** made a motion to send House Bill 360 to the floor with a Do Pass. **Senator McGee** seconded and the motion carried by Voice Vote. **Senator McKenzie** will be the floor sponsor.

H 361 Amends Existing Law Relating to the Sales and Use Tax to Revise Provisions Relating to the Application of Exemption for Vehicles for Vehicles Registered under the International Registration Plan. **Mr. John** said this statute is amended to make the review period four consecutive fiscal year quarters. This change will make documentation of the exemption simpler. See attachment #5.

Senator Hill asked if at anytime during those four quarters they fall below the threshold, they will lose the exemption. **Mr. John** replied if they are below the 10% for their fleet, they will lose the exemption. **Senator Hill** asked why does the statute say the last four quarters rather than annual period. **Mr. John** said that could have been done.

MOTION: **Senator Werk** made a motion to send House Bill H 361 to the floor with a Do Pass. **Senator Bilyeu** seconded and the motion carried by Voice Vote. **Chairman Corder** will be the floor sponsor.

ADJOURNMENT: The meeting was adjourned at 3:35.

Senator Corder
Chairman

Jo Ann Bujarski
Secretary