

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 30, 2012

**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(s). Moyle, Wood(35), Killen

**GUESTS:** Joie McGarvin, Russell Westerberg, Western Aircraft; Jesse Taylor, Westerberg & Associates; Brent Olmstead, Milk Producers of Idaho (MPIIdaho); Ray Stark, Adam Bartelmay, Boise Metro Chamber of Commerce; Ben Davenport, Risch Pisca; Dan John, Tax Commission

**Chairman Lake** called the meeting to order at 9:02 am.

**MOTION:** **Rep. Collins** made a motion to approve the minutes of the January 23, 2012 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Burgoyne** made a motion to approve the Collins Subcommittee minutes of the January 17, 2012 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Ellsworth** made a motion to approve the Collins Subcommittee minutes of the January 19, 2012 meeting. **Motion carried by voice vote.**

**RS 20963:** **Rep. Nonini** stated that **RS 20963** allows a State Income Tax Credit for the group "Specialized Needs Recreation" of Coeur d'Alene, Idaho. This organization assists with providing recreation opportunities and/or transportation to recreation opportunities to those with special needs in the Coeur d'Alene area, such as taking them fishing. By adding this group to the list in the Idaho Code, individuals who make donations to this organization can take a tax credit.

**MOTION:** **Rep. Bedke** made a motion to introduce **RS 20963**. **Motion carried by voice vote.**

**RS 21051:** **Dan John**, Tax Commission, presented **RS 21051**, which is designed to eliminate a problem before it occurs. This legislation changes verbiage in Section 63-3029B. The Idaho Investment Tax Credit has a 14-year carryover. If the property ceases to qualify, there is a five-year capture clause. A close reading of the statute says that if the property is sold or moved out of state, it must be recaptured in years 6-14. The statute only requires recapture in years 1-5. There is no need to track the property in years 6-14.

In response to Committee questions, **Mr. John** stated that currently, if the property/equipment is sold or traded in years 6-14, the owner/seller must keep track of it.

**MOTION:** **Rep. Bedke** made a motion to introduce **RS 21051**. **Motion carried by voice vote.**

**H 417:** **Rep. Henderson** stated **H 417** is very similar to the previous years' bill, except that it does not limit the size of the aircraft. This size elimination allows for 26 companies to participate in the bill's benefits. The economic benefits are significant. A summarization of letters and phone calls with the possible 26 business owners throughout the state affected by passage of this legislation is shown on the attached handout. The handout showing the states where parts are sales tax exempt, should have Maine added to the list, making a total of 24 states where similar legislation is in place. Idaho companies have not been able to compete with those states.

In response to Committee questions, **Rep. Henderson** yielded the floor to **Russell Westerberg**, representing Western Aircraft, who said that the definition of a commercial airplane is one that is used to haul freight or passengers for hire. Privately-owned aircraft owned by non-residents would now be covered by this bill. Discussion occurred regarding the benefit to the state and the potential enhanced revenue to the state. Mr. Westerberg stated that Western Aircraft commits to adding five new employees the day Governor Otter signs the bill. This bill levels the playing field to bring new work to Idaho.

**MOTION:** **Rep. Burgoyne** made a motion to send **H 417** to floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Henderson** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:31 am.

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Representative Lake  
Chair

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Janet Failing  
Secretary