

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, February 02, 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. Bedke

GUESTS: None.

Chairman Lake called the meeting to order at 9:04 am.

MOTION: **Rep. Raybould** made a motion to approve the minutes of the January 30, 2012 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Collins** made a motion to approve the minutes of the January 31, 2012 meeting. **Motion carried by voice vote.**

Rep. Collins stated that the Rules Subcommittee has met and completed their review of all pending, temporary and fee rules from the State Tax Commission. As Chairman of the Rules Subcommittee, he presented the recommendation of the subcommittee that all pending, temporary and fee rules from the State Tax Commission be approved, with the exception of **Docket No. 35-0101-1102, Rule 263 subsection 4**. The recommendation of the subcommittee is that **Docket No. 35-0101-1102, Rule 263 subsection 4** be rejected. The Subcommittee received extensive testimony against this rule which deals with guaranteed payments. There is an inconsistency with the way the Federal Tax return handled these guaranteed payments. Before the Rules Subcommittee completed their discussion, the Senate rejected the same rule.

MOTION: **Rep. Collins** made a motion to accept the recommendations of the Subcommittee. **Chairman Lake** stated that he recommends acceptance of the Committee Report, but he will not accept legislation this session that deals with Title 63-3026A(3). **Motion carried by voice vote.**

H 438: **Dan John**, Tax Commission, presented **H 438**. He said that this legislation was drafted to eliminate a problem before it becomes a problem. The Investment Tax Credit (ITC) is a 3% credit against tax liability. The law clearly states if the property is sold before five years of ownership, situs is lost. After the recapture period is complete, the taxpayer can carry over the tax credit for up to 14 years. If an asset, is sold and there is carryover, present law requires the owner/seller to keep track of the asset until the credit is claimed.

In response to Committee questions, **Mr. John** described the assets affected to be tractors, equipment, copiers, computers, trucks, or any other tangible personal property used in a business operation. After five years, the asset may have no useful life. Under this legislation, the taxpayer is no longer required to keep track of the asset after the recapture period. The initial five year period is the only concern.

MOTION: **Rep. Killen** made a motion to send **H 438** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Harwood** will sponsor the bill on the floor.

H 437: **Rep. Nonini** presented **H 437**. This legislation is to provide an income tax credit for donations to Specialized Needs Recreation, a non-profit organization. This organization uses donations to provide recreational opportunities for people with disabilities.

In response to Committee questions, **Rep. Nonini** stated that this is a 501(c)(3) organization and it meets Better Business Bureau standards.

MOTION: **Rep. Bayer** made a motion to send **H 437** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **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 9:21 am.

Representative Lake
Chair

Janet Failing
Secretary