

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

- DATE:** Wednesday, January 16, 2013
- TIME:** 9:00 A.M.
- PLACE:** Room EW42
- MEMBERS:** Chairman Collins, Vice Chairman Wood(35), Representatives Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo, Burgoyne, Erpelding, Meline
- ABSENT/
EXCUSED:** None
- GUESTS:** Mike Chakarun, Idaho State Tax Commission; N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers; Alan Dornfest, Idaho State Tax Commission; Ken McClure, ISCPA; Melissa Nelson, ISCPA; Raeleen Welton, Westerberg & Assoc.; Russell Westerberg
- Chairman Collins** called the meeting to order at 9:01 a.m.
- MOTION:** **Rep. Kauffman** made a motion to approve the minutes of January 14, 2013.
Motion carried by voice vote.
- H 1:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 1**. He made note of the negative fiscal impact of \$6 million dollars. The fiscal impact of this bill is actually an estimated range between \$4-8 million dollars and it cannot be depreciated over time. He said this bill does not relate to Patient Protection or the Affordable Care Act. He also made mention that Section 2 of this bill allows provisions for refund claims to FAA airline employees.
- Mr. Chakarun** confirmed this bill does not conform to the bonus appreciation. He explained that Section 179 of the Idaho Tax Code refers to how much can be invested by a tax payer. He said bonus appreciation was put in place so everyone could apply it. He also said without this bill, the taxpayer will have to keep two records, have two accounting expenses and two sets of depreciation records.
- Ken McClure**, Idaho Society of Public Accountants, urged the committee to pass this bill stating efficient tax bills are good. He said it will create an unnecessary complication if this bill does not pass.
- In response to questions **Mr. McClure** said the fiscal impact was for bonus appreciation conformity and it was a significant amount of money.
- MOTION:** **Rep. Moyle** made a motion to send **H 1** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Raybould** will sponsor the bill on the floor.
- RS 21648:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21648**, which makes sales tax technical corrections for food purchased with food stamps. It changes the old federal act names to reflect the current name; Supplemental Nutrition Assistance Program (SNAP). He said there are no changes to the scope of the exemption or the food stamp program. Section 2 provides a use tax exemption of articles brought into the state by military members and their spouses.
- MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21648**. **Motion carried by voice vote.**

RS 21649: **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21649** stating this is an amendment relating to the addition of use tax to the Idaho Sales Tax Act. He said under the Idaho Sales Tax Act there is a duty to pay over any tax imposed upon taxpayers and this would include use tax. He mentioned they use the term responsible parties and this should clarify that use tax is also a duty to be enforced.

In response to questions regarding whether there was a use tax on production materials, **Mr. Chakarun** stated yes but this RS would not fall under that category.

MOTION: **Rep. Raybould** made a motion to introduce **RS 21649**. **Motion carried by voice vote.**

RS 21653: **Alan Dornfest**, Idaho State Tax Commission, presented **RS 21653** dealing with property tax assessment on low-income, Section 42 housing. He stated it is corrective language which provides the assessment of property taxes on Section 42 low-income housing. He said the requirement for determining income should be changed from net income to gross income.

MOTION: **Rep. Anderson(31)** made a motion to introduce **RS 21653**. **Motion carried by voice vote.**

RS 21658: **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21658**, which clarifies definitions in the Idaho Sales Tax Act. He stated it tries to draw brighter lines in the sales tax law. The words primary and primarily are to be defined as the greatest use of the property. For example, if taxable uses for a property are greater than nontaxable uses, it would be taxed.

MOTION: **Rep. Burgoyne** made a motion to introduce **RS 21658**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:35 a.m.

Representative Collins
Chair

Jackie Wright
Secretary