

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, January 31, 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:** Representative Burgoyne.

GUESTS: Mike Chakarun, Idaho State Tax Commission; Roger Batt, Idaho Grape Growers & Wine Producers; Tyler Mallard, Risch Pisca; Megan Ronk, Commerce; Raeleen Welton, Westerberg & Associates; Brent Olmstead, MPI; Jeremy Pisca, Risch Pisca; Benjamin Davenport, Associated Taxpayers of Idaho; N.L. Clayville, DFM; Ray Stark, Boise Metro Chamber; Jayson Ronk, IACI; Steve Wynn, Idaho State Tax Commission, Jim Lowe, Food Producers.

Chairman Collins called the meeting to order at 9:00 a.m.

MOTION: **Rep. Dayley** made a motion to approve the minutes of January 30, 2013. **Motion carried by voice vote.**

RS 21813: **Mark Warbis**, Communications Director, Office of the Governor, presented **RS 21813** which deals with the Hire One More Employee (HOME) Act. This proposed legislation would replace the current HOME Act, slated to expire the end of 2012. The new HOME Act would be retroactive to January 1, 2013 and has several significant changes, including the inclusion of specifying veterans as a category of newly hired employees. It would eliminate the employer-provided health insurance requirement, the unemployment insurance employer rating, and reduce the unemployment benchmark for qualifying salaries from 10% to 8%. Additionally, **RS 21813** would establish a single tax credit of 4% of new employee's gross salary as well as add a \$1,000 bonus credit for each new employee who is also a veteran.

Mr. Warbis stated that this proposed legislation could benefit all employers except governmental and nonprofit entities. He also noted changes in the estimated fiscal impact that will be corrected in the revised SOP. In response to a question from the committee, Mr. Warbis yielded the podium to **Derek Santos**, Chief Economist, State of Idaho, who stated that the projections on the impact to the General Fund were based on estimates, using Department of Labor data, for current employers who would be eligible to use the credit. Mr. Warbis stated that the feedback they have received from current employers is that they feel the current bill is not feasible to utilize. Mr. Santos stated that the higher unemployment rates tend to be in rural areas, where a pay rate of \$15 per hour is not typical.

MOTION: **Rep. Anderst** made a motion to introduce **RS 21813**. **Motion carried by voice vote.** **Representative(s) Erpelding, Meline, and Barrett** requested being recorded as voting **NAY**.

RS 21681: **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21681**. This proposed legislation would amend the current law requiring the State Tax Commission to send certain notices to taxpayers by certified mail, by removing the sunset provision allowing notices to be sent through First Class mail. In response to a question regarding whether there had been any complaints in not getting notices through regular mail, Mr. Chakarun yielded the podium to **Randy Tilley**, Audit & Collection Division Administrator, Idaho State Tax Commission. Mr. Tilley stated that there has been a more positive response to the First Class mail, as recipients don't have to travel to the Post Office to sign for certified mail.

Mr. Chakarun stated that the types of notices sent include audit deficiency, failure to file sales tax reports, and tax levies. A concern from the committee was that taxpayers might not get the notices, if they are not sent through certified mail. **Mr. Tilley** responded that under current statute, notice must be sent to last known address on record. After 63 days the notice 'hardens' and the individual would lose their appeal rights. Mr. Tilley stated that the proposed change doesn't necessarily create a new challenge as under the current statute, not all notices are or can be delivered through certified mail.

MOTION: **Rep. Hartgen** made a motion to introduce **RS 21681**. **Motion carried by voice vote.** **Representatives Barrett** and **Dayley** requested being recorded as voting **NAY**.

RS 21783: **Roger Batt**, Idaho Grape Growers & Wine Producers, presented **RS 21783** which clarifies a current practice that wine excise tax is paid by a winery upon the actual sale and not the transfer of the wine. Mr. Batt responded that under the definition of a winery, they are required to be licensed.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 21783**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:46 a.m.

Representative Collins
Chair

Kathleen A. Simko
Secretary