

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

- DATE:** Wednesday, February 06, 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:** Jason Herring, Right to Life of Idaho; Leslie Cortez, Stanton Healthcare; Angela Dwyer, Stanton Healthcare; Mike Field, Idaho Rural Partnership; Jaime Hanson, Idaho Nonprofit Center; Tyler Mallard, Risch Pisca; N.L. Clayville, DFM; Russell Westerberg; Raeleen Welton, Westerberg & Associates; Jesse Taylor, Stanton Healthcare; Brooke Novosel, Intern; Trent Clark, Monsanto; Lauren Tassos, Idaho Community Foundation, Karen Echeverria, ISBA; Julie Lynde, Cornerstone Family Council.
- Chairman Collins** called the meeting to order at 9:00 a.m.
- MOTION:** **Rep. Trujillo** made a motion to approve the minutes of February 5, 2013. **Motion carried by voice vote.**
- H 72:** **Rep. Thomas Dayley** presented **H 72**. In order to accept donations that can receive an eligible income tax credit, some education institutions and 501(c)(3) organizations must form a separate, tax exempt, nonprofit foundation. The cost of adhering to the required preparation of IRS Form 990 and other compliance and reporting, can be significant. Many of these foundations are staffed totally by volunteers. Failure to file the Form 990 can cause the loss of the tax exempt status. **H 72** would provide an opportunity for eligible entities to establish a dedicated account within the Idaho Community Foundation so these small, nonprofit foundations can take advantage of eligible tax exempt donations. This bill does not change current law in terms of qualification for the tax exempt status, but would provide a mechanism to accept eligible donations and keep the cost of managing and reporting these donations, to a reasonable amount. Participation is entirely voluntary and the Idaho Community Foundation typically charges between 1/2 - 2%, depending on the complexity of the account.
- Lauren Tassos**, Development Officer, Idaho Community Foundation (ICF) responded to a question regarding how the funds are managed. Ms. Tassos explained that the endowment funds are pooled but accounted for individually. Participating entities must agree to the investment policy of the ICF.
- Mike Field**, Idaho Rural Partnership (IRP) and Link Idaho project, **offered support** of **H 72**. The Community Review program within IRP works with very small communities across the state. This proposed legislation would be beneficial as it offers the opportunity to have the small community foundations be in compliance with reporting.
- Trent Clark**, Monsanto and the Monsanto Fund, spoke **in support** of **H 72**. In the past, as the Monsanto Fund has attempted to present checks to a community foundation, only to learn that the foundation has lost their nonprofit status. This legislation would address many of the reasons the loss of status occurs. Mr. Clark is also a member of the Idaho Association of Commerce and Industry (IACI) and they unanimously support this legislation.

MOTION: **Rep. Burgoyne** made a motion to send **H 72** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Dayley** will sponsor the bill on the floor.

H 62: **Rep. Kelley Packer** presented **H 62** which would include pregnancy resource clinics as being tax exempt from Idaho State Sales Tax. Any Pregnancy Resource Clinic that is operated under the license and direction of a licensed physician, is recognized by the IRS as a 501(c)(3) entity and that does not perform pregnancy terminations at the clinic, would be tax exempt. In response to a question as to why all 501(c)(3) health resource clinics are not included, Rep. Packer explained that it was a large group of potential exemptions. Her intent is not to take on the entire tax code, but a particular industry.

Rep. Packer stated that County Indigent and State CAT funds cost a significant amount of resources. The Stanton Healthcare Clinic helps reduce the fiscal demand on pregnancy related cases, which saves Idaho a lot of money. This legislation would not apply to clinics that provide termination of a pregnancy.

In response to a question from the committee, **Rep. Packer** stated that her moral beliefs are that abortion is only justified in two cases; when the life of the mother is in danger or when the woman is a victim of sexual crime. She cannot advocate for legislation that is against her beliefs.

In response to a question, **Rep. Packer** felt that the \$10,000 projected in the fiscal impact is believed to be on the high end, as most of the eligible clinics receive donated equipment. There are five known facilities currently in Idaho, that would be able to take advantage of this proposed tax exemption. Rep. Packer stated that the language of the bill was reviewed by an attorney, who felt that it was defensible.

In response to a question as to what services are provided at these clinics, that are not provided by Health Districts, **Rep. Packer** yielded the podium to **Angela Dwyer**, Clinic Manager, Stanton Healthcare Clinic. Ms. Dwyer responded that the clinic provides pregnancy tests, ultrasound tests, emotional support & counseling, and accepts walk-in patients.

MOTION: **Rep. Wood(35)** made a motion to send **H 62** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Burgoyne, Anderson(31) and Erpelding** requested being recorded as voted **NAY.** **Rep. Packer** will sponsor the bill on the floor.

RS 21711: **Rep. John Vander Woude** presented **RS 21711**, which would provide a sales and use tax exemption for donations to, sales to and purchases made by homeless shelters that are private nonprofit organizations. Eligible entities must be recognized by the IRS as 501(c)(3) organizations and that provide temporary shelter or food to economically disadvantaged people. This exemption would be in effect from July 2, 2013 through June 30, 2015.

MOTION: **Rep. Kauffman** made a motion to introduce **RS 21711**.
During committee debate, a question as to the proper placement of the sunset dates within the proposed legislation arose. **Chairman Collins** asked if **Rep. Kauffman** would withdraw his motion.

MOTION WITHDRAWN: **Rep. Kauffman** withdrew his previous motion.

UNANIMOUS CONSENT REQUEST: **Chairman Collins** made a unanimous consent request to **HOLD RS 21711** in committee. There being no objections, the request was granted.

- RS 21818:** **Jeanne Fitzgerald**, President, Assistance League of Boise, presented **RS 21818**. This proposed legislation would provide a State Income Tax Credit for cash contributions made to the Assistance League of Boise, which is a 501(c)(3) charitable organization. They have six charitable programs and rely primarily on volunteers.
- MOTION:** **Rep. Raybould** made a motion to introduce **RS 21818**. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:01 a.m.

Representative Collins
Chair

Kathleen A. Simko
Secretary