

MINUTES  
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE**

**DATE:** Tuesday, February 12, 2013

**TIME:** 3:00 P.M.

**PLACE:** Room WW53

**MEMBERS PRESENT:** Chairman Siddoway, Senators Hill, McKenzie, Johnson, Vick, Bayer, Werk and Lacey

**ABSENT/ EXCUSED:** Vice Chairman Rice

**NOTE:** The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

**CONVENED:** **Chairman Siddoway** called the Local Government and Taxation Committee (Committee) meeting to order at 3:03 p.m.

**MINUTES:** **Senator Lacey** moved to approve the minutes from the Committee meeting of January 31, 2013. **Senator Vick** seconded the motion. Motion carried by **voice vote**.

**GUBERNATORIAL APPOINTMENT:** The Committee considered the gubernatorial appointment of Ken Roberts to the Idaho State Tax Commission.

**MOTION:** **Senator Lacey** moved to send the gubernatorial appointment of Ken Roberts to the Idaho State Tax Commission to the floor with the recommendation that it be confirmed by the Senate. **Senator Bayer** seconded the motion. Motion carried by **voice vote**. Senator Johnson will sponsor the confirmation.

**H 87** **Chairman Siddoway** invited to the podium Roger Batt, representing the Idaho Grape Growers and Wine Producers, to present **H 87**, relating to Wine Excise Tax. **Mr. Batt** said Idaho's Wine Excise Tax is set at \$.45 per gallon, payable to the Idaho State Tax Commission (Tax Commission). Under current statute, the tax is to be paid when wine is 'transferred' from a winery to one of its retail outlets. That means if a winery transfers several cases of wine from the winery to the tasting room to display and sell, the winery must pay excise tax upon that transfer, and not upon the actual 'sale' of that wine. That leads to potentially paying tax on a product that may never be sold or may spoil if not sold over time.

**Mr. Batt** said **H 87** amends Idaho Code § 23-1319 to clarify that the wine excise tax paid by Idaho wineries is to be paid based on the actual 'sale' of wine and not the 'transfer' of wine. He said the Tax Commission already recognizes excise tax payments by Idaho wineries based on the 'sale,' but if the Tax Commission changed its mind, it could follow the current statute and base the wine excise tax on the 'transfer.' This bill clarifies the current practice.

**Mr. Batt** pointed out a technical correction in the bill. The word "licensed" is stricken in line 21 of the bill. By definition, wineries have to be licensed in the state of Idaho to conduct business. They get the licenses through the Idaho State Police Department by filing paperwork, paying a \$300 licensing fee and having the proper background checks done. Therefore, the word "licensed" in the legislation was simply redundant.

**Mr. Batt** said the Grape and Wine Industry met with the Tax Commission in December to discuss this legislation. He said the Tax Commission agrees with the changes since it already recognizes wine excise tax payments based on 'sale' through monthly reporting forms. **Mr. Batt** said there is no opposition to this legislation that he is aware of and there is no fiscal effect as it does not change the way wine excise taxes are collected. He asked for the Committee's do pass recommendation.

**MOTION:**

**Senator Bayer** moved to send **H 87** to the floor with a do pass recommendation. **Senator Lacey** seconded the motion. The motion carried by **voice vote**. Senator Bayer will carry the bill on the floor.

**ADJOURNED:**

There being no further business, **Chairman Siddoway** adjourned the meeting at 3:08 p.m.

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Senator Siddoway  
Chairman

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Christy Stansell  
Secretary