

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, February 21, 2013

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Wood (Hall)(35), Representatives Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo, Burgoyne, Erpelding, Meline

**ABSENT/  
EXCUSED:** Rep. Kauffman

**GUESTS:** Ken McClure, Matthew Grow, Tawnya Nyman, Meleva Nelson, Idaho Society of CPA's; Tyler Mallard, Risch Pisca; Mike Chakarun, Idaho State Tax Commission; Kris Ellis, Benton Ellis; Pam Eaton, Idaho Retailers Association & Idaho Lodging & Restaurant Association; Brad Wills, Land Developer; N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers of Idaho; Russ Hendricks, Farm Bureau.

**Chairman Collins** called the meeting to order at 9:01 a.m.

**MOTION:** **Rep. Raybould** made a motion to approve the minutes of February 20, 2103.  
**Motion carried by voice vote.**

**H 184:** **Ken McClure**, Givens Pursley, representing the Idaho Society of CPA's, presented **H 184**. This legislation simplifies the treatment of Net Operating Losses (NOL's) for Idaho income tax purposes. The current "default" rule allows both Federal and State losses to carry back to prior tax years, unless an election is affirmatively made to forego the carry back and carry them forward. This legislation would remove the requirement of the affirmative election for Idaho tax purposes for tax years beginning January 1, 2013.

**MOTION:** **Rep. Burgoyne** made a motion to send **H 184** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Moyle and Burgoyne** will sponsor the bill on the floor.

**H 187:** **Roger Batt**, Idaho Heartland Coalition, presented **H 187** amending current tax code to clarify the serving size of a free tasting of wine or beer. This legislation will also exempt free tasting of food, from payment of use taxes, provided the sample is given to a potential customer. **H 187** also defines a sample of nonalcoholic beverage and food as; a sample from a unit available for sale, at a tasting location. **Pam Eaton**, President of Idaho Retailers Association and Idaho Lodging & Restaurant Association, urged the committee to **support H 187**.

**MOTION:** **Rep. Trujillo** made a motion to send **H 187** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderst** will sponsor the bill on the floor.

**RS 22036:** **Rep. Hartgen** presented **RS 22036**, which would amend Idaho Code 63-602W, Business Inventory Exempt From Taxation. This proposed amendment will provide clarification in determining eligibility for Site Improvement exemption by; defining land developer, defining when the real property is no longer eligible for the exemption, and defining how the value of the exemption is determined. Problems arise when land is in the process of development, without the corresponding income generation, as with improvements of infrastructure but vacant of homes or buildings.

**Brad Wills**, a land developer, stated there were two major issues of the current code; eligibility and valuation. The method of valuation varies by county and this proposed legislation would clarify how developing land is valued.

**MOTION:** Rep. Barrett made a motion to introduce **RS 22036. Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:27 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary