

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, March 04, 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: Julie Hart, Girl Scouts; Raeleen Welton, Westerberg & Associates; N.L. Clayville, DFM; Tony Poinelli, Idaho Association of Counties; Daniel Wolf, IACTE; Mike Chakarun, Idaho State Tax Commission.

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

MOTION: **Rep. Dayley** made a motion to approve the minutes of March 1, 2013. **Motion carried by voice vote.**

RS 22110C1: **Dennis Lake**, rancher and former Idaho State Representative, presented **RS 22110C1** which would define 'fixtures' as real property for taxation purposes. Mr. Lake provided a historical perspective on personal property tax. With the 1965 implementation of sales tax in Idaho, collection of property taxes for state revenue was prohibited. In 1967 business inventory and livestock were exempt from personal property taxes and revenue sharing started with units of local government.

In 2008 **H 599** was introduced with the intent to completely eliminate personal property tax, over time. The Senate amended **H 599** and a trigger was included that would exempt the first \$100,000 of personal property from taxation. An unintended outcome of this legislation was a change in the definition of personal property which stated that if an asset was not real property, it was considered personal property.

This proposed legislation would amend **Idaho Code 63-201** and replace the term 'Real Property' with 'Fixtures'. **Mr. Lake** clarified there is only a slight fiscal impact anticipated. He stated if the fixtures are attached to the real property, they would be taxed under the new definition as real property. Items affixed to real property are currently treated as personal property.

MOTION: **Rep. Raybould** made a motion to introduce **RS 22110C1**.

Mr. Lake stated his initial investigation indicates there are no states that treat fixtures as personal property. In response to a question, Mr. Lake indicated telecommunications fixtures would not likely be impacted by this proposed legislation.

VOTE ON THE MOTION: **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.**

RS 21968: **Rep. Anderson(1)** introduced **Julie Hart**, Silver Sage Girl Scouts, who presented **RS 21968** which would exempt the Girl Scout Cookie Program from sales tax. Ms. Hart stated that Idaho is one of only two states that do not exempt Girl Scout cookies from sales taxes. Ms. Hart clarified that the price of the cookies would remain at \$3.75 per box. \$.22 of that cost, currently collected and paid as sales tax, would remain with the Girl Scouts, a 501(c)(3) nonprofit organization.

MOTION: **Rep. Burgoyne** made a motion to introduce **RS 21968. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:25 a.m.

Representative Collins
Chair

Kathleen A. Simko
Secretary