

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:30 A.M.**  
**Room EW42**  
**Tuesday, January 08, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Organizational meeting	

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW54  
Phone: 332-1125  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 08, 2013

**TIME:** 9:30 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:** Derek Santos, DFM, Nathaniel Clayville, DFM

**Chairman Collins** called the meeting to order at 9:30 am.

**Chairman Collins** welcomed the committee and expressed appreciation to everyone for attending. Introductions were conducted and each member provided a brief bio to the committee.

**Chairman Collins** announced that there will be a Tax 101 class, January 16 - 17th, 3-5 p.m. in the Senate Auditorium.

**Chair Collins** indicated that the whole committee will review the pending rule changes, starting tomorrow and continuing on Thursday, January 10th. There will not be a meeting on Friday.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:01 a.m.

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Representative Collins  
Chair

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Kathleen Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, January 09, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
Docket Nos:	Review of Rules from the State Tax Commission	
<a href="#">35-0101-1201</a>	State Income Tax	Cynthia Adrian
<a href="#">35-0101-1202</a>		
<a href="#">35-0102-1201</a>	State Sales Tax	McLean Russell
<a href="#">35-0109-1201</a>	Table and Kitchen Wine Tax	McLean Russell
<a href="#">35-0110-1201</a>	Idaho Cigarette and Tobacco Products Tax	McLean Russell
<a href="#">35-0112-1201</a>	Idaho Beer Tax	McLean Russell
<a href="#">35-0201-1201</a>	Administration and Enforcement Rules	Cynthia Adrian

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 09, 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, Burgoyne, Erpelding, Meline

**ABSENT/  
EXCUSED:** None.

**GUESTS:** Cynthia Adrian, Idaho State Tax Commission; McLean Russell, Idaho State Tax Commission; Russell Westerberg, Westerberg & Associates; Raeleen Welton, Westerberg & Associates, Ed Hawley, Admin. Rules; N.C. Clayville, DFM; Michael Chakarun, Idaho State Tax Commission; Benjamin Davenport, Associated Taxpayers; Steve Wynn, Idaho State Tax Commission; Ken Roberts, Idaho State Tax Commission; Tony Smith, Benton Ellis; Bert Manley, Idaho Education Association.

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

**DOCKET NO. 35-0101-1201:** **Cynthia Adrian**, Idaho Tax Commission, presented **Docket No. 35-0101-1201**, Income Tax Administrative Rules.

**MOTION:** **Rep. Wood (35)** made a motion to approve **Docket No. 35-0101-1201**. **Motion carried by voice vote**. **Rep. Barrett** requested to be recorded as voting **NAY**.

**DOCKET NO. 35-0101-1202:** **Cynthia Adrian**, Idaho Tax Commission, presented **Docket No. 35-0101-1202**, Income Tax Administrative Rules.

**MOTION:** **Rep. Wood (35)** made a motion to approve **Docket No. 35-0101-1202**. **Motion carried by voice vote**.

**DOCKET NO. 35-0201-1201:** **Cynthia Adrian**, Idaho Tax Commission, presented **Docket No. 35-0201-1201**, Administration and Enforcement Rules.

**MOTION:** **Rep. Burgoyne** made a motion to approve **Docket No. 35-0201-1201**. **Motion carried by voice vote**.

**DOCKET NO. 35-0102-1201:** **McLean Russell**, Idaho Tax Commission, presented **Docket No. 35-0102-1201**, Sales Tax Administrative Rules.

**Chairman Collins** recognized **Mike Chakarun**, Idaho Tax Commission, who clarified that the changes requested are consistent with the application of the statute. **Rep. Moyle** asked which statute this rule is associated with. **Mr. Russell** responded that **Idaho Statute 63-36-12, subsection 2 (h)** deals with the lease or rental of tangible personal property. **Idaho Statute 63-36-19** addresses the imposition and rate of sales tax. **Rep. Burgoyne** asked if Rule 37 was a negotiated rule. **Mr. Russell** stated that it was a negotiated rule. Due to time constraints, the presentation concluded and will continue on Thursday, January 10th.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:19 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, January 10, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS21644</a>	Income Taxes, Internal Revenue Code	Mike Chakarun, Idaho Tax Commission
Docket No. <a href="#">35-0102-1201</a>	Sales Tax	
Docket No. <a href="#">35-0109-1201</a>	Table and Kitchen Wine Tax	McLean Russell
Docket No. <a href="#">35-0110-1201</a>	Idaho Cigarette and Tobacco Products Tax	McLean Russell
Docket No. <a href="#">35-0112-1201</a>	Idaho Beer Tax	McLean Russell

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 10, 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(s) Moyle

**GUESTS:** Jan Sylvester; McLean Russell, Idaho State Tax Commission; Russell Westerberg, Truth-Justice & America; Michael Chakarun, Idaho State Tax Commission; N.L. Clayville, DFM; Ed Hawley, Admin. Rules; Steve Borah; Raeleen Welton, Westerberg & Associates; Ken McClure, ISCPA; Ben Davenport, Associated Taxpayers; Lyn Darrington, Gallatin Public Affairs; Tony Smith, Benton Ellis; Bert Marley, IEA; Jennifer Visser, Gallatin PA.

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

**MOTION:** **Rep. Meline** made a motion to approve the minutes of the January 8, 2013 meeting. **Motion carried by voice vote.**

**RS 21644:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission presented **RS 21644**. This is an annual conformity bill which updates references to the Internal Revenue Code. Mr. Chakarun explained what a conformity bill does. The fiscal impact is estimated to be \$6 million in fiscal 2013.

**MOTION:** **Rep. Raybould** made a motion to introduce RS 21644 and send it directly to the Second Reading Calendar. **Motion carried by voice vote.** **Rep. Raybould** will sponsor the bill on the floor.

**Chairman Collins** introduced Page **Shannon Cooper** to the Committee.

**DOCKET NO. 35-0102-1201:** **McLean Russell**, Idaho State Tax Commission, continued presentation of **Docket No. 35-0102-1201**, Sales Tax. Rule 37 subsection 02. a. This will have no impact on any of the scheduled commercial airlines. Rule 43, Sales Price or Purchase Price Defined. Rule 44, Trade-Ins, Trade-Downs and Barter; Rule 72, Application and Payment of Use Tax; Rule 95, Money-Operated Dispensing Equipment; Rule 109, Amusement Devices; Rule 128, Certificates for Resale and Other Exemption Claims.

**MOTION:** **Rep. Wood (35)** made a motion to approve **Docket No. 35-0102-1201** as presented. **Motion carried by voice vote.** **Rep. Barrett** and **Rep. Burgoyne** requested to be recorded as voting **NAY**.

**DOCKET NO. 35-0109-1201:** **McLean Russell**, Idaho State Tax Commission, presented **Docket No. 35-0109-1201**, Table and Kitchen Wine Tax. Rule 14, Security For Tax Required.

**MOTION:** **Rep. Wood (35)** made a motion to approve **Docket No. 35-0109-1201** as presented. **Motion carried by voice vote.**

**DOCKET NO. 35-0110-1201:** **McLean Russell**, Idaho State Tax Commission, presented **Docket No. 35-0110-1201**, Idaho Cigarette and Tobacco Products Tax. Rule 17, Security for Tax Required. **Mike Chakarun**, Idaho State Tax Commission, stated that the issues of the Treasury Bills being accepted as security collateral and use of the word 'should' will carry through the various rules; wine, cigarette and beer, and tobacco.

**MOTION:** **Rep. Meline** made a motion to approve **Docket No. 35-0110-1201** as presented. **Motion carried by voice vote.**

**DOCKET NO. 35-0112-1201:** **McLean Russell**, Idaho State Tax Commission, presented **Docket No. 35-0112-1201**, Idaho Beer Tax. Rule 13, Security for Tax Required. Rule 17, Beer Tax and Returns Reports.

**MOTION:** **Rep. Kauffman** made a motion to approve **Docket No. 35-0112-1201** as presented. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:53 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, January 14, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
Docket No. <a href="#">35-0103-1202</a>	Property Tax Administrative Rules	Alan Dornfest, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 14, 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:** Terry Accordino, Micron; N.L. Clayville, DFM; Alan Dornfest, Idaho State Tax Commission; Bert Marley, Idaho Education Association; Phil Homer, IASA; Jeremy Pisca, Risch Pisca; Raeleen Welton, Westerberg & Associates; Benjamin Davenport, ATI; Jesse Taylor.

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

**MOTION:** **Rep. Wood (35)** made a motion to approve the minutes of January 9, 2013. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1202:** **Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1202**. Rule 605 is a new rule, developed in conjunction with the County Assessors and Terry Accordino, at Micron Technology, which clarifies portions of the exemption for real or personal property that is used for educational purposes. In response to questions from the committee, Mr. Dornfest states that the applicant/owner does not have to be a nonprofit, however, the lessee does have to meet that criteria.

**MOTION:** **Rep. Meline** made a motion to approve **Docket No. 35-0103-1202**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1203:** **Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1203**. Rule 131 is being amended to ensure consistency with national standards in how the equalization ratio is used where sales comprise more than 20% in any primary category and excludes vandalized property. Mr. Dornfest stated that the primary use of this ratio is to test the overall assessment and ensure they are at market value.

Rule 608 is being proposed in order to be responsive to the statutory changes with implementation and provisions of **HB 584** and addresses homeowner's tax exemption after the death of an applicant. Rule 608 provides a one year extension, regardless of occupancy.

**Rep. Trujillo** stated she takes objection to the occupancy portion of this rule and the property could potentially be used as a rental. **Mr. Dornfest** recommended a statutory remedy and clarified that the homeowner's exemption stays with the property, so any rented property would lose the exemption after one year.

Rule 630 is an amendment regarding tax exemptions for new capital investments. The proposed change ensures compliance with **HB 356** dealing with tax exemption for new capital investments in excess of \$1 billion dollars.

In response to questions, **Mr. Dornfest** stated that new capital investments are only taxed on the initial \$400 million and any amount above that is exempt. The \$1 billion is the amount that must be spent and does not represent the value of the investment.

Rule 995 is being amended to specify the Census Bureau tables that can be used to determine and update population for the distribution of sales tax. Further clarification is made as to whether current census data or estimates could be used. Valuation estimates are updated annually, but population estimates may be updated quarterly.

**MOTION:**

**Rep. Wood (35)** made a motion to approve **Docket No. 35-0103-1203**.

**SUBSTITUTE MOTION:**

**Rep. Trujillo** made a motion to approve **Docket No. 35-0103-1203** with the exception of subsection 608.02. **Motion failed by voice vote.**

**VOTE ON ORIGINAL MOTION:**

**Chairman Collins** called for a vote on the original motion. **Motion carried by voice vote.** **Rep. Trujillo** requested she be recorded as voting **NAY**.

**DOCKET NO. 35-0103-1204:**

**Alan Dornfest**, presented **Docket No. 35-0103-1204**. Rule 600 is a new rule providing guidance on implementation of **HB 356**, which deals with procedures on granting property tax exemptions and confidentiality of information.

Rule 803 is being amended to implement provisions of **HB 697**. Section 63-1305A Idaho Code requires that taxing districts must first fully utilize maximum budget tax permitted, before exercising a levy. Under this amendment, the district will be considered in compliance if, despite additional unused budget capacity, every fund used levies at the maximum levy rate or maximum permitted amount. The Idaho State Tax Commission legal staff, under direction of the AG, have reviewed the proposed language and believe it is consistent with intent and language of the rule.

**MOTION:**

**Rep. Meline** made a motion to approve **Docket No. 35-0103-1204**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-1205:**

**Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1205**. Rule 218, Assessor's Plat Book. This rule permits the assessor's plat book to update the manual of surveying instructions to permit maps maintained by digital or ink format.

**DOCKET: 35-0103-1207:**

**Alan Dornfest**, Idaho State Tax Commission, presented **Docket No. 35-0103-1207**. Rule 000, Legal Authority, is being amended to update statutory cross references. Rule 003, Administrative Appeals, is being amended to update statutory references. Rule 006, Incorporation By Reference, is being amended to update references to current editions of reference materials.

Rule 225, Newly Organized or Altered Taxing Districts, is being amended to remove the requirement for dissolving taxing districts, typically Urban Renewal Districts, to provide maps. In response to discussion and questions, **Mr. Dornfest** noted that a map is required on the formation of taxing districts as well as any amendment.

Rule 313, Assessment of Transient Personal Property, is being amended to clarify taxation of transient personal property proration if property was taxed in another state. In response to questions, **Mr. Dornfest** yielded the podium to **Mr. Steve Fiscus** - Administrator for Property Tax Administration, Idaho State Tax Commission. Mr. Fiscus stated that if tax was paid in another state, it was not always prorated by Idaho.

Rule 404, Operators Statement - Contents, clarifies that pipelines and gathering lines for natural gas are considered part of taxable and appraisal by tax commission. **Mr. Dornfest** stated that the proposed change did not go through negotiated rule process as they were felt to be entirely statutory.

Rule 509, Partial Exemption Values, is being amended rule to provide for the value of site improvement exempt under section 63-602W(4), Idaho Code, as provided in **HB 519**. Rule 510, Secondary Categories For Land, deletes a category that is no longer used. Rule 511, Secondary Categories For Improvements, deletes an unused or obsolete categories.

Rule 612, Property Exempt From Taxation, clarifies that recreational vehicles wider than 8 1/2 feet cannot be licensed by Idaho Department of Transportation and which would be subject to property tax. Rule 619, Property Exempt from Taxation - Facilities for Water or Air Pollution Control, is an amendment to eliminate confusing language and clarifies the application procedure for tax exemption of water or air pollution control.

Rule 802, Budget Certification Relating To New Construction And Annexation, this is an amendment to comply with requirements of **HB 519** addresses how the computations for deduction for value of site improvement from new construction roll is made.

- MOTION:** **Rep. Hartgen** made a motion to approve **Docket No. 35-0103-1207** with the exception of **Subsection 225.03, paragraphs a and b.**
- SUBSTITUTE MOTION:** **Rep. Moyle** made a motion to approve **Docket No. 35-0103-1207.**
- ORIGINAL MOTION:** **Rep. Hartgen** withdrew his original motion.
- VOTE ON SUBSTITUTE MOTION:** **Chairman Collins** called for a vote on the substitute motion. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:44 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, January 15, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
Docket No. <a href="#">35-0103-1205</a>	Property Tax Administrative Rules	Alan Dornfest, Idaho State Tax Commission
<a href="#">RS21613</a>	Deductions of Certain Losses for Idaho Tax Purposes	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21616</a>	Identity Theft and Release of Information by Idaho Tax Commission	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21624</a>	Technical Corrections to Idaho Income Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21645</a>	Wholesale Cigarette Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21647</a>	Foreign Language Translation for Tax Information	Mike Chakarun, Idaho State Tax Commission

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 15, 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:** Rep. Moyle

**GUESTS:** Brad Carlson, Idaho News Service; Mike Chakarun, Idaho State Tax Commission; Alan Dornfest, Idaho State Tax Commission; David Langhorst, Idaho State Tax Commission; N.L. Clayville, DFM; Raeleen Welton, Westerberg & Associates; Brody Aston, Lobby Idaho; Derek Santos, DFM; John Eaton, RFactors; Russell Westerberg, Local Government.

**Chairman Collins** called the meeting to order at 9:02 a.m.

**MOTION:** **Rep. Anderst** made a motion to approve the minutes of the January 10, 2013 meeting. **Motion carried by voice vote.**

**DOCKET NO.  
35-0103-1205:** **Alan Dornfest**, Idaho State Tax Commission, clarified that if **Docket No. 35-0103-1205** is passed, the grammatical error in **Subsection 218.01** will be subsequently corrected by the Department of Administration.

**MOTION:** **Rep. Raybould** made a motion to approve **Docket No. 35-0103-1205** as presented. **Motion carried by voice vote.**

**RS 21613:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 21613** which would add a new section allowing a deduction for specific losses, commonly known as Ponzi type scheme. Unless sufficient income is earned in the year of the loss, the full deduction may not be taken. This is a fairness bill that would not tax the recovery of losses if recovered in a subsequent tax year.

**MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21613**. **Motion carried by voice vote.**

**RS 21616:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21616** which proposes giving the Idaho State Tax Commission authority to release certain information to an individual, when theft of their identity has occurred.

**MOTION:** **Rep. Denney** made a motion to introduce **RS 21616**. **Motion carried by voice vote.**

**RS 21624:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21624** which is an income tax technical correction bill.

**MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21624**. **Motion carried by voice vote.**

**RS 21645:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21645** which relates to wholesale cigarette tax and when a permit is required. This would allow the Idaho State Tax Commission to track movement of cigarettes in Idaho and continue to receive annual payment from the Master Settlement Agreement.

**MOTION:** **Rep. Anderson (31)** made a motion to introduce **RS 21645**. **Motion carried by voice vote.**

**RS 21647:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21647**. This would amend **Idaho Code section 73-121** and permit the Idaho State Tax Commission to translate tax information into other languages, allowing taxpayers to more fully comply with their income tax obligations. Mr. Chakarun believes that they can accomplish this utilizing current staffing and budget resources.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 21647**. **Motion carried by voice vote**. **Rep. Barrett** requested being recorded as voting **NAY**.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:38 a.m.

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Representative Collins  
Chair

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Kathleen Simko  
Secretary

**AMENDED AGENDA #3**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, January 16, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
HB 0001	Income taxes, Internal Revenue Code	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21648</a>	Technical corrections to Idaho Sales Tax Act	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21649</a>	Amendment to Idaho Sales Tax Act	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21653</a>	Property tax assessment on Section 42 Housing	Alan Dornfest, Idaho State Tax Commission
<a href="#">RS21658</a>	Idaho Sales Tax Act clarification on definitions	Mike Chakarun, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Wednesday, January 16, 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:** Mike Chakarun, Idaho State Tax Commission; N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers; Alan Dornfest, Idaho State Tax Commission; Ken McClure, ISCPA; Melissa Nelson, ISCPA; Raeleen Welton, Westerberg & Assoc.; Russell Westerberg
- Chairman Collins** called the meeting to order at 9:01 a.m.
- MOTION:** **Rep. Kauffman** made a motion to approve the minutes of January 14, 2013.  
**Motion carried by voice vote.**
- H 1:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 1**. He made note of the negative fiscal impact of \$6 million dollars. The fiscal impact of this bill is actually an estimated range between \$4-8 million dollars and it cannot be depreciated over time. He said this bill does not relate to Patient Protection or the Affordable Care Act. He also made mention that Section 2 of this bill allows provisions for refund claims to FAA airline employees.
- Mr. Chakarun** confirmed this bill does not conform to the bonus appreciation. He explained that Section 179 of the Idaho Tax Code refers to how much can be invested by a tax payer. He said bonus appreciation was put in place so everyone could apply it. He also said without this bill, the taxpayer will have to keep two records, have two accounting expenses and two sets of depreciation records.
- Ken McClure**, Idaho Society of Public Accountants, urged the committee to pass this bill stating efficient tax bills are good. He said it will create an unnecessary complication if this bill does not pass.
- In response to questions **Mr. McClure** said the fiscal impact was for bonus appreciation conformity and it was a significant amount of money.
- MOTION:** **Rep. Moyle** made a motion to send **H 1** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Raybould** will sponsor the bill on the floor.
- RS 21648:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21648**, which makes sales tax technical corrections for food purchased with food stamps. It changes the old federal act names to reflect the current name; Supplemental Nutrition Assistance Program (SNAP). He said there are no changes to the scope of the exemption or the food stamp program. Section 2 provides a use tax exemption of articles brought into the state by military members and their spouses.
- MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21648**. **Motion carried by voice vote.**

**RS 21649:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21649** stating this is an amendment relating to the addition of use tax to the Idaho Sales Tax Act. He said under the Idaho Sales Tax Act there is a duty to pay over any tax imposed upon taxpayers and this would include use tax. He mentioned they use the term responsible parties and this should clarify that use tax is also a duty to be enforced.

In response to questions regarding whether there was a use tax on production materials, **Mr. Chakarun** stated yes but this RS would not fall under that category.

**MOTION:** **Rep. Raybould** made a motion to introduce **RS 21649**. **Motion carried by voice vote.**

**RS 21653:** **Alan Dornfest**, Idaho State Tax Commission, presented **RS 21653** dealing with property tax assessment on low-income, Section 42 housing. He stated it is corrective language which provides the assessment of property taxes on Section 42 low-income housing. He said the requirement for determining income should be changed from net income to gross income.

**MOTION:** **Rep. Anderson(31)** made a motion to introduce **RS 21653**. **Motion carried by voice vote.**

**RS 21658:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21658**, which clarifies definitions in the Idaho Sales Tax Act. He stated it tries to draw brighter lines in the sales tax law. The words primary and primarily are to be defined as the greatest use of the property. For example, if taxable uses for a property are greater than nontaxable uses, it would be taxed.

**MOTION:** **Rep. Burgoyne** made a motion to introduce **RS 21658**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:35 a.m.

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Representative Collins  
Chair

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Jackie Wright  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, January 17, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS21650</u></a>	Aligning income tax withheld with employee W-2 reporting and paying periods.	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>RS21652</u></a>	Title 23 Alcoholic Beverages; reporting beer shipments	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>RS21654</u></a>	Distributing sales tax revenue codification	Alan Dornfest, Idaho State Tax Commission
<a href="#"><u>RS21656</u></a>	Idaho Property Tax Law technical corrections.	Alan Dornfest, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 17, 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:** Alan Dornfest, Idaho State Tax Commission; Mike Chakarun, Idaho State Tax Commission; Raeleen Welton, Westerberg & Associates; Benjamin Davenport, Associated Taxpayers; N.L. Clayville, DFM; Russell Westerberg, taxpayer; McKinsey Lyon, Gallatin.

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

**MOTION:** **Rep. Dayley** made a motion to approve the minutes of January 15, 2013 with the following correction: page 1, RS 21645, second sentence, omitting the word 'a' between the words 'and' and 'when'. **Motion carried by voice vote.**

**RS 21650:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 21650** which would align the reporting and paying of Idaho income tax withheld to the same reporting period as employee W-2 forms. This legislation would impact only large employers in the state that have a split monthly filing of taxes.

**MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21650**. **Motion carried by voice vote.**

**RS 21652:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21652** which makes technical corrections to Title 23 Alcoholic Beverages related to reporting of beer shipments by out-of-state brewers and manufacturers. This would eliminate a report that is no longer needed as the information is collected through other means.

**MOTION:** **Rep. Kauffman** made a motion to introduce **RS 21652**. **Motion carried by voice vote.**

**RS 21654:** **Alan Dornfest**, Idaho State Tax Commission, presented **RS 21654**. This legislation would clarify **H 372** regarding the distribution of sales tax revenue used by counties to fund elections. This would codify the current practice being followed under a Temporary Rule.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 21654** with the corrected Statement Of Purpose. **Motion carried by voice vote.**

**RS 21656:** **Alan Dornfest**, Idaho State Tax Commission, presented **RS 21656** which makes several technical corrections to Idaho property tax law.

Subsection 1 requires taxing districts filing legal descriptions and maps of their boundaries to include contact information.

Subsection 2 would correct the date referred to in the occupancy statute to the same date found in the homeowner's exemption language.

Subsection 3 clarifies the requirement for abstracts of property tax roles that are prepared by county auditors to show increment values of revenue allocation areas.

Subsection 4 would provide an appeal of recovery of improperly granted homeowner's exemption.

Subsection 5 clarifies the date for filing a claim for the circuit breaker property tax relief to account for situations when a holiday falls on the usual filing deadline date.

Subsection 6 would extend the deadline to allow for corrections to erroneous property tax levies.

**MOTION:** **Rep. Meline** made a motion to introduce **RS 21656**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:28 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, January 22, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 2</u></a>	Deductions of Certain Losses for Idaho Tax Purposes	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>H 3</u></a>	Identity Theft and Release of Information by Idaho Tax Commission	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>H 4</u></a>	Technical Corrections to Idaho Income Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>H 5</u></a>	Wholesale Cigarette Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>H 12</u></a>	Technical Corrections to Idaho Sales Tax Act	Mike Chakarun, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Tuesday, January 22, 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:** Mike Chakarun, Idaho State Tax Commission; Raeleen Welton, Westerberg & Associates; N.L Clayville, DFM; Derek Santo, DFM; Benjamin Davenport, Associated Taxpayers of Idaho; LeRoy Fiscus, ACLU of Idaho; McKinsey Lyon, Gallatin.
- Chairman Collins** called the meeting to order at 9:01 a.m.
- MOTION:** **Rep. Wood (35)** made a motion to approve the minutes of January 16, 2013.  
**Motion carried by voice vote.**
- MOTION:** **Rep. Wood (35)** made a motion to approve the minutes of January 17, 2013.  
**Motion carried by voice vote.**
- H 2:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **H 2**. This bill deals with deductions on Idaho Income Tax for specific losses that have been previously deducted for Federal tax purposes but might not have been claimed in Idaho. This situations arises when the taxpayer has not had sufficient income in the year the loss occurred to be able to complete an itemized Idaho tax return.
- MOTION:** **Rep. Kauffman** made a motion to send **H 2** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.
- H 3:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 3** which would allow the Idaho State Tax Commission to disclose information to victims of identity theft and assist them in recovery and filing necessary reports with law enforcement to reclaim their identity.
- MOTION:** **Rep. Raybould** made a motion to send **H 3** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson (31)** will sponsor the bill on the floor.
- H 4:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 4**. This bill would make technical corrections to the Idaho Income Tax language.
- Section 1 would be amended to specify that taxes which qualify for a tax credit paid to another state, must be added back to the income in order to be consistent with other taxes that qualify for the credit.
- Section 2 replaces all references to "widow" with "widow and widower".
- Section 3 specifies the qualification for energy efficiency deduction with the insertion of the word "primary" and words "in the state of Idaho".
- Section 4 clarifies the deduction for technological equipment donations to either the lesser of fair market value or actual cost of the donation.

Section 5 modifies the statute of limitations in **Idaho Code, Section 63-3072**, related to claiming a refund to include reference to a new **Idaho Code, Section 63-3036B** regarding pass-through entities' backup withholding.

Section 6 provides an effective date of January 1, 2013 with the exception of section 3, which is retroactive to January 1, 2012, the effective date of the provision being amended.

**MOTION:** **Rep. Burgoyne** made a motion to send **H 4** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Burgoyne** will sponsor the bill on the floor.

**H 5:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 5** which is a technical change to the permitting process for wholesale cigarette movement into and around Idaho. The clarification would help prevent inadvertent noncompliance, as a permit is only required of individuals actively engaged in making wholesale sales of cigarettes. This change would also ensure protection of Idaho's interest in the annual income received through the Master Settlement Agreement.

**MOTION:** **Rep. Meline** made a motion to send **H 5** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Meline** will sponsor the bill on the floor.

**H 12:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 12**. This bill makes technical corrections to the Idaho Sales Tax Act, updating the sales and use tax exemption for food purchased with federal food stamps, now called the federal Supplemental Nutrition Assistance Program (SNAP). Further clarified is the exemption of tax for military members and accompanying spouses for certain articles purchased prior to receipt of orders transferring them to Idaho.

**MOTION:** **Rep. Dayley** made a motion to send **H 12** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Dayley** will sponsor the bill on the floor.

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

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, January 23, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 13</u></a>	Duty to Account For and Pay Over Use Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>H 14</u></a>	Property Tax Assessment for Low Income Housing	Alan Dornfest, Idaho State Tax Commission
<a href="#"><u>H 15</u></a>	Clarification within Idaho Sales Tax Act	Mike Chakarun
<a href="#"><u>H 22</u></a>	Alignment of Reporting and Paying of Idaho Income Tax	Mike Chakarun
<a href="#"><u>H 23</u></a>	Technical Change Related to Out-of-State Beer Shipments	Mike Chakarun

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 23, 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:** Mike Chakarun, Idaho State Tax Commission; McLean Russell, Idaho State Tax Commission; Alan Dornfest, Idaho State Tax Commission; N. L. Clayville, DFM; Derek Santos, DFM; Benjamin Davenport, Associated Taxpayers of Idaho, Raeleen Welton, Westerberg & Associates; Gloria Totoricaguena, AE/Northwest Grocers; Bill Roden.

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

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of January 22, 2013. **Motion carried by voice vote.**

**H 13:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission presented **H 13** which would amend the Sales Tax Act. There is ambiguity in the current statute as to whether the responsibility for use tax is the same as sales tax.

There was a concern voiced by the committee that this bill would allow the opportunity for Idaho State Tax Commission to 'pierce the corporate veil' for payment of debt. Mr. Chakarun deferred to **Ted Spangler**, Idaho State Tax Commission, who stated that the concept of liability for both federal and state tax debt is an exception to the limited liability protection typically covering Limited Liability Companies (L.L.C).

Within the Tax Commission, the Income Tax Act was created first and the language in the subsequent Sales Tax Act was incorporated by reference. The specific mention of use tax is necessary to clarify ambiguity. In response to questions on the fiscal impact, **Mr. Spangler** responded that they have been collecting use tax. However, this amendment would eliminate the potential that use tax owed could be challenged through the courts.

**MOTION:** **Rep. Moyle** made a motion to **HOLD H 13** in committee at the Call of the Chair. **Motion carried by voice vote.**

**H 14:** **Alan Dornfest**, Idaho State Tax Commission, presented **H 14**. This bill would correct how county assessors make assessments for property tax purposes on low-income, Section 42, housing.

**MOTION:** **Rep. Anderst** made a motion to send **H 14** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderst** will sponsor the bill on the floor.

**H 15:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 15** which clarifies the intent of the words 'primary' and 'primarily' used throughout the Idaho Sales Tax Act but are not defined in the statute. This change would eliminate confusion and uncertainty in determining whether property is subject to tax.

**MOTION:** **Rep. Raybould** made a motion to send **H 15** to the floor with a **DO PASS** recommendation, with a correction of the word 'individual' in the Statement of Purpose. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

**H 22:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 22**. He said large employers in Idaho that utilize a split monthly filing for payroll must remit income tax withheld that is not congruent with the calendar tax year. This bill would align the reporting and remitting of Idaho income tax that is withheld in the same reporting period as employee W-2 forms.

**MOTION:** **Rep. Erpelding** made a motion to send **H 22** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

**H 23:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 23** which is a technical change on reporting of out-of-state shipments of beer.

**MOTION:** **Rep. Trujillo** made a motion to send **H 23** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:43 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, January 24, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS21784</u></a>	Clarification on Circuit Breaker Tax Relief	Robert Aldridge, Trust & Real Estate Professionals of Idaho, Inc.
<a href="#"><u>RS21717C1</u></a>	Value Added Agricultural Bill	Rep. Donna Pence Sen. Ron Lacey

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, January 24, 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:** Benjamin Davenport, Associated Taxpayers of Idaho; Tyler Mallard, Risch Pisca; Bob Aldridge, Trust & Estate Professionals of Idaho; N.L. Clayville, DFM; Derek Santos, DFM; Elizabeth Criner, Veritas Advisors; Sen. Roy Lacey; Rep. Donna Pence.

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

**MOTION:** **Rep. Wood(35)**. made a motion to approve the minutes of January 23, 2013.  
**Motion carried by voice vote.**

**RS 21784:** **Robert Aldridge**, Trust & Real Estate Professionals of Idaho, presented **RS 21784**, regarding the deferred property tax method used to calculate eligibility for circuit breaker tax relief. This proposed legislation would clarify what is meant by "sufficient equity" as well as how reverse mortgages and line of credit loans are to be taken into account. Mr. Aldridge clarified that individuals with line-of-credit and reverse mortgages would be able to qualify if they converted those loans to a fixed amount loan and stayed within the 80% debt to equity ratio. In response to a question from the committee, Mr. Aldridge yielded to **Alan Dornfest**, Idaho State Tax Commission. He stated that for the circuit breaker tax relief, there is a household income limit of \$28,000. The tax deferral limit is calculated differently, using an indexed 2007 value of \$40,000.

**MOTION:** **Rep. Burgoyne** made a motion to introduce **RS 21784**. **Motion carried by voice vote.** **Rep. Anderson(31)** requested he be recorded as voting **NAY**.

**RS 21717C1:** **Sen. Roy Lacey** presented **RS 21717C1**. This is a Value-Added Agriculture Bill intended to provide incentives for the addition of processing facilities in Idaho. This bill would provide a tax credit of 30% of investment with a cap of \$500,000. Eligibility for the tax credit would also be contingent upon creating jobs and hiring Idaho employees. **Rep. Donna Pence** provided information on the value of Agriculture in Idaho, which is estimated to be \$772 billion. Sen. Lacey responded to committee questions that the tax credit would only apply to investments in new facilities that meet the criteria subsequent to the effective date of January 1, 2013.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21717C1**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:32 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, January 29, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS21646</u></a>	Collection of "Trust Taxes"	Mike Chakarun, Idaho State Tax Commission
<a href="#"><u>RS21805</u></a>	Local Improvement District Review Authority	Seth Grigg, Idaho Association of Counties
<a href="#"><u>RS21806</u></a>	Indigent Fund Income From Tax Deed Sales	Seth Grigg
<a href="#"><u>RS21825</u></a>	Income Tax Credit For Charitable Contributions	Rep. Thomas Dayley

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Tuesday, January 29, 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:** Russell Westerberg, Cigar Association of America; Mike Chakarun, Idaho State Tax Commission; David Noland, Idaho State Tax Association; Debbie Coulson, Idaho State Tax Commission; Seth Grigg, Idaho Association of Counties; Kerry Ellen Elliott, Idaho Association of Counties; Bert Marley, IEA; N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers of Idaho; Jeremy Pisca, Risch Pisca; Raeleen Welton, Westerberg & Associates.
- Chairman Collins** called the meeting to order at 9:00 a.m.
- MOTION:** **Rep. Raybould** made a motion to approve the minutes of January 24, 2013. **Motion carried by voice vote.**
- RS 21646:** **Mike Chakarun**, Idaho State Tax Commission, presented **RS 21646** which deals with businesses who fail to remit sales tax or employee withholding tax, often referred to as "trust taxes", to the State.
- This legislation would give the State Tax Commission express authority to petition a District Court to judicially enjoin the individual or entity from engaging in its trade or business until the trust taxes are paid. Mr. Chakarun stated that the employee will receive 'credit' for the withholding even if the tax wasn't paid by the employer.
- MOTION:** **Rep. Raybould** made a motion to introduce **RS 21646**. **Motion carried by voice vote.** **Rep. Barrett**, **Rep. Trujillo** and **Rep. Wood(35)** requested they be recorded as voting **NAY**.
- RS 21805:** **Seth Grigg**, Policy Analyst, Idaho Association of Counties, presented **RS 21805**. This proposed legislation would amend Idaho Code by eliminating the review by a City Council or Board of County Commissioners, of Local Improvement Districts (LID), created by a highway district.
- MOTION:** **Rep. Moyle** made a motion to return **RS 21805** to the sponsor. **Motion carried by voice vote.** **Rep. Meline** and **Rep. Kauffman** requested they be recorded as voting **NAY**.
- RS 21806:** **Seth Grigg**, Policy Analyst, Idaho Association of Counties, presented **RS 21806** which would amend Idaho Code by clarifying how excess dollars from a tax deed sale are contributed to indigent funds.
- MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21806**. **Motion carried by voice vote.** **Rep. Barrett** requested she be recorded as voting **NAY**.
- RS 21825:** **Rep. Thomas Dayley** presented **RS 21825**. This proposed legislation would create a process through the Idaho Community Foundation that would allow small nonprofit organizations, who are eligible to receive tax exempt contributions, a mechanism to accept them.
- MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21825**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:57 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, January 30, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 52</u></a>	Circuit Breaker Deferred Property Tax	Robert Aldridge, Trust & Estate Professionals of Idaho
<a href="#"><u>H 24</u></a>	Sales Tax Revenue Distribution to Counties For Election Purposes	Alan Dornfest, Idaho State Tax Commission
<a href="#"><u>H 25</u></a>	Technical Corrections To Idaho Property Tax Laws	Alan Dornfest

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Wednesday, January 30, 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:** Alan Dornfest, Idaho State Tax Commission; John Eaton, Realtors; N.L. Clayville, DFM; Raeleen Welton, Westerberg & Associates; Miguel Legarreta, Realtors; Kerry Ellen Elliott, Idaho Association of Counties; Russell Westerberg, Capital City Development Corporation; Benjamin Davenport, Associated Taxpayers of Idaho.  
**Chairman Collins** called the meeting to order at 9:01 a.m.
- MOTION:** **Rep. Raybould** made a motion to approve the minutes of January 29, 2013.  
**Motion carried by voice vote.**
- H 52:** **Robert Aldridge**, Trust and Estate Professionals of Idaho, presented **H 52** regarding the deferred property tax method used to calculate eligibility for circuit breaker tax relief. This proposed legislation would clarify what is meant by "sufficient equity" as well as how reverse mortgages and line of credit loans are to be taken into account.  
**Mr. Aldridge** clarified that circuit breaker relief is based solely on income. In response to committee questions, Mr. Aldridge yielded the podium to **Alan Dornfest**, Idaho State Tax Commission, who responded that in cases of deferral, the taxing districts are kept whole.
- MOTION:** **Rep. Anderson(31)** made a motion to send **H 52** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson(31)** will sponsor the bill on the floor.
- H 24:** **Alan Dornfest**, Idaho State Tax Commission, presented **H 24** which clarifies the distribution of sales tax revenue to counties to fund elections, based on population. This bill would codify provisions of the current rule and has an emergency clause to correspond with the expiration of the Temporary Rule. Mr. Dornfest stated that the population calculation is based on most recent estimate census data.
- MOTION:** **Rep. Trujillo** made a motion to send **H 24** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.
- H 25:** **Alan Dornfest**, Idaho State Tax Commission, presented **H 25** which makes the following corrections to Idaho's property tax laws.  
Section 1 requires taxing districts to include contact information when filing legal descriptions and maps of their boundaries.  
Section 2 corrects the date referred to in the occupancy tax statute to the same date that is found in the homeowner's exemption language.  
Section 3 clarifies the requirement for abstracts of the property tax rolls, that are prepared by county auditors, to show the increment value of revenue allocation areas.

Section 4 provides that appeals for recovery of improperly granted homeowner's exemptions are made to the county Board of Equalization.

Section 5 clarifies the date for filing a claim under the "circuit breaker" property tax relief program when the usual due date falls on a weekend or holiday, to be consistent with IRS rules.

Section 6 extends the time for correction erroneous property tax levies from January 30th to February 15th.

**MOTION:** **Rep. Trujillo** made a motion to send **H 25** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Patterson** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:42 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, January 31, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS21813</a>	Hire One More Employee (HOME) Act Changes	Mark Warbis, Governor's Office
<a href="#">RS21681</a>	Repeal of Certain State Tax Commission Notice By Certified Mail	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21783</a>	Clarification of Wine Excise Tax	Roger Batt

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo
Rep Burgoyne
Rep Erpelding
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
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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.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 04, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 70</a>	Remitting of Idaho State "Trust" Taxes	Mike Chakarun, Idaho State Tax Commission
<a href="#">RS21804C1</a>	Board of Equalization and Property Tax Appeals	Seth Grigg, Association of Idaho Cities
<a href="#">RS21780</a>	Amending LID Formation Rules & Cost Assessment Procedures	Rep. Ed Morse

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 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:** Rep. Patterson  
**GUESTS:** Raeleen Welton, Westerberg & Associates; Mike Chakarun, Idaho State Tax Commission; David Noland, Idaho State Tax Commission; Russell Westerberg, Crown Ltd.; N.L. Clayville, DFM; John Eaton, Reactors; Benjamin Davenport, Associated Taxpayers; Jim Clark, JC & Associates; Colby Cameron, Sullivan Reberger.

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

**MOTION:** **Rep. Dayley** made a motion to approve the minutes of January 31, 2013. **Motion carried by voice vote.**

**H 70:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **H 70** which would provide an additional collection remedy when sales or employee withholding 'trust' taxes are not paid after collection. Currently, the Tax Commission has 1426 open cases that span six or more unpaid tax periods and total in excess of \$25 million. This bill would give the State Tax Commission express authority to petition a District Court to enjoin a person or entity when trust taxes are owed. The Tax Commission would also be able to prevent a new business being started by an individual who is delinquent on taxes or close another existing business they might own. This is not a course of action that the Tax Commission would take lightly. The Tax Commission envisions using it on cases that are in excess of \$15,000 in arrears and with six or more unpaid tax periods.

In response to a question from the committee, **Mr. Chakarun** yielded the podium to **David Noland**, Administrator of Tax Collection Program, Idaho State Tax Commission. Mr. Noland further explained the difficulties in collection of taxes owed. He stated that in some cases the debt of taxes owed can be transferred to the individual.

**MOTION:** **Rep. Hartgen** made a motion to **HOLD H 70** in committee. **Motion carried by voice vote.**

**RS 21804C1:** **Seth Grigg**, Idaho Association of Counties, presented **RS 21804C1** which would amend Idaho Code by removing the 2012 provisions of **H 356**. These provisions require the Board of County Commissioners (BOCC) to approve or deny property tax exemptions and for the County Board of Equalization (BOE) to hear the appeal of the BOCC's decision. The proposed legislation would revert the appeal of decisions back to the Board of Tax Appeals (BTA) or District Court. Mr. Grigg distributed a flow chart on the process for Real and Personal Property Exemption. (see attached) The rule change made in 2012 added a duplicative process at the county level.

**MOTION:** **Rep. Meline** made a motion to introduce **RS 21804C1**. **Motion carried by voice vote.**

- RS 21780:** **Rep. Morse** presented **RS 21780** which would amend sections of Idaho Code relating to Local Improvement District (LID) formation rules and cost assessment procedures.
- MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21780**. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:45 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, February 05, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>H 87</u></a>	Clarification of Wine Excise Tax Payment Date	Roger Batt, Idaho Grape Growers & Wine Producers
<a href="#"><u>H 51</u></a>	Proposed Tax Credit for Agriculture Value-Added Investment	Sen. Roy Lacey and Rep. Donna Pence

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 05, 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:** Roger Batt, Idaho Grape Growers & Wine Producers; Tyler Mallard, Risch Pisca; Nate Clayville, DFM; Mike Chakarun, Idaho State Tax Commission; Sean Ellis, Capital Press; Russell Westerberg, The American Way; Sen. Roy Lacey; Rep. Donna Pence; Elizabeth Criner, NWFPA; Jeremy Pisca, Idaho Beer & Wine Distribution Association.

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

**MOTION:** **Rep. Wood(35)** made a motion to approved the minutes of February 4, 2013.  
**Motion carried by voice vote.**

**H 87:** **Roger Batt**, Idaho Grape Growers and Wine Producers presented **H 87** which clarifies that the Wine Excise Tax to be paid by a winery is due upon the actual sale of the wine and not the transfer. The Idaho State Tax Commission is supportive of this change and there is no known opposition.

**MOTION:** **Rep. Trujillo** made a motion to send **H 87** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Crane** will sponsor the bill on the floor.

**H 51:** **Sen. Roy Lacey** presented **H 51**. This is a proposed Value-Added Agriculture Bill that would provide a tax credit of up to 30% for Idaho farmers and ranchers who provide additional processing facilities within the state. There is a cap of \$500,000 and the credit may be utilized by claiming up to one half of the tax liability to the State of Idaho, per year, until the cap is realized. The tax credit can be claimed for a period of up to 14 years. This proposed legislation would sunset in 2018, but would not apply to claiming the tax credit. Sen. Lacey stated that there is wide industry support for this legislation.

**Rep. Pence** spoke on the fiscal note and indicated while it's difficult to quantify, it will have a positive impact. **Sen. Lacey** responded to a question by clarifying that the tax credit is possible for qualified new value added agriculture ventures, as well as current businesses that expand. Rep. Pence covered the multiplier of 2.5 for each job created explaining that it is the resultant impact or ripple effect projected to occur. Sen. Lacey reiterated that the intent is new job creation. The tax credit is an additional tool that may be combined with other incentives. In response to questions on the projected fiscal impact examples, Sen. Lacey stated that the Dept. of Labor had reviewed the examples and felt the income, tax rate, and multiplier used were conservative. This proposed legislation would potentially be available for small business as well as large, so there is not a minimum amount of investment required.

**Sen. Lacey** stated that value added agriculture investments was used as a starting point for two reasons; agriculture is currently the largest commodity in Idaho and a majority of product is currently being shipped out of state. The bill is written to support Idaho products.

**MOTION:** Rep. Anderson(31) made a motion to **HOLD H 51** in committee.

**ROLL CALL VOTE:** Rep. Barrett requested a roll call vote on **H 51**. **Motion carried by a vote of 9 AYE, 6 NAY, 1 Absent/Excused.** Voting in favor of the motion: **Reps. Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen and Patterson.** Voting in opposition to the motion: **Rep. Kauffman, Trujillo, Burgoyne, Erpelding, Meline and Collins.** Rep. Wood(35) was absent/excused.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:53 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, February 06, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 72</a>	Donations to 501(c)(3) tax credit process	Rep. Thomas Dayley
<a href="#">H 62</a>	Idaho Sales Tax Exemption - Health Related Entities	Rep. Kelley Packer
<a href="#">RS21711</a>	Idaho Sales and Use Tax Exemption - Homeless Shelters	Rep. John Vander Woude
<a href="#">RS21818</a>	Assistance League of Boise - State Income Tax Credit	Jeanne Fitzgerald, Assistance League of Boise

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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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.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Friday, February 08, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 88</a>	Changes to the Hire One More Employee Act	Mark Warbis, Office of the Governor
<a href="#">S 1009</a>	Amendment of Date for Appeals to Board of Tax Appeals	Steve Wallace, Tax Appeals Board

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo
Rep Burgoyne
Rep Erpelding
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, February 08, 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:** Reps. Erpelding, Wood(35)

**GUESTS:** Parrish Miller, Idaho Freedom Foundation; Steve Wallace, IBTA; Travis Van Lith, Board of Tax Appeals; Steve Wynn, Idaho State Tax Commission; Tim Larson, Scentsy; Mike Chakarun, Idaho State Tax Commission; Jeff Sayer, Commerce; Lane Packwood, Strategies 360; N.L. Clayville, DFM; Derek Santos, DFM; Jana Jones, BVEP; John Watts, Chamber Alliance; Alex LaBeau, IACI; Benjamin Davenport, Associated Taxpayers of Idaho; Miguel Legarreta, Realtors; Tyler Mallard, Risch Pisca; Raeleen Welton, Westerberg & Associates; Suzanne Budge, SBS Assoc. LLC; Jayson Ronk, IACI; Elizabeth Criner, Veritas Advisors, Max Hadley, Nampa & USA.

**Chairman Collins** called the meeting to order at 9:03 a.m.

**H 88:** **Mark Warbis**, Communications Director & Senior Special Assistant, Office of the Governor, presented **H 88**. This bill deals with the Hire One More Employee (HOME) Act and 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, **H 88** 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.

This bill would not eliminate salaried employees, as their income can be calculated into a dollar per hour rate. The \$12 per hour requirement is used for higher unemployment areas, which typically are rural, and a \$15 per hour rate is used in lower unemployment areas. The fiscal impact is projected to be a little over \$10 million in the first year but does not take into account the value of possible tax credit that would otherwise still be eligible before the sunset date. There is a 50% cap on the amount of tax liability employers can claim. **Mr. Warbis** used a presentation (see attached handouts) to illustrate the forecast model and resulting fiscal impact.

**Derek Santos**, Chief Economist, DFM, spoke on the impact of a non veteran being paid \$12/hour over the course of a seven year period. Mr. Santos then compared the same scenario for a veteran. Using an example of 1000 additional jobs under the incentive, the projected negative fiscal impact in year one would be \$10,733,290. If the credit sunsets as is written in the bill, it would no longer be available after 2018, but the benefits would continue, assuming the employee remains employed. Mr. Santos clarified that the examples in the forecast would be only for the jobs that qualified for the credit.

**Mr. Warbis** responded to a question by stating that the Department of Labor provided the estimates that were used for the calculation of fiscal impact. No sales tax or multiplier was used, only the income tax benefits.

**Mr. Santos** stated, in response to a question, that not all new jobs created are eligible for the incentive, so they are not included in the cumulative totals. **Mr. Warbis** stated that the fiscal impact is cumulative through 2018. **Mr. Steve Wynn**, Tax Policy Specialist, Idaho State Tax Commission, presented Exhibit A (see attached handout) which illustrates a scenario of an employer hiring ten additional employees.

**Mr. Santos** clarified that the cumulative total calculation also included jobs not eligible for the incentive. This bill only presumed the program continued through 2018, so the point at which the impact on the bottom line, cumulatively, becomes positive, has not been calculated.

**Mr. Warbis** stated that the upside to this bill comes from a positive message to business, the local community will see benefit and unemployment will go down. He said less folks are on assistance and Idaho is invested in growing the economy. What is being shown is the impact on income tax. The additional positive benefits, such as sales tax, property tax or the multiplier impact, are not calculated.

**Mr. Tim Larsen**, Tax Director at Scentsy, Inc., provided an overview on the company which started in 2004 and is now located in Meridian. They are a multinational company and have recently made a large local investment of a 600,000 + sq. foot campus. Scentsy will benefit from the bill, due to the number of employees hired. They are the single largest privately held company in Idaho. From 2009 to the present, Scentsy averaged almost one new employee hired per day. They don't hire just because of the tax credit, but they do determine where that expansion occurs and tax incentives are a consideration. Mr. Larsen stated that they believe the tax incentives received by Scentsy have been far less than the benefits returned to the state and spoke in support of this bill.

**Parrish Miller**, Policy Analyst, Idaho Freedom Foundation. **Spoke in opposition to H 88.** Mr. Miller stated this bill is an attempt to manipulate the free market. **H 88** also would provide an additional incentive for hiring a veteran, but the wrong message is being sent to employers. This bill is not pro-business.

**Jeff Sayer**, Director, Idaho Department of Commerce, endorses this bill due to the conversations he is having across the country. Incentives like the HOME Act is among the top three set of tools states use to attract businesses. Mr. Sayer applauds the Governor for taking the existing HOME Act and simplifying it, as these are the kinds of policies that make Idaho more competitive. Mr. Sayer feels the projected benefits are conservative as they do not include the sales tax, property tax and other positive ancillary benefits that will be derived. Other states have gone so far as to put a \$10,000 per job incentive in place. This has been very aggressive and in some cases, gone too far. Idaho has been conservative and the proposed bill is meaningful enough to move the dial but not go crazy. Employers claimed the current act is too complex to use and this bill makes it much easier to implement the intended incentives.

**Mr. Sayer** responded to a question, saying it is his professional opinion that the Return On Investment will be seen much sooner than the projected year of 2018. The projections have not delved deeper into the possible positive impacts. He said job creation incentives is one of the first questions businesses will inquire about. He stated that the intent is to provide an incentive for new jobs and grow the economy of Idaho.

Mr. Sayer yielded to **Mr. Warbis**, who clarified that if a job is created in Idaho and the company files Idaho taxes, the credit can be used. He acknowledged that one challenge faced was how to draw the line between jobs driven by this incentive and those that would have been created regardless of the modification and extension. This bill will make Idaho more competitive in hiring new jobs. Mr. Sayer stated that the 4% limit on the credit is not as aggressive as the states offering a fixed \$10,000 incentive per job.

**John Watts**, representing the Idaho Chamber Alliance, said the whole intent of the incentive was that businesses were struggling to climb out of a economic downturn and the Chamber Alliance members believed this would help. It is intended to be a jump start to get the economy rolling. He said in the rewrite of the bill, particularly the rural chambers, the hourly rate needed to be more realistic for their area. This bill does that and the Idaho Chamber Alliance **supports H 88**.

**Alex Lebow**, President, IACI stated that there are too few tools to do the job effectively. One of the problems is that sometimes the solution gets too prescriptive. This bill is a correction on a piece of legislation that will allow us to go after new jobs and he encourages passing **H 88**.

**Max Hadley**, Idaho native, representing the U.S. of America. Mr. Hadley proposes that Idaho get on board and for every ounce of gold, silver, or mineral that is taxed, Idaho should put that money into the government to fix the health and welfare problem. He said everybody needs money. Mr. Hadley said cell phones need a password, suggested Idaho patent it so that your fingerprint can be the access code to a cell phone, instead of a password.

**Lane Packwood**, Communications Director, Strategies 360, representing himself, said he has a 26 year military career. His father was a veteran and today, he is here as a veteran. Mr. Packwood **strongly supports** the provision of this legislation that provides the additional incentive for hiring a veteran.

**Mr. Warbis** apologized if he minimized the \$1,000 additional credit for hiring a veteran, it's a critical and important aspect of the bill. He stated that the fiscal impact scenario is the 'worst case' projection and clarified that the wage used of \$18.36 is a weighted average of current pay, for jobs being created in Idaho. Mr. Warbis asked for a favorable vote.

**MOTION:** **Rep. Trujillo** made a motion to send **H 88** to the floor with a **DO PASS** recommendation.

**ROLL CALL VOTE:** Roll call vote was requested. **Motion carried by a vote of 13 AYE, 1 NAY, 2 Absent/Excused. Voting in favor** of the motion: **Reps. Collins, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo, Burgoyne, Meline. Voting in opposition** to the motion: **Rep. Barrett. Reps. Wood(35), Erpelding were excused. Rep. Moyle** will sponsor the bill on the floor.

**S 1009:** **Steve Wallace**, Director, Idaho Tax Appeals Board, presented **S 1009**. Mr. Wallace introduced **Travis Van Lith**, Hearings Officer, with the Tax Appeals Board. This legislation would amend current code dealing with the time frame in which appeals to the Board of Tax Appeals, by the County Board of Equalization, can be made. The change would permit appeals to be submitted within 30 days of notification, which allow for more timely hearings and decision on appeals.

**MOTION:** **Rep. Meline** made a motion to send **S 1009** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Meline** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:30 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 11, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS21777C2</a>	Limitation of Compensation for Partners By A Partnership	Sen. Brent Hill, President Pro Tempore
<a href="#">RS21831</a>	Real Property Tax Exemption On Tribal Reservations	Helo Hancock, Coeur d'Alene Tribe
<a href="#">RS21881</a>	Real Property Tax Exemption - Drilled Wells	Sen. James Rice

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
Phone: 332-1125  
email: hrev@house.idaho.gov

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Monday, February 11, 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:** Mike Chakarun, Idaho State Tax Commission; Dar Olberding, Idaho Grain Producers Association; N.L. Clayville, DFM; Julie Hart, Girl Scouts; Brent Olmstead, Milk Producers of Idaho; Russell Westerberg, Kootenai Tribe; Elli Brown, Veritas Advisors; James Klittmeyer, Klittmeyer & Associates; Raeleen Welton, Westerberg & Associates.
- Chairman Collins** called the meeting to order at 9:00 a.m.
- MOTION:** **Rep. Anderson** made a motion to approve the minutes of February 6, 2013.  
**Motion carried by voice vote.**
- RS 21777C2:** **Sen. Brent Hill**, presented **RS 21777C2**. This proposed legislation would limit the amount of compensation paid to a partner by a partnership and would impact pass through entities only. The limit of \$250,000 would apply to compensation paid to a partner who provides services in another state. Any amount paid in excess of \$250,000 will be sourced to Idaho and based upon the Idaho apportionment factor, which is used when a company has income in more than one state. This limit will be adjusted annually for inflation. **RS 21777C2** would also clarify that all compensation paid to a retired partner is sourced to that individual's state of domicile.
- In response to a question from the committee **Sen. Hill** stated that this represents a compromise on how the partner income is treated by the Idaho State Tax Commission and current practice, in which all income is apportioned. **Sen. Hill** clarified that the fiscal impact of \$440,000 is an estimated annual decrease.
- MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21777C2**.
- Sen. Hill** yielded the podium to **Randy Tilley**, Idaho State Tax Commission (ISTA), who estimated that the impact to the General Fund, if all guaranteed payments were included in this proposed legislation, would be close to \$1 million. **Mr. Tilley** stated that they can treat the guaranteed payments as distribution of capital but they would be subject to the apportionment.
- In response to a question, **Sen. Hill** stated that a Limited Liability Corporation (LLC) can elect to be taxed as a corporation or a partnership and a majority of LLC's in Idaho are taxed as partnerships. There is currently not an option, in a partnership, to classify income as wages. All income is included as guaranteed payments. **Mr. Tilley** responded to a question stating that he doesn't know how long the ISTA has been treating guaranteed income in this manner, but the rule making process was to give clarity to the practice.
- VOTE ON THE MOTION:** **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.**  
**Rep. Barrett** requested to be recorded as voting **NAY**.

**RS 21831:** **Helo Hancock**, Coeur d'Alene Tribe, presented **RS 21831**. This proposed legislation would statutorily exempt land owned by the tribal governments and located within reservation boundaries. Statewide, the assessed tax generated for the five tribes in Idaho is approximately \$303,000. Tribal governments provide essential services within the reservation that provide benefits beyond those provided to tribal members. Federal Impact Aid is a federally funded program that compensates schools located in taxing districts for the loss of property tax revenue from tribes. Mr. Hancock clarified that most of the land that would be impacted was initially homesteaded and then subsequently purchased back by the tribe. Mr. Hancock is unaware of any particular action that brought this issue to the forefront, but reservations received a flurry of tax assessments in 2006.

**Rep. Barrett** invoked **Rule 38**, and declared that she is a card carrying member of a tribe in Oklahoma and she intends to vote.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 21831**. **Motion carried by voice vote.**

**RS 21881:** **Sen. James Rice** presented **RS 21881** which would provide a real property tax exemption for wells drilled for the production of gas, oil or hydrocarbon condensate. A well on real property would affect the value of the property but this proposed legislation would clarify that the 'hole in the ground', separate from the real property, is not taxed.

**MOTION:** **Rep. Barrett** made a motion to introduce **RS 21881**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:48 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, February 12, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS21711</a>	Idaho Sales and Use Tax Exemption - Homeless Shelters	Rep. John Vander Woude
<a href="#">RS21918</a>	Computation of Levy - Consolidated Fire Districts	Rep. Mike Moyle
<a href="#">H 86</a>	Certified Mail Notice by Idaho State Tax Commission	Mike Chakarun, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 12, 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:** Tyler Mallard, Risch Pisca; Benjamin Davenport, Associated Taxpayers of Idaho; N.L. Clayville, DFM; Mike Chakarun, Randy Tilley, Idaho State Tax Commission.  
**Chairman Collins** called the meeting to order at 9:00 a.m.

**MOTION:** **Rep. Burgoyne** made a motion to approve the minutes of February 8, 2013.  
**Motion carried by voice vote.**

**MOTION:** **Rep. Wood(35)** made a motion to approve the minutes of February 11, 2013.  
**Motion carried by voice vote.**

**RS 21711:** This **RS** would exempt donations and sales to, as well as purchases by, eligible homeless shelter entities. Organizations that are tax exempt and that provide temporary shelter or food to economically disadvantaged, would be eligible. This proposed legislation would be in effect from July 2, 2013 through June 30, 2015.

**MOTION:** **Rep. Raybould** made a motion to introduce **RS 21711**. **Motion carried by voice vote.**

**RS 21918:** **Rep. Moyle** presented **RS 21918** which would change the method of computation for levies in consolidated fire protection districts.

**MOTION:** **Rep. Barrett** made a motion to introduce **RS 21918**. **Motion carried by voice vote.**

**H 86:** **Mike Chakarun**, Idaho State Tax Commission, presented **H 86** which would amend the method of deficiency and levy notices sent by the Idaho State Tax Commission from certified mail to first class mailings. The savings from this change is estimated to be \$200,000. **Randy Tilley**, Audit & Collections Division Administrator, Idaho State Tax Commission stated that the percentage of closed cases essentially did not differ, regardless of the method of notice to taxpayers. Mr. Tilley stated that during the trial period of using first class mail, they have not had any challenges to due process.

**MOTION:** **Rep. Erpelding** made a motion to send **H 86** to the floor with a **DO PASS** recommendatoin. **Motion carried by voice vote.** **Rep. Barrett** requested to be recorded as voting **NAY**. **Rep. Erpelding** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:17 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Thursday, February 14, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 95</a>	Board of Equalization Property Tax Appeal Process	Seth Grigg, Idaho Association of Cities
<a href="#">H 106</a>	Idaho Income Tax Exemption - Assistance League of Boise	Jeanne Fitzgerald, Assistance League of Boise
<a href="#">RS21873C1</a>	Carryforward of Net Operating Loss- Idaho Income Tax	Ken McClure, Givens Pursley

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

COMMITTEE SECRETARY

Kathleen Simko  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Thursday, February 14, 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:** Carl Olsson; Mike Chakarun, Idaho State Tax Commission; Jeanne Fitzgerald, Assistance League; Brad Wills, BuildIdaho.org; Melissa Nelson, ISCPA; Benjamin Davenport, Associated Taxpayers of Idaho; Bob McQuade, Ada County Assessor; Rick Yzaguirre, Ada County Commissioner; Larry Maneely, Ada County Commission Chief of Staff; N.L. Clayville, Derek Santos, DFM.
- Chairman Collins** called the meeting to order at 9:00 a.m.
- MOTION:** **Rep. Kauffman** made a motion to approve the minutes of February 12, 2013.  
**Motion carried by voice vote.**
- H 95:** **Seth Grigg**, Policy Analyst, Idaho Association of Counties presented **H 95**. This bill would amend sections of Idaho Code by removing the 2012 provisions of **H 356** and changing the appeal process regarding property tax exemptions. The Board of County Commissioner's (BOCC) would approve or deny the request for tax exemptions and appeals would be made to the Board of Tax Appeals (BTA). Mr. Grigg stated the deadline in most counties for exemption applications is typically April 15th. The Board of Equalization (BOE) is required to meet monthly between January and June of each year. The BOCC meets on a different schedule and it varies from county to county. Mr. Grigg clarified that what is being proposed is related to a tax exemption for an individual. Property assessment is a separate issue and would not be impacted by this legislation.
- MOTION:** **Rep. Wood(35)** made a motion to send **H 95** to the floor with a **DO PASS** recommendation.
- Carl Olsson**, who is recently retired from the Idaho Attorney General's office, and who was assigned to the Idaho State Tax Commission, **spoke in opposition to H 95**. Mr. Olsson drafted **H 356** and while he did realize there was some duplication in the exemption appeal process, the intent was to be taxpayer friendly. When an initial appeal for exemption is made, the reason for denial might be simply due to a deficiency in the application. The taxpayer can correct the deficiency, so it's likely you would only see duplication the first year of application. The current language in **H 356** makes the process as easy as possible for the taxpayer.
- Mr. Olsson** stated if there is going to be a problem with duplication, it will likely be in Ada County, due to the logical and professional way in which they handle appeals. He stated there are 43 other counties that would be better off with the existing language. Mr. Olsson urged the committee to give the existing law a chance for a year or two. If the result is a lot of duplication, it can always be changed later.

In response to a question, **Mr. Olsson** stated the chief motivation behind the initial legislation was because many sections of Idaho Code did not provide guidance on how exemptions are processed. It was felt that it would be advantageous to list all of the possible exemptions available, how to apply for them and outline the process. Mr. Olsson responded to a question, saying he suspects when the BOCC acts in the capacity of BOE, the percentage of times they overturn their own decision would be low. The purpose of the language was to allow a taxpayer to change the deficiency in their application. If this law is changed, it would deprive the taxpayer the opportunity and the right to correct a deficiency and come back to the same board. Mr. Olsson also stated that there will likely be some limited negative impact to the state, but he can't say how much. Most appeals would go to the BTA who is set up to handle such cases on a regular basis. The primary reason for the original bill was to get a codification of which of the many exemptions require an application, where it must originate, and the process it must follow.

**Brad Wills**, BuildIdaho.org, stated that in his experience, the most effective appeal process is at the local level. If there is an issue, typically the county assessor will contact the individual and correct the problem so that it never gets to the appeal process. He also supports giving the existing law two or three years in practice before seeking a change.

**Mr. Grigg** based on past practices he has seen, believes that County Commissioners and County Assessors will work with an application that has a deficiency, before the BOCC formally hears the appeal. This legislation is supported by all 44 counties. In response to a question, Mr. Grigg stated that the counties have operated for decades under the old law and it worked fine. The Idaho Association of Counties was not consulted in the creation of the 2012 legislation. Mr. Grigg reiterated the process is essentially doubling by requiring the BOCC to render decisions and BOE, the same individuals in a different capacity, being required to hear appeals on their own decisions.

**SUBSTITUTE MOTION:**

**Rep. Burgoyne** made a motion to **Hold H 95** in committee.

**Rep. Wood(35)** spoke in opposition to the substitute motion by reiterating that if 44 counties feel that the legislation was not beneficial, she is ready to support their opinion. **Rep. Dayley** stated that he has had personal experience where the existing law would have helped him and supports the substitute motion. In response to a question, **Mr. Olsson** stated that under the current law, an appeal of a decision by the BOCC, could not skip the BOE step in the process and go directly to the BTA or District Court. **Rep. Anderst** will support the substitute motion because he hasn't been answered on how effective the appeal process is.

**VOTE ON THE SUBSTITUTE MOTION:**

**Rep. Barrett** requested a roll call vote on **H 95. Motion carried by a vote of 10 AYE, 6 NAY, 0 Absence/Excused. Voting in favor of the motion: Reps. Barrett, Moyle, Raybould, Denney, Anderst, Dayley, Hartgen, Kauffman, Patterson, Burgoyne. Voting in opposition to the motion: Reps. Wood(35), Anderson (31), Trujillo, Erpelding, Meline, Collins.**

**H 106:**

**Jeanne Fitzgerald**, President, Assistance League of Boise, presented **H 106** which would provide an Idaho State Income Tax Credit for cash contributions made to the Assistance League of Boise. Ms. Fitzgerald spoke on the various programs and services that the Assistance League provides, that are not being provided by any other organization. This tax credit is similar to what other charitable organizations are receiving. In response to a question, Ms. Fitzgerald stated that the school districts being served tend to have a high refugee and homeless base and the children are just not prepared to start school with adequate supplies.

**MOTION:** **Rep. Kauffman.** made a motion to send **H 106** to the floor with a **DO PASS** recommendation.

**Rep. Anderson(31)** stated that whenever we give these tax credits, we are essentially giving away taxpayer funds. He does not believe this is good policy. **Rep. Burgoyne** is uncomfortable with the provision of the code because it lists particular organizations rather than describe the types of contributions that would be eligible for the credit. Many of these organizations are providing services that would otherwise fall to the state. At some point he feels the tax credit should be described as to what types of organizations providing specific services is a preferred policy.

**VOTE ON THE MOTION:** **Motion carried by voice vote. Reps. Hartgen, Anderst, Anderson(31)** requested to be recorded as voting **NAY. Rep. Raybould** will sponsor the bill on the floor.

**RS 21873C1:** **Ken McClure**, Idaho Society of CPA's, presented **RS 21873C1** which would simplify the treatment of Net Operation Losses (NOLs) by allowing an election to carry forward an NOL for Idaho income tax purposes. The default rule for both federal and state losses is to carry back the allowed losses to prior tax years unless an election is affirmatively made. This legislation would not provide a new deduction but simplify the process by removing the additional election requirement.

**MOTION:** **Rep. Trujillo** made a motion to introduce **RS 21873C1. Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:12 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #2**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Friday, February 15, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>RS21924</u></a>	Clarification of Software Definition for Sales & Use Tax Purposes	Jay Larsen, Idaho Technology Council
<a href="#"><u>RS21976</u></a>	Exemption of Use Taxes - Free Food & Beverage Tasting	Roger Batt, Idaho Heartland Coalition

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, February 15, 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:** Rep. Meline.

**GUESTS:** Roger Batt, Idaho Heartland Coalition; Sean Ellis, Capitol Press; Benjamin Davenport, Associated Taxpayers of Idaho; McLean Russell, Idaho State Tax Commission; Jay Larsen, Rick Smith, Idaho Technology Council; Elizabeth Criner, J.R. Simplot; Miguel Legarreta, Realtors.

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

**MOTION:** **Rep. Wood(35)** made a motion to approve the minutes of February 14, 2013.  
**Motion carried by voice vote.**

**RS 21924:** **Jay Larsen**, President & CEO, Idaho Technology Council, presented **RS 21924** which is intended to clarify the definition of software for purposes of sales and use taxation. Access to application software that is provided by vendors, including that which is offered over the internet, or in the "cloud", are economically equivalent to a service and therefore, not subject to Idaho sales and use tax. Cloud technology provides a service, not a tangible product. Mr. Larsen stated the entity that owns the server pays a 6% tax and, as an example, if they were located in Oregon they wouldn't be taxed.

**MOTION:** **Rep. Wood (35)** made a motion to introduce **RS 21924**.

In response to a question, **Mr. Larsen** clarified that the business entity would have to pay all other costs of doing business in Idaho and that this is a sales tax, not a property tax, exemption. Mr. Larsen stated cloud computing offers users a service that was never anticipated. The potential for future development or next iteration of cloud service is not known at this point as it hasn't yet been developed. The current issue being addressed is whether cloud technology is a service or a transaction. Mr. Larsen will follow up on the question on how the Idaho State Tax Commission defines nontaxable services.

**VOTE ON THE  
MOTION:** **Motion carried by voice vote.**

**RS 21976:** **Roger Batt**, Idaho Heartland Coalition, presented **RS 21976**. The purpose of the proposed legislation is to clarify the serving size of a free tasting of beer or wine. It would also exempt food and nonalcoholic beverages from use taxes, when they are given to a potential customer as a free sample.

**MOTION:** **Rep. Trujillo** made a motion to introduce **RS 21976**. **Motion carried by voice vote.**

**Chairman Collins** recognized the service of Legislative Page **Shannon Cooper** for the work she performed during the first half of the session.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:30 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, February 18, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 141</a>	Real Property Tax Exemption for Drilled Wells	Sen. Jim Rice
<a href="#">H 158</a>	Consolidated Fire District Levy Computation	Rep. Mike Moyle
<a href="#">H 140</a>	Taxation of Indian Tribal Property on Reservations	Helo Hancock, Coeur d'Alene Tribe

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, February 18, 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:** Rep. Raybould

**GUESTS:** Benjamin Davenport, Associated Taxpayers of Idaho; Helo Hancock, Coeur d'Alene Tribe; Michael Christian, AM Idaho; Derek Santos, DFM; Elizabeth Criner, J.R.Simplot Co.; Bill Roden, Coeur d'Alene Tribe; Russell Westerberg, Kootenai Tribe; Sarah Fuhriman, Roden Law Office; Kerry Ellen Elliott, Idaho Association of Counties.

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

**Rep. Dayley** made a motion to approve the minutes of February 15, 2013. **Motion carried by voice vote.**

**Chairman Collins** introduced Page **Jenny Mingus**, who will be working with the committee for the remainder of the 2013 Legislative session.

**UNANIMOUS CONSENT REQUEST:** **Chairman Collins** made a unanimous consent request to **HOLD H 158** in committee. There being no objection, the request was granted.

**H 141:** **Sen. James Rice** presented **H 141** which would provide an exemption from real property taxation on wells drilled for the production of oil, gas or hydrocarbon condensate. Currently, drilled wells are taxed with a severance tax and this legislation makes clear that wells are exempt from personal and real property tax. The property tax exemption will not drive land value one way or the other since a well cannot be separated from the real property. **Sen. Rice** clarified land in Idaho typically includes any mineral rights, which do have a potential impact on the assessed land value. However, simply the fact that land has a hole in the ground doesn't generally impact the value. Idaho is one of very few states that does not have a natural gas industry. In response to a question, **Sen. Rice** stated a variety of methods are used to tax wells, most commonly severance tax, which is what Idaho implemented. Legislation passed in 2012 provides that a portion of severance tax on drilled wells goes to the county in which the well is located.

**Idaho Code 63-602II** exempts unused infrastructure from personal property tax. In response to a question as to why this existing legislation isn't sufficient, **Sen. Rice** stated in Payette County, an attempt was made to collect personal property tax on natural gas wells. **H 141** will clarify and specifically exempt drilled wells from personal and real property taxation.

**MOTION:** **Rep. Barrett** made a motion to send **H 141** to the floor with a **DO PASS** recommendation.

**Michael Christian**, AM Idaho, has met with Payette County Commissioners and he asked for **support of H 141**.

**VOTE ON THE MOTION:** **Motion carried by voice vote. Reps. Burgoyne, Erpelding, and Meline** requested to be recorded as voting **NAY**. **Rep. Moyle** will sponsor the bill on the floor.

**H 140:** **Helo Hancock**, Coeur d'Alene Tribe, presented **H 140**. This legislation would statutorily exempt property owned by tribal governments and located within the reservation boundaries, from property tax. Mr. Hancock stated on Feb. 15th, the Kootenai County Commissioners voted to cancel all property taxes on the Coeur d'Alene reservation for the prior 3 1/2 years. Federal Impact Aid replaces tax to school districts that are negatively impacted due to non-taxed land on reservations.

Currently, County Commissioners can only cancel assessed taxes on tribal owned land within reservations. **H 140** would provide a statutory exemption. In response to a question **Mr. Hancock** clarified there are services provided by county taxing districts which benefit both tribal and non tribal members. However, tribes also provide services that benefit both tribal and non tribal members. In response to a question regarding how these services can be ensured to continue, Mr. Hancock stated while some are purely voluntary, many are provided through a Memorandum Of Understanding (MOU) or other formal agreement. He stated generally, the benefits provided by most of the tribes in Idaho meet or exceed the amount of tax revenue that is being exempted.

**MOTION:** **Rep. Trujillo** made a motion to send **H 140** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:41 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, February 20, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 139</a>	Partnership Compensation - Guaranteed Payments to Partners	Jonathan Parker, Holland & Hart
<a href="#">RS22008</a>	De-Annexation From A Fire Protection District By Property Owner	Rep. Mike Moyle
<a href="#">RS22026</a>	Provisions Related To De-Annexation - Fire Protection District	Rep. Mike Moyle

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins  
Vice Chairman  
Wood(35)(Hall)  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Denney

Rep Anderson(31)  
Rep Anderst  
Rep Dayley  
Rep Hartgen  
Rep Kauffman  
Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 20, 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:** None.  
**GUESTS:** Mike Chakarun, Randy Tilley, Idaho State Tax Commission; Benjamin Davenport, Associated Taxpayers of Idaho; Jonathan Parker, Holland & Hart; N.L. Clayville, DFM.

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

**MOTION:** **Rep. Kauffman** made a motion to approve the minutes of February 18, 2013.  
**Motion carried by voice vote.**

**H 139:** **Jonathan Parker**, Holland & Hart, representing Eide Bailey, introduced **Steve Young**, Tax Attorney, Holland & Hart. Mr. Young presented **H 139**, which is a joint legislation effort between Eide Bailey, **Sen. Brent Hill**, with support of the Idaho Association of CPA's. This legislation limits the amount of compensation paid to a partner by a partnership, doing business in Idaho, that can be attributed to the state in which the partner performed the service, to a \$250,000 cap. Any amount paid in excess of \$250,000 would be sourced to Idaho, based on the apportionment factor, and adjusted each year for inflation.

This legislation also clarifies that all compensation paid to a retired partner is sourced to the partner's state of domicile. **Mr. Young** illustrated the potential for partners providing service outside Idaho, to be compensated in one of the surrounding states to avoid paying Idaho income tax. Washington, Nevada, and Wyoming do not have state income tax.

**Mr. Young** stated his perception is the \$250,000 cap would be close to neutral and does not believe it is feasible to get certainty and fairness for taxpayers, as well as getting close to zero fiscal impact. Mr. Young responded to a question stating there had been prior legal and audit cases where guaranteed payments were taxed as distributed income. This legislation makes clear that guaranteed payments are sourced as salary.

**Randy Tilley**, Audit and Collections Administrator, Idaho State Tax Commission. Mr. Tilley did not testify for or against this legislation, but wanted to clarify some of the questions raised at the original hearing. The estimated fiscal impact of guaranteed payments would be approximately \$750,000. The current statute under discussion has been in effect since 2000. In both 2005 and 2007 there were changes related to investment partnerships and how they are treated for tax purposes. Guaranteed payments are treated as distributable income and clarification of the rule is needed.

A review of 2008 tax returns found that 60% of taxpayers were in compliance with how the Idaho State Tax Commission interpreted the statute. However, there were also 40% of taxpayers in noncompliance. **Mr. Tilley** stated the more clarity there is in a statute, the less potential there is for litigation.

In response to a question on the definition of abusive tax practice, **Mr. Tilley** stated that it is often difficult to determine. Since 2008 the Idaho State Tax Commission has had an audit discovery module which allows information in the Idaho tax system to be compared to other sources of tax data, such as the Internal Revenue Service, to determine if a taxpayer is treating income differently for different purposes. Mr. Tilley stated that they had also looked at 29 other states to determine how guaranteed payments are treated. 62% treat guaranteed payments as a distributed share. Seven states do not tax at all and four states use a mixed method.

**Mr. Young** closed by stating the goal is to arrive at legislation that is clear, fair, and that works. He expressed his appreciation that the Idaho State Tax Commission worked with Holland & Hart on this legislation. Mr. Young reiterated if non compliance is at 40% there is not clarity on the issue. In response to a question, Mr. Young stated he believes Oregon is the only state with a law allowing guaranteed payments to be treated as a distributed share. All other states treat guaranteed payments as salary.

**MOTION:** **Rep. Erpelding** made a motion to send **H 139** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

**RS 22008:** **Rep. Moyle** presented **RS 22008** which will allow a property owner within a city limit that borders two fire protection districts, to de-annex from a fire protection district and annex into a different district or fire department, with proper notification. There are areas where fire districts are contiguous and in some cases, the property owner can opt out of one and be included in another.

In response to a question regarding public policy with options, Rep. Moyle stated that most fire districts and departments have Joint Powers Agreements in place as well as providing mutual aid. A bigger concern is potential for lost revenue to fire districts if a land owner opts out, in favor of another fire district.

**MOTION:** **Rep. Barret** made a motion to introduce **RS 22008.** **Motion carried by voice vote.**

**RS 22026:** **Rep. Moyle** presented **RS 22026** which specifies the provisions on de-annexation of property within a fire protection district. Currently it is possible to move between fire protection districts, but there is not a process to de-annex. This proposed legislation has two mechanisms for de-annexation, with board approval; petition to be de-annexed or a more lengthy process that involves a hearing. This proposed legislation does address the issue of long-term indebtedness if a property is de-annexed, so that remaining property owners within the fire district do not have to assume a greater share of any long-term debt obligation. Rep. Moyle stated he does not believe there is currently a mechanism for a fire district board to remove property.

**MOTION:** **Rep. Barrett** made a motion to introduce **RS 22026.** **Motion carried by voice vote.** **Rep. Meline** requested to be recorded as voting **NAY.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:45 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, February 21, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 184</a>	Net Operating Losses - Idaho Income Tax	Ken McClure, Idaho Society of CPA's
<a href="#">H 187</a>	Tax Exempt - Food & Beverage Free Samples to Potential Customers	Roger Batt, Idaho Heartland Coalition
<a href="#">RS22036</a>	Business Inventory Exempt From Taxation	Rep. Stephen Hartgen

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins  
Vice Chairman  
Wood(35)(Hall)  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Denney

Rep Anderson(31)  
Rep Anderst  
Rep Dayley  
Rep Hartgen  
Rep Kauffman  
Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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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

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Tuesday, February 26, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">SCR 105</a>	Proposed Changes to Procedural Rules - Board of Tax Appeals	Sen. Rice
<a href="#">H 157</a>	Sales & Use Tax Exemption - Non-Profit Homeless Shelters	Rep. Vander Woude
<a href="#">H 201</a>	Provisions For De-Annexation From A Fire Protection District	Rep. Moyle

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins  
Vice Chairman  
Wood(35)(Hall)  
Rep Barrett  
Rep Moyle  
Rep Raybould  
Rep Denney

Rep Anderson(31)  
Rep Anderst  
Rep Dayley  
Rep Hartgen  
Rep Kauffman  
Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 26, 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:** None.

**GUESTS:** Bill Roscoe, Boise Rescue Mission; Benjamin Davenport, Associated Taxpayers of Idaho; N.L. Clayville, DFM; Mike Chakarun, Alan Dornfest, Jeff Servatius, Idaho State Tax Commission; Russell Westerberg, Good Government.

**Chairman Collins** called the meeting to order at 9:02 a.m.

**MOTION:** **Rep. Burgoyne** made a motion to approved the minutes of February 21, 2013. **Motion carried by voice vote.**

**SCR 105:** **Sen. Rice** presented **SCR 105** which would reject three sections of the proposed procedural rule changes for the Board of Tax Appeals. Section 63 changes are rejected in order to retain liberal construction of pleadings and the ability of a party to amend their pleadings. Section 65 changes are rejected due to unclear calculation of time periods. The changes to Section 140(6) are rejected to retain the requirement that the decisions of the Board of Tax Appeals include separate findings of fact and conclusions of law.

**MOTION:** **Rep. Trujillo** made a motion to send **SCR 105** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Collins** will sponsor the bill on the floor.

**H 157:** **Rep. Vander Woude** presented **H 157** which would amend **Idaho Code Section 63-36220** and provide a sales tax and use tax exemption for donations to, sales to and purchases by private, nonprofit homeless shelters. This legislation would have an effective date of July 1, 2013 through June 30, 2015. **Bill Roscoe**, Boise Rescue Mission, provided a brief overview on the benefits provided by the Boise Rescue Mission and asked for support of **H 157**.

**MOTION:** **Rep. Raybould** made a motion to send **H 157** to the floor with a **DO PASS** recommendation.

**Rep. Vander Woude** responded to a question stating there is not a set standard as to what qualifies for a tax deduction. Idaho Tax Code does not provide a clear answer, so each request is taken on its own merits.

**AMENDED  
MOTION:** **Rep. Raybould** amended the motion to correct the SOP, changing 502(c)(3) to 501(c)(3) and the effective date from July 2, 2013 to July 1, 2013.

**VOTE ON THE  
AMENDED  
MOTION:** **Motion carried by voice vote.** **Rep. Vander Woude** will sponsor the bill on the floor.

**UNANIMOUS  
CONSENT  
REQUEST:**

**Chairman Collins** made a unanimous consent request to **HOLD H 201** in committee. There being no objection, the request was granted.

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:33 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Wednesday, February 27, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS21860C1</a>	K-12 Scholarship Granting Organizations & Income Tax Credit	Sen. Nonini Rep. Vander Woude
<a href="#">RS21988C1</a>	Obsolescence of Property for Tax Purposes	Rich Jackson, Idaho State Tax Commission

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, February 27, 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:** Benjamin Davenport, Associated Taxpayers of Idaho; Mike Chakarun, Richard Jackson, Idaho State Tax Commission; Suzanne Budge, SBS Associates LLC; Phil Homer, Idaho Association of School Administrators; N.L. Clayville, Derek Santos, DFM.

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

**MOTION:** **Rep. Meline** made a motion to approve the minutes of February 26, 2013. **Motion carried by voice vote.**

**RS 21860C1:** **Sen. Nonini** presented **RS 21860C1** which would provide a credit on Idaho income taxes to individuals and corporations that make donations to Scholarship Granting Organizations (SGO's) providing scholarships to qualified K-12 students, attending approved schools. For individuals, the credit would be equal to the full amount of the donation. For corporations, the credit would be allowed for the full amount of the donation, up to 50% of the corporate taxpayer's total state liability. The total amount of credits is limited to \$10 million in each fiscal year. If the cap is reached, it will be automatically increased by the same amount as any increases to the consumer price index. **Sen. Nonini** worked with the Idaho Attorney General on the language of the proposed legislation to ensure it was not unconstitutional. The K-12 and School Choice Survey ranks Idaho as a state with a need for a tax credit like this would offer. The projected savings have been vetted with the Idaho State Tax Commission.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 21860C1**.

**Sen. Nonini** clarified that if the \$10 million cap is reached, the additional tax credit over that amount would be carried forward into the subsequent year. The credit would be available on a first come, first served basis. Tax credit would be permitted for nonaccredited elementary schools, the first year only, if they are in the accreditation process. **Sen. Nonini** stated if the fund were to be used by one or two entities, corporations would still be limited to 50% of their tax liability and acknowledged that the \$10 million might be less than needed. If this situation were to occur, the Tax Commission would need to develop a process to allocate the tax credits.

In response to a question, **Sen. Nonini** stated scholarships would not be eligible for children of any parent employed by the scholarship granting organization. There is no requirement in the legislation that would require an SGO to grant scholarships to more than one school. **Sen. Nonini** stated private schools tend to have a religious affiliation, in Idaho as well as across the country.

**Rep. Vander Woude** clarified that there is proposed language in the legislation that is not exclusive to benefit one school. Parents would apply to the SGO for their student to attend a particular school and if granted, the SGO would write a check to the parents and the school, to ensure it goes for the intended purpose.

**VOTE ON THE MOTION:**

**Motion carried by voice vote. Reps. Burgoyne, Meline and Erpelding** requested to be recorded as voting **NAY**.

**RS 21988C1:**

**Rich Jackson**, Commissioner, Idaho State Tax Commission, presented **RS 21988C1** which provides clear guidance and clarification to existing law regarding obsolescence in the market value of a property. There are pending lawsuits that the Tax Commission plans to litigate, which have arisen from challenges to current law. If there are no changes made, the estimate of the tax shift, going forward, is \$13 million. This proposed legislation would require that in order for property to be reduced for obsolescence, the taxpayer would need to provide the following; evidence of the specific cause of the obsolescence, the amount of the obsolescence, and evidence that the specific obsolescence negatively affects the market value of the property. This proposed legislation will define a method to clarify economic obsolescence.

In response to a question, **Steve Fiscus**, Property Tax Administrator, Idaho State Tax Commission stated there are three types of obsolescence; physical, functional and economic. Physical and functional obsolescence can be demonstrated by photos and data. Defining economic obsolescence is more difficult and subjective. This proposed legislation would not change the definition but would add a requirement that the adjustment must be made by specific asset. Currently, this is done with a formula and the evidence required would clarify the economic obsolescence of property.

**MOTION:**

**Rep. Moyle** made a motion to introduce **RS 21988C1**. **Motion carried by voice vote. Rep. Trujillo** requested to be recorded as voting **NAY**.

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:43 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
Upon Adjournment of the House  
Room EW42  
Friday, March 01, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22151</a>	Site Improvement Taxation Exemption	Rep. Hartgen
<a href="#">RS22167</a>	Clarification of Software Definition For Sales & Use Taxation	Rep. Moyle Jay Larsen, Idaho Technology Council
<a href="#">RS22136</a>	Proposed Fire District Consolidation Levy	Rep. Moyle

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 01, 2013

**TIME:** Upon Adjournment of the House

**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(s) Patterson, Raybould.

**GUESTS:** John Eaton, Realtors; Elizabeth Criner, J.R.Simplot Co.; Benjamin Davenport, Associated Taxpayers of Idaho.

**Chairman Collins** called the meeting to order at 8:59 a.m.

**MOTION:** **Rep. Kauffman** made a motion to approve the minutes of February 27, 2013. **Motion carried by voice vote.**

**RS 22151:** **Rep. Hartgen** presented **RS 22151** which would amend **Idaho Code 63-602W** related to Business Inventory Exempt From Taxation. This proposed change is a modification of a previous bill, **H 204**, that provides clarification in determining property tax exemption for site improvements made to real property, by developers, until the property is conveyed from the developer or building of a structure begins.

**MOTION:** **Rep. Anderson(31)** made a motion to introduce **RS 22151**. **Motion carried by voice vote.**

**RS 22167:** **Jay Larsen**, Idaho Technology Council, presented **RS 22167**, which is a replacement for **H 186**. This proposed legislation further clarifies and defines cloud computing as a service and would be exempt from sales and use taxation.

**MOTION:** **Rep. Burgoyne** made a motion to introduce **RS 22167**. **Motion carried by voice vote.**

**RS 22136:** **Rep. Moyle** presented **RS 22136** which would clarify the procedure to follow when fire protection districts consolidate and one district levy exceeds the levy of the other district. If the difference in the two levy rates exceed 3%, the commissioners of the consolidating districts shall recommend a levy rate that falls between the two rates. This proposed legislation also outlines the process in cases where the new, recommended levy rate exceeds 3% of the lower district levy rate.

**MOTION:** **Rep. Trujillo** made a motion to introduce **RS 22136**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:10 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Monday, March 04, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22110C1</a>	To Define "Fixtures" as Real Property for Property Taxation Purposes	Dennis Lake
<a href="#">RS21968</a>	Sales and Use Tax Girl Scout Cookie Program Exemption	Julie Hart Rep. Eric Anderson(1)

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
Phone: 332-1125  
email: hrev@house.idaho.gov

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.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Tuesday, March 05, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 242</a>	Site Improvement Taxation Exemption	Rep. Hartgen
<a href="#">H 244</a>	Fire District Consolidation Levy Assessment Process	Rep. Moyle

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 05, 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:** Brad Wills, Developers; Brent Adamson, Idaho Association of Counties; Gene Kuehn, Canyon County Assessor; N.L. Clayville, DFM, Steve Cope, SKC, Inc.; Mike Chakarun, Idaho State Tax Commission; Donna Yule, IPEA; Tyler Mallard, Risch Pisca; David Turnbull, Brighton Corporation; Brad Miller, Van Auker Properties; John Eaton, Realtors; Jayson Ronk, Idaho Association of Commerce & Industry; Jeremy Pisca, Risch Pisca.

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

**MOTION:** **Rep. Burgoyne** made a motion to approve the minutes of March 4, 2013. **Motion carried by voice vote.**

**H 242:** **Rep. Hartgen** presented **H 242** which would amend **Idaho Code 63-602W** related to Business Inventory Exempt From Taxation. This legislation would provide clarification in determining property tax exemption for site improvements made to real property, by developers, until the property is conveyed from the developer or building of a structure begins. Undeveloped land that moves into an improved stage by the developer, having no source of income or permanent structure, the land is then assessed as having an increased value. There is inconsistency throughout the various counties as to how the assessment is calculated. In cases where the market value of the land without site improvements cannot be determined, due to a lack of comparable value, the exemption value of 75% of market value of land with site improvements will be used.

**Rep. Hartgen** introduced **Brad Wills**, Twin Falls land developer and representing 120 various land developers in Idaho. Mr. Wills is also a member of Idaho Builders Association. Mr. Wills is seeking clarification of **H 519** passed in 2012 and is in **support of H 242**. Idaho does not tax business inventory and a product is not taxed until the time of sale. Mr. Wills stated taxing land with underground improvements is the same as taxing inventory. He has met with county representation, assessors and developers and discussion focused on two major issues; defining a land developer and eligibility. Mr. Wills' position is that the exemption should be removed when the land is conveyed from the land developer to a third party or when a building is constructed. He stated there is a need for a clear understanding on how to value the exemption and how an appeal is handled. Currently, there is no consistency and each county is handling it differently. Generally, taking an appeal to the Board of Equalization (BOE) is a first step before an appeal can be heard by the Board of Tax Appeals (BOTA). The taxpayer needs to have the option to appeal either the exemption itself or the value of the assessment with a consistent process.

In response to a question, **Mr. Wills** clarified that conveyance to a third party is transfer to an entity that is not the land developer. County assessors have communicated that this legislation is not clear and out of the 44 counties, some support this legislation and some do not. Mr. Wills believes that this legislation provides the clarification needed. **Reps. Burgoyne** and **Anderson** invoked **Rule 38** and stated they intend to vote.

**Mr. Wills** responded to a question stating the appeal application goes to the county auditor or commissioner, not the assessor for initial appeal. Mr. Wills stated he has worked all of last year with the County Assessors Association and despite many conversations, they have agreed to disagree.

**Brent Adamson**, Boise County Assessor, Vice Chair of IAC Legislative Committee, stated that assessors typically don't like any exemptions. In 2012 **H 519** passed in spite of opposition by the county assessors. IAC and county assessors agree that the conveyance language does need to be changed to improve the current legislation. Bare land that has gone through the subdivision process has a different value than raw land. The assessment process is driven by statute. The arbitrary value of 75% exemption value is problematic, does not clarify current law, and creates more problems. Mr. Adamson feels the bill could be improved with a sunset clause.

**Gene Kuehn**, Canyon County Assessor and Chair of Assessors Association Rules Committee testified in **opposition to H 242**. Mr. Kuehn stated the 75% is arbitrary and does not believe it is equitable. In response to a question regarding a tax shift from land in development to other taxpayers, especially for things like school bonds, Mr. Kuehn stated it does shift the tax burden. In Canyon County last year, there was \$7.2 million in value 'taken off the books' and shifted to other taxpayers.

Appeals in valuation of property in Canyon County are permitted to go directly to the BOTA. **Mr. Kuehn** stated if there is property value on the books and that value is removed, the income generated through taxes paid will shift to other taxpayers. In response to a question, Mr. Kuehn clarified that even when an adjustment is made to the budget, a tax shift still occurs, but the percentage may be less. Farm land has a value and when sold the value doesn't change until the use changes. When the roads go in, lots are created, and building permits are granted, the land is now ready to be developed. With these changes, the land is now compared to other developed lots in order to come up with a comparable value. Site improvements such as streets, curbs, gutter power are not individually assessed but are considered as having a contributory value. The improvements contribute value to the land, even if there is no building.

**Steve Cope**, SKC Inc. spoke in **support of H 242**. Mr. Cope has previously gone through the appeal process with Canyon County and believes some kind clarity and rule is needed. SKC has had property assessed in excess of \$75,000 per acre, even with the 30% exemption. That assessment does not reflect a realistic market value. Mr. Cope has been before both the BOE and BOTA with appeals and believes that there is a need to be able to limit the valuation of assessments. Mr. Cope stated in the past, even when taxing the value of land with entitlements, he has never paid more than \$25,000 per acre, and that was in 'good times'. There is inconsistency between counties and Mr. Cope would like to see a straight market value, however, he feels he has not gotten anywhere in his year long discussions with Canyon County.

**David Turnbull**, President, Brighton Corp. spoke in **support of H 242** and believes **H 519** is working. He complimented Ada County for their efforts in working with developers. Ada County arrived at a 75% exemption on residential ground in development. Mr. Turnbull stated if property is assessed phase by phase, the valuation process gets complicated. He stated that conveyance is not sequential and that a third party is an unrelated party. If property is transferred to an unrelated party, that is when the exemption would cease. Mr. Turnbull believes that county assessors should apply and not set policy. If a reverse argument was used on the issue of tax shift, for years the homeowners exemption enjoyed by residential owners has essentially shifted the tax burden to businesses. Idaho should be looking for what is best to grow the general economy.

**Brad Miller**, Van Auker Properties of Meridian, stated that Ada County did an excellent job in implementing **H 519** but acknowledges that it does vary county by county. The market value of raw land and market value of finished lots is different. It is Mr. Miller's past experience that upon transfer of property from an individual to an LLC, all exemptions were lost due to the unclear language in the current law. Mr. Miller spoke to the issue of tax shift stating if the issue was finished lots, the tax shift argument could be made. However, it is more accurate to look at the future value, since the lots are in the development process. If lots sit vacant, there is no shift, as the assessed value is not being reduced. In response to a question, Mr. Miller stated with the changes in **H 242**, Van Auker Properties would be better off, as they would be eligible for exemptions previously lost. The goal is to have finished lots, that are ready to go and be sold quickly. If they are assessed at full value, they are less likely to have those lots ready for development since the tax burden would be greater. Mr. Miller responded to a question, saying it is his belief **H 242** does not provide a new exemption but clarifies how the current exemption should work.

**Jeremy Pisca**, attorney with Risch Pisca, and representing the Idaho Building Contractors Association spoke in **support of H 242**. Mr. Pisca stated simply because infrastructure like roads are in place does not automatically increase the value. Typically, there are not additional services provided because of the improvements. Some counties have implemented **H 519** the way it was intended, and it is working for them. There are also a number of counties who did not implement in the same way, and this has caused problems. In attempting to get resolution, Mr. Pisca has met with the Idaho State Tax Commission and the assessors. Mr. Pisca stated in his opinion there was not an intent to help or clarify but just to delay. When there is no comparable market value, developers have been asked to 'open up their books' and show the amount of investment spent on site improvements. That is not the way valuation is assessed.

In response to a question, **Mr. Pisca** stated he does not have an opinion on whether **H 242** would violate current law. This is not an exemption that is intended to be more difficult and whether or not **H 242** is passed, some clarification is essential. In response to a question, Mr. Pisca did clarify that once the site is built up or sold to a third party, the exemption goes away. The exemption would only be applied to bare land that has subsurface improvements in place.

**Tony Poinelli**, Idaho Association of Counties, responded to a question regarding whether **H 242** violates current **Idaho Code 63-205** stating that Idaho is a market value state and specifying a percentage of the exemption would be a violation. Mr. Poinelli believes the 75% exemption was arrived at by taking an average of statewide actual.

**Mr. Wills** clarified that this legislation is a Business Inventory Exempt From Taxation, not a developers discount. Mr. Wills stated the 75% exemption rate did not come as a suggestion from the counties.

**MOTION:** **Rep. Barrett** made a motion to send **H 242** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION:** **Rep. Wood(35)** made a substitute motion to **HOLD H 242** in committee for further clarification.

**Rep. Anderst** invoked **Rule 38** and stated he intended to vote.

**ROLL CALL VOTE ON THE SUBSTITUTE MOTION:** Roll call vote was requested. **Motion failed by a vote of 7 AYE, 8 NAY, 1 Absent/Excused. Voting in favor** of the motion: **Reps. Wood(35), Raybould, Denney, Dayley, Kauffman, Trujillo, Erpelding. Voting in opposition** to the motion: **Reps. Barrett, Anderson(31), Anderst, Hartgen, Patterson, Burgoyne, Meline, Collins. Rep. Moyle** was absent/excused.

**VOTE ON THE MOTION:** **Chairman Collins** called for a vote on the original motion to send **H 242** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Reps. Wood(35), Trujillo, Meline, and Kauffman** requested to be recorded as voting **NAY. Rep. Hartgen** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:41 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**9:00 A.M.**  
**Room EW42**  
**Wednesday, March 06, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 244</a>	Fire District Consolidation Levy Assessment Process	Rep. Moyle
<a href="#">RS22140</a>	Transportation and Economic Development Zone Creation	Jeremy Pisca, Risch Pisca

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 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:** Karl Malott, Idaho Fire Chiefs Association; Jeremy Pisca, Risch Pisca; Rob Shoplock, PFFI; Russell Westerberg, Westerberg & Associates; Mark Dunham, Risch Pisca; John Eaton, Realtors; Derek Santos, N.L. Clayville, DFM; Benjamin Davenport, Associated Taxpayers of Idaho.

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

**H 244:** **Rep. Moyle** presented **H 244** which deals with the levy assessment process when two fire districts consolidate. In the event the levy rate of one district is more than 3% higher than the levy rate of the other district, the commissioners will establish a new levy rate. If this rate is more than 3% higher than the lower of the two rates, an election will be held consistent with Idaho code, to approve or reject the recommended levy rate.

**MOTION:** **Rep. Wood(35)** made a motion to send **H 244** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**RS 22140:** **Jeremy Pisca**, Risch Pisca, representing Idaho Association of Realtors, Idaho Building Contractors Association and M3 Companies LLC, presented **RS 22140**. This proposed legislation would create a tool for financing major regional highway projects in Idaho. The proposed legislation would authorize the Idaho Department of Transportation (ITD) Board and the Idaho Department of Commerce (Commerce) to jointly identify highway construction projects which would create economic and employment corridors and which have a revenue positive economic impact. ITD currently has a deficit of \$262 million needed to maintain current infrastructure. The estimate for annual improvements to roads, bridges, safety improvements is \$543. There is currently no funding for either maintenance or improvement needs already identified.

The concept of a Transportation and Economic Development Zone (TEDZ) was introduced late in the 2012 session as **H 690**. **Mr. Pisca** stated TEDZ is based on the Sales Tax Anticipated Revenue (STAR) program, which has proven successful for smaller, more isolated projects. TEDZ is needed as an option to finance larger, regional projects that could include a system involving multiple roadways or a single corridor. Upon a highway project being identified, ITD and Commerce will jointly retain an independent economist for a revenue and impact forecast. A TEDZ could only be formed if there is a net positive sales tax impact within the zone, over the base year, as well as a return on the investment at least twice the cost per dollar of the investment. If the criteria is met, the economist would recommend the boundaries of the zone and a majority of political subdivisions within the boundaries must agree on the formation of the zone.

**Mr. Pisca** stated the proposed legislation requires an annual update of revenue and costs, an annual report to JFAC, Senate & House Transportation Committee as well as the Governor's office. In response to a question Mr. Pisca stated it is difficult to project who might purchase the bonds but the net revenue into the state would be positive. Additional revenue would be generated from new and expanded business ventures as a result of improved transportation options.

**MOTION:**

**Rep. Anderst** made a motion to introduce **RS 22140**.

**Mr. Pisca** responded to a question stating he doesn't believe TEDZ would be utilized unless there is a fairly solid projected return. He anticipates that a very conservative approach to TEDZ formation will occur. TEDZ will not work in all areas of the state, but will be a valuable tool in areas of anticipated growth and economic development. Mr. Pisca stated the worst case scenario is that state sales tax could potentially be needed to cover the bonds.

**Mr. Pisca** stated the STAR program works very well where in a relatively isolated area which involves one jurisdiction. The upfront cost of a project can, but do not have to be prepaid by developer. Mr. Pisca outlined how the Metropolitan Planning Organizations (MPO's) in Idaho would be involved in the formation of a TEDZ and that it would actually help MPO's to implement projects identified in their required planning process. Mr. Pisca reiterated that passage of this proposed legislation would not create a single TEDZ but would provide a tool for economic development and growth. In response to a question, Mr. Pisca stated that TEDZ repayments would be 4th in priority for state sales tax backing and in no case could all repayments exceed 7.5% of total sales tax collected in the prior year.

**VOTE ON THE MOTION:**

**Chairman Collins** called for a vote on the motion to introduce **RS 22140**. **Motion carried by voice vote.**

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:31 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**8:30 A.M.**  
**Room EW42**  
**Thursday, March 07, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22172</a>	Update & Authorization of Water Quality Statutes By DEQ	Roger Batt, Idaho Heartland Coalition
<a href="#">RS22201C1</a>	Business Personal Property Tax	Seth Grigg, Idaho Association of Counties
<a href="#">H 243</a>	Cloud Computing Tax Exemption	Jay Larsen, Idaho Technology Council

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 07, 2013

**TIME:** 8:30 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:** The sign-in sheet will be retained in the committee secretary's office until the end of the session. Following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Services Library.

**Chairman Collins** called the meeting to order at 8:32 a.m.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of March 5, 2013. **Motion carried by voice vote.**

**MOTION:** **Rep. Burgoyne** made a motion to approve the minutes of March 6, 2013. **Motion carried by voice vote.**

**RS 22172:** **Roger Batt**, Idaho Heartland Coalition, presented **RS 22172** which would update water quality statutes and authorize the Idaho Department of Environmental Quality (IDEQ) to designate, revise and assess the status of beneficial uses for Idaho water bodies. Mr. Batt stated that **RS 22172** was developed in partnership with the IDEQ.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 22172** and refer to the Environment, Energy and Technology Committee. **Motion carried by voice vote.**

**RS 22201C1:** **Seth Grigg**, Idaho Association of Counties, Association of Cities, Idaho Association of School Administrators and the Idaho School Board Association presented **RS 22201C1**. This proposed legislation is related to business personal property taxation and would create three changes to the exemption currently granted under **Idaho Code 63-602KK**. A new \$1,500 exemption on tangible personal property purchased on or after January 1, 2013 would be put in place. The 'trigger' of \$100,000 exemption granted by **H 599aa** would begin and a uniform application process, which would simplify reporting, would be developed by the Idaho State Tax Commission (ISTC). The estimates of revenue shortfall is between \$18-19 million. For taxpayers with a personal property value of \$100,000 or less, the Idaho State Tax Commission would use an affidavit annually so the individual would not need to apply every year.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 22201C1**.

**Mr. Grigg** clarified that the initial application would indicate the value of the inventory and if \$100,000 or less, the taxpayer would then complete an affidavit annually. Mr. Grigg clarified that the de minimus amount of \$1,500 is a per item amount. Mr. Grigg acknowledged that among parties drafting this proposed legislation, they were not able to reach consensus on a full repeal. The portion of personal property tax going to local governments has increased, at least in part, due to the change in real property value in the recent years. In response to a question on how the estimated fiscal impact was determined, Mr. Grigg stated that the ISTC provided data and based on prior years, the projection is between \$18-\$19 million.

**VOTE ON THE MOTION:**

**Chairman Collins** called for a vote on the motion to introduce **RS 22201C1**.  
**Motion carried by voice vote.**

**H 243:**

**Jay Larsen**, Idaho Technology Council, presented **H 243** which would clarify the definition of cloud computing software for purposes of sales and use taxation. The Idaho Technology Council is comprised of numerous companies and who employ approximately 40,000 Idahoans. Mr. Larsen stated this legislation was developed with the involvement of the technology industry, Idaho State Tax Commission (ISTC) and Idaho Department of Commerce (Commerce). In Idaho, sales tax is not collected on services. Cloud computing provides a service and this legislation takes the ambiguity out of the definition.

**Tab Roper**, Vice President of TW Telecom, testified in **support of H 243**. TW Telecom is a company that builds fibre optic networks throughout the country, utilizing cloud technology. Mr. Roper works with many clients who depend on cloud computing to conduct business. Within the health care industry, many providers are using cloud computing to comply with HIPPA laws. These clients are not purchasing a tangible product, but a service. Mr. Roper believes that technology businesses wanting to locate in Idaho would be deterred if this bill does not pass.

**Mike Boren**, Chief Operating Officer and Board Chair of Clearwater Analytics, testified in **support of H 243**. Clearwater Analytics was founded in 2004 and currently has 230 employees and offices in Boise, New York City and Scotland, Tech businesses are valuable to Idaho. They typically have a low footprint and bring many benefits to the community. Mr. Boren stated Idaho should support the tech industry but the current structure of taxation is detrimental. At its core, Clearwater Analytics provides accounting, which is a service. Mr. Boren stated his company is at a disadvantage by being located in Idaho, since the ISTC views and taxes cloud technology as a product. Clearwater Analytics has gone from a payroll of \$0 in 2004, to more than \$20 million today. Tech businesses are not tethered by physical infrastructure and typically are very mobile. If Idaho wants to keep the tech industry here and growing, a change in the current tax structure is needed.

**Chris Chattin**, Metcamps testified in **support of H 243**. Metcamps is a company that provides online registration for camps. Previously, the process for children going to camp was a paper intensive process. Metcamps serves as a facilitator for the transaction and eliminates burdensome paperwork. Mr. Chattin stated Idaho is a great place to live and work. His company is one year old and cloud computing allows new businesses to be developed in a place with quality lifestyle and friendly business climate. There is strong potential for Idaho to become a leader in the software service industry. Taxing cloud computing as a product would significantly effect the opportunity to attract and retain businesses.

**Caroline Merritt**, Boise Metro Chamber of Commerce, testified in **support of H 243**. The Boise Metro Chamber represents more than 1,800 members, many with a vested interest in this issue. Many businesses are making the transition to cloud services and the benefits include lower cost and the capacity is continually being updated and improved. The cloud computing service is not owned by the business yet a tax would be paid on an ongoing basis.

**Rick Smith**, Partner with Hawley Troxell, spoke on the legal aspects of **H 243**. The Idaho Sales Tax Act was enacted in 1965. There are two key components that apply primarily to the sale of tangible property; use or delivery of that property, and operational control. In 1986 the definition of tangible property was amended to include certain types of software. This legislation is an attempt to clarify tangible personal property and that cloud computing is a service and should not be taxed. Mr. Smith stated cloud computing is comparable to a subscription that is controlled by the seller. The current law is vague and broad.

**Mr. Smith** stated a previous draft of legislation was discussed with ISTC and the two primary areas of concern have been resolved in **H 243**. Those areas of concern were the taxation of entertainment uses via technology and whether software accessed remotely, which can also be purchased in disc form and is subject to tax, should be taxed. The one issue not agreed upon was whether the clarification should be included in the definition section or whether cloud computing should be specifically exempted. Mr. Smith stated philosophically, it is not an exemption but a clarification of the definition and **H 243** is reflective of that position.

**Mr. Smith** stated some states, including Kansas, California, Nevada, Vermont, Illinois, Wisconsin and Iowa do not tax remotely accessed software. Other states including Utah and Washington, do tax remotely accessed software. It is a state's decision on how they define computer software. Mr. Smith clarified that off the shelf software or downloaded software would still be taxable and custom designed software is not taxable.

In response to a question, **Mr. Smith** stated for businesses who have already been audited by ISTC and required to pay taxes on remotely accessed software, there may be recourse for them to recover those payments. Mr. Smith stated the ISTC has been acting in good faith but that statutes are ambiguous. In response to a question on whether there is a legal risk in **H 243**, by the exclusion of entertainment, and whether there will be future controversy, Mr. Smith explained that as technology evolves, the legislature will likely have to address the statute again in the future.

**Jeff Sayer**, Director, Idaho Department of Commerce, **supports H 243**. Mr. Sayer stated technology is a market anticipated to grow for decades. Idaho and Boise have an opportunity to take a lead position and **H 243** sends a message and creates an environment that is business friendly. Technology businesses are generally the hardest to attract and the easiest to lose.

**Jody Sedrick**, CEO of Zemware, which offers cloud based services, stated 95% of his business is outside of Idaho. The company has grown from four to 16 employees over the past six years. Mr. Sedrick clarified the difference between software that is CD based and cloud software, as the installation of the software from the CD is permanently on the computer. Cloud computing is different in that it can be accessed remotely by logging on to numerous devices. Mr. Sedrick **supports H 243**.

**Rich Stuppy**, Vice President of ITC & Kount, Inc. and Chair of the Idaho Tech Council testified in **support of H 243**. ITC & Kount, Inc. utilizes cloud computing to provide internet fraud and accounting services. Mr. Stuppy stated his company provides a service. **H 243** distinguishes cloud computing as a service, does not create an inequity, and is consistent with current Idaho tax policy.

**Matt Rissell**, CEO of TSheets.com; **Tim Ramey**, and **Natalie Shores**, Whitecloud Analytics; **Roger Hancock**, Recall Infolink; and **Aaron Stanton**, Booklamp, all testified in **support of H 243**.

**MOTION:**

**Rep. Denney** made a motion to send **H 243** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

**Mr. Larson** responded to a question stating entertainment has always been a separate section of the tax code and he does not believe this legislation creates an inequity.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:57 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
Upon Adjournment of the House  
Room EW42  
Friday, March 08, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22194C1</a>	Elimination of Personal Property Tax for Business Machinery	Alex LaBeau, Idaho Association of Commerce & Industry

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
Phone: 332-1125  
email: hrev@house.idaho.gov

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 08, 2013

**TIME:** Upon Adjournment of the House

**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:** Representatives Moyle, and Anderson(31)

**GUESTS:** Eli Brown, JR Simplot/FWAA; Elizabeth Criner, NWWFA; Donna Yule, IPEA; Jayson Ronk, IACI; Russell Westerberg, RMP; Kendra Kenyon, ICOG Southwest.

**Chairman Collins** called the meeting to order at 8:26 a.m.

**RS 22194C1:** **Alex LaBeau**, President, Idaho Association of Commerce & Industry, presented **RS 22194C1**. This proposed legislation was drafted with the input of many individuals and groups and would eliminate personal property tax in its entirety over a seven-year phase out period. There is a \$100,000 base exemption in 2013 and the base plus a percentage for exemption in subsequent years. A provision is included that would allow forestalling of exemptions for any year of the phase out, through a concurrent resolution. This proposed legislation would also make technical corrections to current law

**Mr. LaBeau** stated centrally assessed properties are included in **RS 2194C1** on a percentage basis. The proposed legislation would be revenue neutral for local governments, based up the year of implementation. Full reimbursement of local revenue derived from personal property tax, including bonds and levies, would be replaced until expiration of the phase out process.

In response to a question, **Mr. LaBeau** stated the personal property tax percentage estimates, for centrally assessed properties, were calculated by the Idaho State Tax Commission (ISTC). Rate regulated entities also have percentages applied, based on ISTC estimates. There is a delineation between centrally assessed and rate regulated entities. Rate regulated entities do not receive any exemption on existing property. The exemption would be prospective only, on property acquired after January 1, 2013.

**Mr. LaBeau** stated, in response to a question, Urban Renewal Agencies (URA's) were included since some have bond obligations based on market value assessments and revenue. Several options were considered to replace the potential loss in revenue. The projection is that only about 8% of the total amount would be needed for URA's. Mr. LaBeau stated that for more than a century, Idaho has worked to eliminate personal property tax. The only thing left is the tax on machinery, tools, and equipment. In response to a question, Mr. LaBeau stated that this could be seen as a tax shift, depending on the perspective.

**MOTION:** **Rep. Anderst** made a motion to introduce **RS 22194C1**. **Motion carried by voice vote. Reps. Barrett and Wood(35)** requested to be recorded as voting **NAY**.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 8:45 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
8:30 A.M.  
Room EW42  
Monday, March 11, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22235</a>	Scholarship Granting Organization Income Tax Credit	Sen. Nonini
<a href="#">RS22185</a>	Chained Consumer Price Index - Urban Wage Earners	Sen. Johnson
<a href="#">H 250</a>	Sales Tax Exemption - Girl Scout Cookie Program	Julie Hart

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, March 11, 2013

**TIME:** 8:30 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:** Representatives Raybould, Moyle

**GUESTS:** Connie Miller, Molly Loveless, Samatha Ward, Allison Jones, Hailey Murray, Ella Marcum, Silver Sage Girl Scouts; Derek Santos, DFM; Ray Stark, Boise Metro Chamber; Suzanne Budge, SBS Associates; Raeleen Welton, Westerberg & Associates, N.L. Clayville, DFM.

**Chairman Collins** called the meeting to order at 8:30 a.m.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of March 7, 2013. **Motion carried by voice vote.**

**MOTION:** **Rep. Meline** made a motion to approve the minutes of March 8, 2013. **Motion carried by voice vote.**

**RS 22235:** **Sen. Nonini** presented **RS 22235** which would provide an Idaho state income tax credit for individuals and companies making donations to Scholarship Granting Organizations (SGO's) that provide scholarships to qualified K-12 students attending approved schools. After discussion with the Idaho State Tax Commission and the Idaho Department of Education, some revisions were made to improve this proposed legislation, which replaces **H 227**.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 22235**. **Motion carried by voice vote.** **Reps. Burgoyne, Erpelding, and Meline** requested to be recorded as voting **NAY**.

**RS 22185:** **Sen. Johnson** presented **RS 22185** which would replace the consumer price index for urban wage earners (CPI-U) with the chained consumer price index for urban wage earners (C-CPI-U). This proposed legislation will update current statute to insure that inflation does not result in a tax increase in the computation of Idaho income tax. **Sen. Johnson** stated the CPI-U does not reflect changes due to substitutions of purchases made by consumers. The C-CPI-U is thought to be a closer reflection of the intent in the original 2000 legislation.

**Sen. Johnson** clarified the Bureau of Labor Statistics tracks and produces numerous indices. The U in the CPI-U is a national index and comprised of data from urban consumers representing the cost of pooled items from the beginning of a year to the end of the same year. **Sen. Johnson** stated the C-CPI-U is designed to accurately reflect the cost of living whereas the CPI-U is a ceiling on inflation. **Sen. Johnson** clarified this bill deals with the revenue side only and in his opinion, the expenditure side of the C-CPI-U will be explored by JFAC during the interim. The Bureau of Labor tracks and aggregates data of consumers and there is not currently a rural index. The indices that make up CPI-U and C-CPI-U consist of the same data, however the CPI-U is fixed for two years while the C-CPI-U is updated every month.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 22185**. **Motion carried by voice vote. Reps. Burgoyne, Barrett and Meline** requested to be recorded as voting **NAY**.

**H 250:** **Julie Hart**, Idaho Girl Scouts, presented **H 250**. Ms. Hart represents two Girl Scout Councils, both are 501(c)(3) organizations, serving over 6500 Girl Scouts. This legislation would exempt revenue from the Girl Scouts Cookie Program from Idaho sales tax. Ms. Hart spoke to the benefits provided to young girls through Girl Scout programs including goal setting, money management and decision making. The proceeds from the cookie sale program help fund participation of girls who would otherwise not be able to be involved, due to the cost. Ms. Hart presented statistics on estimated savings to Idaho that could be attributed to programs offered by scouting. 81% of Girl Scouts are more likely to earn Bachelor's degrees, 96% will avoid drugs and 99% will never enter the juvenile corrections system.

**MOTION:** **Rep. Burgoyne** made a motion to send **H 250** to the floor with a **DO PASS** recommendation.

In response to a question **Ms. Hart** clarified that the revenue retained from the tax would allow program expansion to include more girls, helping to keep girls in school and encouraging them on to higher education. **Rep. Barrett** declared a **Rule 38**.

In response to a question, **Ms. Hart** stated they have considered increasing the cost but there were two major issues; Idaho is one of only two states taxing Girl Scout cookie sales and 23% of Girl Scouts in Idaho are on scholarships. Raising the cost of cookies could have a negative impact on overall sales and reduce the amount of funding available for scholarships. Of the \$3.75 cost of a box of cookies, only \$.97 represents the actual cost of the cookies. The remainder of the revenue is used for programs. The annual cost of participation is \$12 to the Girl Scouts USA. Ms. Hart yielded the podium to **Jill Barber**, Silver Sage Girl Scouts Interim CEO, who stated 4.2% of the girls in Idaho are currently served by Girl Scouts. **Molly Loveless**, Program Manager with Silver Sage Girl Scouts Council, responded to a question stating the Camp Fire Girls are still active in the U.S. but not in Idaho.

**Connie Miller**, Board President of Silver Sage Girl Scouts, testified in **support of H 250**. Ms. Miller recounted her personal experience as a scout and stated Girl Scouts and specifically, cookies sales were a way for her to advance her personal and educational goals in life. Ms. Miller stated is it hard to sell cookies at \$3.75 a box and would be even more difficult if the cost was increased.

**Molly Loveless**, testified in **support of H 250**. Ms. Loveless is a former teacher and spoke about the programs offered and how the girls learn and grow through the experience. In response to a question on how the retention of the tax will increase exposure on scouting, Ms. Loveless stated the Girl Scout programs reach out to other girls through the school system.

**Samantha Ward**, Ambassador Girl Scout and Senior at Centennial High School spoke in **support of H 250**. Ms. Ward outlined how 'older' girls can be involved in scouting and impact their community on a local, national and even international basis. Miss Ward has had the opportunity to travel internationally and represent her council at numerous functions, developing her leadership and speaking skills. Miss Ward has been involved in scouting for 13 years.

**Allison Jones**, Lake Hazel middle school 8th grader, spoke in **support of H 250**. She has learned to set reliable goals and her goal to sell 400 boxes of cookies is achievable since she has already sold 250 boxes through pre-sales. Miss Jones stated she has developed people and public speaking skills through Girl Scouts. A speech is an 8th grade graduation requirement and she is confident in her ability because of the opportunities she has had through Girl Scouts. Miss Jones stated her involvement in the cookie sales program also has given her skills on business ethics, decision making and money management.

**Hailey Murray**, Girl Scout Troop 101, has been involved with Girl Scouts for four years, and spoke in **support of H 250**. Miss Murray stated she has learned better communication skills, how to be more responsible, make better decisions, be polite and show respect, through her participation in scouting.

**Ella Marcum**, who is nine years old and in her first year of scouting, with Brownie Troop 318, spoke in **support of H 250**. Miss Marcum sold 104 boxes on her first day and has a goal of 500. She attended a cookie sales rally and learned goal setting, decision making, and people skills. Miss Marcum stated her goal was to get great grades so she can go to college on a scholarship.

In response to a question, **Ms. Hart** stated cookie sales is the only revenue generating program of the Girl Scouts. Ms. Hart stated they have not conducted a formal analysis on possibly increasing the cost of the cookies, but from the experience of other Councils, know there is a direct relationship between the cost and total sales.

**VOTE ON THE MOTION:**

**Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.** **Rep. Anderson(1)** will sponsor the bill on the floor.

**ADJOURN:**

There being no further business to come before the committee, the meeting was adjourned at 9:55 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
8:00 A.M.  
Lincoln Auditorium  
Tuesday, March 12, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 272</a>	Personal Property Tax Exemption - \$1500 De Minimus Exclusion, Trigger of \$100,000 Exemption, Uniform Application Process	Seth Grigg, Dan Chadwick, Idaho Association of Counties
<a href="#">H 276</a>	Personal Property Tax Exemption - Seven Year Phase Out Proposal	Alex LaBeau, Idaho Association of Commerce & Industry

A Full Hearing Will Follow H 272 and H 276 Presentations

***Testimony will be limited to 3 minutes.  
If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo
Rep Burgoyne
Rep Erpelding
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 12, 2013

**TIME:** 8:00 A.M.

**PLACE:** Lincoln Auditorium

**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:** Rep. Raybould

**GUESTS:** The sign-in sheet will be retained in the committee secretary's office until the end of the session. Following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Services Library.

**Chairman Collins** called the meeting to order at 8:03 a.m.

**H 272:** **Seth Grigg**, Policy Analyst, Idaho Association of Counties, and representing, the Association of Idaho Cities, the Idaho School Boards Association, and the Association of School Board Administrators presented **H 272**. This legislation has three primary components; a de minimus exclusion of personal property valued at \$1,500 or less and purchased on or after January 1, 2013; the trigger of **H 599** exempting the first \$100,000 of personal property from taxation; and creation of a uniform tax exemption application process. Mr. Grigg stated **H 272** is a starting point but not the end point toward personal property tax repeal. **H 272** is believed to be a balanced alternative that provides tax relief to Idaho businesses and also maintains critical funding for services. All businesses would be able to take advantage of this legislation. Operating personal property would not be eligible for the triggered tax exemption. Mr. Grigg stated the estimated replacement amount is between \$18-19 million annually and the replacement funding would come out of sales tax revenue, before sales tax revenue is transferred to the General Fund. Any taxing district created after January 1, 2013 would not be eligible for replacement funding as a result of the tax exemption. Mr. Grigg clarified the \$100,000 exemption is a per county exemption. **H 272** would ensure uniformity in tax exemption as each county would use the same application. This legislation would also make technical corrections and is fully supported by local government across Idaho.

In response to a question, **Mr. Grigg** responded any loss of revenue to local governments would be replaced from sales tax. Mr. Grigg stated personal property taxation is operated on the honor system as businesses self-declare the value of all personal property and the \$1,500 de minimus would be treated in the same manner. In response to a question on personal property tax policy in neighboring states', Mr. Grigg noted in the west, none have fully repealed this tax. Hawaii does not have personal property tax and a 2012 Tax Foundation report indicates very few states nationally have repealed personal property tax. Mr. Grigg also stated the intent of **H 272** was to adhere as closely as possible to the 2009 legislation found in **H 599**, so operating property is not included in **H 272**. There was not a consideration of a step-down for operating property since that provision wasn't included in the original legislation.

**H 276:**

**Alex La Beau**, President of the Idaho Association of Commerce and Industry, presented **H 276**. The property tax issue is complex and Mr. La Beau stated he appreciates the opportunity to propose a solution. This legislation is not a starting point but a process to eliminate personal property tax once entirely. The process to eliminate personal property tax first began in 1901 and over the years, categories of taxed property were slowly eliminated. Personal property tax is very different than the tax on real property. Mr. La Beau stated personal property tax is not a good tax. As a part of the Idaho Project 60, businesses were interviewed and in the area of tax policy, the response to eliminate the personal property tax was frequently requested. The very first item that came out of the Project 60 report was to repeal personal property tax.

In response to a question on tax shift, **Mr. La Beau** stated in reality, there is already a tax shift. Budgets are set at the higher value of property and when the depreciation occurs, the value of the property does not change and tax is shifted. This legislation is the cumulation of years of discussion, negotiation and effort in an attempt to eliminate personal property tax in its entirety. Mr. La Beau stated there appears to be agreement that the tax is not necessarily good policy, but the decision on how to eliminate it is not as clear. Mr. La Beau pointed out for operating capital, which is generally centrally assessed property and largely multi-jurisdictional, it is more efficient for the state to provide an assessment. The determination of operating property percentages was developed by the Idaho State Tax Commission (ISTC). Mr. La Beau complimented ISTC for their work on the forecast of fiscal impact. In discussion with the various industry partners impacted by the estimates, with the exception of the electric sector, it was agreed the estimates are pretty close to actual.

This legislation provides a phase in process to eliminate all personal property tax, with full implementation in effect by 2019. Rate regulated industries are treated prospectively. New property acquired after January 1, 2013 would be eligible, however, existing personal property would be excluded from the exemption. **Mr. La Beau** stated there is a provision in the legislation that would give the Legislature an option, through concurrent resolution, to forestall the phase in of the exemption, in the event of an economic downturn. This provision mirrors existing legislation found in the grocery tax credit.

**Mr. La Beau** stated under the computation of personal property tax reimbursement, local governments would be 'made whole' for the full amount of revenue lost through the exemption process. The state would repay the loss in perpetuity or until a tax levy expires or the entity ceases. New Urban Renewal Agencies (URA) or taxing districts will not receive any reimbursement. The full effect of the economic impact is projected to be \$120 million, which Mr. La Beau described as the 'high water mark'. There will be changes made within the phase-in process so this is estimated to be the maximum amount needing to be replaced and the reality is likely to be less than \$120 million. There will be an income gain due to the projected increase in business activity. This legislation doesn't penalize success, but stimulates growth, helps create jobs and contributes to success.

**Mr. La Beau** stated **H 276** is not perfect and there are components that are not ideal, but it's a plan to get to full repeal of personal property tax. In response to a question on the projected fiscal impact if operating property was included in the exemption, Mr. La Beau stated it could put competitors at a disadvantage in rate regulated industries. Mr. La Beau confirmed this legislation does not contain an inflation component and an economic study conducted last year indicates there will be an increased growth in business as an outcome. In response to how this impact can be mitigated in rural counties, Mr. La Beau stated the growth in Ada and larger counties will also help in the smaller counties

**Jeff Sayer**, Director, Idaho Department Commerce, stated he does not envy the decision of the committee but does fully support the full elimination of personal property tax in Idaho. The cost of doing business must be decreased in order to be competitive. Mr. Sayer stated there are five key points to consider; the cost of taxing personal property creates an administrative burden, legislation should include operating property, legislation must protect counties, communities and schools, Urban Renewal Agencies need to maintain their bond revenue and a phase out approach is a positive aspect. Mr. Sayer stated personal property taxation is outdated and believes there is a better way of doing business. The Idaho Department of Commerce **supports H 276**.

**Donna Yule**, Idaho Public Employees Association, spoke in **support of H 272** and strong **opposition of H 276**. Ms. Yule stated Idaho continues to fall further behind and has the largest percentage of minimum wage workers in the country. It is time to rethink the philosophy and it's clear the current policies aren't working. Cutting revenue weakens the public school system and leaves roads and bridges in need of critical repair. The legislation proposed in **H 276** would result in Idaho's largest corporations not paying their share of funding for essential services. Idaho should stop giving tax cuts and collect adequate revenue to support Idaho's future. Ms. Yule urges passage of **H 272**.

**John Fiedler**, Board Chair of the Catholic Charities of Idaho and a small business owner, expressed concern and spoke in **opposition to H 276**. Mr. Fiedler stated we can't afford to lose this significant amount of revenue.

**Ray Stark**, Boise Metro Chamber of Commerce, **supports H 276**. A survey of Chamber members found that the personal property tax is onerous for businesses and is deemed inefficient by county assessors.

**Adrienne Evans**, Executive Director, United Action for Idaho, spoke in **opposition to H 272 and H 276**. The non partisan Congressional Research Service has concluded that the reduction in the top tax rate over the past 65 years has not resulted in economic growth. The elimination of Idaho's personal property tax will have a negative impact on local economies. Ms. Evans stated vital services will be cut, property taxes will increase, housing costs will rise and deeper cuts to public schools will be a result if either of these bills are passed.

**Matt Hunter**, CEO of the Greater Pocatello Chamber of Commerce, spoke in **support of H 276**. Mr. Hunter stated small business wants to see a full elimination of personal property tax, which will create a climate where business growth will occur.

**Rick Smith**, Tax Partner, Hawley Troxell, and representing Idaho Association of Commerce and Industry, spoke in **support of H 276**. Mr. Smith stated the greatest unfairness of **H 272** is the exclusion of operating property. Idaho is one of a few states that contains a uniformity clause in the treatment of taxation, which is imbedded in the constitution. **H 272** is bad policy, is unfair, and unconstitutional since operating property is treated differently. In response to a question, Mr. Smith spoke on the federal law protecting railroads. The 4R Act of 1976 (Railroad Revitalization and Regulatory Reform Act), bars forms of state taxation which "unreasonably burden and discriminate against interstate commerce".

**Kristen Jensen**, City Council Member, City of American Falls, spoke in **support H 272**, stating Power County is the second most dependent county on personal property tax in the state. Full repeal of the tax as outlined in **H 276** would mean cuts to critical services.

**Lothar Pietz**, semi-retired Luthern pastor, Interfaith Alliance, spoke in **opposition to H 276**. Mr. Pietz stated he and his family recently relocated to Idaho from Washington but as a small business owner, pays personal property taxes in two Washington counties. He believes that businesses have a social responsibility and paying personal property taxes helps ensure strong schools and communities.

**David Lincoln**, Golden Gate Highway District, Canyon County, spoke in **support of H 272** and stated this legislation would have the least impact on systems. Local roads and highways are very fragile and revenue is critical to keep them maintained and safe.

**Mark Mitton**, City Administrator, City of Burley, **supports H 272** since it provides tax relief for small businesses and believes the best tax is the one with the widest base and lowest rate.

**Terry Greenman**, Mayor, City of Burley, **supports H 272**. Mr. Greenman stated that its been his experience that personal property taxes were not a significant issue in new business attraction and that infrastructure was more important.

**David Zaremba**, City Council with the City of Meridian and Association of Idaho Cities Board Member **supports H 272**. The current tax policy is burdensome on small businesses, not only from a taxing standpoint, but an administrative perspective as well. The loss of revenue that is not replaced would negatively impact police, fire and other essential services.

**Rep. Marc Gibbs**, District 32, stated he represents 1/35th of Idaho's population covering five counties, 22 cities, and ten school districts and he **supports H 272**.

**Jessica Harrison**, Idaho School Boards Association (ISBA) which represents over 500 locally elected school board trustees, spoke in **support of H 272**. Ms. Harrison stated the decline in General Fund school support has resulted in a heavy reliance on supplemental levies for essential educational services. The possibility of a tax shift from business to real property owners would be needed to replace the current level of voter supported educational funding. ISBA urges adoption of **H 272** as an affordable compromise.

**Phil Homer**, Idaho School Administrators Association, testified in **support of H 272**.

**Gaylen Smyer**, Superintendent of School District 151 in Cassia County, **supports H 272** and testified the replacement funding is critical to schools and prevents a tax shift from personal to real property.

**Pat Charlton**, Superintendent of Valley View School District in Canyon County, testified they have experienced rapid growth and now serving over 7,500 students and **supports H 272**.

**Travis Rothweiler**, Twin Falls City Manager, testified in **support of H 272**. Twin Falls has experienced, several significant expansions; Chobani yogurt manufacturing plant and the Glandia cheese innovation center. Tax Increment Financing (TIF) was an essential tool in attracting these businesses. **H 272** allows TIF to remain a tool that will continue to leverage funding while **H 276** excludes future URA or other taxing districts. In response to a question on how **H 276** would impact the two examples presented, Mr. Rothweiler stated they were able to use the entire value and estimated personal property tax revenue anticipated to accomplish the funding mechanism. Chobani has a 1 million square foot facility, employs more than 500 people and is still under construction. It is unlikely Twin Falls would have been able to put in the infrastructure needed without TIF.

**Harold Ott**, Executive Director, Idaho Rural Schools Association testified education and economic development go hand in hand and small rural communities need a strong partnership with business in order to survive and thrive. Eighty-one different school districts ran supplemental levies last year. Supplemental levies are not going away and have significantly increased in recent years. School buildings are aging and need repaired and replaced. Mr. Ott supports the testimony of Jessica Harrison, ISBA and urges the committee to **support H 272**.

**Brent Adamson**, Boise County Assessor and Vice Chair of the Idaho Association of Counties Legislative Committee, **supports H 272**. Mr. Adamson stated 'all tax ends up being a shift if you change what you are doing with it'.

**Arlen Whittrock**, ON Semiconductor, Pocatello and member of the Idaho Economic Development Council testified in **support of H 276** and a total repeal of personal property tax. Mr. Whittrock stated the personal property tax is a disincentive placed on high-tech business as they are equipment intensive and equipment is essential to efficiencies. Idaho is ranked #1 in the lowest take home pay and #2 in lowest per pupil spending on education. **H 276** would create a growth climate for business.

**Bert Marley**, Director of Public Policy, Idaho Education Association spoke in **support of H 272**. Mr. Marley believes it provides the funds critical to Idaho students and schools.

**Abby Mace**, Fremont County Clerk, and IAC Legislative Committee member, **supports H 272**. The de minimus exemption aspect of this legislation applies to everyone and is fair.

**Molly Stein**, Soda Springs School District Superintendent, testified in **support of H 272**. Ms. Stein stated they saw an \$800,000 reduction in funding in the past year. This forced the closure of one elementary school, a one-room school and an alternative school. They moved to a four day a week school schedule, reduced salaries, and made other cuts to services. Ms. Stein stated Caribou County cannot afford the tax shift of business personal property tax to property tax.

**Dallas Clinger**, American Falls Hospital Administrator and elected school board trustee, **supports H 272** which would allow all taxing districts to grow through the exemption. He stated in his opinion this is a fair bill, allows every business in each county to exempt the first \$100,000, and provides stability within the county. They have seen a decrease of \$1.8 million dollars in the past three years for school funding in his district. Mr. Clinger believes it would be appropriate to backfill this shortfall before committing to further reductions.

**Brian Blad**, Mayor, City of Pocatello, **supports H 272**. Mr. Blad stated 'we are all in this together' and it's important to attract new business to Idaho. Big companies are looking for what local government can do for them in terms of infrastructure, natural amenities, schools, and safety of workers. The personal property tax is not a significant deterrent.

**David Swindell**, Chief Financial Officer, City of Pocatello **supports H 272** and he believes it presents a balanced approach where 89% of businesses are exempt.

**Steven England**, Mayor, City of Chubbock and Vice Chair of IAC, agrees with the testimony of the Pocatello Mayor and **supports H 272**.

**Earl Somsen**, Caribou County Commissioner, testified on the dependence on personal property tax for schools and other critical services. Mr. Somsen acknowledged it is an old and tired tax but stated there has been an increase in demand for services by the public over that time as well, with no identified way to pay for those services. He **supports H 272** and believes it will allow most of the revenue to continue without a huge tax shift.

**Aaron Cook**, Caribou County Assessor, **supports H 272**. In Caribou County this legislation would provide some tax relief to 100% and exempt 84% of the businesses and leave them 97% whole in terms of funding.

**Richard Horner**, City of Rexburg, testified in place of and at the request of the Mayor, who is unable to be here in person. The City of Rexburg **supports H 272**

**Alma Hasse**, Payette County small business owner and farmer spoke in **opposition to both H 272 and H 276**. Ms. Hasse stated **H 599** and **H 83** already exist and gives tax relief to 85% of small businesses through the trigger of the \$100,000 exemption, when the general fund grows by 5% over 2008 balance. Passage of either **H 272** or **H 276** would result in a negative impact to local services and would help a lot of large corporate employers but not small business owners.

**Gilbert Hofmeiseter**, Power County and President of the Idaho Association of Highway Districts **supports H 272**.

**Pam Chiarella**, is a teacher in Mt. Home, and testified both of these bills represent a redundancy in legislation. Ms. Chiarella stated it is the responsibility of the state, through the Legislature, to equally fund education in every community. An educated skilled workforce is the way to grow the economy and passage of either bill represents a shift in responsibility to the local communities. Ms. Chiarella **opposes H 272 and 276**.

**Gary Rohwer**, Idaho State Fire Commissioners, testified in **support of H 272**. Mr. Rohwer is also a small business owner and stated it is not the taxes, but the reporting, that is burdensome. Mr. Rohwer testified 50% of the fire districts in Idaho will be impacted negatively and half of those are already at the maximum levy rate and unable to generate additional revenue.

**Havilah Lyon**, American Falls District Library Director, in Power County, testified in **support of H 272**. All businesses would get the \$100,000 exemption, not just small business and Ms. Lyon questioned where the \$120 million estimated shortfall in **H 276** would come from.

Due to time constraints, Chairman Collins stated the Public Hearing would continue tomorrow and anyone who had signed up to testify and had not yet done so, would have the opportunity, however, no new requests would be accepted.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:46 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
8:00 A.M.  
Room EW42  
Wednesday, March 13, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
	Continuation of Hearing on H 272 & H 276 - Personal Property Taxes	
<a href="#"><u>S 1111</u></a>	Condominium Development Common Area Ownership Determination	John Eaton, Idaho Association of Realtors
<a href="#"><u>S 1107</u></a>	Electronic Notices of Assessment by Idaho State Tax Commission	Sen. Winder

***Testimony will be limited to 3 minutes  
If you have written testimony, please provide a copy of it to the committee  
secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
Phone: 332-1125  
email: hrev@house.idaho.gov

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 13, 2013

**TIME:** 8:00 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:** Bob McQuade, Ada County Assessor; Ryan Armbruster, Elam & Burke; Marty Durand, Idaho BTC; Jan Rogers, SIEDO; Harold Ott, IRSA, Phil Homer, IASA, Terry Accordino, Micron; John Eaton, Realtors; Mike Chakarun, Idaho State Tax Commission; Elizabeth Criner, ISDA, FWAA, NWFP; Kevin Settles, Bardenay Restaurant; Pam Eaton, IRA,ILRA; Barbara Kemp; Gordon Cruickshank, Valley County; Lin Hintze, Custer County Commissioner.

**Chairman Collins** called the meeting to order at 8:00 a.m.

**MOTION:** **Rep. Burgoyne** made a motion to approve the minutes of March 11, 2013.  
**Motion carried by voice vote.**

**H 272 & H 276:** A continuation of the March 12, 2013 Hearing on **H 272** and **H 276** was conducted. Individuals signed up at the original hearing and who were unable to be accommodated due to time constraints, were afforded the opportunity to testify, however, new requests to testify were not permitted.

**Ryan Armbruster**, Elam and Burke, representing several URA's and the Redevelopment Association of Idaho spoke in **support of H 272**.

**Marty Durand**, Legislative Council for the Idaho Building Trades Council, testified in **opposition to H 276**, stating it is a tax shift and she encouraged the committee to hold this bill.

**John Eaton**, Idaho Association of Realtors (IAR), spoke in **support of H 276**. IAR supports full repeal of personal property tax and does not support the de minimus cap of \$1,500, which creates an artificial marketplace.

**Elizabeth Criner**, Northwest Food Processors Association, Idaho Dental Association, and the Far West Agribusiness Association spoke in **support of H 276**. Ms. Criner stated personal property tax is onerous, difficult to comply with and is implemented differently in various counties. Businesses that are equipment and technology intensive are disproportionately disadvantaged.

**Pam Eaton**, representing the Idaho Retailers Association and Idaho Lodging & Restaurant Association testified in **support of H 276**. Ms. Eaton stated the Retailers and Lodging/Restaurant Association members support total repeal of all personal property tax.

**Mike Reynoldson**, Government Affairs Manager, Micron Technology, spoke in **support of H 276**. Mr. Reynoldson stated there are four taxpayers pay more than 19% of the total personal property tax collected by all of the taxing districts in Ada County.

**Trent Wright**, Executive Vice President of the Idaho Auto Dealers Association testified in **support of H 276**. Mr. Wright stated his belief that **H 272** picks winners and losers and would disadvantage some auto dealers while advantaging others, doing business in the same community.

**Barbara Kemp**, resident of Boise, spoke in **opposition to H 272** and **H 276**. She urged the committee to vote no or hold both bills and stay with existing legislation, passed in 2008. Ms. Kemp is opposed to the tax shift from businesses to individuals and referred to a recent report from the Tax Foundation rating Idaho's business climate as second best in the nation for favorable personal property tax and 20th best for favorable general business tax.

**Suzanne Budge**, Executive Director of the Idaho Petroleum Marketers & Convenience Store Association and State Director of National Federation of Independent Business (NFIB), testified in **support of H 276**. NFIB has long supported total repeal of personal property tax. Ms. Budge stated historically, small businesses have led the country out of economic downturns. A recent national study indicated a slight increase in optimism for small businesses, but not sufficient to stimulate the economy. In response to a question, Ms. Budge stated the repeal of personal property tax is more of a long simmering issue versus an emergency, however, is long overdue.

**Kevin Settles**, business owner of BardeNay, spoke in **support of H 276**. Mr. Settles stated he understands the need for taxation, but believes personal property tax is bad legislation. Mr. Settles also stated the problem with **H 272** is the unfair advantage it would create. Mr. Settles testified the legislation is needed to create increased manufacturing business.

**John Watts**, testifying on behalf of the Idaho Chamber Alliance, which is comprised of 20 chambers across Idaho, representing small, medium and large businesses, stated they have unanimous **support of H 276**.

**Jan Rogers**, Executive Director, Southern Idaho Economic Development Association, spoke in **support of H 276**. Ms. Rogers stated taxes and incentives are key components in economic development. In Ms. Rogers' experience, businesses don't ask about personal property tax, since forty states have personal property tax and it is generally expected. A full repeal of personal property taxes would set Idaho apart as a leader and would make us more competitive.

**S 1111:** **John Eaton**, Government Affairs Officer, Idaho Association of Realtors, presented **S 1111**. This legislation would allow the allocation of common area ownership, in a condominium development, to be determined on a square footage or value basis. Mr. Eaton stated there is no known opposition to this legislation. In response to a question, Mr. Eaton clarified that a developer creates the declaration at development and subsequently transfers it over to the condominium owners. Common area is defined as equally accessible area, to all owners. Mr. Eaton stated this legislation does not change how property is assessed, but would change how the association determines how costs are divided. This legislation would be applicable to both commercial and residential condominium development.

**MOTION:** **Rep. Erpelding** made a motion to send **S 1111** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

**S 1107aa:** **Sen. Winder** presented **S 1107aa** which would amend Idaho Code and allow, upon taxpayer request, electronic transmission of assessment notices.

**Bob McQuade**, Ada County Assessor, stated assessments are sent in May and December and the current statute does not prohibit, but also does not permit notices to be sent electronically. This legislation would allow faster delivery of notices, anywhere and anytime access to notices, would reduce handling costs in the event of multiple ownership of parcels, and save postage and administrative costs to the county, Mr. McQuade stated this legislation is supported by Idaho Association of Counties, Potlatch, and the Idaho State Tax Commission. Mr. McQuade stated electronic notification would start in 2014 and reiterated, it would only be done at the request of the taxpayer. In response to a question, Mr. McQuade stated assessment data is currently available and anyone can look up an address and see the assessment. There could also be an opportunity for treasurers to send notices electronically, but at this point is for property tax assessment only. In the event an electronic delivery is not received, a mailed copy would be subsequently sent.

**MOTION:** **Rep. Anderst** made a motion to send **S 1107aa** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderst** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:01 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**8:00 A.M.**  
**Room EW42**  
**Thursday, March 14, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 267</a>	Transportation and Economic Development Zone (TEDZ)	Jeremy Pisca, Risch Pisca

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo
Rep Burgoyne
Rep Erpelding
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 14, 2013

**TIME:** 8:00 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:** Rep. Wood(35)

**GUESTS:** Dr. John Church, Idaho Economics; Brad Wills, Idaho Building Contractors Association; Jeremy Pisca, M3 Companies, Idaho Building Contractors Association, and the Idaho Association of Realtors; Wayne Hammon, Idaho Associated General Contractors; Jeremy Chou, Givens Pursley; Caroline Merritt, Boise Metro Chamber; N.L. Clayville, DFM, Ross Borden, City of Boise; Mike Chakarun, Idaho State Tax Commission; John Eaton, Realtors; Jeff Sayer, Idaho Department of Commerce; Jayson Ronk, IACI; Miguel Legarreta, Realtors; Russell Westerberg, Pam Eaton, Retailers; Mayor Garrett Nancolas, City of Caldwell; Elizabeth Criner, NWFPA & FWAA; Wayne Hoffman, Idaho Freedom Foundation.

**Chairman Collins** called the meeting to order at 8:02 a.m.

**H 267:** **Jeremy Pisca**, Risch Pisca, representing M3 Companies, Idaho Building Contractors Association, and the Idaho Association of Realtors, presented **H 267**. This legislation would establish a financing tool for the construction of regional highway projects in Idaho, through the creation of Transportation and Economic Development Zones (TEDZ). Currently, the Idaho Department of Transportation (ITD) has a maintenance deficit of \$543 million and no identified funding for new construction. This legislation is viewed as a bridge to help in funding this gap. Mr. Pisca stated this legislation was introduced late in the session last year and based on the concept of STAR's. **H 267** will use sales tax from projected growth as a result of the construction, to finance identified projects. Mr. Pisca stated that previous attempts to generate revenue, including an increase tax on rental cars and increase of the gas tax, failed. This legislation blends economic development and highway construction.

**H 267** would authorize the Idaho Department of Transportation (ITD) and the Idaho Department of Commerce (Commerce) to jointly identify highway construction projects that create economic and job corridors and that have a positive revenue impact to the state. **Mr. Pisca** stated this legislation would require an independent economist to be hired for the development of an economic analysis and to define the TEDZ boundaries. Eligible projects must meet the following criteria; create new, net positive sales tax impacts, have a revenue-positive economic impact greater than twice the cost of construction over a thirty year period and have the support of the majority of local governments within the proposed TEDZ. ITD would work with Idaho Housing and Finance Association to obtain loans or bonds to finance projects. The legislation contains a capitalized interest period of three years, where the first three years of interest payments are included in the loan amount. Mr. Pisca commented while not always considered, road construction is also a sales tax generator. **H 267** has accountability imbedded within. Every year the note or bond is outstanding, a report by an independent economist is required, to capture the economic activity within the zone. The report will be distributed to the Governor, the

Chair of Joint Finance and Appropriations Committee (JFAC), both the Senate and House Transportation Committee Chairs and would also be a public record.

In response to a question **Mr. Pisca** stated the concept of a TEDZ is patterned after STAR's and an Idaho solution to an Idaho problem. He does not believe roadways would be constructed in any area where the economic impact will not be realized. Mr. Pisca acknowledged that the projects would be backed by the sales tax. Mr. Pisca responded to a question that the cost of the economist hired to perform the analysis would be equally split between Commerce and ITD, but could also be recovered through the bond or loan utilized for the project.

**Mr. Pisca** responded to a question that an approved project would be regional in nature, connect multiple jurisdictions and improve one or more state highways or state highway systems. Mr. Pisca clarified that the STAR's program was the genesis of TEDZ, which assumes if the infrastructure is built, there will be growth. TEDZ uses the revenue from the anticipated growth and actually builds the infrastructure ahead of that growth. Mr. Pisca stated TEDZ is different than GARVEE bonds, which funds necessary state highways based on future gas tax receipts.

In response to a question, **Mr. Pisca** stated that the debt obligation of a TEDZ project would be subordinate to three existing obligations already backed by sales tax anticipation notes. Mr. Pisca responded to a question stating that maintenance of the roadway, while under construction, will be paid for out of bond proceeds, but subsequently, ITD would be responsible for ongoing maintenance. Mr. Pisca stated there was discussion and consideration to include ongoing maintenance costs in the bond, but only infrastructure is bondable, ongoing maintenance is not eligible.

**Dr. John Church**, represented M3 Companies, testified in support of **H 267**. Dr. Church has been an economist for 30 years and conducted numerous economic impact studies for a wide variety of industries and companies, including; Idaho Power, United Water, St. Luke's, Monsanto, Thompson Creek Mining, and Ada County Highway. Dr. Church was asked to prepare an economic growth analysis on three potential TEDZ locations; Highway 16, Highway 95 in north Idaho, and a hypothetical project in Twin Falls County. For the economic forecast on the Highway 16 project, Dr. Church stated the new revenue would be 13 times the cost of construction.

**Dr. Church** stated that Idaho employment growth is projected to be the 8th fastest growing in the country and the five metropolitan areas in Idaho will be in the top 100 in the country, for employment growth, over the next three years. Boise is projected to be 39th in employment growth and 24th in population growth.

In the projection of the various TEDZ areas, **Dr. Church** stated all three had a significant net positive gain to Idaho. For the Highway 16 project, a two mile corridor east and west of the highway is projected to generate \$7 million in sales tax revenue, over the five years of the construction. In the forecast, Dr. Church assumed the growth would include both commercial and government buildings which would not generate sales tax. Only 30% of the growth was assumed to be retail that would generate sales taxes on an ongoing basis. Dr. Church stated even with the very conservative projection of 30% retail, the forecast indicated a 13:1 benefit ratio, of revenue to cost.

In response to a question, **Dr. Church** acknowledged that not all of his projections have worked out as planned. More often than not, his projections were too conservative and growth outpaced the projections. He stated further, economists do not always agree, but economists outside of Idaho also project Idaho will grow, and grow rapidly.

**Brad Wills**, Developer and Executive Board member of the Idaho Building Contractors Association, testified in **support of H 267**. Mr. Wills believes growth should pay for itself and this is a way that can be accomplished.

**Wayne Hammon**, Executive Director, Association of Idaho General Contractors (IAGC), testified in **support of H 267**. IAGC members are the contractors that build schools and buildings. He said they are concerned about the insufficient maintenance revenue for roads. An ongoing, long term solution is an IAGC goal and while this bill will not remedy all of the concerns, it does address a critical need and does so without raising any taxes. Mr. Hammon stated his belief that Idaho is well positioned to take advantage of the growth that will occur.

**Jeremy Chou**, Givens Pursley and representing the American Council of Engineering Companies of Idaho (ACECI), testified in **support of H 267**. ACECI members believe a key issue in Idaho is the need for infrastructure and this legislation provides a mechanism to allow growth to pay for itself. **H 267** promotes business interests and growth and does so with no new taxes.

**Caroline Merritt**, Boise Metro Chamber of Commerce, spoke in **support of H 267**. Quality of life in Idaho is important and over the past 10 years, Idaho was the 4th fastest growing state in the country. The infrastructure has not kept pace with this growth. Ms. Merritt stated the Boise Valley Economic Partnership (BVEP) points out the lack of traffic as an advantage in the recruitment of new business to the area. However, traffic is increasing and becoming a growing issue. **H 267** is seen as a creative and innovative tool that allows growth but pays for itself.

**Ross Borden**, City of Boise, spoke in **opposition to H 267** by stating Idaho needs more funding for infrastructure. He gives credit to Mr. Pisca for attempting to address the issue. However, the City of Boise does not believe TEDZ is the answer. There is a lack of legislative oversight and this legislation cedes authority to individuals who are not accountable to taxpayers, nor does it include oversight of approved projects. Mr. Borden stated the Department of Commerce would be assuming a totally new responsibility which could put them at odds with cities and counties. Commerce and ITD would be authorized to trigger major projects with no consideration of locally developed Comprehensive Plans. This legislation puts too much power in the hands of one economist and TEDZ financing would violate the historical practice of using sales tax to pay for critical services.

**John Eaton**, Idaho Association of Realtors, which is comprised of 6,000 members statewide, spoke in **support of H 267**. Mr. Eaton stated viable transportation is important to support a strong Idaho economy. Real estate has suffered a significant downturn and is finally beginning to rebound. The in-migration to Idaho has slowed to a trickle due to the housing crisis. Mr. Eaton stated there are signs economic growth will occur and each house generates sales tax as it is constructed. Commercial construction follows and the new sales tax helps to facilitate orderly growth while paying for itself, which is known as smart growth. This legislation requires a majority of impacted political subdivisions to approve any project, along with ITD and Commerce. In response to an option to create a toll road, Mr. Eaton stated it is not exactly the most feasible option since the road must be built first before tolls are charged, and there is no funding to build the road.

**Jeff Sayer**, Director, Idaho Department of Commerce, testified in **support of H 267**. Mr. Sayer believes this legislation is a bold and innovative measure that is self sufficient, requires a lot of advance analysis, is regional focused and funded, contains a reasonable structure of checks and balances, and is scalable to tackle some of the larger projects needed. Mr. Sayer stated the Idaho Department of Commerce is up to the challenge of oversight for TEDZ projects which would involve the Idaho Economic Council Board review. Currently, Idaho is a fly over state and in order to get the attention of national industry, this bill would allow Idaho to get ahead of the growth that is coming. Mr. Sayer responded to a question stating although TEDZ would be backed by general sales tax, projects first look to the identifiable regional revenue of increased sales tax, before the project could even move forward. The checks and balances in the legislation would ensure general fund resources are not spent in a careless manner. The TEDZ process would be so involved that a nonviable project is unlikely to move forward.

**Jayson Ronk**, Idaho Association of Commerce & Industry, and **Pam Eaton**, Idaho Retailers Association, both testified in **support of H 267**.

**Garret Nancolas**, Mayor of Caldwell, testified in **opposition to H 267**. Mayor Nancolas stated he has heard a lot of testimony on growth projections, but does not believe a reliance can be placed on forecasts. He further stated he was unaware of a single economist who accurately projected the recent recession. Mayor Nancolas stated he fully supports economic development but encourages caution. He suggested consideration of alternative methods, such as having retail in the area of development pay for itself or following the example set by the City of Nampa in putting the bond financing to a vote of the citizens. Mayor Nancolas expressed concern in the use of statewide sales tax if the projections are wrong, stating this is not a case of "build it and they will come".

**Wayne Hoffman**, Executive Director, Idaho Freedom Foundation, spoke in **opposition to H 267**. Mr. Hoffman stated the funding should be straight forward and transparent and this legislation does not meet that test. Mr. Hoffman stated **H 267** would put transportation ahead of other needs associated with growth and there are other states that bond for ongoing public services. Good public policy requires that you have competing views and the language in this legislation does not accomplish that objective.

**Dr. Church** responded to a question regarding the Twin Falls forecast and Highway 30 and Highway 93 bypass (Pole Line Road) stating they are already in place and were constructed as a part of the Statewide Transportation Improvement Plan (STIP). TEDZ will fund future projects. Dr. Church stated the growth along Pole Line Road is a result of the construction of the bypass and was not there five or ten years ago.

**Mr. Pisca** closed his testimony by stating the issues raised in prior testimony are not a concern and believes the language in **H 267** ensures transparency and appropriate oversight. He noted the economic projections were made during the economic downturn and are very conservative. The issue of toll roads has been well vetted and considered. There are growth problems in many corridors and TEDZ is a potential solution for state highways. Mr. Pisca stated it's important to get the infrastructure constructed ahead of the growth. In response to a question, Mr. Pisca stated he was not familiar whether the Highway 16 project could be looked at as an interstate spur and able to take advantage of federal highway funding. However, he stated TEDZ is designed to be a controlled access system with separated interchanges.

**MOTION:**

**Rep. Anderst** made a motion to send **H 267** to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION:** Rep. Moyle made a substitute motion to **HOLD H 267** in committee.

**ROLL CALL VOTE ON THE SUBSTITUTE MOTION:** A roll call vote was requested. **Substitute Motion carried by a vote of 9 AYE, 6 NAY, 1 Absent/Excused. Voting in favor of the motion: Reps. Barrett, Moyle, Denney, Anderson, Hartgen, Patterson, Burgoyne, Erpelding, and Meline. Voting in opposition to the motion: Reps. Collins, Raybould, Anderst, Dayley, Kauffman, and Trujillo. Rep. Wood(35) was absent/excused.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:53 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
8:00 A.M.  
Room EW42  
Friday, March 15, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 286</a>	Tax Exemption- Scholarship Granting Organizations	Sen. Nonini

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 15, 2013

**TIME:** 8:00 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 (McLean), Meline

**ABSENT/  
EXCUSED:** None.

**GUESTS:** Dale Buwalda, Friedman Foundation; Chris Finch, Genesis Prep; Shelly Matthews, Alex Knoll, Jennifer Locke, LAM Christian; Wayne Hoffman, Erik Makrush, Idaho Freedom Foundation; Phil Homer, IASA & ISBA; Paul Stark, IEA, Jack Lyman, Idaho Mining Association; Jane Wittmeyer, Coalition of Charter School Families.

**Chairman Collins** called the meeting to order at 8:03 a.m.

**MOTION:** **Rep. Dayley** made a motion to approve the minutes of March 12, 2013. **Motion carried by voice vote.**

**H 286:** **Rep. Vander Woude** presented **H 286** which would provide a credit on state income taxes to individuals and corporations, making donations to scholarship granting organizations (SGO), that provide K-12 scholarships to students attending approved schools. Rep. Vander Woude stated this legislation has a \$10 million cap on tax credit availability, with no rollover permitted. However, due to the difference between fiscal years and school years, up to 25% of annual revenue may be carried forward into the next fiscal year. To ensure that scholarship funds are used for intended purposes, scholarship checks are delivered to the school and made payable to both parents and the school. Students attending schools where relatives are employed would be exempt from receiving a scholarship. Scholarships are intended to be portable during the school year and are permitted to follow the student to another school. Qualified students must meet the following criteria: reside in a household with a total annual income of no more than 150% of the income standard used to qualify for a free or reduced cost lunch; be at least five years of age and less than 22 years of age; have attended a public school the preceding semester or be entering kindergarten or first grade, or starting school in Idaho for the first time; reside in Idaho and attending an Idaho school.

**Rep. Vander Woude** clarified while students currently enrolled in a private school would not be eligible, a parent could place a child in a public school for one semester and reenroll the child back into a private school, in order to take advantage of the scholarship. The logic behind the requirement of not providing scholarships for students already enrolled in a private school is to provide more school choice.

**Rep. Vander Woude** stated a legal opinion was obtained from the Idaho Attorney General (AG). The language in this legislation meets both Idaho and U.S. constitutionality. A qualified SGO must be a 501(c)(3) and meet other qualifications, but a religious organization would not necessarily be prevented from setting up an SGO. In response to a question, Rep. Vander Woude clarified once a student has received a scholarship, eligibility continues until they graduate from high school or reach 22 years of age. This legislation contains language that would prevent a school from setting up a program to benefit that school only.

A detailed calculation was prepared by the Milton Friedman Foundation for Educational Choice. (See attached handout).

**Sen. Nonini** went over the calculation process in detail, which projects an estimated net savings of \$5.8 million. Sen. Nonini stated the estimated savings could stay within the State General Fund, but could also be directed to the education budget for discretionary use in other areas. In response to a question, Sen. Nonini stated he did not know the exact number of elementary schools in Idaho, but there were 114 different school districts. He acknowledged the loss of one student may not necessarily impact the Average Daily Attendance (ADA) funding formula. Sen. Nonini also acknowledged if the General Fund is decreased by this tax credit and the school budget is left whole, any shortfall would need to be made up by cuts in other areas of the state budget.

**Sen. Nonini** stated the Idaho Attorney General's opinion is states the language in **H 286** can be defended as consistent with the United States and Idaho Constitutions in the context of a facial challenge. SGO scholarships do not involve any transfer of state funds. Since the scholarship program of SGO's must involve more than one school, both sectarian and nonsectarian schools receive equal treatment. The Attorney General stated their office would defend the law's facial validity with respect to an Establishment Clause challenge, should one arise.

The SGO is required to work through the Idaho State Tax Commission to ensure the \$10 million cap has not yet been reached. **Sen. Nonini** stating with similar programs found other states, the cap has been increased over time, to accommodate the increased demand for scholarships and students have been able to continue in the program long-term. Sen. Nonini acknowledged more options for SGOs exist in urban areas, due to size of the population. In more rural areas, there may be one or two SGOs that serve a broader geographic area. This legislation contains a retroactivity clause of January 1, 2013, in order to ensure qualified students entering school in September 2013 would be eligible. Sen. Nonini stated this legislation is ultimately about school choice and there are currently no SGO's established in Idaho.

**Dale Buwalda**, Milton Friedman and the Foundation for Educational Choice, testified in **support of H 286**. Mr. Buwalda stated in looking at the national landscape for school choice, there are 17 existing states with multiple SGO type organizations. The Institute for Justice and Milton Friedman Foundation research finds Idaho has a long standing history of providing public tax credits for endeavors that benefit private foundations. Donations to schools, libraries, and museums, as codified in Idaho law, have specifically included sectarian entities. Studies indicate in tracking the fiscal impact in states with SGOs, the benefit for every \$1 spent is \$1.40 in return. Florida's SGO program, initially started with a cap of \$50 million in 2003/04, grew to \$118 by 2008/09 and recently increased again. With regard to fixed costs, Mr. Buwalda stated a report, conducted by Benjamin Scafidi, Ph.D, using 2008/09 data for all 50 states and published in March 2012, showed 62% of the costs in Idaho are variable. In response to a question, Mr. Buwalda said teacher salaries were included in the analysis as a variable cost and while a specific teacher's salary would not change, the amount of teachers per school very well could change. When asked if the tax credit itself been had analyzed in other states, Mr. Buwalda stated some analysis had been done. He further clarified the difference between a direct individual tax credit, which benefits families who have already made the choice to utilize private schools, with SGO type programs, which would provide scholarships to families who may not be able to otherwise afford private school.

**Chris Finch**, Principal of Genesis Prep Christian Academy in Post Falls, testified in **support of H 286**. Genesis Prep is one of twenty schools in Idaho with membership in the Association of Christian Schools International. Genesis is accredited through the Northwest Accreditation Commission and serves 140 students, of which 52% receive some sort of assistance to attend. Mr. Finch stated there is a direct correlation between a student's socioeconomic level and access to school choice. Private schools provide a tremendous opportunity to impact student learning and make a lifelong impact. This legislation would narrow the gap between ability to pay and school choice options, providing benefits last a lifetime.

**Shelly Matthews**, Founder and Principal of LAM Christian Academy, located in Coeur d' Alene, testified in **support of H 286**. LAM serves preschool through 5th grade and has a tuition of \$4,500 per year. Ms. Matthews stated it is ultimately the responsibility of parents to provide the best education for their children. This legislation would give parents the means to have a different choice in how their children are educated. Ms. Matthews stated LAM Academy is a business and the reality is they have to set a budget every year. When the budget goes down, hard decisions have to be made. To a large extent, with some fund raising, enrollment determines the budget. Ms. Matthews stated they have seen an enrollment decline during the economic downturn and it is difficult to be unable to provide options for parents. This legislation would provide options and she encourages passage of **H 286**.

**Alex Knoll**, who is 8 years old and in the 2nd grade at LAM Christian Academy, testified in **support of H 286**. Mr. Knoll stated he and his classmates are way ahead of others their age; reading at the 7th grade level and solving 5th grade math. He loves his school, especially science, and is taking Spanish and has competed in Spelling Bee events. Mr. Knoll said he feels blessed to go to LAM and realizes it is difficult for his parents to pay his tuition. He values his education and urges the committee to support this legislation.

**Jennifer Lock**, who has children in LAM, testified in **support of H 286**. As a student, Ms. Lock had a learning disability and was able to benefit and excel through her enrollment in private school. Her parents could afford the tuition and she was able to go on to college. She stated it is important that children who cannot afford the cost of private school, particularly those with learning disabilities, have this opportunity.

**Wayne Hoffman**, Executive Director, Idaho Freedom Foundation testified in **support of H 286**, stating this is good public, tax and education policy. **H 286** opens up the market and allows parents to have a choice in the education of their children.

**Phil Homer**, School Administrators Association and the Idaho School Boards Association, spoke in **opposition to H 286**, stating a philosophical difference. This legislation would divert much needed revenue from public education, which is already hurting. Mr. Homer stated there is nothing in it would be diverted from public education. Each year a new cohort of students would start in the system and potentially \$48 million would be lost, over the 12 years a student would be in school, K - 12.

**Paul Stark**, General Counsel, Idaho Education Association (IEA) , testified in **opposition to H 286**. Mr. Stark stated the IEA supports school choice, but this legislation is about who pays for it. Mr. Stark said at its core, **H 286** is about secular school funding and a dollar for dollar tax credit. SGOs will simply funnel dollars through parents to schools, and the net effect is state funds for education would be reduced. Mr. Stark stated for a public school, this legislation will not save money since fixed costs will remain, and he believes it is shortsighted to think it will save money.

**Mr. Stark** acknowledged, while it might save money on ADA, it will just shift the burden to local school districts, causing increased reliance on levy support. He also stated this legislation would take money away from Charter School funding. Mr. Stark believes **H 286** may violate the Idaho constitution, which contains clauses stronger than the U.S. Constitution, and expressly prohibits using public funds to support any secular education. He further states, the issue here is not about a choice. This is a voucher program and will reduce funding of state education to secular purposes. In response to a question, Mr. Stark clarified that while he is not a tax attorney, it is his belief that tax donations to eligible organizations are deductions, which lower the tax obligation. What is proposed in **H 286** is a tax credit, or a dollar for dollar benefit. Mr. Stark said while the opinion of the AG is there is no direct transfer of state funds and the language of the legislation is constitutional, the term "facial" basically looks at the language, whereas "as applied" would consider how the law is practiced, and he believes there will be challenges.

**Jane Wittmeyer**, representing the Coalition of Idaho Charter School families, testified in **support H 286** stating it expands choice in education. Ms. Wittmeyer stated almost every single charter school in Idaho has a waiting list. **H 286** provides more choice through another means and anything the state can do that creates a broader base where parents have a choice is positive.

**MOTION:** **Rep. Wood(35)** made a motion to send **H 286** to the floor with a **DO PASS** recommendation.

**Rep. Vander Woude** stated seventeen states have this program, have had challenges, and successfully withstood those challenges. He cited current practice of providing Idaho scholarships for those unable to afford colleges and universities. Rep. Vander Woude stated in current tax code, there are many K-12 schools, secular and nonsecular, already eligible for a direct tax credit write off, for qualified donations.

**Sen. Nonini** spoke to the possibility of declining enrollment from public to private schools this legislation might cause, stating there is 97% protection already in place within Idaho Code. Sen. Nonini said the Blaine Amendment in the Idaho Constitution prohibits vouchers, but does not prohibit tax credits. Personal income is not Idaho controlled funding and a tax liability does not represent government property. In response to a question, Sen. Nonini stated parents and grandparents can make deposits to Coverdale and 509 programs, tax exempt, for their children or grandchildren but **H 286** is a different program.

**VOTE ON THE MOTION:** A roll call vote was requested. **Motion carried by a vote of 12 AYE, 4 NAY. Voting in favor** of the motion: **Reps: Collins, Wood(35), Barrett, Moyle, Raybould, Denney, Anderst, Dayley, Hartgen, Kauffman, Patterson, and Trujillo. Voting in opposition** to the motion: **Reps. Anderson(31), Burgoyne, Meline, Erpelding(McLean).** **Rep. Vander Woude** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:23 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
7:30 A.M.  
Room EW42  
Tuesday, March 19, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 315</a>	Personal Property Tax	Seth Grigg, Idaho Association of Counties

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding(McLean)  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 19, 2013

**TIME:** 7:30 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 (McLean), Meline

**ABSENT/  
EXCUSED:** None.

**GUESTS:** Ryan Armbruster, Jerome URA/RA; Jaime Hansen, Idaho Nonprofit Center; Harold Ott, IRSA; Rob Winslow, Phil Homer, IASA, Jack Lyman, Idaho Mining Assoc.; Mike Chakarun, Idaho State Tax Commission; Brent Adamson, Donna Peterson, IAC, Donna Yule, IPEA; Bobby Sanchez, City of Nampa; Jessica Harrison, ISBA, Tyler Mallard, Risch Pisca; Elizabeth Criner, FWAA/NWFPA/ISBA; Suzanne Budge, SBS Associates.

**Chairman Collins** called the meeting to order at 7:31 a.m.

**MOTION:** **Rep. Dayley** made a motion to approve the minutes of March 13, 2013. **Motion carried by voice vote.**

**MOTION:** **Rep. Anderson(31)** made a motion to approve the minutes of March 14, 2013. **Motion carried by voice vote.**

**MOTION:** **Rep. Meline** made a motion to approve the minutes of March 15, 2013. **Motion carried by voice vote.**

**H 315:** **Seth Grigg**, Policy Analyst, Idaho Association of Counties (IAC), presented **H 315**, which relates to the business personal property tax and changes three aspects of the exemption granted under **Idaho Code 63-602KK**. Mr. Grigg testified that **H 315** is a revision and compromise of the previously considered **H 272**. Due to the quick turnaround of this legislation, Mr. Grigg asked the committee to take into consideration the testimony for **H 272**, since many of the individuals previously testifying were unable to be here this morning. Under this legislation, any de minimus tangible personal property, purchased on or after January 1, 2013 and having a purchase price of \$3,000 or less, would be exempt from personal property tax. This legislation also clarifies the definition of an 'item'. **H 315** would trigger the \$100,000 exemption on personal property tax and is expanded to include operating property. To simplify reporting, a uniform application process, prescribed by the Idaho State Tax Commission (ISTC), would be created.

**Mr. Grigg** stated replacement funding to local governments will be based on the 2013 personal property tax certification, provided by the county clerk to the ISTC, and is estimated to be \$20 million. The replacement will be fixed in time and annually distributed to taxing districts each subsequent year. Mr. Grigg explained that appraisals occur on a five year basis. Motor vehicles, aircraft and boats, which are not registered, would be subject to personal property tax. Replacement funding will come from the sales tax revenue distribution formula, found in **Idaho Code 63-3638**. Mr. Grigg stated **H 315** is fully supported by the Association of Idaho Cities, the Idaho School Administrators, and the Idaho School Boards Association.

In response to a question, **Mr. Grigg** clarified the reimbursement would not apply to new taxing entities established on or after January 1, 2013. However, these new taxing entities would receive the \$100,000 exemption. **Alan Dornfest**, ISTC, clarified replacement revenue for existing Urban Renewal Districts would be funded.

**Mr. Grigg** stated each County Clerk certifies where property is located and how much is owed to each taxing district. Taxes are paid in two installments to the county and subsequently paid to each taxing district from sales tax revenue. Replacement funding would be taken off the top, before sales tax revenue would go into the State General Fund. ISTC will develop emergency rules to deal with the retroactive date of this legislation.

**Mr. Grigg** responded to a question stating both regulated and non-regulated operating property is included in the \$100,000 exemption and the total estimated replacement funding is \$20 million. The replacement estimate for inclusion of the \$100,000 operating property exemption is estimated to be \$500,000. The remainder of the replacement funding is for locally assessed property. Mr. Grigg clarified the \$100,000 exemption is on a per county basis, as per current law. Locally assessed property of a business that operates in multiple counties would receive the exemption benefit of \$100,000 per county.

**Mr. Grigg** stated the reporting of personal property valuation has always operated on the honor system, although random audits are conducted. This legislation treats personal property exemption the same as the agriculture property exemption in terms of inflation and replacement value, which is capped. Consequently, there could be a possibility of some tax shift from personal property to real property, over time. This legislation requires an exemption application every five years, which replaces the affidavit requirement in **H 272**.

**Phil Homer**, Idaho School Administrators Association, testified in **support of H 315**, stating it is the most affordable option while protecting the market value for future school levies that may be needed.

**Brent Adamson**, Boise County Assessor, Idaho Association of Counties, spoke in **support of H 315**.

**Donna Peterson**, Payette County Treasurer and IAC Legislative Committee Chair, testified in **support of H 315**. Ms. Peterson stated this legislation would save County Assessors from spending tax dollars to chase pennies.

**Jessica Harrison**, Policy and Government Affairs Officer, Idaho School Boards Association, spoke in **support of H 315** stating she believes it is a reasonable compromise to personal property tax.

**Pat Charlton**, Valley View School District Superintendent, spoke in **support of H 315**. As a rapidly growing school district, Valley View has relied on passage of bonds to keep up with the growth. The school district relies on market value and the ability to pass bonds. Mr. Charlton views this legislation as a reasonable way to accomplish both goals.

**Mr. Grigg** clarified the sales tax distribution process stating there are about 13 different appropriations funded by sales tax "off the top", before the remainder of sales tax funds are transferred to the General Fund. Sales tax is collected and sent to the ISTC and redistributed by formula, to each county. The county reallocates funds to other taxing districts.

**MOTION:**

**Rep. Burgoyne** made a motion to send **H 315** to the floor with a **DO PASS** recommendation.

**AMENDED MOTION:**

**Rep. Burgoyne** amended his motion to include a correction in the second sentence of the SOP Fiscal Note, replacing the word 'annual' with 'annually'.

**Rep. McLean** declared Rule 38, stating she is a member of the Boise City Council and Boise Urban Renewal Agency.

**VOTE ON THE MOTION:** **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.** **Reps. Collins, Moyle and Burgoyne** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 8:14 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:00 A.M.  
Room EW42  
Thursday, March 21, 2013

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">RS22297C1</a>	Automobile Tires Sales Tax	Rep. Wood(35)
<a href="#">H 13</a>	Sales Tax Act Clarification - Duty to Account For and Pay Imposed Tax	Mike Chakarun, Idaho State Tax Commission
<a href="#">S 1047</a>	Establishes Garnishment for Back Taxes Owed to 25%	Sen. Rice

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 21, 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:** Rep. Patterson.

**GUESTS:** Mike Chakarun, Idaho State Tax Commission; Benjamin Davenport, Associated Taxpayers; Russell Westerberg, RNP; N.L. Clayville, DFM.

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

**MOTION:** **Rep. Meline** made a motion to approve the minutes of March 19, 2013. **Motion carried by voice vote.**

**S 1047:** **Sen. Rice** presented **S 1047**, which lowers the allowable garnishment of wages, by the Idaho State Tax Commission (ISTC) for the payment of back-taxes owed by a taxpayer, to twenty-five percent (25%). Historically, wages have been garnished up to 100%. This legislation would limit the amount of garnished wages, from a single paycheck to twenty five percent (25%). In the case where wages are also being garnished for Federal taxes, the state limit would be ten percent (10%). Garnishment is done with a levy to the employer. **S 1047** would also extend the time limit for collection of back taxes, by garnishment, from 6 years to 12 years. The federal limit for collection is ten years. In lieu of wage garnishment, the taxpayer has the option to agree to a 'work out plan' with the ISTC. **Sen. Rice** stated 100% garnishment of wages have resulted in employees leaving their jobs and moving out of state or working 'under the table'. Garnishment of wages is done on a pretax, gross earnings, basis.

**Sen. Rice** responded to a question that garnishment of wages for child support is currently limited to 50% in Idaho and generally, garnishment is not exercised to this level. In some child support garnishment cases, the delinquent paying party will be jailed. In situations of child support remedy, assets such as cars and boats can be seized and sold for repayment of amounts owed. In cases of back taxes, these are not optional remedies.

**Sen. Rice** responded to a question stating other states do not seem to track results of garnishments, but a trend over time, seems to limit the amount of garnishment. Some states limit to 10%, while some use a formula with a 25% cap. The Internal Revenue Services uses a formula, based on the number of people in the family, and is generally less than 25% for wage garnishments. In response to a question, **Sen. Rice** stated he did not know the current interest rate charged by the ISTC on back taxes, but said both a penalty and interest are charged. **Mike Chakarun**, ISTC, responded to a question stating they have worked with **Sen. Rice** on this legislation

**MOTION:** **Rep. Wood(35)** made a motion to send **S 1047** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Denney** will sponsor the bill on the floor.

**RS 22297C1:** **Rep. Wood(35)** presented **RS 22297C1** which provides direction to the Idaho State Tax Commission relating to the declaration and collection of information on motor vehicle tire sales. Historically there has not been a way to determine the amount of sales tax collected and directed into the General Fund. A new form would be created, or an existing one amended, to capture this data.

**MOTION:** **Rep. Barrett** made a motion to introduce **RS 22297C1**.

In response to a question, **Rep. Wood(35)** stated there had been an attempt to include collection of other relevant information, such as tax collected on batteries. ISTC asked for clearer definitions of what should be included. After further consideration only motor vehicle tire sales tax data will be collected. Rep. Wood(35) clarified only tires used on highways and county roads are included in this proposed legislation.

**VOTE ON MOTION:** **Chairman Collins** called for a vote on the motion to introduce **RS 22297C1**. **Motion carried by voice vote.**

**H 13:** **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission (ISTC) presented **H 13** which amends the Sales Tax Act to clarify that every person with a duty to account for and pay all taxes collected would also apply to use tax. This would give the ISTC the ability to seek repayment from the responsible parties for collection of use. In some cases, a Limited Liability Corporation (LLC) incurs a use tax liability but has been dissolved and the tax is unpaid. This legislation would allow the ISTC to collect taxes owed from the responsible party. Mr. Chakarun stated the approximate annual taxes written off by the ISTC is \$11 million, of which, 3-4% is related to use tax. A realistic estimate of what might be collectable is \$192,000.

In response to a question, **Mr. Chakarun** said this legislation is not intended to violate the protection of a corporation. The ISTC would pursue collection of use taxes from the entity first, before looking to a responsible party. The ability to seek payment of taxes owed by a responsible party for other taxes, typically trust taxes such as employee withholding, is currently available to both federal and ISTC collection efforts. In response to a question, Mr. Chakarun stated he was not familiar with how a bankruptcy would apply in this case. Mr. Chakarun stated there are a number of laws which permit the protection of a corporation to be 'pierced' and cited the example of any company regulated by the Securities Exchange Commission (SEC).

**MOTION:** **Rep. Erpelding** made a motion to send **H 13** to the floor with a **DO PASS** recommendation.

**VOTE ON MOTION:** A roll call vote was requested. **Motion carried by a vote of 8 AYE, 7 NAY, 1 Absent/Excused. Voting in favor** of the motion; **Reps. Wood(35), Anderson(31), Kauffman, Trujillo, Burgoyne, Erpelding, Meline, and Collins. Voting in opposition** to the motion; **Reps. Barrett, Moyle, Raybould, Denney, Anderst, Dayley, and Hartgen. Rep. Patterson** was absent/excused. **Rep. Erpelding** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:44 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**8:30 A.M.**  
**Room EW42**  
**Friday, March 22, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#"><u>HCR 32</u></a>	Concurrent Resolution Rejection Final Rules of the Idaho State Tax Commission	Bill Roden, Hopkins, Roden, Crockett, Hansen & Hoopes

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

COMMITTEE SECRETARY

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, March 22, 2013

**TIME:** 8:30 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:** Rep. Moyle.

**GUESTS:** Steve Rector, Tim Olson, Nez Perce Tribe/PBG; Bill Roden, Coeur d' Alene Tribe; Mike Chakarun, Idaho State Tax Commission; Bill von Tagen, Attorney General/ISTC; Dennis Stevenson, Rules Coordinator; Benjamin Davenport, Associated Taxpayers; Lyn Darrington, Shoshone-Bannock Tribes.

**Chairman Collins** called the meeting to order at 8:30 a.m.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of March 21, 2013. **Motion carried by voice vote.**

**HCR 32:** **Bill Roden**, representing the Coeur d' Alene Tribe, presented **HCR 32** which deals employment of tribal members working on other tribal reservations or married to members of other tribes. **HCR 32** would effectively rescind Idaho State Tax Commission (ISTC) Rule 33, subsections 3, 4, and 5. The anticipated procedure for negotiated rule making was not followed in 2011 when the rule was adopted and the 2012 instructions regarding withholding provided to employers contained errors. Consequently, employee withholding by employers was not calculated correctly. Subsequently, ISTC stated they would not enforce the rule, but to clear up any misunderstanding, agreed to remedy the issue through **HCR 32**. ISTC plans to immediately revisit the issue and come back with a corrected rule in the next session.

**Dennis Stevenson**, Idaho Administrative Rules Coordinator, responded to a question stating he likes to see rules vetted through a negotiated rule making process but suspects the likely outcome would be the same as what is being proposed with **HCR 32**. Mr. Stevenson stated the ISTC and Governor's office could draft a temporary rule. The agency could adopt the rule immediately. In response to a question, Mr. Stevenson stated a temporary rule can be effective immediately and while there is precedence, he would not recommend retroactive implementation.

**Mr. Roden** stated a temporary rule and a rejection of the rule had been considered as options, but were not supported by Leadership. The preference was to use a concurrent resolution and Mr. Roden was authorized to draft **HCR 32**, in consultation with Legislative Services and the Governor's office. Mr. Roden stated the Administrative Procedure Act does not prohibit this approach and, while it may not be the preferred option, it is an acceptable method. In response to a question, Mr. Roden stated the core issue is whether or not income earned by a tribal member of a reservation, employed by a different reservation or married to a tribal member and residing on another reservation, is subject to Idaho state income tax. The rule adopted in 2011 changed policy, which is not clear. **HCR 32** is an effort to temporarily remedy the situation.

**David Langhorst**, Commissioner, Idaho State Tax Commission, **supports HCR 32**, stating while a more efficient way was preferred, this effectively deals with the situation. Mr. Langhorst stated the ISTC Commissioners had not intended to enforce the rule and agree this is a fair and equitable administration of tax law.

**MOTION:** **Rep. Trujillo** made a motion to send **HCR 32** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

**AJOURN:** There being no further business to come before the committee, the meeting was adjourned at 8:51 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

**AMENDED AGENDA #1**  
**HOUSE REVENUE & TAXATION COMMITTEE**  
**8:30 A.M.**  
**Room EW42**  
**Tuesday, March 26, 2013**

<b>SUBJECT</b>	<b>DESCRIPTION</b>	<b>PRESENTER</b>
<a href="#">H 326</a>	Sales and Use Tax - Motor Vehicle Tires	Rep. Wood(35)
<a href="#">RS22286C1</a>	Streamlined Sales and Use Tax	Rep. Clow
<a href="#">RS22020C1</a>	Idaho Income Tax Surcharge	Rep. Ringo

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins      Rep Anderson(31)  
Vice Chairman Wood(35)      Rep Anderst  
Rep Barrett      Rep Dayley  
Rep Moyle      Rep Hartgen  
Rep Raybould      Rep Kauffman  
Rep Denney      Rep Patterson

Rep Trujillo  
Rep Burgoyne  
Rep Erpelding  
Rep Meline

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MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, March 26, 2013

**TIME:** 8:30 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:** Tony Smith, Benton Ellis; Russell Westerberg, No Surcharge Committee; N.L. Clayville, DFM; Pam Eaton, Idaho Retailers Association; Mike Chakarun, Idaho State Tax Commission; Wayne Hammon, Associated General Contractors.

**Chairman Collins** called the meeting to order at 8:30 a.m.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of March 22, 2013. **Motion carried by voice vote.**

**H 326:** **Rep. Wood(35)** presented **H 326** which provides direction to the Idaho State Tax Commission (ISTC), relating to the collection of sales and use tax data on sales of motor vehicle tires. The Idaho Transportation Department is seeking revenue generation options to help fund transportation needs. This bill would allow collection of data to determine the tax generated by motor vehicle tire sales paid into the General Fund.

**MOTION:** **Rep. Barrett** made a motion to send **H 326** to the floor with a **DO PASS** recommendation.

**Pam Eaton**, Idaho Retailers Association, testified in **opposition to H 326** stating this legislation would add extra cost and burden to retailers. In addition to changes in Point Of Sale (POS) inventory tracking and accounting systems, there is a potential for increased audits by the (ISTC). Ms. Eaton said retailers already collect sales tax for the state and this would add an additional burden. If the goal is to determine how many tires are sold, retailers believe there are other ways to accomplish this without legislation. As an example, retailers have the capacity to generate data on the number of tires sold, from which a sales tax projection could be calculated. Retailers are also concerned if specific items are tracked, it opens up the potential for an additional tax to be imposed. Ms. Eaton responded to a question stating in order to break out sales tax per item, changes would need to be made to accounting and POS software. Sales tax is currently reported on a monthly basis. The aggregate sale of tires is much easier to obtain from existing data and systems than segregating sales to determine the sales tax. The cost of modifying the POS system would vary depending on the scale and smaller retailers would likely have greater costs.

**Ms. Eaton** acknowledged once the POS system is modified, the added cost would not be continued. However, she stated there would be continuing costs of accounting and liability, related to the completion of the form. Ms. Eaton, in response to a question, did not have the number of tire retail establishments currently doing business in Idaho. Retailers have the capacity to generate the total number of tires sold by general category, such as heavy truck and passenger vehicles. Ms. Eaton stated the Idaho Retailers Association membership is not comprised of all tire retailers in the state, but she estimates a large majority of tire retailers are members.

**Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission (ISTC), spoke regarding concerns the ISTC has with **H 326** stating the current tracking form would likely need to be modified or redesigned. The taxpayer accounting system would also need to be changed and the estimated fiscal impact is likely greater than the estimated \$68,000. Mr. Chakarun outlined the process to set up a new tax type into the system, which typically takes six months. Currently, the ISTC is working on several other new tax type changes and does not have the staff or resources to devote to the changes **H 326** would require. Mr. Chakarun stated this legislation has no provision for penalties or sanction, in the event a vendor fails to report as required. The ISTC audit department would be put into a position of verifying reports but without direction for resolution in cases of noncompliance. An additional concern is the lack of an adequate definition of 'motor vehicle'.

**Mr. Chakarun stated H 326** has an effective date of February 28th and there is insufficient time to prepare for reporting of the initial sales tax reports, which would be submitted in August. Mr. Chakarun stated the ISTC could work with retailers to come up with an alternative method to approximate the number of tires sold and estimate of taxes generated.

**Wyane Hammon**, Association of General Contractors (AGC), spoke in **support of H 326**. Mr. Hammon stated the AGC believes this is good tax policy and the data on tire sales should be readily available, but Idaho's system doesn't allow collection.

**SUBSTITUTE MOTION:**

**Rep. Burgoyne** made a substitute motion to **HOLD H 326**.

**VOTE ON SUBSTITUTE MOTION:**

**Chairman Collins** called for a vote on the substitute motion. Roll call vote was requested. **Motion carried by a vote of 11 AYE and 5 NAY. Voting in favor of the motion: Reps. Raybould, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Burgoyne, Erpelding, Meline, and Collins. Voting in opposition to the motion: Reps. Wood(35), Barrett, Moyle, Denney, and Trujillo.**

**RS 22286C1:**

**Rep. Clow** presented **RS 22286C1** which is related to streamlined sales tax. The basic concept behind this proposed legislation is to deal with types of sales that occur remotely. Retailers are not required to collect sales tax on internet or online sales unless they have a nexus in the state. A retailer with a nexus in Idaho is required to collect and remit sales tax. This proposed legislation would update existing tax code and create a new chapter to deal with streamlined sales tax. The Streamlined Sales Tax Governing Board (SSTGB) is a coalition of member states. Some states voluntarily collect taxes on remote sales. **RS 22286C1** has an effective date of January 1, 2015 to begin collection of tax but would apply on or after July 1, 2013 to become a member of the SSTGB.

**Rep. Clow** stated this proposed legislation is a modified version of **H 581** from the 2012 session. Retailers selling remotely, having a nexus in Idaho and sales of less than \$1 million, are not mandated under federal law to collect sales tax. The Marketplace Fairness Act (MFA) is currently under consideration in Congress and contains references the SSTGB in terms of collection and policy. Rep. Clow responded to a question stating by printing the bill late in the session, it would provide interested parties the time to review legislation as well as creating a framework for future consideration.

In determining remote sales tax, **Rep. Clow** stated Idaho has destination based sourcing and tax is applicable for remote sales that are delivered to the state. States with origin based sourcing, tax remote sales based on the state of origin for the sale. In response to a question. Rep. Clow stated a legal review cleaned up the language of **H 581**, omitting language not applicable to Idaho. Rep. Clow stated he did not calculate the potential cost for implementation of this process, but the ISTC was involved in drafting the proposed legislation.

**MOTION:** Rep. Erpelding made a motion to introduce **RS 22286C1**.

Rep. Clow responded to a question stating if the MFA passes, there is no requirement to join SSTGB, which was created to assist in establishing uniform reporting of streamlined sales tax. The SSTGB can be a significant help to implementation, particularly in smaller states, and is a coalition, not a government entity. Rep. Clow spoke on the history of an Executive Order, implemented in 1999 by Governor Kempthorne, which was in place for four years. The Executive Order allowed Idaho to join and become active in SSTGB in an advisory capacity. Idaho is not a member of the governing board, which currently has 22 full and 22 associate members.

**VOTE ON MOTION:**

Roll call vote was requested. **Motion failed by a vote of 5 AYE, 10 NAY, 1 Absent/Excused. Voting in favor of the motion: Reps. Kauffman, Trujillo, Burgoyne, Erpelding, and Meline. Voting in opposition to the motion: Reps. Wood(35), Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen and Collins. Rep. Patterson was absent/excused.**

**RS 22020C1:**

Rep. Ringo presented **RS 22020C1** which would impose a 5% Idaho income tax surcharge on taxable earnings in excess of \$50,000, retroactive to January 1, 2013. This proposed legislation would also create a special project fund that can be used to comply with state law or with policy when failure to comply is a result of inadequate general fund revenues. Tax surcharge revenue may also be used to deal with budgetary needs when failure to act is deemed detrimental to state interests. A tax surcharge would provide a source of revenue to meet certain needs as the economy grows stronger.

Rep. Ringo provided information comparing 2009 and 2014 budgets to illustrate the decrease in public school, agriculture research, professional/technical education and higher education funding. Additional issues of deferred maintenance on state buildings, roads and bridges were identified. A comparison of Idaho teacher pay at an average of \$46,483 was made to surrounding states, which averages \$51,146, putting Idaho at a disadvantage in attracting and retaining teachers. This proposed legislation could provide additional revenue to address these and potentially other budgetary needs. Rep. Ringo stated that approximately 15% of Idaho taxpayers would be impacted by this proposed legislation and acknowledged the proposed legislation could benefit by the inclusion of a sunset provision.

Rep. Ringo responded the Attorney General has not provided an opinion. In considering options for proposed legislation, Rep. Ringo stated Idaho has the lowest median income in the nation and she looked at the adequacy of revenue needed to meet the obligations of the state. Research shows a reduction in tax rates do not increase in economic growth.

**MOTION:**

Rep. Hartgen made a motion to **HOLD RS 22020C1** in committee.

**SUBSTITUTE MOTION:**

Rep. Burgoyne made a substitute motion to introduce **RS 22020C1**.

**VOTE ON SUBSTITUTE MOTION:**

Chairman Collins called for a vote on the substitute motion. A roll call vote was requested. **Motion failed by a vote of 3 AYE, 11 NAY, 2 Absent/Excused. Voting in favor of the motion: Reps. Burgoyne, Erpelding, and Meline. Voting in opposition to the motion: Reps. Barrett, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Patterson, Trujillo and Collins. Reps. Wood(35) and Moyle were Absent/Excused.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:09 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary

AGENDA  
**HOUSE REVENUE & TAXATION COMMITTEE**  
9:30 A.M.  
Room EW42  
Thursday, March 28, 2013

SUBJECT	DESCRIPTION	PRESENTER
	Approval of Minutes	

***If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.***

COMMITTEE MEMBERS

Chairman Collins	Rep Anderson(31)
Vice Chairman Wood(35)	Rep Anderst
Rep Barrett	Rep Dayley
Rep Moyle	Rep Hartgen
Rep Raybould	Rep Kauffman
Rep Denney	Rep Patterson

Rep Trujillo
Rep Burgoyne
Rep Erpelding
Rep Meline

COMMITTEE SECRETARY

Kathleen Simko  
Room: EW53  
Phone: 332-1125  
email: [hrev@house.idaho.gov](mailto:hrev@house.idaho.gov)

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Thursday, March 28, 2013

**TIME:** 9:30 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:** None.

**Chairman Collins** called the meeting to order at 9:31 a.m.

**MOTION:** **Rep.Raybould** made a motion to approve the minutes of March 26, 2013. **Motion approved by voice vote.**

**Chairman Collins** recognized Page **Francesca Ghiroso** for her service to the Revenue and Taxation Committee the second half of the 2013 session.

There being no further business to come before the committee, the meeting was adjourned at 9:38 a.m.

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Representative Collins  
Chair

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Kathleen A. Simko  
Secretary