

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, January 16, 2014

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, Trujillo, Agidius, Burgoyne, Erpelding, Meline

**ABSENT/
EXCUSED:** Rep. Barrett

GUESTS: Ed Hawley, Admin. Rules; Alan Dornfest, Michael Chakarun, Idaho State Tax Commission; Melissa Nelson, ISCPA; Julie Hart, Westerberg & Associates; Brent Olmstead, MP Idaho; Raeleen Welton, RMP.

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

MOTION: **Rep. Meline** made a motion to approve the minutes of January 14, 2014. **Motion carried by voice vote.**

RS 22421: **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 22421**. This proposed legislation makes three technical corrections to Idaho's income tax laws. Section 1 provides a net operating loss carryback limit of \$50,000 for married individuals, filing separately in the year of loss. It also corrects language in the Internal Revenue Code Section 1212 related to passive losses. Section 2 is related to loss of federal tax exempt status in Idaho, unless otherwise exempt, when 501 nonprofit entities fail to file tax form 990 and lose federal tax exemption status. Section 3 corrects a reference error.

MOTION: **Rep. Dayley** made a motion to introduce **RS 22421**. **Motion carried by voice vote.**

RS 22451: **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 22451**. Known as the annual conformity bill, if approved, this legislation will conform Idaho income tax changes made to the Internal Revenue Code, which affect tax years beginning 2013. This would provide clarification on definition of marriage. Mr. Chakarun stated there were no major tax changes in 2013 and while Congress is still dealing with extensions that would not take effect until 2014, there is no anticipated fiscal impact this year.

In response to a question, **Mr. Chakarun** concurred subsection c is new and intended to have relevance for the tax commission clarifying a marriage must be one recognized in both Idaho Code and the Idaho Constitution.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 22451**. **Motion carried by voice vote.** **Rep.(s) Burgoyne & Erpelding** requested to be recorded as voting **NAY**.

RS 22358: **Mike Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 22358**. Currently, there is confusion over the status of certain entities not considered a 'natural person' and the inclusion or exclusion of that entity in a composite return. Additionally, confusion exists on whether or not a pass-through entity is required to pay the Permanent Building Fund fee in specific circumstances. This proposed legislation would clarify the definition as well as include a cross reference to Idaho Code governing a nonresident's Idaho source income.

MOTION: **Rep. Burgoyne** made a motion to introduce **RS 22358**. **Motion carried by voice vote.**

RS 22455: **Alan Dornfest**, Idaho State Tax Commission, ISTC, presented **RS 22455**. This proposed legislation makes technical corrections to Idaho's property tax laws. Section 1 would eliminate the State Tax Commission meeting on the 4th Monday in August of each year, if the work of the Commission is finished. Section 2 adds a provision exempting property, subject to occupancy tax, from assessment and tax when a change in status is made. Property subject to occupancy tax would not be subject to occupancy tax. There also is a provision providing taxpayers a 28 day notice to appeal an occupancy tax assessment. Section 3 is regarding yield tax, related to forest lands. This change will require the tax collector to provide notice.

In response to a question, **Mr. Dornfest** stated that there is no change in the procedure. The ISTC is not aware of prior issues related to notification of appraisal. Currently, the notice to taxpayers are required to show both the appraised value and full value. The notice inclusion is intended to provide sufficient time for taxpayers on their right to appeal.

MOTION: **Rep. Kauffman** made a motion to introduce **RS 22455**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:29 am.

Representative Collins
Chair

Kathleen A. Simko
Secretary