

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, January 22, 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:** None

**GUESTS:** Dawn Justice, Rick Smith, Idaho Bankers Association; Raeleen Welton; Russell Westerberg, Western Aircraft; Mike Chakarun, ISTC; N.L. Clayville DFM; Seth Grigg, Idaho Association of Counties

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

**MOTION:** **Rep. Kauffman** made a motion to approve the minutes of the January 20, 2014 meeting. **Motion carried by voice vote.**

**Russell Westerberg** of Westerberg and Associates introduced **Jeff Mihalic** the President of Western Aircraft who would be providing the committee with an update. Mr. Mihalic stated Western Aircraft is primarily an aircraft service company, located at Gowen Field and has been an FAA certified repair station for nearly 60 years. They have 185 full time employees across five business units, plus seven contractors. Western Aircraft has five major departments; aircraft sales, aircraft charter, line services, aircraft maintenance, and parts sales. Most of their employees are in the aircraft maintenance department. Employee hiring has proven to be a tough job due to the lack of qualified technical candidates. The original investment plan total was nine million dollars and the current plan is now \$9,859,022.

Western Aircraft now has a new parts warehouse, and the tool room and shop buildings will be done in April. The company added four new sales people in 2013, including turbo prop sales, avionics, and interiors, and also added 46 out of state customers. Western Aircraft now has new fleet capability, the Challenger and added on two other fleet types. They added eight avionics technicians in 2013, and the staff is fully trained on Garmin G1000 and Falcon Easy 2 mods. Expanded interior capability increased interior shop from five employees to 18 in 2012. Western Aircraft partners with A&P schools and ISU to create internships and expand recruiting efforts. **Mr. Mihalic** stated that Western Aircraft continues to meet the commitments made in 2012 and are on track to deliver a net positive economic outcome to the State of Idaho.

**RS 22507:** **Michael Chakarun**, Idaho State Tax Commission presented **RS 22507**, proposed legislation that will provide a computational method for the calculation of Idaho NOL when a taxpayer recognizes REMIC EII. The Excess Income Inclusion (EII) of Real Estate Mortgage Investment Conduits (REMIC) and the Idaho net operating loss (NOL) computation method is recognizing REMIC EII are not defined in statute and creates confusion for taxpayers and administration issues for the Tax Commission.

**MOTION:** **Rep. Wood(35)** made a motion to introduce **RS 22507**. **Motion carried by voice vote.**

**RS 22542:** **Seth Grigg**, Idaho Association of Counties presented **RS 22542**, this proposed legislation provides for technical and administrative corrections to the business personal property tax exemption. The amendments are as follows: Amend Section 33-1103, Idaho Code, to revise the definition of "market value for assessment purposes" for school bonds. Amend Section 63-309, Idaho Code, to clarify that taxable improvements on tax exempt land are not eligible for the business personal property tax exemption. Amend Section 63-602KK, Idaho Code, to clarify the taxpayers with personal property value less than \$100,000 need only to apply for the exemption once, as long as certain conditions are met and to make other technical corrections. Amend Section 63-808, Idaho Code, to revise the definition of "taxable value" for determining property tax levies. Amend Section 63-3638, Idaho Code, to clarify the process of distributing personal property tax replacement money when taxing districts or revenue allocation areas are combined, dissolved, or discontinued.

**ORIGINAL MOTION:** **Rep. Anderst** made a motion to return **RS 22542** to the sponsor.

**SUBSTITUTE MOTION:** **Rep. Burgoyne** made a substitute motion to introduce **RS 22542**.

**VOTE ON SUBSTITUTE MOTION:** Roll call vote was requested on the substitute motion to introduce **RS 22542**. **Substitute motion failed, 3 AYE, 12 NAY, 1 Absent/Excused. Voting in favor** of the substitute motion: **Reps. Burgoyne, Erpelding, Meline. Voting in opposition** to the substitute motion: **Reps. Wood(35), Barrett, Raybould, Denney, Anderson, Anderst, Dayley, Hartgen, Kauffman, Trujillo, Agidius, and Chairman Collins. Rep. Moyle was absent/excused.**

**VOTE ON ORIGINAL MOTION:** **Chairman Collins** called for a vote on the original motion to return **RS 22542** to the sponsor. **Motion carried by voice vote. Reps. Burgoyne, Erpelding, and Meline** requested that they be recorded as voting **NAY**.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 10:04 a.m.

---

Representative Collins  
Chair

---

Amber Duke  
Secretary