

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 27, 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:** Chairman Collins, Vice Chairman Wood(35)

**GUESTS:** Tim Olson, NezPerce Tribe; Raeleen Welton, Russ Westerberg, Kootenai Tribe; Tamara Mackenthun, Idaho Veteran Services; Helo Hancock, Bill Roden, Coeur d'Alene Tribe; N.L. Clayville, DFM; Kathy Martin, LCSC; Lyn Darrington, Shoshone Bannock Tribes.

**Rep. Barrett** called the meeting to order at 9:05 am.

**MOTION:** **Rep. Agidius** made a motion to approve the minutes of January 21, 2014. **Motion carried by voice vote.**

**H 381:** **Tamara Mackenthun**, Deputy Administrator, Veteran Services, presented **H 381** which would provide the option to donate to the Veterans Support Fund on Idaho Individual Income Tax. This donation is currently available on Form 40 for residents but is not available on Form 43 for nonresidents or on all electronic filing options. This bill would ensure that the option to donate is available on all Idaho Individual Income Tax Forms as well as all electronic filing options.

**MOTION:** **Rep. Burgoyne** made a motion to send **H 381** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Agidius** will sponsor the bill on the floor.

**H 384:** **Rep. Trujillo** presented **H 384**. This legislation would codify a long standing practice by the Idaho Tax Commission regarding Idaho taxable income. Income earned on a tribal reservation, by a member of a federally recognized Indian tribe who resides on that reservation, would be tax exempt. **H 384** statutorily implements the legislative intent of **HCR 32**, passed in 2013.

**Bill Roden**, representing the Coeur d'Alene Tribe stated in 1974 the Board of Tax Appeals affirmed a consistently followed rule exempting income earned by tribal members enrolled by a federally recognized tribe. In 2011 the Idaho Tax Commission was advised by legal counsel to put this long standing practice into statute. Negotiated rule making did not occur and in 2013, the rule was rejected allowing this change. The Tax Commission has worked diligently with tribal representation to reinstate the rule related to income earned on reservations. Mr. Roden expressed appreciation for the support and work by the Tax Commission.

**Rep. Trujillo** summarized **H 384** is simply to codify historical practice.

**MOTION:** **Rep. Raybould** made a motion to send **H 384** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Trujillo** will sponsor the bill on the floor.

**RS 22595:** **Rep. Sims** presented **RS 22595**. Currently, income of retired military living in Idaho is tax exempt after the retiree reaches age 65. This proposed legislation would make military retirement income tax exempt, regardless of age. Retired military bring a wealth of experience to a prospective employer and Idaho is at a disadvantage in recruiting retired military under the age of 65. Rep. Sims stated it is difficult to quantify the potential fiscal impact and can only be estimated.

In response to questions **Rep. Sims** clarified the change is noted on lines 34-35 since this is the subsection where reference specific to military is made. Rep. Sims stated this proposed legislation will provide an incentive to military retirees to continue working and will have a positive fiscal impact to Idaho since additional income will be taxed. This is seen as a Veteran's, economic development and skilled workforce solution.

**Rep. Sims** clarified the reference to 'widows' and 'widowers' in the change reflects current exemption for spouses of deceased military, as those retirement benefits are also tax exempt. Rep. Sims reiterated at this point any fiscal impact is just an estimate. Currently about .26 % of military retirees in Idaho have not yet reached the age of 65. There is no definite number as to how many potential veterans would be able to take advantage of this bill. Rep. Sims confirmed businesses indicate they are disadvantaged when competing with other states to attract highly educated, skilled and experienced military retirees, particularly to other states exempting military retirement income at any age.

**MOTION:** **Rep. Burgoyne** made a motion to introduce **RS 22595**. **Motion carried by voice vote.**

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

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Representative Barrett  
Chair

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Kathleen A. Simko  
Secretary