

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 14, 2014

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins (Collins), Vice Chairman Wood(35), Representative(s) Barrett, Moyle, Raybould, Denney, Anderson(31), Anderst, Dayley, Hartgen, Kauffman, Trujillo, Agidius, Burgoyne, Erpelding, Meline

**ABSENT/
EXCUSED:** None

GUESTS: Julie Hart, Westerberg & Associates.

Vice Chairman Wood(35) called the meeting to order at 9:03 am.

MOTION: **Rep. Trujillo** made a motion to approve the minutes of February 13, 2014. **Motion carried by voice vote.**

RS 22889: **Rep. Moyle** presented **RS 22889** which proposes a change in the distribution of cigarette taxes, beginning in FY 2015.

Rep. Moyle stated the restoration of the Capitol is being paid for with tobacco tax. When the debt is paid in FY 2015, there will be additional funds available. Currently, cigarette tax revenue is distributed to a variety of funds. The taxes have been declining in recent years. This proposed legislation would fix the amount the different funds receive. The Refund account is used to pay for damaged goods and will not have a fixed amount of funding allocated.

After the fixed distributions are allocated, if there are excess cigarette tax revenues, they will be distributed in the following order: up to \$4.7 million to the GARVEE debt service, up to \$3 million to the Secondary Aquifer Planning, Management and Implementation Fund for recharge only, up to \$2 million to the Department of Water Resources Aquifer Fund, and any remaining funds will be used for maintenance and repair of state highways.

In response to questions, **Rep. Moyle** stated there are certain sites where the funds allocated to aquifer recharge will make a difference and, since planning is needed, the \$2 million is allocated for that purpose. Rep. Moyle said GARVEE projects benefit the entire state. When additional funds are used for repayment of GARVEE, General Fund resources can be used elsewhere.

Rep. Moyle clarified the revenue used to repay GARVEE is borrowed on the bond market and paid back by money received from the federal government. The debt, however, is not with the federal government. There is an annual state match of \$4.7 million. If this proposed legislation passes, the state match will be paid using cigarette tax revenues. GARVEE debt must be 10 years or older in order to pay the bonds off early. Rep. Moyle stated all of the programs currently receiving cigarette tax revenue will get the same, or more, in the future, with the fixed allocation being proposed.

In response to a question, **Rep. Moyle** stated the Public School Income Fund will not be decreased. Since Idaho is such a rural state, not all areas have the capacity to generate the money needed to keep roads maintained. Rep. Moyle acknowledged while more of the economic impact and revenue is generated in District 3, all of Idaho will benefit by having an improved road infrastructure. Similarly, the issue of water recharge may advantage one area more than another, but the entire state ultimately benefits. Rep. Moyle stated ideally, GARVEE would be paid off first before additional funds are directed to other areas, but the goal was to be more flexible and this proposed legislation does that.

MOTION: **Rep. Raybould** made a motion to introduce **RS 22889. Motion carried by voice vote.**

Vice Chairman Wood(35) thanked Page **Anthony Sein** for his work with the committee over the past six weeks. Vice Chairman Wood(35) introduced **Lindsey LaPrath**, a Senior at Middleton High School, as the new committee Page.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:27 am.

Vice Chairman Wood(35)
Chair

Kathleen A. Simko
Secretary