

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, March 13, 2014

TIME: 9:00 A.M.

PLACE: Room EW42

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

**ABSENT/
EXCUSED:** Rep. Moyle

GUESTS: Raeleen Welton, Westerberg & Associates.

Chairman Collins called the meeting to order at 9:02 am.

MOTION: **Rep. Burgoyne** made a motion to approve the minutes of March 10, 2014. **Motion carried by voice vote.**

MOTION: **Rep. Kauffman** made a motion to approve the minutes of March 11, 2014. **Motion carried by voice vote.**

RS 23149: **Sen. Nonini** presented **RS 23149** which is related to Idaho community college funding and the loss of revenue being diverted by Urban Renewal Districts (URD's). This proposed legislation would amend Idaho Code 50-2908 to exempt community college districts beginning in FY 2015. Currently, only local schools districts are exempt. Impacted counties would be Kootenai, Ada, Canyon, Twin Falls and Jerome. In these areas where funds are going to the URD, community are approximately \$958,341, in Jerome County, \$3,426,000 and in Twin Falls County, \$4,095,904. The revenue shortfall in each community college budget must be made up through other income sources.

MOTION: **Rep. Wood(35)** made a motion to introduce **RS 23149**.

In response to questions **Sen Nonini** stated he would like to get this proposed legislation passed, but realizes it is late in the session. He said this is different than prior legislation due to the addition of language addressing new construction. **Sen. Nonini** clarified this would only impact areas with community colleges. Currently, North Idaho Community College is looking at raising fees as well as a potential change in athletic conferences, to balance the budget.

VOTE ON MOTION: **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.**

RS 22719: **Sen. Mortimer** presented **RS 22719** stating this issue was brought to his attention from accountants. **Sen. Mortimer** worked with the Idaho State Tax Commission (ISTC) last year and **RS 22719** is the result of those conversation and related to real estate held in a Limited Liability Company (LLC). Currently, if sold to another individual in the same LLC, this property would be treated as ordinary income, instead of capital gains. The capital gain change would allow partners who own Idaho real estate, in a partnership, to sell their interest. This is an attempt to conform to federal tax policy. **Sen. Mortimer** is requesting a print hearing only and will use the interim to continue discussions with the ISTC and accountants.

Responding to a question, **Sen. Mortimer** stated, as the statute is currently written, property sold would be treated as ordinary income, to the owner of interest in the LLC. While he clarified he is not an accountant, Sen. Mortimer stated he believes sale of property by a C corporation would be treated as a sale of stock. If the property was owned by an S corporation, it would be treated as a capital gain.

MOTION: **Rep. Burgoyne** made a motion to introduce **RS 22719**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:23 am.

Representative Collins
Chair

Kathleen A. Simko
Secretary