

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, January 27, 2015

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, Rudolph

**ABSENT/  
EXCUSED:** None

**GUESTS:** Cynthia Adrian, ISTC; Blake Youde, State Bd. of Education; Brent Olmstead, MPI; Mike Chakarun, ISTC; Ben Davenport, ATI; Jess Harrison, ISBA; Tyler Mallard, Risch Pisca; N. L. Clayville, DFM

**Chairman Collins** called the meeting to order at 9:00 A.M.

**RS 23280:** **Blake Youde**, Chief Communications & Legislative Affairs Officer, State Board of Education, presented **RS 23280**. In 2010, **H 630** temporarily increased the income tax credit for donations to certain organizations under the oversight of the State Board of Education, the Idaho State Historical Society and Idaho libraries and museums. It also added several state commissions and councils that would be eligible for the tax credit. The tax credit was increased to equal 50% of the aggregate amount of charitable contributions, up to 50% of an individual taxpayer's total Idaho income tax liability and a maximum annual amount of \$500 (\$1,000 on a jointly filed return).

These increases sunset January 1, 2016. If allowed to sunset, the tax credits would remain equal to 50% of the contribution, but be limited to 20% of the taxpayer's total Idaho income tax liability and the maximum annual amount of the credit would decrease to \$100 (\$500 on a jointly filed return). For a corporate taxpayer, the amount would remain limited to 10% of the corporation's total Idaho income tax liability but the maximum annual credit would be reduced to \$1,000 rather than the current \$5,000 limit.

This credit has provided important benefits for these agencies and foundations. This proposal would remove the sunset clause and allow these increased tax credits to continue. If allowed to sunset, those state commissions, councils and foundations added in 2010 would no longer qualify for the credit.

**MOTION:** **Rep. Thompson** made a motion to introduce **RS 23280**.

Responding to a question, **Mr. Youde** gave examples of some of the organizations who become eligible for this tax credit in 2010 i.e., Council for the Deaf & Hard of Hearing, Commission for the Blind, Commission on Spanish Affairs and the Independent living Council.

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

**H 10:** **Cynthia Adrian**, Tax Policy Specialist, Idaho State Tax Commission, presented **H 10** dealing with the printing and publishing of the Income Tax Act. Ms. Adrian explained that current Idaho Code requires the Tax Commission to print and publish the Income Tax Act in pamphlet form. The Tax Commission has not published the Tax Act in paper form for many years since it is available on the internet at no cost. The requirement to publish paper documents is no longer necessary and this proposal would amend the statute to reflect current practice.

**MOTION:**

**Rep. Raybould** made a motion to send **H 10** to the floor with a **DO PASS** recommendation.

In response to a question, **Ms. Adrian** explained that there are no cost savings associated with this legislation since the Tax Commission has not done a paper printing of the Tax Act for many years. She also noted that if a taxpayer would request a paper copy, the Commission would print the first 100 pages at no charge.

**VOTE ON MOTION:**

**Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.** **Rep. Dayley** will sponsor the bill on the floor.

**H 11:** **Michael Chakarun**, Tax Policy Mgr., Idaho State Tax Commission presented **H 11** which would make a technical correction to the Sales Tax Act. This act provides an exemption from tax for sales of meals by programs that provide nutritional meals for the ageing under Title VII of the Older Americans Act and cites Public Law 93-29. This reference is no longer valid as Public Law 93-29 was reauthorized and recodified by Congress. This legislation will correct that reference to cite Public Law 109-365 to conform to the statute. Mr. Chakarun pointed out that this was a technical correction only and there is no change to the underlying programs.

**MOTION:**

**Rep. Raybould** made a motion to send **H 11** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Rudolph** will sponsor the bill on the floor.

**H 12:** **Michael Chakarun**, Idaho State Tax Commission, presented **H 12** which proposes to add utility type vehicles (UTV's) and specialty off-highway vehicles (SOHV's) to the list of vehicles that may be sold to non-residents exempt from tax. Under current law, most vehicles may be sold to non-residents exempt from sales tax for use outside of Idaho. This exemption does not cover UTV's or SOHV's, making them subject to sales tax even though used outside of the state. This places Idaho sellers at a competitive disadvantage to some out-of-state vendors. He stated that this was an irregularity in the Sales Tax Act and there was no reason that these types of vehicles should be treated differently than other vehicles exempt from sales tax sold to non-residents. Idaho sellers have also consistently expressed confusion and difficulty in administering the exception for these types of vehicles.

**MOTION:**

**Rep. Anderson** made a motion to send **H 12** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson** will sponsor the bill on the floor.

**H 13:** **Cynthia Adrian**, Idaho State Tax Commission, presented **H 13**. This proposed legislation would provide a benefit to taxpayers by allowing a refundable credit on repaid income that was previously taxed. If a taxpayer repays income that was previously reported and paid tax on, such as disability benefit payments, a deduction is allowed for the repaid amount. However, in some situations, a taxpayer may not receive a benefit from the deduction thereby effectively paying tax on income they had fully repaid. This proposal allows a refundable credit for the difference between the state income tax liability and the state income tax that would have been paid had the income not been included in taxable income.

**MOTION:** **Rep. Erpelding** made a motion to send **H 13** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Nye** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:20 A.M.

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Representative Collins  
Chair

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Bev Bean  
Secretary