

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 28, 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: Tawnya Nyman, ISCPA; Benjamin Davenport, ATI; Matthew P. Grow, ISCPA; Cynthia Adrian, Steve Wynn and Tom Shaner, ISTC; Andrew Mitzel, Realtors

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

**UNANIMOUS
CONSENT
REQUEST:** **Chairman Collins** made a unanimous consent request to **HOLD H 38** in Committee. There being no objection, the request was granted.

H 36: **Cynthia Adrian**, Idaho State Tax Commission, presented **H 36** pertaining to retirement benefits deductions. This proposal would expand the retirement benefits deduction to include certain foreign service workers covered under the Foreign Service Retirement and Disability System (FSRDS). Certain federal employees who retired under the Civil Service Retirement System are allowed to claim the retirement benefits deduction because they did not contribute into social security. Retirees who retired under the FSRDS also did not contribute into social security but have been excluded from claiming the retirement benefits deduction, making benefits received from this program taxable. This deduction puts these retirees on the same footing as individuals who receive social security benefits and are able to take an Idaho deduction for those benefits. This legislation also clarifies that retirees under the Federal Employees Retirement System (FERS) do not qualify for this deduction because they are covered under social security and are entitled to deduct those Social Security benefits from Idaho taxable income, but they are not allowed a deduction for the federal retirement benefits they receive.

MOTION: **Rep. Erpelding** made a motion to send **H 36** to the floor with a **DO PASS** recommendation.

Rep. Trujillo related that she had received an objection to this legislation on the basis that it would take away a deduction for FERS employees. She explained to the individual that it does not remove a deduction for these retirees because they receive the deduction for their social security benefits.

**VOTE ON
MOTION:** **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.** **Rep. Erpelding** will sponsor the bill on the floor.

H 37: **Tom Shaner**, Tax Policy Specialist, Idaho State Tax Commission presented **H 37** regarding charitable contributions and net operating loss. For some taxpayers who report a net operating loss (NOL), the deduction for charitable contributions can result in a permanent loss of part of the charitable contribution on the Idaho tax return. This legislation corrects the inequity some taxpayers find themselves and would allow a deduction for the amount of the charitable contribution lost. The fiscal impact of the proposal is estimated to be a decrease of \$25,000 in General Fund revenue. An emergency clause is included in the proposal so taxpayers can use it in the current filing season.

MOTION: **Rep. Trujillo** made a motion to send **H 37** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:10 A.M.

Representative Collins
Chair

Bev Bean
Secretary