

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 03, 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: Mike Chakarun, Idaho State Tax Commission; Ben Davenport, Associated Taxpayers of Idaho; Kris Ellis & Tony Smith, Idaho Optometric Association; Clark Corbin, Idaho Education News; Phil Homer, Idaho Association of School Administrators; Donna Yule, Idaho Public Employees Association; Andrew Mitzel, Realtors; Jess Harrison, Idaho School Boards Association

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

MOTION: **Rep. Chaney** made a motion to approve the minutes of the January 26, 2015 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Trujillo** made a motion to approve the minutes of the January 27, 2015 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Trujillo** made a motion to approve the minutes of the January 28, 2015 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Dayley** made a motion to approve the minutes of the January 29, 2015 meeting. **Motion carried by voice vote.**

**UNANIMOUS
CONSENT
REQUEST:** **Chairman Collins** asked for unanimous consent to **HOLD H 38** in Committee at the call of the chair. There being no objections, the request was granted.

RS 23398: **Kris Ellis**, Idaho Optometric Physicians, presented **RS 23398** relating to sales tax on prescription glasses and contacts. The purpose of this proposed legislation is to exempt prescription eyeglasses and contacts from sales tax which aligns with the treatment of all other prescriptions and medical devices. Taxes on prescription eyeglasses would be eliminated in the first year with taxes on prescription contacts eliminated in the second year. The resulting fiscal impact would be \$1.6 million in fiscal year 2016 and \$1.6 million in fiscal year 2017. This legislation would pertain only to prescription eyeglasses, contacts and their replacements parts while readers, sun glasses and safety glasses that do not have a prescription and other accessories associated with glasses would remain taxable.

MOTION: **Rep. Chaney** made a motion to introduce **RS 23398**. **Motion carried by voice vote.** **Rep. Rudolph** requested to be recorded as voting **NAY**.

RS 23415: **Rep. Kauffman** presented **RS 23415**. This proposal would allow emergency school levies to be assessed on the current equalized valuation of such taxable property instead of the base assessment roll. Property tax paid for school emergency levies would then go to the school district instead of the urban renewal agencies. This only affects 10 schools in Idaho who have an Urban Renewal District in their district. There is no fiscal impact to the state, but would have provided an increase of \$374,000 in 2014 to the 10 affected school districts.

MOTION: Rep. Dayley made a motion to introduce **RS 23415. Motion carried by voice vote. Rep. Nye** requested to be recorded as voting **NAY.**

RS 23225: **Michael Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 23225** which is the annual bill that updates references to the Internal Revenue Code in the Idaho income tax code to conform with tax changes made on the federal level that affect taxable years beginning during 2014. Mr. Chakarun pointed out the \$17.7 million reduction in general fund revenue spread over two years is due to the extension of the Section 179 deduction and bonus depreciation. Responding to a question, he explained the 179 deduction allows small businesses to deduct up to \$500,000 of eligible capital equipment cost from taxable income in the year the property is placed into service. This allows businesses to get the entire depreciation deduction in a single year.

MOTION: **Rep. Thompson** made a motion to introduce **RS 23225.**

In response to a request from **Chairman Collins**, **Mr. Chakarun** clarified that Section (c) in the statute defines marriage for the purpose of Idaho income tax under Idaho's constitution and does not conform to the federal rule permitting joint tax filing for same sex couples. There is currently an appeal before the Supreme Court on the constitutionality of Idaho's same sex marriage ban. This section could be revised in the future depending on the ruling by the Supreme Court.

VOTE ON MOTION: **Chairman Collins** called for a vote on the motion to introduce **RS 23225. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:17 A.M.

Representative Collins
Chair

Bev Bean
Secretary