

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 06, 2015

TIME: 9:30 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Trujillo, Representative(s) Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, Rudolph

**ABSENT/
EXCUSED:** Representative(s) Moyle

GUESTS: Mike Chakarun, Idaho State Tax Commission; Robyn Lockett, Legislative Services Office
Chairman Collins Called the meeting to order at 9:00 A.M.

MOTION: **Rep. Raybould** made a motion to approve the minutes of the February 3, 2015 meeting.
Motion carried by voice vote.

**UNANIMOUS
CONSENT
REQUEST:** **Chairman Collins** asked for unanimous consent to accept the testimony and vote tally presented on **H 77**, the annual conformity bill which updates references to the Internal Revenue Code, at the meeting on Wednesday, February 4, 2015 which approved sending this bill to the floor with a **DO PASS** recommendation. There being no objections, the request was granted.

RS 23449: **Senator Rice** presented **RS 23449** regarding sales tax on road materials. Last year, when dealing with road sign issues, it came to the attention of several senate committees, that all the materials used to construct and build our roads are subject to the State's sales tax. This increases the cost of our highway projects and transfers dollars for roads into the General Fund. It is estimated that approximately \$15-20 million a year is paid in sales tax which is then not available to build and maintain our roads. This proposed legislation would exempt road materials used to construct, improve and maintain our public roads from the sales/use tax.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 23449**.
Rep. Hartgen asked why shouldn't materials utilized to build public water systems, sewer systems and other infrastructure projects be exempted from sales tax in the same way. **Senator Rice** agreed that this should apply to everything the State, counties, school systems and governments build but feels a measured approach is needed due to the impact on the General Fund. Roads are very much in need right now and a good place to start. We will need to gradually address sales tax exemptions on all other government and public building projects in the future. In response to a question, Sen. Rice explained that a road being built in a subdivision by a private developer does not qualify for this exemption even though a county, city or state will own the road once the subdivision has been completed. Materials used by a private entity to develop any part of a public road that has not yet been dedicated to the public are specifically excluded from this exemption in Subpart 2b of the proposed legislation.

**VOTE ON
MOTION:** **Chairman Collins** called for a vote on the motion to introduce **RS 23449**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:45 A.M.

Representative Collins
Chair

Bev Bean
Secretary