

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 04, 2015

**TIME:** 8:30 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:** Blake Youde, State Board of Education; Trent Clark, Monsanto; Phil Homer, Idaho Association of School Administrators; Benjamin Davenport, Associated Taxpayers of Idaho; Andrew Mitzel, Realtors; Roger Brown, Boise State University; Suzanne Budge, SBS Associates

**Chairman Collins** called the meeting to order at 8:30 A.M.

**RS 23765:** **Mr. Blake Youde**, Chief Communications and Legislative Affairs Officer, State Board of Education, presented **RS 23765** which replaces **H 199** and deals with income tax credits to certain charitable organizations. The only change that was made to this proposed legislation was a technical correction that clarifies the relationship between schools (public and private) and the foundations that support them.

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.

In response to a question relating to the fiscal impact, **Mr. Youde** stated that the actual decrease in income tax receipts since FY 2012 was approximately \$2.8 million cumulatively. This impact is ongoing and is expected to grow over time as the economy improves. The 50% contribution cap was intended to encourage contributions without unduly eroding state income tax revenues.

**Rep. Nye** invoked Rule 38 stating a possible conflict of interest as he is on the Board of the Idaho Community Foundation and does legal work for the Idaho State University Foundation but that he would be voting on the legislation.

Responding to a question regarding the recipient 501(c)3 organizations receiving these donations and their standards of conduct in managing and disseminating these funds, **Mr. Youde** explained they are subject to the standards of care imposed under Idaho Code Section 33-5003, The Uniform Prudent Management of Institutional Funds Act. This act has requirements as to administrative costs, management of funds and contracting and working with investment advisors.

**Trent Clark**, representing Monsanto, spoke **in support** of this tax credit which helps Monsanto recruit and attract high end employees in oftentimes very rural areas. Through an employee's donation, Monsanto's matching donation and Idaho's generous tax credits for education, employees are able to tailor the education they need in their local schools. He cited astronomy, stainless steel welding and physics as examples of some of the classes that had been added through Monsanto employee involvement and school donation programs. **Phil Homer**, representing the Idaho Association of School Administrators, indicated his organization also **supports** this legislation.

**MOTION:** **Rep. Nye** made a motion to introduce **RS 23765** and recommend it be sent directly to the Second Reading Calendar. **Motion carried by voice vote.** **Rep. Scott** and **Rep. Collins** will sponsor the bill on the floor.

**RS 23736:** **John Watts**, representing the Flying B Ranch, presented **RS 23736** regarding the production exemption on sales tax. This RS deals specifically with hunting and fishing activities when packaged and sold at retail as an all inclusive product. He explained the purpose of this proposal is to clarify, within the existing production exemption statute, that a sales tax is to be assessed only on a final product and not on the components that make up that end product. Clarification to the statute includes certain wildlife costs associated with an overall hunting and fishing activity when packaged and sold at retail as an all inclusive product. The intent is to avoid taxing the end user twice.

**Mr. Watts** indicated he requested the State Tax Commission to review the proposed legislation and he had received several comments from them. **H 186** which was introduced last week has been rewritten to address those concerns received from the Idaho State Tax Commission.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 23736.** **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 8:55 A.M.

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Representative Collins  
Chair

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Bev Bean  
Secretary