MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE:	Tuesday, March 17, 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:	Representative(s) Thompson
GUESTS:	Jack Lyman, Idaho Housing Alliance

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

MOTION: **Rep. Raybould** made a motion to approve the minutes of the March 12, 2015 meeting. **Motion carried by voice vote.**

H 257: **Jack Lyman,** representing the Idaho Housing Alliance, presented **H 257** relating to the property tax assessment of park model homes. He defined a park model home as being a vehicular type unit with a floor area of 400 square feet or less, primarily designed for permanent or semi-permanent installation and is used as a residence. This legislation specifies that the assessment on park model vehicles/homes will be based on the National Automobile Dealers Association (NADA) standard for recreational vehicles classified as park model homes.

Due to recent activities where these park model homes were being assessed as manufactured housing, it became necessary to clarify how they differ from manufactured homes and to establish a fair standard for their assessment. Manufactured homes are built to meet HUD standards. Once they are permanently affixed they are considered real property and become an appreciating asset. Park model homes are not built to HUD standards and do not appreciate. They are actually a depreciating asset and not classified as real property. By using NADA values, counties can attribute a fair assessment that will go on the property roll.

Rep. Nye invoked Rule 38 stating a possible conflict of interest in that his firm has done work for the manufactured housing industry but that he would be voting on the legislation.

Mr. Lyman responded to questions relating to practices in other states, minimal fiscal impact and how improvements are valued. He also confirmed that even though NADA values will be used in assessing these vehicle/homes, this legislation will keep those values on the county property roll as opposed to being registered as a vehicle with accompanying fees going to the state.

MOTION: **Rep. Nye** made a motion to send **H 257** to the floor with a **DO PASS** recommendation.

Rep. Trujillo and **Rep. Moyle** spoke **in support** of the motion saying this is a fair way to address this issue.

VOTE ON MOTION: **Chairman Collins** called for a vote on the motion to send **H 257** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Moyle** will sponsor the bill on the floor.

RS 23781:	**Rep. Clow** presented **RS 23781** dealing with the collection of Idaho sales and use taxes from remote vendors. This proposed legislation, the Streamlined Sales Tax Simplification Act, will modify the sales/use tax statutes in order to join the Streamlined Sales Tax Governing Board. The Governing Board provides member states model language and procedures to bring uniformity to the way sales and use taxes would be applied to interstate commerce. This proposal will align definitions in the Idaho Code with those of the other member states (currently 24 states are members).

These changes do not create new taxes nor do they create new exemptions. However, they establish a simplified system for remote venders to voluntarily collect and remit sales and use taxes that are due from remote sales. In Quill Corp. v. North Dakota, the Supreme Court ruled that a business must have a physical presence in a state for that state to require it to collect sales taxes. However, some retailers/vendors are voluntarily collecting and remitting sales/use taxes to the Governing Board for distribution to the 24 member states. By joining the Governing Board, Idaho would be able to collect sales taxes from registered sellers who voluntarily collect sales/use tax on Idaho remote sales.

Rep. Clow responded to questions regarding why tax code changes are needed and fees that may be paid to the service providers collecting the taxes. **Rep. Trujillo** asked if this was the appropriate time to act given that Congress needs to pass the Market Fairness Act in order for Idaho to compel vendors to collect and remit sales/use taxes. **Rep. Clow** responded that by joining the Streamlined Sales Tax Governing Board, it is estimated we would receive $1 - $3 million in fiscal year 2017 from Voluntary Remote Seller Tax Collections. If Congress passes the Market Fairness Act of 2015, estimates of revenue range from $30 - $50 million.

MOTION:	**Rep. Anderson** made a motion to introduce **RS 23781.**

Rep. Hartgen noted that the Attorney General had given an opinion that Idaho cannot compel another state to collect and remit sales tax from Idaho residents absent a physical nexus in Idaho or a change in federal law. He asked why would a voluntary seller without a nexus in Idaho make a payment to us if we pass this statute. In response, **Rep. Clow** said he did not know but that vendors in 24 states are currently doing just that.

Rep. Moyle spoke **in opposition** to the motion stating that until the federal government changes the law or the Supreme Court rules differently, joining an out-of-state organization won't allow us to collect sales tax on remote sales.

ROLL CALL VOTE:	**Chairman Collins** requested a **roll call vote** on the motion to introduce **RS 23781. Motion carried by a vote of 9 AYE, 6 NAY and 1 ABSENT/EXCUSED. Voting in favor** of the motion: **Reps. Anderson, Anderst, Hartgen, Kauffman, Chaney, Scott, Erpelding, Nye** and **Rudolph**. **Voting in opposition** to the motion: **Reps. Trujillo, Moyle, Raybould, Dayley, Nate** and **Collins**. **Rep. Thompson** was **absent/excused**.
ADJOURN:	There being no further business to come before the committee, the meeting was adjourned at 9:41 A.M.

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Representative Collins
Chair

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Bev Bean
Secretary