

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Wednesday, March 18, 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) Chaney

**GUESTS:** None.

**Chairman Collins** called the meeting to order at 8:33 A.M.

**MOTION:** **Rep. Trujillo** made a motion to approve the minutes of the March 13, 2015 meeting. **Motion carried by voice vote.**

**RS 23862:** **Jeff Sayer**, Director, Idaho Department of Commerce, presented **RS 23862** regarding property tax exemption for economic development. One of the few economic development tools available to county governments to support and encourage business expansion opportunities is the ability to abate or exempt property taxes on investments in new facilities and equipment. County governments have found that the current statute which requires \$3 million in capital investment and can only be used to support manufacturing projects has been a limiting factor in supporting businesses that would have provided a boost to the local economy. This proposed legislation enhances the project eligibility beyond manufacturing to include non-retail commercial or industrial projects and creates a lower threshold for capital investment of not less than \$500,000. County commissioners would retain sole discretion on whether to extend this exemption to an eligible project and would have the ability to annually establish a higher threshold. They would also be required to notify local taxing districts when considering a property tax exemption.

**MOTION:** **Rep. Trujillo** made a motion to introduce **RS 23862**. **Motion carried by voice vote.**

**H 269:** **Senator Lee** presented **H 269** dealing with oil and gas taxation and collection. She noted that this legislation was jointly proposed by herself, **Rep. Boyle** and **Rep. Kerby** from District 9 as District 9 is the epicenter for oil and gas production in the state of Idaho. She explained this follows the recent passage of **H 125** which added "condensate" to the definition of the term "gas". Condensate refers to condensed natural gas which is natural gas in its liquid form and is taxable as outlined in this section of the code.

**Sen. Lee** noted that current Idaho code for taxing natural gas and oil production does not align with industry practices. This legislation would clarify the code to allow for uniform tax assessment for oil and gas produced in Idaho. The 2.5% tax collected would be based on gross income received by the producer. If the parties to the sale are related parties and the sales price is lower than the price for which that oil or gas could otherwise have been sold, an important provision is included in the statute. In those instances, this legislation would require the gross income to be determined by reference to comparable arms-length sales of like kind, quality and quantity in the same field or area. This will ensure Idaho captures the equitable tax if the producer is selling his commodity to a subsidiary at a lower price in order to pay less taxes.

**MOTION:** **Rep. Trujillo** made a motion to send **H 269** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Boyle** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 8:40 A.M.

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Representative Collins  
Chair

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Bev Bean  
Secretary