

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 25, 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: Robin Nettinga, Idaho Education Association

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

MOTION: **Rep. Raybould** made a motion to approve the minutes of the March 19, 2015 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Trujillo** made a motion to approve the minutes of the March 23, 2015 meeting. **Motion carried by voice vote.**

RS 23910: **Rep. Moyle** presented **RS 23910** regarding taxation policy on motor fuel, income tax and sales tax on food. He explained this proposal will remove sales tax from groceries, increase transportation funding and reduce the individual income tax rates.

To increase transportation funding, the proposal will raise the motor fuel tax (gasoline and diesel) by 7¢ per gallon. Licensed distributors of motor fuels will pay the difference between the old rate and the new rate on the motor fuel in inventory on the last day of the old rate. Revenue generated by this additional 7¢ tax will be allocated as follows: 60% to the State Highway Fund and 40% to the Local Highway Distribution Account.

This proposed legislation will remove the sales tax on food (except restaurant food sales) as defined under the Federal Supplemental Nutrition Assistance Program (SNAP). It would also repeal the Food Tax Credit. To offset the repeal of the Food Tax Credit, a one-time distribution from the State Refund Account will be made in the amount of \$3 million to the State Highway Fund and \$2 million to the Local Highway Distribution Account.

To protect local cities and counties from the loss of tax revenues received from the sale of food, a floor is established for revenue sharing which guarantees these local entities will not experience a decline of revenue from sales tax for the next 3 years.

This proposal will move toward a flat income tax by consolidating the upper tax brackets and reducing them to a rate of 6.7%. Those taxpayers who fall in the lower income tax brackets will continue to pay at their current rate. Taxpayers with taxable incomes of \$5,860 or higher, as adjusted for inflation, will have all income taxed at the 6.7% rate.

Effective dates for the repeal of the grocery tax and increase of the fuel tax is October 1, 2015. The repeal of the grocery tax credit will be effective January 1, 2015.

MOTION: **Rep. Trujillo** made a motion to introduce **RS 23910**.

Rep. Moyle responded to questions related to emergency clause effective dates, fiscal note calculations, distribution of revenue generated and justification for arriving at 6.7% flat income tax rate.

VOTE ON MOTION:

Chairman Collins called for a vote on the motion to introduce **RS 23910. Motion carried by voice vote. Rep. Rudolph and Rep. Nye** requested they be recorded as voting **NAY**.

Chairman Collins thanked Page **Olivia DeMordaunt** for her excellent service during the time she has been serving the Committee and wished her well in her future endeavors as she returns to school.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 9:30 A.M.

Representative Collins
Chair

Bev Bean
Secretary