

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Tuesday, January 19, 2016
- 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:** Cynthia Adrian, Alan Dornfest, Mike Chakarun, Steve Fiscus, Idaho State Tax Commission; Skip Smyser, Lobby Idaho; Melissa Nelson, Idaho Society of CPA's; Phil Homer, Idaho Association of School Administrators; Matt Warnick, Division of Financial Management; Russell Westerberg, Westerberg Associates; Jonathan Parker, Holland & Hart; Ben Davenport, Associated Taxpayers of Idaho; Dan Blocksom, Idaho Association of Counties
- Chairman Collins** called the meeting to order at 9:07 A.M.
- MOTION:** **Rep. Dayley** made a motion to approve the minutes of January 14, 2016. **Motion carried by voice vote.**
- RS 24035:** **Alan Dornfest**, Property Tax Bureau Chief, Idaho State Tax Commission, presented **RS 24035** dealing with the hardship exemption from personal and real property taxes. Currently, the application for a hardship exemption for relief from personal and real property taxes must be made to the board of equalization by June 20 each year. Other applications to the Board of Equalization must be made by the fourth Monday in June. To provide consistency in application dates, the legislative change would conform this application date to the fourth Monday in June. This will allow taxpayers a few extra days to file and provide consistency with filing dates. Mr. Dornfest noted he had reviewed this proposed deadline date change with County Commissioners and was not aware of any objections.
- MOTION:** **Rep. Anderst** made a motion to introduce **RS 24035**. **Motion carried by voice vote.**
- RS 24036:** **Alan Dornfest**, Idaho State Tax Commission, presented **RS 24036** regarding forest land designation appeals. Taxpayers who own timberland or forest acreage in excess of 5 acres must designate how they want to pay their property taxes: (1) as productive land, pay full taxes year by year with no severance tax at time of harvest or (2) taxes can be deferred for up to 10 years by paying taxes on just the bare land until year 10 at which time they pay a 3% levy. That deferral designation can be lost during the ten-year period (i.e., sale of land) at which time all taxes are immediately due and no appeals process is currently available in those instances. The purpose of this proposed legislation is to protect taxpayers by establishing an appeals procedure should a county assessor believe a change to use or ownership has resulted in the loss of designation as timber land. Only after the appeals process has been completed would the amount be due and payable at which time the County Assessor would provide the deferred tax amount to the County Treasurer.
- MOTION:** **Rep. Dayley** made a motion to introduce **RS 24036**. **Motion carried by voice vote.**

- RS 24037:** **Michael Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 24037** related to investigation of applications for an alcoholic beverage license. This proposed legislation will correct a reference error in Section 23-907, Idaho Code, changing "Idaho Property Relief Act of 1931" to "Idaho Income Tax Act".
- MOTION:** **Rep. Thompson** made a motion to introduce **RS 24037**. **Motion carried by voice vote.**
- RS 24038:** **Michael Chakarun**, Idaho State Tax Commission, presented **RS 24038** regarding sales tax on hand tools used in the production process. The Sales Tax Act allows an exemption from sales and use tax for certain tools used in the production process but has an exception for hand tools that cost \$100 or less, making these items subject to tax regardless of how they are used. Last year, the Legislature passed **H 39** which repealed language in the act relating to hand tools costing \$100 or less, making these items exempt from sales tax. This proposed legislation amends several sales tax exemptions to be consistent with **H 39**. It repeals this same language thereby making hand tools costing \$100 or less tax exempt from sales tax when directly used in the production of radio and television broadcasts, production of certain free newspapers, agricultural irrigation and logging.
- MOTION:** **Rep. Chaney** made a motion to introduce **RS 24038**. **Motion carried by voice vote.**
- RS 24039:** **Michael Chakarun**, Idaho State Tax Commission, presented **RS 24039** which will add paddleboards and similar vessels to the list of watercraft that are subject to sales tax when purchased by nonresidents who are from states not having a sales and use tax. This proposed legislation provides consistency with how sales tax is applied to other non-motorized vessels.
- MOTION:** **Rep. Anderson** made a motion to introduce **RS 24039**. **Motion carried by voice vote.**
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:20 A.M.

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Representative Collins  
Chair

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Bev Bean  
Secretary