

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, January 25, 2016

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen (Hartgen), Kauffman, Chaney, Nate, Scott, Thompson, Erpelding, Nye, Rudolph

**ABSENT/
EXCUSED:** None

GUESTS: Jonathan Parker, Holland & Hart; Trent Clark, Monsanto; Dan Blocksom, Idaho Association of Counties; Annamarie Morehead, Intern; Scott Johnson, Idaho Department of Juvenile Correction; Greg Casey, Veritas Advisers; Alan Dornfest, Make Chakarun, Idaho State Tax Commission; Ken McClure, Melissa Nelson, Idaho Society of CPA's; Phil Skinner, Attorney General's Office; Jason Kreizenbeck, Lobby Idaho, LLC; Alan Littlejohn, self

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

MOTION: **Rep. Dayley** made a motion to approve the minutes of January 19, 2016. **Motion carried by voice vote.**

MOTION: **Rep. Trujillo** made a motion to approve the minutes of January 20, 2016. **Motion carried by voice vote.**

RS 24040: **Michael Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **RS 24040** to update bonding requirements for a person applying for a permit to become a cigarette wholesaler. This proposed legislation would require a bond amount to be (a) the greater of twice the estimated average tax liability for the reporting period, or (b) the value of stamps in the wholesaler's inventory including the value of stamps ordered but not received. A wholesaler would have the option to pay the full value of the stamps in lieu of a bond. The requirement for a minimum \$1,000 bond is also deleted.

MOTION: **Rep. Thompson** made a motion to introduce **RS 24040**. **Motion carried by voice vote.**

H 344: **Alan Dornfest**, Property Tax Bureau Chief, Idaho State Tax Commission, presented **H 344** regarding the deadline for applying for a hardship exemption for relief from personal and real property taxes. Currently, application for hardship exemption from personal and real property taxes must be made by June 20th each year. All other applications to the Board of Equalization must be made by the fourth Monday in June. This bill will change the hardship exemption application deadline to the fourth Monday in June to provide consistency in application dates.

MOTION: **Rep. Raybould** made a motion to send **H 344** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Raybould** will sponsor the bill on the floor.

H 345: **Alan Dornfest**, Idaho State Tax Commission, presented **H 345** regarding property designated as timberland and setting up an appeals procedure. The purpose of this legislation is to establish an appeals procedure should a county assessor believe a change to use or ownership has resulted in the loss of designation as

timber land. If the property loses its designation as timberland, property taxes are due immediately and there is no mechanism in place to appeal. This bill sets up the procedure for the taxpayer to file an appeal. Once the appeal is heard and notice provided, the deferred tax would then be due.

H 346: Michael Chakarun, Tax Policy Manager, Idaho State Tax Commission, presented H 346 dealing with investigation of applications for an Alcoholic Beverage License. This legislation merely corrects a reference error changing the "Idaho Property Relief Act of 1931" to the "Idaho Income Tax Act."

MOTION: **Rep. Thompson** made a motion to send **H 346** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Thompson** will sponsor the bill on the floor.

MOTION: **Rep. Dayley** made a motion to send **H 345** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Dayley** will sponsor the bill on the floor.

H 354: **Ken Roberts**, Idaho State Tax Commissioner, presented **H 354** which is the annual bill to update Idaho's income tax code to changes made to the federal Internal Revenue Code. This allows Idaho tax filers to use their federal return as a starting point for taxable income on their Idaho tax return. In addition, this proposed bill deletes subsection (c) which defined marriage for the purposes of the Idaho Income Tax Act in accordance with a recent Supreme Court ruling which makes this section legally inoperative.

Mr. Roberts responded to several questions related to the analysis used to determine the effect of this conformity bill on General Fund revenue. In response to a question from **Rep. Nye**, he also noted the Tax Commission had considered doing a rolling conformity bill rather than bringing this up before the committee every year. Unfortunately, the Attorney General's Office determined that a rolling conformity bill would likely violate Idaho's Constitution which establishes legislative power in the House and Senate which cannot be delegated.

In response to a question from **Rep. Scott** as to whether this legislation is in conflict with the Idaho Constitution, **Mr. Phil Skinner**, Idaho Attorney General's Office, stated the U.S. Supreme Court issued a decision which enjoins the State of Idaho from enforcing that part of the Constitution to the extent that it denies rights to same sex couples that opposite sex couples are granted.

ORIGINAL MOTION: **Rep. Erpelding** made a motion to send **H 354** to the floor with a **DO PASS** recommendation.

Ken McClure, Idaho Society of CPA's, spoke **in support** of this legislation and urged the committee to pass this bill.

SUBSTITUTE MOTION: **Rep. Scott** made a substitute motion to send **H 354** to General Orders for an amendment to re-insert subsection (c) in Section 63-2004.

ROLL CALL VOTE ON SUBSTITUTE MOTION: **Chairman Collins** requested a roll call vote on the substitute motion to send **H 354** to General Orders. **Motion failed by a vote of 3 AYE and 13 NAY.** **Voting in favor** of the motion: **Reps. Scott, Nate** and **Chaney.** **Voting in opposition** to the motion: **Reps. Collins, Trujillo, Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Thompson, Erpelding, Nye,** and **Rudolph.**

VOTE ON ORIGINAL MOTION: **Chairman Collins** called for a vote on the original motion to send **H 354** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Scott, Nate** and **Chaney** requested to be recorded as voting **NAY.** **Rep. Trujillo** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 10:25 A.M.

Representative Collins
Chair

Bev Bean
Secretary