

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, January 26, 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: Greg Casey, Veritas Advisors; Cynthia Adrian, Doreen Warren, Mike Chakarun, Tom Shaner, Alan Dornfest, Idaho State Tax Commission; Jess Harrison, Idaho School Boards Association; Phil Homer, Idaho Association of School Administrators; Ken McClure, Idaho Society of CPA's; Amber Pence, City of Boise; Dan Blocksom, Idaho Association of Counties

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

MOTION: **Rep. Trujillo** made a motion to approve the minutes of January 21, 2016. **Motion carried by voice vote.**

RS 24212C1: **Rep. Moyle** presented **RS 24212C1** dealing with income tax rates and the grocery tax credit. This proposed legislation is to reduce the top individual income tax bracket from 7.4% to 7.3%, reduce the next individual income tax bracket from 7.1% to 7% and reduce the corporate income tax rate from 7.4% to 7.3%. It also increases the grocery tax credit for the bottom five individual income tax brackets and for qualifying residents that have no filing requirement by \$10 per exemption.

MOTION: **Rep. Raybould** made a motion to introduce **RS 24212C1**.

Rep. Nye asked if the Idaho job market would see gains or losses as a result of this legislation. **Rep. Moyle** noted that all surrounding states but one have lower income tax rates. Oregon has a higher income tax, but it does not have a sales tax. This legislation will make Idaho more competitive with surrounding states. He explained that lowering the individual income tax rate affects about 80% of small businesses in Idaho which should translate into more jobs. **Rep. Nye** commented that under the "single subject" rule, income tax rates and the grocery tax credit should be separate pieces of legislation rather than combined.

SUBSTITUTE MOTION: **Rep. Nye** made a substitute motion to return **RS 24212C1** to the sponsor. **Motion failed by voice vote.**

VOTE ON ORIGINAL MOTION: **Chairman Collins** called for a vote on the original motion to introduce **RS 24212C1**. **Motion carried by voice vote.** **Rep. Erpelding** requested to be recorded as voting **NAY**.

H 347: **Michael Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **H 347** regarding sales tax on hand tools used in the production process. Last year, with the passage of **H 39**, certain businesses were allowed to purchase hand tools used in the production process without paying sales tax. Unfortunately, certain industries were not included. To be consistent with **H 39**, this legislation will make the purchase of hand tools costing \$100 or less 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. Nye** made a motion to send **H 347** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Nye** will sponsor the bill on the floor.
- H 352:** **Tom Shaner**, Income Tax Policy Specialist, Idaho State Tax Commission, presented **H 352** which changes the employers' deadline for reporting employee wage and withholding (W-2) information to the Idaho State Tax Commission. The purpose of this legislation is to move the deadline for employers to transmit employee wage and withholding (W-2) information to the Idaho State Tax Commission from the last day of the second month of the year to the last day of the first month of the year and provide a time period for the correction of errors for W-2s submitted electronically. This is consistent with requirements in most other states and will assist in the prevention of fraud and identity theft by moving the date closer to when the employee receives his W-2.
- MOTION:** **Rep. Nye** made a motion to send **H 352** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.
- H 353:** **Cynthia Adrian**, Tax Policy Specialist, State Tax Commission, presented **H 353** regarding employers income tax withholding. The purpose of this legislation is to allow certain employers that only pay employees once a month to file and remit withholding on a monthly filing schedule instead of twice a month under current law.
- MOTION:** **Rep. Thompson** made a motion to send **H 353** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Thompson** will sponsor the bill on the floor.
- H 358:** **Alan Dornfest**, Property Tax Bureau Chief, presented **H 358** which removes a required report by the Tax Commission. The purpose of this legislation is to make two technical corrections to Idaho's revenue and taxation statutes. The first eliminates the requirement for the Tax Commission to provide valuation information to two state agencies that no longer have use for these reports. Secondly, it corrects a reference error relating to the sales tax distribution formula.
- MOTION:** **Rep. Dayley** made a motion to send **H 358** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Dayley** will sponsor the bill on the floor.
- ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:38 A.M.

Representative Collins
Chair

Bev Bean
Secretary