

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 27, 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: Russell Westerberg, Western Aircraft; Jesse Taylor, Jackson Jet Center; Jeff Jackson, Jackson Jet Center; Mike Chakarun, Idaho State Tax Commission; Ben Davenport, Associated Taxpayers of Idaho.

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

RS 24230: **Rep. Chaney** presented **RS 24230** which adds terminology to the sales tax production exemption. The statute clearly exempts equipment from sales tax that is used reasonably and necessarily for agriculture but not transportation. Where farming equipment becomes transportation equipment is sometimes not always clear. This legislation amends the production exemption for farming operations to include the term "removal from storage" of agricultural commodities which will help further clarify where the total farming business ends and other activities begin that do not qualify for this exemption. This statute exempts equipment from sales tax which is "reasonably necessary to the operation of the total farming business."

MOTION: **Rep. Nate** made a motion to introduce **RS 24230**. **Motion carried by voice vote.**

H 361: **Rep. Moyle** presented **H 361** which proposes to eliminate the June 30, 2016 expiration of the 1988 sales tax exemption on aircraft parts installed on airplanes used to provide passenger or freight service. This legislation has incentivized the location of commercial aircraft repair and maintenance in Idaho. By allowing this legislation to continue and not expire, it will protect and continue the good paying jobs created when this statute eliminated the disadvantage Idaho businesses have competing with similar businesses located in states that do not impose taxes on parts installed on private aircraft owned by non-residents.

Rep. Nye invoked Rule 38 stating a possible conflict of interest but that he would be voting on the legislation.

Russ Westerberg, Westerberg Associates, spoke **in support** of this legislation citing numerous economic successes which were a direct result of this legislation. **Austin Shontz**, General Manager, Western Aircraft, also spoke **in support** and outlined Western Aircraft's expansion and new job growth made possible because of this sales tax exemption. This exemption has created a level playing field for Idaho aviation services companies when competing with larger companies.

MOTION: **Rep. Erpelding** made a motion to send **H 361** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

H 348: **Michael Chakarun**, Tax Policy Manager, Idaho State Tax Commission, presented **H 348** regarding sales and use taxes on paddleboards. This proposed legislation adds paddleboards and similar vessels to the list of watercraft that are subject to sales tax when purchased by non-residents and is consistent with how other non-motorized vessels are treated.

MOTION: **Rep. Anderson** made a motion to send **H 348** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Anderson** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:31 A.M.

Representative Collins
Chair

Bev Bean
Secretary