

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, February 01, 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:** Representative(s) Chaney

GUESTS: Elinor Chehey, League of Women Voters of Idaho; Harley D. Brown, self; John Eaton, Andrew Mitzel, Idaho Association of Realtors; Ben Davenport, Associated Taxpayers of Idaho; Russell Westerberg, PacificCorp; John Watts, Idaho Chamber Alliance; Brody Aston, IAB; Darcy James, Idaho Interfaith Roundtable Against Hunger; Donna Yule, Idaho Public Employees Association; Jim Munkres, Idaho Center for Fiscal Policy; Jess Harrison, Idaho School Boards Association; Jonathan Parker, Holland & Hart; Mike Chakarun, Idaho State Tax Commission

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

RS 24300: **Rep. Trujillo** presented **RS 24300** regarding the Idaho Homestead exemption. This proposed legislation would remove the annual adjustment index on the Idaho homestead exemption and place the exemption value at \$100,000 or 50 percent of assessed value, whichever is less. She pointed out this annual adjustment was inherently unstable and in some years when property values went down, homeowners were paying more property taxes. This is being proposed to provide a stable and predictive tax policy.

MOTION: **Rep. Anderson** made a motion to introduce **RS 24300**. **Motion carried by voice vote.**

H 380: **Rep. Moyle** presented **H 380** dealing with income tax rates and grocery tax credits. He explained Idaho is not competitive with neighboring states in attracting business because our income tax rate has become a limiting factor. This legislation is an attempt to bring Idaho's income tax rate down as well as providing some tax relief to the lowest wage earners through an increased grocery tax credit. This bill will 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 will also increase 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.

ORIGINAL MOTION: **Rep. Trujillo** made a motion to send **H 380** to the floor with a **DO PASS** recommendation.

Elinor Chehey representing the League of Women Voters, **Darcy James** representing the Idaho Interfaith Roundtable Against Hunger and **Donna Yule** representing the Idaho Public Employees Association all spoke **in opposition** indicating this tax cut reduces the general fund with no identified sources of replacement income. Other needs such as education, mental health and infrastructure have a higher priority.

John Watts representing the Idaho Chamber Alliance, spoke **in support** of this bill. The Chamber Alliance supports reducing income tax rates to make Idaho more competitive with surrounding states when trying to attract new business and jobs. **Harley Brown** testified he **supports** any legislation that reduces taxes.

Rep. Rudolph expressed concern due to the lack of data which would support the need for tax cuts. He does not necessarily oppose this bill, but cannot strongly support it without statistics and data that show Idaho is lagging when it comes to attracting business and supporting start up businesses.

SUBSTITUTE MOTION:

Rep. Rudolph made a substitute motion to send **H 380** to the floor with no recommendation.

AMENDED SUBSTITUTE MOTION:

Rep. Nye made an amended substitute motion to send **H 380** to General Orders with an amendment that would include a 5-year Sunset Clause.

Rep. Erpelding spoke **in opposition** to all motions on the table for this legislation. He is disappointed that income tax cuts are being considered while educational funding requirements still have not been resolved. He feels we should explore all options and other forms of tax relief that may be more beneficial.

Rep. Anderst spoke in opposition to the substitute motion and the amended substitute motion. He is **in support** of this bill because in recent years priorities have targeted education, transportation and health and welfare with the taxpayers being left out. He supports this bill because it would give about 75% of Idaho taxpayers some form of tax relief.

VOTE ON AMENDED SUBSTITUTE MOTION:

Chairman Collins called for a vote on the amended substitute motion to send **H 380** to General Orders. **Motion failed by voice vote.**

VOTE ON SUBSTITUTE MOTION:

Chairman Collins called for a vote on the substitute motion to send **H 380** to the floor with no recommendation. **Motion failed by voice vote.**

ROLL CALL VOTE ON ORIGINAL MOTION:

Chairman Collins requested a roll call vote on the original motion to send **H 380** to the floor with a **DO PASS** recommendation. **Motion carried by a vote of 13 AYE, 2 NAY and 1 Absent/excused. Voting in favor** of the motion: **Rep. Collins, Trujillo, Moyle, Raybould, Anderson, Anderst, Dayley, Hartgen, Kauffman, Nate, Scott, Thompson and Rudolph. Voting in opposition** to the motion: **Reps. Erpelding and Nye. Rep. Chaney** was absent. **Rep. Moyle** will sponsor the bill on the floor.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 9:41 A.M.

Representative Collins
Chair

Bev Bean
Secretary