

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, February 29, 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: Ken Miller, Snake River Alliance; Scott Turlington, Origin Energy; Ron Williams, Cleaneva Energy; Russell Westerberg, PacificCorp; Neil Colwell, Avista Corp., Jonathan Parker, Holland & Hart

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

H 535: **Senator Brent Hill** presented **H 535** which deals with the capital gain deduction for certain livestock. Current Idaho law requires that more than one-half of the taxpayers gross income must come from farming or ranching in order for gains on the sale of certain livestock to be classified as capital gains thus qualifying for the capital gain deduction. The purpose of this legislation is to conform Idaho's capital gains law with federal law by removing the gross income requirement. This pertains only to dairy cattle, horse and breeding livestock.

Responding to a committee question, Senator Hill explained it is not necessary to make the bulk of your income in Idaho in order to qualify for this capital gains deduction but that it is available on any qualified reportable Idaho income.

MOTION: **Rep. Nye** made a motion to send **H 535** to the floor with a **DO PASS** recommendation.

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

VOTE ON MOTION: **Chairman Collins** called for a vote on the motion to send **H 535** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Scott** requested to be recorded as voting **NAY.** **Rep. Thompson** will sponsor the bill on the floor.

H 534: **Rep. Moyle** presented **H 534** related to taxation of solar energy electricity producers. This proposed legislation will change the way solar energy electricity producers are taxed. Currently, they are taxed based upon property tax. This will exempt the operating property of solar energy electricity producers from property tax and instead levy a tax of three and one-half percent (3.5%) on gross solar energy earnings. The 3.5% gross receipts percentage was based on what would have been collected if they were assessed a property tax.

Rep. Nate noted this proposal is revenue neutral and asked how property tax revenue would compare to gross receipts revenue over time. **Rep. Moyle** explained that property on the tax rolls today depreciates over time shifting the burden to other taxpayers. As for gross receipts, he assumes these plants will produce more electricity over time and would generate less gross receipts on the front end. He also mentioned the 3.5% gross receipts percentage was arrived at after much negotiation and discussion and was meant to be in line with what property tax would have been collected.

Answering a committee question, **Rep. Moyle** stated that geothermal and wind electricity producers are currently taxed at 3.0% on gross receipts and he anticipates future consideration of raising these rates to 3.5%.

MOTION:

Rep. Thompson made a motion to send **H 534** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **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 9:15 A.M.

Representative Collins
Chair

Bev Bean
Secretary