

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, January 31, 2017

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Trujillo, Representatives Moyle, Raybould, Anderst, Dayley, Hartgen, Kauffman, Chaney, Nate, Thompson, Gestrin, Stevenson, Troy, Erpelding, Gannon

**ABSENT/
EXCUSED:** None

GUESTS: Cynthia Adrian, Marni Odermann, Tom Shaner, Doreen Warren, Idaho State Tax Commission; Dustin Hurst, Idaho Reporter; Donna Yule, IPEA; Tanner J. Beymer, Idaho Free and Charitable Clinic Association; Elinor Cheney, League of Women Voters; Josh Campbell, Genesis Community Clinic; Russell Westerberg, RMP; John Watts, Idaho Chamber Alliance; Savannah Slater, Teresa Baker, ID. Association of Counties; Elizabeth Criner, NWFPA, ISDA; Miguel Legarreta, Associated Taxpayers, Suzanne Budge, SPS Associates LLC

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

RS 24903: **Rep. Kauffman** presented **RS 24903** concerning sales tax exemptions for free medical clinics. The proposed legislation adds a definition for "free medical clinics" and establishes tax exemptions for those clinics.

MOTION: **Rep. Anderst** made a motion to introduce **RS 24903**. **Motion carried by voice vote.**

RS 25039C1: **Rep. Trujillo** presented **RS 25039C1** concerning taxation on new construction. The proposed legislation will establish that, if a property goes exempt and is removed from property tax rules, the corresponding tax amount will also be removed from the budget capacity rules.

MOTION: **Rep. Anderst** made a motion to introduce **RS 25039C1**. **Motion carried by voice vote.**

H 67: **Rep. Moyle** presented **H 67** concerning individual and corporate income tax. The legislation eliminates the first \$750.00 of an individual's income tax, and reduces both the corporate and individual income tax rate from 7.4% to 7.2%. In response to various concerns regarding the fiscal impact, Rep. Moyle explained that the estimated fiscal impact is based on a static amount that does not account for the revenue potential inherent in the tax reduction, and, consequently, the fiscal impact will likely be much lower. In response to concerns that the reduction was not significant enough, Rep. Moyle emphasized that this legislation is an effective and comprehensive start.

Donna Yule, Executive Director of Idaho Public Employee Association, spoke **in opposition** of **H 67** with concerns about infrastructure and maintenance funding issues. She cited a survey from the Boise State Department of Public Service that found the majority of Idahoans would rather see an infrastructure investment than a tax break. She also argued that the tax breaks would only provide a minor benefit to average Idahoans while creating a substantial detriment to infrastructure funds.

Elinor Cheney, representing the Women's League of Idaho, spoke **in opposition** of **H 67** with concerns about potential harm to STEM education due to lack of funding for teacher salaries and access to education for young women.

John Watts, representing the Idaho Chamber Alliance, spoke **in support** of the bill because it will stimulate local economies and make Idaho look much more competitive in comparison to neighboring states. Without rate reduction, he argues that Idaho alliances will struggle.

Miguel Lagarreta, President of Associated Taxpayers of Idaho, spoke **in support** of the bill which he says will provide transparency, relief to Idaho citizens, and improve Idaho's economic ranking across the board.

Rep. Moyle responded to the concerns of those speaking against the bill by explaining that there would not be any harm to education funding with the passage of the bill and reiterated that the bill would make Idaho more economically competitive with Western states.

MOTION: **Rep. Thompson** made a motion to send **H 67** to the floor with a **DO PASS** recommendation.

ROLL CALL VOTE: **Rep. Hartgen** requested a **roll call vote** on the motion to send **H 67** to the floor with a **DO PASS** recommendation. **Motion carried** by a vote of **14 AYE, 2 NAY**. **Voting in favor** of the motion: **Rep. Trujillo, Rep. Moyle, Rep. Raybould, Rep. Anderst, Rep. Dayley, Rep. Hartgen, Rep. Kauffman, Rep. Chaney, Rep. Nate, Rep. Thompson, Rep. Gestrin, Rep. Stevenson, Rep. Troy** and **Chairman Collins**. **Voting in opposition** to the motion: **Rep. Erpelding** and **Rep. Gannon**. **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 9:58 A.M.

Representative Collins
Chair

Fred Swanstrum
Secretary