

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, March 02, 2017

TIME: 8:30 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:** Rep. Troy

GUESTS: Reed Disney, Lucas Cinnemeyer, DataSite; Jonathan Parker, Holland and Hart; Tom Shaner, Marni Odermann, Cynthia Adrian, Idaho State Tax Commission; Joan Condie, Cheryl Goettsche, ICBA; Matt Klinger, Fiberglass Data Center; Jeff Leonnig, Involta; Max Pond, Realtors; Alex Lebeau, IACI; Fred Birnbaum, Idaho Freedom Foundation; Stefan Gleason, Sound Money Defense League; Teresa Baker, IAC; Michelle Williams, ICBA; Jay Larsen, ITC; Amber Pence, City of Boise; Miguel Legarreta, Associated Taxpayers; John Eaton, Realtors

Chairman Collins called the meeting to order at 9:01 A.M.

H 215: **Morgan Howard**, intern for Senator Johnson, presented **H 215** concerning the franchise tax. This legislation does two things: it adds franchise tax to the new state revenues and excludes taxes that have been or will be introduced by the federal government. The purpose is to create clarity.

MOTION: **Re.p Trujillo** made a motion to send **H 215** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Trujillo** will sponsor the bill on the floor.

H 206: **Stefan Gleason**, Sound Money Defense League, presented **H 206** concerning tax exemptions for precious metals bullion. After a brief explanation of historical significance of precious metals as a currency, he explained the legislation would back out the federal income loss someone reports on precious metals out of their Idaho taxable income by defining precious metals for a tax exemption. While there is a fiscal impact, the legislation is also intended as a statement of fiscal freedom and sound income. After concerns regarding the potential this legislation would be "picking a favorite" in terms of investments, Mr. Gleason reiterated these precious metals are an actual currency which makes them different from other investments.

Fred Birnbaum, Idaho Freedom Foundation, spoke **in support** of the legislation. He has concerns with a tremendously unbalanced federal budget and massive inflation. He believes this bill is a prospective measure which will help fight inflation and protect Idaho from the devaluation of the dollar.

MOTION: **Rep. Nate** made a motion to send **H 206** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Moyle** will sponsor the bill on the floor.

H 217:

Bobbi-Jo Meulemann, C.O.O. of Idaho Department of Commerce, presented **H 217** concerning the Idaho information technology tax rebate. Because we live in a data driven society, this legislation will help Idaho be competitive in bringing in large scale data centers and grow the technology ecosystem. Since Idaho is low risk for a variety of reasons including our low natural disaster rates, free cooling, proximity to the data pipeline, and good renewable energy platforms, we are a strong candidate for data center business in Idaho. However, due to the 20 other states offering tax rebates including five bordering states, Idaho has lost substantial business opportunities in the past and will continue to do so in the future due to the lack of tax rebate. This rebate would make Idaho competitive by creating a tax rebate with a \$1,000,000 minimum investment threshold which qualifies them for a tax rebate of purchases totalling \$5,000,000 or more.

Reed Disney, representing DataSite, spoke **in support** of the legislation because Idaho has an ideal location for it and the rebate will help data centers maximize the business potential within Idaho. Additionally, since these data centers must renew their equipment every 3-5 years, Idaho will receive the massive amount of business coming from the renewal process.

Cheryl Goettsche, Cable One and ICBA, spoke **in support** of the legislation for a variety of reasons. First, she reaffirms Idaho is the perfect climate but lacks in tax incentives. She also goes further in explaining the potential revenue of these businesses. She estimates Idaho has lost \$10,000,000 in reoccurring revenue from companies that have decided against coming to Idaho.

Jeff Leonnig, representing INVOLTA, spoke **in support** of the legislation. He argues this legislation is critical in keeping data center businesses here who are being courted by neighboring states. Additionally, he believes it will help local communities.

Alex Labeau, President of the Idaho Association of Commerce, spoke **in support** of the legislation because it is of tremendous financial benefit to Idaho. Though the fiscal note indicates a negative fiscal impact, it does not take into account all of the money potentially being brought into the state and the consequent financial benefits that arise as a consequence.

Jay Larson, President of Idaho Technology Counsel, spoke **in support** of the legislation stating this is critical legislation for the data driven world we are living in. He believes we have indeed lost tremendous business opportunities to other states and this would remedy future losses.

MOTION:

Rep Chaney made a motion to send **H 217** to the floor with a **DO PASS** recommendation. **Rep. Kauffman** invoked Rule 38 stating a possible conflict of interest but he would be voting on the motion. **Motion carried by voice vote.** **Rep. Gannon** requested he be recorded as voting **NAY**. **Rep. Chaney** will sponsor the bill on the floor.

**UNANIMOUS
CONSENT
REQUEST:**

Rep. Moyle made a unanimous consent request to **HOLD H 218** in committee. There being no objection, the request was granted.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 9:32 A.M.

Representative Collins
Chair

Fred Swanstrum
Secretary