

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, February 05, 2018

TIME: 9:00 A.M.

PLACE: Room EW42

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

**ABSENT/
EXCUSED:** None

GUESTS: Darcy James, The Interfaith Roundtable Against Hunger; Fred Birnbaum, Idaho Freedom Foundation (IFF); Dustin Hunst, IFF; Ned Burns, Idaho Realtors/Sun Valley Board of Realtors; Tom Shaner, Idaho State Tax Commission; Alex LaBeau, IACL; Russell Westerberg, RMP; Brody Aston, RMP; Laura Lantz, ISCPA; Doug Paddock, IORC; Julie Page, IORC; Tamara L. Green, Sotheby's; John Watts, Idaho Chamber Alliance; Miguel Legarreta, ATI

Chairman Collins called the meeting to order at 9:01 a.m.

MOTION: **Rep. Dayley** made a motion to approve the minutes of the January 22, 2018, meeting. **Motion carried by voice vote.**

MOTION: **Rep. Anderst** made a motion to approve the minutes of the January 30, 2018, meeting, with the following correction: Rep. Anderst was present and his being listed absent should be amended. **Motion carried by voice vote.**

H 463: **Rep. Moyle** presented **H 463** saying it is the largest tax reduction bill in Idaho history that mirrors the tax reduction bill passed by the federal government that addresses some concerns and how they affect Idaho citizens and the taxes they pay. The bill deals with conformity, including to the standard deduction increase, personal and dependent exemption elimination and business income tax changes such as net operating losses, allowing for limited losses to be carried forward and income tax reductions that propose to reduce all the bands from the lowest income rates to the highest income rates by .475%, which is a substantial increase for those in the lower bands because the percentage decrease in their tax liability is far greater than those in the upper bands. An Idahoan with a taxable income of \$11,043 is in the upper band at 7.4% because Idaho bands are pretty narrow. A new section is created for a non-refundable child tax credit of \$130 because some Idaho families who previously did not have a tax liability will now, and the child tax credit will help ease their tax liability. **H 463** also addresses the 521 savings education program, which used to allow up to \$10,000 for higher education, but now allows Idahoans to use the funds for K-12. It is still capped at \$6,000 with a retroactive date of January 2018. Conforming to the Internal Revenue Code affects the 2018 taxable year and is necessary now for accountants and taxpreparers in Idaho.

In response to committee questions, **Rep. Moyle** said overall this is a substantial tax reduction. He informed the committee federal code changes forced an income tax increase against Idaho citizens because their income tax rates are so high, so the \$130 child tax credit is a good thing and there are going to be deductions at the federal level. Rep. Moyle reiterated **H 463** is a reasonable compromise of all parties and because of the national tax code changes, Idaho has to adjust to be more competitive and help its large families.

Alex LeBeau, Idaho Association of Commerce and Industry; **John Watts**, Idaho Chamber Alliance; **Fred Birnbaum**, Idaho Freedom Foundation; and **Miquel Legarreta**, Associated Taxpayers of Idaho spoke **in support** of **H 463** because it is good for the corporate tax rate and is one of the biggest and most productive steps toward a 5% flat tax for which Mr. Legarreta has been working for a long time. The bill also balances conformity with tax relief. Mr. Birnbaum supports the net tax cut of more than \$100 million that they have been advocating for a number of years, but is against adding the credits in **H 463** because they complicate the tax code.

Julie Page, Idaho Organization of Resources Council; **Darcy James**, Idaho Interfaith Roundtable Against Hunger, spoke **in opposition** to **H 463** because it uses conformity to make tax cuts that should be addressed separately, and the bill uses a huge unanticipated windfall for a tax break that barely reaches those in need.

Rep. Moyle stated every Idahoan who pays taxes benefits from this bill. It lowers taxes for everyone who pays taxes in the state of Idaho and makes Idaho a better place to do business. It doesn't provide all of what everyone wants but presents a good balance.

MOTION: **Rep. Gibbs** made a motion to send **H 463** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Erpelding** and **Gannon** requested to be recorded as voting **NAY.** **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 10:10 a.m.

Representative Collins
Chair

Susan Steed
Secretary