

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Tuesday, February 06, 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(17)  
**ABSENT/  
EXCUSED:** None  
**GUESTS:** Fred Birnbaum, Idaho Freedom Foundation; John Evans, AIC; Jess Harrison, AIC; Russell Westerberg, RMP; Amber Pence, City of Boise; Laura Lantz, ISCPA  
**Chairman Collins** called the meeting to order at 9:00 a.m.  
**RS 25811:** **Rep. Kauffman** presented **RS 25811** stating the purpose of this legislation is to provide a sales and use tax exemption for sales to or purchased by the Idaho Association of Free and Charitable Clinics and clinics who are members of the Idaho Association of Free and Charitable Clinics.  
**MOTION:** **Rep. Anderst** made a motion to introduce **RS 25811. Motion carried by voice vote.**  
**H 449:** **Rep. Moyle** presented **H 449** stating the framers of our nation established that gold and silver are money, but federal taxing authorities in recent decades have required taxpayers to report nominal capital "gains" and "losses" when exchanging this form of money for Federal Reserve Notes. Idaho already exempts precious metals sales from the sales tax. This bill will exempt the sale of precious metals bullion from being subject to capital gains.  
**Fred Birnbaum** spoke in support of **H 449** stating this bill exempts the capital gains tax in its application to bullion because it is sales tax exempt. It does not include jewelry, but can include gold bars and the key difference is the metal has been refined. Gold is a good liquid way to protect individuals against inflation. This bill speaks to not taxing someone for the decline in the value of the dollar in a period of inflation. Mr. Birnbaum confirmed the difference between stocks and gold is some stocks pay dividends and gold does not. He stated nothing is earned while holding gold and it is a hedge against inflation.  
**MOTION:** **Rep. Anderst** made a motion to send **H 449** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Gannon** requested he be recorded as voting **NAY.** **Rep. Moyle** will sponsor the bill on the floor.  
**H 450:** **Rep. Harris** presented **H 450** stating taxing districts, such as cities and counties, may elect to disclaim any or all of their forgone balance for the current year. This bill adds flexibility as to when the district may adopt such a resolution. It also requires that the resolution be filed with the county clerk and the state tax commission. **Rep. Harris** confirmed the elected officials have the right to disclaim the forgone balance for that year.

**John Evans**, Mayor of Garden City, Idaho, spoke in opposition to H 450 stating forgone balances represent a fail safe in our system. He said forgone balances don't create a tax burden on the electorate unless the elected body chooses to appropriate them. Mr. Evans stated most cities in Idaho do not have programs where they can draw down from to take care of emergencies. There is a formalized public hearing that's required before passage of an appropriations ordinance and typically numerous open meetings that take place during the cycle. He stated, unless you can see into the future, this is risky legislation. In response to questions, Mr. Evans reiterated the spending is controlled by the appropriations ordinance. Cities are not limited on the timing of how they spend that appropriation. The limitation is the lump sums received in February and July from the property tax.

**MOTION:** **Rep. Nate** made a motion to send H 450 to the floor with a **DO PASS** recommendation.

**SUBSTITUTE MOTION:** **Rep. Erpelding** made a motion to **HOLD H 450** in committee.

**VOTE ON SUBSTITUTE MOTION:** **Chairman Collins** called for a vote on the substitute motion to **HOLD H 450** in committee. **Substitute Motion failed by voice vote.**

**VOTE ON ORIGINAL MOTION:** **Chairman Collins** called for a vote on the motion to send H 450 to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Reps. Kauffman, Troy, Gibbs, Erpelding and Gannon** requested to be recorded as voting **NAY**. **Rep. Harris** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:48 a.m.

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Representative Collins  
Chair

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Susan Steed  
Secretary