

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 22, 2018
TIME: 3:00 P.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Johnson, Vice Chairman Bayer, Senators Siddoway, Rice, Vick, Patrick, Burgoyne, and Nye
ABSENT/ EXCUSED: Senator Hill

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Vice Chairman Bayer** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

H 362 **Relating to Gasoline Tax Refunds. Cynthia Adrian**, Tax Policy Specialist, Idaho State Tax Commission (Commission), presented **H 362**. Idaho Code § 63-2410 requires a taxpayer who does not file an income tax return, but qualifies for a refund for non-taxable use of tax-paid gasoline, to file a refund request on a calendar year basis. School districts and other nonprofit organizations do not follow a calendar year. **Ms. Adrian** explained that **H 362** will remove the requirement to file requests for fuel tax refunds on a calendar year basis. This change would provide flexibility for these entities to file on their normal year end.

MOTION: **Senator Nye** moved to send **H 362** to the floor with a **do pass** recommendation. **Chairman Johnson** seconded the motion. The motion carried by **voice vote**.

H 363 **Relating to Fuels Tax. Ms. Adrian** presented **H 363**. This legislation proposes to clarify that a distributor may collect fuels taxes when making bulk sales of gaseous special fuels. This will not require taxpayers to change how they file or collect taxes; the same amount of tax is due. **Ms. Adrian** explained this clarification simply provides users of bulk gaseous fuels the option to pay tax at the time of delivery.

MOTION: **Chairman Johnson** moved to send **H 363** to the floor with a **do pass** recommendation. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

H 452 **Relating to Regulation of Short-term Rentals. Representative Nate** presented **H 452**. He explained that 2017 HB 216 created a mechanism for short-term and vacation rental marketplaces to collect and remit applicable taxes. **Representative Nate** stated that existing language in Idaho Code § 67-6539 is problematic for two reasons: 1.) the phrase "throughout the jurisdiction of such" creates the possibility of prohibiting short-term rentals in some communities; and 2.) the phrase "notwithstanding the foregoing prohibition" provides a loophole to allow prohibitive regulations by a community. **H 452** proposes to remove these phrases from Idaho Code § 67-6539. **Representative Nate** felt this will help eliminate ambiguity and align statute with the original intent of the law.

MOTION: **Senator Rice** moved to send **H 452** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

H 513

Relating to Tax Exemptions for Free and Charitable Clinics. Representative Kauffman presented **H 513**. This legislation will provide a sales and use tax exemption for sales to, or purchased made by, the Idaho Association of Free and Charitable Clinics (IAFCC) and its member clinics. There are currently ten members of the IAFCC. **Representative Kauffman** stated the proposed tax exemption will help Idaho's free medical clinics provide additional products and services to indigent patients. The proposed exemption will also help decrease indigent health care expenses paid by counties and the State. **Representative Kauffman** discussed the fiscal impact to local governments and to the General Fund.

TESTIMONY:

Arnie Walker, President of the IAFCC, spoke in support of **H 513**. **Mr. Walker** explained that membership to the IAFCC requires clinics to improve the overall health and well-being of medically underserved persons, provide a variety of free and charitable primary health care services, and use primarily volunteer providers. **Mr. Walker** said bylaws were created to specify what types of organizations qualify for IAFCC membership; this was done to ensure that only clinics meeting specific requirements were eligible for a tax exemption. **Mr. Walker** noted that IAFCC clinics are able to provide five dollars worth of medical care for every dollar donated to a free clinic.

Dennis Tanikuni, representing the Idaho Farm Bureau Federation (IFBF), spoke in support of **H 513**. He stated many of the IAFCC clinics are located in communities where the IFBF has a presence.

MOTION:

Senator Burgoyne moved to send **H 513** to the floor with a **do pass** recommendation. **Senator Rice** seconded the motion. The motion passed by **voice vote**. **Senator Siddoway** requested he be recorded as voting **nay**.

ADJOURNED:

There being no further business at this time, **Vice Chairman Bayer** adjourned the meeting at 3:25 p.m.

Senator Johnson
Chairman

Jennifer Carr
Secretary