

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, March 02, 2018

TIME: 8:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Acting Vice Chairman Kauffman, Representatives Moyle, Raybould, Anderst, Dayley, Hartgen, Chaney (Chaney), Nate, Thompson, Stevenson, Troy (Goesling), Gibbs, Erpelding, Gannon(17)

**ABSENT/
EXCUSED:** Reps. Gestrin (Walton)

GUESTS: Blake Leonard, Gem County Rec. Com Ctr; Brandi Allison Peer Wellness Center; Keith Johnson, Gem Co. Rec Comm Ctr; Frank Hendry, Canyon Clinic Wellness; Victoria Patterson, Canyon County Clinic Wellness; Don Hayes, Peer Wellness Center; Monica Forbes, The Recovery Center; Jeff Peterson, Peer Wellness Center; Zen Curtis, Peer Wellness Center; Carlos DeLeon, Jr., Ada County Sheriffs Office; Russell Westerberg, RMP; Cherie Larrieu, Canyon Clinic Wellness; Laura Lantz, ISCPA; Alex LaBeau, IACI; Luke Cavener, ACSCAN; Chris Hahn, IDHW; Larry Maneely, Ada BOCC; Sandy Jones, Parole Comm., Emily Patchin, PWRMA, Jeremy Pisca, PWRMA

Chairman Collins called the meeting to order at 8:01 a.m.

MOTION: **Rep. Dayley** made a motion to approve the minutes of the February 1, 2018, meeting. **Motion carried by voice vote.**

MOTION: **Rep. Kauffman** made a motion to approve the minutes of the February 15, 2018, meeting. **Motion carried by voice vote.**

MOTION: **Rep. Dayley** made a motion to approve the minutes of the February 21, 2018, meeting. **Motion carried by voice vote.**

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

RS 26242: **Rep. Monks** presented **RS 26242**. He stated the purpose of this legislation is to correct the inequities that exist with regards to how much each city and county receives from the sales tax distribution formula. The current formula for determining how much each city and county is partially based on the antiquated system of historical calculations based on the now non-existent personal property tax assessed to every Idaho citizen which included among other things, the number of pigs, chickens, cows, silverware and other personal items. The current system creates additional inequities because it relies on property values. This has created a situation where some cities and counties receive ten times the amount than other cities and counties receive when compared to how much they would receive if calculated based solely on population. This legislation freezes the current distribution to cities and counties and distributes new revenue based on population. If the state collects more revenue than the previous year, the excess funds are distributed to cities and counties that receive less than their respective counterparts based on per capita calculation.

MOTION: **Rep. Anderst** made a motion to introduce **RS 26242**. **Motion carried by voice vote.**

RS 26226:

Alex LaBeau, Idaho Association of Commerce & Industry, presented **RS 26626** stating this trailer bill to **H 463** creates better consistency in policy between worldwide and "water's edge" filing methodologies. Historically, the U.S. federal tax system has partially double-taxed foreign earnings, and Idaho also partially double-taxed foreign earnings using a more simplified methodology (for water's edge filers) so Idaho would conform to federal law. The federal system is no longer double taxing foreign earnings in order for U.S. multinational companies to be competitive with non-U.S. companies. This bill creates conformity to the new federal law to keep Idaho multinational companies competitive. Additionally, the majority of states historically do not double-tax foreign dividends, and currently Idaho is not competitive with those other states. Legislative history in Idaho from 2004 allowed a reduced level of tax on foreign dividends. The 2004 repatriation act allowed companies the option to repatriate with a federal double-tax burden. The new law requires federal tax on all unremitted earnings, with a similar reduced federal double-tax burden. This bill follows Idaho's own legislative historical precedent and provides for discounted double-tax on historical earnings. If Idaho's tax law maintains the status quo, it will be penalizing these companies with incremental double-tax liabilities compared to historical levels, so this bill resolves that double-tax issue. Finally, the new Federal Foreign Derived Intangible Income (FDII) provisions provide a "booster" deduction to incentivize U.S. companies to manufacture domestically, rather than manufacture offshore. This bill includes an adoption of this policy by Idaho as well.

MOTION:

Rep. Gibbs made a motion to introduce **RS 26226**. **Motion carried by voice vote.**

H 625:

Rep. Luker presented **H 625** stating this legislation is designed to fund and provide services to prevent and treat opioid addiction in Idaho. The bill imposes on opioid distributors into the state a one-half cent tax per MME (morphine milligram equivalents) based upon the potency and quantity of various opioid drugs. The state tax commission would oversee collection of the tax. The funds would be distributed to several opioid addiction programs in the state including the board of pharmacy for education and medical provider outreach; to the public health districts to fund local recovery centers specifically related to treatment and prevention of opioid addiction; to the division of behavioral health for its medication-assisted treatment program specific to opioid addiction, and any balance to the department of health and welfare for other opioid treatment and prevention programs.

Rep. Kingsley continued presentation of **H 625** by reiterating addiction is a problem in Idaho. Eighty-five percent of people in prison claim their incarceration is related to addiction. He stated 85 percent of inmates can relate their incarceration to either alcohol or drugs. This bill can save the state money if the response happens now. There are nine fledgling recovery centers in Idaho, staffed with volunteers. Funds are needed to keep the recovery centers open. This bill will provide 9 million dollars which would be about \$150,000 to \$200,000 per center to fund a volunteer coordinator and a director. The recovery centers provides phenomenal results that provide an atmosphere to empower people. In response to a question about other funding options, Rep. Kingsley stated the Millennium Fund has been a catalyst to get these centers started. Upon request, a center can receive funds in small amounts. There will be no funding from the Millennium Fund this year and without this bill these centers will not receive any funding. The funding for this bill will start in 2019, in the meantime the centers are being partially funded by Idaho's Response to the Opioid Crisis (IROC) for a very short time.

Victoria Patterson, Canyon County Clinic Wellness, spoke **in support** of **H 625**. Ms. Patterson stated getting opioids through a pharmacy is cheaper and easier than getting them "on the streets." She confirmed the recovery centers are helpful and necessary and it's because of them she has found success in dealing with her addictions.

Monica Forbes, The Recovery Center, spoke **in support** of **H 625** stated there are not a lot of options for people with addictions and with an opioid addiction your life is at risk at a much faster rate than most other forms. She stated 174 deaths occur daily in the united states from this biopsychosocial disease that happens with no warning. Ms. Forbes reiterated it makes sense to put a very small tax on something that doesn't affect the consumer or the patients taking the medication, but takes that money and puts it to the most benefit possible out in the community.

Cheri Larrieu, Canyon County Clinic Wellness, spoke **in support** of **H 625** stating her life would be drastically different today if the resources had been available to her and her family back when they were dealing with addiction. Ms. Larrieu confirmed she suffered a lot of complex drama and had no resources available in the community at the time she was growing up with the addiction in the family.

Luke Cavener, Idaho Director of Government Affairs, American Cancer Society Cancer Action Network, spoke **in opposition** of **H 625** stating as an advocate of cancer patients, it's important to show how this bill will unintentionally and negatively impact law abiding cancer patients across our state. Mr. Cavener confirmed opioids are some of the most effective treatment for severe pain and is part of a standard of care for cancer patients. He stated there are much better mechanisms to accomplish the same results that everyone is looking to achieve.

Rosie Andueza, Idaho Department of Health and Welfare, Division of Behavioral Health, responded to a question why some opioids are exempted from the tax by confirming they are for treatment of withdrawals from opioid addiction.

Rep. Luker closed his presentation by responding to questions stating general funds would be gladly accepted if the committee wanted to amend the bill to do so. He reiterated this format is here to have accountability and nexus to show where the money is going.

MOTION: **Rep. Hartgen** made a motion to **HOLD H 625** in committee.

SUBSTITUTE MOTION: **Rep. Gannon** made a motion to send **H 625** to General Orders.

ROLL CALL VOTE ON SUBSTITUTE MOTION: **Rep. Hartgen** requested a roll call vote on **H 625**. **Substitute Motion failed by roll call vote of 2 AYE, 13 NAY and 1 Absent/Excused. Voting in favor** of the motion: **Reps. Erpelding and Gannon(17)**. **Voting in opposition** of the motion: **Chairman Collins, Acting Vice Chairman Kauffman, Reps. Moyle, Raybould, Anderst, Dayley, Hartgen, Chaney, Nate, Thompson, Stevenson, Troy, Gibbs. Rep. Gestrin was absent/excused.**

ROLL CALL VOTE ON ORIGINAL MOTION: **Rep. Hartgen** requested a roll call vote on **H 625**. **Motion carried by roll call vote of 14 AYE, 1 NAY and 1 Absent/Excused. Voting in favor** of the motion: **Chairman Collins, Acting Vice Chairman Kauffman, Reps. Moyle, Raybould, Anderst, Dayley, Hartgen, Chaney, Nate, Thompson, Stevenson, Troy, Gibbs. Voting in opposition** to the motion: **Rep. Gannon(17)**. **Rep. Gestrin was absent/excused.**

RS 26283: **Rep. Nate** presented **RS 26283** stating this is a Concurrent Resolution to reject Section 314., Subsection 03 pending rule under **Docket No. 35-0103-1704** of the Idaho State Tax Commission relating to Property Tax Administrative Rules.

MOTION: **Rep. Gannon** made a motion to return **RS 26283** to the sponsor. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:55 a.m.

Representative Collins
Chair

Susan Steed
Secretary