

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Monday, January 14, 2019

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Dayley, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Erpelding, Ellis, Mason

**ABSENT/  
EXCUSED:** Representative(s) Gestrin

**GUESTS:** Cynthia Adrian, Idaho State Tax Commission (ISTC); Tom Shaner, ISTC.

**Chairman Collins** called the meeting to order at 9:00 a.m.

**RS 26441:** **Tom Shaner**, Tax Policy Manger, ISTC, presented **RS 26441**, which is the annual bill updating references to the Internal Revenue Code (IRC) and conforming the Idaho Income Tax Code to changes made to the IRC affecting the 2018 taxable year. Currently, Idaho is aligned with the IRC up to January 2018 and the federal extended bill. The proposed bill aligns Idaho to federal changes up to January 2019. The Idaho income tax code uses federal adjusted gross income as a starting point for both businesses and individuals. Idaho uses a static conformity to a specific dated, January 1, 2018. Conforming to federal law saves both the ISTC and Idaho taxpayers a lot of tax preparation work.

**MOTION:** **Rep. Chaney** made a motion to introduce **RS 26441**. **Motion carried by voice vote.**

**RS 26442:** **Tom Shaner**, ISTC, informed the committee that **RS 26442** makes slight corrections to the income tax reform of 2018 at **H 463**, making it a little easier to handle and understand. **H 463** allowed a deduction for the IRC § 461 loss limitation related to excess business losses. The proposed bill provides that IRC § 461 loss limitations be added back to compute the Idaho net operating loss (NOL). It keeps the 20% from creating or extending an operating loss. It would be unusual to create the expense on the federal return and not earn it on the Idaho return. It is more appropriate for this amount to be subtracted to ensure the taxpayer gets the benefit of the limited loss for Idaho in case there is no Idaho NOL. Also the amount of the subtraction allowed should be limited to the excess business loss under IRC § 461(1)(1)(B), rather than to all amounts limited by the section. **H 463** allowed a new non-corporate business expense under IRC § 199A, and **RS 26442** requires any expense allowed by IRC § 199A to be added back in Idaho Code § 63-3021(b)(5) so the expense does not create or increase the Idaho NOL. At the federal level, it is for losses greater than \$250,000, which are carried over, and Idaho conformed.

**MOTION:** **Rep. Stevenson** made a motion to introduce **RS 26442**. **Motion carried by voice vote.**

**RS 26443:** **Tom Shaner** said **RS 26443** makes clear that sales tax not be imposed on official documents. Idaho Code § 63-03622AA established a sales tax exemption for official documents. Agencies charging by the page were not covered, so this proposed legislation amends Idaho Code § 63-03622AA to make it clear that purchasing copies under a public records request is exempt from sales tax, whether a fee is set or not. **RS 26443** promotes government transparency. The fiscal costs are estimated at \$10,000, allowing \$5,000 for taxes collected and \$5,000 for agency notice mailings.

In response to committee questions regarding whether some Idaho agencies were charging and submitting taxes on fees, **Mr. Shaner** responded that some agencies have been charging tax, and correctly so by statute.

**MOTION:** **Rep. Ellis** made a motion to introduce **RS 26443**.

In response to committee questions about how many other document fees are imposed by Idaho Code and exempted for a long time as shown in lines 9 and 10 of **RS 26443**, **Mr. Shaner** responded that he did not have that information, that the statute is specific to documents and not connected with things like parking. Upon committee request, Mr. Shaner stated he can try to get information on fees set by the state of Idaho.

**VOTE ON MOTION:** **Chairman Collins** called for a vote on the motion. **Motion carried by voice vote.**

**RS 26444:** **Tom Shaner**, ISTC, presented **RS 26444** to amend the Idaho withholding statute, Idaho Code § 63-3035, which contains the obsolete term "exemption" and changed the term to "allowances" to make sure that any references to the federal tax code will not interfere with Idaho developing a state-specific W-4. He further stated that Idaho now uses a number of exemptions for child tax credit.

**MOTION:** **Rep. Dixon** made a motion to introduce **RS 26444**. **Motion carried by voice vote.**

**RS 26450:** **Tom Shaner**, ISTC, said **RS 26450** relates to income taxes. **H 463** created a child tax credit that was later increased by **H 675**, codified at Idaho Code §63-3029L. The statutory language did not limit the credit to Idaho residents. **RS 26450** amends Idaho Code § 63-3029L by adding: "this credit is only available to Idaho residents. Any part-year resident entitled to a credit under this section shall receive a proportionate credit reflecting the part of the year in which he was domiciled in this state." It is a technical correction with no fiscal impact.

In response to committee questions whether the amendment needed to date back to January 1, 2018 rather than January 1, 2019 as stated in **RS 26450**, **Mr. Shaner** replied that it would be ISTC's preference if it did so, but ISTC was asked to stay within the current year.

**MOTION:** **Rep. Moyle** made a motion to introduce **RS 26450** with the following change: on Page 1, Line 37, change the year portion of the date from 2019 to 2018. **Motion carried by voice vote.**

**RS 26451:** **Tom Shaner**, ISTC, said they are proposing to change language in Idaho's grocery credit statute, Idaho Code § 63-3024A, to align it with the 2018 tax reform that eliminated personal exemptions by removing obsolete references about personal exemptions and adding "the taxpayer, taxpayer's spouse, and each dependent." **RS 26451** will have no fiscal impact and will maintain the status quo on grocery tax.

**MOTION:** **Rep. Dayley** made a motion to introduce **RS 26451**. **Motion carried by voice vote.**

**ADJOURN:** There being no further business to come before the committee, the meeting was adjourned at 9:23 a.m.

---

Representative Collins  
Chair

---

Lorrie Byerly  
Secretary