

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, February 21, 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: Tom Shaner, Idaho State Tax Commission (ISTC); Cynthia Adrian, ISTC; Russell Westerberg, RMP; Colin Nash.

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

MOTION: **Rep. Stevenson** made a motion to approve the minutes of February 15, 2019.
Motion carried by voice vote.

Chairman Collins introduced the new page, **Chad Majors**.

RS 26878: **Alex LeBeau**, President, Idaho Association of Commerce and Industry (IAOCI), presented **RS 26878** indicating it is basically a conformity bill to the 2017 Tax Cut and Jobs Act that deals with repatriation of foreign derived income. The Statement of Purpose for **RS 26878** has a 10-year fiscal note that goes into conceptual detail regarding why Congress and the President of the United States made the determination of how we would change the way we deal with corporate taxation, particularly for foreign derived income around the world. It is basically a whole new system, and it is important for the state of Idaho to conform. It is a very complicated issue.

MOTION: **Rep. Anderst** made a motion to introduce **RS 26878**.

In response to committee questions, **Mr. LeBeau** replied there will be an increase in revenue to the state of Idaho from the amount of the 2017 windfall from the change in the way corporate taxation is handled. The Tax Cut and Job Act is the first major corporate tax reform since 1987 and now requires every single corporation that has any operations overseas, whether export or actually overseas production, to report and pay tax on every dollar made and all tangible and intangible property acquired since 1986. There are associated federal deductions and credits which is why conformity is pretty important. Mr. LeBeau further opined refunds for prior years would not be likely since most corporations operate behind on fiscal years rather than on actual years. None of these dollars have been included in any sort of revenue forecasting.

**VOTE ON
MOTION:** **Motion carried by voice vote.**

RS 26909: **Rep. Moyle** said **RS 26909** deals with audits. Currently, governing agencies with annual budgets or expenditures of over \$100,000 are required to do biannual audits and above \$250,000, they are required to do an audit each year. The cheapest audit cost he could find was one done for \$6,500, with most being about \$10,000. The problem is when there is a small agency with a \$10,000 budget, 10% of their budget is taken to do an audit. **RS 26909** moves the annual budget limit to \$150,000 before agencies are subject to audit, which helps about 28 different taxing districts.

MOTION: **Rep. Erpelding** made a motion to introduce **RS 26909**. **Motion carried by voice vote.**

H 165: **Melinda Merrill**, member of the Board of Directors, Idaho Chapter of the American Red Cross, stated **H 165** changes the dollar threshold for seven non-profit funds listed on income tax refund forms. Idahoans can donate their refund to those listed on the form. The threshold to be on the form is \$25,000 in refund donations for two years or the non-profit can fall off the form. Reasons a non-profit may not reach \$25,000 in donated refunds may be that they have not done an outreach program. Lowering the threshold to \$20,000 from \$25,000 can be beneficial to anyone on the form.

MOTION: **Rep. Addis** made a motion to send **H 165** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:17 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary