

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, January 13, 2020

TIME: 9:00 A.M.

PLACE: Room EW42

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

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

GUESTS: Tom Shaner, Idaho State Tax Commission (ISTC); Cynthia Adrian, ISTC; Kathlynn Ireland, ISTC; Mat Erpelding, Boise Metro Chamber; Melinda Merrill, Northwest Grocery Association; Chelsea Wilson, City of Caldwell; Laura Lantz, ISCPA; and Brian Stender, Canyon County Assessor.

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

DOCKET NO. 35-0000-1900: **Kathlynn Ireland**, Property Tax Policy Specialist, ISTC. stated the ISTC's and Department of Financial Management's review of the **Pending Omnibus Rule 35-0000-1900** eliminated Rules 35.01.03.02, .04, .05, .945, .968, .980 and .990 as obsolete, redundant or unnecessary. Rules 35.01.03.219, .220, .619, .628, .645, .802, .803, and .961 contained instructive, calculation or example tables that were removed and which are now located on the ISTC website. The word "shall" was replaced with "will" throughout.

Tom Shaner Tax Policy Manager, ISTC, informed the committee that Rule 35.01.04, Estate Tax, was repealed and explained the reasoning for the removal. He addressed Motor Fuel Tax Rules saying that Rules 35.01.05.05, .06, .120, .130, .160, and .180 were eliminated as obsolete or duplicative. Rules 35.01.05.04, .130, .131, .132, .135, .137, .170, .230, .250, .270, .290, .292, .310, .320, .400, .421, .422, .500, and .510 were edited for changes in legal authority, meanings, grammar or removal of duplicative language. In Rule 35.01.05.131 and .132, the reference to tax payers was changed from "failure" to "not reporting." Rule 35.01.05.170.01.d added language specifying a school bus must be owned, leased or operated by a political subdivision of Idaho. Rule 35.01.05.300.01 was deleted since it only advised that the rules do not stand alone.

In response to committee questions, **Mr. Shaner** said that Rule 35.01.05.311 dealing with the International Fuel Tax Agreement was with Canada and was not deleted but moved to another rule.

Mr. Shaner continued presenting Motor Fuel Tax Rules saying a metric conversion chart was removed in Rule 35.01.05.420.09. In Rule 35.01.05.501 language was standardized for "transfer fee."

Mr. Shaner addressed Hotel/Motel Room and Campground Sales Tax Administrative Rules 35.01.06. Rule 35.01.06.01 covers tax types in multiple areas to avoid repetition such as with Sales Tax chapters. Rules 35.01.06.02, .04, .05, and .13 were eliminated as obsolete or duplicative. Rules 35.01.06.06, .17, .18 and .19 were edited for adding legal authority to titles or for grammar. Rules 35.01.06.10, .11, .15, .20 and .21 had formatting changes. Rule 35.01.06.11 struck out "Boise Auditorium District" and replaced it with "Auditorium or Community Center District." Rule 35.01.06.12 added a reference to district boundary maps on the ISTC website. Rule 35.01.06.15 added a statement that tax charged for lodging needs to be separated from all other charges on customers' receipts.

In response to committee questions, **Mr. Shaner** stated in the past year Boise Auditorium District was changed to Auditorium or Community Center District, and ISTC agreed to administer the districts, but he does not know if the administration is of Community Center Districts or Boise Auditorium Districts. He further responded to questions about whether there is statutory authority allowing them to tax and for a citation to that authority by saying he would follow up and provide the statutory citation. Mr. Shaner also responded in the affirmative to questions about whether regulations governing hotels and motels applied to Airbnbs.

Mr. Shaner informed the committee Rules 35.01.07 and 35.01.08 had not changed.

He addressed Rule 35.01.09, Beer and Wine Taxes, saying the beer rules chapter was deleted and all relevant information moved into the wine chapter. The word "beer" was added into the wine chapter rules at Chapter 35.01.09.10 and differences of measurement from barrels to gallons was added. Rules 35.01.09.06, .20 and .21 were deleted. Rules 35.01.09.10, .11, .12, .14, .16, .18, .19 adjusted beer and wine references for purposes of combining the rules into one chapter. Rule 35.01.09.11 also defined what sales are subject to tax. Rule 35.01.09.13 is the breakage or spoilage rule which says if a large volume of wine needs to be destroyed, an ISTC representative must come and observe the destruction. To avoid confusion with state policy, Rule 35.01.09.15 changed "tax permit" to "tax account." State policy is wine and beer distributors need to have a permit issued by the state, as well as a sales permit. Rule 35.01.09.16 combined beer and wine language and deleted line-by-line instructions for a form.

In response to committee questions, **Mr. Shaner** responded there were no substantive changes to out-of-state sales. Direct shipments are governed by statute. Terminology was changed to "wholesale export."

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:08 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary