

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, February 03, 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) Gestrin, Ricks

GUESTS: Tom Shaner, Idaho State Tax Commission (ISTC); Russ Westerberg, RMP; Laura Lantz, ISCPA; and Travis Black, City of Boise.

Chairman Collins called the meeting to order at 9:01 a.m.

MOTION: **Rep. Stevenson** made a motion to approve the minutes of the January 13, 2020 meeting. **Motion carried by voice vote.**

H 380: **Tom Shaner**, Tax Policy Manger, ISTC, presented **H 380** which is annual legislation to conform to the Internal Revenue Code (IRC). Idaho is currently aligned with the IRC as of January 1, 2019, and **H 380** moves the date forward to January 1, 2020, in order to capture changes occurring in 2019. The Idaho income tax code is based on federal taxable income with Idaho tax returns beginning with adjusted gross income. Using the federal taxable income as a starting point saves Idaho taxpayers from duplicating the effort they put forth in preparing their federal income tax returns. The fiscal impact is estimated at \$6.5 million based on estimates by the Joint Committee on Taxation and reduced to fit Idaho.

In response to committee questions, **Mr. Shaner** confirmed there are no real changes from last year and discussed medical expense deduction percentages. Mr. Shaner responded to further committee questions by informing them the Joint Committee on Taxation is analogous to Idaho's Legislative Services Office, and that he is not sure if all the deductions available last year are still available since some have expired. Regarding committee questions about the fiscal note, Mr. Shaner indicated that the fiscal impact is estimated at \$6.5 million because Idaho's budget was set in the continuing resolution of December 20, 2019 after some laws expired and then were extended beyond the date of the state budget, which resulted in an adjustment to the budget figures.

MOTION: **Rep. Moyle** made a motion to send **H 380** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Chairman Collins** will sponsor the bill on the floor.

H 381: **Mr. Shaner** said **H 381** repeals the Idaho Estate and Transfer Tax and edits the circuit breaker statute. The related federal law was repealed in 2001 with a phase-out period ending in 2004. It was decided to remove the statute from code rather than edit it because the name of the Internal Revenue Code was changed from the IRC of 1986 to just the IRS in the Tax Cuts and Jobs Act. **H 381** at Section 2 adds a residency requirement to the property tax relief or circuit breaker statute. Adding the residency requirement to circuit breaker law removed approximately one and a half pages of text in cooperation with the Red Tape Reduction Act.

MOTION: **Rep. Stevenson** made a motion to send **H 381** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Stevenson** will sponsor the bill on the floor.

RS 27412: **Rep. Moyle** informed the committee Idaho is a non-disclosure state but if an Idahoan appeals a newhome appraisal to the assessor, the assessor can force him to disclose additional information which is at odds with Idaho being a non-disclosure state. Rep. Moyle related an incident where an Idahoan bought a home for \$550,000 in a subdivision where homes sell for \$450,000 to \$500,000 but the assessor valued the home at \$800,000, taxed it and put in on the new construction rolls for \$800,000. Even if the assessor's value is successfully appealed, the home is already listed at \$800,000 on the new construction roll which ups everyone's taxes. Idaho doesn't want to be a disclosure state and wants to keep assessors from driving up everyone's taxes by using a higher rate on construction rolls. **RS 27412** provides that if a property owner has an appraisal or arm's length transaction on a property within the previous 12 months, the appraisal or arm's length transaction shall be considered the market value of that property for assessment purposes

In response to committee questions concerning lower-priced assessments, **Rep. Moyle** responded that the language in the proposed legislation needs a closer examination which is accomplished by introducing **RS 27412** where everyone can see it and make any adjustments.

MOTION: **Rep. Anderst** made a motion to introduce **RS 27412**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:19 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary