

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 04, 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) Chaney

GUESTS: Tom Shaner, Idaho State Tax Commission (ISTC); Cynthia Adrian, ISTC; Laura Lantz, ISCPA; Hollie L, Legislative Services Office.

Chairman Collins called the meeting to order at 9:02 a.m.

MOTION: **Rep. Stevenson** made a motion to approve the minutes of the January 22, 2020 meeting. **Motion carried by voice vote.**

MOTION: **Rep. Stevenson** made a motion to approve the minutes of the January 29, 2020 meeting. **Motion carried by voice vote.**

RS 27476: **Rep. Scott Bedke**, Speaker of the House, said **RS 27476** is a rewrite of **H 352** introduced a week ago. Questions arose about how the money would flow out of the Tax Relief Fund. The Tax Relief Fund will continuously appropriate the amount necessary to fund \$135 for each food tax credit recipient. The Idaho Revenue Code defines who is a recipient. It is a grocery tax credit and enhances the current grocery tax credit from \$120 to \$135.

MOTION: **Rep. Ellis** made a motion to introduce **RS 27476**. **Motion carried by voice vote.**
In response to committee questions, **Rep. Bedke** stated there was currently no sponsor from the Senate for the proposed legislation.

RS 27503: **Rep. Jason Monks** said the committee had an informational hearing on similar legislation last year that applied to cities and counties, but **RS 27503** is applicable to cities only. He provided a history of distribution bases and formula updates utilized to determine sales tax revenue sharing to local taxing districts. Rep. Monks broke down the specific percentages of all sales tax collected in Idaho that is given to cities, counties and other taxing districts. He spoke of the role population played in distribution formulas and indicated that the years have shown that population is an important part of determining a formula. He looked at every city and how many dollars they receive from sales tax and concluded there are inequities across the board with cities of the same size and population receiving a significantly different amount from each other. He also concluded there is a need to have a more population-based system. Rep. Monks explicitly indicated he did not want to harm any cities, so a new baseline would be established based on last year's baseline with a goal of getting all cities to the same baseline each year. The formula is based on growth, and if there is no increase in sales tax, the baseline stays the same. The first 1% of growth will go to all cities. Increased growth over 1% will bring up cities below the average but will not bring top cities above the average down and will eventually bring all cities up to the same baseline.

In response to committee questions, **Rep. Monk** responded there is no fiscal change to the state because the amount the state gives to cities does not change.

MOTION: **Rep. Ricks** made a motion to introduce **RS 27503**. **Motion carried by voice vote.**

RS 27417C1: **Rep. Mike Moyle** stated that earlier in the session, he introduced **RS 27418** which froze the property tax portion of taxing districts' budgets. Concern was expressed about the proposed legislation's applicability to schools. Idaho Code §63-803 is referenced which does refer to school emergency fund levies. **RS 27417C1** addresses that concern by adding language at line 14 of Idaho Code §63-803 to say "non-school taxing districts". If this legislation passes, he and **Senator Jim Rice** are working on an interim committee with the goal of having cities, counties and other taxing districts come together to find a solution to property taxes going forward.

In response to committee questions regarding the fiscal impact to the General Fund, **Rep. Moyle** said there is no fiscal impact to the fund because the state does not collect property taxes, and he will adjust the fiscal note.

MOTION: **Rep. Stevenson** made a motion to introduce **RS 27417C1**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:20 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary