

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, February 17, 2020
TIME: 8:30 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:** None
GUESTS: Megan Carter; Russ Hendricks, Idaho Farm Bureau; Françoise Cleveland, AARP Idaho; Darcy James, IIRAH; Doug Paddock, IORC; and Melinda Merrill, Northwest Grocery Association.

Chairman Collins called the meeting to order at 8:30 a.m.

H 494: **Rep. Scott Bedke**, Speaker of the House, said **H 494** is a pre-tax credit. It raises the food tax credit from \$120 to \$135 for Idaho senior citizens and from \$100 to \$135 to all Idaho citizens that file income tax returns. The tax credit is just for food and doesn't include cleaning or hygiene items. Changing the tax credit to \$135 removes the effects of sales tax on all Idahoans. Having this credit directly reduces the amount of income tax that will be owed and drops the nominal rate from 6.95% to a small effective rate, which for a median households would be 6.47%. Retailers set their prices in a grocery stores based on what the market will bear, and the removal of sales taxes on food will not make them drop prices or go down 6%; and the beauty of the credit is that the tax payer gets to decide what food is, and the grocery tax credit applies on anything he can buy.

In response to committee questions, **Rep. Bedke** replied Utah policy had no influence on policy decisions; an Idaho citizen who receives SNAP food benefits for one month of the year is eligible for 11/12 of the grocery tax credit; Idahoans that file income tax returns enjoy the credit, and those who don't file, don't get the credit; those who owe no tax and use Form 24, get the credit back; the tax credit for seniors was raised from \$100 to \$120 and now \$135 based on a policy decision made years ago that provided an advancement for seniors when it appeared there would be a limited amount of money towards the program, but knowing at some point, the food sales tax credit would be evened out for everyone; an incarcerated Idahoan would only get a portion of the grocery tax credit based upon the time incarcerated and can go back three years to get it; and **H 494** has the same language as existing law allowing the exchange of information with the Idaho Department of Health and Welfare and the Idaho Department of Correction.

Those speaking in support of **H 494** were **Mr. Russ Hendricks**, Idaho Farm Bureau; and **Julia Page**, Grocery Tax Coalition, who said other states are trying to come up with a definition of food for sales tax or sales tax exemption purposes which creates conflict over what is and is not food and creates a concern about an increase in bureaucracy on what is food. Under this proposed food tax credit, each consumer decides what is food. Retailers collect grocery sales tax without compensation currently and under **H 494**. Exempting certain foods for food tax credit would be a burden on grocers.

Julia Page responded to committee questions regarding comparisons of utilizing the Tax Relief Fund for eliminations of the grocery tax, the impact on grocers of utilizing non-SNAP food definitions and the economic impact on Idahoans of differing incomes and family sizes.

Rep. Bedke closed the discussion by saying if sales tax on food was removed, it would raise the effective income tax rate for all Idahoans. **H 494** will not change the revenue sharing numbers with local districts.

MOTION: **Rep. Stevenson** made a motion to send **H 494** to the floor with a **DO PASS** recommendation.

Committee members discussed the history, probability and merits of different grocery tax relief options.

VOTE ON MOTION: **Motion carried by voice vote. Reps. Giddings and Nichols** requested to be recorded voting **NAY**. **Rep. Bedke** will sponsor the bill on the floor.

RS 27731: **Rep. Doug Ricks** said **RS 27731** adds an additional disclosure on tax notices. Every year property owners receive tax notices from the assessors' offices listing bonds and levies that impact their property tax bill. **RS 27731** adds the expiration date of any bond and the prior year tax amounts to the list of disclosures on property tax notices. As property taxes continue to rise, it is important for Idahoans to be able to compare their current notice with their previous years' tax notices.

MOTION: **Rep. Anderst** made a motion to introduce **RS 27731**. **Motion carried by voice vote.**

H 496: **Rep. Linda Wright Hartgen** stated the purpose of **H 496** is to exempt the sales tax on custom meat processing on wild or domestic game when it is for personal consumption and not to be resold. Currently Idahoans are paying sales tax for something they already own.

In response to questions raised in committee member discussions, **Rep. Anderst** clarified that pursuant to statute, sales tax is not paid on services, and this legislation rectifies that for meat processing services.

MOTION: **Rep. Moyle** made a motion to send **H 496** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Hartgen** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:47 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary