

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

**DATE:** Friday, February 05, 2021

**TIME:** 9:00 A.M.

**PLACE:** Room EW42

**MEMBERS:** Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, Weber, Necochea, Ruchti

**ABSENT/  
EXCUSED:** None

**GUESTS:** Tom Shaner, Idaho State Tax Commission (ISTC); Cynthia Adrian, ISTC; Kathlynn Ireland, ISTC; Jeremy Pisca, Idaho Beer and Wine Distributors Association; and Carson Tester, Westerberg and Associates.

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

**MOTION:** **Rep. Necochea** made a motion to approve the minutes of the January 28, 2021 meeting and the February 1, 2021 meeting. **Motion carried by voice vote.**

**MOTION:** **Rep. Weber** made a motion to approve the minutes of the February 2, 2021 meeting. **Motion carried by voice vote.**

**Chairman Harris** turned the gavel over to **Vice Chairman Addis**.

**DOCKET NO. 35-0101-2001:** **Cynthia Adrian**, Income Tax Policy Specialist, ISTC, said proposed changes to the Income Tax Administrative Rules begin with Rule 075, which amends a table identifying the Idaho tax rates and income tax brackets for five years by adding tax brackets adjusted for inflation for calendar year 2020 and removing the brackets for calendar year 2015 to keep the table to five years of data. Rule 263 adds tax year 2020 to a five-year table for the amount of guaranteed payments that are sourced as compensation for services. Pursuant to **H 550** passed in 2020, Rule 799 adds the new credit for employer contributions to employee's Idaho College Savings accounts to the list of prioritized tax credits. Rules 940, 943, 944 and 945 extend the small employer investment tax credits to the year 2030 in accordance with the passage of **H 510** in 2020.

In response to committee questions, **Ms. Adrian** said the Consumer Price Index is used to measure inflation.

**MOTION:** **Rep. Kauffman** made a motion to approve **Docket No. 35-0101-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0201-2001:** **Cynthia Adrian** stated **Docket No. 35-0201-2001** is an interest rate docket that adds the interest rate and revenue ruling for the calendar year 2020 to a table that has been kept up to date since 1981 with historical data removed to display only 5 years of data.

**MOTION:** **Rep. Dixon** made a motion to approve **Docket No. 35-0201-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0103-2001:** **Kathlynn Ireland**, Property Tax Specialist, ISTC, stated proposed rule changes entirely delete Rule 701 because requirements verifying a person is lawfully present in the United States were enacted into statute with the passage of **H 381** making the section unnecessary. Rule 803 was amended to conform with **H 354** passed during the 2020 legislative session that instructed taxing districts to reserve accrued foregone amounts. In 2018, **H 450** passed requiring taxing districts to disclaim foregone amounts. In accordance with **H 354** the word "disclaim" was changed to "reserve" or "reservation" in several places in Rule 803. A table instructing taxing districts how to disclaim foregone amounts is completely deleted. An additional amendment follows **H 103** passed in 2019 which requires information about the expiration date of any voter approved levy be demonstrated on the ballot measure. **H 587**, a statutory amendment passed in 2020, allowing urban renewal districts to receive property tax dollars paid on increment value within a revenue allocation area if there is an agreement between the urban renewal agency and the highway district was added.

**MOTION:** **Chairman Harris** made a motion to approve **Docket No. 35-0103-2001**. **Motion carried by voice vote.**

**DOCKET NO. 35-0109-2001:** **Tom Shaner**, Tax Research Manager, ISTC, informed the committee of a long-standing rule requiring beer and wine distributors to give the ISTC the option of witnessing large scale destruction of inventory as part of audit requirements or to account for missing inventory. Although ISTC did not always choose to witness such destruction, they had the option to do so. Due to COVID-19, some distributors needed to destroy more inventory this year, and they asked to have the requirement waved with the ISTC relying upon information in the records instead. Rule 13.02 is amended to allow reporting of inventory destruction without ISTC personnel being present.

In response to committee questions, **Mr. Shaner** replied distributors could do what they did in the past in the event of a fire or flood and submit a policy report.

**MOTION:** **Rep. Gestrin** made a motion to approve **Docket No. 35-0109-2001**. **Motion carried by voice vote.**

**Vice Chairman Addis** turned the gavel over to **Chairman Harris**.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:23 a.m.

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Representative Addis  
Chair

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Lorrie Byerly  
Secretary