

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, February 17, 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: Jake Cluff, Ben Brocksome & Associates; Russ Westerberg, Westerberg and Associates; Patty Schmit, VPT; Larry Skawinski; and Miguel Legarreta, Associated Taxpayers of Idaho.

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

MOTION: **Rep. Necochea** made a motion to approve the minutes of the February 11, 2021 meeting. **Motion carried by voice vote.**

H 120: **Rep. Brooke Green** said **H 120** allows a qualified veteran, who has applied for and been granted an existing veteran's special property tax reduction, to transfer the reduction or occupancy tax benefit to their new home. The benefit would then follow the veteran, rather than stay with the home for a period of time, preventing non-veterans from benefitting from someone else's service. The benefit is \$1320, there is no cost for the transfer from one residence to another, and it is done through coordination with the Idaho State Tax Commission after online application with a local assessor. October 5th is the deadline for transfer because levy rates will be set in subsequent weeks.

Answering committee questions, **Rep. Green** discussed the qualifications for the benefit set forth in Idaho Code § 63-705A, differentiating it from the circuit breaker program and Idaho Code §63-107, which would be the appropriate statute to amend to expand benefits. The general property tax reduction (PTR), or circuit breaker, provides benefits for persons with disabilities and seniors, and has an income requirement that the veteran's special property tax reduction does not. To qualify for the PTR, as well as the veterans special property tax reduction program, the home needs to have a homeowner's exemption in place. She said the redundancy in language in Idaho Code §63-702 and Idaho Code § 63-705A is to capture the specifications pertaining to PTR and allows veterans to qualify for PTR and the veteran's special property tax reduction. If a veteran has both the benefits and moves into a new home, both benefits would be transferable.

Lawrence Skawinski spoke in support of **H 120** saying he is a veteran who moved, and his existing veteran's special property tax reduction did not transfer. There was no recourse for redress except through legislative change.

In answering committee questions, **Rep. Green** said if a veteran does not transfer the veteran's special property tax benefit, the maximum time it could remain with a non-veteran homeowner is one year.

MOTION: **Rep. Ruchti** made a motion to send **H 120** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Green** will sponsor the bill on the floor.

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

H 170: **Rep. Steven Harris** presented **H 170** saying **H 58**, passed by the Legislature, was legislation conforming Idaho with the federal Internal Revenue Code (IRC), although it did not conform completely with the IRC regarding treatment of net operating loss carry forward for non C corporation pass-through corporations. **H 170** amends Idaho Code §63-3022 allowing and providing handling instructions for businesses to carry forward their net operating losses in the future.

MOTION: **Rep. Kauffman** made a motion to send **H 170** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Harris** will sponsor the bill on the floor.

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

H 171: **Rep. Marc Gibbs** said **H 171** puts the audit burden on a buyer of goods when there is an ST-101 Resale Certificate [Attachment 1] on file with the seller. The person buying the goods should be responsible for any tax that may be due as a result of misusing an ST-101 to claim an exemption to which he is not entitled. **H 171** does not increase any exemption currently allowed by the Idaho State Tax Commission (ISTC) or state tax code. It puts the burden of establishing a sales tax exemption or resale certificate on the purchaser and not the seller. It also shifts the burden for the audit trail from the buyer to the seller. Rep. Gibbs shared the history of a local implement dealer who was deemed liable in a five-year audit by the ISTC and held responsible for uncollected sales tax for an improperly issued ST-101. **H 171** puts the burden on the person claiming the exemption which is the intent of the law.

In response to committee questions, **Rep. Gibbs** replied he did not know if an ST-104NR would be covered in addition to the ST-101 in **H 171**, and did not know ISTC's procedure for auditing online Amazon sales.

Tom Shaner, Tax Research Manager, ISTC, was called on by the committee to address questions on **H 171**, and said, currently, a properly filled out ST-101 does shift the burden, and he understands ISTC does look at the person claiming the exemption and not just retailers, unless the retailer did not collect an ST-101.

MOTION: **Rep. Moyle** made a motion to send **H 171** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Gibbs** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:43 a.m.

Representative Harris
Chair

Lorrie Byerly
Secretary