

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, February 18, 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:** Representative(s) Nichols

GUESTS: Jeff Cluff, BB & A.

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

RS 28294: **Rep. Terry Gestrin** said **RS 28294** is necessary as a result of changing practice by the Idaho State Tax Commission (ISTC) regarding how Idaho treats out-of-state businesses when they purchase vehicles, including off road vehicles, snow mobiles, cars, trucks and boats. Non-resident Individuals who purchase vehicles in Idaho and domicile, title and register them out of state are not required to pay Idaho sales tax. For many years, businesses were treated the same. **RS 28294** redefines statutory language so businesses are treated the same as individuals. There are many businesses and corporations outside of Idaho that buy a variety of vehicles in Idaho, who will stay in their home state to purchase the vehicles if they get taxed after the fact. Idaho income tax will suffer because vehicle dealers in Idaho will lose business if the proposed changes are not made.

MOTION: **Rep. Okuniewicz** made a motion to introduce **RS 28294**. **Motion carried by voice vote.**

RS 28354: **Rep. Jim Addis** presented **RS 28354** saying it allows Idaho property owners who have purchased a home in the past 12 months in an arms length transaction to use that value for assessment purposes on appeal and does not force disclosure. Proof of an arms length transaction can only be used on a voluntary appeal of a residential property assessment value. The term 'arms length value' is a legal term meaning a willing buyer, a willing seller, where no inside information can be used for that value and is a true definition of *ad valorem*. The proposed legislation eliminates some of the vagaries of the current mass assessment processes, which looks at percentages of compliance whereas in *ad valorem*, what I paid is what I paid.

MOTION: **Rep. Cannon** made a motion to introduce **RS 28354**. **Motion carried by voice vote.**

RS 28504C1: **Senator Melissa Wintrow** said Idaho certifies a homeowner to be a Certified Family Home (CFH) when they provide a safe, family style living environment and 24-hour, seven-day-a-week care for adults with physical or mental disabilities. CFHs keep vulnerable adults out of institutions which is good for Idaho fiscally since reimbursement for care to a CFH is \$54 a day compared to \$297 a day by an institution. There are approximately 2,200 CFHs in Idaho of which about 200 constitute low-income residences. The approximate \$17,000 a year a CFH receives for care of an individual is counted as income by Idaho and puts them above the threshold to qualify for Idaho's circuit breaker property relief program. The federal government does not count these funds as income for federal income tax purposes. **RS 28504C1** would allow the homeowner of a CFH to exempt the payment they

receive from Idaho to care for someone in their home from income counted toward an application for the circuit breaker.

In response to committee questions, **Senator Wintrow** replied that the \$17,000 reimbursement is straight-up income allowing no deductions, and CFH homes are subject to audits to ensure their certification qualifications are met.

MOTION: **Rep. Adams** made a motion to introduce **RS 28504C1**. **Motion carried by voice vote.**

RS 28565: **Rep. Dustin Manwaring** informed the committee **RS 28565** deals with federal relief monies, allowing Idaho taxpayers who either received an Idaho Rebounds for Small Business Grant or received a PPP loan in 2020 that was forgiven to subtract that from their taxable income. The fiscal impact is not known because the new federal money is not ongoing lost revenue to the state.

Rep. Manwaring declared a Rule 80 possible conflict.

Answering committee questions, **Rep. Manwaring** said the Rebound for Small Business Grants and PPP loans are different from other grants provided by the federal government because they are one-time money from Cares Act funds and just cover 2020. Idaho decided to allocate and give some of the funds through the Idaho Rebounds Program as grants and had money directly distributed through the Small Business Administration and individual banks through PPP loans which later could be forgiven and deducted from the borrower's Idaho taxable income. **Rep. Manwaring** indicated he would provide more specific information to the committee on the fiscal impact of **RS 28565**.

MOTION: **Rep. Ruchti** made a motion to introduce **RS 28565**. **Motion carried by voice vote.**

RS 28612: **Rep. Manwaring** stated **RS 28612** clarifies the Chairman of the Idaho State Tax Commission must have the advice and consent of the ISTC before assigning responsibility for personnel, budgetary or fiscal matters away from the ISTC. Secondly it provides any unilateral actions of the Chairman must be reviewed by the full commission upon the request of a commissioner. Changes in **RS 28612** will help the ISTC work as a governing body. **Rep. Manwaring** had concerns upon reviewing Idaho Code §63-102 which prompted him to bring the proposed legislation.

MOTION: **Rep. Chaney** made a motion to introduce **RS 28565**. **Motion carried by voice vote.**

Chairman Harris presented the page, **Nate DeMordaunt** with a gift from the committee and letters of recommendation and thanks.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:21 a.m.

Representative Harris
Chair

Lorrie Byerly
Secretary