

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 19, 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: Russ Westerberg and Brody Aston, Westerberg and Associates; John Sheldon, S & R; and Jake Cluff, BB&A.

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

RS 28600: **Rep. Dustin Manwaring** presented **RS 28600** saying it allows taxpayers to document expenditures, either a deduction or a credit, by providing a banking or credit card statement and having that stand as evidence of an expenditure. If there is some competent evidence otherwise, there is a rebuttable presumption, and an examining agency could determine it is not an expenditure. The proposed legislation is a good practice for the treatment of evidence from the taxpayer.

In response to committee questions, **Rep. Manwaring** replied currently taxpayers need to have actual receipts.

Rep. Addis spoke in support of **RS 28600** because every year he loses evidence in heat sensitive receipts.

MOTION: **Rep. Addis** made a motion to introduce **RS 28600**. **Motion carried by voice vote.**

RS 28436: **Rep. Mike Moyle** said that business personal property tax ties into the whole concept of personal property. He explained how personal property coming on the rolls at a certain rate depreciates and, as it depreciates, shifts to real property, such as when a company buys equipment that depreciates and shifts to the homeowner's property. **RS 28436** tries to end that. **Rep. Moyle** shared how Idaho has tried to stop that over the years by first exempting agricultural personal property and reimbursing the taxing districts so they are held harmless, and later exempting personal property purchases of over \$3,000. More recently, the first \$100,000 in value on personal property was exempted, which was a good thing because it exempted close to 90% of all personal property, which was reimbursed by the state. **RS 28436** takes the next step regarding business personal property and ends the issue for good, but does it over time. Starting January 2022, all the personal property collected by the taxing districts will be identified and an amount for which taxing districts need to be reimbursed set. All personal property purchased after January 1, 2022 becomes exempt. Property already on the rolls, will be paid back by the state one tenth at a time for the next 10 years, so the districts are held harmless and reimbursed for the revenue they receive at that time.

In response to committee questions, **Rep. Moyle** replied that Idaho Code §63-602LL on page 10 of **RS 28436** addresses the treatment of operating property. He further replied that revenue lost to the state will be reduced taxes by Idaho businesses.

MOTION: **Rep. Gestrin** made a motion to introduce **RS 28436**.

Rep. Necochea spoke **in opposition** to **RS 28436** saying the \$100,000 exemption in the compromise of 2013 exempted most businesses, but even at that fixed level of replacement revenue, shifted taxes onto homeowners over time. The proposed legislation will create another factor shifting taxes onto homeowners at a time when Idahoans are struggling with property taxes.

Rep. Moyle closed by saying the tax shift comes on now and if not stopped, equipment comes on, depreciates off, and the homeowner pays for it. **RS 28436** is good for the homeowners.

**VOTE ON
MOTION:**

Motion carried by voice vote.

ADJOURN:

There being no further business to come before the committee, the meeting was adjourned at 9:09 a.m.

Representative Harris
Chair

Lorrie Byerly
Secretary