

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, January 18, 2022

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, Weber, Shepherd, Necochea, Ruchti.

**ABSENT/
EXCUSED:** Representative Gestrin.

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session the sign-in sheet will be filed with the minutes in the legislative Library.

Chairman Harris called the meeting to order at 9.00 a.m. Chairman Harris turned the gavel to the **Vice-Chairman Addis**.

H 436: **Chairman Harris** presented **H 436**, a tax relief bill that makes the following changes to Idaho's income tax laws: it consolidates the income tax brackets from five brackets to four and lowers rates to 1%, 3%, 4.5% and 6% retroactive to January 1, 2022; it lowers the corporate income tax to 6% retroactive to January 1, 2022; it provides a one-time tax rebate of \$350 million, returning approximately 12% of 2020 Idaho personal income tax or \$75 for each taxpayer and dependant, whichever is greater. This bill provides \$350 million of tax relief through a one-time tax rebate in FY 2022 and \$251 million in on-going tax relief beginning in FY 2023 by lowering income tax brackets. These reductions are partially offset by \$94 million per year from the Tax Relief Fund.

Rep. Moyle emphasized that this bill is intended to encourage growth in Idaho and every Idahoan will benefit from it. Furthermore, there are enough additional funds for taking care of education as well.

Ms. Susan Budge, stated her support for the bill, representing 4,500 small business members of the National Federation of Independent Business. Ms. Budge remarked how important this bill will be for the small businesses in Idaho, allowing them to raise wages and to hire more people. This bill will put the money back into businesses in Idaho, making Idaho more competitive with other States who are experiencing a budget surplus as well.

Mr. Samuel Eaton, Policy Director & Legal Counsel for the Governor's office, reiterated the Governor's support for this bill as it provides tax relief and helps to navigate the difficulties with inflation and increasing costs. Mr. Eaton introduced Alex Adams.

Mr. Alex Adams, Budget Director for the Governor's office, spoke about the revenue trends from 2012 and how Idaho compares to other states in revenues and spending. Mr. Adams explained the budget includes the largest education investment in the state's history, and investments for transportation.

Mr. Fred Burnbalm, representing Freedom Foundation, stated his support for the bill. Mr. Burnbalm expressed some technical concerns about the budget structure and how it relates to this bill.

Ms. Kathy Dawes, representing her husband and herself, expressed her opposition to the bill. Ms. Dawes pointed out how the Idahoans who are paying the highest percent are those in the lowest income brackets, while those with the highest income, the top 1%, are only paying a total of 7.2% in total tax of their income. The state's current budget surplus should be allocated mainly to education, funding schools and universities.

Ms. Ann K. Ford, representing herself, expressed her opposition to the bill. Ms. Ford requested the current surplus budget to be allocated to improve local economy. Ms. Ford remarked how Idahoans like to see equitable tax relief in the form of grocery tax exemption.

Ms. Caroline Merit, representing Idaho Chamber Alliance, expressed her support for the bill, stating how the chamber alliance has long been supportive to lower corporate and individual income tax rates. These efforts assist local area Chambers of Commerce, economic development organizations, and the Idaho Department of Commerce in recruiting, retaining and helping businesses expand in the state of Idaho.

Ms. Theresa Borenpole, representing herself, expressed her opposition to the bill. Ms. Borenpole stated how important it is to invest in Idaho's environment, infrastructure, and schools.

Mr. Miguel Legarreta, president of the Association of Taxpayers of Idaho, expressed his support for the bill. Mr. Legarreta presented some data considering a hypothetical "Spud" family in Idaho and how the income rebate tax could benefit the family.

Mr. Alex LaBeau, president of the Idaho Association of Commerce and Industry, expressed his support for the bill, sustaining other people who testified before him in favor of the bill.

Rep. Moyle, concluded stating this is a one-time rebate and expressed his support for this bill.

MOTION:

Rep. Dixon made a motion to send the **H 436** to the floor with a **DO PASS** recommendation.

Rep. Cannon spoke in favor of the motion. **Rep. Necochea** spoke in opposition to the motion. **Rep. Nichols** expressed her support of the motion, but reserved her right to change her vote on the floor when the time comes. **Rep. Ruchti** expressed his opposition to the motion.

**VOTE ON
ON MOTION:**

Motion carried by voice vote. **Rep. Ruchti** and **Necochea** requested to be recorded as **NAYS**. **Chairman Harris** and **Rep. Moyle** will sponsor the bill on the floor.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:16 a.m.

Representative Addis
Vice-Chairman

Anna Maria Mancini
Secretary