

MINUTES  
**HOUSE REVENUE & TAXATION COMMITTEE**

- DATE:** Monday, February 07, 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(s) Chaney, Kauffman
- 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.
- RS 29321C1:** **Rep. Gannon** introduced **RS 29321C1**. This proposal allows a city to rebate excess property taxes on a voluntary basis, and within parameters chosen by the city council. The rebate must be based on an ordinance, must disclose its amount and basis, and needs to ensure public notice and public participation. Furthermore, no property can receive a benefit more than the taxes paid by the property. If necessary, the Tax Commission will provide a list of those who receive the circuit breaker, so the cities will avoid overpayments. The reason for the bill, is that the city cannot rebate any tax, hence this proposal would provide a voluntary local government decision guided by the needs of the local communities.
- Rep. Shepherd** asked if, based on this proposal, the cities will have to follow the state circuit-break regulations. **Rep. Gannon** replied the cities would probably need to make sure they will not have additional revenue based on the circuit breaker.
- MOTION:** **Rep. Cannon** made a motion to introduce **RS 29321C1**. **Motion carried by voice vote.**
- H 509:** **Sen. Vick** introduced **H 509** which raises the food tax credit by \$20. Residents under 65 years will be eligible for an amount of \$120, while people over 65 will be eligible for an amount of \$140 per year. The bill is paid by a transfer of \$32 million from the Tax Relief Fund to the General Fund. The reason for the bill is based on the fact the credit amount was last changed in 2015, while the consumer price index shows increases of 6.4% for general home products and 12.8% for meat, fish, and eggs.
- Rep. Nichols** asked if the \$20 increase benefit goes into effect in the tax year 2023. **Sen. Vick** confirmed the bill goes into effect for the tax year 2023. **Rep. Nichols** asked if there is a reason why it is not possible to end sales tax on food beginning the current year with an effective start date in July. **Sen. Vick** replied that for this bill there is a concern that there is not a clear way to source the refunds as the Tax Relief Fund doesn't have the revenue to pay until 2024.

**Mr. Miguel Lagarreta**, President of the Associated Taxpayers of Idaho, pointed out that in the year 2020, 87% of Idahoans took advantage of some of the credit and 7% received a SNAP benefits. In total 94% of the population received some sort of food benefit in the last two years. It would be difficult to precisely calculate who will benefit, as it depends on the family size and income. Mr. Legarreta expressed his support for the bill to keep the state revenue stable and provide money back to the taxpayer.

**MOTION:** **Rep. Shepherd** made a motion to send **H 509** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Addis** will sponsor the bill on the floor.

**Rep. Nichols** expressed her concern that the amount of \$20 is low and she doesn't see good tax relief legislation coming. She expressed her right to change her vote on the floor.

**H 510:** **Rep. Okuniewicz** stated that this legislation makes technical corrections to legislation enacted in 2021 that provide state and local tax (SALT) deductions for income taxes paid by an Affected Business Entity (ABE), on behalf of its pass-through owners. The 2021 legislation, **H 317**, was a SALT workaround that allowed ABEs to elect to pay state income taxes on behalf of their owner, making those tax payments fully deductible at the federal level just like businesses that are not pass through entities. This bill also makes the election available to more taxpayers by including fiscal year taxpayers and ABEs with owners that are trusts or estates. It also allows ABEs with owners who do have Idaho income tax liability to qualify for election without charging those members a tax they do not owe.

**Rep. Necochea** asked how much this will save in taxes annually. **Rep. Okuniewicz** replied it is not possible to estimate closely, but a relatively good estimate is \$313 million for the 2021 tax year. This represents \$100 million the business entities can use for extending their business.

**Ken McClure**, representing the Idaho Society of Certified Public Accountants (ISCPA), expressed his support for **H 317**, as it was significant for the Idaho taxpayers. This bill will benefit a broader group of taxpayers. This bill has been drafted with the collaboration of the Tax Commission, **Rep. Smith**, and **Tom Shaner**. The bill has no effect on the income stream in the state of Idaho, and no fiscal effect for the state General Fund.

**Rep. Nichols** declared **Rule 80**.

**Mr. Rick Smith**, representing the law firm helping the CPA regarding this legislation, explained this legislation will bring Idaho more in line with what other states are doing. Currently, twenty other states have enacted a similar workaround.

**Rep. Manwaring** asked which groups are not included after this bill. **Mr. Smith** replied specifying the only group that is not being included are non-residents members of the LLCs.

**Rep. Okuniewicz** introduced an emergency clause that requires the changes to be in place in time for the current tax season, to be consistent with **H 317** start date.

**MOTION:** **Rep. Manwaring** made a motion to send **H 510** to the floor with a **DO PASS** recommendation. **Rep. Necochea** expressed her support for the motion. **Motion Carried by voice vote.** **Rep. Okuniewicz** will sponsor the bill on the floor.

**ADJOURN:** There being no further business to come before the committee, the meeting adjourned at 9:35 a.m.

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Representative Harris  
Chair

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Anna Maria Mancini  
Secretary