

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, March 04, 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:** Chaney, Okuniewicz

GUESTS: The sign-in sheet will be retained in the 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 29742: **Sen. Rice** presented **RS 29742**. This proposed legislation will remove all property taxes of personal primary residence except for bonds and school levies and raise the grocery tax credit to \$175 per person. To achieve this, the proposal would increase the sales tax by 1.85%. The benefit to the homeowner is a reduction of 65% to 70% of property taxes. Some districts may have higher benefits based on their levees and bonds. 1.65% of the sales tax increase is dedicated to the local taxing districts to replace the lower income from the property tax. The first two months of collections will be dedicated to a stabilization fund for downturns. After the first year, 15% of the growth in revenue of the 1.65% will be allocated to the stabilizing fund for downturns. The remaining part of the increase will be used to increase the grocery tax credit, along with \$12.16 million from the general fund. In addition, any revenue above 10% is used for property tax relief to the other property taxpayers.

As an example, homeowners that have a mortgage whose payment includes the property tax will have a lower monthly payment. Consequently, they have more budget to be used for their needs. So, this proposal tends to encourage home ownership. Another example is for the \$175 credit, where a family of four will receive back the entirety of sales tax for their first \$8,900 of sales, furthermore it will not hit an effective rate of 6% until the family is spending \$29,000 annually on taxable sales.

This proposal has no property shift to rentals, and there is no increase in the property tax to rentals, second homes, agriculture, commercial, or industrial. This proposal increases the homestead exemption from one to five acres.

This proposal may increase the incentive of people going across the state's border to purchase items, but this would not impact large items like automobiles as they are still taxed. Other items will also not see a large impact, as the prices and/or taxes of nearby states are higher than Idaho. The total estimated increase is \$810 million, and \$764 million of this is going to local businesses.

Rep. Necochea expressed her willingness to support printing the RS, but stated her concern with the legislation because it would leave Idaho with the highest sales tax rate in the Nation, the legislation lacks of benefits for renters, the impact of the new five-acres limit, the impact to the retails from the new sales tax, and the increased cost of products would impact families in the short period.

Rep. Hartgen expressed her support for printing the RS, but wanted to consult with local constituents on their thoughts.

MOTION: Rep. Dixon made a motion to introduce **RS 29742. Motion carried by a voice vote**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:40 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary