

JOINT AGENDA
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
AND
HOUSE REVENUE & TAXATION COMMITTEE**
9:30 A.M.
WW02
Thursday, September 01, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww02/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 1</u>	Relating to Taxation and the Distribution of Certain Tax Moneys	Rep. Harris

Public Testimony Will Be Taken by Registering Through the Following Link:
[Register to Testify](#)

If you have written testimony, please provide a copy to the committee secretary.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Vick
Sen Lakey
Sen Souza

Sen Bayer
Sen Ricks
Sen Semmelroth
Sen Nye

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
JOINT MEETING
**SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
HOUSE REVENUE & TAXATION COMMITTEE**

DATE: Thursday, September 01, 2022

TIME: 9:30 A.M.

PLACE: WW02

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza (Funk), Bayer, Ricks, Semmelroth, and Nye

Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, Weber, Shepherd, Necochea, and Ruchti

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Harris** called the Joint Meeting of the House Revenue and Taxation Committee, and the Senate Local Government and Taxation Committee to order at 9:57 a.m. He welcomed all, gave a brief overview of the rules, and stated testimony would be limited to two minutes.

PASSED THE GAVEL: Chairman Harris passed the gavel to Vice Chairman Addis.

H 1 **Relating to Taxation and the Distribution of Certain Tax Moneys.** **Chairman Harris** (District 21) gave a brief overview and history of the rebates given in the past. He noted it was appropriate to return the \$500 million in surplus to taxpayers. He stated inflation impacted Idaho coffers and this rebate helped combat inflation. He indicated a flat income tax rate benefitted all Idahoans.

Chairman Harris stated money for education was allotted in this bill with \$80 million transferred to the In-Demand Careers Fund, to facilitate those careers. There was no policy in this bill.

Chairman Harris highlighted the sections in the bill, namely the rebate fund, the amendment of the Idaho Tax Code, and the creation of a new section, noting tax relief for individuals, corporations, and trusts; and the annual distribution of funds to the public schools.

DISCUSSION: **Senator Grow** asked for clarification on the zero bracket income tax with the Consumer Price Index (CPI) adjustment. **Chairman Harris** stated the \$2,500 had grown to \$5,000 and the \$5,000 had grown to \$9,000 due to a CPI adjustment to income exempt from taxation. **Senator Grow** said it was important for the public to understand the zero bracket with the CPI adjustment as all will pay less.

Senator Lakey stated this legislation provided a tax decrease but questioned if it was ongoing. **Chairman Harris** said that was correct.

Representative Shepherd queried if the rebate checks would arrive in time for people to pay property taxes, especially for those who qualified for the circuit

breaker. **Chairman Harris** stated he understood the checks would be issued in September.

TESTIMONY: The following testified in support of the bill: Rob Sauer, Superintendent of Homedale School District; Alex LaBeau, Idaho Association of Commerce and Industry; Sherri Ybarra, Superintendent, Idaho State Department of Education; Quinn Perry, Idaho School Boards Association; Brian Kress, Blackfoot School District Superintendent; Layne McInelly, Idaho Education Association; Zach Borman, West Ada Education Association; Brianna Gibson, Idaho Education Association; and Miguel Legaretta, Associated Taxpayers of Idaho. The overall theme was rebates were necessary due to inflation, high taxes, and education needed support.

DISCUSSION: **Senator Rice** queried whether zero income tax filers were paying other taxes to the State of Idaho. **Mr. Legaretta** remarked there were 25 to 30 percent of income tax filers who did not pay income tax, but paid sales tax.

Representative Shepherd asked if the Idaho surplus came from income tax or all taxes. **Mr. Legaretta** stated the surplus came from all taxes.

TESTIMONY: The following testified in opposition to the bill: Fred Birnbaum, Idaho Freedom Foundation; Brian Almen, representing himself; Lyle Johnstone, representing himself; Lorna Mitze, representing herself; John Evans, representing himself; and Jackie Davdison, representing herself. Remarks were the rebate should be more; the increase in education funding sent a message schools were underfunded; why give more money to education; why was this legislation considered just before the election; stop promising money because the future is unknown; the grocery tax should be eliminated as well as estate and property taxes; and the legislation addressed more than one subject in violation of the Idaho constitution.

DISCUSSION: **Chairman Harris** remarked he had no closing comments.

ADJOURNED: There being no further business at this time for the Joint Committee, **Vice Chairman Addis** asked the Senate Local Government and Taxation Committee to leave at 11:05 a.m. so the House Revenue and Tax Committee could have a discussion and vote.

Senator Rice
Chair

Linda Kambeitz
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:30 P.M.
Room WW53
Thursday, September 01, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ww53/>

SUBJECT	DESCRIPTION	PRESENTER
<u>H 1</u>	TAXATION - Amends, repeals, and adds to existing law to provide for income tax rebates, to provide for a cash transfer, to revise individual and corporate income tax rates, to establish and create the in-demand careers fund, and to provide sales tax distributions to public schools. No further testimony will be taken.	Senator Rice

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Vick
Sen Lakey
Sen Souza

Sen Bayer
Sen Ricks
Sen Semmelroth
Sen Nye

COMMITTEE SECRETARY

Linda Kambeitz
Room: WW50
Phone: 332-1315
Email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, September 01, 2022

TIME: 3:30 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Vick, Lakey, Souza (Funk), Bayer, Ricks, Semmelroth, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:32 p.m. He welcomed all to the meeting and stated no testimony would be taken at this meeting. The purpose of this meeting was for discussion and voting.

H 1 **TAXATION** - Amends, repeals, and adds to existing law to provide for income tax rebates, to provide for a cash transfer, to revise individual and corporate income tax rates, to establish and create the in-demand careers fund, and to provide sales tax distributions to public schools. No further testimony will be taken. **Chairman Rice** asked what was the will of the Committee.

MOTION: **Senator Lakey** moved to send **H 1** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.

DISCUSSION: **Senator Bayer** stated she would vote for the bill with regrets. She remarked the tax rebate was not enough and that tax relief addressed other subjects. She noted her constituents complain about property tax and sales tax on groceries, but not income tax. **Senator Bayer** expressed she was frustrated the bill had three components and said there should have been three bills instead of one. She explained if legislators opposed something in the bill, they were put in a difficult position. She noted she hoped next year's Legislature would fix the problem.

Senator Lakey remarked there were definitely items in the bill he liked. He appreciated the rebate and said it was needed. He liked the conservative approach that was taken. He also liked the flat tax. The ongoing Consumer Price Index (CPI) adjustment made sure the increase would not be a static increase for people. He noted the Legislature had to decide how and when funds had to be spent. Improvement was needed in many areas with more work to be done.

Senator Vick expressed he thought the bill would have been much better if it was broken into three bills. He noted he had mixed feelings. However, one of his goals as a Senator was to get Idaho to a flat tax and that was important to him. The timing was good. He said he supported the bill in spite of some of his misgivings.

Senator Ricks commented he liked many parts of the bill and it presented a good balance. He remarked it was the right thing to do and good to be able to return money to the taxpayers. He liked the flat tax and was in support of the bill.

Vice Chairman Grow reported putting a bill together was a process and he commended the Governor's office and staff. He stated he would have recommended the payout be in property tax relief. He liked the flat tax. He noted the good thing about this bill was that it kept the authority with the Legislature as to how the money for education was appropriated and spent.

VOICE VOTE: The motion to send **H 1** to the floor with a **do pass** recommendation carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:42 p.m.

Senator Rice
Chair

Linda Kambeitz
Secretary