

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, January 12, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29125	Organizational Meeting Tax relief	Rep. Harris

COMMITTEE MEMBERS

Chairman Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

Room: EW46

Phone: 332-1125

Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 12, 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) Adams.

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 welcomed the committee and introduced a new member to the committee, **Rep. Charlie Shepherd**. The new secretary, **Ms. Anna Maria Mancini** and the page, **Audry Payne** were also introduced. **Chairman Harris** reviewed the legislation deadlines and organizational information.

Chairman. Harris turned the gavel over to **Vice Chairman Addis**.

RS 29125: **Chairman Harris** presented **RS 29125**, a proposal related to 2022 tax relief. This will have a dramatic impact on both taxpayers and state government. This bill will reduce the tax brackets to four. The lower rates are also consolidated to 1%, 3%, 4.5% and 6% and retroactive to January 1st of this year.

The bill will benefit corporations by lowering the tax rate to 6%. The bill will return approximately 12% of the 2020 Idaho personal income tax, or \$75 for each taxpayer and dependant, whichever is greater.

MOTION: **Rep. Gestrin** made a motion to introduce **RS 29125**. Committee Members expressed concern that this is not the kind of tax relief Idahoans want. **Chairman Harris** clarified this bill is not related to property taxes but mainly income tax and sales tax relief. Chairman Harris remarked how the \$75 provided for each taxpayer, could become a substantial sales tax rebate for some people.

**VOTE ON
MOTION:** **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:18 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, January 18, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 436	INCOME TAX - Revises individual and corporate income tax rates and provides a tax rebate.	Rep. Moyle Rep. Harris

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

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

COMMITTEE MEMBERS

Chairman Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
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Phone: 332-1125
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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

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, January 26, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29037	Sales Tax, Short-term rentals	Rep. Kauffman
RS 29277	Internal Revenue Code, update	Rep. Moyle

COMMITTEE MEMBERS

Chairman Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

Room: EW46

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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 26, 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) Nichols

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 29037: **Rep. Kauffman** stated that **RS 29037** clarifies languages related to the short-term rental statutes, 63-1803 and 63-1804, Idaho Code. Rep. Kauffman reminded the committee how the H 216 passed in 2017, and another H 259 passed two years later, requiring remote retailers in the marketplace that have no physical nexus in Idaho to register and collect sales tax. This caused unintended consequences with the existing businesses that have a physical presence in Idaho. This proposal is to clarify that the companies providing reservation services online in Idaho for short-term rentals and vacation property are not considered marketplace facilitators. Included in the list of reservation services are hotel, motel, campgrounds, and any place for lodging or accommodations. This proposal also clarifies that the amount collected as sales tax used on short-term rental places transactions pursuant to these sections, which are the sales tax and the exemptions, as distributed according to section 63-3638, which is the distribution formula.

MOTION: **Rep. Cannon** made a motion to introduce **RS 29037. Motion carried by voice vote.**

RS 29277: **Rep. Moyle** stated that **RS 29277** relates to the annual update. Idaho Code with the Internal Revenue Code (IRC). This proposal conforms the Idaho income tax code to changes made to the IRC, that affect the 2021 taxable year. The Idaho income tax code uses federal taxable income as a starting point for both businesses and individuals. This bill updates Idaho Code section 63-3004, to January 1, 2022 and removes obsolete definitions. Rep Moyle pointed out that this proposal has a fiscal impact of 8.5 million. Most of that comes with changes in child tax credit.

MOTION: **Rep. Addis** made a motion to introduce **RS 29277. Motion carried by voice vote.**

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

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #2
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Thursday, January 27, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29236	Use tax vehicles	Rep. Addis
RS 29276	Property tax reduction	Rep. Shepherd
RS 29278	Sales tax distribution	Rep. Addis

COMMITTEE MEMBERS

Chairman Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
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Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, January 27, 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:** None

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 29236: **Rep. Addis** presented **RS 29236**. The purpose of this proposed legislation is to clarify the scope of a sales tax exemption available for "personally owned" vehicles and other property brought to Idaho by new residents of the state. Specifically to confirm that "personally owned" property includes property owned through a grantor trust. For all practical purposes, and for income tax purposes, property owned by a grantor trust is treated as personally owned by the individual. This bill will resolve disputes between taxpayers and the State Tax Commission that have arisen.

There is no fiscal impact of this bill if it is recognized that property held in grantor trusts already meets the requirement of the statute that the property must be personally owned, and that this bill is a clarification and confirmation of that conclusion. Additionally, it is probable that a prior Idaho Supreme Court decision would uphold the result that this amendment clarifies. Therefore, this amendment would eliminate audit and the cost of appeals. If that were not the case, the fiscal impact would still be de minimus.

MOTION: **Rep. Manwaring** made a motion to introduce **RS 29236**. **Motion carried by voice vote.**

RS 29276 **Rep. Sheperd** introduced the **RS 29276** saying the RS is related to property tax reduction. This proposed legislation would put a threshold of 300,000 dollars or 150% of the median assessed valuation, whichever is greater. The cost to the State for the proposal would be \$1.1 million.

Rep. Ruchti reported that the Idaho State Tax Commission has included manufactured homes on the assessments, and this could lower the median price of a home which leads people to easily exit the qualification for the benefit. **Rep. Shepherd** replied that the median assessed values reported by the Tax Commission, and based on the 125% as of current law, is much lower in many counties than others.

Rep. Moyle asked if Shoshone County offered any hardship cases, as current code allows county commissioners to provide tax breaks. Furthermore, he asked Rep. Shepherd if the taxing districts are causing the problem with their inflated budgets.

Rep. Shepherd replied that he doesn't have the information and hopes to provide more details for a long-term fix for the problem.

Rep. Moyle he says would support a motion to introduce the proposal but, recommended being careful to not overuse the General Fund that may affect other programs. Rep. Moyle also reminded that these budgets are set by the local elected county officials.

Rep. Nichols expressed her support for a motion, to introduce the RS.

MOTION: **Rep. Necochea** made a motion to introduce **RS 29276**. **Motion carried by voice vote.**

RS 29278 **Rep. Addis** introduced **RS 29278**. This proposal relates to the existing distributions of sales tax dollars to Idaho's local taxing districts. Specifically, it increases the distribution schedule from a quarterly distribution to monthly distribution, improving the cash flow position of Idaho's local taxing entities.

There is no impact to the General Fund in adopting this bill. Some local taxing districts may see a reduction in fund balances due to the more frequent receipt of state funds.

Rep. Weber expressed his support for the proposal as it may help the cities to better budget in forecasting their cash flow.

In answering committee questions regarding if this change in the schedule would increase the number of transactions managed by the State Tax Commission, **Rep. Addis** replied that almost all of the transactions are electronic, and this change would have no additional cost. **Rep. Moyle** proposed to investigate if the local governments can use this change in schedule to provide some relief in property tax.

MOTION: **Rep. Weber** made a motion to introduce **RS 29278**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:45 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Monday, January 31, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 471	Sales Tax, short-term rentals	Rep. Kauffman
H 472	Internal Revenue Code, update	Rep. Moyle

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 Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
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Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, January 31, 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) Adams

GUESTS: The sign-in sheet will be retained in the committee secretary's office until the end of the session. Following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Services Library.

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

H 471: **Rep. Kauffman** presented the **H 471**, explaining it relates to sales tax on short term rentals per statute 63-1803 and 63-1804. The bill clarifies who is responsible for the registering as a short-term rental marketplace facilitators and the distribution of online sales tax online sales. The bill also provides clarification about the amounts collected as sale taxes and the exemptions. The money collected from short-term rentals should go into the sales tax distribution fund, and the bill removes confusion if the seller is online or if the property is in Idaho or not.

Rep. Kauffman clarified how the bill is related to short-term renters with properties in Idaho, and the sales taxes collected on these properties should go into the normal distribution formula, as it was treated in the past years.

In answer to **Rep. Manwaring, Tom Shaner**, Tax Researcher Manager for the Tax Commission, confirmed the online short-term rentals sales tax have been going to the normal sales tax distribution for the last three years. **Mr. Shaner** explained that the on-line sales taxes regulation is related to business with no presence or nexus in the state. Mr. Shaner agreed to provide more information on request from Rep. Manwaring about how much sales tax is currently being allocated by rental marketplace facilitators.

Rep. Nichols, and **Rep. Necochea** declared a **Rule 80**.

MOTION: **Rep. Dixon** made a motion to send the **H 471** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** Rep. Kauffman will sponsor the bill on the floor.

H 472: **Rep. Moyle** presented the **H 472**, explaining the bill will conform to the different changes to the internal revenue code that took place in the preceding year. The big cost in the bill is the increase of the age in which a dependent can receive the child tax credit from 17 and under to 18 and under. The bill also increases the amount from \$2,000 to \$3,000.

Ms. Alejandra T. Cerna, director of the Idaho Center for Fiscal Policy, explained that Congress made changes to the definition of child or dependent, expanding it to 18 years old. This change will provide help to Idaho families; an economic study found that 4% of Idaho families in Idaho would be impacted by this change. One of the notable drawbacks of this credit and how it is structured in Idaho, would be that it does not include all families in Idaho who pay taxes and have children in the house. An analysis performed by her team, found that families at \$26,000 or less of income would not be able to claim the adjusted definition to include a 17 year old, nor the regular Idaho child tax credit of every year. This issue should merit attention from policy makers. The increase of the credit from \$2,000 to \$3,000, will also give significant help to Idaho families. Ms. Alejandra T. Cerna, expressed her support for the bill.

MOTION: **Rep. Addis** made a motion to send the **H 472** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** Rep. Moyle will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:18 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, February 01, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29274C1	Food Tax Credit	Senator Vick
RS 29313	SALT Provision Updates	Rep. Okuniewicz
35-0107-2101	Kilowatt Hour Tax Administrative Rules (New Chapter) - Proposed Rule	Cynthia Adrian, Tax Research Specialist
35-0201-2101	Tax Commission Administration and Enforcement Rules (New Chapter) - Proposed Rule	Cynthia Adrian, Tax Research Specialist
35-0000-2100	Notice of Omnibus Rulemaking - Proposed Rule	Tom Shaner, Tax Research Manager

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 Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 01, 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) Kauffman, Chaney, Nichols

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 29274C1: **Sen. Vick** explained the proposal is going to change the food tax credit from \$100 to \$120 starting next year. This will allow the tax credit to be paid out for the difference of the tax Relief Fund.

In answer to a committee member regarding information about the source of the proposed amount, **Sen. Vick** explained the amount is approximately of how much people spend on sales tax and food for an average person.

Another committee member asked for clarification about the transfers between the sales tax and the Tax Relief Fund. **Sen. Vick** clarified the Tax Relief Fund is a fund generated by online sales tax, but the Tax Relief Fund itself is not specifically set up to just reduce taxes on online sales.

Rep. Adams expressed support for the proposed legislation, even though it is uncertain it reflects the rapid inflation currently happening.

MOTION: **Rep. Moyle** made a motion to introduce **RS 29274C1. Motion carried by voice vote.**

RS 29313: **Rep. Okuniewicz** explained the proposal, relative to the housekeeping process based on previous year's **H 317**. This bill is related to an IRS-approved workaround that allowed S-corps to deduct their taxes from the federal return. This proposal is revenue-neutral to the state of Idaho. This proposal allows trusts and estates to receive the same tax benefits that a person does.

MOTION: **Rep. Moyle** made a motion to introduce **RS 29313. Motion carried by voice vote.**

DOCKET NO. 35-0107-2101: **Ms. Adrian**, tax research specialist with the Idaho State Tax Commission, presented **Docket No. 35-0107-2101** explaining it removes sections that are restating the statute and any guidance that already exists or could be communicated via the state website. This docket removes 751 words, equivalent to a 54% reduction. Public meetings have been conducted.

A committee member asked about the removal of words in **Sections 40 and 45**. **Ms. Adrian** replied these words were relative to the computation of the kilowatt-hours and are now available on the website.

Rep. Moyle asked if the Senate reviewed or made any proposal on any of the Dockets. **Rep. Addis** clarified the Senate rejected **Section 327** of **Docket No. 35-0201-2101** because of a clerical error.

MOTION: Rep. Weber made a motion to approve **Docket No. 35-0107-2101**. **Motion carried by voice vote.**

DOCKET NO. 35-0201-2101: Ms. Adrian, tax research specialist with the Idaho State Tax Commission, presented **Docket No. 35-0201-2101** explaining it removes sections that are already in the statute and any guidance that already exists or could be communicated via the state website. This docket removes 8,855 words, equivalent to a 58% reduction. The commission conducted public meetings on these rules with no public comments. The Senate has reviewed the rules and noticed that **Section 328.01** references a subsection in **Section 327** that is included in the deletions and rejected the changes to **Section 327**. Ms. Adrian requested the House do the same.

MOTION: Chairman Harris made a motion to approve **Docket No. 35-0201-2101** with the exception of section 327 for the correction of clerical errors. **Motion carried by voice vote.**

DOCKET 35-0000-2100 Ms. Shaner, research manager for the State Tax Commission, introduced **Docket No. 35-0000-2100**, and explained the docket addresses a few individual rules that had some editing. Specifically, the income tax administrative rules, the sales and income tax administrative rules, property tax, motor fuels tax, hotel, motel, and campground, wine license, beer and wine taxes, and the cigarette, alcohol, and tobacco taxes. In the income tax chapter, **Section 75** is relative to the tax on individuals, estates, and trusts. The docket removes the tables and adds a reference to the website.

In the same chapter, **Section 263**, relative to guaranteed payments that are treated as compensation for partners of a partnership that are nonresidents, the tables have been removed and it added a reference to the website. Relative to the corporate income tax, the tables have been removed and it added a reference to the website.

MOTION: Rep. Cannon made a motion to approve **Docket No. 35-0000-2100**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:32 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, February 02, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 480	Use tax, vehicles	Rep. Addis
H 481	Property tax reduction	Rep. Shepherd
H 482	Sales tax distribution	Rep. Addis

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 Harris Rep Nichols
Vice Chairman Addis Rep Kauffman
Rep Moyle Rep Adams
Rep Chaney Rep Cannon
Rep Gestrin Rep Hartgen
Rep Dixon Rep Manwaring

COMMITTEE SECRETARY

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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, February 02, 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) Kauffman, Gestrin, Hartgen

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.

H 480: **Rep. Addis** presented **H 480**. The purpose of this bill is to clarify the scope of a sales tax exemption available for "personally owned" vehicles and other property brought to Idaho by new residents of the state. Specifically to confirm that "personally owned" property includes property owned through a grantor trust. For all practical purposes, and for income tax purposes, property owned by a grantor trust is treated as personally owned by the individual. This bill will resolve disputes between taxpayers and the State Tax Commission that have arisen.

There is no fiscal impact for this bill if it is recognized that property held in grantor trusts already meets the requirement of the statute that the property must be personally owned, and that this bill is a clarification and confirmation of that conclusion. Additionally, it is probable that a prior Idaho Supreme Court decision would uphold the result that this amendment clarifies. Therefore, this amendment would eliminate audit and the cost of appeals. If that were not the case, the fiscal impact would still be de minimus.

Mr. Smith, representing the Hawley Troxell law firm, explained how the grantor trust works and how this bill is important in treating it as an individual.

In answering committee questions regarding how other states are managing similar situations, **Mr. Smith** replied he does not have the information at the moment, but he believes other states are using a similar approach.

Answering another committee question regarding if people who buy a vehicle out of state and bring it in Idaho are still subject to sales tax in Idaho, **Mr. Smith** explained the tax exemption is only available if the property is bought by a non-resident at least three months before becoming an Idaho resident.

Rep. Manwaring declared **Rule 80**.

MOTION: **Rep. Addis** made a motion to send **H 480** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.**

Rep. Addis will sponsor the bill on the floor.

H 481: **Rep. Shepherd** introduced **H 481** and explained the bill is for a tax reduction to create a threshold of \$300,000 or 150% of the median assessed value in each county. The reason for this legislation is to try to help some of the lower-income residents who are on a fixed income and are not able to pay the property taxes based on the current regulation.

In answer to committee question regarding how many applications for hardship have been submitted and how many have been approved, **Rep Shepherd** replied Idaho County received 617 requests for hardship, at the moment the information on how many have been approved is not available; he will follow up on getting this detail.

Mr. Jerry White, Shoshone County assessor, shared that Shoshone County has a population of 12,500, 2,057 received homeowners exemption, and 647 of them qualified for the circuit-breaker last year. This bill will help 91 residents, many of whom would not be able to stay in their homes if they have to pay the property tax as they live on less than \$32,000 a year. This program is one of the most positive things the assessor's office can offer to the senior citizens.

Mr. John Dison, Elmore County assessor representing the Idaho Association of County Assessors, shared how in 2021 the median assessed value for properties in Elmore County was \$226,000. The current factor of 125% would bring the limit to \$283,000, this amount is still low and would remove the circuit breaker benefit to 30 applicants, 6.5% of the people who are currently in the program. Unfortunately, there is no correlation between the higher value of their house with a higher income, so these people would not be able to pay the property taxes. The new limits of 150% or \$300,000 would put Elmore County's median assessed value to \$339,000 and this will help the above people.

A committee member requested confirmation if moving the limit of 125% to 150% would reduce the number of people who will exit from the program from 6.5% to 2%. **Mr. Dison** confirmed the number, explaining that with the 150% the people who will exit the program would reduce from 30 to 10, and with a limit of 200%, the number will drop to one.

A committee member asked how many applications for hardship have been submitted in Elmore County, and how many have been approved. **Mr. Dison** replied that there are not many. The committee member followed up by asking why the counties are not using the hardship program to solve the problem. **Mr. Dison** clarified the county is not receiving many hardship applications as the people have the opportunity to apply for the circuit breaker because it is more helpful and easier.

A committee member asked if the process is going to change for the current of the previous year, or if there is an opportunity to appeal the property valuation. **Mr. Dison** replied the program is looking at the property value of the previous year, and the people may qualify for the current year.

Rep. Necochea followed up, by asking if the program would impact the taxes to other property owners or the services provided by the county. **Mr. Dison** confirmed the agency will receive fewer funds and the districts may be impacted.

MOTION:

Rep. Weber made a motion to send **H 481** to the floor with a **DO PASS** recommendation.

Rep. Nichols expressed support for the motion but reserved her right to change her vote on the floor.

Rep. Addis expressed support for the motion, expressing concern about the ability of the counties to address this problem without the help from the State's General Fund.

Motion carried by voice vote.

H 482:

Rep. Addis introduced **H 482**. The bill will increase the distribution schedule from quarterly to monthly, improving the cash flow and budget efficiency of Idaho's local taxing entities. For Fiscal Year 21, the revenue shared to the local taxing entity was \$274 million, hence the quarterly distributions were \$91 million. With a monthly distribution, the amount would be \$30 million per month.

In answer to committee question regarding if the current schema is letting the agencies increase their funds' balance by collecting more property tax than they need, **Rep. Addis** explained the bill is just another tool in the hand of the agencies and would not force them to work differently, but will help them to be more efficient in managing the funds. Furthermore, the Tax Commission is confident it would not have any impact on the General Fund.

Rep. Moyle commented that the previous year the revenue sharing to the local districts increased. At the same time, very few entities used the dollars in any form of tax relief.

Rep. Manwaring declared **Rule 80**.

MOTION:

Rep Dixon made a motion to send **H 482** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep Addis** will sponsor the bill on the floor

ADJOURN:

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

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Monday, February 07, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29321C1	City Property Tax, rebate	Rep. Moyle Rep. Gannon
H 509	TAXES - Amends existing law to increase the food income tax credit.	Senator Vick Rep. Addis
H 510	INCOME TAXES - Amends existing law regarding the treatment of state and local taxation for affected business entities.	Rep. Okuniewicz

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 Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

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.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, February 08, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29298	Tax, multistate business income	Rep. Manwaring Senator Grow
RS 29359	Homestead exemption, investigations	Rep. Moyle
RS 29402C1	Tax, construction, mining, logging Uniformity: Transparency update	Rep. Moyle

COMMITTEE MEMBERS

Chairman Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
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Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 08, 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:** Rep. Nichols

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 09:00 a.m.

RS 29298: **Rep. Manwaring** introduced **RS 29298**. This proposed legislation refers to people with businesses in multiple states and eliminates double taxation for the Idaho-based companies with out-of-state sales. This situation is caused by the fact that most states have updated the calculation methodology of income tax from a 'three-factor' to a 'single-sales' factor. This proposal addresses out-of-state companies that are doing business in Idaho and are currently not paying taxes because of the 'single-sales' factor. The proposal provides a simplified tax system for multi-state income and a better tax environment for Idaho.

MOTION: **Rep. Addis** made a motion to introduce **RS 29298**. **Motion carried by voice vote.**

RS 29359: **Rep. Moyle** introduced **RS 29359** regarding the homeowner's exemption, specifically the case when individuals have more than one exemption. This proposal requires a county assessor to research if the person is qualified before granting the homeowner's exemption. Furthermore, the Tax Commission shall provide the information needed by the assessor to research if the homeowner is entitled to the exemption. In case the exemption is denied, the homeowner has 30 days to appeal. The proposal includes a fiscal note of \$10,000 to \$20,000 necessary for the Tax Commission to fulfill the requirements

MOTION: **Rep. Gestrin** made a motion to introduce **RS 29359**. **Motion carried by voice vote.**

RS 29402C1: **Rep. Moyle** introduced **RS 29402C1**, explaining that the current legislation allows transient personal property to be exempt from taxation. This proposal clarifies how this situation should be managed by the assessors and removes some unneeded language from the current legislation.

MOTION: **Rep. Dixon** made a motion to introduce **RS29402C1**. **Motion Carried by voice vote.**

Mr. Brandon Woolf, State Controller, introduced the transparency website, a single portal providing all the information for local governments. **H 73** enacted last year has been the genesis of the portal. The bill's objective was to create a committee that included three senators, three representatives, and a controller; to collaborate with local government to identify accounting, budgeting, and other financial reporting data, and to build the central registry. Mr. Woolf introduced the web portal to the audience showing its capabilities and the reports available.

Rep. Cannon asked if the online tool is available to anyone. **Mr. Woolf** replied the tool is not currently available to everyone, as it is still in the pilot phase with some counties. After this phase, the portal will be made available to the other counties. **Rep. Cannon** asked when the site will go live. **Mr. Woolf** answered it will be as quickly as possible, even if the bill identifies January 1, 2025 as the completion date.

Rep. Gastrin asked if the counties would incur extra expenditure for having the system in place. **Mr. Woolf** replied the burden will be on the State as much as possible.

Chairman Harris asked if there is an ongoing long-term auditing function. **Mr. Woolf** explained this aspect has not been solidified yet, but there will be a constant connection with the entities to make sure the reported data is correct.

Mr. Woolf introduced the next steps for the project, which include the completion of the pilot phase, the creation of a uniform reporting manual, the implementation of quality assurance, and the inclusion of other missing data like sales taxes.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 9:42 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Thursday, February 10, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
S 1249	TAXING DISTRICTS - Amends existing law to revise provisions regarding taxing district budget limitations.	Rep. Moyle Senator Rice

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 Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, February 10, 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:** Okuniewicz, Ruchti, Adams, Nichols, Chaney

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.

S 1249: **Sen. Rice** This bill corrects an error in last year's **H 389** so that expiring Urban Renewal Districts come into local property tax budgets at eighty percent not subject to the eight percent cap. It also closes an unintended loophole regarding the use of forgone balances in property tax budgets.

A committee member asked how this change will impact property taxes. **Sen. Rice** answered that actually it reduced the rate at which property taxes were going up.

MOTION: **Rep. Shepherd** made a motion to send **S 1249** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:11 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Monday, February 14, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29543	Sales Tax, short-term rentals	Rep. Kauffman
H 550	City Property Tax, rebate	Rep. Gannon
H 564	Homestead exemption, investigations	Rep. Moyle
H 565	Tax, construction, mining, logging	Rep. Moyle

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 Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Rucht

COMMITTEE SECRETARY

Anna Maria Mancini
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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

- DATE:** Monday, February 14, 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) Addis, Okuniewicz
- 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 29543:** **Rep. Kauffman** said this proposed bill relates to sales tax and adds language to the short-term rental statute 63-1804, Idaho Code to clarify that short-term Idaho real property rentals are not subject to the marketplace facilitator statutes. The 2017 short term rental statute, enacted with **H 216**, contains a requirement for property owners to register, collect, and remit taxes - including sales tax, travel and convention, and any local-option taxes applicable. **H 259**, the Marketplace Facilitator and Remote Retailer enacted in 2019 created a new separate registration required for marketplace facilitators and remote retailers. Short-term rental property owners are confused about whether **H 259** applies to them. This bill will eliminate that confusion. This legislation will have no impact on the state's General fund or any dedicated fund or federal fund because the same amount of tax is due; this is a clarification of the statute language covering how those taxes are administered and collected.
- Since the previous version of the bill, that was already heard by the committee, had already been voted on, **Rep. Kauffman** requested this proposal be introduced and sent to the second reading calendar.
- Rep. Manwaring** remarked that the sales tax distribution on these rental marketplace transactions have been going into the normal distribution formula, not into the Tax Relief Fund.
- MOTION:** **Rep. Chaney** made a motion to introduce **RS 29543** and recommend it be sent directly to second reading calendar. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.
- H 550:** **Rep. Gannon** asked if he could postpone presenting **H 550** to Thursday the 15th due to some concerns of people who want to testify about property taxes. **Chairman Harris** granted the request.

H 564: **Rep. Moyle** introduced **H 564** regarding the homeowner's exemption. The bill specifically deals with the case when individuals have more than one exemption. This proposal requires a county assessor to research if the person is qualified before granting the homeowner's exemption. Furthermore, the Tax Commission shall provide the information needed by the assessor to research if the homeowner is entitled to the exemption. In case the exemption is denied, the homeowner has 30 days to appeal. A separate bill has been introduced in the State Affairs Committee requiring the Tax Commission to create a database. The proposal includes a fiscal note of \$10,000 to \$20,000 necessary for the Tax Commission to fulfill the requirements.

MOTION: **Rep. Cannon** made a motion to send **H 564** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

H 565: **Rep. Moyle** introduced **H 565** explaining that the current legislation allows transient personal property to be exempt from taxation. This proposal clarifies how this situation should be managed by the assessors and removes some unneeded language.

Mr. Aaron Cook, Caribou County Assessor, testified **against H 565**. His county is a large mining community, and this exemption will have a significant impact on other properties due to shifting of the taxes. Mr. Cook specified that the existing equipment in the county is worth \$85 million and it should not be considered transient personal property even if it is all on wheels and can be moved around.

Mr. Wayne Hammon, CEO of the Idaho Associated General Contractors (IAGC), testified **in favor of H 565** stating that construction companies continue to spend valuable resources tracking equipment that are supposed to not be taxed. If the companies want to pay the taxes, there is nothing that prevents them. They believe that as of today the equipment is exempt and it should stay the way it is now.

Ms. Sara Westbrook, representing the Policy Director for the Idaho Association of Counties, is **against H 565**. Ms. Westbrook referred to different mines that have been operating for generations. Their equipment is not really considered transient because they are basically staying at the same mine for a long time and do not move for more than 20 feet. If the bill comes into effect, Caribou County could see a property tax income reduction of 2.1% and would hit the current expense levee, justice levee, and district court fund levee caps. The property tax could increase by 8.7% due to a broadening definition of transient personal property. This could be an issue also for other counties as well.

Ms. Westbrook concluded saying that as this bill is a clean up bill for **H 389** she would like to see a tweak and have the committee send it to amending order, or to introduce a new bill. A committee member asked if she was talking about Section 3ii, and taking the mining out. Ms. Westbrook said it would fix it and that for small operations they would fall under the \$250,000 cap which is exempt either way.

Mr. Ben Davenport representing the Idaho Mining Association. Based on his perspective these companies should declare their transient personal property as a real property and continue to fund in the appropriate method. Mr. Davenport is in favor of continuing to report and declare their equipment as real property and pay the tax assessment on it. This represents his initial read on this hearing, but his association does not have an official position yet on the bill.

Ms. Shawn Keough representing the contractor association, showed her support for **H 565**. Ms. Keough pointed out how many different interpretations are existing between counties and county assessors in how transient logging equipment should be considered. Ms. Keough, stated her intent to eliminate the transient personal property tax.

MOTION: Rep. Shepherd made a motion to send H 565 to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** Rep. Moyle will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:42 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, February 15, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29509	Tax, county budget limits	Rep. Moyle
H 550	City Property Tax, rebate	Rep. Gannon Rep. Moyle
H 563	Tax, multistate business income	Rep. Manwaring

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 Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
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Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 15, 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) Addis, Adams

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 29509: **Rep. Moyle** introduced **RS 29509**. This proposed legislation relates to property tax and revenue sharing. Each year the state collects 6% sales tax; of the amount of sales tax collected, 11.5% is distributed to local taxing districts. Last year this portion had a value of \$23.5 million. This legislation states that 50% of any new year-over-year increase in revenue sharing with local taxing districts, shall be dedicated to property tax relief.

No fiscal impact to the state because the funds are already being distributed to local taxing districts, and that distribution will not change. This legislation will apply only to future increases. The taxing districts receive the highest of the previous three years' budget and keeps the 3%. The Tax Commission will reset the bases for those three years, based on the amount that is sent to the taxing districts. If there is an increase, half of this goes to the tax relief fund.

MOTION: **Rep. Okuniewicz** made a motion to introduce **RS 29509**. **Motion carried by voice vote.**

H 550: **Rep. Gannon** introduced **H 550** which allows a city to rebate excess property taxes on a voluntary bases and parameters, determined by the city council. The parameters require the rebate must be by ordinance and must state the amount of the money that is being put into the rebate fund, and the parameters for its distribution. The ordinance requires a public hearing and reading three times. This ensures public notice and public participation. No property must receive benefits which are more than the property tax. The Tax Commission provides the list of those who receive the circuit breaker if the city plans to use that information for some purposes.

Dave Kangas, representing himself, expressed his support for the bill because it is simple and allows citizens to persuade the city to address specific issues and needs with the funds now available.

Tamar Hunter, representing herself, expressed her support for the bill as the property taxes are becoming an issue for personal financial planning. The bill can help citizens to receive some of their tax money back to help these financial situations.

MOTION: **Rep. Manwaring** made a motion to send **H 550** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Moyle** and **Rep. Gannon** will sponsor the bill on the floor

H 563:

Rep. Manwaring introduced **H 563** regarding income tax paid by businesses with sales in multiple states. It resolves the double taxes and the out-of-state sales issues. Currently in Idaho income taxes are determined using a cost-of-performance method that defines sales revenue to the location with the greater location of the services performed. The majority of the states are now using a market-based method that defines the tax proportion based on where the service is provided. The bill is changing the income tax from cost-of-performance to market-bases methods.

The second change the bill is applying is a change from a current complex method of determining income tax (three-factor method), to a more simple method called simple-factor sale. This method is using the location of sale to determine the tax amount. The bill will bring a more simplified tax methodology to Idaho.

This bill will make the Idaho providers pay taxes to other states based on out-of-state sales. In exchange, out-of-state companies will pay income taxes in Idaho for their sales into the state. The fiscal note assumes there is a neutral impact across the different cases.

As Idaho uses a cost-of-performance methodology, this may lead to double taxation for the providers that have sales to states using a market-based method.

Mark Wynn , representing Idaho Association of Commerce & Industry(IACI), Associated Taxpayers of Idaho (ATI), and Lamb Weston, expressed his support for the bill. This bill benefits the Idaho companies operating and exporting out of state as they can avoid double taxation and follow simpler tax legislation. Furthermore, Idaho will adopt the same methodology already being used by 80%-85% of states. Manufacturers are already using a market-based methodology. Lamb Weston company will benefit from this bill as well. A rule-making process is needed to make sure the bill will be fairly implemented as intended. Special industries can elect to use the newly proposed methodology or to remain with the current methodology.

Tom Shaner, resource manager for the State Tax Commission, explained that special industries are benefiting from specific rules granted for many years due to their specific situation, so they have the option to request to maintain these rules.

MOTION:

Rep. Weber made a motion to send **H 563** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Manwaring** will sponsor the bill on the floor.

ADJOURN:

There being no further business to come before the committee the meeting adjourned at 10:02 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Thursday, February 17, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29380	Cash payment, requirement	Rep. Scott
RS 29561	Property tax, building investments	Rep. Burns

COMMITTEE MEMBERS

Chairman Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

Room: EW46

Phone: 332-1125

Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, February 17, 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 (Roberts).

**ABSENT/
EXCUSED:** Representative(s) Chaney, Nichols

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 29380: **Rep. Moyle** presented this proposed legislation to amend Section 63-3620 to require sellers to accept cash as method of payment along with other accepted methods of payment. No business shall be required to accept cash as a method of payment in excess of \$10,000. The federal reserve says those with lower incomes rise cash for half their purchases and not credit cards due to their inability to get a credit card.

There is no fiscal impact to State or Local government.

MOTION: **Rep. Gestrin** made a motion to introduce the **RS 29380. Motion carried by voice vote.**

RS 29561: **Rep. Burns** clarified that housing and multifamily housing are allowable forms of property exemptions allowed under 63-602 NN. Currently only Blaine and Kootenai Counties allow for multifamily housing to qualify for tax exemption. This proposed change would clarify that all counties would have the ability to grant the exemption for housing, This proposed change would clarify that all counties would have the ability to grant the exemption for housing, with the goal being multifamily affordable rental housing. There would be no fiscal impact to the General Fund of the state of Idaho. The only fiscal impact to counties would be as much as they would elect to grant for the exemption.

MOTION: **Rep. Kauffman** made a motion to introduce **RS 29561 Motion carried by a voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:12 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #2
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, February 22, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29595	New construction roll	Senator Guthrie
H 648	Tax, county budget limits	Rep. Moyle

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 Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti (Roberts)

COMMITTEE SECRETARY

Anna Maria Mancini

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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, February 22, 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 (Roberts)

**ABSENT/
EXCUSED:** Representatives Adams, 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.

RS 29595: **Sen. Guthrie** introduced **RS 29595**. This proposed legislation adjusts how a description of the land and its change in use is recognized on the new construction rolls. It simply deletes a description of the land and its change in use as additions to the new construction roll and removes the obligation that taxing districts have had in the past to deduct any reduction in value resulting from a change of land use classification. It will be taxed appropriately based on the evaluation made by the assessor. There is no impact on the general fund, but local taxing districts could see a positive or negative result depending on how those land use changes occur.

MOTION: **Rep. Okuniewicz** made a motion to introduce **RS 29595**. **Motion carried by a voice vote.**

H 648: **Rep. Moyle** introduced **H 648**. This bill relates to property tax and revenue sharing. Each year the state collects 6% sales tax; of the amount of sales tax collected, 11.5% is distributed to local taxing districts. Last year this portion had a value of \$23.5 million. This legislation states that 50% of any new year-over-year increase in revenue sharing with local taxing districts shall be dedicated to property tax relief.

No fiscal impact to the state because the funds are already being distributed to local taxing districts, and that distribution will not change. This legislation will apply only to future increases. The taxing districts receives the highest of the previous three years' budget and keeps the 3%. The Tax Commission will reset the bases for those three years, based on the amount that is sent to the taxing districts. If there is an increase, half of this goes to the tax relief fund.

Mr. Mark Mitten, from Burley, expressed his support for the bill but asked for clearer wording on what is subject to the reduction of 50%.

Mr. Fred Birnbaum, representing the Idaho Freedom Foundation, expressed his support for the bill. The gross sales tax collected by the state increased in the last year from \$1.64 billion to \$2 billion and is projected to reach \$3 billion by 2023 with a projection of revenue sharing of \$318 million. This increase is not just due to organic population increase but also caused by inflation. So, it is appropriate to use this extra money for property tax relief.

Mr. Seth Grigg, executive director of the Idaho Association of Counties, expressed his opposition to the legislation. Some counties have not experienced growth. Other counties have seen just a smaller budget increase. If these counties will divert half of the added revenue, the impact on the property taxes will not be as expected. In addition, the lower revenue during recession periods will not be compensated by the higher revenue post-recession. **Rep. Necochea** expressed her concern about the bill and its impact on the local entities' budget, and will not be able to support the motion. **Rep. Hartgen** and **Rep. Manwaring** expressed their support for the bill but will reserve the right to change their vote on the floor. **Rep. Harris** expressed his support for the bill.

MOTION: **Rep. Addis** made a motion to send **H 648** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Addis** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:31 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #2
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, February 23, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29554	Corporate activities tax	Rep. Addis
RS 29610C1	Semiconductors, tax incentives	Rep. Manwaring, Rep. Moyle
H 663	Property tax, building investments	Rep. Burns

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 Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
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Phone: 332-1125
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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, February 23, 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) Cannon, Nichols, Hartgen, Okuniewicz

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 09:00 a.m.

RS 29554: **Rep. Addis** explained this bill protects Idaho business from being taxed by out of state taxing entities for conducting sales or other business, taking place within the State of Idaho, between an Idaho business and a non-resident who is physically present within the State of Idaho, while engaging in the business transaction. There is no impact to the General Fund. In fact, the impact would be positive as tax payment would not be leaving the State of Idaho.

MOTION: **Rep. Shepherd** made a motion to introduce **RS 29554**. **Motion carried by voice vote.**

RS 29610C1: **Rep. Manwaring** introduced **RS 296101**. It is about constructing, expanding and modernizing the semiconductor industry in the state. But more importantly this is about state and national security. For U.S. national security, supply chain protection, and economic prosperity, it is critical to expand domestic semiconductor fabrication, assembly, testing, advanced packaging, and research and development. Idaho is uniquely poised to accelerate the growth of the semiconductor industry, mitigate national security and supply chain risks, increase economic competitiveness, and protect intellectual property. With Federal investments like the CHIPS for America (CHIPS) Act, and the Facilitating American-Built Semiconductors Act, the government is competing with foreign countries by securing domestic supply chains and by bringing American semiconductor manufacturing jobs back to the United States. The Idaho Semiconductors for America Act (Idaho Act) provides a tax relief incentive for U.S. sponsored semiconductor expansions in Idaho. The Idaho Act exempts sales tax on the purchase or use of construction and building materials to construct, expand, or modernize a semiconductor facility in Idaho. To qualify for the exemption, a semiconductor company must also qualify for new federal incentives for the expansion of domestic fabrication, assembly, testing, advanced packaging, or research and development. All requests by semiconductor companies for incentives would be submitted to the Idaho Department of Commerce and reviewed for approval by the Idaho Economic Advisory Council. All approved incentives will be governed by detailed agreements between the state and incentivize companies.

MOTION: **Rep. Weber** made a motion to introduce **RS 29610C1**. **Motion carried by voice vote.**

H 663: **Rep. Burns** clarified that housing and multifamily housing are forms of property exemptions allowed under 63-602 NN. Currently only Blaine and Kootenai Counties allow for multifamily housing to qualify for tax exemption. This proposed change would clarify that all counties would have the ability to grant the exemption for housing, for a period of time up to five years. As to the amount, it is up to the counties commissioners statewide to decide for the time period. There would be no fiscal impact to the General Fund of the state of Idaho. The only fiscal impact to counties would be as much as they would elect to grant for the exemption.

To the question in regard to how to see the current framework for this special program, **Rep. Burns** said that when the statute was enacted, it directed county commissioners to create some guidelines with which they will exempt certain types of investments. Counties had the opportunity to use that plan investment as they defined it, base on their own ordinance, and then they will be on the roles. With this new revised statute the exemption amount of property tax does not go on the tax roll until the exemption is up. Once the exemption is over, the taxes are paid as normal. Rep. Burns also affirmed it can also provide incentives for businesses moving to the state of Idaho, enhancing some investment in certain areas, even incentive some housing investment.

Mr. Phil Mount, representing the Idaho Realtors Association, expressed his support for the bill, as it gives the ability to add housing, especially in this time of housing shortage in the state of Idaho. Multifamily housing investments, particularly, would be a huge benefit to the state. It will allow additional investment to create more affordable housing.

MOTION: **Rep. Moyle** made a motion to send **H 663** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Burns** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:27 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Friday, February 25, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29395	Tax Commission Authority	Rep. Manwaring
RS 29638	Property tax relief, surplus eliminator	Rep. Monks
RS 29639	Property tax relief, Tax Relief Fund	Rep. Monks

COMMITTEE MEMBERS

Chairman Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols (Brooks)

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

Room: EW46

Phone: 332-1125

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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Friday, February 25, 2022

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols (Brooks), Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, Weber, Shepherd, Necochea, Ruchti

**ABSENT/
EXCUSED:** Representative(s) Chaney, Weber

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 minute in the Legislative Library.

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

RS 29395: **Rep. Manwaring** introduced **RS 29395**. This proposed legislation clarifies the responsibilities and delegations of the authority at the State Tax Commission, involving personnel, budgetary and/or fiscal matters. There is no expenditure of funds or known revenue impacts. The other thing it does is any delegations of the authority will be reviewed, if requested by the majority of the Commissioners.

MOTION: **Rep. Ruchti** made a motion to introduce **RS 29395. Motion carried by voice vote**

RS 29638: **Rep. Monks** introduced this proposed legislation explaining how the surplus eliminator works. This legislation provides property tax relief to property owners in Idaho by way of a surplus eliminator. The legislature sets the budget and determines how much money they would like to leave on the bottom line. If at the end of the fiscal year there is a surplus, up to \$80 million will be provided to Cities and Counties for property tax relief. This year, the Governor plans to leave \$249 million on the bottom line to be available as a surplus. Through this bill the surplus will go to the account for property tax relief, splitting 50/50 to Idaho cities, and counties. This legislation could potentially reduce the general fund by up to \$80 million. However, this would not affect state budgets because funds are only provided for tax relief only if there is a surplus. Local budgets would also not be impacted because any funds provided to the locals would have to be applied towards property tax relief and could not be used to increase their budgets. This legislation could potential provide up to \$80 million in property tax relief.

MOTION: **Rep. Gestrin** made a motion to introduce **RS 29638. Motion carried by voice vote**

RS 29639: **Rep. Monks** stated this proposed legislation provides property tax relief to all property owners in Idaho. When the legislature created the "tax relief fund" (or the Wayfair account), online sales taxes collected were exempted from the normal sales tax revenue sharing formula with cities, counties and local taxing districts. This legislation will provide that 11.5% of online sales tax collections will be distributed 50% to the cities and 50% to the counties. Of the 50% to the cities and the 50% to the counties, half of those distributions must be used for property tax relief.

This legislation will reduce the general fund by \$50 million dollars in 2023. In 2024, the sunset on the portion of online sales tax collections was set to expire so there will be no impact to the state general fund. In 2024, cities and counties will receive the 11.5% of online sales tax collections as already stipulated in code, but half of said funds will be used to offset property taxes. Idaho property tax payers will see a reduction in their property taxes equal to 5.75% of all online sales tax collections. In 2024 online sales tax collections is estimated to be approximately \$40 million.

Rep. Monks stated that in 2024 the amount that would expect the Wayfair account to go to the cities and counties is estimated to be \$40 million, instead of \$50 million written in the drafted proposed legislation. This legislation specifically targets only the money that the local tax districts are currently not receiving, it is a new stream and it is not impacting what they are getting through the normal share of the sales taxes.

MOTION: **Rep. Cannon** made a motion to introduce **RS 29639** with the correction on page 3, line 2, changing \$50 million to \$40 million. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:17 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #2
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, March 01, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29635	Income tax, affected entities	Rep. Addis
RS 29636	Taxes, bonus depreciation	Rep. Kauffman
RS 29677	Income tax, claim for credit	Rep. Cannon

COMMITTEE MEMBERS

Chairman Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols (Brooks)
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
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Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, March 01, 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) Nichols, Okuniewicz

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 29635: **Rep. Addis** presented **RS 29635**. This legislation replaces **H 510** and makes technical corrections to legislation enacted in 2021 that provided state and local tax deductions (SALT) for income taxes paid by an Affected Business Entity (ABE) on behalf of its pass-through owners. This RS clarifies the process for tiered pass-through entities, the process for election, and eliminates ambiguous language that the Tax Commission recently has had concerns with, and clarifies the permanent building tax needs to be paid only once and not multiple times as previously suggested.

MOTION: **Rep. Chaney** made a motion to introduce **RS 29635**. **Motion carried by voice vote.**

RS 29636: **Rep. Kauffman** introduced **RS 29636**. This proposed legislation is related to last year's bill **H 276** which clarified that bonus depreciation taken on a federal income tax return but not allowed on a state return does not create income under Idaho law. That legislation was effective as of January 1, 2021. Because that was a clarification of existing law it was expected to apply to all cases – both those arising before and after January 1, 2021. Unfortunately, it has not been applied that way by the Tax Commission, which continues to conduct audits and assess taxes under its view of the "old" law for taxes due before January 1, 2021. This legislation reaffirms the policy enacted last year and removes ambiguities some suggest were contained in **H 276**. It is retroactive to apply to all taxpayers who have filed returns consistent with this policy.

MOTION: **Rep. Shepherd** made a motion to introduce **RS 29636**. **Motion carried by voice vote.**

RS 29677: **Rep. Cannon** introduced **RS 29677**. This proposed legislation is levelling the playing field bill in the tax reform field. This legislation would amend title 63, chapter 30 of the Idaho Code, where it provided a three-year statute of limitations on claims for credit or refund of overpayment of income taxes. The State Tax Commission, by contrast, has the ability to look back ten years in order to file claims against taxpayers for underpayment of taxes. This legislation would expand the window from three years to ten years for the purposes of claims for credit for overpayment of income taxes in certain categories.

Based on comparison to past years' data, this legislation would result in up to \$1 million being returned to taxpayers for overpayments.

MOTION: Rep. Shepherd made a motion to introduce **RS 29677. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:13 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, March 02, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 678	Semiconductors, tax incentives	Rep. Manwaring Jake Reynolds, Administrator
H 689	Tax Commission Authority	Rep. Manwaring
H 690	Property tax relief, surplus eliminator	Rep. Monks
H 677	Corporate activities tax	Rep. Addis

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 Harris Rep Nichols
Vice Chairman Addis Rep Kauffman
Rep Moyle Rep Adams
Rep Chaney Rep Cannon
Rep Gestrin Rep Hartgen
Rep Dixon Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 02, 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, Adams

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 minute in the Legislative Library.

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

H 678: **Rep. Manwaring** presented **H 678**. The legislation is about the Idaho Semiconductors for America Act. This act exempts sales tax on the purchase or use of building materials that would be used to construct, expand, or modernize a semiconductor facility in Idaho. It represents a tax relief incentive for U.S.-sponsored expansions in Idaho. The goal is to protect U.S. research, manufacturing, and intellectual property.

The wage impact of semiconductors in Idaho right now is \$4.5 billion, so Idaho companies are in a good position to qualify for federal investments, including the Federal Chips Act. To qualify for this Idaho incentive, a semiconductor company must also qualify for the federal act by December 2026. Qualified entities have to qualify for a meaningful incentive offered by the Federal Government. Secondly, these qualifying entities must also qualify for a meaningful Idaho incentive, like the Idaho Reimbursement Incentive Act or the Idaho Small Employer Incentive Act. The impact on sales tax, if all three of these qualifying projects were exempted, would be about \$18 million in return for \$620 million in wage impacts.

Mr. Jake Reynolds, business development and operations Administrator for the Idaho Department of Commerce, explained that semiconductors are the brains of modern electronics, and can be found in every electronic device we have. Semiconductors are in every industrial, commercial, military system, electrical system, and the electrical grid. Semiconductors are critical to national security. If a potential adversary bests the United States in semiconductors over the long term or suddenly cuts off our supply of these cutting-edge chips, it would gain the upper hand in almost every aspect of warfare. According to the U.S. Semiconductor Manufacturing Association, the U.S. global semiconductor manufacturing was at 70% in 1990 and is expected to be down to 10% by 2030. China is on track to be the lead in the industry in 2030. The U.S. Senate passed in June of 2021 the United States Innovation and Competition Act, which included a \$52 billion package chips act that was aimed to bolster chip manufacturing, research, and development. And once funded, Idaho and other states will be fiercely competing for the \$52 billion. States including Texas, Arizona, and Ohio have recently announced new multi-billion dollar semiconductor projects and passed aggressive legislation and incentives to make their states more competitive when these funds come into play.

The Semiconductor Industry Association estimates a \$52 billion package would add \$24.6 billion to the U.S. economy and create an average of 185,000 temporary jobs over the six-year buildout period. The cumulative impact on such an incentive program on U.S. Gross Domestic Product (GDP) would be \$177 billion and we would create 1.1 million jobs. Idaho is currently number six in the Nation for the semiconductor workforce, with an employment share of 4%. In 2020, there are approximately 50 semiconductor facilities in the state of Idaho, and it produces \$2.5 billion in GDP for our state. This legislation is critical to maintaining Idaho's competitiveness and in supporting Idaho's long history of semiconductor fabrication, innovation, and our largest advanced manufacturing industry in the state.

Mr. Fred Birnbaum, from Freedom Foundation, expressed his opposition to the bill, as it would give incentives to some of the wealthiest corporations in the world. He expressed concerns about incentivizing the construction of a large facility which could then hire people that would compete with the existing small businesses, given that the unemployment rate is very low.

Rep. Necochea and Rep. Ruchti expressed their support for the bill.

Rep. Nichols expressed support for the bill, but reserved the right to change her vote on the floor, after getting more feedback from constituents and small businesses.

MOTION: **Rep. Weber** made a motion to send the **H 678** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Manwaring** will sponsor the bill on the floor.

H 689: **Rep. Manwaring** introduced **H 689** explaining the bill is relative to the responsibilities and delegations of authority at the State Tax Commission. This legislation ensures the Commission operates as a commission and the majority of the commission has oversight of its statutorily assigned duties. The primary change from the last session bill, **H 214**, is the change in language that said a single commissioner could request a decision item be put before the Commission for review of the full Commission. The current proposed bill permits the review by request by a sustaining vote by the majority of the Commission. The chairman can still assign responsibilities, but a majority of the Commission can review and sustain them.

Rep. Moyle declared Rule 80 stating a possible conflict of interest.

MOTION: **Rep. Gestrin** made a motion to send **H 689** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Manwaring** will sponsor the bill on the floor.

H 690: **Rep. Monks** introduced **H 690**. This bill is a surplus eliminator. A surplus is money that remains after budgets are set, payments are accounted for, and the year is completed. The State had an average of \$58 million in surplus eliminators per year for the past 8 years, excluding the outlier numbers for 2021.

The bill would move the surplus money available at the end of the year, up to \$80 million. Half would go to the cities and half to the counties. This extra money would be used to reduce property taxes.

If the amount reaches the max of \$80 million, the tax relief for the average homeowner would be up to 4%. The Controller's office determines at the end of the Fiscal Year whether or not there is a surplus, identifies its amount, distributes half to cities and half to the counties. Counties are, then, directed to use the extra money received for property tax relief. The bill also has language that encourages paying off bonds but is not mandatory.

Mr. Fred Birnbaum, from Freedom Foundation, expressed his opposition to the bill, as it is not impacting the base, and counties are encouraged and not required to first use monies to pay off bond indebtedness. The bill is using General Fund money and feeding it into a stream that could be used to generate a thirst for new bonds. In addition, people that are living in a county, but not in a city, would get a lower relief because half the money goes to cities and a half to counties.

Rep. Nichols expressed support for the bill but reserves the right to change her vote on the floor.

MOTION

Rep. Necochea made a motion to send **H 690** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Monks** will sponsor the bill on the floor.

H 677:

Rep. Addis introduced **H 677**. This bill protects Idaho businesses from being taxed by out-of-state taxing entities for sales or other business within Idaho with a non-resident who is in Idaho. In May 2019, Oregon Governor Kate Brown signed into law **H 3427**, which adopted a new corporate activity tax (CAP Tax). The CAP Tax is imposed on Oregon businesses for the privilege of doing business in Oregon and is taxed on almost all tangible personal property. Oregon businesses with \$750,000 in annual sales are required to register. With \$1 million in business with Oregon citizens, .57% of all sales revenue are required to be remitted to the Department of Revenue.

To fund Oregon's calculation system, Oregon is using this law to reach into Idaho to tax Idaho businesses doing business in Idaho. This is because receipts from the sales of tangible personal property are considered by Oregon if the property is delivered to a purchaser in Oregon regardless of whether they take possession of the item.

The Attorney General provided an opinion on the scenario addressed by the bill where Idaho businesses have no business activities in Oregon. They think there is a good reason to think that a substantial nexus does not exist and Oregon is violating the due process clause and commerce clause in catching Idaho business. Idaho businesses selling and delivering goods in Idaho to an Oregon customer seems to be an insubstantial connection to Oregon. It is worth noting that Washington has a similar tax.

This bill has no civil penalties but is a statement that protects Idaho businesses and provides them some standing to solve the issue.

Rep. Ruchti supports the legislation but expresses some concern as Oregon's law looks like a violation of the commerce clause and this should be addressed by the judicial branch.

MOTION:

Rep. Shepherd made a motion to send **H 677** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Addis** 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 Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #2
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Thursday, March 03, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29669	County indigent services	Rep. Weber
H 673	New construction roll	Senator Guthrie
H 713	Income tax, affected entities	Rep. Addis
H 714	Taxes, bonus depreciation	Rep. Kauffman
H 715	Income tax, claim for credit	Rep. Cannon

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 Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, March 03, 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, Okuniewicz

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 29669: **Rep. Weber** presented **RS 29669**. This proposed property tax relief legislation would relieve \$20.9 million in property tax by repealing the county charity levy and dedicating non-property tax revenues to pay for public defense. FY 2023 and 2024 would be reimbursed to the counties up to \$20.9 million from the State General Fund to keep the counties whole while they continue to provide public defense service. It routes the fund money through the tax distribution formula and additionally starting in FY 2025, this bill would transfer \$9 million to the public defense fund created in this bill. This bill does not, at this time, establish an alternative public defense structure. It does direct the legislature to work on an alternative public defense delivery system. The stakeholders will have the opportunity to negotiate in the interim what that system may look like, either through a state system, regional system, or a hybrid of the two. This new system would need to be in place by 2024.

MOTION: **Rep. Gestrin** made a motion to introduce **RS 29669**. **Motion carried by a voice vote.**

H 673: **Sen. Guthrie** introduced **H 673**. This bill is relative to new construction roles. The bill clarifies that the description of the land or change in use will not be placed on the new construction rolls. As those values increase because of the zoning change, the taxes would be appropriately applied and the tax district would get the taxes, but it wouldn't be recognized on the new construction rolls. In the event of a reduction in value from a description or change in use, it would not be deducted from the new construction rolls. Furthermore, the project needs to be completed and taxable before it's shown on new construction rolls.

Mr. Russ Hendricks, representing the Idaho Farm Bureau, expressed support for the bill. He explained this bill will not affect the tax that's collected on any parcel of land or project, but is just a helpful clarification for budgeting capacity.

MOTION: **Rep. Shepherd** made a motion to send **H 673** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Harris** will sponsor the bill on the floor

H 713: **Rep. Addis** introduced **H 713**. The bill is a clarification for last year's bill **H 317** that allowed individuals to be able to deduct all their state and local sales taxes on their federal tax return, and for current year's bill **H 510** that allowed Idaho partnerships, LLCs, and S corporations to be able to do the same thing. This bill addresses some unintended consequences. It clarifies a pass-through entity to qualify for this work-around, simplifies the process of making an election to use the workaround, clarifies the qualification by eliminating some ambiguous language reported by the Tax Commission, and clarifies the \$10 permanent building tax needs to be paid only once, not multiple times.

Mr. Ken McClure, representing the Idaho Societies of CPAs, explained that **H 510** had not fully achieved the intended objective, and this new language would address the remaining issues.

MOTION: **Rep. Nichols** made a motion to send **H 713** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Addis** will sponsor the bill on the floor.

H 714: **Rep. Kauffman** introduced **H 714**. This bill is relative to last year's **H 276**, which clarified the bonus depreciation taken on federal income tax returns, but not allowed on a state return to make sure that it doesn't create income under the Idaho law. **H 276** was effective as of January 1st, 2021. This new legislation reaffirms the policy enacted last year and clarifies the legislation is retroactively applicable to all taxpayers who have filed returns consistent with this policy.

Mr. Ken McClure, representing the Idaho Societies of CPAs. This bill addresses issues of last year's legislation and clarifies how historical cases should be handled. It clarifies circumstances where there are other tax concerns, net operating losses, and the order in which the individual credits and adjustments will occur.

MOTION: **Rep. Cannon** made a motion to send **H 714** the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Kauffman** will sponsor the bill on the floor.

H 715: **Rep. Cannon** introduced **H 715**. This bill will level the playing field in tax reform. This legislation would amend title 63, chapter 30 of the Idaho Code, where it provided a three-year statute of limitations on claims for credit or refund of overpayment of income taxes. The State Tax Commission, by contrast, has the ability to look back ten years in order to file claims against taxpayers for underpayment of taxes. This legislation would expand the window from three years to ten years for the purposes of claims for credit for overpayment of income taxes in certain categories

MOTION: **Rep. Shepherd** made a motion to send **H 715** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Cannon** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:25 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Friday, March 04, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
RS 29742	Property Tax Relief for Homeowners	Senator Rice

COMMITTEE MEMBERS

Chairman Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

Rep Okuniewicz
Rep Weber
Rep Shepherd
Rep Necochea
Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

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

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, March 08, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 735	County Indigent Services	Rep. Weber

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 Harris
Vice Chairman Addis
Rep Moyle
Rep Chaney
Rep Gestrin
Rep Dixon

Rep Nichols
Rep Kauffman
Rep Adams
Rep Cannon
Rep Hartgen
Rep Manwaring

COMMITTEE SECRETARY

Joyce McKenzie
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Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, March 08, 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, Adams

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.

H 735: **Rep. Weber** presented **H 735**. He said this legislation repeals the county Charity and Indigent Fund Levy, providing property tax relief to Idahoans in the current fiscal year and into the future.

Kelley Packer, Executive Director, Idaho Association of Cities, spoke **in opposition** to the bill. She voiced concerns about the cities' service needs and the current distribution of sales tax to the local districts. Ms. Packer and **Rep. Moyle** exchanged opinions relative to public defense funding and tax relief.

Seth Grigg, Executive Director, Idaho Association of Counties, spoke **in support** of the bill. He said the bill will establish a dedicated funding stream for public defender services and bring public defense stakeholders together to propose an alternative public defense delivery system. The bill provides property tax relief and repeals the county Charity Property Tax Levy, as well as the county Medically Indigent Program. In answer to committee questions, he went into more detail relative to funding for the public defense system, distribution of sales tax and the timing for setting levies.

MOTION: **Rep. Gestrin** made a motion to send **H 735** to the floor with a **DO PASS** recommendation.

Certain committee members expressed the need for more information and time to study the bill. **Rep. Cannon** reserved the right to change his vote on the floor.

VOTE ON MOTION: **Motion carried by voice vote. Rep. Weber** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee the meeting adjourned at 9:50 a.m.

Representative Harris
Chair

Joyce McKenzie
Secretary

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Monday, March 14, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
H 565aaS	Tax exemptions, personal property	Rep. Moyle
SCR 121	Rule rejection, tax commission	Rep. Addis

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 Harris

Vice Chairman Addis

Rep Moyle

Rep Chaney

Rep Gestrin

Rep Dixon

Rep Nichols

Rep Kauffman

Rep Adams

Rep Cannon

Rep Hartgen

Rep Manwaring

Rep Okuniewicz

Rep Weber

Rep Shepherd

Rep Necochea

Rep Ruchti

COMMITTEE SECRETARY

Anna Maria Mancini

Room: EW46

Phone: 332-1125

Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Monday, March 14, 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:** None

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.

H 565aaS: **Rep. Moyle** presented **H 565aaS** and said this bill deals with personal property. There were some concerns that the definition would capture too much personal property in Caribou County, and a couple more counties heavily dependent on mining. The previous language would have allowed those counties at their will to pay the tax. This amendment changes that definition and makes sure it is clear the mines like the phosphate mines in Caribou County pay the personal property tax. The amendments make the bill better for reporting and allows Caribou County and other counties to collect the personal property of mining equipment.

MOTION: **Rep. Dixon** made a motion to concur with the amendments made in the Senate to **H 565aaS**. **Motion carried by a voice vote.** **Rep. Moyle** will sponsor the bill on the floor.

SCR 121: **Rep. Addis** presented **SCR 121**, which accepts the Tax Commission Administrative Rules with one exception, **Section 327** was rejected by the Senate Committee. That issue will be addressed in the next legislative session.

MOTION: **Rep. Dixon** made a motion to send **SCR 121** to the floor, with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Addis** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee the meeting adjourned at 9:07 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary

AMENDED AGENDA #1
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Wednesday, March 16, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
S 1301	Storage facilities, valuation	Rep. Chaney Robert Anderst, Risch Pisca PLLC
RS 29838	County Indigent Services	Rep. Moyle

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 Harris Rep Nichols
Vice Chairman Addis Rep Kauffman
Rep Moyle Rep Adams
Rep Chaney Rep Cannon
Rep Gestrin Rep Hartgen
Rep Dixon Rep Manwaring

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 16, 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) Harris, Nichols

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

S 1301: **Rep. Chaney** presented **S 1301** to the committee saying that it pertains to the valuation of storage units.

Robert Anderst, Government Affairs Liaison for Risch Pisca, explained the content of the bill. The self-service storage facilities have been assessed using multiple, different factors. For a sale or income approach, if not made using the proper adjustments, it is easy to end up capturing intangible value. Idaho Code 63.602 says intangible value is supposed to be exempt from property tax. The intent of this bill is to give clarity to assessors. There is still the ability to use any valuation method. This bill is capping it at the replacement or reproduction cost less depreciation. Also the self-storage units are already defined in code. The Legislation seeks to clarify how market value of a self-service storage facility is calculated and to reference a definition of self-service storage facility in Idaho Code section 55-2301(8).

Rep. Moyle declared Rule 80 stating a possible conflict of interest.

MOTION: **Rep. Hartgen** made a motion to send **S 1301** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** **Rep. Chaney** will sponsor the bill on the floor.

RS 29838: **Rep. Moyle** presented **RS 29838** and noted how a few weeks ago **H 735** passed the house. **H 735** changed the funding source for public defenders. The state would, over time, take that responsibility and, in exchange, the counties would be alleviated from the charity levy and be provided property tax relief. The difference between this **RS 29838** and **H 735** is it changes the funding source from where the revenues come in regards to replacing them and in regards to providing property tax relief.

This Legislation provides non-property tax funding for public defense, allowing counties to reduce county property taxes by \$33 million. It repeals the county charity levy and the county medically indigent program, while phasing out the state Catastrophic Fund (CAT). In addition, Idaho will assume financial responsibility for public defense moving forward.

The bill also includes intent language for the Legislature to identify a future alternative public defense delivery model. Lastly, the bill requires cities to use 50% of annual growth in revenue sharing to provide ongoing property tax relief. For fiscal year 2023, the state will provide \$34 million in funding to counties for public defense, counties will dedicate \$11 million in revenue sharing growth to public defense, counties will reduce county property tax budgets by \$33 million, and cities will reduce city property tax budgets by an estimated \$10 million. The net ongoing property tax relief in the first year is estimated to be \$43 million.

Rep. Gestrin said this proposed legislation helps some of the counties without a charity levy. Through this legislation public defense will be removed from the county's responsibility, and taken over by the state. For those counties without a charity levy who chose to pay their defense out of their justice fund, their justice levy will also find benefit with this bill.

Rep. Moyle stated that with this proposal every county will see a reduction and property tax relief.

MOTION:

Rep. Gestrin made a motion to introduce **RS 29838**.

Rep. Moyle said the bill would take away public defense funding from counties and put it back as a state responsibility. **Rep. Necochea** believes that would be a problem, as it is forcing cuts to city services such as law enforcement and other emergency responders. Rep. Necochea feels there are better avenues for property tax relief.

Rep. Moyle said in relation to the position of the cities, this legislation changes the revenue funding source. The new bill would tap the counties' portion of state revenue-sharing for the public defense cost, while also requiring cities to reduce their property tax budgets by half the amount of increased revenue-sharing money they receive from the state each year, with the aim of property tax relief. Unlike the previous bill, this also leaves intact revenue sharing for other types of taxing district.

Clarification was requested relating to changing the funding source. **Rep. Moyle** clarified that under the current bill sitting in the Senate, it originates from the ledger before it goes through the \$11.5 million. Under this bill, it happens after it gets to the county split. The \$11.5 million goes into the revenue sharing and splits in three ways. The counties start paying \$11 million a year until they get to \$44 million on their share and the cities take half of any new revenue and provide property tax relief on their share.

SUBSTITUTE MOTION:

Rep. Dixon made a substitute motion to introduce **RS 29838** and recommended it be sent directly to the Second Reading Calendar.

ROLL CALL VOTE ON SUBSTITUTE MOTION:

A roll call vote on the substitute motion was requested. **Motion carried by a vote of 9 AYE and 6 NAY. Voting in favor of the motion: Chairman Addis, Reps. Moyle, Gestrin, Dixon, Adams, Hartgen, Okuniewicz, Weber, Shepherd. Voting in opposition to the motion: Reps. Chaney, Kauffman, Cannon, Manwaring, Necochea, Ruchti. Rep. Harris and Nichols were absent/excused. Rep. Moyle will sponsor the bill on the floor.**

Rep. Necochea said the bill is complex. She would appreciate if the legislation would have a hearing. There are stakeholders who are impacted and the committee do not know where they stand.

Rep. Moyle responded to a question saying that property taxes are a problem because of concerns and the complexity. This is not a complex bill, but it is good tax policy. It provides \$44 million worth of property tax relief in every county of the state and every city receives new money in the state.

Rep. Cannon asked to clarify the intended language about replacing the public defender model. **Rep. Moyle** responded that all the rules remain in place in case there is no agreement made to alleviate some of the concerns of the Attorney General.

Rep. Shepherd stated property tax has been a big concern in his district and everywhere. He reserved the time to go over this legislation before the House floor.

Rep. Cannon agreed that it would be helpful to have a hearing before moving it to the floor. He is inclined to support the original motion rather than the substitute motion. Rep. Cannon reserved his right to change his vote when voting on the bill came to the House floor.

ADJOURN: There been no further business to come before the committee, the meeting adjourned at 9:27 a.m.

Representative Addis
Chair

Anna Maria Mancini
Secretary

AGENDA
HOUSE REVENUE & TAXATION COMMITTEE
9:00 A.M.
Room EW42
Tuesday, March 22, 2022

For members of the public to observe the meeting, please click on the following link:
<https://www.idahoptv.org/shows/idahoinsession/ew42/>

SUBJECT	DESCRIPTION	PRESENTER
S 1259	Property tax, medicaid income	Rep. Adams

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 Harris	Rep Nichols
Vice Chairman Addis	Rep Kauffman
Rep Moyle	Rep Adams
Rep Chaney	Rep Cannon
Rep Gestrin	Rep Hartgen
Rep Dixon	Rep Manwaring (Tovey)

COMMITTEE SECRETARY

Anna Maria Mancini
Room: EW46
Phone: 332-1125
Email: hrev@house.idaho.gov

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, March 22, 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 (Tovey), Okuniewicz, Weber, Shepherd, Necochea, Ruchti

**ABSENT/
EXCUSED:** Representative (s) Kauffman, Nichols

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 minute in the Legislative Library.

S 1259: **Rep. Adams** presented **S 1259**. This proposed legislation would allow low-income homeowners of a certified family home to apply for the circuit breaker property tax-relief plan by exempting the payment they receive from the state for caring for someone with a disability in their home. This does not make their income tax-exempt, but it only applies to the circuit breaker. This program is saving the state a lot of money. A certified family home is compensated \$54 a day, about \$20,000 annually. But if these members are institutionalized, it would be \$273 per day, or closer to \$100,000 a year. This program saves the state \$80,000 a year. Applying this calculation to the 3,000 residents that are being cared for will bring the total saving from this program to about \$240 million. Rep. Adams clarified the circuit breaker applies only to people over the age of 65 making less than \$32,230 a year.

Ms. Marilyn Sword representing the Idaho Caregiver Alliance - expressed her support for this legislation. The Idaho Caregiver Alliance is a statewide coalition of over 1,000 caregivers, organizations, and agencies that work together to raise awareness of the impact of unpaid family caregivers and to advocate for policies and practices that support family caregivers across the lifespan. Many of Idaho's 2,500 certified family providers are among the members. These families provide home care for adults with developmental or intellectual disabilities, mental illness, or vulnerable seniors. They receive payment for this service that is counted as income by the state of Idaho but not by the IRS. This aligns with low-income eligibility providers to apply for the circuit breaker on their property tax. Based on estimates from the Tax Commission and the Department of Health and Welfare, there are about 665 certified family homes that would be eligible for this relief and with the fiscal impact of about 450,000 dollars annually. Currently, the value of homes has increased dramatically while incomes may have remained stagnant. This small accommodation to families who are caring for vulnerable loved ones is a small price to pay to keep families together in their homes.

Ms. Christine Pisani, Executive Director of the Idaho Council on Developmental Disabilities, explained that the council is authorized by federal and state law to monitor service systems and policies and to advocate for improved services that enable Idahoans with intellectual and developmental disabilities to live meaningful lives included in their home communities. The council supports **S 1259**. This legislation allows a residential option for seniors and people with disabilities that require meeting specific criteria to be certified. There are currently 2,532 certified family homes state-wide serving 3,000 residents. Of those 3,000 residents, 2,384 individuals are people with intellectual and developmental disabilities. Ms. Pisani also serves as the Vice-Chair of the Community Care Advisory Council. This council is comprised of 20 members either appointed by the organizations and/or agencies represented on the council, it is a forum for stakeholders that are invested in assisted living facilities or certified family homes. An important role of this council is to make policy recommendations regarding the coordination of licensing and enforcement standards in residential care in assisted living facilities and certified family homes as well as provision of services to residents in those settings. In January the council unanimously endorsed this proposed legislation and urges the Idaho legislature to pass this important bill. With the rising cost of housing, this property tax relief is critical to this essential set of care providers. This legislation will go a long way to help certified family homes continue to keep their homes and provide the necessary support to individuals with disabilities and seniors. The Idaho Council on Developmental Disabilities and the Community Care Advisory Council support this legislation.

Ms. Francoise Cleveland, Associate State Director for AARP Idaho and member of the State's Community Care Advisory Council, expressed the support of this legislation on behalf of AARP. Long-term services and support offer individuals and families a choice in settings to meet their unique needs and delay the necessity for more expensive institutional care. These homes serve as an important resource to a few thousand across the state, many of whom are vulnerable, older adults. These homes provide a small family-style living arrangement, well ensuring the safety of the resident through state oversight. Unfortunately, low-income families are at risk of losing their homes due to the rising cost of property taxes over which they have no control. By aligning with IRS guidance on what is considered income, there are wins on multiple accounts. In this case, it would allow for older Idahoans to age in their own homes and communities, it provides that same home for up to four qualified adults, and the taxpayer may save the cost from providing more costly care.

Ms. Jo Vasco, Certified Family Home Provider for her autistic son Isaac, expressed her support for this legislation. The money she is currently receiving is helping her remain in her home and take care of her son. But, with the cost of living going up, it's becoming harder to stay in the home. These homes provide a home environment for not only family members, but other people's family members. This program is important as it could help maintain and repair the homes, live in them, and keep family members and clients in the homes.

Ms. Hannah Litke, a care provider for individuals with intellectual disabilities, expressed her support for this legislation. This legislation represents a large savings for the state of Idaho, due to the growing population and rising costs of living. Idaho is investing a lot of money in medical care and the certified family home program provides a similar service with a fraction of the cost. She encourages people to keep doing the Idaho way of caring for people in their homes in a cost-effective way.

MOTION: Rep. Chaney made a motion to send **S 1259** to the floor with a **DO PASS** recommendation. **Motion carried by a voice vote.** Rep. Adams will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:27 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary