

Recap of Ad Hoc Tax Working Group—2015 Interim

*Eric Milstead, Director
Legislative Services Office*

Tax Working Group

- Appointed by Senate President Pro Tem and Speaker of the House
 - Broad discussion of Idaho tax policy
 - Encourage Senate/House to develop approaches to tax reform and avoid “late in the session” issues
 - Worked on both short-term and long-term matters
 - Focused on income tax, sales tax and personal property tax

Tax Working Group

- The effort included a total of 8 meetings
 - Initial meeting of only 4 members and staff
 - Met with state of Utah officials
 - Meeting was process-focused—how to approach systematic review of tax policy; income tax reform
 - Define the goal
 - Establish working relationships among Senate, House and Governor’s office and their staffs

Tax Working Group

Utah legislation established a tax reform task force

“The task force shall review and make recommendations on issues relating to tax reform in the state as determined by the task force.”

- <http://le.utah.gov/~2005/bills/sbille/r/SB0153.htm>
- Monthly reports to germane committees
- Emphasized:
 - Frequent task force meetings, transparency, public outreach and sought buy in from other policy makers

Idaho Tax Working Group—Subjects Considered

- Broad-based discussions on specifics of Idaho tax policy
- Heard from many stakeholders, interest groups, state agencies, members of the public, LSO, DFM, etc.
- Tax issues discussed (to varying degrees):
 - Personal property tax; corporate income tax, personal income tax, sales tax, sales tax on food, grocery tax credit, tax on services, review sales tax expenditures—exemptions, credits and deductions, long-term approaches to tax policy, short-term approaches, impacts on rural areas, emergency and supplemental levies, Internet purchases, tax models of Oregon and Washington, etc.

Topics of Emphasis

- General themes
 - Simplicity/stability/transparency
 - Reduce rates
 - Maintain but strengthen the three-legged stool
- Specifics
 - Reduce income tax rates—review/revise deductions/credits
 - Examine sales tax exemptions
 - Increase personal property tax exemption
 - Sales tax on groceries and related credit



December Meeting--Four Drafts Discussed

- Reduction of top income rate by one-tenth of one percent
- Two drafts increased the amount of personal property tax exemption (\$150,000 and \$250,000)
- Repeal of grocery tax credit and repealed sales tax on food

Process--Options to Move Forward

- Concurrent resolution
 - Specific directive
 - General directive—e.g., broad direction relating to tax policy; leaves specifics to task force/interim committee
 - Staffing possibilities
 - Continue with LSO staff--Tax Working Group
 - Special projects position—limited duration but might be used for other purposes
 - Additional permanent position—tax policy analyst (initial work for task force; could staff germane tax committees; fiscal notes?)

Questions?