

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Thursday, January 10, 2019

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Vice Chairman Stevenson, Representatives Moyle, Anderst, Dayley, Chaney, Gestrin, Addis, Dixon, Furniss, Giddings, Nichols, Ricks, Erpelding, Ellis, Mason

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

GUESTS: Tom Shaner, Idaho State Tax Commission (ISTC); Miguel Legarretam ATI; Jay Shaw, Idaho Department of Administration, Rules.

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

Chairman Collins introduced the committee page, **Arianna Carlson**.

DOCKET NO. 35-0102-1801: **Tom Shaner**, Tax Policy Manager, ISTC, said **Docket No. 35-0102-1801** contained three rules, with Rule 037 and Rule 049 being connected and having to do with the sale of airplane parts to nonresidents. He explained when a nonresident had a plane repaired in Idaho, it was exempt, but a question arose about warranty and insurance plans that ISTC reviewed. Rule 037 clarifies the exemption with an additional statement that the exemption is valid when a warranty or service-agreement provider makes the purchase on behalf of the nonresident. Rule 049 is amended to add a reference to Idaho Code § 63-3613 and to Rule 037. Rule 068 is amended to add a reference to Idaho Code §63-3619. Rule 068 provides retailers with schedules for collection of tax on sales, and the 5% sales tax schedule was removed since it is no longer used, which then necessitated the renumbering of subsequent paragraphs.

MOTION: **Rep. Erpelding** made a motion to approve **Docket No. 35-0102-1801**. **Motion carried by voice vote.**

DOCKET NO. 35-0102-1802: **Tom Shaner**, ISTC, said **Docket No. 35-0102-1802** adds relevant statute citations and cross references to Rule 003 to provide guidance for finding the applicable appeal processes available to taxpayers. He further shared that in the past when exception forms were printed rather than used electronically, the forms were combined on a page to save paper. Now that usage is electronic, housekeeping changes split apart pages with new form numbers, and Rule 107 makes sure titles to the rules match, as well as cleans up terms, form names and references. The title to Rule 110 includes "county assessors," but the focus is on financial institutions. All the statutes and rules refer to retailers, and since county assessors are not retailer, it causes confusion. The rule adds guidance directing financial institutions to obtain a permit and an account to facilitate reporting

MOTION: **Rep. Gestrin** made a motion to approve **Docket No. 35-0102-1802**. **Motion carried by voice vote.**

DOCKET NO. 35-0102-1803: **Tom Shaner**, ISTC, presented six rules in **Docket No. 35-0102-1803**. Rule 018 defines "retailer" to be consistent with **H 578**, as well as adds statutory references. Rule 018 also adds to the list of entities that are retailers the designation out-of-state sellers that must overcome the presumption defined by Idaho Code §63-3611.

In response to committee questions **Mr. Shaner** said the presumption of retailer is made when the out-of-state seller has an agreement with an in state seller and gives referrals and pays. They can overcome that, but the burden has shifted to them.

Mr. Shaner continued presentation of **Docket No. 35-0102-1803** at Rule 041, which is amended to move a subparagraph regarding purchases by establishments selling meals or beverages from the taxable to the nontaxable paragraph. Rule 077, which is based upon **H 592**, added a new section amending the exemption for research and development at the INL that allows them the sales tax exception for research even though their facility is not predominately for research. Rule 106, regarding motor vehicle rentals and leases, added a reference in the title to match new form numbers and names. It also addressed that when there is a low bill of sale, no bill of sale, or a barter or exchange for a vehicle sale, the Idaho Division of Motor Vehicles would no longer establish taxable value using the "Clean Retail Value" but use the National Automobile Dealers Association (NADA) average trade-in price. Rule 117 deals with the three-year statute of limitations for requesting a refund of sales tax related to bad debt or a taxpayer payment in error. The rule adds relevant statutory references, as well as reformats the paragraph detailing the elements for refund claims into a list. Changes to Rule 128 put it into logical sequential order with no additions or deletions, although the term "purchaser" is changed to "buyer" to be consistent with forms and other rules.

MOTION: **Rep. Dixon** made a motion to approve **Docket No. 35-0102-1803**. **Motion carried by voice vote.**

DOCKET NO. 35-0106-1801: **Tom Shaner**, ISTC, indicated that Rule 003 in **Docket No. 35-0106-1801** adds statutory and cross references to rules.

MOTION: **Rep. Stevenson** made a motion to approve **Docket No. 35-0106-1801**. **Motion carried on voice vote**

DOCKET NO. 35-0109-1801: **Tom Shaner**, ISTC, informed the committee that Rule 003 in **Docket No. 35-0109-1801** corrected the term "wholesaler" to "distributor" to conform with the County Option Kitchen and Table Wine Act.

MOTION: **Rep. Anderst** made a motion to approve **Docket No. 35-0109-1801**. **Motion carried by voice vote.**

DOCKET NO. 35-0110-1801: **Tom Shaner**, ISTC, stated **Docket No. 35-0110-1801** edits Rule 015 to add relevant statutory references and to clarify there is limit, not to exceed two times their average monthly tax liability, on the amount of unused cigarette stamps a wholesaler can hold when a newly permitted dealer.

MOTION: **Rep. Dayley** made a motion to approve **Docket No. 35-0110-1801**. **Motion carried by voice vote.**

DOCKET NO. 35-0110-1802: **Tom Shaner**, ISTC, presented **Docket No. 35-0110-1802**, which amended two rules. Rule 003 adds statutory references, and Rule 018, corrects the titles of "distributor" and "wholesaler."

MOTION: **Rep. Stevenson** made a motion to approve **Docket No. 35-0110-1802**. **Motion carried by voice vote.**

DOCKET NO. 35-0114-1801: **Tom Shaner**, ISTC, indicated that **Docket No. 35-0114-1801** adds cross references to rules.

MOTION: **Rep. Mason** made a motion to approve **Docket No. 35-0114-1801**. **Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:44 a.m.

Representative Collins
Chair

Lorrie Byerly
Secretary