MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE:	Friday, February 15, 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) Gestrin
GUESTS:	Cynthia Adrian, Idaho State Tax Commission (ISTC); Jayson Ronk, Micron.

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

MOTION: **Rep. Stevenson** made a motion to approve the minutes of February 13, 2019. **Motion carried by voice vote**.

RS 26870: **Seth Grigg**, Executive Director, Idaho Association of Counties, said under Idaho law currently, a county assessor assigns a value to each taxable property and is required to send out a notice to the property owner in the spring. If the taxpayer does not agree with the assessment, they have an opportunity to appeal to their county commissioners acting as a Board of Equalization. At that point, if the taxpayer disagrees with the county's decision, they can appeal to district court or they can appeal to the Idaho State Tax Board acting as the State Board of Equalization, which is separate from the county commissioners' Board of Equalization. The State Board of Equalization meets in the summer and are required to equalize all appealed properties. **RS 26870** proposes after the State Board of Equalization equalizes property across the state, if a county disagrees with their decision, they can appeal to district court, and if a taxpayer disagrees, they can appeal to the Board of Tax Appeals or district court.

In response to committee questions regarding the possible complimentary or alternative nature of **RS 26870** in relation to **H 102**, **Mr. Grigg** replied **H 102** deals with the Administrative Procedures Act (APA) governing the ISTC, and APA oversight is not something dealt with at the county level and does not clarify their issues. In response to further committee questions, he explained the current taxpayer appeal process and discussed the history counties have had with the State Board of Equalization.

MOTION: **Rep. Erpelding** made a motion to introduce **RS 26870**. **Motion carried by voice vote**.

RS 26871: **Seth Grigg** said **RS 26871** proposes setting a process where the ISTC by April 1st each year notifies county assessors and commissioners that they believe a category of property in their county has been improperly assessed. The notice must include the basic information regarding why they believe the property was improperly assessed.

In response to committee questions, **Mr. Grigg** responded the ISTC is working on a process following **RS 26871** guidelines and has had input on the legislation.

MOTION: **Rep. Ricks** made a motion to introduce **RS 26871**. **Motion carried by voice vote** .

RS 26839:	**Melinda Merrill**, member of the Board of Directors, Idaho Chapter of the American Red Cross, informed the committee **RS 26839** changes the minimum amount of the threshold level of annual contributions a nonprofit must receive to remain listed as a designated trust fund recipient on Idaho income tax forms. There are currently only a handful of charities listed on the tax forms to whom taxpayers can donate refunds. Each of these charities must receive $25,000 a year for two consecutive years in income tax refund contributions or they will be removed from the list. **RS 26839** lowers the threshold contribution from $25,000 to $20,000 a year. Lowering the threshold will prevent the American Red Cross and some other worthy charities from being removed from the list. All refund contributions are required to be used for projects in Idaho.
	In response to committee questions, **Ms. Merrill** informed the committee each charitable organization currently listed had to be approved to get on the list and other organizations could be added, but none have applied yet.
MOTION:	**Rep. Anderst** made a motion to introduce **RS 26839**. **Motion carried by voice vote**.
DOCKET NO. 35-0101-1901:	**Cynthia Adrian**, Tax Policy Specialist, ISTC, said **Docket No. 35-0101-1901** is a temporary rule docket for which they are requesting an extension. Temporary rules usually expire at the end of the legislation session, and ISTC wants **Docket No. 35-0101-1901** extended until it can be brought before this committee the next legislative session as a pending rule. The rule involves a water's edge treatment of dividends. Water's edge means income is included from both water's edges, the Atlantic to the Pacific. If a taxpayer is not filing on water's edge, it would be worldwide. If a taxpayer files on a water's edge basis and has foreign dividends that need to be reported to the ISTC, they can actually get an 80-85% deduction for those dividends, but they have to file a disclosure spreadsheet. Then a taxpayer would only pay tax on the remaining 15 or 20%. The way it is currently worded, it is unclear what happens to the 15 or 20% upon which taxes have already been paid. **Docket No. 35-0101-1901** says if those amounts were included in Idaho income in a previous year, ISTC is not going to tax it again. This actually deals with Internal Revenue Code (IRC) §§951 and 951 A, which is the federal foreign dividend or Global Intangible Low Tax Income (GILTI) provision. Under the temporary rule, if the 15 or 20% was included in Idaho income in a previous year, ISTC will not ask the taxpayer to include it again.
MOTION:	**Rep. Furniss** made a motion to approve **Docket No. 35-0101-1901**.
	John Eaton, Idaho Association of Commerce and Industry, was called on to answer a question from the committee regarding the relationship of **Docket No. 35-0101-1901** to proposed legislation from last year's legislative session that addressed IRC §§951 and 951 A, and he responded that this is different from the previous proposed legislation.
VOTE ON MOTION:	**Motion carried by voice vote**.
ADJOURN:	There being no further business to come before the committee, the meeting adjourned at 9:29 a.m.

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Representative Collins   Lorrie Byerly
Chair   Secretary