

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, January 17, 2018

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Collins, Acting Vice Chairman Kauffman, Representative(s) Moyle, Raybould, Anderst, Dayley, Hartgen, Chaney, Nate, Thompson, Gestrin, Stevenson, Troy, Gibbs, Erpelding, Gannon

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

GUESTS: Russell Westerberg, RMP; Tom Shaner, ISTC; Alan Dornfest, ISTC; Brian Stender, Canyon County Assessor; Logan Stanley, Intern Kauffman; John Watts, Veritas Advisors; Jack Lyman, Idaho Housing Alliance; Miguel Legarreta, ATI; Amber Pence, City of Boise; Jay Shaw, Admin Rules

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

RS 25742: **John Watts**, Partner, Veritas Advisors presented **RS 25742**. The purpose of this legislation is to authorize a non-refundable income tax credit for shortline transportation investment and maintenance into Idaho's shortline railroad infrastructure. Improvised shortline rail infrastructure will allow heavier and fully loaded rail cars to move more product for less cost to a shipper, and improved railroad infrastructure will increase safety, efficiency and reliability. This legislation provides 50% income tax credit on the value of investment, capped at \$3,500 per mile track owned/operated by the shortline railroad in Idaho. If not used by the shortline railroad, credit is transferable only to railroad customers and vendors. The effective date is January 1, 2019 and sunsets in five years in 2024. In reference to eligible vendor, Mr. Watts reiterated that a vendor is not eligible unless they file taxes in the state of Idaho. He also confirmed that rolling stock would not qualify because it is not an infrastructure investment.

MOTION: **Rep. Kauffman** made a motion to introduce **RS 25742**. **Motion carried by voice vote.**

DOCKET NO. 35-0102-1706: **Alan Dornfest**, Property Tax Policy Bureau Chief, Idaho State Tax Commission presented **Docket No. 35-0102-1706 Rule 610** relating to property exempt from taxation, residential improvements - special situations, changes deal with partial ownerships; instructs to count the community property interest as 50% interest in the property rather than 66 2/3%. **Rule 709** relating to Property Tax Reduction Benefit Program - Special Situations, changes deal with partial ownerships; instructs to count the community property interest as 50% interest in the property rather than 66 2/3%. Mr. Dornfest yielded to **Deputy Attorney General George Brown** to respond to a question concerning Idaho Code 63-701, to justify the change of the rule. Mr. Brown stated that 63-701 merely recognizes the community property interest and that the rule was changed to reflect the practice that everyone seems to want to follow. He also confirmed that you only qualify for the home owners exemption if you are on the deed and living in the home and any transfer of ownership is only recognized if it is recorded properly with the recorders office.

MOTION: **Rep. Nate** made a motion to approve **Docket No. 35-0102-1706**. **Motion carried by voice vote.**

DOCKET NO. 35-0102-1707: **Alan Dornfest**, Property Tax Policy Bureau Chief, Idaho State Tax Commission presented **Docket No. 35-0102-1707 Rule 020** relating to the value of recreational vehicles for annual registration and taxation of unregistered recreational vehicles. It sets out methods to value park model recreational vehicles as defined in **H 156**. Confirms the requirement to value park model recreational vehicles using any available standard indices of retail value. If an index is not available the procedures outlined in Rule 217 must be used.

MOTION: **Rep. Erpelding** made a motion to approve **Docket No. 35-0102-1707. Motion carried by voice vote.**

DOCKET NO. 35-0102-1709: **Alan Dornfest**, Property Tax Policy Bureau Chief, Idaho State Tax Commission presented **Docket No. 35-0102-1709 Rule 006** relates to Incorporation by Reference. This rule is being amended to update references to current editions of the railway equipment register used to identify railcar ownership. The amendment also confirms the link to all referenced IAAO standards. Effective January 1, 2018. **Rule 406** relates to rules pertaining to market value of operating property of rate regulated electric utility companies. (**H 30**) - flotation cost factor of 0.2% added to the discount rate. Also deletes an obsolete URL (link) to a table showing the U.S. Dept. of Commerce's GDP price deflator.

MOTION: **Rep. Anderst** made a motion to approve **Docket No. 35-0102-1709. Motion carried by voice vote.**

DOCKET NO. 35-0106-1701: **Tom Shaner**, Tax Policy Specialist, Idaho State Tax Commission presented **Docket No. 35-0106-1701 Rule 001** relating to Title and Scope. The proposal is to change the rule to include the terms introduced by 2017, **H 216**, the Short-Term or Vacation Rental Act. **Rule 018** relates to Returns. The proposal is to change the rule to include the terms introduced by 2017, **H 216**, the Short-Term or Vacation Rental Act. **Rule 019** relates to Penalties, Collections and Enforcement. The proposal is to change the rule to include the terms introduced by 2017, **H 216**, the Short-Term or Vacation Rental Act. Mr. Shaner confirmed that the Greater Boise Auditorium District is the only one impacted because it is the only one that the Idaho State Tax Commission administers. Mr. Shaner deferred to **Leah Parsons**, a tax policy specialist with the tax commission, to confirm that the language "lodging operator" is in **H 216**. Tom Shaner responded to a question about the attendance of the rule making process by stating it was very well attended. He reiterated that if a taxpayer doesn't understand that they must file an income tax form, they will be informed of such in the audit process.

MOTION: **Rep. Chaney** made a motion to approve **Docket No. 35-0106-1701. Motion carried by voice vote.**

DOCKET NO. 35-0106-1702: **Tom Shaner**, Tax Policy Specialist, Idaho State Tax Commission presented **Docket No. 35-0106-1702 Rule 006** relating to Hotel/Motel Room Sales Tax-Rule 006 - Lodging Operators and Short-Term Rental Marketplaces. The current proposal is to add this new rule to reference the new statutes created by 2017, **H 216**. Also to state in the rules that sales taxes and any local government taxes apply to this type of rental.

MOTION: **Rep. Gannon** made a motion to approve **Docket No. 35-0106-1702. Motion carried by voice vote.**

ADJOURN: There being no further business to come before the committee, the meeting was adjourned at 9:43 a.m.

Representative Collins
Chair

Susan Steed
Secretary