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MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

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DATE:	Monday, February 01, 2021
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, von Ehlinger, Weber, Necochea, Ruchti
ABSENT/ EXCUSED:	None
GUESTS:	Jack Lyman, Idaho Manufactured Housing; Carson Tester, Westerberg & Associates; Jake Cluff, BB&A; Jacinta Rig, Lobby Idaho; Josh Whitworth, Idaho State Controller's Office; and Francoise Cleveland, AARP.

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

RS 28342: **Rep. Addis** presented **RS 28342**, which is legislation promoting uniformity and transparency for local taxing districts. The genesis for **RS 28342** came from **Brandon Woolf,** Idaho State Controller, who collected, organized and cataloged data from all Idaho state agencies and made it clear and transparent to every Idaho taxpayer how the state was spending their tax dollars. **RS 28342** extends this transparency to all Idaho local tax districts. Just as important as transparency is uniformity. **RS 28342** creates a Committee on Uniform Accounting and Transparency for Local Governmental Entities, made up of the Idaho State Controller and members of the Idaho Legislature, whose primary purpose is to monitor uniform accounting and taxing mandates by cooperatively developing a uniform accounting, budgeting and financial reporting system and manual for local government agencies. It does not tell local taxing districts how much to spend or what to spend it on and only reports on how their allocations are spent. It will be the duty of the Idaho State Controller to do the heavy lifting and create systems which will transfer data to the new reporting system so that cities and counties will not have difficulties with it. Rep. Addis presented data on the aggregate return on investment for Idaho property taxpayers. The 2021 supplemental request for $88,000 allows the Idaho State Controller the ability to have data for the fall 2021.

In response to committee questions, **Rep. Addis** replied that the rollout would begin with education. They are required by statute to be as uniform as possible and will plan on larger taxing districts rolling out sooner. It is Important to allow local taxing districts to do things as usual until their time to roll over.

MOTION: **Rep. Gestrin** made a motion to introduce **RS 28342**. **Motion carried by voice vote.**

H 20: **Rep. von Ehlinger** said **H 20** allows for a $4,000 standardized medical deduction for seniors in what is known as circuit breaker, without seniors having to provide documentation of medical expenses. If seniors have more than $4,000 worth of medical expenses they can still provide documentation. The proposed legislation is great for privacy for seniors and reduces the work of the Idaho State Tax Commission (ISTC). **H 20** would cost the state about $100,000 which was calculated by using how many people are on the cusp of qualifying for the threshold.

In response to committee questions on whether there were any requirements that those already receiving tax-paid health care would not qualify for the deduction, **Rep. von Ehlinger** responded there were no restrictions of which he is aware. He further responded that he did not know why the costs were placed on the Idaho General Fund rather than local governments. Regarding questions on whether there would be a decrease in agency budgets based upon any savings realized, Rep. von Ehlinger indicated it could be recommended to ISTC.

ORIGINAL MOTION: **Rep. Chaney** made a motion to **HOLD H 20** in committee.

SUBSTITUTE MOTION: **Rep. Necochea** made a substitute motion to send **H 20** to the floor with a **DO PASS** recommendation.

Rep. Necochea spoke **in support** of **H 20** saying it would streamline the process and save money. She also said a circuit breaker is not a tax shift.

Rep. Chaney and Rep. Moyle spoke **in opposition** to **H 20** saying there is no such thing as a property tax cut, just a tax shift. Because of IRA requirements, some seniors could be disqualified from circuit breakers and have the tax burden shift to them. The shift comes up from income tax to property tax.

ROLE CALL VOTE ON SUBSTITUTE MOTION: Roll call vote was requested. **Substitute motion failed by a vote of 3 AYE and 14 NAY**. **Voting in favor** of the Substitute Motion: **Chairman Harris** and **Reps. Necochea and Ruchti**. **Voting in opposition** to the motion: **Reps. Addis, Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, and Weber**

VOTE ON ORIGINAL MOTION: **Chairman Harris** called for a vote on the original motion to **HOLD H 20** in committee. **Motion carried by voice vote.**

H 32: **Rep. Adams** stated **H 32** corrects confusion caused by an ISTC audit that viewed the sale of a new manufactured home to a retailer not as a wholesale transaction but as a sale to a customer. A manufacturer sells to a retailer who presents a valid resale certificate and sales tax is paid by the retailer when the home is sold to the ultimate consumer based on 55% of the sales price. The purpose of **H 32** is to clarify that any sale of new manufactured home by a licensed manufacturer to a licensed retailer with a resale certificate is exempt from sales tax. **H 32** clarifies that items incorporated in the manufactured home as component parts will be included in the wholesale price and taxed at 55%, whereas a part added by a retailer will be subject to sales tax at 100% of its value. **H 32** changes language references from 'mobile' to 'manufactured' home.

MOTION: **Rep. Addis** made a motion to send **H 32** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote. Rep. Adams** will sponsor the bill on the floor.

Jack Lyman spoke **in support** of **H 32**.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:40 a.m.

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Representative Harris
Chair

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Lorrie Byerly
Secretary