

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, February 23, 2022

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, Weber, Shepherd, Necochea, Ruchti

**ABSENT/
EXCUSED:** Representative(s) Cannon, Nichols, Hartgen, Okuniewicz

GUESTS: The sign-in sheet will be retained in the committee secretary's office; following the end of the session, the sign-in sheet will be filed with the minutes in the Legislative Library.

Chairman Harris called the meeting to order at 09:00 a.m.

RS 29554: **Rep. Addis** explained this bill protects Idaho business from being taxed by out of state taxing entities for conducting sales or other business, taking place within the State of Idaho, between an Idaho business and a non-resident who is physically present within the State of Idaho, while engaging in the business transaction. There is no impact to the General Fund. In fact, the impact would be positive as tax payment would not be leaving the State of Idaho.

MOTION: **Rep. Shepherd** made a motion to introduce **RS 29554. Motion carried by voice vote.**

RS 29610C1: **Rep. Manwaring** introduced **RS 296101**. It is about constructing, expanding and modernizing the semiconductor industry in the state. But more importantly this is about state and national security. For U.S. national security, supply chain protection, and economic prosperity, it is critical to expand domestic semiconductor fabrication, assembly, testing, advanced packaging, and research and development. Idaho is uniquely poised to accelerate the growth of the semiconductor industry, mitigate national security and supply chain risks, increase economic competitiveness, and protect intellectual property. With Federal investments like the CHIPS for America (CHIPS) Act, and the Facilitating American-Built Semiconductors Act, the government is competing with foreign countries by securing domestic supply chains and by bringing American semiconductor manufacturing jobs back to the United States. The Idaho Semiconductors for America Act (Idaho Act) provides a tax relief incentive for U.S. sponsored semiconductor expansions in Idaho. The Idaho Act exempts sales tax on the purchase or use of construction and building materials to construct, expand, or modernize a semiconductor facility in Idaho. To qualify for the exemption, a semiconductor company must also qualify for new federal incentives for the expansion of domestic fabrication, assembly, testing, advanced packaging, or research and development. All requests by semiconductor companies for incentives would be submitted to the Idaho Department of Commerce and reviewed for approval by the Idaho Economic Advisory Council. All approved incentives will be governed by detailed agreements between the state and incentivize companies.

MOTION: **Rep. Weber** made a motion to introduce **RS 29610C1. Motion carried by voice vote.**

H 663: **Rep. Burns** clarified that housing and multifamily housing are forms of property exemptions allowed under 63-602 NN. Currently only Blaine and Kootenai Counties allow for multifamily housing to qualify for tax exemption. This proposed change would clarify that all counties would have the ability to grant the exemption for housing, for a period of time up to five years. As to the amount, it is up to the counties commissioners statewide to decide for the time period. There would be no fiscal impact to the General Fund of the state of Idaho. The only fiscal impact to counties would be as much as they would elect to grant for the exemption.

To the question in regard to how to see the current framework for this special program, **Rep. Burns** said that when the statute was enacted, it directed county commissioners to create some guidelines with which they will exempt certain types of investments. Counties had the opportunity to use that plan investment as they defined it, base on their own ordinance, and then they will be on the roles. With this new revised statute the exemption amount of property tax does not go on the tax roll until the exemption is up. Once the exemption is over, the taxes are paid as normal. Rep. Burns also affirmed it can also provide incentives for businesses moving to the state of Idaho, enhancing some investment in certain areas, even incentive some housing investment.

Mr. Phil Mount, representing the Idaho Realtors Association, expressed his support for the bill, as it gives the ability to add housing, especially in this time of housing shortage in the state of Idaho. Multifamily housing investments, particularly, would be a huge benefit to the state. It will allow additional investment to create more affordable housing.

MOTION: **Rep. Moyle** made a motion to send **H 663** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Burns** will sponsor the bill on the floor.

ADJOURN: There being no further business to come before the committee, the meeting adjourned at 9:27 a.m.

Representative Harris
Chair

Anna Maria Mancini
Secretary