

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 23, 2020

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of January 14, 2020. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

ANNOUNCEMENT: **Senator Rice** explained to the Committee he was adjusting the agenda in order to hear the Idaho Board of Tax Appeals docket first.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow to introduce the presenters for the rules being heard.

DOCKET NO. 36-0101-1900F **Rules of the Idaho Board of Tax Appeals (Board) - Fee Rules. Steve Wallace**, Director and Clerk of the Board, explained that the Board is Idaho's independent administrative tax tribunal, sitting at an appellate level. The omnibus was one chapter which they consolidated, eliminating over 16 percent along with 36 restrictive terms, representing a 31 percent reduction in restrictions.

DISCUSSION: **Senator Hill** pointed out that Rule 066 had to do with filing place, number of copies, and fax transmissions, but did not mention email or electronic signatures. **Mr. Wallace** responded that they accept electronic signatures in many forms, however email filings are troublesome as people are too casual with them. Filing an appeal or document by fax is more effective.

Senator Hill then asked for clarification regarding why this was considered a fee rule. **Mr. Wallace** reported that Rule 151.03 requires a third party to pay for copies; it is the only fee involved.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 36-0101-1900F**. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0000-1900 **Rules of the Idaho State Tax Commission (Commission). Tom Shaner**, Tax Policy Manager of the Commission, explained that there were ten rules chapters in the omnibus docket and each rule was previously reviewed and approved by the Legislature. They eliminated or combined four chapters of rules which resulted in 35,769 fewer words, and eliminated 1,797 restrictive words. Part of the reduction was due to the deletion of two chapters, the Estate and Transfer Tax which was repealed in 2001, and the Illicit Substance Stamp rules, which still has statutes in place. They also combined the beer and wine rules chapters.

Mr. Shaner introduced Cynthia Adrian, Income Tax Policy Specialist at the Commission, who went over the Income Tax rules. **Ms. Adrian** affirmed there were no substantial changes to the rules.

Mr. Shaner then presented the Sales and Use Tax rules, advising the Committee that they contain the majority of edits. He pointed out that many were simple changes from "must be" to "are" and "must" to "will."

DISCUSSION:

Vice Chairman Grow commented that he did not understand the rationale of those changes and questioned what prompted them. **Mr. Shaner** responded that they were attempting to adhere to the directions of the Governor's Red Tape Reduction Act, which included eliminating restrictive words where possible. They were given a list of seven actual words to avoid.

A discussion ensued in which multiple Senators expressed their concern with the softer language used in regard to tax rules. It was pointed out that unless people are required to do them, a rule just becomes a suggestion. Many Senators felt that the language changes went too far, and the result is simple descriptive observations. At the conclusion of the discussion, **Senator Burgoyne** stated that his recommendation will be to amend the rules back to include the word either "must" or "shall."

Chairman Rice pointed out section 030.01b as being unintelligible. He stated his intent will be to have paragraph b removed in order that it be rewritten.

Senator Hill noted section 105.04. **Mr. Shaner** clarified that the prior subsection 04 was being stricken and the prior 05 was now 04. **Senator Hill** questioned how this could be stricken if it is in statute. **Mr. Shaner** stated it was last edited in 1993 and they believed it obsolete. **Senator Hill** requested that Mr. Shaner check on this before the next meeting. **Chairman Rice** stated he wished to reiterate that this section be revisited for some of the language.

Docket No. 35-0000-1900 will be held until the Committee meeting on Tuesday, January 28, 2020.

ADJOURNED:

There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 4:06 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary