

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 17, 2024

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Ricks, Vice Chairman Schroeder, Senators Grow, Cook, Adams, Bernt, Trakel, and Just

ABSENT/ EXCUSED: Senator Stinson (Rabe)

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 Ricks** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

GUBERNATORIAL APPOINTMENT VOTE: **Paul Woods to the Idaho State Tax Commission. Chairman Ricks** postponed this agenda item until a future meeting.

PASS THE GAVEL: Chairman Ricks passed the gavel to Vice Chairman Schroeder.

DOCKET NO. 35-0101-2301 **Income Tax Administrative Rules - Proposed Rule. Cynthia Adrian**, Tax Research Specialist, Idaho State Tax Commission (Commission), presented **Docket. No. 35-0101-2301. Ms. Adrian** stated that the changes to this docket clarified the credit for taxes paid by an affected business entity. The changes further clarified that a credit was provided under Idaho Code § 63-3026B(7)b toward income taxes owed for taxes paid in another state even if the other state called the tax paid something else.

DISCUSSION: **Senator Grow** expressed appreciation for the Commission's response to concerns raised about this issue last legislative session. He asked for further clarification whether, even if the other state called the tax paid a fee or something else, the credit would apply. **Ms. Adrian** responded that was correct.

DOCKET NO. 35-0101-2302 **Income Tax Administrative Rules - Proposed Rule. Cynthia Adrian**, Tax Research Specialist, Commission, presented **Docket. No. 35-0101-2302. Ms. Adrian** explained that the change to this docket was to conform to a change in Internal Revenue Code § 6011. This rule required that all employers with ten or more employees filed W-2s electronically. The previous rule required an employer with 50 or more employees to file electronically.

MOTION: **Senator Grow** moved to approve **Docket No. 35-0101-2301 and Docket No. 35-0101-2302. Chairman Ricks** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0102-2301 **Idaho Sales and Use Tax Administrative Rules - Proposed Rule. Tom Shaner**, Tax Research Manager, Commission, presented **Docket No. 35-0102-2301. Mr. Shaner** explained that this docket made a change to the rules in conformity with H 496 (2020). H 496 provided that custom meat processing and/or packing services were exempt from sales tax when a family farm, not a commercial operation, furnished the animal and it was not resold. The Commission deleted several examples in rule 29 that were contrary to H 496.

**DOCKET NO.
35-0108-2301**

Mine License Tax Administrative Rules (ZBR Chapter Rewrite). Tom Shaner, Tax Research Manager, Commission, presented **Docket No. 35-0108-2301**. Mr. Shaner indicated that these rules were rewritten under the Zero Based Rulemaking (ZBR) executive order issued by the Governor. There were no substantive changes to the rules and the Commission had reached out to all the interested parties.

MOTION:

Senator Bernt moved to approve **Docket No. 35-0102-2301** and **Docket No. 35-0108-2301**. **Senator Trakel** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
36-0101-2301**

Idaho Board of Tax Appeals Rules (ZBR Chapter Rewrite). Travis VanLith, Idaho Board of Tax Appeals, presented **Docket No. 36-0101-2301**. Mr. VanLith stated that these rules were rewritten under the ZBR executive order issued by the Governor. He further stated that there were no substantive changes to the rules. Plain language was incorporated for better understanding. Some of these plain language alterations included revised language in the interest of brevity, elimination of rules that restated statute and moving certain examples and additional detailed information from the rules to the agency's website.

DISCUSSION:

Chairman Ricks noted that section 36.01.01.012.01 and .02 relating to the election of the Chairman of the Board had been deleted and asked how the chairman was elected. **Mr. VanLith** explained that the election of the chairman of the board was addressed in Idaho Code § 63-3803. Therefore, the rule was duplicative.

MOTION:

Senator Bernt moved to approve **Docket No. 36-0101-2301**. **Senator Just** seconded the motion. The motion carried by **voice vote**.

**PASSED THE
GAVEL:**

Vice Chairman Schroeder passed the gavel to Chairman Ricks.

ADJOURNED:

There being no further business at this time, **Chairman Ricks** adjourned the meeting at 3:20 p.m.

Senator Ricks
Chair

Meg Lawless
Secretary