

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Chairman Edmonds at 9:00 a.m. on February 27, 2002 in Room 519-S of the Capitol.

All members were present except: Representative Flora, excused  
Representative Kirk, excused  
Representative Mays, excused

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor  
Winnie Crapson, Secretary

Conferrees appearing before the Committee: None

Committee was recessed until a quorum was present at 9:05 a.m.

Consideration of HB 2560 was opened.(Cigarette and tobacco products tax rate increase).

Chairman Edmonds distributed copies of balloon amendment (Attachment #1) making technical changes and amending back to current law so it is not a tax increase.

**Representative L. Powell moved, Representative Gilbert seconded, that balloon amendment to HB 2560 be adopted. Motion carried.**

**Representative Huff moved, Representative Powers seconded, to report HB 2560 favorable for passage as amended. Motion carried.**

**Consideration was opened on HB 231 - Establish the family development account program and family development account reserve fund.**

Representative Osborne gave an oral report for the Subcommittee appointed February 26, 2001 (Representatives Cook and Flora, Representative Osborne, Chair). Representative Osborne noted a "sister" bill was worked in 2001 on which Subcommittee reported April 5, 2001, recommending amendment and favorable passage as amended. [**SB 332 - Establishing the individual development account program and individual development account reserve fund**]. In their April 5, 2001 report the Subcommittee recommended that **SB 231** be referred to an interim committee for study.

Upon request of Chairman Edmonds, the Subcommittee reconsidered **SB 231** February 26, 2002. Representative Osborne reported the Subcommittee was not encouraged with **SB 231** and recommends adverse report.

**Representative Osborne moved, Representative Hutchins seconded, to accept Subcommittee on SB 231 report. Motion carried.**

Mr. Courtwright noted the Subcommittee and the Senate had worked with the Fiscal Note in 2001 and called attention to the Supplemental Note which states: "The latest fiscal information available based on ongoing discussions with the Department of Revenue suggested that the bill would be expected to reduce receipts by about \$519,000 and would necessitate expenditure of an additional \$59,889 in administrative costs."

## CONTINUATION SHEET

**Representative Larkin moved, seconded by Representative Gatewood, to amend HB 231 by taking out the language in lines 30-31 on page 3 relating to the small business component. Motion carried.**

Representative Cook, a member of the Subcommittee, said administration of the program was an issue.

**Representative Huff moved, Representative Osborne seconded, that SB 231 be tabled. Motion carried.**

Consideration of HB 2066 was opened (Elimination of severance tax on gas and oil).

Chairman Edmonds called attention to the revised Fiscal Note.

Representative L. Powell moved, Representative Powers seconded, to amend the bill to 10%. Motion carried.

**Representative Powers moved, Representative L. Powell seconded, to report HB 2066 favorable for passage as amended. Motion carried.**

Consideration was opened of HB 2092 - City and County development activity excise tax act.

Mr. Courtwright said **HB 2092** would provide requirements for cities and counties before establishing or modifying any excise tax. Hearing was held on February 6, 2001.

Representative Larkin said cities and counties consider this would be a mandate on them with additional expenses and significant negative impact.

Mr. Courtwright said testimony was that they would not realistically be able to avail themselves of the home rule power with regard to excise tax..

**Representative T. Powell moved, Representative L. Powell seconded, that HB 2092 - City and County development activity excise tax act be reported favorable for passage.**

Representative Gatewood noted this unfunded mandate would certainly run business costs up for local government and increase the costs they incur.

Representative Owens said this unfunded mandate on local government would require a huge amount of paperwork

Mr. Courtwright said the Fiscal Note was only for the state. A number of restrictions, requirements and costs would be imposed on cities and counties and the tax would continue to be collected at the local levels.

In response to a question Mr. Cram, Department of Revenue, said there is normally no attempt to estimate implementation costs for cities and counties.

**Representative Larkin moved, seconded by Representative Owens, that HB 2092 be tabled. Motion carried.**

The meeting adjourned at 9:22 a.m. The next meeting is scheduled March 7.