

August 31, 2022



Employers Advocating Economic Opportunity in Idaho®

Via email: kimberlee.stratton@tax.idaho.gov

Kimberlee Stratton
Administrative Rules Coordinator
Idaho State Tax Commission

Re: Income Tax: Docket 35.01.01

Dear Ms. Stratton:

Idaho Association of Commerce & Industry ("IACI") appreciates the opportunity to provide further comments on the Tax Commission's negotiated rulemaking regarding Zero-Based Rulemaking for Income Taxes, Docket 35.01.01.

These comments are specific to the rulemaking in Sections 300-699.

We appreciate the Commission's willingness to work with the business community in implementing the proposed rules in a timely manner and largely support the rules as written with a couple of exceptions.

First, regarding Section 581 dealing with special industries, we continue to believe these industries were intended to, and should, have the election to be taxed under the new single-sales, market-based regime. While the wording of the legislation is somewhat ambiguous, we continue to believe that the intent of the Legislature was to give these industries that flexibility. IACI will continue to meet with or partners in these special industries to seek a path forward on finding clarity for this issue.

Second, IACI has significant concerns with a change that appears to have been made late in the process to amend rule 003.02 to reference the 2015 MTC Formula instead of the 1994 formula. This change will have a dramatic negative impact on financial institutions in Idaho, which was certainly never our intent in passing HB 563. This proposed change has been discussed and rejected by industry multiple times in the past, and IACI opposes including this change in the rules. This type of substantive change in tax policy should be a separate discussion apart from these rule changes.

We appreciate the Commission's willingness to consider our comments on the proposed rules.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex LaBeau", is written over a light blue horizontal line.

Alex LaBeau
President

cc: Mark Wynn, Chair, IACI Tax Committee
Cynthia Adrian, Chair, ITC Income Tax Rules Committee
Bobbi-Jo Meuleman, Deputy Chief of Staff, Governor Little