

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 67

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXATION; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE INDIVIDUAL INCOME TAX RATES; AMENDING SECTION 63-3025, IDAHO CODE, TO REVISE CORPORATE INCOME TAX RATES; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

Be It Enacted by the Legislature of the State of Idaho:

SECTION 1. That Section 63-3024, Idaho Code, be, and the same is hereby amended to read as follows:

63-3024. INDIVIDUALS' TAX AND TAX ON ESTATES AND TRUSTS. For taxable year 2001, and each taxable year thereafter, a tax measured by Idaho taxable income as defined in this chapter is hereby imposed upon every individual, trust, or estate required by this chapter to file a return.

(a) The tax imposed upon individuals, trusts and estates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
<u>Less than \$750</u>	<u>Zero percent (0%)</u>
<u>\$750 but less than \$1,000</u>	One and six-tenths percent (1.6%) <u>of the amount over \$750</u>
\$1,000 but less than \$2,000	\$164 , plus three and six-tenths percent (3.6%) of the amount over \$1,000
\$2,000 but less than \$3,000	\$5240 , plus four and one-tenth percent (4.1%) of the amount over \$2,000
\$3,000 but less than \$4,000	\$9381 , plus five and one-tenth percent (5.1%) of the amount over \$3,000
\$4,000 but less than \$5,000	\$144132 , plus six and one-tenth percent (6.1%) of the amount over \$4,000
\$5,000 but less than \$7,500	\$205193 , plus seven and one-tenth percent (7.1%) of the amount over \$5,000
\$7,500 and over	\$383371 , plus seven and four <u>two-tenths</u> percent (7.4 <u>2</u> %) of the amount over \$7,500

For taxable year 2000 and each year thereafter, the state tax commission shall prescribe a factor which shall be used to compute the Idaho income tax brackets provided in subsection (a) of this section. The factor shall provide an adjustment to the Idaho tax brackets so that inflation will not result in a tax increase. The Idaho tax brackets shall be adjusted as follows: multiply the bracket amounts by the percentage (the consumer price index for

1 the calendar year immediately preceding the calendar year to which the ad-
2 justed brackets will apply divided by the consumer price index for calendar
3 year 1998). For the purpose of this computation, the consumer price index
4 for any calendar year is the average of the consumer price index as of the
5 close of the twelve (12) month period for the immediately preceding calendar
6 year, without regard to any subsequent adjustments, as adopted by the state
7 tax commission. This adoption shall be exempt from the provisions of chapter
8 52, title 67, Idaho Code. The consumer price index shall mean the consumer
9 price index for all U.S. urban consumers published by the United States de-
10 partment of labor. The state tax commission shall annually include the fac-
11 tor as provided in this subsection to multiply against Idaho taxable income
12 in the brackets above to arrive at that year's Idaho taxable income for tax
13 bracket purposes.

14 (b) In case a joint return is filed by husband and wife pursuant to the
15 provisions of section 63-3031, Idaho Code, the tax imposed by this section
16 shall be twice the tax which would be imposed on one-half (1/2) of the aggre-
17 gate Idaho taxable income. For the purposes of this section, a return of a
18 surviving spouse, as defined in section 2(a) of the Internal Revenue Code,
19 and a head of household, as defined in section 2(b) of the Internal Revenue
20 Code, shall be treated as a joint return and the tax imposed shall be twice
21 the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

22 (c) In the case of a trust that is an electing small business trust as
23 defined in section 1361 of the Internal Revenue Code, the special rules for
24 taxation of such trusts contained in section 641 of the Internal Revenue Code
25 shall apply except that the maximum individual rate provided in this section
26 shall apply in computing tax due under this chapter.

27 (d) The state tax commission shall compute and publish Idaho income
28 tax liability for taxpayers at the midpoint of each bracket of Idaho taxable
29 income in fifty dollar (\$50.00) steps to fifty thousand dollars (\$50,000),
30 rounding such calculations to the nearest dollar. Taxpayers having income
31 within such brackets shall file returns based upon and pay taxes according
32 to the schedule thus established. The state tax commission shall promulgate
33 rules defining the conditions upon which such returns shall be filed.

34 SECTION 2. That Section 63-3025, Idaho Code, be, and the same is hereby
35 amended to read as follows:

36 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on
37 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable in-
38 come of a corporation, other than an S corporation, which transacts or is au-
39 thorized to transact business in this state or which has income attributable
40 to this state. The tax shall be equal to seven and ~~four~~two-tenths percent
41 (7.42%) of Idaho taxable income.

42 (2) In the case of an S corporation that is required to file a return un-
43 der section 63-3030, Idaho Code, a tax is hereby imposed at the rate provided
44 in subsection (1) of this section upon both:

45 (a) Net recognized built-in gain attributable to this state. The
46 amount of net recognized built-in gain attributable to this state shall
47 be computed in accordance with section 1374 of the Internal Revenue
48 Code subject to the apportionment and allocation provisions of section
49 63-3027, Idaho Code.

1 (b) Excess net passive income attributable to this state. The amount of
2 excess net passive income attributable to this state shall be computed
3 in accordance with section 1375 of the Internal Revenue Code subject to
4 the apportionment and allocation provisions of section 63-3027, Idaho
5 Code.

6 (3) The tax imposed by subsection (1) or (2) of this section shall not
7 be less than twenty dollars (\$20.00); provided further that the twenty dol-
8 lar (\$20.00) minimum payment shall not be collected from nonproductive min-
9 ing corporations.

10 (4) The tax imposed by this section shall not apply to corporations
11 taxed pursuant to the provisions of section 63-3025A, Idaho Code.

12 SECTION 3. An emergency existing therefor, which emergency is hereby
13 declared to exist, this act shall be in full force and effect on and after its
14 passage and approval, and retroactively to January 1, 2017.