

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 436

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAX; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE PROVISIONS REGARDING INCOME TAX; AMENDING SECTION 63-3024B, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE IDAHO TAX REBATE FUND; AMENDING SECTION 63-3025, IDAHO CODE, TO REVISE PROVISIONS REGARDING CORPORATE INCOME TAX AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 57-811, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE TAX RELIEF FUND; AND 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:
Less than \$1,000	One percent (1%)
\$1,000 but less than \$3,000	\$10.00, plus three and one-tenth percent (3.1%) of the amount over \$1,000
\$3,000 but less than \$ <u>45</u> ,000	\$7 <u>20</u> .00, plus four and five-tenths percent (4.5%) of the amount over \$3,000
\$4,000 but less than \$5,000	\$117, plus five and five-tenths percent (5.5%) of the amount over \$4,000
\$5,000 and over	\$172<u>60</u>, plus six and five-tenths percent (6.5%) of the amount over \$5,000

1 For taxable year 2000 and each year thereafter, the state tax commission
 2 shall prescribe a factor that shall be used to compute the Idaho income
 3 tax brackets provided in ~~subsection (a) of~~ this section. The factor shall
 4 provide an adjustment to the Idaho tax brackets so that inflation will not
 5 result in a tax increase. The Idaho tax brackets shall be adjusted as fol-
 6 lows: multiply the bracket amounts by the percentage (the consumer price
 7 index for the calendar year immediately preceding the calendar year to which
 8 the adjusted brackets will apply divided by the consumer price index for
 9 calendar year 1998). For the purpose of this computation, the consumer price
 10 index for any calendar year is the average of the consumer price index as
 11 of the close of the twelve (12) month period for the immediately preceding
 12 calendar year, without regard to any subsequent adjustments, as adopted by
 13 the state tax commission. This adoption shall be exempt from the provisions
 14 of chapter 52, title 67, Idaho Code. The consumer price index shall mean the
 15 consumer price index for all U.S. urban consumers published by the United
 16 States department of labor. The state tax commission shall annually include
 17 the factor as provided in this subsection to multiply against Idaho taxable
 18 income ~~in using the brackets above in this section~~ to arrive at that year's
 19 Idaho taxable income for tax bracket purposes.

20 (b) In case a joint return is filed by husband and wife pursuant to the
 21 provisions of section 63-3031, Idaho Code, the tax imposed by this section
 22 shall be twice the tax ~~which that~~ would be imposed on one-half (1/2) of the
 23 aggregate Idaho taxable income. For the purposes of this section, a return
 24 of a surviving spouse, as defined in section 2(a) of the Internal Revenue
 25 Code, and a head of household, as defined in section 2(b) of the Internal Rev-
 26 enue Code, shall be treated as a joint return and the tax imposed shall be
 27 twice the tax ~~which that~~ would be imposed on one-half (1/2) of the Idaho tax-
 28 able income.

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

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

41 SECTION 2. That Section 63-3024B, Idaho Code, be, and the same is hereby
 42 amended to read as follows:

43 63-3024B. ~~2021~~ IDAHO TAX REBATE FUND. (1) There is hereby created in
 44 the state treasury the ~~2021~~ Idaho tax rebate fund for the purpose of imple-
 45 menting the provisions of this section. Up to two hundred twenty million
 46 dollars (\$220,000,000), less administrative costs, shall be distributed by
 47 the state tax commission to pay rebates to individual taxpayers as provided
 48 in subsection (2) of this section, which moneys are continuously appropri-
 49 ated. For rebates authorized under subsection (3) of this section, up to

1 three hundred fifty million dollars (\$350,000,000), less administrative
 2 costs, shall be distributed by the state tax commission to pay rebates to
 3 individual taxpayers, which moneys are continuously appropriated.

4 (2) After filing a 2020 Idaho individual income tax return or form 24 on
 5 or before December 31, 2021, any full-year resident taxpayer who also filed
 6 an individual income tax return or a form 24 for 2019 shall receive a onetime,
 7 nontaxable income tax rebate check in an amount approximately equal to nine
 8 percent (9%) of the tax amount, if any, reported on 2019 form 40, line 20,
 9 or for service members on 2019 form 43, line 42, or fifty dollars (\$50.00)
 10 per taxpayer and each dependent, whichever is more. Any unexpended moneys
 11 remaining from the rebate authorized under this subsection shall be added by
 12 the state tax commission to the moneys designated for the rebate authorized
 13 under subsection (3) of this section.

14 (3) After filing a 2021 Idaho individual income tax return or form 24 on
 15 or before December 31, 2022, any full-year resident taxpayer who also filed
 16 an individual income tax return or a form 24 for 2020 shall receive a one-
 17 time, nontaxable income tax rebate check in an amount approximately equal to
 18 twelve percent (12%) of the tax amount, if any, reported on 2020 form 40, line
 19 20, or for service members on 2020 form 43, line 42, or seventy-five dollars
 20 (\$75.00) per taxpayer and each dependent, whichever is more. The state tax
 21 commission shall issue such rebates during the 2022 fiscal year to the extent
 22 possible.

23 (4) For rebates granted under subsection (3) of this section, the state
 24 tax commission shall establish a mechanism by which a taxpayer may choose to
 25 donate a rebate owed him under this section to be used for one (1) of the fol-
 26 lowing purposes: public schools, transportation, or parks and recreation.
 27 The state tax commission shall report to the governor and legislature the
 28 amount of rebates redirected for these specific purposes by December 31,
 29 2022, so that the legislature may appropriate such funds for the intended
 30 purposes in the 2023 legislative session.

31 SECTION 3. That Section 63-3025, Idaho Code, be, and the same is hereby
 32 amended to read as follows:

33 63-3025. TAX ON CORPORATE INCOME. (1) ~~For each taxable years commenc-~~
 34 ~~ing on and after January 1, 2001,~~ a tax is hereby imposed on the Idaho taxable
 35 income of a corporation, other than an S corporation, ~~which that~~ transacts or
 36 is authorized to transact business in this state or ~~which~~ has income attrib-
 37 utable to this state. The tax shall be equal to six ~~and five-tenths~~ percent
 38 (6.5%) of Idaho taxable income.

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

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

47 (b) Excess net passive income attributable to this state. The amount of
 48 excess net passive income attributable to this state shall be computed
 49 in accordance with section 1375 of the Internal Revenue Code subject to

1 the apportionment and allocation provisions of section 63-3027, Idaho
2 Code.

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

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

9 SECTION 4. That Section 57-811, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 57-811. TAX RELIEF FUND. (1) There is hereby created in the state
12 treasury the tax relief fund to which shall be credited all moneys remitted
13 from sections 63-3620F and 63-3638, Idaho Code, from federal grants, dona-
14 tions, or any other source. Moneys in the fund are intended to fund future
15 tax relief statutes enacted by the legislature and may be expended pursuant
16 to appropriation. All interest earned on the investment of idle moneys in
17 the fund shall be returned to the fund.

18 (2) ~~On July 15, 2021~~ Immediately upon the passage of this act, the state
19 controller shall transfer ~~one hundred eighty ninety-four~~ million dollars
20 (~~\$180~~94,000,000) from the tax relief fund to the ~~2021~~ Idaho tax rebate fund.

21 (3) For fiscal year 2022 ~~and each fiscal year thereafter~~, the state con-
22 troller shall transfer one hundred ten million dollars (\$110,000,000) from
23 the tax relief fund to the general fund.

24 (4) For fiscal year 2023 and each fiscal year thereafter, the state con-
25 troller shall transfer up to two hundred four million dollars (\$204,000,000)
26 from the tax relief fund to the general fund.

27 SECTION 5. An emergency existing therefor, which emergency is hereby
28 declared to exist, Sections 1, 2, and 3 of this act shall be in full force
29 and effect on and after passage and approval, and retroactively to January 1,
30 2022, and Section 4 of this act shall be in full force and effect on and after
31 passage and approval.