

## STATEMENT OF PURPOSE

### RS26442

This bill relates to income taxes. 2018 House Bill 463 allows a deduction for the IRC section 461 loss limitation related to excess business losses. The bill provides that IRC section 461 loss limitation be added back to compute the Idaho net operating loss (NOL). It is more appropriate for this amount to be subtracted to ensure the taxpayer gets the benefit of the limited loss for Idaho in case there is no Idaho NOL. Also, the amount of the subtraction allowed should be limited to the excess business loss under IRC section 461(l)(1)(B) rather than to all amounts limited by that section.

2018 HB 463 also allowed a new noncorporate business expense under IRC 199A. This bill requires any expense allowed by IRC 199A to be added back in section 63-3021(b)(5) so the expense does not create or increase the Idaho NOL.

### FISCAL NOTE

There is no fiscal impact to this. There is no change to the purpose of the current law. This is an improved method of implementing the law.

#### Contact:

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**DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).**