

## STATEMENT OF PURPOSE

### RS19187

This bill makes three updates to the Idaho Income Tax Act.

1. Current law relating to college savings accounts ("section 529 accounts") requires an account owner who transfers amounts from a qualified Idaho account to an account in another state to add to taxable income the amount contributed to the account within the 12 months preceding the transfer. This bill will limit the addition to the amounts that were deducted on the account owner's income tax return for the year of the transfer or the prior taxable year.
2. The bill updates the credit for research activity to reflect changes to the federal credit allowed in section 41 of the Internal Revenue Code. It also deletes obsolete information relating to 2001 and moves some information internally within the section.
3. The bill corrects the additional income tax credit for capital investment by small employers so that the credit is allowed on investments of qualifying property made during the project period rather than for each year during the period the incentives are possible (2006 through 2020).

The bill will be effective retroactively to January 1, 2010.

### FISCAL NOTE

Loss of less than \$25,000 to the General Fund.

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