

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 595

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAX NET OPERATING LOSS; AMENDING SECTION 63-3021, IDAHO CODE, TO PROVIDE FOR APPLICATION OF A THEFT LOSS FROM A FRAUDULENT INVESTMENT ARRANGEMENT ALLOWABLE AS A DEDUCTION UNDER SECTION 165(c)(2) OF THE INTERNAL REVENUE CODE; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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

SECTION 1. That Section 63-3021, Idaho Code, be, and the same is hereby amended to read as follows:

63-3021. NET OPERATING LOSS. (a) The term "net operating loss" means the amount by which Idaho taxable income, after making the modifications specified in subsection (b) of this section, is less than zero.

(b) Add the following amounts:

(1) The amount of any net operating loss deduction included in Idaho taxable income.

(2) In the case of a taxpayer other than a corporation:

(i) Any amount deducted due to losses in excess of gains from sales or exchanges of capital assets; and

(ii) Any deduction for long-term capital gains provided by this chapter.

(3) Any deduction allowed under section 151 of the Internal Revenue Code (relating to personal exemption) or any deduction in lieu of any such deduction.

(4) Any deduction for the standard or itemized deductions provided for in section 63 of the Internal Revenue Code, or section 63-3022(j), Idaho Code, except for a theft loss from a fraudulent investment arrangement allowable as a deduction under section 165(c)(2) and any deduction allowable under section 165(c)(3) of the Internal Revenue Code (relating to casualty losses) pertaining to property physically located inside Idaho at the time of the casualty.

SECTION 2. An emergency existing therefor, which emergency is hereby declared to exist, this act shall be in full force and effect on and after its passage and approval, and retroactively to January 1, 2008, and shall apply to all proceedings pending before the State Tax Commission, the Board of Tax Appeals or the courts of this state on the effective date of this act.