

STATEMENT OF PURPOSE

RS19885

This bill relates to income taxes. It is the annual bill to update references to the Internal Revenue Code (IRC). The bill will conform the Idaho income tax to changes made to the IRC that affect taxable years beginning during 2010.

Section 2 of the bill insures that provisions of the IRC that expired on December 31, 2009, and are expected to be extended by Congress for taxable year 2010 (but have not yet been extended) are included to insure continuity with Idaho's policy of conforming to the IRC's definition of taxable income. Identifying specific sections of the IRC to which the bill will conform the Idaho Income Tax Act prevents an open-ended adoption of provisions of federal law enacted in 2010 that the Idaho Legislature has not had an opportunity to review. Details of expiring provisions of the IRC are found in the publication "List of Expiring Federal Tax Provisions" prepared by the staff of the congressional Joint Committee of Taxation dated January 29, 2010 (publication JCX-3-10).

FISCAL NOTE

FY 2011: Negative \$3.5 million to general fund. This estimate presumes that the current revenue projections do not anticipate extension of federal provisions that expired on December 31, 2009.

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