

Moved by Hart

Seconded by Nielsen

IN THE HOUSE OF REPRESENTATIVES
HOUSE AMENDMENT TO H.B. NO. 578

AMENDMENT TO SECTION 3

On page 2 of the printed bill, delete lines 11 through 16, and insert:

"(1) "Gold and silver coin" means any coin or bullion having at least fifty percent (50%) gold or silver content, the market value of which derives primarily from the value of such content, and which is:

(a) Issued at any time by the United States as legal tender; or

(b) Determined by congress to be legal tender; or

(c) Ruled by a final, unappealable judgment or order of a court of competent jurisdiction to be within the authority of the state of Idaho to make legal tender.".

AMENDMENT TO SECTION 4

On page 2, delete lines 32 through 35, and insert:

"63-4603. DESIGNATION OF LEGAL TENDER. (1) Gold and silver coin is legal tender in the state of Idaho under the laws thereof.".

On page 3, following line 28, insert:

"(e) For a purchase made or obligation satisfied with gold or silver coin that gives rise to tax liability pursuant to title 63, Idaho Code, any tax due shall be paid in gold or silver coin unless the state tax commission directs that such tax shall be paid in other legal tender, in which case the amount of the tax due shall be equal to the market value of the gold and silver coin valued in such other legal tender as of the date of the purchase payment or obligation satisfaction as calculated using the then most current London fixing price. The provisions of this paragraph (e) shall take precedence over the provisions of paragraph (d) of this subsection (2) in the event of a conflict between the application of these two paragraphs to any particular transaction.".

AMENDMENT TO SECTION 5

On page 3, in line 42, delete "any sales, excise, gross receipts, income,"; and delete lines 43 and 44, and insert: "gains tax.".

AMENDMENT TO THE BILL

On page 4, following line 6, insert:

"SECTION 6. That Section 63-3022H, Idaho Code, be, and the same is hereby amended to read as follows:

63-3022H. DEDUCTION OF CAPITAL GAINS. (1) If an individual taxpayer reports capital gain net income in determining taxable income, eighty percent (80%) in taxable year 2001 and sixty percent (60%) in taxable years thereafter of the capital gain net income from the sale or exchange of quali-

1 fied property shall be a deduction in determining Idaho taxable income. Any
 2 capital gain on the exchange of gold and silver coin, as defined in section
 3 63-4602, Idaho Code, for another form of United States legal tender shall not
 4 be included in taxable income.

5 (2) The deduction provided in this section is limited to the amount of
 6 the capital gain net income from all property included in taxable income.
 7 Gains treated as ordinary income by the Internal Revenue Code do not qualify
 8 for the deduction allowed in this section. The deduction otherwise allow-
 9 able under this section shall be reduced by the amount of any federal capital
 10 gains deduction relating to such property, but not below zero.

11 (3) Property held by an estate, trust, S corporation, partnership, lim-
 12 ited liability company or an individual is "qualified property" under this
 13 section if the property had an Idaho situs at the time of sale and is:

14 (a) Real property held at least twelve (12) months;

15 (b) Tangible personal property used in Idaho for at least twelve (12)
 16 months by a revenue-producing enterprise;

17 (c) Cattle or horses held for breeding, draft, dairy or sporting pur-
 18 poses for at least twenty-four (24) months if more than one-half (1/2)
 19 of the taxpayer's gross income (as defined in section 61(a) of the In-
 20 ternal Revenue Code) for the taxable year is from farming or ranching
 21 operations in Idaho;

22 (d) Breeding livestock other than cattle or horses held at least twelve
 23 (12) months if more than one-half (1/2) of the taxpayer's gross income
 24 (as defined in section 61(a) of the Internal Revenue Code) for the tax-
 25 able year is from farming or ranching operations in Idaho;

26 (e) Timber grown in Idaho and held at least twenty-four (24) months;

27 (f) In determining the period for which property subject to this sec-
 28 tion has been held by a taxpayer, the provisions of section 1223 of the
 29 Internal Revenue Code shall apply, except that the holding period shall
 30 not include the holding period of property given up in an exchange, when
 31 such property would not have constituted qualified property under this
 32 section without regard to meeting the holding period nor shall the hold-
 33 ing period include any time period in which the property subject to this
 34 section was held by a corporation other than an S corporation.

35 (4) As used in this section "revenue-producing enterprise" means:

36 (a) The production, assembly, fabrication, manufacture, or processing
 37 of any agricultural, mineral or manufactured product;

38 (b) The storage, warehousing, distribution, or sale at wholesale of any
 39 products of agriculture, mining or manufacturing;

40 (c) The feeding of livestock at a feedlot;

41 (d) The operation of laboratories or other facilities for scientific,
 42 agricultural, animal husbandry, or industrial research, development,
 43 or testing.

44 (5) As used in this section the term "real property" means land and
 45 other tangible property permanently upon or affixed to the land.";
 46 and renumber the remaining section of the bill accordingly.

47 CORRECTION TO TITLE

48 On page 1, in line 9, following "TENDER" insert: "AND TO ESTABLISH PRO-
 49 VISIONS RELATING TO THE PAYMENT OF CERTAIN TAXES"; and in line 12, following
 50 "COSTS;" insert: "AMENDING SECTION 63-3022H, IDAHO CODE, TO PROVIDE THAT

1 ANY CAPITAL GAIN ON THE EXCHANGE OF GOLD AND SILVER COIN FOR ANOTHER FORM OF
2 UNITED STATES LEGAL TENDER SHALL NOT BE INCLUDED IN TAXABLE INCOME;".