

STATEMENT OF PURPOSE

RS22522

The proposal codifies the Idaho Tax Commission practice in effect for tax years commencing in the mid-1970's through 2012. The practice was, and this proposal provides, that a member of a federally recognized Indian tribe who resides on an Idaho Indian reservation may exclude from Idaho taxable income, income earned by such Indian taxpayer on that reservation. To be eligible for the exclusion, the Indian taxpayer need not be a member of the Tribe on which the income was earned, but the taxpayer must reside on the reservation and the excludable income must have been earned on the reservation on which the taxpayer resides. The Tax Commission, in 2011, adopted a rule which would have disallowed the income exclusion unless the income was earned on the reservation of the Tribe of which the taxpayer was an enrolled member. The 2011 rule was adopted without following promised procedures for negotiated rule making and the 2012 instructions for withholding issued by the Commission to employers were in error. The Legislature, in the 2013 legislative session, and with the concurrence of the Tax Commission, adopted HCR 32 which rejected the 2011 rule as not being consistent with legislative intent and requested that the Tax Commission promulgate rules in effect when the rules rejected by HCR 32 replaced them. This proposal statutorily implements the legislative intent of HCR 32.

FISCAL NOTE

This legislation continues present practice and will have no effect on General Fund revenues

Contact:

Representative Janet Trujillo
(208) 332-1000