

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 548

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAXES; AMENDING SECTION 63-3024, IDAHO CODE, TO PROVIDE  
2 FOR AN INCOME TAX RATE REDUCTION, TO PROVIDE FOR CANCELLATION OF A FU-  
3 TURE RATE ADJUSTMENT AND TO PROVIDE FOR A PROCEDURE WHEN A RATE ADJUST-  
4 MENT SHALL NOT OCCUR; AMENDING SECTION 63-3025, IDAHO CODE, TO PROVIDE  
5 FOR AN INCOME TAX RATE REDUCTION, TO PROVIDE FOR CANCELLATION OF A FU-  
6 TURE ADJUSTMENT AND TO PROVIDE FOR A PROCEDURE WHEN A RATE ADJUSTMENT  
7 SHALL NOT OCCUR; AND PROVIDING AN EFFECTIVE DATE.  
8

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

10 SECTION 1. That Section 63-3024, Idaho Code, be, and the same is hereby  
11 amended to read as follows:

12 63-3024. INDIVIDUALS' TAX AND TAX ON ESTATES AND TRUSTS. For taxable  
13 year 2001, and each taxable year thereafter, a tax measured by Idaho taxable  
14 income as defined in this chapter is hereby imposed upon every individual,  
15 trust, or estate required by this chapter to file a return.

16 (a) The tax imposed upon individuals, trusts and estates shall be com-  
17 puted at the following rates:

18 When Idaho taxable income is:	The rate is:
19 Less than \$1,000	One and six-tenths percent (1.6%)
20 \$1,000 but less than \$2,000	\$16, plus three and six-tenths 21 percent (3.6%) of the amount over \$1,000
22 \$2,000 but less than \$3,000	\$52, plus four and one-tenth 23 percent (4.1%) of the amount over \$2,000
24 \$3,000 but less than \$4,000	\$93, plus five and one-tenth 25 percent (5.1%) of the amount over \$3,000
26 \$4,000 but less than \$5,000	\$144, plus six and one-tenth 27 percent (6.1%) of the amount over \$4,000
28 \$5,000 but less than \$7,500	\$205, plus seven and one-tenth 29 percent (7.1%) of the amount over \$5,000
30 \$7,500 and over	\$383, plus seven and four-tenths 31 percent (7.4%) of the amount 32 over \$7,500

33 For taxable year 2000 and each year thereafter, the state tax commission  
34 shall prescribe a factor which shall be used to compute the Idaho income tax  
35 brackets provided in subsection (a) of this section. The factor shall pro-  
36 vide an adjustment to the Idaho tax brackets so that inflation will not re-  
37 sult in a tax increase. The Idaho tax brackets shall be adjusted as follows:  
38 multiply the bracket amounts by the percentage (the consumer price index for

1 the calendar year immediately preceding the calendar year to which the ad-  
2 justed brackets will apply divided by the consumer price index for calendar  
3 year 1998). For the purpose of this computation, the consumer price index  
4 for any calendar year is the average of the consumer price index as of the  
5 close of the twelve (12) month period for the immediately preceding calendar  
6 year, without regard to any subsequent adjustments, as adopted by the state  
7 tax commission. This adoption shall be exempt from the provisions of chapter  
8 52, title 67, Idaho Code. The consumer price index shall mean the consumer  
9 price index for all U.S. urban consumers published by the United States de-  
10 partment of labor. The state tax commission shall annually include the fac-  
11 tor as provided in this subsection to multiply against Idaho taxable income  
12 in the brackets above to arrive at that year's Idaho taxable income for tax  
13 bracket purposes.

14 Subject to the adjustments provided for in subsection (a) of this sec-  
15 tion, each tax rate imposed upon individuals, trusts and estates in subsec-  
16 tion (a) of this section shall be decreased by one-tenth (1/10) of one per-  
17 centage point each year beginning with tax year 2015 until such time as the  
18 highest tax rate equals six and eight-tenths percent (6.8%).

19 (b) In case a joint return is filed by husband and wife pursuant to the  
20 provisions of section 63-3031, Idaho Code, the tax imposed by this section  
21 shall be twice the tax which would be imposed on one-half (1/2) of the aggre-  
22 gate Idaho taxable income. For the purposes of this section, a return of a  
23 surviving spouse, as defined in section 2(a) of the Internal Revenue Code,  
24 and a head of household, as defined in section 2(b) of the Internal Revenue  
25 Code, shall be treated as a joint return and the tax imposed shall be twice  
26 the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

27 (c) In the case of a trust that is an electing small business trust as  
28 defined in section 1361 of the Internal Revenue Code, the special rules for  
29 taxation of such trusts contained in section 641 of the Internal Revenue Code  
30 shall apply except that the maximum individual rate provided in this section  
31 shall apply in computing tax due under this chapter.

32 (d) The state tax commission shall compute and publish Idaho income  
33 tax liability for taxpayers at the midpoint of each bracket of Idaho taxable  
34 income in fifty dollar (\$50.00) steps to fifty thousand dollars (\$50,000),  
35 rounding such calculations to the nearest dollar. Taxpayers having income  
36 within such brackets shall file returns based upon and pay taxes according  
37 to the schedule thus established. The state tax commission shall promulgate  
38 rules defining the conditions upon which such returns shall be filed.

39 (e) For taxable years after 2015, the tax rate adjustments required by  
40 subsection (a) of this section shall not take place unless the state con-  
41 troller certifies that the receipts to the general fund for the fiscal year  
42 ending on June 30 of the year preceding the tax year have exceeded the re-  
43 ceipts of the previous fiscal year by more than three percent (3%). The tax  
44 rate adjustments required by subsection (a) of this section shall take place  
45 in the tax year following the year the state controller certifies that the  
46 receipts to the general fund for the fiscal year ending on June 30 of the  
47 year preceding the tax year have exceeded the receipts of the previous fis-  
48 cal year by more than three percent (3%). The state controller shall notify  
49 the state tax commission of whether the general fund receipts reached a suf-  
50 ficient growth rate to allow the income tax rate to be reduced.

1 SECTION 2. That Section 63-3025, Idaho Code, be, and the same is hereby  
2 amended to read as follows:

3 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on  
4 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income  
5 of a corporation, other than an S corporation, which transacts or is autho-  
6 rized to transact business in this state or which has income attributable to  
7 this state. The tax shall be equal to seven and four-tenths percent (7.4%)  
8 of Idaho taxable income and that tax rate shall be decreased by one-tenth  
9 (1/10) of one percentage point each year beginning with tax year 2015 until  
10 such time as the tax rate equals six and eight-tenths percent (6.8%).

11 (2) In the case of an S corporation that is required to file a return un-  
12 der section 63-3030, Idaho Code, a tax is hereby imposed at the rate provided  
13 in subsection (1) of this section upon both:

14 (a) Net recognized built-in gain attributable to this state. The  
15 amount of net recognized built-in gain attributable to this state shall  
16 be computed in accordance with section 1374 of the Internal Revenue  
17 Code subject to the apportionment and allocation provisions of section  
18 63-3027, Idaho Code.

19 (b) Excess net passive income attributable to this state. The amount of  
20 excess net passive income attributable to this state shall be computed  
21 in accordance with section 1375 of the Internal Revenue Code subject to  
22 the apportionment and allocation provisions of section 63-3027, Idaho  
23 Code.

24 (3) The tax imposed by subsection (1) or (2) of this section shall not  
25 be less than twenty dollars (\$20.00); provided further that the twenty dol-  
26 lar (\$20.00) minimum payment shall not be collected from nonproductive min-  
27 ing corporations.

28 (4) The tax imposed by this section shall not apply to corporations  
29 taxed pursuant to the provisions of section 63-3025A, Idaho Code.

30 (5) For taxable years after 2015, the tax rate adjustments required by  
31 subsection (1) of this section shall not take place unless the state con-  
32 troller certifies that the receipts to the general fund for the fiscal year  
33 ending on June 30 of the year preceding the tax year have exceeded the re-  
34 ceipts of the previous fiscal year by more than three percent (3%). The tax  
35 rate adjustments required by subsection (1) of this section shall take place  
36 in the tax year following the year the state controller certifies that the  
37 receipts to the general fund for the fiscal year ending on June 30 of the  
38 year preceding the tax year have exceeded the receipts of the previous fis-  
39 cal year by more than three percent (3%). The state controller shall notify  
40 the state tax commission of whether the general fund receipts reached a suf-  
41 ficient growth rate to allow the income tax rate to be reduced.

42 SECTION 3. This act shall be in full force and effect on and after Jan-  
43 uary 1, 2015.