

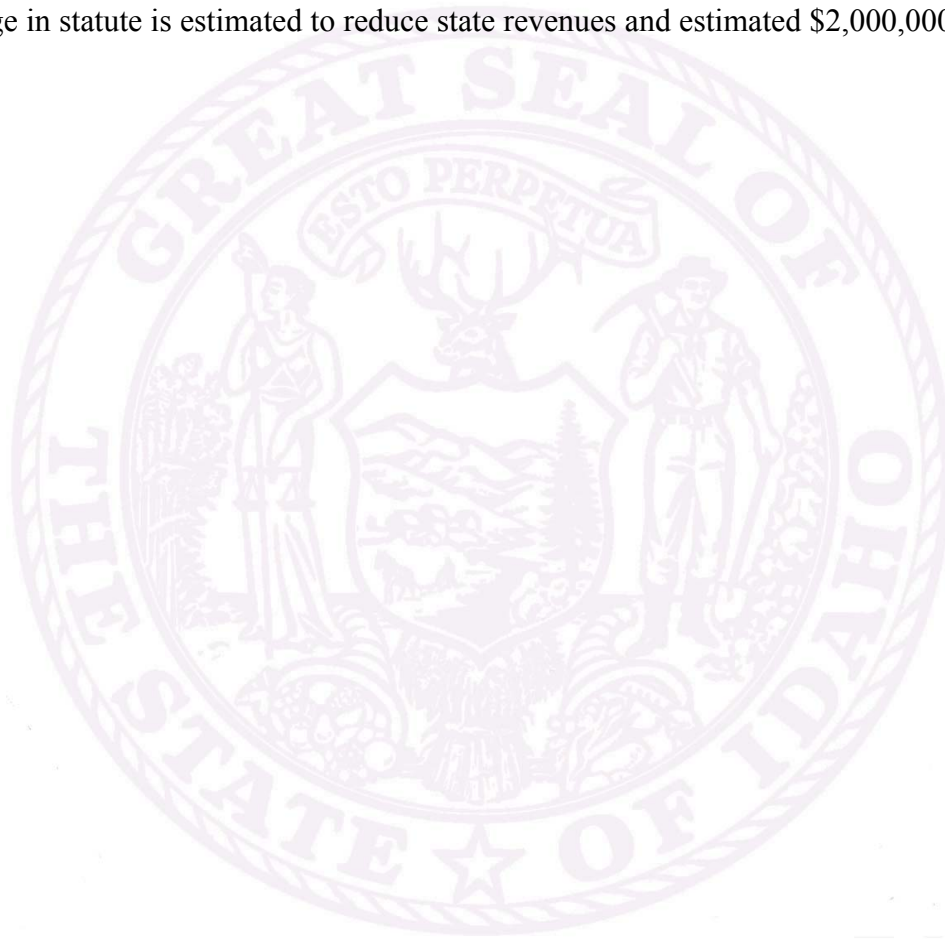
STATEMENT OF PURPOSE

RS22719

There is an ever increasing trend among real estate owners to hold their property in a Limited Liability Company, (LLC). Currently, if this property were to be sold to another owner of the LLC, it would be treated as ordinary income instead of capital gains. This capital gains change would allow partners who own Idaho real estate in a partnership, to sell their interest in the partnership and get Idaho capital gains deduction on the portion of the capital gain that is attributable to the Idaho real property. This conforms with current federal tax treatment.

FISCAL NOTE

This change in statute is estimated to reduce state revenues and estimated \$2,000,000



Contact:

Sen. Mortimer
(208) 334-1358