STATEMENT OF PURPOSE

RS23512

Idaho allows a 60% tax deduction for capital gains derived from the sale or disposition of tangible personal property used in a revenue-producing business and held for at least 12 months. Cattle or horses held for breeding, draft, dairy or sporting purposes for at least 24 months and other livestock used for breeding held for at least 12 months also qualify for the deduction if more than one-half of the taxpayer's gross income is from farming or ranching in Idaho. Idaho Code 63-3022H(3) clearly states that capital gains generated by pass-through entities that meet the farming or ranching requirement also qualify for this capital gains deduction. These gains retain their character when passed through to the individual owners of the pass-through entity. This legislation clarifies that if the farming or ranching requirement is met at the pass-through entity level, the qualifying capital gains will qualify for the deduction by the individual owners, regardless of whether or not more than one-half of their personal income is derived from farming or ranching. This results in consistent treatment of all qualifying capital gains, rather than holding livestock to a different standard.

FISCAL NOTE

The fiscal impact on Idaho's General Fund is less than $100,000 per year

Contact:
Senator Brent Hill
(208) 332-1000