

## STATEMENT OF PURPOSE

RS27711 / H0524

Idaho Code 63-3050, Action to Collect Unpaid Tax or Deficiency, provides that any debt owed to the Idaho State Tax Commission may be collected in any court having jurisdiction over the taxpayer and property. The Tax Commission has, under some circumstances, claimed that embezzled or stolen money was taxable income and has placed itself in a first priority position in bankruptcy court to recover its claim of taxes owed. This has left the victims of the original crime unable to recover a just share of what might be left of the stolen money. This legislation aims to correct this injustice to victims in these cases. The Idaho State Tax Commission is prohibited from putting itself in a first priority position in a bankruptcy if all of the following conditions are met: the claim of unpaid taxes is on money obtained by criminal activity; the person who is alleged to owe taxes is convicted of the crime; the criminal files for relief in the United States Bankruptcy Court for the district of Idaho; the victim of the crime files a creditor claim in the bankruptcy estate, and the bankruptcy estate does not have sufficient funds to pay both the claim of taxes owed by the State Tax Commission and to pay the victim of the crime a just recovery of stolen property.

## FISCAL NOTE

If it is understood that the state of Idaho has no just or valid claim to taxes on money obtained through theft or embezzlement, then there is no impact on the state general fund. In the long run, there could be a positive impact as taxes are paid by victims after stolen funds have been recovered.

### Contact:

Representative Gary Marshall  
(208) 332-1000

**DISCLAIMER:** This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).