

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 332

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO TAXATION; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE INCOME TAX ON INDIVIDUALS, ESTATES, AND TRUSTS; AMENDING SECTION 63-3025, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE CORPORATE INCOME TAX; AMENDING SECTION 57-811, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE TAX RELIEF FUND; AMENDING SECTION 63-3620F, IDAHO CODE, TO REVISE PROVISIONS REGARDING CERTAIN ONLINE SALES TAXES; AND DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION, AND PROVIDING EFFECTIVE DATES.

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

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

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

(a) The tax imposed upon individuals, trusts and estates shall be computed at the following rates:

| When Idaho taxable income is: | The rate is: |
|-------------------------------|--|
| Less than \$1,000 | One and one hundred twenty-five thousandths percent (1.125%) |
| \$1,000 but less than \$2,000 | \$11.25, plus three and one hundred twenty-five thousandths <u>two and eight-tenths</u> percent (3.125 <u>2.8</u> %) of the amount over \$1,000 |
| \$2,000 but less than \$3,000 | \$42.50, plus three and six hundred twenty-five thousandths <u>three-tenths</u> percent (3. 625 <u>3</u> %) of the amount over \$2,000 |
| \$3,000 but less than \$4,000 | \$78.75, plus four and six hundred twenty-five thousandths <u>hundredths</u> percent (4. 625 %) of the amount over \$3,000 |
| \$4,000 but less than \$5,000 | \$125, plus five and six hundred twenty-five thousandths <u>two-tenths</u> percent (5. 625 <u>2</u> %) of the amount over \$4,000 |

| | | |
|---|-------------------------------|---|
| 1 | When Idaho taxable income is: | The rate is: |
| 2 | \$5,000 but less than \$7,500 | \$181.25, plus six and six hundred |
| 3 | | twenty-five thousandths <u>two-tenths</u> |
| 4 | | percent (6.625%) of the amount over |
| 5 | | \$5,000 |
| 6 | \$7,500 and over | \$346.88, plus six and nine hundred |
| 7 | | twenty-five thousandths <u>five-tenths</u> |
| 8 | | percent (6.925%) of the amount over \$7,500 |

9 For taxable year 2000 and each year thereafter, the state tax commission
10 shall prescribe a factor which shall be used to compute the Idaho income tax
11 brackets provided in subsection (a) of this section. The factor shall pro-
12 vide an adjustment to the Idaho tax brackets so that inflation will not re-
13 sult in a tax increase. The Idaho tax brackets shall be adjusted as follows:
14 multiply the bracket amounts by the percentage (the consumer price index for
15 the calendar year immediately preceding the calendar year to which the ad-
16 justed brackets will apply divided by the consumer price index for calendar
17 year 1998). For the purpose of this computation, the consumer price index
18 for any calendar year is the average of the consumer price index as of the
19 close of the twelve (12) month period for the immediately preceding calendar
20 year, without regard to any subsequent adjustments, as adopted by the state
21 tax commission. This adoption shall be exempt from the provisions of chapter
22 52, title 67, Idaho Code. The consumer price index shall mean the consumer
23 price index for all U.S. urban consumers published by the United States de-
24 partment of labor. The state tax commission shall annually include the fac-
25 tor as provided in this subsection to multiply against Idaho taxable income
26 in the brackets above to arrive at that year's Idaho taxable income for tax
27 bracket purposes.

28 (b) In case a joint return is filed by husband and wife pursuant to the
29 provisions of section 63-3031, Idaho Code, the tax imposed by this section
30 shall be twice the tax which would be imposed on one-half (1/2) of the aggre-
31 gate Idaho taxable income. For the purposes of this section, a return of a
32 surviving spouse, as defined in section 2(a) of the Internal Revenue Code,
33 and a head of household, as defined in section 2(b) of the Internal Revenue
34 Code, shall be treated as a joint return and the tax imposed shall be twice
35 the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

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

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

1 (e) After filing a 2020 Idaho individual income tax return or form 24,
 2 any full-year resident taxpayer who also filed an individual income tax re-
 3 turn or a form 24 in 2019 shall receive a onetime, nontaxable income tax re-
 4 bate check in an amount approximately equal to nine percent (9%) of the tax
 5 amount, if any, reported on 2019 form 40, line 20, or for service members on
 6 2019 form 43, line 42, or fifty dollars (\$50.00) per taxpayer and each de-
 7 pendent, whichever is more. The total amount available for the rebate is two
 8 hundred twenty million dollars (\$220,000,000), less administrative costs.

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

11 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on
 12 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income
 13 of a corporation, other than an S corporation, which transacts or is autho-
 14 rized to transact business in this state or which has income attributable to
 15 this state. The tax shall be equal to six and ~~nine hundred twenty-five thou-~~
 16 ~~sandths~~ five-tenths percent (6.925%) of Idaho taxable income.

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

20 (a) Net recognized built-in gain attributable to this state. The
 21 amount of net recognized built-in gain attributable to this state shall
 22 be computed in accordance with section 1374 of the Internal Revenue
 23 Code subject to the apportionment and allocation provisions of section
 24 63-3027, Idaho Code.

25 (b) Excess net passive income attributable to this state. The amount of
 26 excess net passive income attributable to this state shall be computed
 27 in accordance with section 1375 of the Internal Revenue Code subject to
 28 the apportionment and allocation provisions of section 63-3027, Idaho
 29 Code.

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

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

36 SECTION 3. That Section 57-811, Idaho Code, be, and the same is hereby
 37 amended to read as follows:

38 57-811. TAX RELIEF FUND. (1) There is hereby created in the state
 39 treasury the tax relief fund to which shall be credited all moneys remitted
 40 from sections 63-3620F and 63-3638, Idaho Code, from federal grants, dona-
 41 tions or moneys from any other source. Moneys in the fund are intended to
 42 fund future tax relief statutes enacted by the legislature and may be ex-
 43 pended pursuant to appropriation. All interest earned on the investment of
 44 idle moneys in the fund shall be returned to the fund.

45 (2) For fiscal year 2022 and each fiscal year thereafter, one hundred
 46 ten million dollars (\$110,000,000) shall be transferred from the tax relief
 47 fund to the general fund by the state controller.

1 SECTION 4. That Section 63-3620F, Idaho Code, be, and the same is hereby
2 amended to read as follows:

3 63-3620F. DISTRIBUTION OF TAX COLLECTED BY MARKETPLACE FACILITATORS
4 AND OUT-OF-STATE RETAILERS. (1) State sales and use taxes collected by
5 retailers without a physical presence in Idaho, as described in section
6 63-3611(3)(h), Idaho Code, and state sales and use taxes collected on trans-
7 actions facilitated for third-party sellers by marketplace facilitators, as
8 described in section 63-3605E, Idaho Code, shall be distributed as provided
9 in this section.

10 ~~(2) From June 1, 2019, through June 30, 2024, a~~All state sales and use
11 taxes described in subsection (1) of this section shall be distributed by the
12 state tax commission as follows:

13 (a) An amount of money shall be distributed to the state refund account
14 sufficient to pay current refund claims under this section. All refunds
15 authorized for payment by the state tax commission shall be paid through
16 the state refund account and those moneys are continuously appropri-
17 ated; and

18 (b) All remaining funds received pursuant to this section shall be
19 distributed to the tax relief fund established in section 57-811, Idaho
20 Code.

21 ~~(3) On and after July 1, 2024, all state sales and use taxes described in~~
22 ~~subsection (1) of this section shall be distributed by the state tax commis-~~
23 ~~sion as follows:~~

24 ~~(a) An amount of money shall be distributed to the state refund account~~
25 ~~sufficient to pay current refund claims under this section. All refunds~~
26 ~~authorized for payment by the state tax commission shall be paid through~~
27 ~~the state refund account, and those moneys are continuously appropri-~~
28 ~~ated; and~~

29 ~~(b) The remaining funds shall be distributed through the distribu-~~
30 ~~tion formula set forth for other sales and use tax revenue in section~~
31 ~~63-3638, Idaho Code, except that the remainder after distribution shall~~
32 ~~not be paid to the general fund pursuant to section 63-3638(15), Idaho~~
33 ~~Code, but shall instead be paid to the tax relief fund established in~~
34 ~~section 57-811, Idaho Code.~~

35 ~~(4) Marketplace facilitators must obtain a separate seller's permit~~
36 ~~and collect and remit under that separate permit for state sales and use~~
37 ~~taxes collected on transactions facilitated for third-party sellers.~~

38 SECTION 5. An emergency existing therefor, which emergency is hereby
39 declared to exist, Sections 1 and 2 of this act shall be in full force and ef-
40 fect on and after passage and approval, and retroactively to January 1, 2021.
41 Sections 3 and 4 of this act shall be in full force and effect on and after
42 July 1, 2021.