

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 380

BY WAYS AND MEANS COMMITTEE

AN ACT

1 RELATING TO TAXATION; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE PRO-
2 VISIONS REGARDING THE INCOME TAX ON INDIVIDUALS, ESTATES, AND TRUSTS
3 AND TO MAKE A TECHNICAL CORRECTION; AMENDING CHAPTER 30, TITLE 63,
4 IDAHO CODE, BY THE ADDITION OF A NEW SECTION 63-3024B, IDAHO CODE, TO
5 ESTABLISH PROVISIONS REGARDING THE 2021 IDAHO TAX REBATE FUND; AMEND-
6 ING SECTION 63-3025, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE
7 CORPORATE INCOME TAX; AMENDING SECTION 57-811, IDAHO CODE, TO REVISE
8 PROVISIONS REGARDING THE TAX RELIEF FUND AND TO MAKE TECHNICAL CORREC-
9 TIONS; AND DECLARING AN EMERGENCY, PROVIDING RETROACTIVE APPLICATION,
10 AND PROVIDING EFFECTIVE DATES.
11

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

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

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

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

21 ~~When Idaho taxable income is: The rate is:~~

22 ~~Less than \$1,000 One and one hundred twenty-five~~
23 ~~thousandths percent (1.125%)~~

24 ~~\$1,000 but less than \$2,000 \$11.25, plus three and one hundred~~
25 ~~twenty-five thousandths percent (3.125%)~~
26 ~~of the amount over \$1,000~~

27 ~~\$2,000 but less than \$3,000 \$42.50, plus three and six hundred~~
28 ~~twenty-five thousandths percent (3.625%)~~
29 ~~of the amount over \$2,000~~

30 ~~\$3,000 but less than \$4,000 \$78.75, plus four and six hundred~~
31 ~~twenty-five thousandths percent (4.625%)~~
32 ~~of the amount over \$3,000~~

33 ~~When Idaho taxable income is: The rate is:~~

1	\$4,000 but less than \$5,000	\$125, plus five and six hundred
2		twenty-five thousandths percent (5.625%)
3		of the amount over \$4,000
4	\$5,000 but less than \$7,500	\$181.25, plus six and six hundred
5		twenty-five thousandths percent (6.625%)
6		of the amount over \$5,000
7	\$7,500 and over	\$346.88, plus six and nine hundred
8		twenty-five thousandths percent (6.925%)
9		of the amount over \$7,500
10	<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
11	<u>Less than \$1,000</u>	<u>One percent (1%)</u>
12	<u>\$1,000 but less than \$3,000</u>	<u>\$10.00, plus three and one-tenth percent</u>
13		<u>(3.1%) of the amount over \$1,000</u>
14	<u>\$3,000 but less than \$4,000</u>	<u>\$72.00, plus four and five-tenths percent</u>
15		<u>(4.5%) of the amount over \$3,000</u>
16	<u>\$4,000 but less than \$5,000</u>	<u>\$117, plus five and five-tenths percent</u>
17		<u>(5.5%) of the amount over \$4,000</u>
18	<u>\$5,000 and over</u>	<u>\$172, plus six and five-tenths percent</u>
19		<u>(6.5%) of the amount over \$5,000</u>

20 For taxable year 2000 and each year thereafter, the state tax commis-
 21 sion shall prescribe a factor ~~which~~ that shall be used to compute the Idaho
 22 income tax brackets provided in subsection (a) of this section. The factor
 23 shall provide an adjustment to the Idaho tax brackets so that inflation will
 24 not result in a tax increase. The Idaho tax brackets shall be adjusted as
 25 follows: multiply the bracket amounts by the percentage (the consumer price
 26 index for the calendar year immediately preceding the calendar year to which
 27 the adjusted brackets will apply divided by the consumer price index for cal-
 28 endar year 1998). For the purpose of this computation, the consumer price
 29 index for any calendar year is the average of the consumer price index as of
 30 the close of the twelve (12) month period for the immediately preceding cal-
 31 endar year, without regard to any subsequent adjustments, as adopted by the

1 state tax commission. This adoption shall be exempt from the provisions of
 2 chapter 52, title 67, Idaho Code. The consumer price index shall mean the
 3 consumer price index for all U.S. urban consumers published by the United
 4 States department of labor. The state tax commission shall annually include
 5 the factor as provided in this subsection to multiply against Idaho taxable
 6 income in the brackets above to arrive at that year's Idaho taxable income
 7 for tax bracket purposes.

8 (b) In case a joint return is filed by husband and wife pursuant to the
 9 provisions of section 63-3031, Idaho Code, the tax imposed by this section
 10 shall be twice the tax which would be imposed on one-half (1/2) of the aggre-
 11 gate Idaho taxable income. For the purposes of this section, a return of a
 12 surviving spouse, as defined in section 2(a) of the Internal Revenue Code,
 13 and a head of household, as defined in section 2(b) of the Internal Revenue
 14 Code, shall be treated as a joint return and the tax imposed shall be twice
 15 the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

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

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

28 SECTION 2. That Chapter 30, Title 63, Idaho Code, be, and the same is
 29 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
 30 ignated as Section 63-3024B, Idaho Code, and to read as follows:

31 63-3024B. 2021 IDAHO TAX REBATE FUND. (1) There is hereby created in
 32 the state treasury the 2021 Idaho tax rebate fund for the purpose of imple-
 33 menting the provisions of this section. Up to two hundred twenty million
 34 dollars (\$220,000,000), less administrative costs, shall be distributed by
 35 the state tax commission to pay rebates to individual taxpayers as provided
 36 in this section, which moneys are continuously appropriated.

37 (2) After filing a 2020 Idaho individual income tax return or form 24,
 38 any full-year resident taxpayer who also filed an individual income tax re-
 39 turn or a form 24 for 2019 shall receive a onetime, nontaxable income tax re-
 40 bate check in an amount approximately equal to nine percent (9%) of the tax
 41 amount, if any, reported on 2019 form 40, line 20, or for service members on
 42 2019 form 43, line 42, or fifty dollars (\$50.00) per taxpayer and each depen-
 43 dent, whichever is more.

44 SECTION 3. That Section 63-3025, Idaho Code, be, and the same is hereby
 45 amended to read as follows:

46 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on
 47 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income

1 of a corporation, other than an S corporation, which transacts or is autho-
 2 rized to transact business in this state or which has income attributable to
 3 this state. The tax shall be equal to six and ~~nine hundred twenty-five thou-~~
 4 ~~sand~~ the five-tenths percent (6.925%) of Idaho taxable income.

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

8 (a) Net recognized built-in gain attributable to this state. The
 9 amount of net recognized built-in gain attributable to this state shall
 10 be computed in accordance with section 1374 of the Internal Revenue
 11 Code subject to the apportionment and allocation provisions of section
 12 63-3027, Idaho Code.

13 (b) Excess net passive income attributable to this state. The amount of
 14 excess net passive income attributable to this state shall be computed
 15 in accordance with section 1375 of the Internal Revenue Code subject to
 16 the apportionment and allocation provisions of section 63-3027, Idaho
 17 Code.

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

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

24 SECTION 4. That Section 57-811, Idaho Code, be, and the same is hereby
 25 amended to read as follows:

26 57-811. TAX RELIEF FUND. (1) There is hereby created in the state
 27 treasury the tax relief fund to which shall be credited all moneys remitted
 28 from sections 63-3620F and 63-3638, Idaho Code, from federal grants, dona-
 29 tions, or ~~moneys from~~ any other source. Moneys in the fund are intended to
 30 fund future tax relief statutes enacted by the legislature and may be ex-
 31 pended pursuant to appropriation. All interest earned on the investment of
 32 idle moneys in the fund shall be returned to the fund.

33 (2) On July 15, 2021, the state controller shall transfer one hundred
 34 eighty million dollars (\$180,000,000) from the tax relief fund to the 2021
 35 Idaho tax rebate fund.

36 (3) For fiscal year 2022 and each fiscal year thereafter, the state con-
 37 troller shall transfer one hundred ten million dollars (\$110,000,000) from
 38 the tax relief fund to the general fund.

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