## House Bill No. 436

**By Revenue and Taxation Committee**

**AN ACT**

RELATING TO INCOME TAX; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE PROVISIONS REGARDING INCOME TAX; AMENDING SECTION 63-3024B, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE IDAHO TAX REBATE FUND; AMENDING SECTION 63-3025, IDAHO CODE, TO REVISE PROVISIONS REGARDING CORPORATE INCOME TAX AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 57-811, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE TAX RELIEF FUND; AND DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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:

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Tax Rate</th>
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<tbody>
<tr>
<td>Less than $1,000</td>
<td>One percent (1%)</td>
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<tr>
<td>$1,000 but less than $3,000</td>
<td>$10.00, plus three and one-tenth percent (3.1%) of the amount over $1,000</td>
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<td>$3,000 but less than $45,000</td>
<td>$720.00, plus four and five-tenths percent (4.5%) of the amount over $3,000</td>
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<tr>
<td>$4,000 but less than $5,000</td>
<td>$117, plus five and five-tenths percent (5.5%) of the amount over $4,000</td>
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<tr>
<td>$5,000 and over</td>
<td>$1260, plus six and five-tenths percent (6.5%) of the amount over $5,000</td>
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For taxable year 2000 and each year thereafter, the state tax commission shall prescribe a factor that shall be used to compute the Idaho income tax brackets provided in subsection (a) of this section. The factor shall provide an adjustment to the Idaho tax brackets so that inflation will not result in a tax increase. The Idaho tax brackets shall be adjusted as follows: multiply the bracket amounts by the percentage (the consumer price index for the calendar year immediately preceding the calendar year to which the adjusted brackets will apply divided by the consumer price index for calendar year 1998). For the purpose of this computation, the consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve (12) month period for the immediately preceding calendar year, without regard to any subsequent adjustments, as adopted by the state tax commission. This adoption shall be exempt from the provisions of chapter 52, title 67, Idaho Code. The consumer price index shall mean the consumer price index for all U.S. urban consumers published by the United States department of labor. The state tax commission shall annually include the factor as provided in this subsection to multiply against Idaho taxable income in using the brackets above in this section to arrive at that year's Idaho taxable income for tax bracket purposes.

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

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

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

SECTION 2. That Section 63-3024B, Idaho Code, be, and the same is hereby amended to read as follows:

63-3024B. 2021 IDAHO TAX REBATE FUND. (1) There is hereby created in the state treasury the 2021 Idaho tax rebate fund for the purpose of implementing the provisions of this section. Up to two hundred twenty million dollars ($220,000,000), less administrative costs, shall be distributed by the state tax commission to pay rebates to individual taxpayers as provided in subsection (2) of this section, which moneys are continuously appropriated. For rebates authorized under subsection (3) of this section, up to
three hundred fifty million dollars ($350,000,000), less administrative costs, shall be distributed by the state tax commission to pay rebates to individual taxpayers, which moneys are continuously appropriated.

(2) After filing a 2020 Idaho individual income tax return or form 24 on or before December 31, 2021, any full-year resident taxpayer who also filed an individual income tax return or a form 24 for 2019 shall receive a onetime, nontaxable income tax rebate check in an amount approximately equal to nine percent (9%) of the tax amount, if any, reported on 2019 form 40, line 20, or for service members on 2019 form 43, line 42, or fifty dollars ($50.00) per taxpayer and each dependent, whichever is more. Any unexpended moneys remaining from the rebate authorized under this subsection shall be added by the state tax commission to the moneys designated for the rebate authorized under subsection (3) of this section.

(3) After filing a 2021 Idaho individual income tax return or form 24 on or before December 31, 2022, any full-year resident taxpayer who also filed an individual income tax return or a form 24 for 2020 shall receive a one-time, nontaxable income tax rebate check in an amount approximately equal to twelve percent (12%) of the tax amount, if any, reported on 2020 form 40, line 20, or for service members on 2020 form 43, line 42, or seventy-five dollars ($75.00) per taxpayer and each dependent, whichever is more. The state tax commission shall issue such rebates during the 2022 fiscal year to the extent possible.

(4) For rebates granted under subsection (3) of this section, the state tax commission shall establish a mechanism by which a taxpayer may choose to donate a rebate owed him under this section to be used for one (1) of the following purposes: public schools, transportation, or parks and recreation. The state tax commission shall report to the governor and legislature the amount of rebates redirected for these specific purposes by December 31, 2022, so that the legislature may appropriate such funds for the intended purposes in the 2023 legislative session.

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

63-3025. TAX ON CORPORATE INCOME. (1) For each taxable year commencing on and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income of a corporation, other than an S corporation, which transacts or is authorized to transact business in this state or which has income attributable to this state. The tax shall be equal to six and five-tenths percent (6.5%) of Idaho taxable income.

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

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

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

(3) The tax imposed by subsection (1) or (2) of this section shall not be less than twenty dollars ($20.00); provided further that the twenty-dollar ($20.00) minimum payment shall not be collected from nonproductive mining corporations.

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

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

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

(2) On July 15, 2021 Immediately upon the passage of this act, the state controller shall transfer one hundred eighty-nine million dollars ($189,000,000) from the tax relief fund to the 2021 Idaho tax rebate fund.

(3) For fiscal year 2022 and each fiscal year thereafter, the state controller shall transfer one hundred ten million dollars ($110,000,000) from the tax relief fund to the general fund.

(4) For fiscal year 2023 and each fiscal year thereafter, the state controller shall transfer up to two hundred four million dollars ($204,000,000) from the tax relief fund to the general fund.

SECTION 5. An emergency existing therefor, which emergency is hereby declared to exist, Sections 1, 2, and 3 of this act shall be in full force and effect on and after passage and approval, and retroactively to January 1, 2022, and Section 4 of this act shall be in full force and effect on and after passage and approval.