

## STATEMENT OF PURPOSE

### RS25675

1. Purpose: This bill allows taxpayers to use available loss and credit carryovers in years beyond the normal statute of limitations if there is an increase in taxable income due to a bonus depreciation adjustment.
2. Background: Section 63-3022O, Idaho Code, requires taxpayers to add back to their Idaho income tax returns amounts deducted on their federal income tax returns under Internal Revenue Code Section 168(k), also known as bonus depreciation.
3. Problem: Section 63-3022O limits changes in a closed year to only those arising from the bonus depreciation. Taxpayers are currently not allowed to use net operating losses, Idaho credits and capital loss carryovers to offset an increase of that type that is more than three years old.
4. Solution: This is a taxpayer friendly bill that would allow taxpayers to use any credits or carryovers they have when their taxable income is increased by a 63-3022O adjustment.

### FISCAL NOTE

There is minimal fiscal impact to the state overall. Any carryovers or credit amounts used would be shifted between years in an audit or given up for the current year tax return. The federal bonus depreciation expense, currently at 50%, is being phased out beginning in 2018 at 40%, 2019 at 30% and it is eliminated after that.

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**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).**