

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 561

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXES; AMENDING SECTION 63-3024, IDAHO CODE, TO PROVIDE FOR A REDUCTION IN INCOME TAX RATES IN THE EVENT OF CERTAIN REVENUE GROWTH, TO PROVIDE AN EXCEPTION AND TO MAKE TECHNICAL CORRECTIONS; AMENDING SECTION 63-3025, IDAHO CODE, TO PROVIDE FOR A REDUCTION IN INCOME TAX RATES IN THE EVENT OF CERTAIN REVENUE GROWTH, TO PROVIDE AN EXCEPTION AND TO MAKE TECHNICAL CORRECTIONS; AND PROVIDING AN EFFECTIVE DATE.

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 six-tenths percent (1.6%)
\$1,000 but less than \$2,000	\$16, plus three and six-tenths percent (3.6%) of the amount over \$1,000
\$2,000 but less than \$3,000	\$52, plus four and one-tenth percent (4.1%) of the amount over \$2,000
\$3,000 but less than \$4,000	\$93, plus five and one-tenth percent (5.1%) of the amount over \$3,000
\$4,000 but less than \$5,000	\$144, plus six and one-tenth percent (6.1%) of the amount over \$4,000
\$5,000 but less than \$7,500	\$205, plus seven and one-tenth percent (7.1%) of the amount over \$5,000
\$7,500 and over	\$383, plus seven and four-tenths percent (7.4%) of the amount over \$7,500

For taxable year 2000 and each year thereafter, the state tax commission shall prescribe a factor ~~which that~~ shall be used to compute the Idaho income tax brackets provided in this 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

1 price index for the calendar year immediately preceding the calendar year to  
2 which the adjusted brackets will apply, divided by the consumer price index  
3 for calendar year 1998). For the purpose of this computation, the consumer  
4 price index for any calendar year is the average of the consumer price index  
5 as of the close of the twelve (12) month period for the immediately preced-  
6 ing calendar year, without regard to any subsequent adjustments, as adopted  
7 by the state tax commission. This adoption shall be exempt from the provi-  
8 sions of chapter 52, title 67, Idaho Code. The consumer price index shall  
9 mean the consumer price index for all U.S. urban consumers published by the  
10 United States department of labor. The state tax commission shall annually  
11 include the factor as provided in this subsection to multiply against Idaho  
12 taxable income in the brackets above in this subsection to arrive at that  
13 year's Idaho taxable income for tax bracket purposes.

14 (b~~2~~) In case a joint return is filed by husband and wife pursuant to  
15 the provisions of section 63-3031, Idaho Code, the tax imposed by this sec-  
16 tion shall be twice the tax ~~which that~~ would be imposed on one-half (1/2) of  
17 the aggregate Idaho taxable income. For the purposes of this section, a re-  
18 turn of a surviving spouse, as defined in section 2(a) of the Internal Rev-  
19 enue Code, and a head of household, as defined in section 2(b) of the Internal  
20 Revenue Code, shall be treated as a joint return and the tax imposed shall be  
21 twice the tax ~~which that~~ would be imposed on one-half (1/2) of the Idaho tax-  
22 able income.

23 (e~~3~~) In the case of a trust that is an electing small business trust as  
24 defined in section 1361 of the Internal Revenue Code, the special rules for  
25 taxation of such trusts contained in section 641 of the Internal Revenue Code  
26 shall apply, except that the maximum individual rate provided in this sec-  
27 tion shall apply in computing tax due under this chapter.

28 (d~~4~~) The state tax commission shall compute and publish Idaho income  
29 tax liability for taxpayers at the midpoint of each bracket of Idaho taxable  
30 income in fifty dollar (\$50.00) steps to fifty thousand dollars (\$50,000),  
31 rounding such calculations to the nearest dollar. Taxpayers having income  
32 within such brackets shall file returns based upon and pay taxes according  
33 to the schedule thus established. The state tax commission shall promulgate  
34 rules defining the conditions upon which such returns shall be filed.

35 (5) (a) In any year that the state controller certifies, pursuant to  
36 section 57-814, Idaho Code, that the receipts to the general fund for  
37 the fiscal year just ending have exceeded the receipts of the previous  
38 fiscal year by six percent (6%) or more, the income tax rates in each  
39 bracket under subsection (1) of this section shall be permanently re-  
40 duced by one-tenth of one percent (0.1%), effective January 1 of the  
41 year following the year of revenue growth. Whenever a reduction in tax  
42 rates is required by this subsection, the reduction shall be applied cu-  
43 mulatively, in addition to any other reductions that may have been made  
44 in prior years; provided, however, that the income tax rate as reduced  
45 under this subsection for the highest income bracket shall not fall be-  
46 low six percent (6%).

47 (b) The tax rate reduction required by this subsection shall not take  
48 place if a majority of the membership of each house of the legislature  
49 adopts a concurrent resolution requesting that the governor issue an  
50 executive order directing the state tax commission that the tax rate

1 reduction provided by this subsection shall not take effect. If the  
 2 governor concurs and issues such an executive order, the tax rate reduc-  
 3 tion under this subsection shall not take effect.

4 (c) The state tax commission shall promulgate rules to implement the  
 5 income tax rates as modified by this subsection.

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

8 63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on  
 9 and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income  
 10 of a corporation, other than an S corporation, which transacts or is autho-  
 11 rized to transact business in this state or which has income attributable to  
 12 this state. The tax shall be equal to seven and four-tenths percent (7.4%) of  
 13 Idaho taxable income.

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

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

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

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

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

33 (5) (a) In any year that the state controller certifies, pursuant to  
 34 section 57-814, Idaho Code, that the receipts to the general fund for  
 35 the fiscal year just ending have exceeded the receipts of the previ-  
 36 ous fiscal year by six percent (6%) or more, the income tax rate under  
 37 this section shall be permanently reduced by one-tenth of one percent  
 38 (0.1%), effective January 1 of the year following the year of revenue  
 39 growth. Whenever a reduction in tax rate is required by this subsec-  
 40 tion, the reduction shall be applied cumulatively, in addition to any  
 41 other reductions that may have been made in prior years; provided, how-  
 42 ever, that the income tax rate as reduced under this subsection shall  
 43 not fall below six percent (6%).

44 (b) The tax rate reduction required by this subsection shall not take  
 45 place if a majority of the membership of each house of the legislature  
 46 adopts a concurrent resolution requesting that the governor issue an  
 47 executive order directing the state tax commission that the rate reduc-  
 48 tion provided by this subsection shall not take effect. If the governor

1 concurs and issues such an executive order, the tax rate reduction under  
2 this subsection shall not take effect.

3 (c) The state tax commission shall promulgate rules to implement the  
4 income tax rate as modified by this subsection.

5 SECTION 3. This act shall be in full force and effect on and after July  
6 1, 2019.