IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 88

BY REVENUE AND TAXATION COMMITTEE

1   AN ACT
2 RELATING TO THE SPECIAL INCOME TAX CREDIT AVAILABLE FOR NEW EMPLOYEES IN-
3   CLUDING VETERANS; TO PROVIDE A SHORT TITLE; REPEALING SECTION 63-3029F,
4   IDAHO CODE, RELATING TO AN INCOME TAX CREDIT FOR NEW EMPLOYEES; AMEND-
5   ING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE ADDITION OF A NEW SECTION
6   63-3029F, IDAHO CODE, TO PROVIDE A SPECIAL INCOME TAX CREDIT FOR NEW
7   EMPLOYEES INCLUDING VETERANS AND TO PROVIDE PROCEDURES; DECLARING AN
8   EMERGENCY AND PROVIDING A RETROACTIVE APPLICATION.

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

10   SECTION 1. SHORT TITLE. This act shall be known as the "Hire One More
11 Employee Act of 2013."

12   SECTION 2. That Section 63-3029F, Idaho Code, be, and the same is hereby
13 repealed.

14   SECTION 3. That Chapter 30, Title 63, Idaho Code, be, and the same is
15 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
16 ignated as Section 63-3029F, Idaho Code, and to read as follows:

17   63-3029F. SPECIAL CREDIT AVAILABLE -- NEW EMPLOYEES. (1) Subject to
18 the limitations of this section, for taxable years commencing on and after
19 January 1, 2013, and before January 1, 2018, any taxpayer that is not a non-
20 profit entity shall be allowed a credit, in an amount determined under sub-
21 section (2) of this section, against the tax imposed by this chapter, other
22 than the tax imposed in section 63-3082, Idaho Code, for any taxable year
23 during which the taxpayer's employment of new employees increases above the
24 taxpayer's average employment for either the prior taxable year or the av-
25 erage of three (3) immediately preceding taxable years. The taxpayer's in-
26 crease above its average employment shall be rounded to the nearest whole
27 number. The method selected by the taxpayer for determining the increase in
28 employment shall be on an original filed return and is binding for the tax-
29 able years referenced within this subsection.
30   (a) Only the new employees, that were last hired by the taxpayer based
31   on the date that the employee first performed services for the taxpayer
32   as an employee of the taxpayer, limited to the increase above the tax-
33   payer's average employment for the taxable year as calculated in this
34   subsection, shall be considered for purposes of subsection (2) of this
35   section.
36   (b) In the context of a unitary group filing a combined report under
37   section 63-3027(t), Idaho Code, the aggregate sum of the number of new
38   employees under this section for taxpayers included within a combined
39   report shall not exceed the total amount of new employees calculated as
40   if the combined group were a single taxpayer.

1 (2) (a) The credit authorized in subsection (1) of this section shall
2 be:
3   (i) Four percent (4%) of the taxable year's gross salary of any
4   qualifying new employee; and
5   (ii) One thousand dollars ($1,000) for any qualifying new em-
6   ployee that is an eligible veteran as defined in 38 U.S.C. section
7   4211(4). A taxpayer claiming the one thousand dollar ($1,000)
8   credit for a veteran shall retain documentation verifying the vet-
9   eran's qualification under the federal definition.
10 (b) Qualifying new employee. A qualifying new employee is a new em-
11 ployee hired on and after January 1, 2013, and employed in a county in
12 the state of Idaho with an unemployment rate based upon the benchmarked
13 annual unemployment rate as determined by the Idaho department of labor
14 on the date the new employee was hired of:
15   (i)   Eight percent (8%) or more at average annual earnings of
16   twelve dollars ($12.00) or more per hour; or
17   (ii) Less than eight percent (8%) at average annual earnings of
18   fifteen dollars ($15.00) or more per hour.
19 (3) (a) The credit authorized in this section together with any cred-
20 its carried forward in subsection (3)(b) of this section shall not, in
21 any one (1) taxable year, exceed the amount of tax due under sections
22 63-3022L, 63-3024, 63-3025 and 63-3025A, Idaho Code, after allowance
23 for all other credits permitted in this chapter.
24 (b) If the current year credit in subsection (2) of this section exceeds
25 the limitation in subsection (3)(a) of this subsection, the excess
26 amount may be carried forward for a period that does not exceed the next
27 five (5) succeeding taxable years. The oldest available unused credit
28 carried over from prior taxable years shall be used before the current
29 year credit in subsection (2) of this section. If the employment level
30 in any of the three (3) succeeding taxable years is lower than the em-
31 ployment level for which the credit was granted, the taxpayer shall
32 recalculate the amount of available carryover from the year that the
33 credit was granted based upon the lower employment level.
34 (4) (a) As used in this section the term "new employee" means an in-
35 dividual subject to Idaho income tax withholding, whether or not any
36 amounts are required to be withheld, employed by the taxpayer in a trade
37 or business, and covered for unemployment insurance purposes under
38 chapter 13, title 72, Idaho Code, during the taxable year for which the
39 credit is claimed. An individual shall be deemed to be so engaged if
40 such individual performs duties on:
41   (i) A regular full-time basis; or
42   (ii) A part-time basis if the individual is customarily perform-
43   ing such duties at least twenty (20) hours per week.
44 For purposes of this subsection, exclude any employee who performed such du-
45 ties for the taxpayer for less than nine (9) consecutive months during the
46 taxable year. For purposes of this subsection, an employee's commencing of
47 employment or termination of employment with the taxpayer on or before the
48 fifteenth day of the month is deemed hired or terminated on the first day of
49 the month, otherwise the employee is deemed hired or terminated on the first
50 day of the following month.

¹ (b) The number of employees during any taxable year shall be the aver-
² age of the number of employees reported to the Idaho department of labor
³ for employment security purposes during the twelve (12) months of the
⁴ taxable year that qualified in subsection (4)(a) of this section. In
⁵ the event the business is in operation for less than the entire taxable
⁶ year, the number of employees of the business for the year shall be the
⁷ average number actually employed during the months of operation, pro-
⁸ viding that the qualifications of subsection (4)(a) of this section are
⁹ met.
¹⁰ (5) No credit shall be allowed pursuant to this section for an employee
¹¹ meeting the criteria of subsection (4)(a) of this section if the employee was
¹² an Idaho resident, had an Idaho tax home or a permanent post of duty within
¹³ Idaho and was:
¹⁴ (a) Employed by the taxpayer as a result of the taxpayer acquiring a
¹⁵ trade or business from another taxpayer; or
¹⁶ (b) Employed by a related taxpayer within the twelve (12) month period
¹⁷ prior to the employee's date of hire. The related taxpayer test is met
¹⁸ if either of the following applies:
¹⁹ (i) The taxpayer and the employee's former employer satisfy any of
²⁰ the relationships described in section 267 or section 1563(a)(4)
²¹ of the Internal Revenue Code;
²² (ii) Where the employee's former employer no longer exists as of
²³ the date the taxpayer hired the employee, in the event the former
²⁴ employer continued in existence and would have satisfied any of
²⁵ the relationships described in section 267 or section 1563(a)(4)
²⁶ of the Internal Revenue Code.
²⁷ (6) In the case of a group of corporations filing a combined report un-
²⁸ der subsection (t) of section 63-3027, Idaho Code, credit earned by one (1)
²⁹ member of the group but not used by that member may be used by another member
³⁰ of the group, subject to the provisions of subsection (5) of this section,
³¹ instead of carried over. For a combined group of corporations, credit car-
³² ried forward may be claimed by any member of the group unless the member who
³³ earned the credit is no longer included in the combined group.

³⁴ SECTION 4. An emergency existing therefor, which emergency is hereby
³⁵ declared to exist, this act shall be in full force and effect on and after its
³⁶ passage and approval, and retroactively to January 1, 2013.