

LEGISLATURE OF THE STATE OF IDAHO  
Sixty-first Legislature First Regular Session - 2011

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 349

BY WAYS AND MEANS COMMITTEE

AN ACT

RELATING TO INCOME TAXATION; AMENDING SECTION 63-3024, IDAHO CODE, TO REVISE  
INDIVIDUAL INCOME TAX RATES AND THE RATE OF TAX ON ESTATES AND TRUSTS  
AND TO REVISE THE YEAR IN WHICH INCOME TAX BRACKETS SHALL BE CALCULATED;  
AMENDING SECTION 63-3025, IDAHO CODE, TO REVISE CORPORATE INCOME TAX  
RATES; 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 com-  
puted at the following rates:~~

<del>When Idaho taxable income is:</del>	<del>The rate is:</del>
<del>Less than \$1,000</del>	<del>One and six-tenths percent (1.6%)</del>
<del>\$1,000 but less than \$2,000</del>	<del>\$16, plus three and six-tenths percent (3.6%) of the amount over \$1,000</del>
<del>\$2,000 but less than \$3,000</del>	<del>\$52, plus four and one-tenth percent (4.1%) of the amount over \$2,000</del>
<del>\$3,000 but less than \$4,000</del>	<del>\$93, plus five and one-tenth percent (5.1%) of the amount over \$3,000</del>
<del>\$4,000 but less than \$5,000</del>	<del>\$144, plus six and one-tenth percent (6.1%) of the amount over \$4,000</del>
<del>\$5,000 but less than \$7,500</del>	<del>\$205, plus seven and one-tenth percent (7.1%) of the amount over \$5,000</del>
<del>\$7,500 but less than \$20,000</del>	<del>\$383, plus seven and four-tenths percent (7.4%) of the amount over \$7,500</del>
<del>Over \$20,000</del>	<del>\$1,308, plus seven and eight-tenths percent (7.8%) of the amount over \$20,000</del>

For taxable year 2013, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus six and one-tenth percent (6.1%) of the amount over \$5,264</u>
<u>\$6,580 but less than \$9,870</u>	<u>\$269.80, plus seven and one-tenth percent (7.1%) of the amount over \$6,580</u>
<u>\$9,870 but less than \$26,320</u>	<u>\$503.39, plus seven and four-tenths percent (7.4%) of the amount over \$9,870</u>
<u>Over \$26,320</u>	<u>\$1,720.69, plus seven and six-tenths percent (7.6%) of the amount over \$26,320</u>

For taxable year 2014, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus six and one-tenth percent (6.1%) of the amount over \$5,264</u>
<u>\$6,580 but less than \$9,870</u>	<u>\$269.80, plus seven and one-tenth percent (7.1%) of the amount over \$6,580</u>
<u>Over \$9,870</u>	<u>\$503.39, plus seven and four-tenths percent (7.4%) of the amount over \$9,870</u>

For taxable year 2015, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus six and one-tenth percent (6.1%) of the amount over \$5,264</u>
<u>\$6,580 but less than \$9,870</u>	<u>\$269.80, plus seven percent (7.0%) of the amount over \$6,580</u>
<u>Over \$9,870</u>	<u>\$500.10, plus seven and two-tenths percent (7.2%) of the amount over \$9,870</u>

For taxable year 2016, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus six and one-tenth percent (6.1%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$269.80, plus seven percent (7.0%) of the amount over \$6,580</u>

For taxable year 2017, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

<u>When Idaho taxable income is:</u>	<u>The rate is:</u>
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth percent (5.1%) of the amount over \$3,948</u>

When Idaho taxable income is:	The rate is:
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus six and one-tenth</u>
	<u>percent (6.1%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$269.80, plus six and six-tenths</u>
	<u>percent (6.6%) of the amount over \$6,580</u>

For taxable year 2018, the tax imposed upon individuals, trusts and es-  
tates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths</u>
	<u>percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth</u>
	<u>percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth</u>
	<u>percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus five and eight-tenths</u>
	<u>percent (5.8%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$265.85, plus six and two-tenths</u>
	<u>percent (6.2%) of the amount over \$6,580</u>

For taxable year 2019, the tax imposed upon individuals, trusts and es-  
tates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths</u>
	<u>percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth</u>
	<u>percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus five and one-tenth</u>
	<u>percent (5.1%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$189.52, plus five and four-tenths</u>
	<u>percent (5.4%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$260.58, plus five and eight-tenths</u>
	<u>percent (5.8%) of the amount over \$6,580</u>

For taxable year 2020, the tax imposed upon individuals, trusts and es-  
tates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths</u>
	<u>percent (3.6%) of the amount over \$1,316</u>

When Idaho taxable income is:	The rate is:
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth</u>
	<u>percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus four and eight-tenths</u>
	<u>percent (4.8%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$185.57, plus five</u>
	<u>percent (5.0%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$251.37, plus five and four-tenths</u>
	<u>percent (5.4%) of the amount over \$6,580</u>

For taxable year 2021 and taxable years thereafter, the tax imposed upon individuals, trusts and estates shall be computed at the following rates:

When Idaho taxable income is:	The rate is:
<u>Less than \$1,316</u>	<u>One and six-tenths percent (1.6%)</u>
<u>\$1,316 but less than \$2,632</u>	<u>\$21.06, plus three and six-tenths</u>
	<u>percent (3.6%) of the amount over \$1,316</u>
<u>\$2,632 but less than \$3,948</u>	<u>\$68.44, plus four and one-tenth</u>
	<u>percent (4.1%) of the amount over \$2,632</u>
<u>\$3,948 but less than \$5,264</u>	<u>\$122.40, plus four and five-tenths</u>
	<u>percent (4.5%) of the amount over \$3,948</u>
<u>\$5,264 but less than \$6,580</u>	<u>\$181.62, plus four and eight-tenths</u>
	<u>percent (4.8%) of the amount over \$5,264</u>
<u>Over \$6,580</u>	<u>\$244.79, plus five</u>
	<u>percent (5.0%) of the amount over \$6,580</u>

For taxable year ~~2000~~22 and each year thereafter, the state tax commission shall prescribe a factor which 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~~ 2020). 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 the brackets above 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 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 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.

The rate reduction in this section shall not take place if a majority of the membership of each house of the legislature adopts a concurrent resolution requesting that the governor issue an executive order directing the state tax commission that the income tax rate provided in this section remain unchanged for the tax year in which the requesting legislature is meeting, and if the governor concurs and issues such an executive order, the income tax rate shall remain unchanged for that tax year. The income tax rate adjustment required by this section for tax years subsequent to tax year 2012 shall not take place if all of the following conditions are met:

(1) The governor has ordered a temporary reduction of general fund spending authority, pursuant to section 67-3512A, Idaho Code, between July 1 and October 1 of the tax year for which the rate reduction is to take place;

(2) The temporary reduction of general fund spending authority is still in effect on October 1 of the tax year for which the rate reduction is to take place;

(3) The amount of the temporary reduction in general fund spending authority equals or exceeds one percent (1%) of the moneys that the legislature has appropriated from the general fund for the fiscal year for which the temporary reductions have been ordered; and

(4) The governor issues an executive order directing the state tax commission that the rate reduction allowed by this section remain unchanged for the tax year during which the temporary reduction of general fund spending authority has been ordered and the executive order is issued.

SECTION 2. 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 taxable years 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

1 this state. The tax shall be equal to seven and six-tenths percent (7.6%) of  
 2 Idaho taxable income for taxable years through 2012. The tax imposed shall  
 3 be equal to seven and four-tenths percent (7.4%) of Idaho taxable income for  
 4 taxable year 2013, seven and two-tenths percent (7.2%) of Idaho taxable in-  
 5 come for taxable year 2014, seven percent (7.0%) of Idaho taxable income for  
 6 taxable year 2015, six and six-tenths percent (6.6%) of Idaho taxable income  
 7 for taxable year 2016, six and two-tenths percent (6.2%) of Idaho taxable in-  
 8 come for taxable year 2017, five and eight-tenths percent (5.8%) of Idaho  
 9 taxable income for taxable year 2018, five and four-tenths percent (5.4%) of  
 10 Idaho taxable income for taxable year 2019, and five percent (5.0%) of Idaho  
 11 taxable income for taxable year 2020 and taxable years thereafter.

12 The rate reduction in this section shall not take place if a majority  
 13 of the membership of each house of the legislature adopts a concurrent res-  
 14 olution requesting that the governor issue an executive order directing the  
 15 state tax commission that the income tax rate provided in this section remain  
 16 unchanged for the tax year in which the requesting legislature is meeting,  
 17 and if the governor concurs and issues such an executive order, the income  
 18 tax rate shall remain unchanged for that tax year. The income tax rate ad-  
 19 justment required by this section for tax years subsequent to tax year 2012  
 20 shall not take place if all of the following conditions are met:

21 (a) The governor has ordered a temporary reduction of general fund  
 22 spending authority, pursuant to section 67-3512A, Idaho Code, between  
 23 July 1 and October 1 of the tax year for which the rate reduction is to  
 24 take place;

25 (b) The temporary reduction of general fund spending authority is still  
 26 in effect on October 1 of the tax year for which the rate reduction is to  
 27 take place;

28 (c) The amount of the temporary reduction in general fund spending au-  
 29 thority equals or exceeds one percent (1%) of the moneys that the leg-  
 30 islatre has appropriated from the general fund for the fiscal year for  
 31 which the temporary reductions have been ordered; and

32 (d) The governor issues an executive order directing the state tax  
 33 commission that the rate reduction allowed by this section remain un-  
 34 changed for the tax year during which the temporary reduction of general  
 35 fund spending authority has been ordered and the executive order is-  
 36 sued.

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

40 (a) Net recognized built-in gain attributable to this state. The  
 41 amount of net recognized built-in gain attributable to this state shall  
 42 be computed in accordance with section 1374 of the Internal Revenue  
 43 Code subject to the apportionment and allocation provisions of section  
 44 63-3027, Idaho Code.

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

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

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

7       SECTION 3. This act shall be in full force and effect on and after Jan-  
8 uary 1, 2013.