

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 297

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO THE SPECIAL INCOME TAX CREDIT AVAILABLE FOR NEW EMPLOYEES; TO
2 PROVIDE A SHORT TITLE; AMENDING SECTION 63-3029F, IDAHO CODE, TO REVISE
3 THE INCOME TAX CREDIT AVAILABLE TO RATED EMPLOYERS FOR EMPLOYING NEW
4 EMPLOYEES; AMENDING SECTION 63-4405, IDAHO CODE, TO PROVIDE A CORRECT
5 CODE REFERENCE; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE AP-
6 PPLICATION AND PROVIDING EFFECTIVE DATES.
7

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

9 SECTION 1. This act shall be known as the "Hire One Act."

10 SECTION 2. That Section 63-3029F, Idaho Code, be, and the same is hereby
11 amended to read as follows:

12 63-3029F. SPECIAL CREDIT AVAILABLE -- NEW EMPLOYEES. (1) Any ~~taxpayer~~
13 rated employer under chapter 13, title 72, Idaho Code, that is not a govern-
14 mental or nonprofit entity shall be allowed a credit, in an amount determined
15 under subsection (23) of this section, against the tax imposed by this chap-
16 ter, other than the tax imposed by section 63-3082, Idaho Code, for any tax-
17 able year during which the ~~taxpayer's rated employer's~~ employment of new em-
18 ployees, as defined under section 63-3029E(1), Idaho Code, increases above
19 the taxpayer's average employment for either: (a) the prior taxable year,
20 or (b) the average of three (3) prior taxable years, whichever is higher. No
21 credit shall be allowed under this section unless the number of new employees
22 equals or exceeds one (1) person. The new employee must have received quali-
23 ifying employer-provided health care benefits as determined by the state tax
24 commission and be employed in a county in the state of Idaho with an unemploy-
25 ment rate based on the previous year's benchmarked annual unemployment rate
26 as determined by the department of labor of:

27 (a) Ten percent (10%) or more for the taxable year for which the credit
28 is claimed at average annual earnings of twelve dollars (\$12.00) or more
29 per hour; or

30 (b) Less than ten percent (10%) for the taxable year for which the
31 credit is claimed at average annual earnings of fifteen dollars
32 (\$15.00) or more per hour.

33 ~~(2) (a) The credit authorized in subsection (1) of this section shall~~
34 ~~be:~~

35 ~~(i) Five hundred dollars (\$500) per new employee described in~~
36 ~~subsection (2) (d) of this section; or~~

37 ~~(ii) One thousand dollars (\$1,000) per new employee described in~~
38 ~~subsection (2) (c) of this section, but not both.~~

39 ~~(b) The total credit allowed by this section shall not exceed three~~
40 ~~and one-quarter percent (3.25%) of net income from the taxpayer's cor-~~
41 ~~porate, proprietorship, partnership, small business corporation or~~

1 ~~limited liability company trade or business in which the employment~~
2 ~~occurred. Additionally, the total amount of this and all other credits~~
3 ~~allowed under this chapter except for the credits allowed under section~~
4 ~~63-3029, Idaho Code, shall not exceed fifty percent (50%) of the tax li-~~
5 ~~ability of the taxpayer. The tax liability of the taxpayer shall be the~~
6 ~~tax after deducting the credit allowed by section 63-3029, Idaho Code.~~

7 ~~(c) The one thousand dollar (\$1,000) credit shall apply to an employee~~
8 ~~who, in the calendar year ending during the taxable year for which the~~
9 ~~credit is claimed, received annual earnings at an average rate of fif-~~
10 ~~teen dollars and fifty cents (\$15.50) or more per hour worked and who,~~
11 ~~during such calendar year, was eligible to receive employer provided~~
12 ~~coverage under an accident or health plan described in section 105 of~~
13 ~~the Internal Revenue Code.~~

14 ~~(d) The five hundred dollar (\$500) credit shall apply to an employee~~
15 ~~not described in subsection (2) (c) of this section and who is employed~~
16 ~~in a revenue-producing enterprise as defined in section 63-3029E, Idaho~~
17 ~~Code As used in this section:~~

18 (a) The term "positive-rated employer" means an employer under the em-
19 ployment security law with a taxable wage rate that is less than the wage
20 rate assigned to standard-rated employers as determined by the director
21 of the department of labor according to section 72-1350, Idaho Code.

22 (b) The term "standard-rated employer" means an employer under the em-
23 ployment security law assigned a standard taxable wage rate by the di-
24 rector of the department of labor according to section 72-1350, Idaho
25 Code.

26 (c) The term "deficit-rated employer" means an employer under the em-
27 ployment security law with a taxable wage rate that is higher than the
28 wage rate assigned to standard-rated employers as determined by the di-
29 rector of the department of labor according to section 72-1350, Idaho
30 Code.

31 (3) ~~If the sum of the credit carryovers from the credit allowed by sub-~~
32 ~~section (2) of this section and the amount of credit for the taxable year from~~
33 ~~the credit allowed by subsection (2) of this section exceed the limitation~~
34 ~~imposed by subsection (2) of this section for the current taxable year, the~~
35 ~~excess attributable to the current taxable year's credit shall be a credit~~
36 ~~carryover to the three (3) succeeding taxable years. The entire amount of~~
37 ~~unused credit shall be carried forward to the earliest of the succeeding~~
38 ~~years, wherein the oldest available unused credit shall be used first, so~~
39 ~~long as the employment level for which the credit was granted is still main-~~
40 ~~tained~~ For positive-rated employers the credit authorized in subsection (1)
41 of this section shall be six percent (6%) of the gross annual salary of the
42 eligible new employee. For standard-rated employers the credit authorized
43 in subsection (1) of this section shall be four percent (4%) of the gross
44 annual salary of the eligible new employee. For deficit-rated employers
45 the credit authorized in subsection (1) of this section shall be two percent
46 (2%) of the gross annual salary of the eligible new employee. If the credit
47 authorized by this section exceeds the tax liability of the taxpayer, the
48 excess shall be refunded.

1 (4) To claim the credit, rated employers must attach to the employer's
 2 income tax return the taxable wage rate notice issued by the department of
 3 labor for the income tax year for which the credit is claimed.

4 (5) The state tax commission shall promulgate rules in compliance with
 5 chapter 52, title 67, Idaho Code, to administer the provisions of this sec-
 6 tion.

7 SECTION 3. That Section 63-4405, Idaho Code, be, and the same is hereby
 8 amended to read as follows:

9 63-4405. ADDITIONAL INCOME TAX CREDIT FOR NEW JOBS. (1) Subject to the
 10 limitations of this chapter, for taxable years beginning on or after Jan-
 11 uary 1, 2006, and before December 31, 2020, a taxpayer who has certified that
 12 the tax incentive criteria will be met within a project site during a project
 13 period shall, for the number of new employees earning more than a rate of
 14 twenty-four dollars and four cents (\$24.04) per hour worked, in lieu of the
 15 credit amount in subsection ~~(23)~~(a) of section 63-3029F, Idaho Code, be al-
 16 lowed the credit provided by this section. The number of new employees is
 17 the increase in the number of employees for the current taxable year over the
 18 greater of the following:

19 (a) The number of employees for the prior taxable year; or

20 (b) The average of the number of employees for the three (3) prior tax-
 21 able years.

22 (2) The credit provided by this section shall be:

23 (a) One thousand five hundred dollars (\$1,500) for each new employee
 24 whose annual salary during the taxable year for which the credit is
 25 earned is greater than twenty-four dollars and four cents (\$24.04) per
 26 hour worked but equal to or less than an average rate of twenty-eight
 27 dollars and eighty-five cents (\$28.85) per hour worked;

28 (b) Two thousand dollars (\$2,000) for each new employee whose annual
 29 salary during the taxable year for which the credit is earned is greater
 30 than an average rate of twenty-eight dollars and eighty-five cents
 31 (\$28.85) per hour worked but equal to or less than an average rate of
 32 thirty-six dollars and six cents (\$36.06) per hour worked;

33 (c) Two thousand five hundred dollars (\$2,500) for each new employee
 34 whose annual salary during the taxable year for which the credit is
 35 earned is greater than an average rate of thirty-six dollars and six
 36 cents (\$36.06) per hour worked but equal to or less than an average rate
 37 of forty-three dollars and twenty-seven cents (\$43.27) per hour worked;

38 (d) Three thousand dollars (\$3,000) for each new employee whose annual
 39 salary during the taxable year for which the credit is earned is greater
 40 than an average rate of forty-three dollars and twenty-seven cents
 41 (\$43.27) per hour worked.

42 (3) The credit allowed by subsection (1) of this section shall apply
 43 only to employment primarily within the project site. No credit shall be
 44 earned unless such employee shall have performed such duties for the tax-
 45 payer for a minimum of nine (9) months during the taxable year for which the
 46 credit is claimed.

47 (4) The credit allowed by this section shall not exceed sixty-two and
 48 five-tenths percent (62.5%) of the tax liability of the taxpayer.

1 (5) Employees transferred from a related taxpayer or acquired from an-
2 other taxpayer within the prior twelve (12) months shall not be included in
3 the computation of the credit unless the transfer creates a net new job in
4 Idaho.

5 SECTION 4. An emergency existing therefor, which emergency is hereby
6 declared to exist, this act shall be in full force and effect on and after
7 passage and approval, and retroactively to January 1, 2011. The provisions
8 of Sections 1 and 2 of this act shall be null, void and of no force and effect
9 on and after January 1, 2014.