

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 595

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1 RELATING TO INCOME TAX NET OPERATING LOSS; AMENDING SECTION 63-3021, IDAHO
2 CODE, TO PROVIDE FOR APPLICATION OF A THEFT LOSS FROM A FRAUDULENT
3 INVESTMENT ARRANGEMENT ALLOWABLE AS A DEDUCTION UNDER SECTION
4 165(c)(2) OF THE INTERNAL REVENUE CODE; DECLARING AN EMERGENCY AND
5 PROVIDING RETROACTIVE APPLICATION.
6

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

8 SECTION 1. That Section 63-3021, Idaho Code, be, and the same is hereby
9 amended to read as follows:

10 63-3021. NET OPERATING LOSS. (a) The term "net operating loss" means
11 the amount by which Idaho taxable income, after making the modifications
12 specified in subsection (b) of this section, is less than zero.

13 (b) Add the following amounts:

14 (1) The amount of any net operating loss deduction included in Idaho
15 taxable income.

16 (2) In the case of a taxpayer other than a corporation:

17 (i) Any amount deducted due to losses in excess of gains from sales
18 or exchanges of capital assets; and

19 (ii) Any deduction for long-term capital gains provided by this
20 chapter.

21 (3) Any deduction allowed under section 151 of the Internal Revenue
22 Code (relating to personal exemption) or any deduction in lieu of any
23 such deduction.

24 (4) Any deduction for the standard or itemized deductions provided
25 for in section 63 of the Internal Revenue Code, or section 63-3022(j),
26 Idaho Code, except for a theft loss from a fraudulent investment
27 arrangement allowable as a deduction under section 165(c)(2) and any
28 deduction allowable under section 165(c)(3) of the Internal Revenue
29 Code (relating to casualty losses) pertaining to property physically
30 located inside Idaho at the time of the casualty.

31 SECTION 2. An emergency existing therefor, which emergency is hereby
32 declared to exist, this act shall be in full force and effect on and after its
33 passage and approval, and retroactively to January 1, 2008, and shall apply
34 to all proceedings pending before the State Tax Commission, the Board of Tax
35 Appeals or the courts of this state on the effective date of this act.