

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 597

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO INCOME TAXATION; AMENDING SECTION 63-3029F, IDAHO CODE, TO REVISE THE SPECIAL INCOME TAX CREDIT AVAILABLE FOR NEW EMPLOYEES; DECLARING AN EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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

SECTION 1. That Section 63-3029F, Idaho Code, be, and the same is hereby amended to read as follows:

63-3029F. SPECIAL CREDIT AVAILABLE -- NEW EMPLOYEES. (1) Any taxpayer shall be allowed a credit, in an amount determined under subsection (2) of this section, against the tax imposed by this chapter, other than the tax imposed by section 63-3082, Idaho Code, for any taxable year during which the taxpayer's employment of new employees, as defined under section 63-3029E(1), Idaho Code, increases above the taxpayer's average employment for either: (a) the prior taxable year, or (b) the average of three (3) prior taxable years, whichever is higher. No credit shall be allowed under this section unless the number of new employees equals or exceeds one (1) person.

(2) (a) The credit authorized in subsection (1) of this section shall be one (1) of the following:

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

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

(iii) Two thousand dollars (\$2,000) per new employee described in subsection (2) (e) of this section.

(b) The total credit allowed by this section shall not exceed three and one-quarter percent (3.25%) of net income from the taxpayer's corporate, proprietorship, partnership, small business corporation or limited liability company trade or business in which the employment occurred. Additionally, the total amount of this ~~and all other credits allowed under this chapter except for the credits allowed under section 63-3029, Idaho Code,~~ shall not exceed fifty percent (50%) of the tax liability of the taxpayer. The tax liability of the taxpayer shall be the tax after deducting the credit allowed by section 63-3029, Idaho Code.

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

1 (d) The five hundred dollar (\$500) credit shall apply to an employee
2 not described in subsection (2) (c) of this section and who is employed
3 in a revenue-producing enterprise as defined in section 63-3029E, Idaho
4 Code.

5 (e) The two thousand dollar (\$2,000) credit shall apply to an employee
6 who, in the calendar year ending during the taxable year for which
7 the credit is claimed, received annual earnings at an average rate of
8 sixteen dollars and eighty-three cents (\$16.83) or more per hour worked
9 and who, during such calendar year, was eligible to receive employer
10 provided coverage under an accident or health plan described in section
11 105 of the Internal Revenue Code.

12 (3) If the sum of the credit carryovers from the credit allowed by
13 subsection (2) of this section and the amount of credit for the taxable
14 year from the credit allowed by subsection (2) of this section exceed the
15 limitation imposed by subsection (2) of this section for the current taxable
16 year, the excess attributable to the current taxable year's credit shall
17 be a credit carryover to the ~~three~~ five (35) succeeding taxable years. The
18 entire amount of unused credit shall be carried forward to the earliest of
19 the succeeding years, wherein the oldest available unused credit shall be
20 used first, so long as the employment level for which the credit was granted
21 is still maintained.

22 SECTION 2. An emergency existing therefor, which emergency is hereby
23 declared to exist, this act shall be in full force and effect on and after its
24 passage and approval, and retroactively to January 1, 2010.