

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 126

BY REVENUE AND TAXATION COMMITTEE

AN ACT

1  
2 RELATING TO THE SPECIAL INCOME TAX CREDIT AVAILABLE FOR NEW EMPLOYEES;  
3 AMENDING SECTION 63-3029F, IDAHO CODE, TO REVISE THE INCOME TAX CREDIT  
4 AVAILABLE TO TAXPAYERS FOR EMPLOYING NEW EMPLOYEES; AMENDING SECTION  
5 63-4405, IDAHO CODE, TO PROVIDE A CORRECT CODE REFERENCE; DECLARING AN  
6 EMERGENCY, PROVIDING RETROACTIVE APPLICATION AND PROVIDING A SUNSET  
7 DATE.

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

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

11 63-3029F. SPECIAL CREDIT AVAILABLE -- NEW EMPLOYEES. (1) Any tax-  
12 payer shall be allowed a credit, in an amount determined under subsection  
13 (2) of this section, against the tax imposed by this chapter, other than  
14 the tax imposed by section 63-3082, Idaho Code, for any taxable year during  
15 which the taxpayer's employment of new employees, as defined under section  
16 63-3029E(1), Idaho Code, increases above the taxpayer's average employment  
17 for either: (a) the prior taxable year, or (b) the average of three (3) prior  
18 taxable years, whichever is higher. No credit shall be allowed under this  
19 section unless the number of new employees equals or exceeds one (1) per-  
20 son. The new employee must have received annual earnings at an average rate  
21 of twelve dollars (\$12.00) or more per hour and received employer provided  
22 coverage under an accident or health plan described in section 105 of the  
23 Internal Revenue Code.

24 ~~(2) (a) The credit authorized in subsection (1) of this section shall~~  
25 ~~be: four percent (4%) of the gross salary of the new employee. If the~~  
26 ~~credit authorized pursuant to this section exceeds the tax liability of~~  
27 ~~the taxpayer, the excess shall be refunded. A credit that is refunded~~  
28 ~~shall be paid from the state refund account established in section~~  
29 ~~63-3067, Idaho Code, including moneys deposited for state withholding~~  
30 ~~tax required pursuant to sections 63-3035(a) and 63-3036, Idaho Code.~~

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

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

35 ~~(b) The total credit allowed by this section shall not exceed three~~  
36 ~~and one-quarter percent (3.25%) of net income from the taxpayer's cor-~~  
37 ~~porate, proprietorship, partnership, small business corporation or~~  
38 ~~limited liability company trade or business in which the employment~~  
39 ~~occurred. Additionally, the total amount of this and all other credits~~  
40 ~~allowed under this chapter except for the credits allowed under section~~  
41 ~~63-3029, Idaho Code, shall not exceed fifty percent (50%) of the tax li-~~

1 ~~ability of the taxpayer. The tax liability of the taxpayer shall be the~~  
 2 ~~tax after deducting the credit allowed by section 63-3029, Idaho Code.~~

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

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

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

24 SECTION 2. That Section 63-4405, Idaho Code, be, and the same is hereby  
 25 amended to read as follows:

26 63-4405. ADDITIONAL INCOME TAX CREDIT FOR NEW JOBS. (1) Subject to the  
 27 limitations of this chapter, for taxable years beginning on or after Jan-  
 28 uary 1, 2006, and before December 31, 2020, a taxpayer who has certified that  
 29 the tax incentive criteria will be met within a project site during a project  
 30 period shall, for the number of new employees earning more than a rate of  
 31 twenty-four dollars and four cents (\$24.04) per hour worked, in lieu of the  
 32 credit amount in subsection (2) ~~(a)~~ of section 63-3029F, Idaho Code, be al-  
 33 lowed the credit provided by this section. The number of new employees is  
 34 the increase in the number of employees for the current taxable year over the  
 35 greater of the following:

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

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

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

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

45 (b) Two thousand dollars (\$2,000) for each new employee whose annual  
 46 salary during the taxable year for which the credit is earned is greater  
 47 than an average rate of twenty-eight dollars and eighty-five cents  
 48 (\$28.85) per hour worked but equal to or less than an average rate of  
 49 thirty-six dollars and six cents (\$36.06) per hour worked;

1 (c) Two thousand five hundred dollars (\$2,500) for each new employee  
2 whose annual salary during the taxable year for which the credit is  
3 earned is greater than an average rate of thirty-six dollars and six  
4 cents (\$36.06) per hour worked but equal to or less than an average rate  
5 of forty-three dollars and twenty-seven cents (\$43.27) per hour worked;  
6 (d) Three thousand dollars (\$3,000) for each new employee whose annual  
7 salary during the taxable year for which the credit is earned is greater  
8 than an average rate of forty-three dollars and twenty-seven cents  
9 (\$43.27) per hour worked.

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

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

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

21 SECTION 3. An emergency existing therefor, which emergency is hereby  
22 declared to exist, this act shall be in full force and effect on and after its  
23 passage and approval, and retroactively to January 1, 2011, and Section 1 of  
24 this act shall be null, void and of no force and effect on and after December  
25 31, 2013.