

IN THE HOUSE OF REPRESENTATIVES

HOUSE BILL NO. 287

BY REVENUE AND TAXATION COMMITTEE

AN ACT

RELATING TO A CALCULATION FACTOR FOR INFLATION IN THE STATE INCOME TAX LAW;  
AMENDING SECTION 63-3024, IDAHO CODE, TO USE THE CHAINED CONSUMER PRICE  
INDEX FOR ALL URBAN CONSUMERS AS AN INFLATION CALCULATOR; DECLARING AN  
EMERGENCY AND PROVIDING RETROACTIVE APPLICATION.

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:

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

For taxable year 2000 and each year thereafter, the state tax commis-  
sion shall prescribe a factor which shall be used to compute the Idaho in-  
come 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 chained con-  
sumer price index for all urban consumers (C-CPI-U) for the calendar year im-  
mediately preceding the calendar year to which the adjusted brackets will  
apply divided by the chained consumer price index for all urban consumers

1 (C-CPI-U) for calendar year ~~1998~~ 2014). For the purpose of this computation,  
2 the chained consumer price index for all urban consumers (C-CPI-U) for any  
3 calendar year is the average of the chained consumer price index for all ur-  
4 ban consumers (C-CPI-U) as of the close of the twelve (12) month period for  
5 the immediately preceding calendar year, without regard to any subsequent  
6 adjustments, as adopted by the state tax commission. This adoption shall be  
7 exempt from the provisions of chapter 52, title 67, Idaho Code. The consumer  
8 price index shall mean the chained consumer price index for all U.S. urban  
9 consumers (C-CPI-U) published by the United States department of labor. The  
10 state tax commission shall annually include the factor as provided in this  
11 subsection to multiply against Idaho taxable income in the brackets above to  
12 arrive at that year's Idaho taxable income for tax bracket purposes.

13 (b) In case a joint return is filed by husband and wife pursuant to the  
14 provisions of section 63-3031, Idaho Code, the tax imposed by this section  
15 shall be twice the tax which would be imposed on one-half (1/2) of the aggre-  
16 gate Idaho taxable income. For the purposes of this section, a return of a  
17 surviving spouse, as defined in section 2(a) of the Internal Revenue Code,  
18 and a head of household, as defined in section 2(b) of the Internal Revenue  
19 Code, shall be treated as a joint return and the tax imposed shall be twice  
20 the tax which would be imposed on one-half (1/2) of the Idaho taxable income.

21 (c) In the case of a trust that is an electing small business trust as  
22 defined in section 1361 of the Internal Revenue Code, the special rules for  
23 taxation of such trusts contained in section 641 of the Internal Revenue Code  
24 shall apply except that the maximum individual rate provided in this section  
25 shall apply in computing tax due under this chapter.

26 (d) The state tax commission shall compute and publish Idaho income  
27 tax liability for taxpayers at the midpoint of each bracket of Idaho taxable  
28 income in fifty dollar (\$50.00) steps to fifty thousand dollars (\$50,000),  
29 rounding such calculations to the nearest dollar. Taxpayers having income  
30 within such brackets shall file returns based upon and pay taxes according  
31 to the schedule thus established. The state tax commission shall promulgate  
32 rules defining the conditions upon which such returns shall be filed.

33 SECTION 2. An emergency existing therefor, which emergency is hereby  
34 declared to exist, this act shall be in full force and effect on and after its  
35 passage and approval, and retroactively to January 1, 2013.