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LEGISLATURE OF THE STATE OF IDAHO
Sixty-sixth Legislature First Regular Session - 2021

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1 AN ACT
2 RELATING TO TAXATION; AMENDING CHAPTER 30, TITLE 63, IDAHO CODE, BY THE AD-
3 DITION OF A NEW SECTION 63-3029H, IDAHO CODE, TO PROVIDE FOR THE WORKING
4 FAMILY TAX CREDIT; AMENDING SECTION 63-3029L, IDAHO CODE, AMENDING SEC-
5 TION 57-811, IDAHO CODE, TO REVISE PROVISIONS REGARDING THE TAX RELIEF
6 FUND; AMENDING SECTION 63-3620F, IDAHO CODE, TO REVISE THE DISTRIBUTION
7 OF SALES AND USE TAX REVENUE ON INTERNET SALES; AND DECLARING AN EMER-
8 GENCY AND PROVIDING RETROACTIVE APPLICATION.

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

10 SECTION 1. That Chapter 30, Title 63, Idaho Code, be, and the same is
11 hereby amended by the addition thereto of a NEW SECTION, to be known and des-
12 ignated as Section 63-3029H, Idaho Code, and to read as follows:

13 63-3029H. WORKING FAMILY TAX CREDIT. A resident individual is allowed
14 a refundable credit against the tax imposed by this chapter equal to twenty
15 percent (20%) of the amount of the federal earned income tax credit claimed
16 on the individual's federal income tax return. To receive the credit, the
17 taxpayer must be eligible for the federal earned income tax credit pursuant
18 to 26 U.S.C. 32.

19 SECTION 2. That Section 63-3029L, Idaho Code, be, and the same is hereby
20 amended to read as follows:

21 63-3029L. CHILD TAX CREDIT. (1) For taxable years beginning on or af-
22 ter January 1, 2021~~8~~, and before January 1, 2026, there shall be allowed to
23 a taxpayer a ~~nonrefundable~~ refundable credit against the tax imposed by this
24 chapter in the amount of two hundred ~~five~~ fifty dollars (~~\$2050~~) with respect
25 to each qualifying child of the taxpayer. For purposes of this section, the
26 term "qualifying child" has the meaning as defined in section 24(c) of the
27 Internal Revenue Code. In no event shall more than one (1) taxpayer be al-
28 lowed this credit for the same qualifying child. This credit is available
29 only to Idaho residents. Any part-year resident entitled to a credit under
30 this section shall receive a proportional credit reflecting the part of the
31 year in which the part-year resident was domiciled in Idaho.

32 (2) In the case of divorced parents or parents who do not live together,
33 if the qualifying child is in the custody of one or both of the child's par-
34 ents for more than one-half of a calendar year, such child is the qualifying
35 child of the custodial parent for the taxable year beginning during such cal-
36 endar year. However, the child may be the qualifying child of the noncusto-
37 dial parent if either of the following requirements are met:

38 (a) A court of competent jurisdiction has unconditionally awarded, in
39 writing, to the noncustodial parent the tax benefits associated with
40 the child pursuant to section 32-706, Idaho Code, and the noncustodial

1 parent attaches a copy of the court order to the noncustodial parent's
2 income tax return for the taxable year; or
3 (b) The custodial parent signs a written declaration that such custo-
4 dial parent will not claim the credit of this section with respect to
5 such child for any taxable year beginning in such calendar year and the
6 noncustodial parent attaches such written declaration to the noncusto-
7 dial parent's income tax return for the taxable year beginning during
8 such calendar year.

9 SECTION 3. That Section 57-811, Idaho Code, be, and the same is hereby
10 amended to read as follows:

11 57-811. TAX RELIEF FUND. (1) There is hereby created in the state
12 treasury the tax relief fund to which shall be credited all moneys remitted
13 from sections 63-3620F and 63-3638, Idaho Code, from federal grants, dona-
14 tions or moneys from any other source. Moneys in the fund are intended to
15 fund future tax relief statutes enacted by the legislature and may be ex-
16 pended pursuant to appropriation. All interest earned on the investment of
17 idle moneys in the fund shall be returned to the fund.
18 (2) On July 1, 2021, the entire balance of the tax relief fund shall be
19 transferred to the general fund.

20 SECTION 4. That Section 63-3620F, Idaho Code, be, and the same is hereby
21 amended to read as follows:

22 63-3620F. DISTRIBUTION OF TAX COLLECTED BY MARKETPLACE FACILITATORS
23 AND OUT-OF-STATE RETAILERS. (1) State sales and use taxes collected by
24 retailers without a physical presence in Idaho, as described in section
25 63-3611(3)(h), Idaho Code, and state sales and use taxes collected on trans-
26 actions facilitated for third-party sellers by marketplace facilitators, as
27 described in section 63-3605E, Idaho Code, shall be distributed as provided
28 in this section.
29 (2) From June 1, 2019, through June 30, 2024¹, all state sales and use
30 taxes described in subsection (1) of this section shall be distributed by the
31 state tax commission as follows:
32 (a) An amount of money shall be distributed to the state refund account
33 sufficient to pay current refund claims under this section. All refunds
34 authorized for payment by the state tax commission shall be paid through
35 the state refund account and those moneys are continuously appropri-
36 ated; and
37 (b) All remaining funds received pursuant to this section shall be
38 distributed to the tax relief fund established in section 57-811, Idaho
39 Code.
40 (3) On and after July 1, 2024¹, all state sales and use taxes described
41 in subsection (1) of this section shall be distributed by the state tax com-
42 mission as follows:
43 (a) An amount of money shall be distributed to the state refund account
44 sufficient to pay current refund claims under this section. All refunds
45 authorized for payment by the state tax commission shall be paid through

1 the state refund account, and those moneys are continuously appropri-
2 ated; and

3 (b) The remaining funds shall be distributed through the distribu-
4 tion formula set forth for other sales and use tax revenue in section
5 63-3638, Idaho Code, ~~except that the remainder after distribution shall~~
6 ~~not be paid to the general fund pursuant to section 63-3638(15), Idaho~~
7 ~~Code, but shall instead be paid to the tax relief fund established in~~
8 ~~section 57-811, Idaho Code.~~

9 (4) Marketplace facilitators must obtain a separate seller's permit
10 and collect and remit under that separate permit for state sales and use
11 taxes collected on transactions facilitated for third-party sellers.

12 SECTION 5. An emergency existing therefor, which emergency is hereby
13 declared to exist, this act shall be in full force and effect on and after
14 passage and approval, and retroactively to January 1, 2021.