

WARNING

It is a felony for anyone to sign any initiative or referendum petition with any name other than his own, or to knowingly sign his name more than once for the measure, or to sign such petition when he is not a qualified elector.

INITIATIVE PETITION

To the Honorable Lawrence Denney, Secretary of State of the State of Idaho:

"We, the undersigned citizens and qualified electors of the State of Idaho, respectfully demand that the following proposed law, to-wit:

AN INITIATIVE RELATING TO EDUCATION; TO INCREASE THE INDIVIDUAL INCOME TAX ON INCOMES \$250,000 AND OVER, TO PROVIDE A NEW INDEXING FORMULA FOR THE TOP BRACKET, TO INCREASE THE CORPORATE INCOME TAX RATE, TO REMIT MONEYS TO THE QUALITY EDUCATION FUND, TO CREATE A QUALITY EDUCATION FUND, WHERE THE PROCEEDS FROM THE INCREASED INDIVIDUAL AND CORPORATE INCOME TAX WILL BE DEPOSITED, TO PROVIDE WHAT MONEYS IN THE FUND WILL BE UTILIZED FOR, TO PROVIDE SEVERABILITY AND TO PROVIDE AN EFFECTIVE DATE.

Be It Enacted by the people 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 computed at the following rates:

When Idaho taxable income is:	The rate is:
Less than \$1,000	One and one hundred twenty-five thousandths percent (1.125%)
\$1,000 but less than \$2,000	\$11.25, plus three and one hundred twenty-five thousandths percent (3.125%) of the amount over \$1,000
\$2,000 but less than \$3,000	\$42.50, plus three and six hundred twenty-five thousandths percent (3.625%) of the amount over \$2,000
\$3,000 but less than \$4,000	\$78.75, plus four and six hundred twenty-five thousandths percent (4.625%) of the amount over \$3,000
\$4,000 but less than \$5,000	\$125, plus five and six hundred twenty-five thousandths percent (5.625%) of the amount over \$4,000
\$5,000 but less than \$7,500	\$181.25, plus six and six hundred twenty-five thousandths percent (6.625%) of the amount over \$5,000

\$7,500 and over but less than
\$250,000

\$346.88, plus six and nine hundred twenty-five thousandths percent (6.925%) of the amount over \$7,500 but less than \$250,000

\$250,000 and over

Nine and nine hundred twenty-five thousandths percent (9.925%) of the amount \$250,000 and over.

For taxable year 2000 and each year thereafter, the state tax commission shall prescribe a factor which shall be used to compute the Idaho income 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 consumer price index for the calendar year immediately preceding the calendar year to which the adjusted brackets will apply divided by the consumer price index for calendar year 1998). For the purpose of this computation, the consumer price index for any calendar year is the average of the consumer price index as of the close of the twelve (12) month period for the immediately preceding calendar year, without regard to any subsequent adjustments, as adopted by the state tax commission. This adoption shall be exempt from the provisions of chapter 52, title 67, Idaho Code. The consumer price index shall mean the consumer price index for all U.S. urban consumers published by the United States department of labor. The state tax commission shall annually include the factor as provided in this subsection to multiply against Idaho taxable income in the brackets above to arrive at that year's Idaho taxable income for tax bracket purposes. For the top bracket contained in subsection (a) of this section, the state tax commission shall provide an adjustment factor for the amount by multiplying the amount by the percentage (the consumer price index for the calendar year immediately preceding the calendar year to which the adjusted brackets will apply divided by the consumer price index for calendar year 2022).

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

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

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

SECTION 2. That Section 63-3025, Idaho Code, be and the same is hereby amended to read as follows:

63-3025. TAX ON CORPORATE INCOME. (1) For taxable years commencing on and after January 1, 2001, a tax is hereby imposed on the Idaho taxable income of a corporation, other than an S corporation, which transacts or is authorized to transact business in this state or which has income attributable to this state. The tax shall be equal to ~~six and nine hundred twenty-five thousandths (6.925%)~~ eight percent (8%) of Idaho taxable income.

(2) In the case of an S corporation that is required to file a return under section 63-3030, Idaho Code, a tax is hereby imposed at the rate provided in subsection (1) of this section upon both:

(a) Net recognized built-in gain attributable to this state. The amount of net recognized built-in gain attributable to this state shall be computed in accordance with section 1374

of the Internal Revenue Code subject to the apportionment and allocation provisions of section 63-3027, Idaho Code.

(b) Excess net passive income attributable to this state. The amount of excess net passive income attributable to this state shall be computed in accordance with section 1375 of the Internal Revenue Code subject to the apportionment and allocation provisions of section 63-3027, Idaho Code.

(3) The tax imposed by subsection (1) or (2) of this section shall not be less than twenty dollars (\$20.00); provided further that the twenty dollar (\$20.00) minimum payment shall not be collected from nonproductive mining corporations.

(4) The tax imposed by this section shall not apply to corporations taxed pursuant to the provisions of section 63-3025A, Idaho Code.

SECTION 3. That Section 63-3067, Idaho Code, be and the same is hereby amended to read as follows:

63-3067. REVENUE RECEIVED - STATE REFUND ACCOUNT. (1) A sum equal to the amount withheld under section 63-3035A, Idaho Code, shall be distributed fifty percent (50%) to the public school income fund to be utilized to facilitate and provide substance abuse programs in the public school system, and fifty percent (50%) shall be distributed to the counties to be utilized for county juvenile probation services. These funds shall be distributed quarterly to the counties based upon the percentage the population of the county bears to the population of the state as a whole.

(2) All moneys except as provided in subsection (1) of this section, and except as hereinafter provided, received by the state of Idaho under this act shall be deposited by the state tax commission, as received by it, with the state treasurer and shall be placed in and become a part of the general account under the custody of the state treasurer. Providing however, that an amount equal to twenty percent (20%) of the amount deposited with the state treasurer shall be placed in the "state refund account" which is hereby created for the purpose of repaying overpayments and for the purpose of paying any other erroneous receipts illegally assessed or collected, penalties collected without authority and taxes and licenses unjustly assessed, collected or which are excessive in amount. Whenever necessary for the purpose of making prompt payment of refunds, the board of examiners, upon request from the state tax commission, and after review, may authorize the state tax commission to transfer any additional specific amount from income tax collections to the "state refund account." There is appropriated out of the state refund account so much thereof as may be necessary for the payment of the refunds herein provided. Claims for, and payment of refunds under the provisions of this section shall be made in the same manner as other claims against the state of Idaho. Providing however, that the amounts collected on Idaho adjusted gross incomes of \$250,000 and over pursuant to section 63-3024, Idaho Code, and on corporate and franchise income pursuant to sections 63-3025 and 63-3025A, Idaho Code, shall be remitted to the quality education fund created in section 33-911, Idaho Code, as follows. From each single person or married persons filing separately an amount equal to three percent (3%) of the taxable income in excess of \$250,000 and for married persons filing jointly an amount equal to three percent (3%) of the taxable income in excess of \$500,000. For corporations and franchises an amount equal to 1.075% of taxable corporate or franchise income shall be remitted to the quality education fund.

(3) Any unencumbered balance remaining in the state refund account on June 30 of each and every year in excess of the sum of one million five hundred thousand dollars (\$1,500,000) shall be transferred to the general fund and the state controller is hereby authorized and directed on such dates to make such transfers unless the board of examiners, which is hereby authorized and directed on such dates to make such transfers unless the board of examiners, which is hereby authorized to do so, changes the date of transfer or sum to be transferred.

SECTION 4. That Chapter 9, Title 33, Idaho Code, be, and the same is hereby amended by the addition thereto of a NEW SECTION to be known and designated as Section 33-911, Idaho Code, and to read as follows:

33-911. QUALITY EDUCATION FUND—RULEMAKING-DEFINITIONS. (1) There is hereby created in the state treasury a fund to be known as the quality education fund. The fund shall consist of moneys made available through legislative transfers or appropriations, from the sales tax account, from the state income tax and from any other governmental or private sources. Interest earned from investment of idle moneys in the fund shall be returned to the fund. Moneys in the fund are continuously appropriated and shall be expended by the state board of education to invest in betterment of public schools in Idaho to achieve the following goals: Reducing class sizes and preventing class size increases; attracting and retaining highly qualified teachers and support staff, including but not limited to, providing competitive salaries, offering continuing education opportunities, and providing support for new educators; providing current and adequate classroom materials, such as textbooks and supplies for students; providing career technical education, providing full day kindergarten, providing art, music and drama programs, providing special education services.

(2) By not later than August 31, moneys in the fund pursuant to distribution provided in subsection (1), and interest earned thereon, shall be distributed to each of the several school districts and public charter schools, in the proportion that the average daily attendance of that district or public charter school for the previous school year bears to the total average daily attendance of the state during the previous school year. For the purposes of this subsection (2) only, the Idaho school for the deaf and the blind shall be considered a school district and shall receive a distribution based upon the average daily attendance of the school. Average daily attendance shall be calculated as provided in section 33-1002(3), Idaho Code. For the purposes of this subsection (2) only, any school for the deaf and the blind operated by the Idaho bureau of educational services for the deaf and the blind shall be considered a school district, and shall receive a distribution based upon the average daily attendance of the school. Moneys from the fund shall not be used to pay superintendents', principals' or other administrators' salaries or other compensation.

(3) In order to augment and not replace K-12 public school support, the revenues in the fund are to be provided in addition to the state's general account appropriation to K-12 public schools and not in place of any part of that appropriation.

(4) The state board of education shall promulgate rules to implement the provisions of this section.

SECTION 5. SEVERABILITY. The provisions of this initiative are hereby declared to be severable and if any provision of this initiative or the application of such provision to any person or circumstance is declared invalid for any reason, such declaration shall not affect the validity of the remaining portions of this initiative.

SECTION 6. This initiative shall be in full force and effect on and after January 1, 2021.

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