

## Taxation

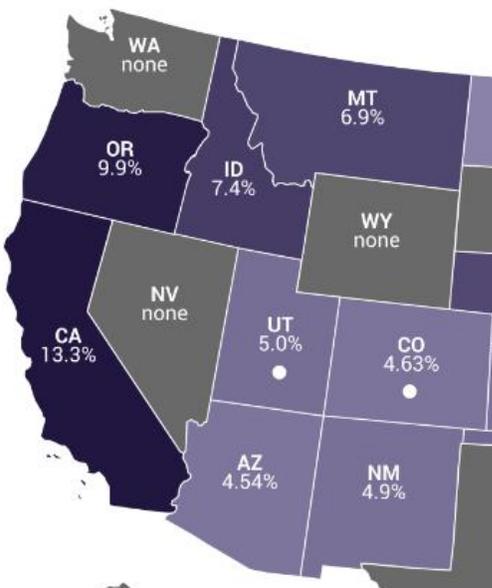
*“Lower the corporate and individual income tax rates in Idaho to make our business environment more competitive and attractive to surrounding states. Reduce the base Unemployment Insurance tax rate paid by businesses. Eliminate the Sales Tax on Groceries”*

### Income Tax

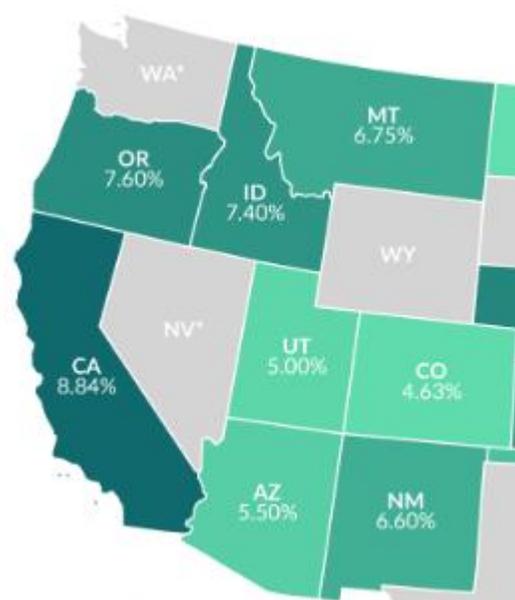
Idaho’s individual tax system consists of seven brackets with a top rate of 7.4%. That ranks Idaho as the 10<sup>th</sup> highest amongst states that levy an individual income tax.

If you compare Idaho with the surrounding states in the west, Idaho has the highest rate with the exception of Oregon and California. Idaho shares a border with three states that have ZERO or no income tax (Washington, Wyoming, and Nevada) and one state with a flat tax at a lower rate (Utah).

**Individual Income Tax Rates**



**Corporate Income Tax Rates**



The majority of businesses in Idaho pay individual income tax rates due to the structure of their business as a pass through entity. However, it is important to couple a lower individual tax rate with a lower corporate tax rate.

Idaho’s current corporate tax rate is a FLAT 7.4%. That ranks Idaho as the 19<sup>th</sup> highest rate amongst states that levy a corporate income tax. This is also higher than most of the surrounding states in the west that compete to attract businesses to their state. As with individual rates, Idaho shares a border with three states with no corporate tax (Washington, Wyoming, and Nevada).

As you can see from the chart above, Idaho has one of the highest individual and corporate income tax rates in the west. This can be a factor when companies and businesses look at various states in the region to locate.

In order for Idaho to be more attractive for businesses and individuals, the individual and corporate tax rates should be lowered meaningfully.

In addition, Idaho's income tax brackets are extremely low and narrow as described in the table below:

| Bracket | Taxable Income     |
|---------|--------------------|
| 1.6%    | \$1 - \$1,454      |
| 3.6%    | \$1,454 - \$2,908  |
| 4.1%    | \$2,908 - \$4,362  |
| 5.1%    | \$4,362 - \$5,816  |
| 6.1%    | \$5,816 - \$7,270  |
| 7.1%    | \$7,270 - \$10,905 |
| 7.4%    | \$10,905 +         |

With such low and narrow bands, any individual earning more than \$10,905 will be taxed at the highest marginal rate of 7.4%. In comparison, many other states have wider brackets that results in a lower effective tax rate than Idaho.

The Greater Idaho Falls Chamber of Commerce supports all efforts to meaningfully lower the individual and corporate income tax rates in Idaho.

**Unemployment Insurance Tax**

The Greater Idaho Falls Chamber of Commerce supports reducing the base tax rate paid by Idaho Employers. The fund currently has a very robust balance that insures its stability in the future. Lowering the base tax rate would provide meaningful relief to Idaho employers.

**Sales Tax on Groceries**

The Greater Idaho Falls Chamber of Commerce supports eliminating the sales tax on groceries paid by Idaho citizens.