



C.L. "BUTCH" OTTER
GOVERNOR

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STATE BUDGET ENDS FISCAL YEAR WELL AHEAD OF EXPECTATIONS; GOVERNOR URGES CAUTION

(BOISE) – Governor C.L. "Butch" Otter announced today that the State ended fiscal year 2011 on June 30 with significantly more General Fund tax revenue than expected, but not enough to warrant big changes in the cautious, conservative approach to budgeting that yielded such a positive result.

The State received \$2.44 billion from all forms of tax receipts – sales, income and corporate – in the past 12 months. That was \$85.3 million more than the most recent Division of Financial Management projection in January, and 7.95 percent ahead of total tax receipts in fiscal 2010.

"I'm grateful for the revenue growth. But I still think that we're a long way from out of the woods," Governor Otter said. "You need to remember that this is about half a billion dollars less than we had in my first year as Governor. So we're going to keep working hard to grow our economy, and along with it our revenues."

Under Senate Bill 1207 passed by the 2011 Idaho Legislature, most of the unexpected additional revenue will be distributed to public schools and community colleges to meet the federal "maintenance of effort" requirements that the State agreed to under the American Recovery and Reinvestment Act and the Fed Jobs Act, which allocated federal funding to state education programs.

Public schools will receive a little over \$59.9 million, distributed to local school districts through the Idaho Department of Education. The State Board of Education has determined that – based on enrollment growth – the College of Western Idaho will receive about \$5 million, North Idaho College almost \$1.8 million, and the College of Southern Idaho almost \$668,000, for a total of about \$7.5 million to community colleges.

All \$59.9 million in additional public school funding can be used at the discretion of local trustees. However, Governor Otter urged them to be prudent with the one-time funds, to save as much as they can for future needs, and not to obligate the money to continuing expenses.

Senator Dean Cameron of Rupert and Representative Maxine Bell of Jerome – co-chairs of the Legislature's budget-writing Joint Finance and Appropriations Committee (JFAC), echoed the call for continued caution despite the one-time payment that was a key part of the budget plan agreed upon by legislators and the Governor.

“Today’s positive news is greatly needed and appreciated for Idaho’s school districts and community colleges. I am grateful to the JFAC committee, legislative budget office, the Legislature and the Governor for agreeing to this approach,” Cameron said.

“None of us wanted to see further reductions in education, but the instability of the economic numbers forced us into a cautious approach,” Bell said. “With this approach, JFAC and the Legislature shared with the Governor the desire that any additional available funds would go first to education, and today’s news delivers on that commitment.”

Besides one-time money for education, Governor Otter determined that the unanticipated revenue will enable the next phased increase to the grocery tax credit for those who file State income tax returns. That will provide about \$15 million in income tax relief for Idaho taxpayers.

“That’s one of the promises we made long ago, and we’ve desperately tried to keep it,” the Governor said.

Governor Otter also said he would be contacting former Governor Cecil Andrus about a friendly wager they made when fiscal year 2011 started in mid-2010. Governor Andrus bet State revenue would exceed the official projection from Governor Otter’s budget office.

“I made a silly bet with Andrus. I was hoping that he was right, and then I did everything I could do to make sure he was right,” Governor Otter said. “It’s a payment that I’m very happy to make.”

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