STATEMENT OF PURPOSE

RS29902

This bill makes the following changes designed to quickly and efficiently respond to historic inflation and the harm it is inflicting on Idaho taxpayers and the education system:

• Provides a one-time tax rebate of $500 million to help Idahoans struggling with inflation and property tax bills. The rebate is the greater of 10% of tax amounts paid in 2020 or $600 per joint filer ($300 for individual filers).

• Consolidates the income tax brackets to a flat tax at 5.8% for both individuals and corporations, providing a tax cut for all Idaho income earners and enhancing the state’s business competitiveness. It also exempts the first $2,500 from taxation for single filers or $5,000 for joint filers.

• Provides $410 million of annual funding directly from the state’s sales tax to the public school income fund and in-demand careers fund, with a 3% annual growth factor applied specifically to the $410 million.

FISCAL NOTE

For FY 2023, the net impact is $500 million, with a one-time transfer to the Idaho Tax Rebate Fund.

For FY 2024, the following revenue adjustments are made:
• $161.2 million in ongoing income tax reduction.
• $410 million in ongoing sales tax transfers.

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RS29902

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