

STATEMENT OF PURPOSE

RS28556 / #billnum

This 2021 Tax Relief bill reduces all income tax brackets and sets the top income tax bracket to 6.5% retroactive to January 1, 2021. This bill also reduces the sales tax rate from 6.0% to 5.3% beginning January 1, 2022. This tax relief is appropriately funded from monies in the Tax Relief fund (established in Idaho Code 57-811) and with general fund revenues already earmarked for the purpose of ongoing tax relief as outlined in the Governor's budgets proposed in January of this year. This bill repeals 63-3024A, Food Tax Credits and Refunds, and related code. Total tax relief is estimated at \$284 million per year.

FISCAL NOTE

General fund impact for 2022 and 2023 includes \$55 million currently earmarked for tax relief in the Governor's budget forecast and an additional one-time \$63 million from General Funds that was saved from the forecast through non-conformity to parts of the IRS code.

	FY 2022	FY 2023
General Funds Earmarked	\$55,176,600	\$48,356,000 (Gov. Forecast)
for Tax Relief	\$62,965,100	(IRS Non-conformity)
Sales Tax	\$(94,455,200)	\$(250,603,700)
Individual Income Tax	\$(154,951,900)	\$(168,240,900)
Corp Income Tax	\$(16,011,200)	\$(17,410,900)
Food Tax Credit Repeal	\$163,379,000	\$165,715,000
Tax Relief Fund	\$100,083,300	\$103,706,500
¼ Tax Relief Balance	\$55,000,000	\$55,000,000

Two-year Positive General Fund Impact Compared to Forecast: \$107,707,700.

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DISCLAIMER: This statement of purpose and fiscal note are a mere attachment to this bill and prepared by a proponent of the bill. It is neither intended as an expression of legislative intent nor intended for any use outside of the legislative process, including judicial review (Joint Rule 18).