

## STATEMENT OF PURPOSE

### RS22185

In 2000, the Idaho Legislature prescribed a factor to compute Idaho income tax so that inflation will not result in a tax increase. The factor prescribed is the consumer price index for urban wage earners (CPI-U).

Since 2000, a new consumer price index has been developed that is a more accurate measure to compute Idaho income tax so that inflation will not result in a tax increase. That factor is the chained consumer price index (C-CPI-U).

This legislation would replace the consumer price index for urban wage earners (CPI-U) with the chained consumer price index for urban wage earners (C-CPI-U).

### FISCAL NOTE

A change to the chained consumer price index for urban wage earners (C-CPI-U) would result in a positive net effect on general fund revenues by an estimated \$10-12 million dollars on an annual basis.

#### Contact:

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