

STATEMENT OF PURPOSE

RS22340

This legislation provides additional revenue, above what is currently provided, to address Idaho's critical shortfall in its need to maintain, repair and upgrade the State, City, County, and Highway District highways and bridges. This enhanced revenue is long overdue, as indicated by a number of studies conducted over the past several years, and will be used to address well-documented needs to ensure that Idaho provides a transportation system that meets the needs of our businesses and traveling public. This legislation provides additional revenue through the highway distribution account to the Idaho Transportation Department, Idaho State Police and local units of government.

The principal provisions of the legislation provides for enhanced revenue in the following manner:

1. Transfers the sales tax revenue from the sale of tires and other motor vehicle equipment to the highway distribution account.
2. Imposes a tax equal to the state sales tax on passenger vehicle leases and rentals of 30 days or less.

FISCAL NOTE

At the conclusion of the phased components of this legislation, the annual gross fiscal impact (before refunds or other distributions) of each of the provisions is as follows:

1. Transfer the sales tax collected from tire, battery and accessory dealers: \$23.4M
2. Imposing a tax on the rental and leases of passenger vehicles: \$2.0M

Total revenue generated by this legislation is: \$25.4M

General fund impact is -\$23.4M as shown on item 1 above and is a transfer from the sales tax collections to the Highway Distribution Account. This transfer is delayed until the second year of implementation.

Following is the estimated gross collections by year in millions for this legislation:

Year 1: \$1.7; Year 2: \$25.4; Year 3: \$25.4; Year 4: \$25.4; Year 5: \$25.4; Year 6: \$25.4

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