

STATEMENT OF PURPOSE

RS22826C1

This proposed legislation establishes an income tax credit for individual and small business broadband consumers that make a contribution in aid of construction to help bring broadband services to an unserved area of Idaho. The income tax credit amount is capped at \$10,000 for an individual and \$50,000 for a small business and one-fifth of the credit is taken each year, over a five year period of time.

FISCAL NOTE

The annual fiscal impact to the state of Idaho for the fiscal years 2014 through 2018 is projected to be \$1,429,960 per year, for a five year total of \$7,124,798. This fiscal impact includes both the total projected income tax credit claimed by the targeted individuals and small businesses, as well as additional taxable income received by providers as a result of having new broadband customers, with income tax paid on those receipts at the marginal rate of 7.4%.

The fiscal impact does not include potential additional state income or sales tax revenues related to economic development occurring in unserved areas as a result of extending broadband into these areas.

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