

STATEMENT OF PURPOSE

RS31287 / H0521

This legislation provides the largest state investment in school facilities through three main avenues. First, it dedicates \$125 million in ongoing sales tax revenue to the new School Modernization Facilities Fund for bonding, while providing the legislature with expanded options to cover annual service on the bonds in the event of economic downturns.

Second, this legislation increases the funding to the School District Facility Fund in two ways. It increases the sales tax revenue directed to the fund from 2.25% to 3.25% which is projected to be \$25 million in FY 2025, and redirects existing lottery dividends to the fund, which is projected to be approximately \$50 million in FY 2025. This fund will help school districts with paying down school bonds, levies, and plant facility levies, with any remaining funds being used at the district level for additional school facility projects.

Third, this legislation reduces income taxes from 5.8% to 5.695%, allowing Idahoans to have more money to better support local bonds and levies related to school facilities.

Additional changes and technical edits are made to related Code provisions. Combined, this bill provides unprecedented state support for school facility improvements in every school district in the state while ensuring appropriate accountability.

FISCAL NOTE

General Fund Impact (\$M)

	FY2025	FY2026
School Modernization Facilities Fund from Sales Tax	\$125.0	\$125
Individual Income Tax Reduction	(\$46.9)	(\$48.0)
Corporate Income Tax Reduction	(\$12.2)	(\$11.9)
District Facility Fund from Sales Tax	\$25.5	\$27.1
Online Sales Tax to Public Defense	\$3.0	\$3.0

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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).