

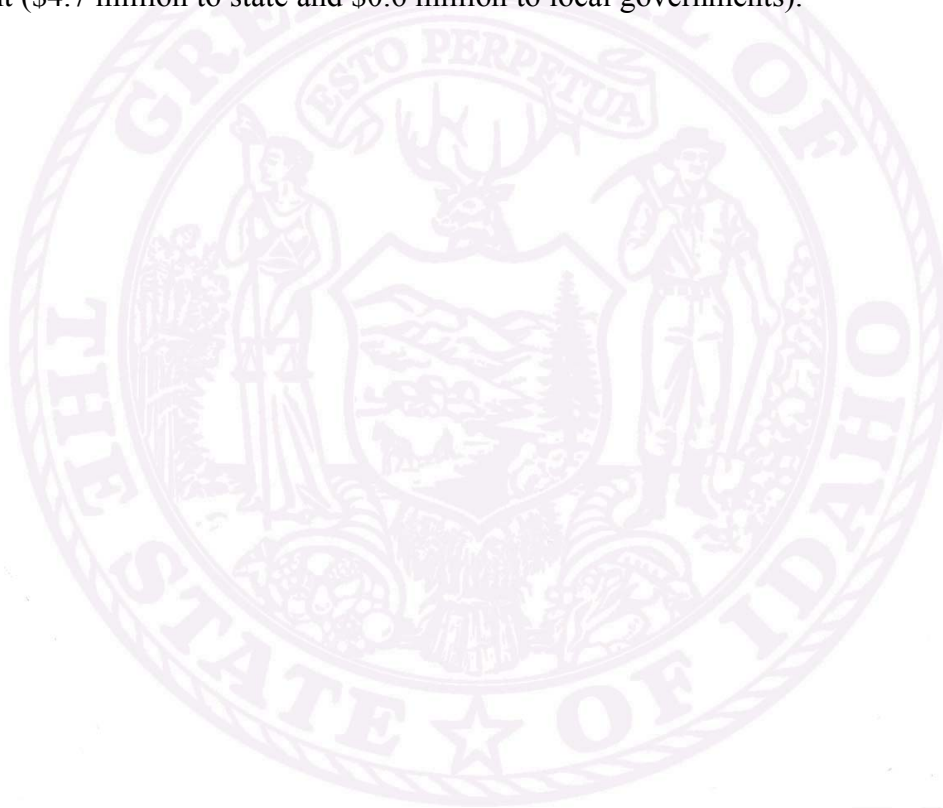
STATEMENT OF PURPOSE

RS24413

This legislation exempts road materials used to construct, improve and maintain our public roads from the sales/use tax. Currently, the fiction that the contractor is the end user of the materials is used to tax such materials even if they are provided by the State of Idaho or its subdivisions (ITD, Counties, Highway Districts and Cities) that have the responsibility to build and maintain our public roads. The result is higher cost for our road projects and a transfer of the money to the general fund.

FISCAL NOTE

Passage of this bill will reduce state general fund revenue by \$9.5 million and decrease state support to cities and counties by an additional \$1.2 million once fully implemented (state fiscal year 2018). Due to an implementation date of January 1, 2017, the fiscal impact for FY 2017 would be half of that amount (\$4.7 million to state and \$0.6 million to local governments).



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