

STATEMENT OF PURPOSE

RS26028

The purpose of this legislation is to create a plan to reduce taxes while acknowledging that sufficient funds must be available to sustain government services and functions and that additional funds are also necessary for inflation and population growth within the State.

This legislation will reduce corporate and all individual tax brackets by 0.1% when revenue growth from year to year exceeds 6%. This process will repeat until the corporate tax rate and the top individual tax rate bracket reaches 6%.

In addition, this legislation provides for a safety value that allows the governor and legislature to forgo the reduction if economic conditions necessitate.

FISCAL NOTE

The implementation date of this legislation is July 1, 2019 and any reduction would only affect the year 2020 budget. Therefore, there will be zero affect to the 2018 budget and zero affect to the General Fund.

However, if FY2019 revenue is 6% or more greater than FY2018, the net increase to the state and the General Fund will be approximately \$167.5 million. \$204 million represents a 6% growth, and the tax reduction would be approximately \$36.5 million resulting in a net positive of \$167.5 million to the state's general fund.

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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).