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2021 LEGISLATIVE SESSION WRAP-UP

SESSION OVERVIEW

The 2021 regular legislative session will be marked by its record-setting duration, tumult, and pandemic challenges. Lawmakers spent 122 days in the Capitol this year—shattering the previous record of 118 days in 2003. The first half of the session was dominated by discussion and debate around how to rebalance the legislative and executive branches' powers in times of emergency. Over a dozen bills were introduced to limit the Governor's ability to act unilaterally during disasters—all but 4 of which failed to pass. Governor Little's vetoes on two of the emergency powers bills, HB 135a and SB 1136a, were sustained by the Legislature. It wasn't until the last week of the session that the Governor signed watered-down versions of the vetoed bills into law—signaling the end of the branches' power struggle.

The session came to a close last Wednesday on unprecedented terms—the Senate adjourned Sine Die while the House recessed, making it possible for the House to call the Senate back to work sometime later this year. Many of the policy proposals put forth in the Governor's State of the State Address have come to fruition—including substantial income and property tax relief, transportation funding, and large investments in public education. Despite the power struggles and noise, it was a productive session from a policy standpoint. In total, 360 bills passed both bodies and received a signature from Governor Brad Little.

SESSION HIGHLIGHTS

Income & Property Tax Relief

The state achieved more than \$435 million in tax relief for Idaho citizens—the single largest tax cut in state history. The passage of HB 380 provides Idahoans \$220 million in immediate one-time income tax rebates and \$163 million in ongoing income tax relief. The bill also reduces all income tax brackets, reduces the number of brackets to 5, and sets the top individual and corporate tax bracket to 6.5% retroactive to January 1, 2021.

HB 389 is intended to provide direct residential and commercial property tax relief, and indirect property tax relief by curbing growth in local budgets. For local taxing districts, the bill reduces the amount of valuation available to tax new construction and annexation—creating a total cap of 8% in any budget year. For taxpayers, the bill increases the homeowner's exemption to \$125,000 and raises the circuit breaker benefit up to \$1,500, depending on need. Also, in 2022, the legislation increases the exemption for personal property taxpayers to \$250,000 and exempts transient personal property from taxation.

Transportation & Infrastructure

HB 362, the transportation package, raises the amount of state sales tax revenues shifted from the General Fund to roads and bridges from 1% to 4.5%. It dedicates \$80 million of those funds annually to the Idaho Transportation Department (ITD) for large infrastructure projects on the state highway system. The excess of \$80 million is dedicated to local units of government for roads and bridges as sales tax revenues increase. With the passage of the bill, \$80 million has been transferred from the Transportation Expansion & Congestion Mitigation (TECM) Fund to ITD. The additional funding provides the agency the capability to bond for up to \$1.6 billion in big projects across the state; however, a list of prioritized projects has not yet been developed.

HB 308 directs \$126 million to help advance bid-ready transportation projects across Idaho. The bill appropriates \$118 million for contracted infrastructure improvements that will be split 60/40 with local jurisdictions, \$2 million for railroad safety projects, \$4 million for community airports, and \$2 million for pedestrian safety improvements.

Key investments were made to improve broadband capabilities in Idaho. HB 1199 appropriates \$45 million in state and federal funds to promote equal access to economic development, public safety, telehealth, and education.

Legislation passed this session also makes substantial investments in water resources and infrastructure across the state. As part of Governor Little's "Building Idaho" initiative, \$60 million has been appropriated for strategic investments in long-term water projects and safe water systems for our communities.

Investments in Education

In total, funding for K-12 public education grew 12% in FY21, and will grow 30% in FY22 compared to past appropriations. Governor Little secured \$20 million for literacy to address students' learning disruptions during the pandemic, and additional investments will go toward career technical education, community colleges, and colleges and universities to prepare our workforce. Teachers will see increased paychecks starting in July as the new career ladder is built-out.