



2022 Special Session Report September 1, 2022

On September 1, 2022, the 66th Idaho Legislature completed a successful extraordinary or “special” session. The day started promptly at 8:00 AM, where the House and Senate began their long day of work ahead of them. HB 01 passed the House 55-15, and the bill passed the Senate 34-1 hours later. Both chambers passed HB 01 by 5:40 PM; then fulfilled the formal process of signatures from the Speaker of the House, President of the Senate, and Governor Little. The Senate finished off their night by adjourning Sine Die at 6:20 PM, Governor Little swiftly signed HB 01 upon its passage at 6:27 PM, and the House quickly followed and adjourned Sine Die at 6:29 PM.

While much of the work for this special session was done ahead of Thursday’s events, there was still a great deal of discussion and a lengthy process to follow that was compressed into a long day in the Capitol. HB 01 was introduced in House Revenue and Taxation Committee promptly after the House established rules on the floor. Rep. Harris defended the bill and suggested now was the time to give back to the people of Idaho who are suffering from high inflation rates, gas prices, housing, groceries, and more. He continued by explaining Idaho families and businesses are feeling the burden of inflation and growth. Many of the current legislators were cheerful to be a part of one last tax relief bill. The rebates are anticipated to start the distribution process in September for the people of Idaho to see some relief now.

A Joint House and Senate Tax Committee hearing was held where public testimony was taken. Numerous individuals spoke on HB 01, including Sherri Ybarra, Idaho State Superintendent of Public Instruction, who was in full support of the Legislature allocating record investments into education. Many spoke for and against the bill, primarily focusing on the education funding. There also was questions pertaining to the constitutionality of the bill with multiple sections of code that do not correlate being placed in the same bill, based on [Article III, Section 16](#) of the Idaho Constitution. Despite concerns, the legislators moved the bill forward after deciding the answer would need to be determined by the courts. The House Revenue and Taxation Committee voted unanimously to send the bill to the House Floor with a “do pass” recommendation.

On the House Floor, Rep. Harris spoke on the need for an in-demand career fund for vocational options, such as nursing, welding, electricians, lineman, and more. It was made clear this fund was not for higher education but careers that Idaho is in high need of. The \$410 million for education will all be defined next year, but the Legislature and Governor felt now was the right time to make this move to put earmarks on the fund. Many representatives felt HB 01 forced the Legislature to vote on education at the same time as income tax relief and reductions. Various political theatrics were pulled on the House Floor as attempts to take HB 01 hostage through the general orders and other methods of preventing a vote on the current draft on the bill.

Following the passage of HB 01 in the House, the Senate Local Government and Taxation Committee met and quickly voted unanimously to send it to the Senate Floor with a “do pass”, sending the bill up to the Senate Floor to be debated. On the floor, Sen. Rice explained how the state had made strategic investments in the rainy-day savings accounts, which is overflowing with funds, and that this legislation is meant to help all families in Idaho through income tax relief and a decrease in rate. A flat tax will also help lower income taxes for most individuals and businesses. Many Senators showed support of several concepts with various caveats that they disagreed with. Sen. Rice ended the debate by saying this will put money back in the people of Idaho’s pockets and start making large investments in education.

Governor Little stated, *“I am proud of my legislative partners for confronting the substantial impacts of inflation head on by putting our record budget surplus back in the pockets of Idahoans while responsibly funding education at historic levels to ensure we are meeting our constitutional and moral obligation to Idaho students and families both in the short-term and the long-term.”*

To read Governor Little’s full press release on the special session success click [HERE](#). For links to the special session click [HERE](#).



HB 01– Income Taxes and Education Spending House Revenue & Taxation Committee and Senate Local Government & Taxation Committee Joint Hearing (Unanimously Passed) – House Floor (Passed 55-15) – Senate Floor (Passed 34-1)

- \$500 million will be distributed for an immediate one-time individual income tax rebate to the taxpayer. Every person who files prior to the end of the year and filed in 2020 will receive 10% of the tax amount or \$300, whichever is greater. Joint returns will receive 10% of their tax amount or \$600, whichever is greater.
- Starting on January 3, 2023, income taxes would be lowered to a flat tax rate of 5.8% for income over \$2,500 for individual or \$5,000 for joint income. This applies to corporations and individual tax filers. This also combines all tax brackets into one single flat tax bracket at 5.8%, saving the taxpayers \$150 million annually.
- In FY 24, \$330 million will be distributed to the Public-School Income Fund and \$80 million will be put into the new In-Demand Careers Fund. The 2023 Legislature will determine where the funds can be used during the upcoming session. The \$410 million will be ongoing.
- An advisory ballot question will be presented to voters in November General Election, to guide the Legislature on whether the ongoing elements of this bill are what Idahoans want.
- Fiscal Impact: The combined FY 23 and 24 net impact is \$1.071 billion.

Sponsors:

The House has 35 Co-Sponsors, including Rep. Bedke, Moyle, Monks, and Harris.

The Senate has 24 Co-Sponsors, including Sen. Winder, Anthon, Lee, Harris, and Rice.