



**BRAD LITTLE**  
GOVERNOR

March 27, 2023

The Honorable Mike Moyle  
Speaker of the House  
Idaho House of Representatives  
Hand Delivery

Dear Mr. Speaker,

I hereby advise you that I have returned without my approval, disapproved, and vetoed the following House bill, to wit:

#### HOUSE BILL 292

No other state has accomplished more tax relief per capita than Idaho in the past four years. Together, we have delivered \$2.7 billion in relief to Idahoans by reducing and flattening the income tax, raising the grocery tax credit, providing rebates, providing some property tax relief, and lowering payroll taxes for Idaho businesses:

2020: \$325 million in tax relief  
2021: \$383 million in tax relief  
2022: \$1.331 billion in tax relief  
2023: \$682.8 million in tax relief

Idaho stands apart from every other state because we focus on making taxes fair, simple, predictable, and competitive.

House Bill 292 is not a simple bill.

House Bill 292 is a hodgepodge of policy items intermingled with property tax relief. House Bill 292 presents significant impacts on election dates, public defense funding, online sales tax collections, local government sales tax distributions, and funding for transportation, and it jeopardizes bonding for critical infrastructure projects.

By re-ordering the priority of statutory claims on sales taxes prior to the payment of TECM bonds and by removing minimum guarantees for TECM debt service, this bill forces a pause of the TECM bonds that were scheduled for sale this week due to consternation in the bond market. A full list of transportation projects impacted by House Bill 292 is **attached**.

In short, House Bill 292 has functionally halted major transportation projects across the State of Idaho. These transportation projects were advanced without raising taxes or fees. These transportation projects help keep up with record growth, keep Idahoans safe, and promote commerce.

In addition, House Bill 292 removes the very election most used by school districts that rely on supplemental levies to keep up with record growth and maintain schools for Idaho families, thereby removing local control. Inclusion of this provision will have a major adverse impact on our ability to serve Idaho families with quality public schools because the sales tax earmarked for public schools did not include an inflator like there is for property tax relief in this bill. I do not find it reasonable to permanently eliminate an election date that has become important to so many families and local schools.

Let's get property tax relief done right this session. The simplest solutions are usually the best solutions, and I believe we can extract the property tax portions of House Bill 292 and deliver a true property tax relief bill this session. A property tax relief bill this session needs to be simple and carried out in a way that does not harm public schools, does not hold up needed transportation projects, and does not reveal more unintended consequences.

The people of Idaho deserve simple property tax relief that will endure over time!

Sincerely,

A handwritten signature in blue ink, appearing to read 'Brad Little', written in a cursive style.

Brad Little  
Governor of Idaho

March 24, 2023

The Honorable Brad Little  
Governor of Idaho  
Statehouse Mail  
P.O. Box 83720  
Boise, Idaho 83720-0034

Dear Governor Little:

I am writing to summarize the impacts on the state's TECM financing program from House Bill 292. Certain H292 changes to the TECM Program's priority access to sales tax revenue will materially impact the credit structure originally designed to deliver the highest possible credit rating and produce the desired TECM funding amounts. Our financing team bankers and legal specialists expect H292 changes to result in a lower TECM Program rating from national rating agencies and in a materially lower program borrowing capacity.

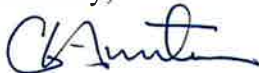
In partnership with ITD, we have the second TECM transaction in the market right now, this week, which is expected to provide up to \$400 million of funding for a variety of transportation projects (see attached list). We have had to pause this transaction due to H292, and if it becomes law as currently written, we will have to completely pull the deal from the market, have ratings re-evaluated, modify security disclosure documents, and re-introduce the transaction at some later date. We would expect, all market conditions remaining constant, the interest cost of the re-introduced financing to be higher.

Also, this condition presents potential litigation risk from bondholders of the first TECM transaction. State statutes represent that the state will not take action to impair the credit position of existing bondholders. Our bond counsel believes the impacts of H292 will, in fact, result in an impairment and could lead to damage claims from bondholders of the first TECM transaction.

Finally, it is appropriate to note that national rating agencies evaluate the stability of credit structures implemented through the legislative process. Material changes in these structures that impair credit worthiness does undermine the confidence in and ability to successfully employ these credit structures in the future.

Please let me know if there are any questions or further information I can provide.

Sincerely,



Gerald M. Hunter  
President and Executive Director  
208-861-0414  
208-331-4730 (W)

Attachment

Proceeds from the Series 2023A Bonds will fund transportation projects in the State as certified and directed by the Board. Such projects (collectively, the “Project”), as more particularly described in the Financing Agreement, are also part of the Idaho Transportation Investment Program (“ITIP”). Approximately \$398.6 million of Series 2023A Bond proceeds are expected to be used for all or a portion of projects which include, but are not limited to, projects to complete environmental, design, right-of-way and construction elements in the following transportation corridors as described below. For more information regarding the location of these projects, please refer to the map located on page iv herein.

***I-90, Washington State Line to Coeur d’Alene.*** Significant progress has been made on this project, and it is estimated to utilize approximately \$22.5 million of Series 2023A Bond proceeds for three primary activities: \$6.5 million to complete the environmental evaluation, \$9.0 million to complete the design of the highest priority segment, and \$7.0 million will be added to the 2022A Bonds for construction of the SH-41 interchange.

***US-95 and US-12 Bridges.*** Significant progress has been made on the environmental field work and planning for these two bridges over the Clearwater River. Approximately \$4.0 million in Series 2023A Bond proceeds will fund the remaining environmental and a portion of the design of these complex projects.

***SH-16, I-84 to SH-44.*** In continuation of the progress made through the previous GARVEE program and the 2022A Bonds, approximately \$70.1 million in Series 2023A Bond proceeds will fund construction of the mainline project between Franklin Road and Ustick Road, which is scheduled to start this summer.

***I-84, Ada & Canyon Counties.*** In continuation of the progress made through the previous GARVEE program and the 2022A Bonds, design is nearly complete on the 2.5 miles between the Centennial and Franklin Road interchanges. Approximately \$1.0 million of Series 2023A Bonds proceeds will be used for the remaining design and approximately \$84.7 million will be used for the construction of this project, which is scheduled to start this summer.

***US-20/26, I-84 to SH-16.*** Steady progress widening the road from Eagle Road toward Caldwell has been made in this corridor. Approximately \$26.5 million in Series 2023A Bond proceeds will be used for design and to begin right-of-way acquisition from Middleton Road to Star Road and an additional approximately \$5.0 million in Series 2023A Bond proceeds will be added to the 2022A Bonds for construction from I-84 to Middleton Road.

***SH-55, Sunnyslope to Nampa.*** This project has an approved environmental evaluation and has made significant progress in design between Farmway and Middleton Road. Approximately \$26.0 million of Series 2023A Bond proceeds will be used to complete the design and begin right-of-way acquisition for this project.

***SH-75, Timmerman to Ketchum.*** Significant progress has been made on the environmental re-evaluation of the 2008 EIS and preliminary design for this project, and approximately \$15.0 million Series 2023A Bond proceeds will be used to continue the design and begin right-of-way acquisition on this project.

***I-84, Jerome to Twin Falls.*** The design of this interstate widening project has been completed and no right-of-way is needed. Approximately \$89.8 million Series 2023A Bond proceeds will be used for construction of this project, which is scheduled to begin this summer.

***I-84, Burley & Heyburn Interchanges.*** These interchanges at exits 208 and 211 in Minidoka County are outdated and will be redesigned to meet current design standards and to lengthen the acceleration ramps to accommodate future traffic volumes. Approximately \$3.0 million of Series 2023A Bond proceeds will be used to continue design of this project.

***I-15, Pocatello to Idaho Falls.*** Significant progress has been made on this project. It is estimated to utilize approximately \$23.0 million of the Series 2023A Bond proceeds for three primary activities: \$4.0 million to complete the environmental evaluation, \$8.0 million to complete the design of the highest priority segment, and \$11.0 million will be added to the 2022A Bonds for construction of the I-86 system interchange.

***US-20, Idaho Falls to Montana State Line.*** Design of the new South St, Anthony interchange is nearly complete and no right-of-way is needed. Approximately \$28.0 million Series 2023A Bond proceeds will be used for construction of this project, which is scheduled to begin this summer.