



Governmental Relations

May 17, 2021

Several spreadsheets have been released about a preliminary budget framework. As of this summary, no deal has been reached and everything below is subject to change.

Tax Cuts

- Reduces four tax brackets down to two at rates of 2.55% and 2.98% in FY23
- Reduces tax rates to a flat 2.5% in FY24
- Creates a maximum marginal tax rate of 4.5% in FY22
 - Some taxpayers may end up paying more than 2.5%, but not more than 4.5%, of their taxable income because of the 3.5% surcharge created by Prop 208
- Increases homeowner's rebate from 47.2% to 50%
- Decreases the commercial property assessment ratio from 18% to 17%
- These changes total about \$2.6B in tax cuts over three fiscal years

K-12 Investments

- \$350M in federal funds allocated to bring funding parity to non-Title I schools for COVID relief
- \$50M ongoing to increase special education Group B weights
- \$1M ongoing for gifted education
- \$5M in FY22 for the Extraordinary Special Education Needs Fund
- \$10M in FY22 and \$20M in FY23 for a K-12 Transportation Grants Pilot Program
- \$17M in FY21 for Transwestern Settlement compensation

Infrastructure

- \$90.8M for Building Renewal Funding in FY22
- \$38.8M supplemental Building Renewal Funding from FY21
- Increases the SFB formula cost per square foot to match market rate
 - \$89.4M in FY22, \$29.1M in FY23, \$14.7M in FY24
- \$10.3M to accelerate Yuma UHSD construction
- \$3M for construction in Kirkland ESD