

Legislative limelights . . .

Legislature to face tough financial knot

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The 46th Idaho Legislature will face the toughest financial nut to crack in many years when it convenes in early January.

For possibly most of the last decade the state has enjoyed the luxury of surpluses, some of them in excess of \$20 million, but that isn't the case the coming year.

Like many households, the state faces shrinking revenue, mounting deficits and a demand for more services.

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As State Rep. Ray E. Infanger, R-Salmon, the new chairman of the House Appropriation Committee, emphasizes in a story appearing elsewhere on this page, the lawmakers have financial problems.

In nearly every facet of state government, there is the gloomy future of paring to the bone, cutting programs and personnel under an austerity aegis.

Perhaps the only bright spots are recent signs the nation is pulling out of a recession and revenues may pick up accordingly. But this is something in the future and legislators will need to cope with the problem at hand.

Another favorable factor is the fact legislators will be functioning in a non-election year when they won't be under intense political pressures as they are in the even years when they face election.

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The serious financial situation was first reflected a month ago when Gov. John V. Evans ordered a \$12 million cutback in state government spending to avoid a budget deficit for this year. Calling the situation an emergency, he advised all departments to reduce the spending of general revenue funds by 3.85 cent.

Unfortunately, the largest cut — \$8.69 million — will occur in education. These losses will need to be made up by increases in local property taxes for education.

Even State Treasurer Marjorie Ruth Moon commented Idaho property taxpayers are being asked to pick up the cost of nearly half of Evans' 3.85 percent holdback.

Of the \$12 million holdback, \$5.5 million is actually shifted to the property tax, said Miss Moon.

Evans said he has ruled out the possibility of asking the Legislature to increase taxes, but such a proposal for hike in sales or income tax, or both, is certain to receive serious consideration during this off election year.

Evans said revenue projections for 1982 and 1983 are much more optimistic but this is a long view that could change.

Evans said revenue projections for the fiscal year that ended June 30, 1980, were \$11 million below what was anticipated. The revised revenue projection for the current fiscal year was \$3.5 million less than anticipated.

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Infanger also gives gloomy revenue prediction figures which show both the income and sale tax revenue for July and August is running more than \$1.5 million under the same two months a year ago. He noted overall the state will need to make up a 8.06 percent increase

to reach the needed revenue.

Further aggravating the finances are losses occasioned by the Idaho prison riot, the ominous Medicaid delayed bill of more than \$4 million, and St. Helens volcano ash fallout cleanup.

The state general revenue budget for the fiscal year of \$401 million has already been slashed to \$380 million, said Infanger. This compares with \$356 million of last year.

It is indeed fortunate the Idaho Constitution requires the

state to keep solvent. It does make the state live within its means; otherwise, Idaho would be like the federal government and many other states in facing mounting deficits year after year.

Most of the conservative legislators will return for the 1981 session. With the experience they have had the last two years coping with a lean budget, including the restrictive 1 Percent Tax Initiative, they can be expected to rise to the occasion — and they will.