Group may fight sales tax exemptions

JUN 20 1983

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State Sen. Dane Watkins, R-Idaho Falls, cochairman of the Interin Legislative Tax Structure Committee, said Friday he understands a taxpayers' faction in Pocatello plans a statewide initiative campaign calling for elimination of all sales tax exemptions.

Watkins said the report is presently in the rumor stage and he could give no names. He said reports indicate this committee may announce its plan to circulate petitions later this year to place such a proposal on the November 1984, ballot.

Watkins said he hopes his newly-formed tax structure committee which held its first session Thursday may be able to head off such a movement that could further wreck the property tax system.

He pointed out two other voter statewide initiatives, the 1 Percent Initiative in 1978, and the Residential Home Exemption Instiative, better known as the 50-50, in 1982, have both seriously restricted Idaho's property tax system.

"We have 26 major sales tax exemptions that lose about $200 million to the state each year," said Watkins. "If the state loses this money than an entirely new taxing system will be needed."

Watkins said he viewed this new tax structure committee as perhaps the most important in legislative history to bring about comprehensive tax reform.

He noted the committee is looking at everything from tax exemptions to a state lottery.

The committee was asked to look at giving local governments more power to raise money, and was even asked to consider freeing county assessors from their motor vehicle licensing responsibilities.

He said other items that could be looked at include sales tax exemptions, property tax exemptions, a more graduated form of income tax that would tax higher incomes at higher levels; placing sales tax on items Idaho exports; the circuit breaker property tax relief; local option taxes; disbursement of cigarette and liquor tax revenue; utility taxes; and corporate taxes.

"I don't think anything is going to happen this coming year but this is to shape up our tax structure for the next decade," said Watkins.

Watkins said the committee will look at tax reform studies made in 1955 and in 1966 but it likely will use Legislative Council staff members and others to help compile results of the study.