

# Tax reform possible, Watkins says

By BEN J. PLASTINO

Post-Register political editor

State Sen. Dane Watkins, R-Idaho Falls, Senate Local Government and Taxation Committee chairman, said Tuesday he believes meaningful changes in the Idaho tax structure can be accomplished.

Watkins, co-chairman of the Legislative Council's Tax Structure Study Committee, said "the committee is studying the state's tax structure in all of its aspects, with the goal of the committee's recommendations being to develop strategy to implement a tax structure over the succeeding years that is balanced in its application and effect, meets the revenue needs of the state, and encourages and assists economic development."

Watkins said the five subcommittees have been working during August and September on sales, income, property and miscellaneous taxes and intragovernment relationships. He issued the statement following the subcommittee meetings.

Watkins urged anyone who has suggestions on Idaho's tax structure to contact him.

"We have a real opportunity to make some meaningful changes," said Watkins

He said this committee will study the entire spectrum of taxes and other revenue-raising measures, and then submit recommendations to the 1984 Legislature.

He said the committee's main intent is to come up with a tax reform program that will ease the property tax burden.

"For many years," Watkins said, "the state's citizens enjoyed a comparatively balanced tax system which included components of ad valorem, sales, individual income and corporate taxes. This has been a substantial system in the past but other factors have upset this."

He said those factors include voter-sponsored changes in tax policy, such as the 1 percent and residential tax exemption initiatives.

There also have been federal changes in tax policy, which have reduced federal revenues and

placed more of the burden on state government, he said.

"This imbalance has caused a fiscal crisis in the state of the highest order," he said. "It is apparent that short-term or emergency reaction to the financial dilemma result in ill-considered piecemeal counter productive tax structures. Is it the desire of the Legislature that a tax structure should encourage economic development, not hinder it."

Watkins is co-chairman with Rep. Steve Antone, R-Rupert, House Revenue and Taxation Committee chairman. The tax structure panel is made up mostly of members of the Senate Local Government and Taxation Committee and the House Revenue and Taxation Committee.

Watkins labeled the committee as perhaps the most important in legislative history to bring about long-sought tax reform. He said it will look at everything ranging from sales tax exemptions to state lottery.

## Legislature will get committee's tax plans

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State Sen. Dane Watkins, R-Idaho Falls, Legislative Council's Tax Structure Study Committee co-chairman, said Monday the information gathered by the group's five subcommittees will be studied late this year to consider recommendations for the 1984 Idaho Legislature.

"I think that as result of the information we get from this subcommittees we can start considering legislation in the next Legislature that will ease the property tax burden and imposed a more equitable tax," Watkins said. "It is the start of a major tax reform."

The property tax subcommittee, chaired by Sen. Veal Crystal, R-Rigby, will meet Tuesday

at 9 a.m. at the House Caucus Room to explore what taxes can be imposed other than the property tax.

The intergovernmental relations subcommittee, which Watkins heads, will be the last one to meet at 9:30 a.m. Sept. 23 at the House Caucus Room.

The miscellaneous tax and user fee tax subcommittee chaired by Rep. Rachel Gilbert, D-Boise; sales tax issue subcommittee headed by Rep. Don Loveland, R-Boise; and the income tax subcommittee under Watkins met last month.

Watkins and Crystal plan to leave Wednesday for Coeur d'Alene where they will be the guests of the Idaho Forest Projects Council. They will view lumber plants and holdings in

an effort to become better acquainted with lumber taxing proposals. Watkins said the Legislature changed the lumber tax system in the last session. Members of the Senate Finance Committee and the House House Conservation and Resources Committee were invited.

The income tax subcommittee session produced interesting information, Watkins said.

A large delegation was on hand to protest a writ of mandate that sent four persons to jail for failure to file state income tax returns.

This writ was drafted by the Idaho Tax Commission authorizing such action, explained Watkins.

Watkins said the protesters complained it empowered district judges to send alleged violators to jail without due process of law and

that it lacked constitutional safeguards.

"They likely have some cause for complaint and the committee will look further into the matter," Watkins said.

He said such a practice is a departure from past procedures, adding Oregon is the only other state to have it.

Representatives of the Certified Public Accountants also appeared to oppose the Job Investment Credit law on grounds that it incurred so much paper work that it reduced incentives to take advantage of the law.

Watkins invited all interested persons to appear before any of the subcommittees or contact him on any proposals that may be helpful in easing the property tax burden.