Slansky sparked severance tax proposal

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The severance tax proposal is one of the hottest items on Idaho's political scene today but the one who made its wide exposure possible is taking a backseat — at least temporarily.

He is Cyril Slansky, the retired Idaho Falls scientist, who made this severance tax issue one of his top planks in his 1980 campaign platform as he sought to oust State Sen. Dane Watkins, R-Idaho Falls, in Legislative District 30, the central section of the city and Shelley.

Slansky spent $6,000, and along with friends, canvassed most homes of the district, but it was not enough.

He was running against a well-entrenched incumbent, plus a strong Republican tide headed by Reagan. He could only garner about 40 percent of the vote, or 4,000, while Watkins, who also waged an intensive campaign was re-elected to his sixth term comfortably with more than 6,000 votes.

Slansky was frankly disappointed he didn't do better after putting out so much effort.

Will he run again?

"I have no plans at this time," he responded. "Anyway, I'll wait until spring."

Regardless of his own personal political aspiration, he said he still would like to see the severance tax imposed, contending it would go a long ways to get Idaho out of the current tight financial squeeze.

His views are shared by many but the consensus of most Idaho legislators indicate it has little chance for passage. Even Gov. John V. Evans, who was an avid backer of the proposal earlier, has now become cool after the Bunker Hill iminent closure and the financial troubles experienced in the silver industry, of which Idaho is the leading producer.

The severance tax is nothing new in the nation but it has received little attention in Idaho until Slansky made it a prime campaign issue last year.

He recalls he issued his first press release on the subject Oct. 5, 1981, when he talked to the Idaho Falls Civitan Club and Oct. 9 to the American Association of University Women but it got little notice.

During October, he proposed it at several meetings, including a public television debate. He then got the full glare of publicity when he took his proposal to The Post-Register in speaking at a so-called friendship meeting at the home of Dr. Dauchy Migel with state and county Demcratic leaders.

From there on it became the prime issue in the campaign, even to the extent it worried Watkins.

Slansky proposed the tax to the governor who indicated strong favor at that time and saw it as a means to boost the state revenue and ease the financial pinch.

Slansky may have lost the battle in the election but he is winning the war because the severance tax issue vaulted to the front in the state.

It was hotly contested in the 1981 Idaho Legislature but the powerful mining interests were able to keep it bottled up in committee.

However, the severance tax supporters did score what could become a significant victory when the Legislature passed a severance tax of 2 percent of the market value of oil and gas prices. This augments a mine license tax in effect since 1935 which levies 2 percent on the net profits from mining and mining royals and the Oil and Gas Conservation Act of 1963 which will tax 5 mills for each barrel of oil or 50,000 cubic feet of fas produced.

The mining tax produced $1.9 million in tax revenue in 1980, or three-tenths of 1 percent of the value of mineral produced in Idaho that year.

There has been no oil and natural gas discovered in Idaho up to the present time but many oil companies have been drilling. They are optimistic they will eventually discover something in view of the favorable geologic conditions, particualarly in the Overthrust Belt near the Wyoming and Montana borders.

Key legislators said they were anxious to enact the oil and gas tax as this time so that they would not be subjected to the intensive lobbying pressure of the oil interests if oil and natural gas is discovered.

"It's better to have that law on the books now and we can expand it later if we want to, then not have any tax at all," said Rep. Vard Chatburn, R-Albion, dean of the Legislature and the influential chairman of the House Resources and Conservation Committee.

"The present law," said Slansky in a Post-Register interview, "is completely inadequate."

Slansky contended at least a 10 percent severance tax should be imposed.

Slansky then waved bulk sheaves of papers and manuscripts which he had compiled to boost his severance tax thrust.

He said Texas had a 12 percent oil tax which raised $1.5 billion annually two years ago; Montana has as high as a 30 percent tax on coal which was recently affirmed as constitutional by the U.S. Supreme Court, and Wyoming has a 12.5 percent oil and gas tax.

Slansky pointed out these states which do have a severance tax on their minerals and oils have no financial problems, as compared with most states, including Idaho.

"Montana doesn't even need or have a sales tax," said Slansky.

The severance tax brouhaha has now vaulted into the national field and Congress is looking at measures for limiting this type of tax, to say, 12 percent, or maybe a moderate 5 to 10 percent. It promises to bring a bitter fight from the severance tax states. A recent article from Sam Allis in the Wall Street Journal touched on such a point last year.

"Those states which do have a severance means that people from other states are paying it," said Slansky. "We could do the same in our minerals because such a tax would not be paid by Idahoans, but by people outside the state. How can one beat the idea of a tax that could solve much of our state financial problems, without taxing its own people?"

He said 99 percent of the Idaho minerals are imported to other states.

Slansky also remarked some rich severance tax revenue could be gleaned from uranium, molybedenum, cobalt and other minerals, besides silver. Mining operations are underway on these metallic products, he noted.

"Idaho will never become progressive until it benefits from such a tax program," said Slansky. "I think eventually it will be passed."

Slansky said Idaho is the only state with signficant deposits of cobalt ore. Molybdenum is also a relatively rare metal.

The world's silver reserves are estimated to last only 13 years.

He added that Idaho has 85 percent of all the phosphate reserves in the U.S.

"It is obvious that a reasonable tax on these non-renewable resources leaving Idaho will not discourage mining companies from coming to our state," said Slansky. "Furthermore, petroleum will eventually be discovered in sizeable quantities and a severance tax on it will be as natural as it is in other states, such as Alaska.

"Idaho is producing at this time about $500 million of mineral products per year. Of this, about $300 million is from silver alone. If one considers a tax of say 10 percent, then the annual income will be about $50 million.

"The bottom line of the signficance on a severance tax on non-renewable resources is its importance in relieving the tax burden on Idahoans."

Slansky come to Idaho in 1927, first living in Nampa, and then came to Idaho Falls in 1952. His mother, who is 90, still lives at Nampa.

Slanky was engaged in chemical research for the old American Cynamid Co, which was followed by Phillips Petroleum, Idaho Nuclear and then Allied Chemical. He retired in 1978 after 26 years work.

He finds, however, that he has been busy in consulting work and with his hobbies of photgraphy and outdoor activites. He is a member of the Alpine Club and many professional and chemical societies.

He has traveled all over the world, showing especial keen interest in the lifestyle of people in the backward nations.

He said New Mexico, Utah, Colorado and other states are showing intense interest in a significant severance tax.

Slansky feels he may be ahead of his times in this field and the political timing was not right in 1980.

But always the optimist, he looks forward to the time when his ideas will be enacted to get the state out of its financial mire.

The 2 percent oil and gas tax was a start last year—it may be a sign of bigger things to come in the years ahead.