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*Statehouse sidelights*

# Income tax decrease worsens state finance

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Because of a sharp drop in personal income tax, state finances continue to lag for the first quarter of the current 1983 fiscal year, it was shown Tuesday in a report from the governor's Division of Financial Management.

The report revealed personal income tax revenue reached only $57.6 million, well below the $63.6 million anticipated. Sales tax also totaled $36.1 million, under the $38 million predicted.

The other accounts were within expectation. This included miscellaneous, such as insurance premium payments and investment of idle state funds, of $16.1 million, compared with $18.1 million expected; products taxes, mostly cigarettes and liquor, reached the $3.4 million predicted; and corporate income tax of $6.3 million, above the $3.4 million anticipated.

The total accrued as of Nov. 1 was $120.4 million, compared with $127.4 predicted.

Estimated for fiscal year 1983 ending June 30 is $405 million, of which $224.6 million is in personal income, $17.8 million corporate, $105.4 million sales; $13.2 million products and $43 million miscellaneous.

Richard A. Slaughter, chief economist for the division, commented "Idaho's outlook is not particularly encouraging for the next several months as indicated by speakers at the recent Governor's Symposium on the Idaho Economy."

He pointed out several Idaho business representatives expressed caution in discussing prospects for the Idaho economy. The Idaho employment rate reached a record 11.1 percent in October, although the number included some large temporary layoffs, he said.

"Following a small year-over rise in September, receipts from the major tax sources fell again in October," said Slaughter. The fall was the combined result of a small gain in withholding, a small loss in sales tax and a $1.8 million reduction in corporate receipts, as corporate taxpayers filed for refunds on overpayments and loss carryback claims.

He noted there was a $3.5 million transfer from the Department of Health and Welfare to the miscellaneous category as mandated by the Legislature.

"Recent economic data shows the national economy still struggling to break out of the current recession," said Slaughter. "Low interest rates should aid housing affordability and allow some supply response to the strong demand for housing."