

Governor, Legislature heading for collision over finances

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BOISE — The 47th Idaho Legislature finished its first week and it's already apparent that Democratic Gov. John V. Evans and the Republican leaders are on a collision course over state financing.

Indications are that until compromises are reached this may be a lengthy, stormy session. The Republicans have full control of the Legislature but the governor has the veto power that will be sustained in the Senate where Republicans lack the required two-thirds majority.

Both the governor and Legislature are caught in the same financial vise, to mutually solve the appalling financial deficits but there appears deep-seated philosophical differences on how to go about it.

Perhaps the statement of Senate President Pro Tem James, R-Boise, that all of these maneuverings are for posture only and the problems will be settled with pride when the time comes.

The governor and legislative leaders couldn't agree on calling a special session last month to tackle the financial problems, setting the bickering tone already apparent in the current general session.

The governor has announced he is serving his last term as governor and there are no state elections this year, so many of the partisan overtones should be absent for this session. This should foster a spirit of cooperation in the legislative process but so far this has not happened.

The Republicans have entirely new leadership in both the Senate and House which may be partially responsible for the hesitant beginning.

In the Senate, the elevation of Risch from majority leader to president pro tem to replace the obdurate Sen. Reed Budge, R-Soda Springs, should help. Risch is extremely knowledgeable and a master of compromises. In the House, Speaker Tom W. Stivers, R-Twin Falls, is a comparative newcomer and has never served in leadership but only as a committee chairman. He succeeded House Speaker Ralph Olmstead, who turned out to be one of the most effective speakers to serve in the lower chamber.

Stivers has not had enough time yet to prove his leadership.

The main differences center on the governor's contentions

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that the state budget has been trimmed to the bone. He says the necessary additional money to offset a \$47 million shortfall for the current fiscal year and a \$70 million deficit anticipated for next fiscal year can be obtained from eliminating some business tax relief measures enacted last year and a 1 percent sales tax increase. The Republicans object to any business tax relief repeal, want further cuts in state government, and are searching for other means of revenue, such as "free fund balances" for money unused by departments, mortgaging state buildings, and delay in grocery tax credit.

Risch has suggested the controversial Resident Tax Initiative approved by the voters in the November general election by a decisive margin be delayed until a constitutional question is settled and avoid further aggravating the state financial shortfall.

The governor has vowed to prevent this, maintaining this initiative which gives the average homeowner tax relief by increasing the home tax exemption from 20 percent to a permanent 50 percent. The measure was voted on by the people and should not be nullified by the Legislature.

The governor's five key proposals call for imposing an immediate 10 percent tax surcharge on all individual state income tax returns, raising the corporate income tax rate from 6.5 to 7.5 percent for 1982 only, restricting the amount of losses a business could carry back to offset previous state taxes, start quarterly collections of income taxes, and sharply restrict the tax credits granted businesses in the 1982 session for new jobs and major equipment investment.

To this can be added the 1 percent sales tax increase, plus a review and the repeal of some tax exemptions which most legislators favor if it becomes critically needed.

The battle lines are drawn and perhaps after a shaky start the opposing contestants can find a common meeting ground to solve their problems. It happened in the last session and could recur in the current session.