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Legislative limelights

Legislature finance plans face showdown

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It's obvious from all of the discussions centering on desperate financing efforts to offset a \$70 million shortfall, the Idaho legislative Republican leaders plan to raise bulk of the money from the sale of state buildings as opposed to alternative proposals will furnish the main battles the next several days.

Republican leaders want to raise the bulk of the revenue by selling several state buildings — including the sacred State Capitol — then paying the revenue for the deficit; in say, periods extending from 18 months to as much as five years. The buildings valued at some \$765 million are eligible for collaterals, which in simple terms means mortgages.

House Speaker Tom W. Stivers, R-Twin Falls, is the leader of this movement, along with the former House majority leader, Rep. Walter E. Little, R-New Plymouth, now the chairman of the powerful House State Affairs Committee. However, most of the House and Senate Republican leaders also give tacit backing, except Senate Majority Leader Mark G. Ricks, R-Rexburg, who has reservations and prefers other modes of financing.

After viewing first hand the past week the activities of the Legislature, it is obvious most of the lawmakers are choosing up sides. It's not a strictly partisan matter, either.

For example, besides Ricks there are a number of influential Republicans, such as Rep. Steve Antone, R-Rupert, chairman of the House Revenue and Taxation Committee, who are not sold on the state building plan, no pun intended.

Gov. John V. Evans, House Minority Leader Melvin Hammond, D-Rexburg; Senate Minority Leader Kermit Kiebert, D-Hope, and many others also question the proposal.

Antone labels the plan "as crazy," Hammond said "you don't mortgage your house to buy a car," and similar derogatory expressions are heard among the hallways and columns of the State Capitol.

Right now, this is virtually the sole topic of conversation at the State Capitol.

The options favored by Ricks, and similar ones along this line, appear the best alternative to the state building sale proposal.

His so-called shopping list includes reducing the public school appropriation by \$6 million to be made up by local school districts; using \$1.3 million the school districts received from the

State Insurance Fund this year; increasing the state sales tax by 1 percent from Feb. 1 to June 1 to raise \$15 million; requiring employers to turn in income-tax withholdings faster to the state to raise \$5.5 million; raising \$13.5 million by moving to quarterly income tax payments; getting \$10 million by cutting certain agency budgets and by using money dedicated to specific uses; and accelerating the collection of the insurance-premium tax to raise \$3.1 million.

These options would raise something like \$55 million. The rest of the \$14 million, he said, could be made up through either a property-tax increase or by extending the sale tax increase, possibly through August.

Stivers says a special committee under Ricks and Little are working on several plans but leaves no doubt he favors the start building sale proposal.

He says the sale would be obtained from a consortium of Idaho banks with an expected interest rate at about 8 percent. However, this is just what the opponents don't like. It means placing the state further in debt to pay interest on \$55 million. That amounts to about \$4.4 million yearly, and it could go on for as much as five years, or \$22 million. Stivers said hopefully this could be accomplished in three years or less. That still would amount to \$14.2 million.

He proposes the payment be made up by a 1 cent increase in sales tax to raise between \$30 million and \$40 million annually. During the payback period, the buildings would be leased by the state — their own buildings, no less.

Stivers says truthfully the large amount of money is needed to eliminate the shortfall. If the needed funds were to be raised solely by the sales tax, a 9 cent rate would be needed for the remainder of fiscal year 1983, said Stivers.

"This level of taxation would be unacceptable to the people of Idaho," said Stivers. "It appears that no other combination of taxes could be realistically applied to obtain a major portion of the needed revenues by June 30.

'Failure to raise these revenues needed to operate state government during the remainder of the present fiscal year would by law require the triggering of an emergency property tax levy. This would fund the estimated \$41 million share of the shortfall budgeted to the Idaho public schools."

These are the frightening problems the governor and the Legislature face, and it is one they must mutually agree on because they are caught in the same financial vise.