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The political pulse

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The 1983 Idaho Legislature

Most back sales tax hike to meet shortfall

(EDITOR'S NOTE: This is the fourth in a series of 14 articles giving the views of east Idaho legislators on issues shaping up for the coming session. This is on state financing.)

By BEN J. PLASTINO
Post-Register political editor

Most east Idaho legislators are reluctant to favor any general tax increase to meet an anticipated \$70 million shortfall but if one is critically needed they suggest a 1 cent sales tax increase.

This would raise about \$55 million, and together with some possible sales tax exemptions, budget cuts and perhaps some surpluses in some agencies' funds, it might be enough to meet a tight budget, they say.

Sen. Dane Watkins, R-Idaho Falls, the new vice chairman of the Senate Finance Committee, said he favors a long-term commitment for more auditors and compliance officers.

"It is estimated the state is losing \$90 million a year from people who either do not file tax returns or who do not comply with the present tax laws," he said.

Senate Majority Leader Mark G. Ricks, R-Rexburg, also a member of the Joint Finance-Appropriation Committee, recommended a combination of several things, such as more cuts in state budgets as well as a temporary 1 cent sales tax increase. The cent sales tax increase — from 3 cents to 4 — also was suggested by Senate President Pro Tem James Risch, R-Boise; Sens. J. Marsden Williams, R-Idaho Falls; William L. Floyd, R-Idaho Falls; and Reps. Gary L. Paxman, R-Idaho Falls; J.F. Chadband, R-Idaho Falls; John O. Sessions, R-Driggs; Rich Orme, R-St. Anthony; Linden B. Bateman, R-Idaho Falls; and Melvin Hammond, D-Rexburg.

Floyd, Williams and Sessions, in addition, said

because of the depressed mining industry they would oppose a severance tax.

Bateman and Williams also said that a sale tax increased should be coupled with a property tax cut.

Hammond said his recommendation for a sales tax increase would include "looking at all options, including sales tax exemptions."

State Rep. Kurt L. Johnson, R-Idaho Falls, suggested both an income and sales tax increase, plus budget cuts.

"A general tax reform is necessary for the long-range tax to be equitable and effective for the future of the state," Johnson said.

State Sen. Israel Merrill, D-Blackfoot, also a JFAC member, said a combination of all types of taxes should be considered but gave no specifics.

Some of the legislators, however, leaned against imposition of any new taxes.

Sen. Vearl Crystal, R-Rigby, a JFAC member, proposed additional holdbacks and also hiring of additional compliance officers for the Department of Revenue and Taxation to go after the non filer and delinquent tax accounts.

State Rep. Martin Trillhaase, R-Idaho Falls, suggested cutting expenditures.

"Sales tax is a heavy burden now," he said. "The income tax is too high."

He said a severance tax on petroleum was enacted last year but so far no oil has been discovered in Idaho. He also said the severance tax on mineral would be counter productive now.

Rep. Ray E. Infanger, R-Salmon, a veteran member of JFAC, said "it's not what I prefer or who is right. It's a complete and thorough study to decide what is right. This is a situation, the likes of which has not been seen since 1930."

Governor hopes to glean \$10 million in new laws

BY BEN J. PLASTINO

Post-Register political editor

Gov. John V. Evans said Tuesday he still hopes to get two bills enacted despite his failed efforts to call a special session.

Evans has said he wants the special session to head off a \$10 million state shortfall.

In a telephone call to The Post-Register, the governor said he still recommends a special session next week for a bill to close an income tax loophole which permits business to pay only 1.5 percent of the state revenue instead the present 8.7 percent, and to consider a 1 cent sales tax increase effective March 1.

The governor said he favors a 10 percent income tax surtax and an increase in the corporate income tax. He added the present law permits corporate business to reduce its tax by \$31 million.

Evans said he has abandoned plans for a special session this week but still clings to a fading hope one can be called Monday for two or three days.

"I have talked with Senate President Pro Tem Jim Rish and House Speaker Tom W. Stivers to see if they would be willing to suspend the rules to enact this legislation," said the governor. "Of course, if they are opposed, there is no way to address to these issues in a short special session."

Suspension of the rules would mean a two-thirds majority of legislators in both House would need to agree to waive second and third readings on successive days, thus permitting passage of a bill in one day rather than at least three days.

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Evans acknowledged "unless there is a softening of their position I cannot call the special session."

However, aside from the two Democrats, House Minority Leader Melvin Hammond, Rexburg, and Sen. Israel Merrill, Blackfoot, all of the east Idaho legislators have expressed opposition to enacting legislation that will repeal tax relief granted to business in the 1982 general session.

Such leaders as House Majority Caucus Chairman Linden B. Bateman, Senate Majority Caucus Chairman J. Marsden Williams, Sen. William L. Floyd, chairman of the Senate Commerce and Labor Committee; and Sen. Dane Watkins, chairman of the Senate Local Government and Taxation Committee and vice chairman of the Senate Finance Committee, all Idaho Falls Republicans, and Senator Majority Leader Mark G. Ricks, R-Rexburg, said they are keeping an open mind but oppose the business benefit repeal.

They contend business needs the break and incentive to help them, adding it might help in business recovery.

These primarily refer to the Job Credit Bill which allows \$800 credit over a three-year period for hiring a new employee, and the accelerated depreciation on business property.

"I don't want to close the door on the possibilities of saving \$10 million for the present 1983 fiscal year," explained the governor in his telephone call.

Evans said there was a \$70 million shortfall for the current fiscal year but he saved \$23 million by holdbacks, still leaving a \$47 million deficit.