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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.)

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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."