Legislative limelights . . .

INEL sales tax repeal to spark bitter fight

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Efforts by the Senate Democratic minority leadership to repeal the sales tax exemption for contractors at the Idaho National Engineering Laboratory may prompt a bitter fight that will cross party lines.

This writer was on the scene last year when Assistant Senate Minority Leader Kermit Kie bert, D-Hope, (promounced Keybear) sought to push through the legislation in the final three days and was finally beaten on the final day of the session but only after what is believed to be a record six ballots on a single bill.

Talk at the State Capitol, however, indicate there is more support for the measure this year, affirming the Idaho Falls legislators may be fighting an uphill battle this session.

This year, Kiebert is starting the battle early to avoid the risk of running out of time as was the case last year.

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Gov. John V. Evans, the key figure in this legislative drama, says he is taking a neutral stance until he gets what he calls more accurate figures, rather than rely on the widely conflicting ones furnished by the opposing factions. In an interview here last week, however, he indicated favor for the measure unless it could be shown it would bring a comprehensive adverse economic impact. Evans likely could halt the measure by expressing his displeasure to his Senate Democratic leadership.

Evans is understandably bothered by conflicting estimates of the amount the repealer would bring. These range from the $1.6 million furinished by the Greater Idaho Falls Chamber of Commerce to as high as $14 million reported by Kiebert. Kiebert has now scaled this figures in the level of $4.5 million to $7 million, depending on volume of contracts.

As a result Evans had asked the State Tax Commission to come up with accurate figures, and also to tell him the economic effect the repealer would have on east Idaho, if any.

Under a memorandum agreement, the Department of Energy and the State Tax Commission renogiated doubling the tax receipts of $47 to $94 per INEL employing, increasing the payment annually from $300,000 to $600,000.

Bill Shurtleff, Idaho Falls chamber vice president in charge of legislation, said the repeal could result in loss of workers ranging from 45 to 210. Sen. Dane Watkins, R-Idaho Falls, who is leading the fight in the Senate, contends the loss at 1,200 workers.

Kiebert also says court tests against nuclear installations in Tennessee and New Mexico favored the state in assessing state tax on federally-connected projects.

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Evans predicted the bill will pass the Senate but its fate in the House is uncertain. If the State Tax Commission study shows the bill would raise upwards of, say, $4 million, without loss of many jobs, it would indicate he would support the measure. Evans said he can't justify granting special sales tax exemption to one segment of industry, and not another. He also says the Hanford nuclear plant in Washington State doesn't have this preference. Kiebert confirmed through the Washington State Tax Commission that no state tax exemption is granted Hanford, contrary to what Watkins reported.

The matter is far more complicated, however, as there is question of legally of such a state tax on some types of federal projects, such as those engaged in research and development and others with strong federal ties.

Evans strongly intimated that any efforts on his part would desserve support from east Idaho legislators on his revenue raising recommendations. Watkins, a member of the Joint Finance-Appropriation Committee, is not exactly a warm Evans disciple and is viewed by most as perhaps one of his foremost opponent on state appropriations.

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The bitter fight on the bill last year may or may not be repeated this year but the key figure in this was Lt.Gov. Philip E.Batt, who as presiding officer, broke a 17-17 tie to get the bill out of committee. As such, he incurred the enmity of the Idaho Falls nuclear community. Batt hastily explained that he was not necessarily for the bill, only that he thought it would be fair to get it on the floor for discussion. It precipitated the bitter fight which followed and brought sharp criticism of Batt by Republican senators, especially those from east Idaho.

Then followed the six votes. The margin to get the bill out of Watkins' Local Goverment and Taxation Committee gradually shrunk from 21-14 on the first vote to only a single vote, 18-17, on the last ballot just hours before the Legislature adjourned. It meant five Republicans joined a solid block of 12 Democrats seeking to get the bill out of committee. Even after plucking the House-passed measure from committee it still would have needed another vote for passage, and this result could have been in doubt. Republican Sens. Vern Brassey, Edith Klein and Jim Auld, Boise; Roger Fairchild, Fruitland, and Larry Noh, Kimberly, joined the Democrats in support of the bill.

Kiebert said he plans to introduce his bill later this week, likely going to the House Revenue and Taxation Committee where revenue raising measures are suppose to originate. He also feels confident it will pass both chambers if it hurdles committees and gets on the floor. It passed the House by a topheavy margin of 51 to 14, with three absent.

Strangely enough all east Idaho state representatives voted for the repealer and against INEL except Reps. Kurt L. Johnson, Elaine Kearnes and Gary L. Paxman, Idaho Falls Republicans. In the Senate, all east Idaho senators except Sen. Israel Merrill, D-Blackfoot, backed the INEL.

Kiebert has now drafted a bill with the expectations it will be introduced later this week, paving the way for committee and floor action next week unless it is bottled up in committee at is expected to be attempted in the Senate