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Committee will study tax structure

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Describing it as one of the most important financial steps in Idaho legislative history, Sen. Dane Watkins, R-Idaho Falls, Wednesday announced formation of a committee to study the state's tax structure.

Watkins, Senate Local Government and Taxation Committee chairman, said he has been appointed tax committee co-chairman, along with Rep. Steve Antone, R-Rupert, House Revenue and Taxation Committee chairman.

Watkins said the tax committee was authorized by passage of House Concurrent Resolution 33 in the last regular session.

"In my opinion this was one of the most important pieces of legislation passed by the past regular session," Watkins said.

"For many years," Watkins said, "The state's citizens enjoyed a balanced tax system which included components of ad valorem, sales, individual income and corporate taxes. This has been a substantial

system in the past but other factors have upset this."

He said those factors include voter-sponsored changes in tax policy, such as the 1 percent and residential tax exemption initiatives. There also have been federal changes in tax policy. Watkins said the tax structure has become dangerously out of balance.

"This imbalance has caused a fiscal crisis in the state of the highest order. It is apparent that short-term or emergency reaction to the fiscal crisis result in ill-considered piecemeal counter productive tax structure."

Watkins said, "It is the desire of the Legislature that a tax structure should encourage economic development, not hinder it.

"The committee will conduct the study of the state tax structure in all aspects. It is the goal of the committee to develop a strategy to implement a tax structure over the succeeding years that is balanced in its application and effect. It should meet the revenue needs of the state and encourage and assist economic development."

Watkins said in the 12 years he

has served, he feels formation of the committee is the most important step ever taken toward reform of the Idaho tax structure. It is a proposal that has been extensively discussed but not inaugurated until now.

Watkins said he and Antone will talk with the Legislative Council staff to set up meetings and embark on a program on findings and recommendations with the idea of reporting to the 1984 Legislature.

Other committee members are some members of the Senate Local Government and Taxation Committee and the House Revenue and Taxation Committee. They are Sens. Vearl Crystal, R-Rigby; Gary Gould, D-Pocatello; and Vern Lannen, D-Pinehurst; and Reps. Rachel Gilbert, R-Boise; Don Loveland, R-Burley; Dwight Horsch, D-Aberdeen, and Harold Reid, D-Craigmont.

The committee appointments were announced by Senate President Pro Tem Jim Risch, R-Boise, and House Speaker Tom W. Stivers, R-Twin Falls.