Legislative limelights

Governor has financial plans for special session

By BEN J. PLASTINO
Post-Register political editor

Perhaps Gov. John V. Evans has come up with a financial plan that can win approval from the Idaho Legislature when it meets in special session beginning May 9 to discuss additional funding for education.

It will take a hard-sell to the Republican majority, which has emphatically expressed opposition to any increases in the state budget or in taxes.

The approved state budget is $451.6 million and the total tax increase has been figured at $138.6 million, figures that go more than two-thirds of the way in compromises with the governor.

The Republicans had planned on a $413 million state budget and no substantial tax increase. Evans proposed a $474 million budget and $186 million tax hike.

* * *

The plan the governor is depending on to get necessary funding is quarterly payments of income tax for individuals and corporations with incomes of more than $50,000.

This would raise $12 million, just about enough to meet the $13.2 million in increased funding he is asking.

This is, however, a one-shot amount and will affect less than 2 percent of individual taxpayers and fewer than 10 percent of the corporations.

The additional funding Evans is seeking includes $9 million more for public schools over the approved but vetoed $215 million, $3 million for colleges and universities over the vetoed $70 million figure, $600,000 for vocational education over the vetoed $13.4 million, and $600,000 for agricultural research and extension over the vetoed $8.6 million.

Besides quarterly income tax payments for those with incomes over $50,000, other alternative sources of revenue include quarterly income tax payments for all taxpayers and corporations to produce $19 million; pre-payment of disputed taxes, $4 million; income tax surcharge, $2.4 million for each 1 percent; property tax adjustments,$7 million; cigarette tax increase, $2.7 million; minimum tax, $8 million; investment credit restrictions,$9.4 million; income tax bracket revisions, $12 million; sales tax on services, $31 million; sales tax on utilities, $24 million; and out-of-state sales exemption, $3 million.

This will attain equity, since 90 percent of the corporations pay their income tax while 10 percent, such as professional businesses, pay only once a year.

New Mexico is the only other state besides Idaho that does use a quarterly collection system.

* * *

Evans emphasizes he wants bipartisan support for the program, adding he had rejected a letter signed by all but three Republican legislators saying they would not approve further tax increases. He said he feels the need for quality education funding is too urgent.

"I appreciate the position of the legislators and that they have gone that extra mile but they overlooked the fact we are still reducing quality education for our children," he said."

Legislator after legislator, including many members of his own Democratic Party, vow they oppose any funding and taxation hikes. Evans apparently is depending "on the people back home" to change their legislators'minds but statements from all 19 eastern Idaho legislators surveyed this past week does not indicate this is happening.

There is no queston that education and public health deserve and must have more. The protocol question is whether legislators will respond to Evans' plea in a special session.

Yet, legislators may find it tempting to approve a tax proposal that brings increases to fewer than 10 percent of the corporations and less than 2 percent of individuals. It was introduced in the closing days of the regular session but not given much consideration by weary lawmamkers.

The 47th Idaho Legislature set a far larger budget than originally contemplated. It did this despite two unexpected setbacks that came from court rulings.

One required the state to pay national banks $23.5 million in property tax rebates and another, which affected the ASARCO mining firm in central Idaho, permits multi-state corporations to send their income tax to other states, bringing a loss of $11 million to Idaho. This should raise aquestion about how important mining really is to Idaho.

Previously, outside firms doing business in Idaho pro-rated their income to the state. They now can send the tax income into other states that levy little or no corporate taxes. Idaho's corporate tax was increased fron 6.7 to 7.7 percent in the past session, after a dramatic relief last year.

The special session's estimated cost is at least $50,000, more if it should go beyond three days.

* * *

High on the agenda may be legislation that will seek to subordinate Idaho Power Co.'s water rights to those of water users. Evanssurprisingly did not put this on the agenda in the first call but said he may do so before the session opens.

Evans said he would appoint a task force to look into legislation to subordinate Idaho Power's water rights to water users. He said he would name two eastern Idaho water attorneys, Ray W. Rigby, Rexburg, and Kent Foster, Idaho Falls, to this board. He is contemplating naming Don Kramer, Twin Falls, Idaho Water Resources Board chairman, to head the task force.

Such legislation failed by only two votes in the Senate in the recently-completed regular session, he noted.

Eastern Idaho legislators say some action should be taken to settle this complex question.