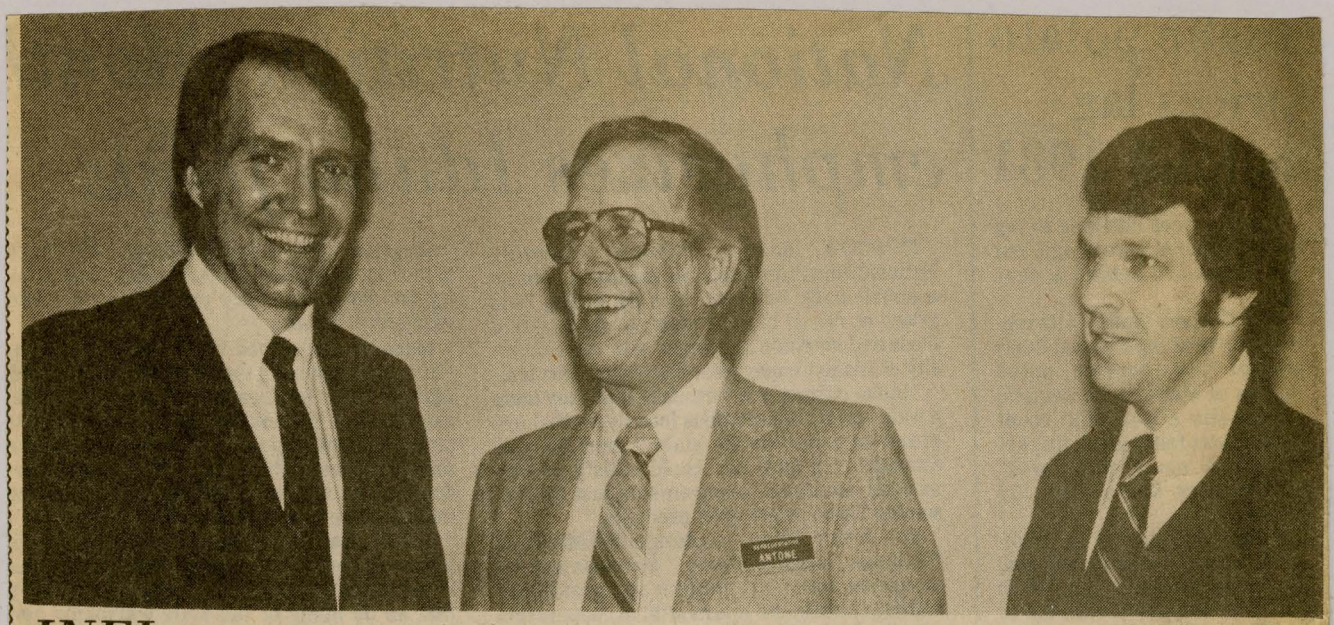

Post-Register/Ben J. Plastino

INEL tax antagonists

BOISE — KEY FIGURES in a bill that proposes to repeal the sales tax exemption of contractors at the Idaho National Engineering Laboratory are from left, Sen. Dane Watkins, R-Idaho Falls, chairman of the Local Government and Taxation Committee, who is leading the fight against the measure; Rep. Steve Antone, R-Rupert, chairman of the House Revenue and Taxation Committee, where the bill now reposes; and Sen. Kermit Kiebert, D-Hope, bill sponsor.

INEL tax repealer looks dead

BY BEN J. PLASTINO
Post-Register political editor

BOISE — The highly controversial and much discussed bill that would repeal sales tax exempiton for Idaho National Engineering Laboratory contractors appears dead for this year.

Rep. Steve Antone, R-Antone, chairman of the House Revemue and Taxation Committee, where the bill has been under consideration, told The Post-Register Wednesday "I have not done anthing more on it. I may put it out for action but there has been no call for it."

With the Idaho Legislature now winding down, it would appear that even if the measure should hurdle the House committee, there is not enough time for it to be considered by the House on the floor, then referred to a Senate committee and later on the Senate floor.

The committee two weeks ago approved by a 10-8 vote to have the bill printed, reversing a previous 8-8 tie vote that would have kept the bill from printing.

Sens. Dane Watkins, R-Idaho Falls, and Kermit Kiebert, D-Hope, were the principal antagonists when the bill was considered for hearing by the House committee three weeks ago.

The situation this year is in contrast with last year when Kiebert sought six times in the closing days to enact the measure, failing by only one vote a few hours before the legislature adjourned. It had earlier passed the House by an overwhelming majority of 56-13.

Watkins said the measure could mean the loss of some 1,200 jobs, including 200 at the site and the additional others that would indirectly be affected.

Kiebert said he opposed subsidizing any one segment of the economy. Kiebert, however, scaled down his first estimates of last year it could bring as much as $14 million in state revenue down to $1.8 million.k This also was a reduction from the $4.5 million to $7 million he quoted earlier in the session in a debate on the bill.

Kiebert said between 20 and 40 jobs would be lost.

However, under a memorandum of agreement between the U.S. Department of Energy in Idaho and the State Tax Commission, the state gets $600,000 a year in lieu of the state sales tax, based on $94 per capita. This would then leave the net income to the state at little more than $1 million but the loss of jobs likely could bring further decrease in state revenue so that the net income is virtually nil, noted Watkins.

The Post-Register
The political pulse

Idaho Falls, Idaho, Thursday, March 18, 1982 C-9

Kiebert also said lawsuits on the states rights to tax federal installations such as the INEL have been successful in Tennessee and New Mexico.

Russell Westerberg, Boise, executive director of the Associated Taxpayers of Idaho, who spoke against the bill, said the amount of the state use tax at the INEL is $57.3 million and 3 percent sales tax on this would mean revenue of $1.7 million..

In the breakdown, Westerberg said the total INEL budget amounts to $450 million for fiscal year 1982, and this includes $48 million for Argonne National Laboratory and out-of-state contractors.

He said $261 million would be non-taxable ependitures, such as $201,300,000 in payroll and benefits and the remainer in labor subcontracts, travel and moving costs, utilities, fuels, leased facilities and other incidentals.

Watkins said such a tax would only aggravate the economic slump in the state.

He pointed out there are 9,934 employed at the INEL, of which 7,250 are in Bonneville County, 1,481 in Jefferson, 150 in Madison, 1,310 in Bingham, 485 in Bannock and 311 in Butte.

Phil Warner, Idaho Falls, associate general manager, also spoke against the bill, pointing out the 1982 fiscal year construction by EG&G Idaho, prime contractor, amounted to $240 million.

Warner said EG&G represents about 62 percent of the contractors and estimated the employee turnover at 10 to 12 percent.

Pat Ford, Boise, Boise, executive director of the Idaho Conservation League, also favored the repealer because he said he feared the INEL expansion would cause more air and water pollution.

Ford also said of the 1,200 ICL members, 250 reside in east Idaho and they generally support this stance.